

## **Appendix 4a: COUNCIL HOMES INVESTMENT PLAN 2020-2025**

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## Chapter 1 - Introduction

This Council Homes Investment Plan (CHIP) sets out how Blackpool Council, working with Blackpool Coastal Housing (BCH), will invest in Council homes in Blackpool over the next 5 years to March 2025. This includes investment in existing Council homes to maintain them at the Decent Homes Standard and further improve energy efficiency, together with plans to build and acquire new Council homes. This is the first time since the major investment in the Decent Homes Programme (2008-15) that we have publicly set out medium term plans for investment in Council housing, reflecting the new opportunity presented by the removal of Government borrowing restrictions in late 2018.

It is 100 years since the Addison Act kick started the widespread building of Council housing in Britain. The then Minister for Health recognised the fundamental importance of decent quality housing to a person's health and wellbeing. The Act at that time was a direct reaction to the poor quality housing provision within the private rented sector and aimed to provide quality and affordable accommodation to the troops returning from the First World War and their families.

Council housing continues to have a very important role to play today. Most people on low incomes in Blackpool live in the growing private rented sector but standards of property condition and management are often poor, there is little security of tenure, and many households struggle to afford the rent. We want Council homes to be homes that residents are proud of and to provide the benefits of a secure and affordable home to as many local people as possible.

The Plan starts by looking at the role that Council housing plays in Blackpool, and the current position of the business plan for Council housing – our Housing Revenue Account. We're planning to be ambitious in using the financial resources available to us to provide quality affordable homes for local residents but at the same time acting responsibly to ensure that we can continue to fund investment in Council housing over the long term.

This new Plan sets out how the Council and BCH will over the next 5 years:

- Build 300 new Council homes, including the 75 currently on site at Troutbeck Crescent, and new homes at Grange Park
- Acquire 250 existing homes that best meet local needs, refurbish them, and let them as Council homes
- Continue to improve efficiency in the maintenance of Council homes, and ensure that safety and the Decent Homes Standard are maintained
- Invest in improving external environments on Council housing estates
- Develop a new Carbon Management Plan and invest to improve energy efficiency in Council homes in support of the Council's commitment to be carbon neutral by 2030.

The development and acquisition of 550 homes over the next 5 years by the Council working with Blackpool Coastal Housing will be in addition to acquisitions and refurbishments by Blackpool Housing Company, so that at least 1,000 high quality homes will be brought into the ownership of the Council and its companies over the next 5 years.

## **Chapter 2 - Policy Context and Objectives**

### National Context

The tragedy at Grenfell Tower in June 2017 has led to a renewed focus by central Government on how Council housing is managed and how decisions are made about investment in the housing stock. A “New Deal for Social Housing” Green Paper published in August 2018 sought to change attitudes towards Council homes, and later in 2018 Government announced that borrowing restrictions would be lifted so that a new generation of Council housing could help contribute to the supply of much needed new affordable homes.

It hasn't always been like that. For a generation from the 1980s onwards, successive Governments were reluctant to allow investment in building new Council homes, and oversaw a sell off of much of the Council housing stock through the Right to Buy. There was also encouragement to transfer Council homes to housing associations to enable sufficient investment in the existing stock.

The Decent Homes programme (from 2008 in Blackpool) did, however, allow for a significant injection of funding to improve the existing housing stock. Blackpool Council homes benefitted from £60 million of investment over the following few years, delivered by Blackpool Coastal Housing who were set up as an Arms-Length Management Organisation.

In 2012, Council housing in each local authority area became “self-financing”, so that investment was less directly controlled by Government but each local authority had to balance its own books. But Government remained reluctant to allow investment in new Council homes; grant funding for new homes looked to promote owner occupation through Shared Ownership rather than homes for rent, and the Right to Buy of Council housing was further boosted with bigger discounts and lower qualifying periods.

A direct consequence of Grenfell Tower has been a review of fire safety in tall buildings. In Blackpool, we no longer have tower blocks and our stock is relatively low risk, so there are unlikely to be many direct requirements for investment to address building defects. But there will be changes to Building Regulations, and the Regulator of Social Housing is likely to have increased powers to ensure that Council housing is kept safe. The basic standards required in social housing are also likely to be reviewed, and there is likely to be an expectation of a greