Neighbourhoods Scrutiny
26th January 2016

HRA Budget and Business Plan Proposals 2017/18

Housing Services – Quality homes, great neighbourhoods and successful tenancies

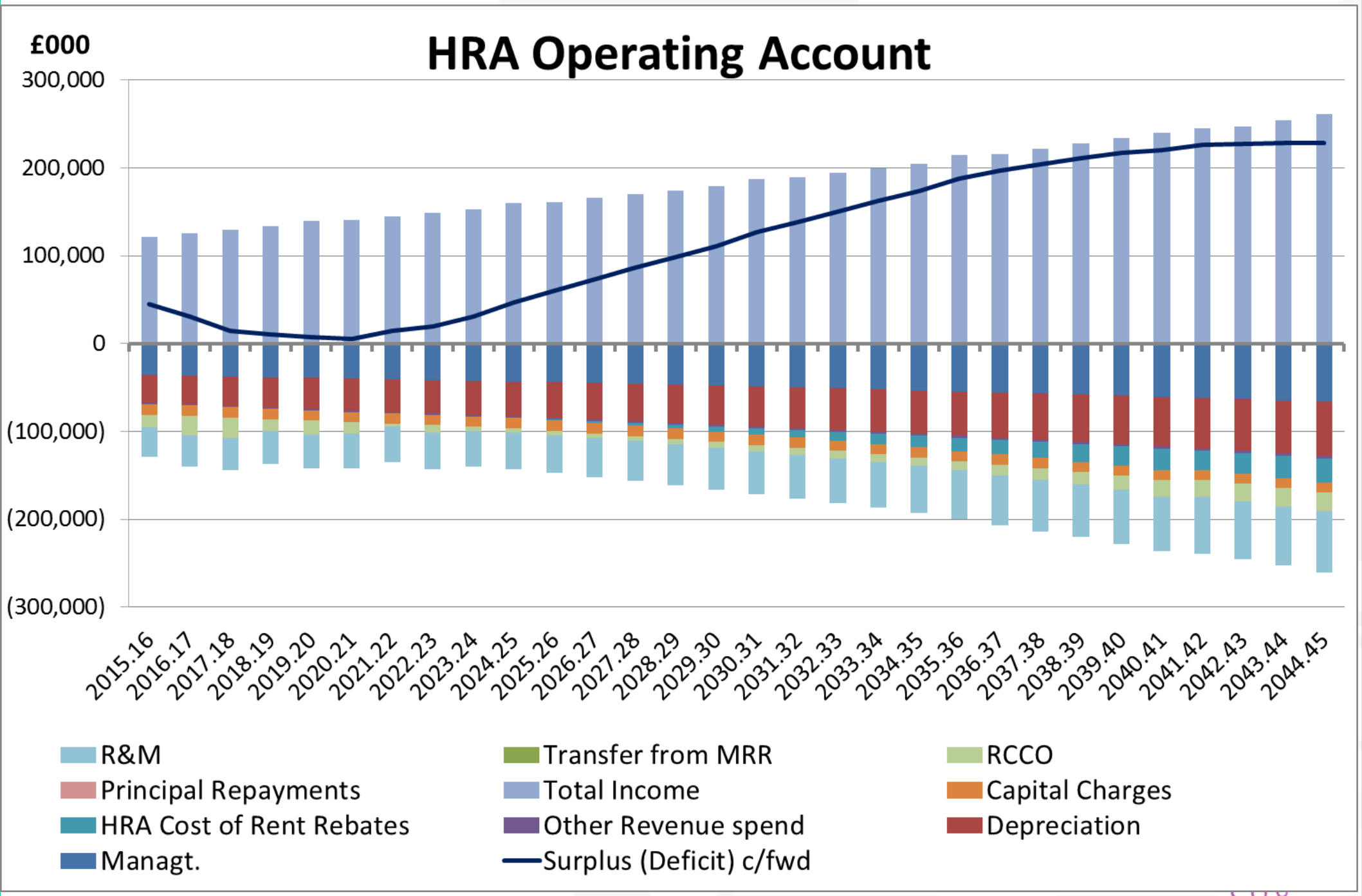
Purpose

- Set out Proposals for 2017/18 HRA budget
  - Including detailed plans for capital & revenue investment in homes
- Show impact of budget / approach on longer term HRA Business Plan
- Check budget / BP proposals are in line with Council / Housing strategy objectives

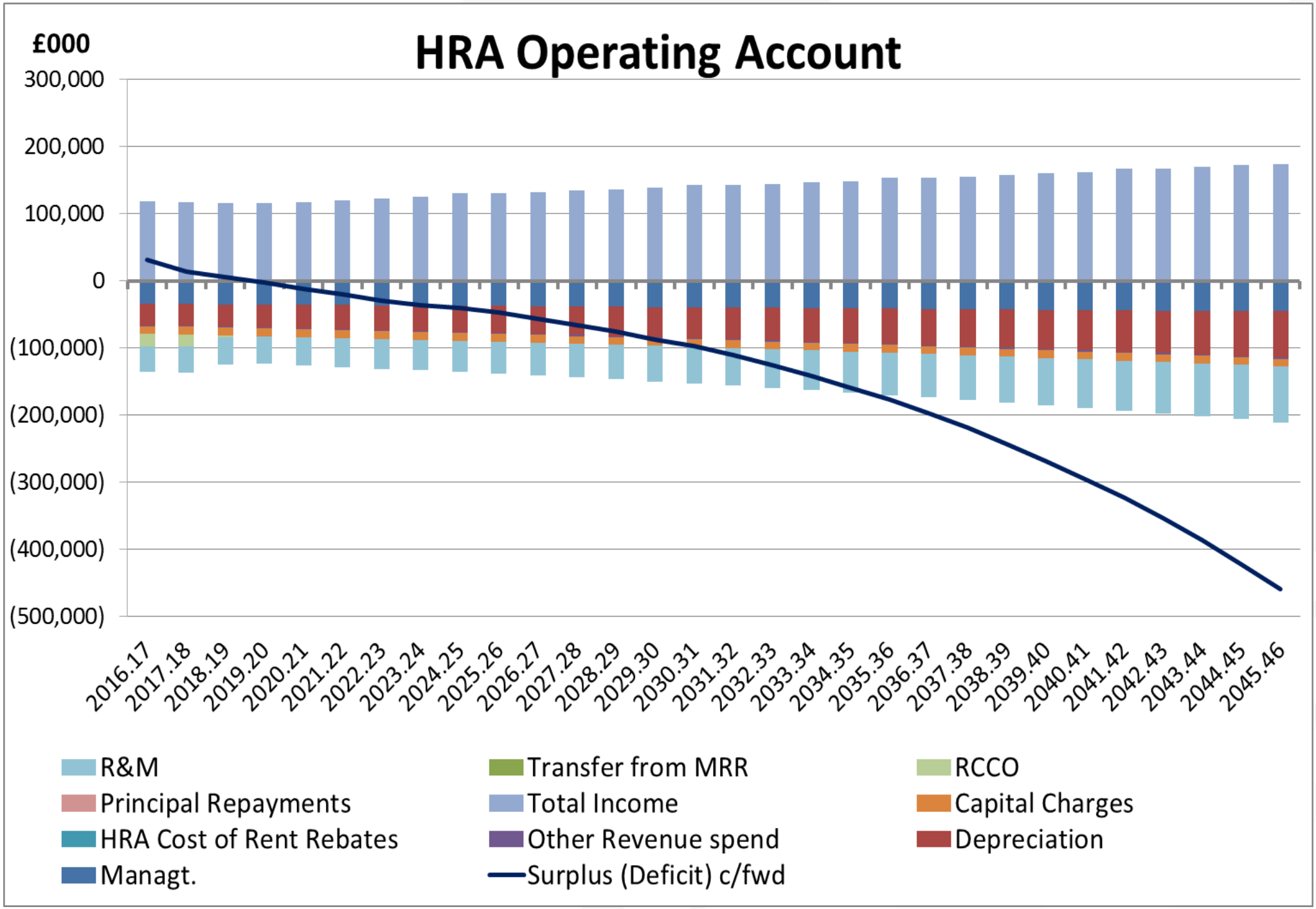
Context / History

- 2012-2015 = Self Financing
  - With Housing Management Board / stakeholder consultation agreed: landlord strategy & HRA Business Plan,
  - Landlord aims: Meet Need, Quality Homes & Neighbourhoods, Sustain Tenancies
  - Actions included:
    - Bristol Homes & Relet standard
    - New homes
    - More resources / improved processes to sustain tenancies
- 2016 onwards = 1% Rent reductions, WBR, Higher Value Levy, etc.
  - C.15% cuts required to balance

Business Plan prior to policy changes



Base Business Plan after policy change



Approach to 2017/18 Budget

- Maximise income (within policy limits)
- Reduce spending – but safeguard priority areas
- Achieve same outcomes with less input
- Make savings asap - the earlier savings are made, the more impact they will have
- Timely – some major projects ending, able to defer / reduce future projects

Summary of HRA

Income

- Rents
- Service Charges
- Sundry income
- (Voids)
- Capital receipts
- Borrowing

Spend

- Management costs
- Repairs & maintenance
- Investment
- New Build
- Bad Debts
- Debt costs

2017/18 HRA budget key issues INCOME

- **Rent – social rents set following government policy**
  - -1% for 2017/18 – average rent £80.19 (52 week)
  - Longer term policy unknown – potential major impact
- **Voids**
  - Current performance -1.76%, improves to -1.5% 2017/18
  - Measures - review relet standard, processes, tenancy sustainment
- **RTB receipts**
  - 200 RTB sales forecast in 17/18 @ £65k (after discount)
  - £4.35m RTB 'normal' & £6.25m 1-4-1 available
- **Borrowing**
  - Current debt = £245m, cap = £257m
  - No new loans / No loans repaid

2017/18 HRA budget key issues SPEND

- **Management & Service costs**
  - Direct costs reduced (deletion vacant posts/Voluntary Severance and overheads)
  - Sustained through new IT, digital, mobile, new ways of working
  - 10% reduction in GF recharges in year 1, further work
- **Bad debts**
  - Non-collectable/write-off 2.5% of rent (£2.9m)
  - Forecasts to increase - impact of WBR & Universal Credit
- **Debt costs**
  - Interest on current loans - £12m p.a.
- **New Build**
  - 785 new homes over 15 years (down from 1,000)

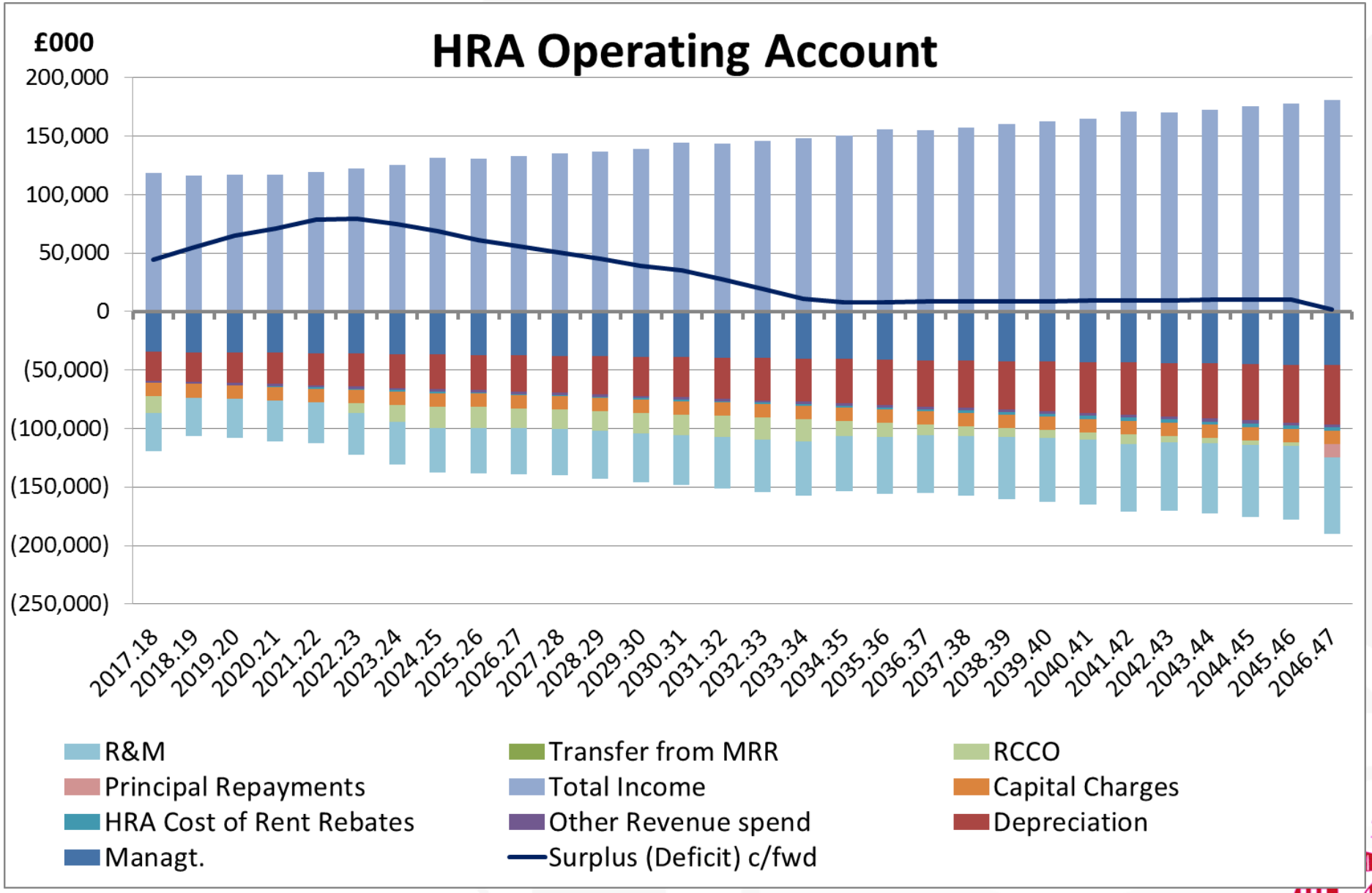
2017/18 HRA budget key issues R&M

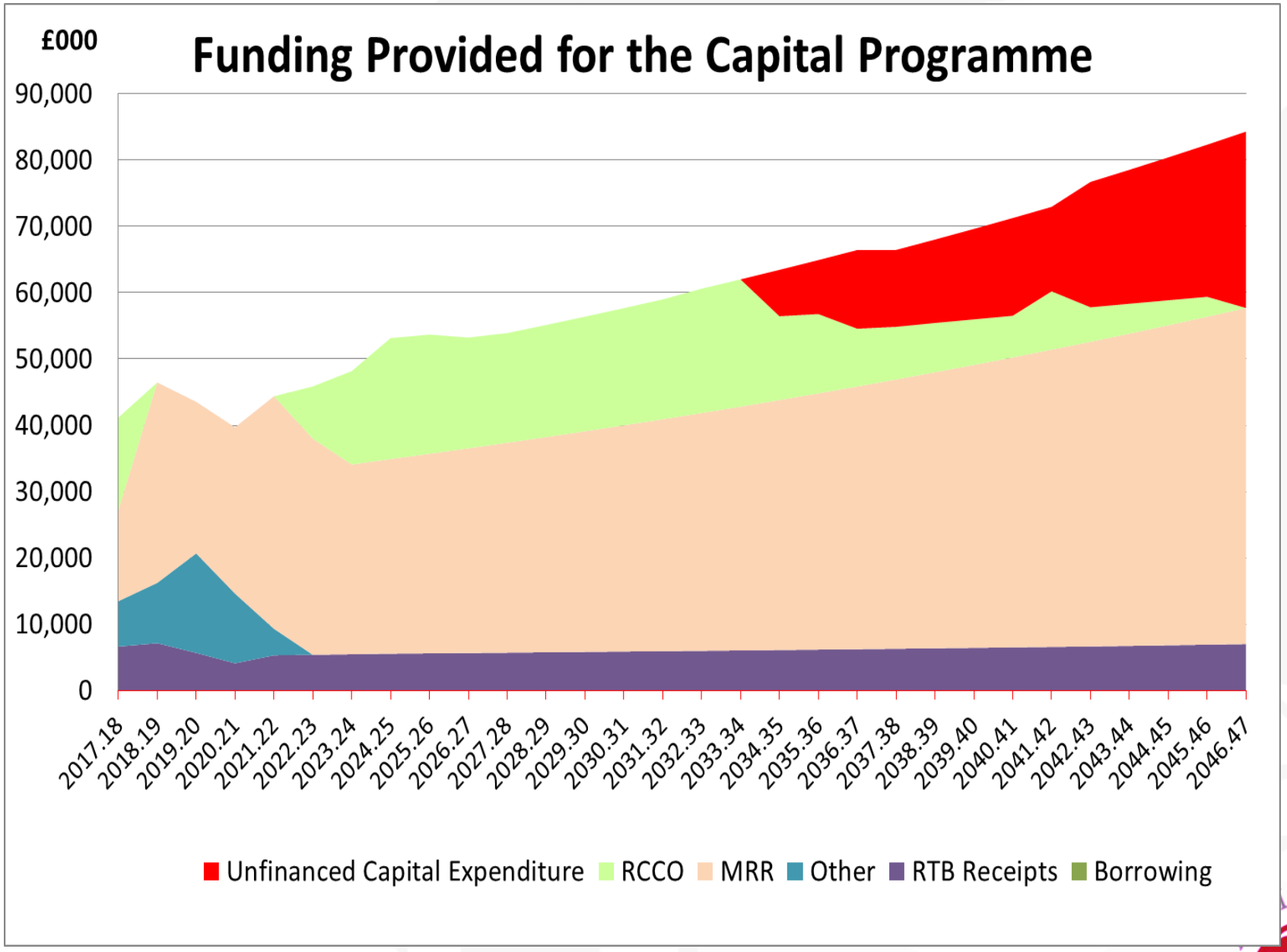
- **Major review of all Repairs & Maintenance spend**
  - First phase most capital budgets, response & relets still to fully review
  - Aim to make significant savings in 1st 5-years – biggest impact / most 'known'
  - Further intelligence gathering, especially blocks
- **R&M (revenue)**
  - 2017/18 revenue budget £32.9m (15% below 16/17 original budget)
  - Includes: extending cyclical to every 10-years, slowing programme for fire safety, coding major repairs to capital
- **Capital investment in stock**
  - 2017/18 capital budget £41.1m (26% below 16/17 original budget)
  - Includes: target poor heating systems (not just older), prioritised external works/cladding blocks, defer Phase 2 of Easiform cladding, no proactive bathroom replacement, extend lifecycles for kitchens & rewires, reduce major adaptations through better use of existing homes.

Proposed HRA budget 2017/18

Income Revenue	17/18 £m	16/17		Revenue Spending	17/18 £m	16/17	
Gross Rent	**113.4**	114.9	⇩	Revenue repairs	**31.7**	38.4	⇩
Voids	**-1.7**	-2.0	⇩	Management costs	**25.9**	26.2	⇩
Net Service charges	**8.4**	8.1	⇧	Service costs	**8.5**	9.1	⇩
Other income	**1.3**	1.6	⇩	Debt costs	**11.3**	11.3	⇔
				Bad debts	**2.9**	2.9	⇔
				Other	**1.9**	1.4	⇧
				Depreciation / Other revenue financing of capital	**39.7**	31.7	⇧
Total	**121.4**	122.6	⇩	**Total**	**121.9**	**121.0**	⇧
Revenue Surplus/(Deficit)					**(0.5)**	**1.6**	⇩
Income Capital				**Capital spending**			
Useable Capital receipts applied	**2.4**	24.3	⇩	Capital investment	**42.1**	56.0	⇩
Depreciation/ Other revenue financing of capital	**39.7**	31.7	⇧				
Capital Income Total	**42.1**	56.0	⇩	**Capital Spend Total**	**42.1**	56.0	⇩

Outcome: 2017-47 HRA Business Plan





Housing Services – Quality homes, great neighbourhoods and successful tenancies

AGENDA ITEM No.?

Cabinet

24th January 2017

Report Title: Housing Revenue Account 2017/18 budget proposals

Ward: Citywide

Strategic Director: Alison Comley, Strategic Director, Neighbourhoods

Report Author: Nicky Debbage, Service Manager – Business Planning & Service Development

Contact telephone no. & email address 0117 3525358
nicky.debbage@bristol.gov.uk

Purpose of the report:

To seek approval to the proposals for the 2017/18 Housing Revenue Account (HRA) budget; which have been tested within a 30-year financial business plan model.

Recommendation for the Mayor's approval:

1. **To approve the HRA budget for 2017/18, tested within the context of the 30-year financial business plan model**
2. **To approve the detailed capital & revenue investment plan for 2017/18 that underpins the 2017/18 HRA budget,**
3. **To delegate authority to the Strategic Director Neighbourhoods to undertake the procurement required during 2017/18 to help deliver the capital & revenue investment plan (as set out in paragraph 19 and Appendix 3 & 3i).**

The proposal:

Background – budget setting assumptions

1. Following the implementation of self-financing for council housing in 2012 and after considerable consultation with stakeholders, Housing developed an Housing Revenue Account (HRA) landlord strategy and accompanying 30-year financial business plan model. This strategy was built on the improved financial position of the HRA primarily funded through rents increasing above inflation in line with government policy. The strategy aimed to deliver the objectives: Meet Housing Need, Quality Homes &Neighbourhoods, Provide Sustainable Tenancies. The key actions in that strategy included building 1,000 new council homes over 15-years, bringing all homes up to an improved Bristol Homes Standard, improving relet standards, increased staffing and improved processes to help sustain tenancies.

2. However, since development of our landlord strategy, government policy has shifted considerably. This year (2016/17) rent levels reduced by 1%, the first year of the policy which is due to be in place for four years, 2016-2020. The timing and detail of other issues that will impact on the HRA (higher value levy, mandatory Flexible Tenancies) is still uncertain but will not impact on the 2017/18 budget. Some Welfare Benefit Reform measures have already been implemented and begun to have an impact on arrears (Under-Occupation Charge, Overall Benefit Cap) but so far only a small number of tenants are affected by Universal Credit with the timetable for significant roll-out not until 2018.

3. The compound impact of these changes on our HRA financial business plan is substantial. Our initial modelling of the changes in the 2016-46 HRA business plan model shows that savings of around 15% are required across all aspects of HRA spending in order to balance the plan.

4. In the context of these major changes and the need to make substantial savings, Housing's landlord strategy is undergoing major review. The aim of this review is to examine all services to identify new approaches that will deliver savings but, as far as possible, still help achieve our high level objectives and contribute towards the housing strategy aims. This landlord strategy 'reset' is likely to be an iterative process starting with a reduced 2017/18 budget, followed by further consultation with stakeholders to develop clear costed longer-term plans. Our aim is to achieve a financial plan that balances for at least 10-years but not necessarily for the full 30-years, given the level of uncertainty about future government policy.

5. The 2017/18 budget (detailed in Appendix 1) has been developed in the context of the need to make significant savings to ensure the viability of the HRA. The proposed 2017/18 budget has been tested within an updated 30-year financial business plan (detailed in Appendix 2), to check that the savings identified have sufficient impact to move towards a longer-term balanced business plan.

6. Whilst the 2017-47 financial business plan is a first draft, and requires further testing and consultation with stakeholders, it does confirm that our revised approach, in particular reduced investment plans (as detailed in Appendix 3) delivers a viable HRA for the medium – long-term (the HRA business plan balances for 16 years).

7. The key elements of the revised landlord strategy that underpins the 2017/18 budget and financial business plan include:

8. **Rents**

Rents will remain as Social rents, the most affordable form of housing, and will be set following government policy meaning a reduction of 1% for 2017/18 and a further two years. The resulting average weekly rent (52-week) in 2017/18 will be £80.19.

9. Service Charges

Separate charges will be levied to recover the costs of specific services provided to some tenants, such as caretaking or CCTV. These charges can only cover costs (not generate additional income) and will therefore rise in line with cost increases.

10. Voids

Measures are being put in place to reduce the number of homes becoming empty unnecessarily and the time homes are empty between tenancies. Teams in Response and Estates are improving processes to speed up relet times, such as making better use of the notice period. Some reductions to the relet standard are also being made to reduce the work undertaken and the time taken to relet homes. Closer working with new tenancies will help us understand the support needs of tenants, and regularly reviewing how the tenant is coping should reduce tenancy failure and 'churn'. Managing end of tenancy processes should ensure fewer homes are left in very poor condition by the outgoing tenant.

11. **Bad debts**

The business plan includes a forecast for the amount of money to be set aside to cover bad debts (i.e. older former or current tenants' arrears that are not collectable). The provision for bad debts is more than required in previous years and is forecast to increase further as the full impact of welfare benefit reforms is felt, in particular the rollout of Universal Credit – as c.70% of tenants are in receipts of housing benefit. This figure is a high risk factor and will need to be monitored closely.

12. **Repair & Investment of existing homes**

The repair and improvement of existing homes is planned using comprehensive house condition and energy performance data, building element lifecyles and accurate costings. Investment planning aims to ensure repairs and replacement of key building elements is undertaken in a timely way so homes continue to meet the government's Decent Homes Standard. The plan also focusses spend on tenants' priorities such as affordable warmth, kitchens, and health and safety. However, the investment plan is significantly reduced from previous plans and no longer includes funding for investment such as the cladding of all non-traditional homes or a proactive bathroom replacement programme, and other investment programmes have been elongated to spread costs over a longer period (see Appendix 3 for further detail).

13. **New homes**

Our commitment is to continue to build as many new council homes as possible and the HRA business plan model shows that 785 new council homes can be funded in the 1st 15 years of the plan – this is a reduction from the 1,000 that had previously been planned. However, a changed approach is needed to try to 'stretch' resources as far as possible to deliver the maximum number of homes. Plans to do this include investigating the development of a mixture of council and private homes (to be sold to help fund council homes) and reviewing specifications , procurement routes and delivery mechanisms. Additional Right To Buy receipts will be retained locally and re-invested in new homes (these receipts can be used to fund 30% of the cost of new affordable homes) where possible.

14. **Management costs**

A reduction in the cost of delivering services (staffing and overheads) has been achieved for 2017/18

through a reduced staffing establishment (achieved by deletion of vacant posts and limited agreement of voluntary severance of existing staff). These efficiency savings will be sustained through the introduction of a new housing management IT system, streamlined processes, increased mobile working and digital access to services for customers. A significant element of management costs are recharges from the General Fund for services delivered by other parts of the council to support council housing (e.g. support services such as human resources or ICT or specific services such as rehousing or grounds maintenance). It is assumed that these recharges will also reduce as efficiencies and savings are delivered across the council.

15. **Borrowing & Debt**
The budget and business plan assume no repayment of debt on the HRA – meaning the re-investment of all surplus income to spend on new & existing homes and services. The current level of debt of the HRA is £245m and the cost of servicing these debts is £11.3m per annum, which remains virtually constant throughout the business plan as the majority of HRA loans are long-term/fixed rate interest.

16. The debt cap on the HRA is £257m, this means we would only be able to borrow a further £12m. Currently we are not planning on borrowing this £12m to invest in homes, therefore it in remains as a 'contingency' and an option for the future should it be required.

The HRA Budget 2017/18 and longer-term business plan model
17. We have carried out initial modelling to assess the impact of the reduced 2017/18 budget, together with forecasts of similar approach for the remaining 29-years, on our long-term HRA Business Plan. The result is attached as Appendix 2 to this report and in summary shows we are able to balance the HRA BP for 16-years. However, there is insufficient funding from year 17 onwards and by 30-years the total funding gap of capital investment is £210m. This shortfall is despite using all of the current £90m held in reserves. However, further testing of the assumptions used in that BP will be needed with a range of stakeholders - primarily BCC tenants and leaseholders.

18. This is a marked improvement on our financial forecast in our previous base HRA business plan for 2016/17. This plan used the 2016/17 budget as the 1st year of the plan and forecasts in line with our previous landlord strategy (prior to the financial pressures arising from rent reductions and other government policy changes). The output from the 2016/17 HRA business plan is also attached as part of Appendix A and shows, prior to savings in the 2017/18 budget, the HRA was forecast to not fully funded from year 3 onwards. By year 10 the funding gap was forecast to be £47.4m of revenue, and £76.7m of capital.

19. Appendix 3 provides comprehensive detail of the capital and revenue budget for investment in homes in 2017/18, together with longer-tem investment plans that underpin the 30-year financial business plan. Previously, plans for procurement of contractors to undertake investment projects / programmes (over £0.5m) that are included in HRA budget have been the subject of separate Cabinet approval reports. However, it is proposed for 2017/18 that approval of the procurement required to deliver the repair and investment of council housing should be part of approval of the 2017/18 budget and then authority should be delegated to the Strategic Director Neighbourhoods, in consultation with the cabinet member for Homes, to appoint relevant contractors.

20. The 2017/18 budget proposals together with projections in the business plan model have been used to provide a 3-year medium term financial plan for the HRA. Details of this are set out below.

HRA budget 2017/18 – 2019/20

Income Revenue	2017/18 £m	2018/19 £m	2019/20 £m	Revenue Spending	2017/18 £m	2018/19 £m	2019/20 £m
Gross Rent	113.4	111.6	111.9	Revenue repairs	31.7	32.8	33.3
Voids	-1.7	-1.6	-1.5	Management costs	25.9	26.2	26.4
Net Service charges	8.4	8.6	8.8	Service costs	8.5	8.6	8.7
Other revenue income	1.3	1.4	1.4	Debt costs	11.3	11.3	11.3
				Bad debts	2.9	3.0	3.7
				Other	1.9	1.9	1.9
				Depreciation	24.7	25.4	26.0
				Other revenue financing of capital	15.0	10.8	9.3
Revenue Income Total	**121.4**	**120.00**	**120.6**	**Revenue Spend Total**	**121.9**	**120.0**	**120.6**
Revenue Surplus/(Deficit)					**(0.5)**	**-**	**-**
Income Capital				**Capital spending**			
Useable Capital receipts applied	2.4	3.9	3.0	Capital investment	42.1	47.1	44.6
Depreciation	24.7	25.4	26.0				
Other revenue financing of capital	15.0	10.8	9.3				
Capital receipts / capital reserves	0.0	7.0	6.3				
Capital Income Total	**42.1**	**47.1**	**44.6**	**Capital Spend Total**	**42.1**	**47.1**	**44.6**

21. This small revenue deficit in 2017/18 of £0.5m will be funded from existing reserves. This leaves reserves in the HRA of:

- Revenue reserves - £44.6m
- Capital receipt reserves - £28m
- Earmarked reserves - £32m (including a £25m of Additional 1-4-1 RTB receipts that can only be used to support 30% of the cost of new homes).

These reserves will be carried forward and available to fund future HRA expenditure – and are critical to keeping the HRA Business Balanced for a number of year – see Appendix 2.

Consultation and scrutiny input:

a. Internal consultation:

All service areas in the Housing Revenue Account have contributed to the development of the proposed 2017/18 HRA budget. Corporate Finance have been extensively involved in the development of the HRA budget and the production of the 30-year financial business plan model

b. External consultation:

Proposals for the capital and revenue investment plan have been consulted with tenants' on the Repairs & Maintenance Service User Group who were supportive of the plans which they felt reflected tenants' priorities for their homes

The HRA budget proposals have been consulted with the Housing Management Board, a scrutiny group consisting of tenant and leaseholder representatives together with councillor representatives from the main parties. The Board were supportive of the plans for the HRA budget in 2017/18 and the longer term approach to producing a viable business plan.

The HRA business plan model is due to be scrutinised in further detail by Neighbourhoods Scrutiny in February 2017

Other options considered:
A viable HRA budget must be proposed. Example approaches to balancing the HRA were discussed with Housing Management Board and the proposed budget reflects this approach

Risk management / assessment:

FIGURE 1

The risks associated with the implementation of the *(subject) decision* :

No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1	Significant and unexpected events or emergencies By its nature, the financial risk is uncertain	**High**	**Medium**	The HRA holds significant reserves as well as a minimum operating balance that ensures funding is available for emergency purposes	**High**	**Low**	Steve Barrett / Mary Ryan
2	Potential overspend and HRA does not deliver required level of savings to balance spending plans Challenging savings have been identified within our spending plans.	**Medium**	**Medium**	High risk budget areas have been identified and regular monitoring is targeted in these areas with regular progress reports on delivery of savings to Management Teams	**Medium**	**Low**	Steve Barrett / Mary Ryan
3	Reduced rental income as a result of welfare benefit reform	**Medium**	**High**	Provision for higher arrears have been made within the budget and business plan. Regular Monitoring of arrears is undertaken. Mitigating action to try to minimise the impact of WBR are in place	**Medium**	**Medium**	Steve Barrett / Mary Ryan

FIGURE 2

The risks associated with <u>not</u> implementing the *(subject) decision*:

No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES Mitigation (ie controls) and Evaluation (ie effectiveness of	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1	An unbalanced / unviable HRA – which is not legal	**High**	**High**	Setting of viable 2017/18 budget and understanding of longer tem approach required through development of 30-year business plan	**High**	**Low**	Steve Barrett / Mary Ryan

Public sector equality duties:
Equalities Impact Assessment is included at Appendix 4

Eco impact assessment
ECO assessment is included at Appendix 5

Resource and legal implications:

Finance

a. Financial (revenue) implications:
The Mayor in Cabinet is recommended to agree the Housing Revenue Account Budget for 2017/18, which reflects the requirement, as set out in the Welfare Reform and Work Act 2016, to reduce social rents by 1% per annum for the four year period from 2016 to 2020. The impact of this change in government policy has led to a significant loss on income to the HRA. This is because the business plan assumed a level of annual inflationary increase. This widening gap has led to the need for a fundamental review the medium term financial strategy for the HRA, as well as the longer term business plan – as the net loss of rent in effect reduces base rental income assumptions for the whole 30 year financial model.

The Council has a duty to agree a balanced HRA budget for the next financial year, as well as a sustainable long term business plan, which takes account of capital investment needs in its stock and the revenue costs of managing and maintaining it. All revenue expenditure must be contained within the assumed income over the medium term. In addition the HRA should maintain an appropriate level of reserves, which will be used in the longer term to finance capital investment not supported through the annual depreciation charge. Utilisation of reserves over the period of the 30 year business plan is outlined in Appendix 3.

The budget savings required to ensure revenue costs are contained within an affordable envelope to ensure a medium term sustainable HRA are set out in Appendix 1.

There are significant financial risks to the sustainability of the HRA going forward. The report outlines the potential impact of ongoing welfare reform, such as reduction of the benefit cap – particularly for larger households. A further risk is the yet to be finalised sale of higher value properties, as set out in the Housing and Planning Act 2016.

Authority is also sought in the report to delegate re-procurement of a number of contracts which need to be renewed during the year. These are set out in Appendix 3 of the report. The Council has a duty to ensure Best Value and these will need to be undertaken in accordance with OJEU regulations and the Council's procurement rules.

Advice given by	**Chris Holme – Interim Head of Corporate Finance**
Date	**03/01/2017**

b. Financial (capital) implications:
Over 40% of the annual costs attributable to the HRA relate to capital expenditure and its financing. The change in government policy on social rents and other financial risks outlined above have required a review of capital expenditure both in the medium term and over the period of the 30 year business plan to ensure sustainability. Appendix 3 details the proposed amendments to the capital programme.

The business plan assumes some 200 right-to-buys for 2017/18. This will generate some £10.6m of useable capital receipts. However £6.3m form part of the 1-4-1 agreement with DCLG, which must be earmarked for expenditure on new affordable housing – either by the Council itself, or via a registered provider. The receipt can only fund a maximum of 30% of new development. Failure to spend receipts within 3 years, under the agreement, means they must be paid over to the Treasury with a punitive interest rate. This net loss of stock will further reduce revenue resources available to the HRA.

Advice given by **Chris Holme – Interim Head of Corporate Finance**
Date **03/01/2017**

Comments from the Corporate Capital Programme Board:
Not applicable

c. Legal implications:
To ensure the implementation of the programme is lawful, all procurement and contracting activities must comply with the appropriate Procurement Regulations and the councils own procurement rules. Officers must also ensure the programme remains compliant with the Council's budget and policy framework.

Advice given by **Eric Andrews, Senior Solicitor**
Date **15/12/16**

d. Land / property implications:
No specific property comments

Advice given by **Robert Orrett, Service Director - Property**
Date **15/12/16**

e. Human resources implications:
The anticipated reduction in recharges from the General Fund for support to housing services, such as HR and ICT, is not likely to have an impact on the overall establishment of support resources required in those areas of the council. Therefore, there are no HR implications as a result of the Housing Revenue Account 2017/18 budget proposals.

Advice given by: **Sandra Farquharson, HR Business Partner, Neighbourhoods**
Date **09-12-16**

Appendices:

- **Appendix 1 - The 2017/18 Proposed Housing Revenue Account Budget**
- **Appendix 2 - HRA Business Plan model 2017/18 – 2047/48**
- **Appendix 3 & 3i – Capital & Revenue Investment plan details for 2017/18 and 30-year investment assumptions**
- **Appendix 4 – Equalities Impact Assessment**
- **Appendix 5 - Eco Assessment**

Access to information (background papers):
Not applicable

Appendix 1

The 2017/18 Proposed Housing Revenue Account Budget

The main income and spend types in the HRA are:

Income

- Gross Rent
- Service charges
- (Rent loss on Voids)
- Useable Capital receipts
- Other revenue income

Spending

- Capital investment in homes
- Revenue repairs to homes
- Management & Service costs
- Debt costs
- Bad debts

Assumptions and resulting figures for the 2017/18 budget are set out below:

Income

Gross rent:

Since 2000 Bristol had been following government rent restructuring policy – meaning individual rents have increased each year to try to bring them to converge with their Target rent level. Annual rent increases have generally been above inflation over this period. However, for 2016/17 to help reduce welfare benefit spend, the Government announced a major change in social rent setting meaning rents will reduce by 1% p.a. for four years from 2016-2020. Rent policy after 2020 is, as yet, unclear

The current 2016/17 52-week rent is £81.00 and so applying the 1% reduction, the average rent for 2017/18 would be **£80.19 on a 52-week basis, the equivalent 48-week rent would be £86.87.**

Stock figures for setting the 2017/18 budget assume:

- Losses: RTB sales continue at the current rate for the remainder of this year (resulting in 184 sales) and slightly increase during 2017/18 (to 200 sales), and there are other stock losses of 20 (due to empty homes being leased)
- New build completions in 2016/17 of 60 and in 2017/18 a further 63

This gives an average stock figure in 2017/18 of **27,202**.

Therefore the resulting gross rent budget for 2017/18 would be **£113.429m**

(N.B. last year there was a one-year exception to rent decrease policy made for supported housing, so rents in sheltered followed 'old' policy of CPI+1% increases. This exception has now been ended so sheltered rents will also decrease by 1%)

Service charges:

Service charge income can only cover costs, not exceed them, so service charges generally rise in line with cost increases. Last year this meant most service charges rose by 2.2% reflecting compound salary increases (as most service costs are staffing costs). The main services that separate service charges are levied for include caretaking, Service To Older People, laundries, CCTV and communal heating.

For 2017/18 the proposal is that the vast majority of tenant & leaseholder Service Charges (except communal heating - see below) should increase to again reflect salary increases. Therefore the increase for 2017/18 would be **1%** (the pay increase for 2017). There is one very minor exception to this for the cleaning of sheltered schemes where the charge will rise by 20% to reflect the increase in salary costs for this service to bring wages to the Living Wage. The charge is very small and even after the increase will be £3.25 per week (paid by 1,627 tenants of sheltered housing).

For Communal Heating costs we are largely just passing on utility company heating costs to tenants. It is proposed that heating costs pre-payments should increase by 10% next year as this is the estimate of increases in energy costs. Should energy costs not rise as much as anticipated tenants will be refunded any over pre-payments when actual accurate bills are issued.

The net (of forecast voids and heating refunds) service charge budget for 2017/18 is therefore **£8.4m**

Voids:

The loss of rent income due to voids is based on the current performance of -1.76% of potential income, with an improvement to **1.5%** (in line with the measures being implemented to reduce void times / speed up relets and reduce tenancy failures and the number of homes returned in a poor state).

The budget for rent loss due to voids in 2017/18 is therefore **£1.7m**

Capital receipts:

These are largely from the sale of council homes under the Right To Buy to sitting tenants at a discount. Sales for 2017/18 are forecast to be **200**, with an average sale price after discount of **£65k**. Because we plan to re-invest receipts to build new

council homes we are potentially able to keep more of these ‘additional’ or 1-4-1 RTB receipts – but these can only be used to fund new homes.

Total RTB receipts forecast to be received in 2017/18 are £13m with £2.4m to be repaid to government, leaving **£10.6m** useable receipts (£6.25m Additional 1-4-1 receipts and £4.35m ‘normal’ RTB receipts).

Other receipts generated from the sale of non-operational HRA assets (i.e. not homes but land, commercial assets, etc.) are 100% useable (with few constraints on their use) – these are forecast to be **£1.2m** in 2017/18.

The forecast for useable receipts to be applied to fund the 2017/18 capital programme is **£2.42m** of Additional 1-4-1 receipts - used to fund 30% of the new build programme in 2017/18. The remaining receipts will be added to balances and carried forward to help support the capital programme in future years.

Other revenue income:
This consists of charges for other assets and interest on balances.

Interest on balances is calculated using the consolidated interest rate the council receives (which is currently low at 0.25%) applied to the average level of balances forecast for 2017/18 – this results in a budget of **£0.25m**

Other income from commercial leases, shop rents, ground rents, etc. will be largely as per the rent levels included in the individual lease agreements - this results in a budget for 2017/18 of **£0.6m**.

In the past garage rents rose by the same % as the rent increase, although there is no government policy relating to garage rents. For the last two years we have increased garage/parking bay rents by around 10% p.a. and simplified the calculations to bring them to more ‘sensible’ whole numbers. The proposal for 2017/18 is to apply more moderate increases – on the basis any further significant increase is likely to lead to tenants giving up their garage. A review of some garage sites is planned to identify those that could be let more commercially to raise income for the HRA. The following weekly charges are recommended for 2017/18:

Garages:
- Council Tenants = £13.50 (was £13),
- Leaseholders = £16.50 (was £16),
- Non-Council Tenants = £20 (was £19),
- Non-Council Tenants Premium Sites = £40 (was £38.40)

Parking Plots:
- Council Tenants/Leaseholders: £4 or £6 depending on site (no increase),
- Non-Council Tenants – £6 or £8 depending on site (was £5.40 or £7.20)

There are currently around 2,000 garages (of which 481 are let) and a further 110 parking plots. The low level of letting is due to the uncertainty over the future of many

sites (we are looking to develop as many sites as possible) and the state of repair of the garages.

Based on the level of let garages/parking bays this would result in a gross rent income of **£413k**

The total budget for other income in 2017/18 is therefore **£1.3m**

Expenditure

Capital & Revenue repairs (further details in Appendix 3)**:**

In response to the financial pressure on the HRA, we have begun a major review of our investment priorities and resulting investment plan. Where possible, we have sought to restrict non-essential expenditure and implement immediate savings that can be reflected in the 2017/18 budget.

The first phase of the review has concluded and has informed the proposed Capital & Revenue investment Plan for 2017/18. Services / budgets were identified as a priority for review and the Asset Management Team worked with the delivery teams to understand the reasons for delivering the service, the duties and limitations (e.g. contractual) and to challenge whether the service could be delivered differently.

Some services have been reviewed thoroughly and we are confident in the short and long term forecasts. However, some services have received a preliminary review, with identified next stages for further work. Responsive Repairs and Relets in particular will be the subject of ongoing review to continuously improve efficiencies and identify savings as more reliable data emerges through the use of Civica Cx new housing management system.

The total **Capital** (i.e. major investment that improves homes) investment in new and existing homes = **£42.1m.**

This is a very significant reduction and represents a 24% cut from the 2016/17 original capital budget of £55.6m. The council's housing stock is ageing, and our homes, particularly our blocks of flats, are showing signs of structural failings. The proposal is to defer decisions on major capital improvement projects whilst we improve our overall asset intelligence, focusing on blocks, by dedicating internal resources to further and more in-depth condition surveys and structural assessments. The capital savings identified early on the in the Business Plan will allow a contingency to deal with these issues, ensuring homes are sustainable into the long term.

Total r**evenue** repairs and maintenance = **£31.7m**.

Again this is a significant reduction (18%) from the original budget for 2016/17 of £38.5m. However, much of this reduction has been achieved by correctly identifying

and recording capital works (especially at relet) and further work is required to identify revenue savings.

For accounting purposes funding capital investment is split into two broad categories, Depreciation and other. Depreciation is an accountancy term and is the calculated level of basic re-investment needed to keep homes in reasonable repair (calculated using lifecycles / element costs as per our investment planning approach). This sets the minimum level of revenue funding to capital investment in homes that must applied in that year (or set aside in a separate reserve account to be invested in homes in the future). Depreciation is shown as an expenditure item in revenue, and an income item in capital and the figure for 2017/18 is **£24.7m**.

Management and service costs:

These costs are split between general management costs for delivering housing services to all tenants and Service Costs for the delivery of specific services, with separately levied service charges. Management and service costs comprise of:

- Direct Housing staffing costs (Response Repairs, Planned Programme, Estate Management, Caretaking, Rent Management & Business Planning & Service Development) are calculated based on establishment costs (i.e. staff) plus overheads
- Generic support recharges (e.g. Finance, ICT, HR, etc.) are generally based on a % split of the costs of these services attributable to activity in the HRA.
- Charges for specific services delivered by the council on behalf of the HRA (e.g. ASB, Rehousing, Grounds Maintenance) are based on the cost of the services provided to the HRA

Work has taken place in 2016/17 to identify workforce & overheads savings in landlord services. These have identified £1.9m of savings to be achieved though deleting vacant posts, allowing voluntary severance and working more efficiently supported by the incoming new Civica Cx housing management system. However, to counter these savings there is a salary increase of 1% to be added 2017/18 costs. Work has also begun to look at all recharges to the HRA to identify whether these are still legitimate in light of major savings that are also taking place in the General Fund. So far this work has identified a reduction of £1.3m / 10% in recharges to the HRA. Further work will be undertaken during 2017/18 and it is anticipated further reductions in recharges will be achieved. Budget for 2017/18: **Management costs: £25.9m, Service costs £8.5m**

Debts costs:
These are the forecast for interest payments on the £245m debt on the HRA, these generally relate to long-term loans on fixed rate interest charges. The budget for debt costs in 2017/18 is **£11.3m**.

Bad debts:
This figure is not the level of arrears, but is rather the amount of money set aside to cover bad debts (i.e. older former or current tenants' arrears that are not collectable). The collection rate for current tenants rent is 95%. The bad debts figure of £2.9m represents **2.5%** of gross rent and is higher than performance in previous years. This reflects the initial likely impact of welfare benefit reforms – as c.70% of tenants are in receipts of housing benefit. This figure is a high risk factor and will need to be monitored closely. The budget for bad debts 2017/18 **is £2.9m**.

Other:
Other costs of **£1.9m** include other rents and rates and council tax payments on void properties (this budget has increased as the previous discount on council tax on voids is assumed to be removed).

Resulting budget 2017/18

Income Revenue	**£m**	**Revenue Spending**	**£m**
Gross Rent	113.4	Revenue repairs	31.7
Voids	-1.7	Management costs	25.9
Net Service charges	8.4	Service costs	8.5
Other revenue income	1.3	Debt costs	11.3
		Bad debts	2.9
		Other	1.9
		Depreciation	24.7
		Other revenue financing of capital	15.0
Revenue Income Total	**121.4**	**Revenue Spend Total**	**121.9**
Revenue Surplus/(Deficit)			**(0.5)**
Income Capital		**Capital spending**	
Useable Capital receipts applied	2.4	Capital investment	42.1
Depreciation	24.7		
Other revenue financing of capital	15.0		
Capital Income Total	**42.1**	**Capital Spend Total**	**42.1**

There are choices regarding the funding of some elements of the 2017/18 HRA budget. In particular, the £15m ‘balance’ of funding of the capital programme (after funding from 1-4-1 Additional RTB receipts and Depreciation has been taken into account). This balance could be funded from in-year revenue, revenue reserves or capital reserves, or a mixture of these. For 2017/18 we have used in-year revenue and thus are showing a small annual deficit. This small revenue deficit of £0.5m will be funded from existing reserves. This leaves reserves in the HRA of:

- Revenue reserves - £44.6m
- Capital receipt reserves - £28m.
- Earmarked reserves - £32m (including a £25m of Additional 1-4-1 RTB receipts that can only be used to support 30% of the cost of new homes).

These reserves will be carried forward and available to fund future HRA expenditure – and are critical to keeping the HRA Business Balanced for a number of year – see Appendix 2.

HRA Business Plan Model 2017/18 – 2047/48

An up-to-date version of the HRA BP model has been built on the proposed budget figures for 2017/18 and future forecasts. The 2017/18 HRA BP reflects the financial pressures on the HRA, largely as a result of the 1% rent reduction for four years and the impact of welfare benefit reforms. The plan includes a continuation of the savings achieved in management costs in 2017/18, reduced capital & revenue investment in existing council homes and a new build programme of 785 (compared to a previous figure of 1,000 homes over 15 years).

The key assumptions used in the Base BP are set out in Table 1 below

Based on these assumptions the **BP is fully funded for 16 years**.

However, there is insufficient funding from year 17 onwards and by year 30 the total **funding gap of capital investment is £210m**

And this shortfall is despite using up all of the current £90m held in reserves.

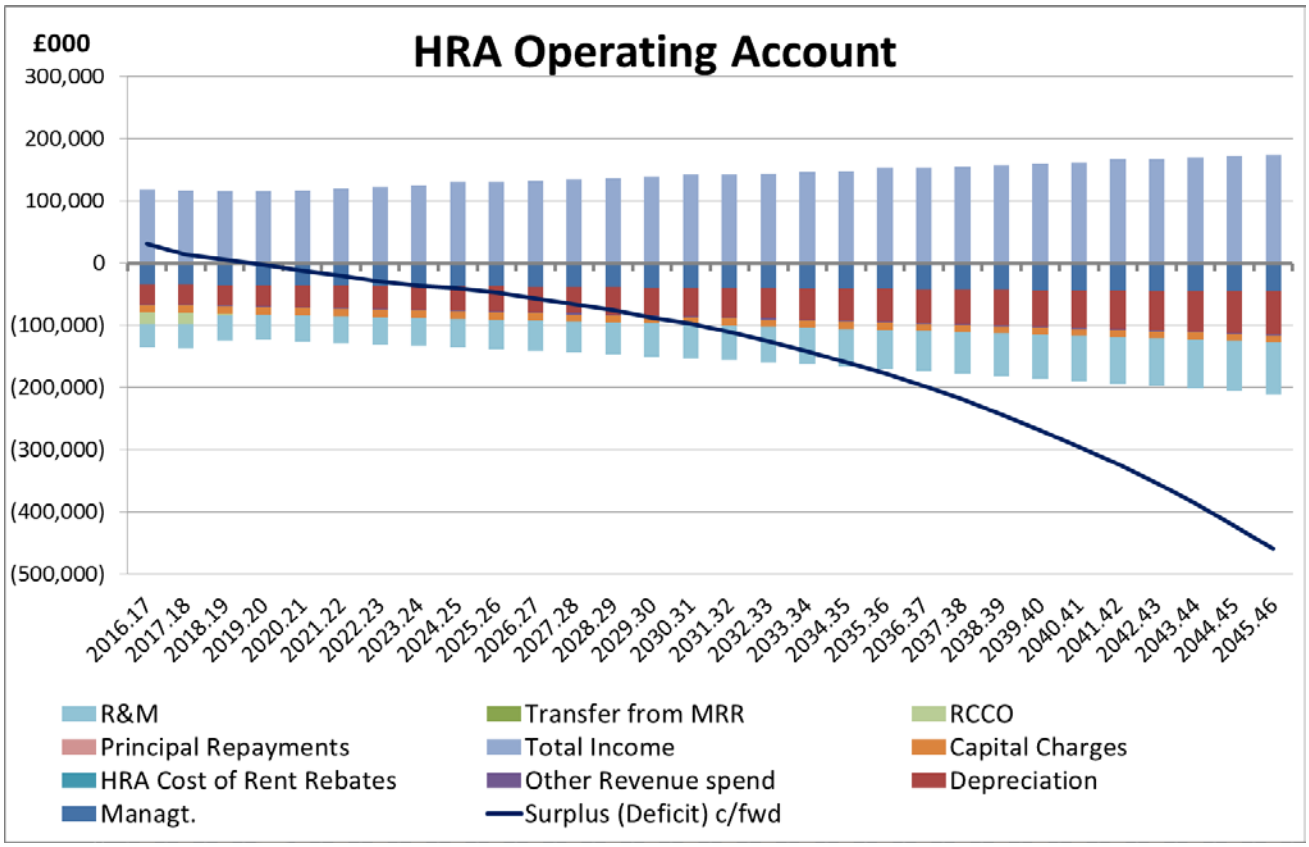
Table 1 : Assumptions in the Base Business Plan:

Item	Importance to BP	BP Assumptions
General		
Stock numbers	Number of homes key to driving forecasts about rental income	Opening stock = 27,280. Reduced by RTB sales / increased by new build (see below). Stock by year 10 = 25,430 (net loss 1,850)
Inflation	Underpins forecasts for income and expenditure. Rent income uses lower CPI figure, expenditure general goes up by higher RPI.	Treasury forecasts for 4 years then reverting to government long term target (RPI 3.1%, CPI 2.1%)
Borrowing/debt	The level of debt ('mortgage') held in the HRA impacts both: - The level of interest the HRA needs to pay on that debt - The amount of any new borrowing possible before reaching the debt cap	Opening debt of £245m, interest payment of £12m p.a. No additional borrowing assumed and small number of loans that fall due during the BP are assumed to be refinanced. Debt cap of £257m meaning a further £12m could be borrowed if required

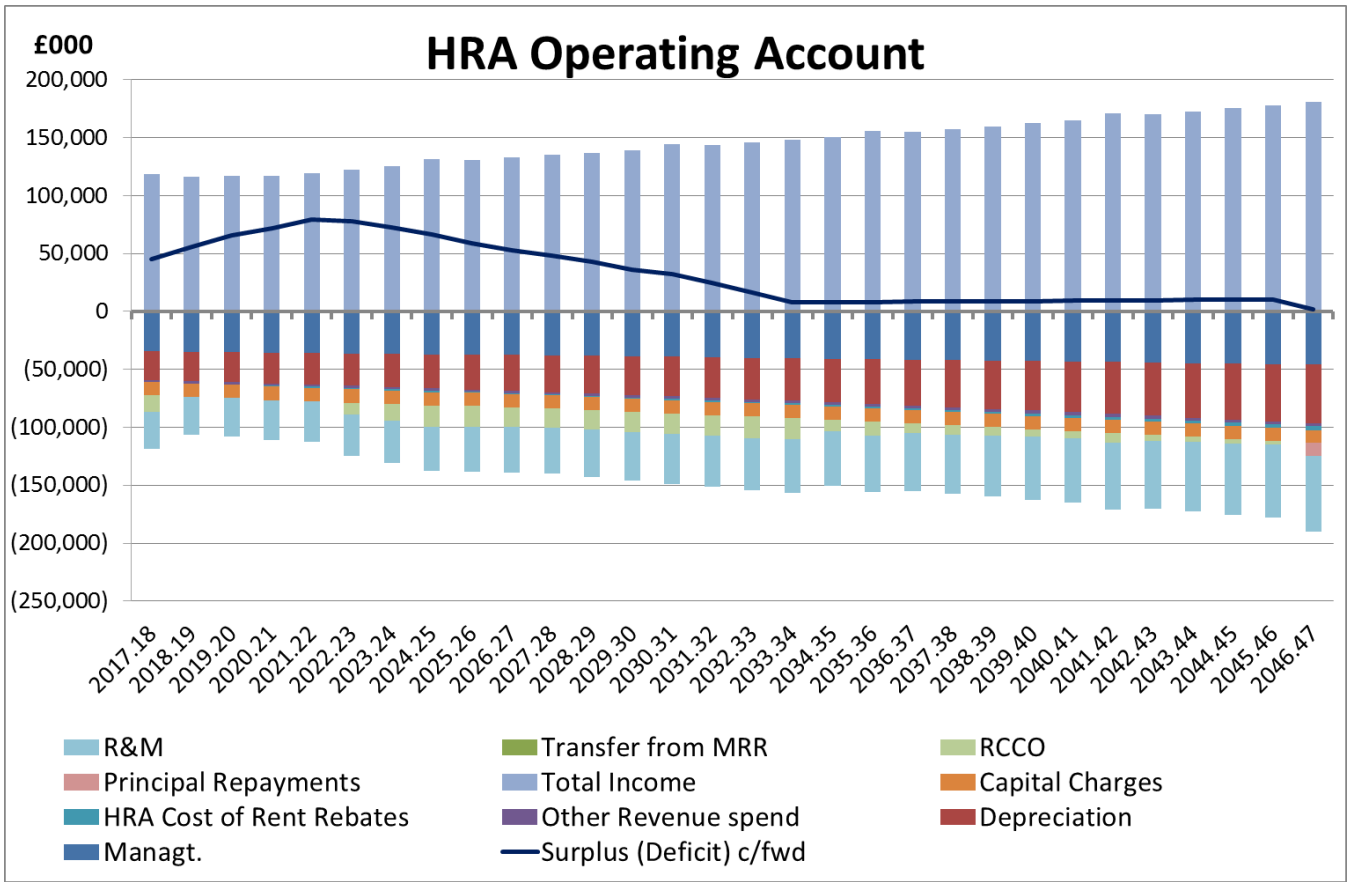
Balances	Balances brought into the start of the plan help to fund expenditure in the early years of the BP where annual expenditure outstrips annual income	£90m of HRA reserves coming into 2017/18 (including £45m of revenue, £22m of capital and £22m of Additional 1-4-1 RTB receipts.
Income		
Rent income	The vast majority of income is from tenants rents. Assumptions about both rent levels and stock numbers are key to the BP.	Average rent for 2017/18 = £80.19 (52 week), resulting in a gross rent of £113m in 2017/18). Target rent increases as per government policy, i.e. : -1% for a further 2 years, CPI+1% for the next 5 years and CPI thereafter. This increases gross rental income to £129m by year 10.
Service charge income	Charges for specific service (e.g. caretaking, laundries) should cover the cost of these services (year one service charge income = £8.4m)	Charges increase in line with increases in costs. Costs are generally salary/overheads or utility costs and are assumed to rise by 1% p.a. in line with recent pay awards.
Voids	The level of void properties impacts on net rental and services charge income (no tenant = no rent)	BP assumes a rental loss of 1.5% p.a. due to empty homes. This results in a rent loss on voids of £1.7m
Bad Debts	Lost rental income due to provision for bad or doubtful debts (i.e. the increase in the amount of rent arrears or rent written off)	The BP assumes a level of loss of 2.41% based on current performance but an increase to 2.9% from 2019/20 with the introduction of further welfare changes (Universal Credit)
Sundry income	Relatively limited income from shops, garages, etc. 2017/18 budget = £1.3m	This income is assumed to not rise as we expect to see a continued loss in the number of let garages as sites are earmarked for development and income from shops etc. is linked to lease agreements.
Right To Buy	RTB levels have two main impacts on the BP: - Loss of stock = loss of rent - Sales mean capital receipts and, with the reinvigoration of RTB and ability to retain additional receipts if they are reinvested in new homes, these receipts have a significant impact on the BP	Sales in 2017/18 forecast to be 200 (an increase from the forecasts sales in 2016/17 of 184) but to reduce slightly year on year down to 160 sales by year 10. The average valuation of homes sold is £125k, with an average discount of £65k. Total gross receipts in 2017/18 are £13m, some of which are repaid to government. But the council keeps £4.35m of 'normal' RTB receipts plus potentially £6.25m of Additional 1-4-1 receipts (that can only be used as 30% of the cost of new homes and are time limited and if not used must be repaid to government). By year 10, gross RTB receipts are forecast to be £16m - £4.7m 'normal' and £8.5m 1-4-1 (to use this level of 1-4-1 receipts we would need a new build programme of £28.3m)
Other stock losses	A small loss of other stock – previously from sales of high repair acquireds, now sales	Based on continuation of current approach which would lead to loss of 20 homes p.a. throughout BP. Previously this would have

	are on hold this is due to the lease of these homes for use as temporary accommodation for homeless households	raised c. £4m to be re-invested in new or existing homes. However, sales are no longer taking place as homes are being used by other providers for temporary accommodation for homeless households. In future receipts form sales would be paid to government as Higher Value Levy – This is a high risk area as actual levy could be considerably higher.
Expenditure		
Management Costs and Service Charge costs	Spending on staffing salaries and overheads to provide the landlord service – direct costs within Housing Delivery plus recharges from other parts of the council. 2017/18 budget of £25.9m management, and £8.5m service costs	Management costs assumed to rise by 1% as mostly salaries. Service costs also assumed to rise by 1%.
Repairs and Maintenance (Revenue)	Spend on the day-to-day responsive repairs, relets and maintenance of homes. Most of spend on internal workforce and materials / some contracted out. 2017/18 budget £31.7m	Budget based on spend required to relet homes to a lower standard plus demand-led responsive repairs and necessary maintenance (e.g. gas servicing). BP assumes costs rise by RPI as building cost inflation historically rises above other costs
Capital Programme – Investment in stock	Biggest elements of spend in BP on major repairs and elemental replacement (kitchens, rewires, heating, etc.). Most work contracted out to external contractors. 2017/18 budget £42.1m.	Budget considerably reduced and aimed to maintain homes at Decent Homes Standard improvements (e.g. kitchens or heating replacements) but removes some elements of previously planned improvements to standards such as a bathroom programme, or the cladding of all low rise and high rise non-traditional homes. Costs are assumed to rise by RPI, again as building costs tend to rise above other costs
New build programme	New homes have two key impacts on the BP: - Additional rental income (can be significant over whole BP but most homes do not break even in 30-years). - Significant building costs (budget for 2016/17 = £8m)	785 homes to be built over 15 years. Around 50 new homes p.a. at an average unit cost of £150k, resulting in an annual programme of £9m. (N. B. in order to use additional capital receipts generated in 2017/18 of £6.25m p.a. spend on new homes of £20.8m is needed).
Debt costs	Annual interest payments on existing debts on the HRA – priority area of spend.	Opening debt of £245m with interest charges of £12m

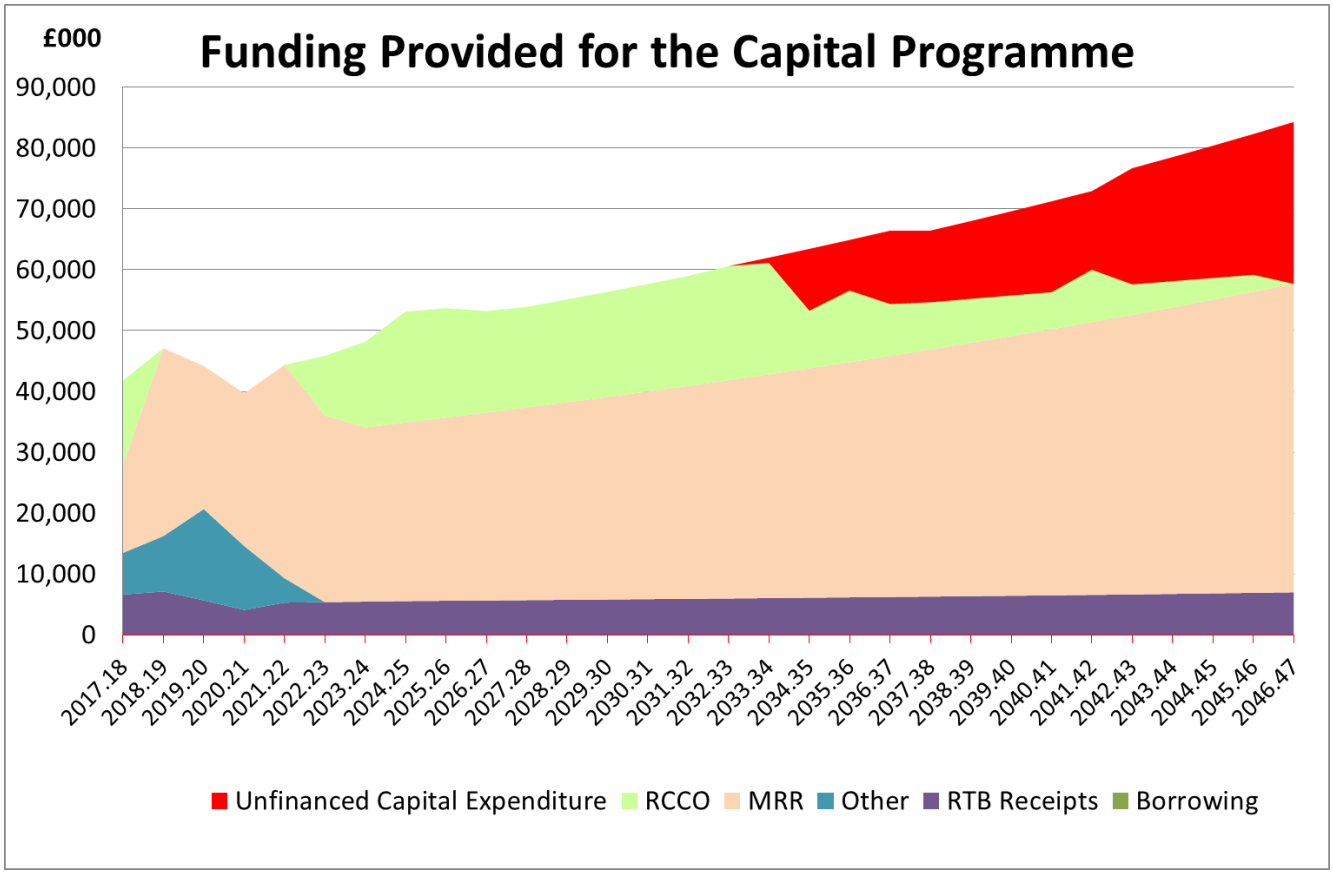
HRA Base BP 2016/17



HRA BP 2017/18



HRA BP 2017/18



APPENDIX 3

Capital and Revenue Investment Plan (CRIP) – 2017/18

Investment Review – Phase One Impact Summary on HRA Business Plan YR 1-10

In response to central government changes putting significant financial pressure on the HRA, we are undertaking a review our investment priorities. The first phase of this review has concluded.

Services / budgets were identified as a priority for review and the Asset Management Team worked with the delivery teams to understand the reasons for delivering the service, the duties and limitations (e.g. contractual) and to challenge whether the service could be delivered differently.

Some services have been reviewed thoroughly and we are confident in the short and long term forecasts. However, some services have received a preliminary review, with identified next stages for further work. Responsive Repairs (RR) and Relets in particular will be the subject of ongoing review to continuously improve efficiencies and identify savings as more reliable data emerges through the use of Civica CX. A summary of the impact the review to date has made is shown in the table below:

Capital / Revenue	Previous BP Cost 1-10 YR	Revised BP Cost 1-10 YR	1-10 YR Variance
Capital	£533m	£469m	-£64m
Revenue	£429m	£358m	-£71m
Total	**£962m**	**£827m**	**-£135m**

17/18 CRIP budget proposals

Budget setting for 2017/18 has been semi transitional, with many budgets agreed based on decisions reached through the Investment Plan review. Budgets not yet reviewed have been determined through discussions with the relevant budget managers or rolled over from previous years.

Some budgets are still restricted by contractual arrangements, procurement issues or require further feasibility work, which reduces our ability to fully implement decisions reached at this stage.

Where possible, we have sought to restrict non-essential expenditure and implement immediate savings that can be reflected in 2017/18.

Capital / Revenue	16/17 Original Budget (Current ABW Budget)	2016 / 2017 (Approved Budget Q1)	2016 / 2017 (Approved Budget Q1 minus agreed savings)	2017 / 2018 (Budget Request)	Variance (17/18 Request v Q1 Budget with savings)
Capital	£55,560,089	£64,459,962	£58,681,962	£42,075,644	-£16,606,318
Revenue	£38,450,129	£37,548,493	£37,303,493	£31,741,827	-£5,561,666
Total	**£94,010,218**	**£102,008,455**	**£95,985,455**	**£73,817,471**	**-£22,167,984**

Procurement Summary – 2017/18

The table below provides a summary of the required procurement activity during the year:

Budget / Service	Duration	Estimated Cost	Notes
Cladding & Major Works	Various (Normally 1-2 years in duration)	Various (all estimated to be over £500k)	* Five separate priority projects agreed. * Exact works required to be established over the coming months. * Some projects already have Cabinet approval as part of the block cladding programme.
Windows	Four Years (3+1 Optional)	£2.5m	* To cover window installation / replacement in low rise stock. * Existing framework due to expire in August 2017.
Lift Maintenance	Four Years (3+1 Optional)	£2m	* To cover maintenance & servicing of lifts
Heat Management	Four Years (3+1 Optional)	£2m	* To cover maintenance & servicing of communal boilers and heating systems to blocks

2017/18 CRIP - Breakdown by Investment Category

Investment Categories	16/17 Original Budget (Current ABW Budget)	2016 / 2017 (Approved Budget Q1)	2016 / 2017 (Approved Budget Q1 minus agreed savings)	2017 / 2018 (Budget Request)	Variance (17/18 Request v Q1 Budget with savings)
Decent Homes / Bristol Homes Standard	£16,396,000	£17,770,580	£17,300,580	£20,875,202	£3,574,622
Affordable Warmth	£26,104,059	£29,266,312	£26,068,312	£11,147,310	-£14,921,002
New Build / Meeting Housing Need	£10,850,000	£13,205,000	£12,905,000	£8,075,000	-£4,830,000
Response Repairs & Relets	£26,148,642	£26,148,642	£26,148,642	£20,961,997	-£5,186,645
Health & Safety	£4,656,580	£5,058,311	£4,908,311	£4,008,120	-£900,191
Communal Services	£3,198,740	£3,444,673	£2,234,673	£2,584,673	£350,000
Disabled Adaptations	£2,692,000	£2,692,000	£2,692,000	£1,854,028	-£837,972
Other	£2,425,250	£2,425,250	£1,775,250	£1,799,450	£24,200
Staffing Costs & Charges	£1,538,947	£1,997,687	£1,952,687	£2,511,691	£559,004
Total	**£94,010,218**	**£102,008,455**	**£95,985,455**	**£73,817,471**	**-£22,167,984**

Capital *17/18 Total: £42.1m* *Reduction: £16.6m*

The proposed expenditure on capital projects represents a very significant reduction on current and previous years. The council's housing stock is ageing and our homes, particularly our blocks of flats, are showing signs of structural failings. The proposal is to defer decisions on some major capital improvement projects whilst we improve our overall asset intelligence, focusing on blocks, by dedicating internal resources to further and more in depth condition surveys and structural assessments. We will also be seeking approval to recruit to a dedicated Structural Engineer within the Asset Management Team to ensure we are proactive in identifying structural failings. The capital savings identified early on the in the Business Plan will allow a contingency to deal with these issues, ensuring homes are sustainable into the long term.

Blocks

A lack of intelligence on the condition of major elements and on problems with the fabric of our blocks means that robust investment forecasting is difficult at this stage. However, we are moving towards a new agreed approach of proactively gathering block data centrally which should see a more strategic approach to identifying priorities and ensuring urgent issues are dealt with. This should impact RR and reduce revenue expenditure on blocks.

Cladding, cyclical maintenance and major works *17/18 Budget: £8.62m* *Reduction: £2.02m*

Many of the existing cladding projects are coming to an end, with minimal expenditure required for 17/18. We have an agreed plan of priorities for the next two years, and the new projects agreed at Spencer & Norton Houses, Dove Street blocks, Gaywood House, Ropewalk House and Downfield House are focusing on repairing structural issues and general maintenance, rather than insulating the buildings.

The package of major works to these blocks will each exceed £500,000, and we will be including a request to approve the procurement of the contracts within the HRA Budget Cabinet report. We do have Cabinet approval for undertaking major works and overcladding to our uninsulated blocks. Due to the pressures on the BP, and a fresh approach to appraising all options to improve blocks, the result is likely to be less major cladding projects. We will instead be looking to undertake major repairs, deal with water ingress and damp issues to improve the life of our tenants.

Beyond the next two years, allowance is made within the Business Plan for full scaffolding, cradles, structural works and external painting & repairs. Separate funds are allocated for new Cladding, Re-cladding and Major Works to blocks, along with a contingency fund for future major projects. The performance of and issues with previous cladding schemes will be looked at within the next phase of the review. We have reasonable confidence that the longer term annual figures are sufficient, but these will need reviewing as more block information emerges.

Low rise cladding project – Easiforms *17/18 Budget: £600k* *Reduction: £10.6m*

Phase 1 is due to slip into 17/18 but only requires minimal expenditure of £600k. The proposals in the BP assume that we will not be cladding the remaining Easiform homes in the Warmer Homes programme. Surveys of a sample of these properties are currently underway, and the results may alter this assumption. Even if we did decide to proceed with Phase 2 onwards, there would be no further expenditure required until 18/19.

Loft and Cavity Wall Insulation *17/18 Budget: £150k* *Reduction: £150k*

Despite huge efforts over the last ten years, we still have a small number of homes with uninsulated lofts and unfilled cavity walls. In many cases, this has been due to tenants refusing the works.

Windows and Roofs *17/18 Budget: £3.32m* *Reduction: £237k*

We now have greater confidence in the forecast costs and volumes, although this has revealed that insufficient funds have previously been allowed for in the BP and so the proposals indicate increased costs. The existing uPVC Window framework expires in August 2017, and we will be seeking Cabinet approval to procure a new contract within the HRA Budget Cabinet report. The total anticipated sum is likely to be approximately £2.5m over a four year period

Bathrooms *17/18 Budget: £1.95m* *Increase: £1.49m*

We have reviewed the proposal in Bristol Homes Standard aspiring to a proactive bathroom replacement programme. The proposal is that this is now not pursued. However, replacements will continue through RR and relets and the forecast expenditure will be capitalised, offsetting the majority of the savings in the BP for a new planned bathroom programme. However, this is shown as a forecast saving on the revenue budget.

Cabinet approval was gained for the new bathroom programme, we will not be pursuing this programme at this time.

Kitchens and Rewires *17/18 Budget: £8.41m* *Increase: £1.67m*

Lifecycles have been increased for both kitchens and rewires. Additionally, in a similar way to bathrooms, the expenditure on new kitchens and rewires undertaken through RR and Relets will be capitalised.

Heating Individual systems *17/18 Budget: £3.16m* *Reduction: £1.95m*

The emphasis of the proposal is on addressing poor heating types**,** for individual homes, this means replacing will gas central heating where possible, and replacing existing old gas systems only when they are beyond economic repair. The decision to move away from proactive replacement, extension of the lifecycles and focus on replacing the poorest systems has reduced the budget requirement by £1.95m

Communal heating *17/18 Budget: £270k* *Reduction: £82k*

The proposal is to undertake infrastructure improvements in our communal heating systems, and an annual allowance has been made to improve poor heating in flats where individual gas boilers are not feasible. As no new communal heating systems are planned for 17/18, this allowance is not included.

Adaptations *17/18 Budget: £1.85m* *Reduction: £838k*

Through the application of some of the principles in the Making Best Use of Stock (MBUS) policy – notably the consideration of rehousing in cases requiring major adaptations, and a move away from adapting family homes in favour of level access properties – we are proposing significant annual savings. The impact of our new approach on the tenants, other parts of the council and on the budget will need to be closely monitored.

New Build *17/18 Budget: £8m* *Reduction: £4.8m*

Current programme requires only £8m for 17/18. Future new build expenditure will be considered as part of the development of the Corporate Housing Delivery team.

Revenue *17/18 Total: £31.7m* *Reduction: £5.6m*

Much of the reductions in revenue costs have been achieved by correctly identifying and recording capital works (especially at relet) and further work is required to identify revenue savings.

Fire Safety Works *17/18 Budget: £2.04m* *Reduction: £795k*

The programme to undertake fire safety improvements in our blocks will continue as planned, although the programme has been stretched from six years to 10 years. The reduction for 17/18 would have been greater, but includes slippage following procurement issues.

External Works *17/18 Budget: £4.03m* *Increase: £540k*

(3 storeys and below) – The maintenance cycle has shifted from seven to ten years, meaning that fewer properties are visited each year. However, the average unit cost has increased to £1,575 and some low rise blocks with balconies / asbestos issues have increased the overall budget requirements. The impact of this shift on RR and Relet budgets will need to be monitored, although an allowance has been made in both budgets for 17/18.

Responsive Repairs *17/18 Budget: £10.71m* *Reduction: £193k*

Increases were applied due to rises in the cost of materials and external contractors, along with extra funds allocated in response to decisions made during the Investment Plan Review in relation to anticipated rises in gas boiler breakdowns and a reduced cyclical programme. These were offset by savings of £400k that are linked to the implementation of a new external contract. Responsive Repairs expenditure will be reviewed during Phase Two of the Investment Plan Review.

Relets *17/18 Budget: £8.83m* *Reduction: £4.79m*

For 16/17, cost cutting measures such as less decoration, providing less carpet, reduced electrical works and increasing both the volume and type of work delivered by BCC operatives has seen spend significantly decrease over the last three months. Improved monitoring and financial analysis have also enabled better performance management of contractors, and changes to the way we allocate some works have resulted in more competitive prices being received. We have spent an average of £480k less per month over the second quarter when compared to the first. The interim changes made to the relet standard have not only resulted in reduced costs, but a shorter void turnaround which also increases rental income.

These savings, plus an expected reduction of £350k linked to the new response contract have reduced the 17/18 budget by £1.26m. This has been offset in part, from £523k of additional cost relating to price rises, void security management and a reduced cyclical programme. More work is needed on the Relet standard and expenditure, and will take place as part of the next Phase of the Investment Plan Review.

Lift maintenance *17/18 Budget: £520k* *Reduction: £0*

This is the budget to maintain and service the lifts within our blocks of flats across the city. The current contract costs £520k/ year. The contract is expected to be for 3 + 1 years, with an anticipated total over £2m. We will be seeking Cabinet approval to procure the contract within the HRA Budget Cabinet report.

Heat Management *17/18 Budget: £517k* *Reduction: £0*

This budget is for the servicing and maintenance of our communal boilers and systems providing heat and hot water to flats in blocks. The current budget is £500k/ year, and the contract estimate is £2m. We will be seeking Cabinet approval to procure the contract within the HRA Budget Cabinet report.

The result of the phase one review is a reduced budget for 17/18 and reductions as well as increased confidence in the figures across the life of the business plan. Additionally, the proposals should lead to a more consistent approach to investment decisions, better governance in decision-making and the delivery and more confidence that we are investing our money where it will have the greatest impact on the life of our tenants.

Next stages

Good progress has been made to date on reviewing our investment decisions and processes. Over the next year, we need to continue to build on this good work, specifically:

- Ensure implementation of the agreed actions for each service from Phase One – including decisions informing future tendering processes, changes in approach, introducing improved governance arrangements
- Communication of agreed priorities and approach, and the impact of these with tenants, councillors and other stakeholders.
- Identify and agree Phase Two – reviewing services not considered in the first phase, and in some cases means looking again at Phase One services
- Embark on a project looking at previous cladding schemes – blocks and homes – looking at age, condition, performance, issues and forecast investment needs to repair and replace.
- Continue with developing our block asset intelligence – proactive surveys, identifying urgent priorities and forecasting short and long term investment needs

Summary - 2017/18 Budget

Overall Figures

Capital / Revenue	16/17 Original Budget (Current ABW Budget)	2016 / 2017 (Approved Budget Q1)	2016 / 2017 (Approved Budget Q1 minus agreed savings)
Capital	£55,560,089	£64,459,962	£58,681,962
Revenue	£38,450,129	£37,548,493	£37,303,493
Total	**£94,010,218**	**£102,008,455**	**£95,985,455**

Breakdown by Investment Categories

Investment Categories	16/17 Original Budget (Current ABW Budget)	2016 / 2017 (Approved Budget Q1)	2016 / 2017 (Approved Budget Q1 minus agreed savings)
Decent Homes / Bristol Homes Standard	£16,396,000	£17,770,580	£17,300,580
Affordable Warmth	£26,104,059	£29,266,312	£26,068,312
New Build / Meeting Housing Need	£10,850,000	£13,205,000	£12,905,000
Response Repairs & Relets	£26,148,642	£26,148,642	£26,148,642
Health & Safety	£4,656,580	£5,058,311	£4,908,311
Communal Services	£3,198,740	£3,444,673	£2,234,673
Disabled Adaptations	£2,692,000	£2,692,000	£2,692,000
Other	£2,425,250	£2,425,250	£1,775,250
Staffing Costs & Charges	£1,538,947	£1,997,687	£1,952,687
Total	**£94,010,218**	**£102,008,455**	**£95,985,455**

APPENDIX 3

2017 / 2018 (Budget Request)	Variance (17/18 Request v Q1 Budget with savings)
£42,075,644	-£16,606,318
£31,741,827	-£5,561,666
£73,817,471	**-£22,167,984**

2017 / 2018 (Budget Request)	Variance (17/18 Request v Q1 Budget with savings)
£20,875,202	£3,574,622
£11,147,310	-£14,921,002
£8,075,000	-£4,830,000
£20,961,997	-£5,186,645
£4,008,120	-£900,191
£2,584,673	£350,000
£1,854,028	-£837,972
£1,799,450	£24,200
£2,511,691	£559,004
£73,817,471	**-£22,167,984**

APPENDIX 4

Bristol City Council Equality Impact Assessment Form

(Please refer to the Equality Impact Assessment guidance when completing this form)

Name of proposal	2017/18 HRA Budget Proposal
Directorate and Service Area	Business Planning & Service Development - Housing Services
Name of Lead Officer	Nicky Debbage

Step 1: What is the proposal?

Please explain your proposal in Plain English, avoiding acronyms and jargon. This section should explain how the proposal will impact service users, staff and/or the wider community.

1.1 What is the proposal?

To support the recommendations/proposals for:

- ***The 2017/18 Housing Revenue Account (HRA) budget; tested within the context of the 30 year financial business plan model***
- ***The Capital & Revenue Investment Plan for 2017/18 that underpins the 2017/18 HRA budget,***
- ***The procurement of relevant contractors during 2017/18 to help deliver the Capital & Revenue Investment Plan, and delegate the authority to the Strategic Director Neighbourhoods to appoint relevant contractors***

Background to the Proposal

Following the implementation of self-financing in 2012, Housing developed an **HRA Landlord Strategy** and accompanying **30 year financial business plan model.** This strategy was based on the improved financial position of the HRA, which would primarily be funded through rents increasing above inflation in line with government policy. The strategy aimed to deliver three key objectives:

- **Meet Housing Need,**
- **Quality Homes & Neighbourhoods,**
- **Provide Sustainable Tenancies**

The key actions in that strategy included building 1,000 new council homes over 15 years, bringing all homes up to an improved Bristol Homes Standard, improving relet standards, increased staffing and improved processes to help

sustain tenancies.
Since development of our Landlord Strategy, government policy has since shifted considerably, which in turn has a serious impact on the way we as a landlord deliver/respond to requests from our tenants in terms of repairs and our long term reinvestment plan for our existing stock.

As a result of the changes and the requirement by the government to make savings, Housing's Landlord Strategy is undergoing a review, to examine all key services to identify new approaches that will deliver savings, but still help achieve our higher level objectives and contribute towards the housing strategy aims.

Part of this review has meant that the budget for 2017/18 has been reduced to make savings to ensure the viability of the HRA.

Impact?
Some of the key impacts/elements of the revised landlord strategy that underpins the 2017/18 budget and financial business plan include:

- Rents – remain as social rents, and will be set following government policy meaning a reduction of 1% for 2017/18 and a further 2 years. This is a positive for all our tenants.
- Voids – streamlining processes to minimise the number of days homes are empty until they are relet again. This is a positive impact, as we will be moving tenants into their homes faster and reducing the time the property is left empty. There is also a drive to work closely with our new tenancies to ensure we are aware of their support needs, and can monitor their tenancy to combat failures. The tenant should receive a better, efficient service from this team.
- Relets – reviewing and amending the current relet standard by decreasing decoration allowance, providing less carpet, and increasing the work volume of BCC operatives has meant a shorter void turnaround time which will also increase the rental income.
- Repair & Investment of existing homes – investment planning to ensure homes meet the government's Decent Homes Standard, focusing on our key priorities. Reducing some of the previous planning carried out to ensure that we still are able to deliver some of our key projects, whilst amending other work programmes to be stretched so they are delivered over a longer period (cladding of non-traditional homes, less major cladding projects, bathroom replacement programme). The revised proposal will look at repairing structural issues and general

maintenance, rather than insulating the buildings, and we will also be dealing with water ingress and damp issues to improve the life of our tenants.

- Repairs – repairs will be demand-led responsive repairs and necessary maintenance, for example gas servicing, and other elements which are required.
- New Homes – Our commitment is to build as many council homes as possible, in the current model, it shows 785 new units can be funded – this is a reduction from the 1,000 that was previously planned. There is still a positive impact for tenants waiting for a property, as the city desperately needs more social housing. This will benefit prospective tenants who are in the most need of a property, in relation to the equality groups, this will positively impact families, older residents, and disabled tenants as a proportion of our new homes will be built to at least lifetime homes standard.
- Management Costs – Savings have been made through reducing staff levels, through voluntary severance of existing staff, and some deletion of vacant posts.

HRA Budget 2017/18 and longer term business plan model
Work has been carried out initially to assess the impact of the reduced 2017/18 budget, together with forecasts of similar approach for the remaining 29 years, on our long-term HRA Business Plan.
Further testing of these assumptions will be carried out with a wide range of stakeholders, including our tenants from the different groups.

Procurement of Contractors
Previously, procurement of contractors to undertake investment programmes that are included in the HRA budget has been subject of a separate Cabinet approval reports.
In this proposal, the suggestion is for 2017/18 approval of the procurement required to deliver the repair and investment of council housing should be delegated to the Service Director of Housing Services, in consultation with the cabinet member for Homes, to appoint contractors.
This is a positive impact for the council and our tenants, as this proposal aims to make the procurement of contractors more efficient, and will also mean work programmes can be started earlier without the need for further approvals which can add extra costs to the budget.

In summary, the proposal should lead to a more consistent approach to

investment decisions, better governance, and the delivery and confidence that we are investing our money where it will have the greatest impact on the life of our tenants.

Step 2: What information do we have?

Decisions must be evidence-based, and involve people with protected characteristics that could be affected. Please use this section to demonstrate understanding of who could be affected by the proposal.

2.1 What data or evidence is there which tells us who is, or could be affected?

Bristol City Council owns over 27,000 homes, and houses over 60,000 people in Bristol. Figures on council tenants from 2015 dataidentifies:

- 61.46% are women – women are more likely to be council tenants.
- 74.25% are White British and 16.66% are BME – similar to representation within the wider Bristol population.
- Whilst 70.77% are aged between 25 and 64, our tenant population is significantly older with 23.93% aged over 65 in comparison to the citywide population.
- 20.37% of our tenants are disabled. This figure has gone up year on year and will likely continue to go up as we collect more data through Tenancy Audits and as new tenants move in.

The Housing Equalities Digest for 2015 publishes information on cancellation of repairs rather than who has requested repairs. The information on cancellations is as follows:

Repairs - 35.90% (11,494) of all our tenants had repairs cancelled including and over representation of BME and disabled tenants having repairs cancelled which will need to be investigated as part of the procurement process:

- 55.56% of all BME tenants including 76.42% of all Asian Bangladeshi and 69.23% of all Mixed White Asian tenants.
- 79.46% of all tenants aged between 16 and 24 and 55.18% of all tenants aged between 25 and 34.
- 51.68% of all tenants with a learning impairment and 46.00% of all tenants that experience mental/emotional distress.
- 81.82% of all Sikh and 60.51% of all Muslim tenants.

Satisfaction with repairs averages 82% satisfaction for both men and women, and disabled and non disabled people and BME and non-BME tenants, however tenants aged under 34 are less likely to be satisfied with repairs (only 64% satisfaction)

As the Business Plan is a first draft, and requires further testing, consultation

with key stakeholders – primarily our tenants - will take place to raise issues and also to discuss further ways of supporting each affected service for users.
2.2 Who is missing? Are there any gaps in the data?
We need to include data on who is requesting repairs as well as who is having repairs cancelled.
2.3 How have we involved, or will we involve, communities and groups that could be affected?
Consultation with key stakeholders, including our tenant groups will be carried out as further work is done around the reduced budget. We have several formal groups and tenants association groups that we will consult with over the initial proposals. Various methods will be used to communicate with our key stakeholders, some of which are listed below: • Meetings • Attending tenant group sessions to discuss the proposals and impact • Liaising with key tenant representatives who already comment, and provide advice to the city council on a variety of topics from a tenants perspective • Engaging with BME tenant representatives to ensure they are aware of important changes with the services they received • Officer briefings, advising service areas/teams about the changes and what this means for tenants, access to services, repairs reporting and so on. • Briefings for CSP/ CSC staff to again ensure they are aware of any changes and how this may impact on the advice they may give to our tenants who visit a CSP.

Step 3: Who might the proposal impact?

Analysis of impacts on people with protected characteristics must be rigourous. Please demonstrate your analysis of any impacts in this section, referring to all of the equalities groups as defined in the Equality Act 2010.

3.1 Does the proposal have any potentially adverse impacts on people with protected characteristics?
From the current data available all the groups will be affected by the proposals mentioned above to some extent, older and disabled tenants may be affected

more so in terms of the proposal, however those tenants who need works carrying out which are urgent will still be dealt with.

- Disabled – highly affected due to possible health/mobility issues, urgent repair requests will still be dealt with
- Age – older tenants affected due to possible health/mobility, urgent repair requests will still be dealt with and we need to identify why young tenants are more likely to have their repairs cancelled
- Religion and belief – positive impact for this group, as there are works programmed to deliver a cultural washing project for tenants from BME communities when there is a need to change/upgrade bathrooms due to damp issues being reported or serious leaks in blocks
- Pregnancy/Maternity – could affect mothers to be, or new mums, urgent repair requests will still be dealt with
- BME – more Asian and Muslim tenants have repairs cancelled which will need investigating

The likely impact of the proposal regarding repairs/reinvestment means all tenants will be affected as budgets are cut. In general terms:

- Access to repairs will still be available, however we will ensure tenants in the most need will be prioritised (older, disabled tenants)
- Planned works which will now be reduced will affect tenants living in our multi-storey blocks, urgent repairs will be the focus as mentioned above, and some planned works will be delayed, or programme stretched

Using equalities data for caretaking services as a proxy for identifying who lives in multi-storey blocks, reductions in planned repairs for these properties does have an equalities impact and will affect more older and white British tenants but has a disproportionate impact on BME tenants. 27.41% (8,778) of all our tenants receive caretaking services and this group is made up of primarily older and White British tenants. It is important to note that:

- 48.62% of all BME tenants including 76.28% of all Somali tenants and 60.33% of all Black African tenants.
- 54.95% of all tenants aged between 16 and 24.
- 62.71% of all Muslim tenants receive a caretaking service/live in multi storey accomodation.

Although there will be changes to the service, we will ensure the tenants in the most need are still dealt with efficiently. Our duty as a landlord will still be maintained.

3.2 Can these impacts be mitigated or justified? If so, how?

Repair & Reinvestment of existing homes

- We will mainly be focusing on key building elements linked to continuing to meet the government's Decent Homes Standard.
- We will continue to meet key priorities as a landlord on areas such as:
  - Affordable warmth
  - Fuel Poverty
  - Kitchens replacement programme
  - Accessibility of our homes – ensuring the council property meets the needs of the tenant
  - Health & Safety
  - Safeguarding – tacking the worst homes

Procurement of Contractors
The city council tendering process will assess potential contractors on previous experience, knowledge of Equalities legislation, good practices, awareness of different community groups and offering a high level of customer care to our tenants and stakeholders.

In addition to this contractors are asked to submit method statements on Health & Safety issues such as:

- Health and Safety – Occupied Properties Risk Assessment, including communication with, and safety of our tenants
- Customer Care – continuous communication, dealing with vulnerable tenants etc.

Housing Service have a Contractors Code of Conduct, all contractors working for the council must adhere to this Code. Contractors are expected to ensure access/egress is accessible throughout any construction works, keeping the site tidy, and generally helping to minimise the impact of the construction works on surrounding residents and stakeholders.

Contractors will be advised of any communication issues with stakeholders and local residents, before works begin to ensure that they keep residents updated.

3.3 Does the proposal create any benefits for people with protected characteristics?

This proposal does have some benefits for our tenants in the following ways:

- Voids – Measures are being put into place to reduce the time taken to let a council home when it is between tenancies. This means tenants are able to move into a council property faster than previously.

• Repair & Investment - Continuing to focus on our priorities as a landlord, for example affordable warmth, health and safety, and kitchens. • A focus on cultural washing facilities for BME tenants in line with their cultural practices. • Improving heating and insulation for our existing homes and reacting to these requests. This is a huge benefit for all tenants, particularly older and disabled tenants who feel the effects of the cold. • Targeting works to reduce fuel poverty for our tenants. • New Homes – Continuing to build new homes within the current climate is still a huge benefit for tenants that need a home, focusing on housing need in certain areas of the city to meet housing demand is still a positive impact for tenants.
3.4 Can they be maximised? If so, how?
In the current climate where government policy is geared around making savings, maximising the proposal to create further benefits may be difficult to achieve. One area which will be maximised is the council's opportunity to change bathroom facilities for BME tenants who practice different cultural washing techniques. This is an opportunity to provide tenants with wet rooms when a repair is reported relating to leaks/damp.

Step 4: So what?

The Equality Impact Assessment must be able to influence the proposal and decision. This section asks how your understanding of impacts on people with protected characteristics has influenced your proposal, and how the findings of your Equality Impact Assessment can be measured going forward.

4.1 How has the equality impact assessment informed or changed the proposal?
The assessment has raised the issue of how our tenants will be affected by the reduced HRA budget for 2017/18 and the investment plan as a result of a change in government policy. It has highlighted that as a landlord, we must provide as much information and support to our tenants and stakeholders as we are able to, using the resources we do still have available. Using the new IT management system, streamlining processes, and offering tenants new ways of communicating with us and our services tenants will receive a more focused and efficient service.

In terms of the repairs and reinvestment service we provide, this will become more focused as we continue to develop our asset data, survey information on our assets and carefully planning how funds are spent, and ultimately ensuring they are spent in the right way. It also highlights that all contactors working with the city council must adhere to Equalities Policies and understand that they will be required to adapt their communication practices depending on the equalities groups.
4.2 What actions have been identified going forward?
• Ensure staff are aware of changes in service so they are able to provide a clear message to tenants when they are contacted. • Engage with service areas – Repairs, Planned Programmes, CSP, CSC, Estate Management etc and update as with other stakeholders (tenant groups, tenants associations). • Consult with stakeholders regarding the proposal; provide clear information about the changes for tenants and how they will be affected.
4.3 How will the impact of your proposal and actions be measured moving forward?
• Key Performance Indicators will be used to monitor the contractor's performance. • Monitor the number of complaints received regarding repairs and planned work requests. • Continue to collect asset intelligence, proactive surveys, identify urgent priorities, assess information and feed into investment plan to ensure we have good sound knowledge and data of our homes. • Monitor the impact on the BP and 2017/18 HRA Budget with Finance to track progress and ensure the model is working.

Service Director Sign-Off:	Equalities Officer Sign Off: Anne James – Equality and Community Cohesion Team Leader
Date:	Date:16/12/2016

APPENDIX 5

Eco Impact Checklist

Title of report: Housing Revenue Account 2017/18 Budget Proposals				
Report author: Nicky Debbage				
Anticipated date of key decision 24/1/17				
Summary of proposals: This cabinet report sets out the proposals for the 2017/18 Housing Revenue Account (HRA) budget; which have been tested within the 30-year financial business plan model and which will ultimately form part of the council's overall budget for 2017/18.				
Will the proposal impact on...	Yes/ No	+ive or -ive	If Yes…	
			Briefly describe impact	Briefly describe Mitigation measures
Emission of Climate Changing Gases?	Yes	Both	Proposals include reductions to spend in a number of areas which would reduce climate changing gas emissions such as external wall insulation and installing showers. However these proposals do not in themselves increase climate changing gas emissions, but instead slow down the rate of emission reduction that Council Housing Stock will achieve. It should also be noted that a number of the proposals contained within this budget such as installing loft and cavity wall insulation and tackling poor heating systems will reduce emissions. Emissions of climate changing gases will also arise through the use of energy, transport fuel and materials during works.	Where practicable, works delivered under these budget proposals will: ● Use sustainable construction materials ● Use local resources and materials ● Reduce the energy used during works ● Reduce the travel impacts associated with works ● Reduce emissions of climate changing gases by improving the energy efficiency of council homes and reducing consumption of fossil fuels. A-rated windows will be specified unless any additional cost is considered unacceptable.
Bristol's resilience to the effects of climate change?	Yes	+ive	Whilst at a slower rate than previously planned, improvements to energy and water efficiency will improve Bristol's resilience to fuel scarcity & drought.	
Consumption of non-renewable		-ive	Fossil fuels and other non-renewable materials and products will be used in the	All construction materials covered by the BRE Domestic Green Guide to Specification

resources?		+ive	works delivered by these budget proposals. Extending maintenance and replacement cycles creates the potential for increased responsive repairs and associated consumption of non-renewable materials. Whilst at a slower rate than previously planned: - Improvements to energy efficiency will improve Bristol's resilience to fuel scarcity & reduce fossil fuel consumption. - Improvements to water efficiency by installing replacement bathrooms will improve Bristol's resilience to drought. The reduced volumes of work proposed under this budget will result in reduced consumption of non-renewable construction materials, transport fuels and associated energy.	must be rated B or above unless there are significant technical or financial reasons why this cannot be achieved. Equivalent ranking schemes will be considered. All timber and wood-derived products for supply or use in performance of the works delivered under this budget must be from independently verifiable legal and sustainable sources as defined by UK Government guidance. Water efficient products such as dual-flush toilets, savaflush devices and water saving taps and shower heads will be specified where appropriate. Durable and recyclable materials and components will be specified where appropriate. Responsive repairs volumes will be monitored to ensure maintenance and replacement cycles are at an appropriate level.
Production, recycling or disposal of waste		-ive +ive	Waste will arise during the delivery of the works delivered by this budget. The reduced volumes of work proposed under this budget will result in reduced production of waste.	Contractors and Direct Labour will be required to take responsibility for their waste, including adhering to the waste duty of care and waste hierarchy by: ● Reducing waste ● Reusing waste where legal and practicable ● Using products which are readily recyclable. ● Recycling as much waste as possible Hazardous wastes will be stored and disposed of in a legally compliant manner. Where appropriate contract

				documents will promote the recycling of scrap metal, with any income returning to Bristol City Council.
The appearance of the city?	Yes	May be -ive	Delivering fewer cladding projects and moving from a 7 to a 10 year external works programme may result in a reduced ability to maintain and improve the appearance of Council Housing in the city.	External maintenance works to Council Housing will help to mitigate this impact. Durable materials which maintain their appearance will be specified where practicable.
Pollution to land, water, or air?		-ive +ive	Works delivered under this budget are likely to involve the use and storage of materials that could contaminate land, watercourses and surface water drains, if accidentally released. Works are likely to create dust and noise. However, the reduced volumes of work proposed under this budget will result in reduced potential for such impacts.	Contractors and Direct Labour will be required to work in accordance with all relevant regulatory guidance and also ensure appropriate procedures and equipment are in place to: ● Securely store any potentially polluting materials and keep them away from watercourses and surface water drains. ● Avoid washing out containers of paint and similar materials into drains. ● Ensure correct foul sewer connections are made, rather than to storm drains. ● Reduce dust. ● Reduce noise pollution. ● Contain any spills.
Wildlife and habitats?		-ive +ive	It is possible for works and construction materials associated with this budget to: • Impact upon legally protect-ed species or habitats ● Impact on priority species or habitats ● Remove or damage trees. However, the reduced volumes of work proposed under this budget will result in reduced potential for such impacts.	Timber must be used in accordance with the above requirements. Where works have the potential to disturb protected species or impact upon their habitat, guidance from a suitably experienced and qualified ecological consultant will be sought and followed at the earliest opportunity. Any works requiring Planning Permission will be reviewed by a Nature Conservation Officer as part of the Planning process.

				Wherever possible existing trees will be retained and works affecting these trees will be undertaken in accordance with “BS 5837: Trees in relation to design, demolition and construction – Recommendations”

Consulted with: Steve Ransom & Giles Liddell

Summary of impacts and Mitigation - <u>to go into the main Cabinet/ Council Report</u>

The significant impacts of this proposal are…
Works delivered under this budget will result in the consumption of non-renewable resources, production of climate changing emissions and production of waste. Works also create the potential for both direct and indirect impacts on wildlife and habitats.

Some works delivered under this budget such as loft and cavity insulation have the potential for reducing consumption of fossil fuels and greenhouse gas emissions.

However, this budget includes a reduction in expenditure on works which would have resulted in reduced energy and water consumption such as external wall insulation and the installation of showers. This in itself will not worsen the existing environmental impact of housing stock, but instead slow down the rate of improvement and associated reduction in carbon emissions. It should also be noted that reduced work volumes will in fact reduce some of the environmental impacts associated with this budget e.g. by leading to lower material consumption and waste production.

The proposals include the following measures to mitigate the impacts…
A number of mitigation measures are included in the main ECO Checklist which accompanies this Cabinet Report. In addition, the following mitigation measures will also be implemented:

- A Sustainability Appraisal will be completed as part of any procurement process.
- Housing Services will liaise with BCC’s Environmental Performance team during the development of specifications etc
- Continuously improving asset intelligence will be used to target works where most required on housing stock.

The net effects of the proposals are
Overall positive provided the mitigation measures outlined in this ECO Checklist are successfully implemented.

Checklist completed by:

Name:	Matthew Sands
Dept.:	Housing Services
Extension:	25545
Date:	15/12/16
Verified by Environmental Performance Team	Giles Liddell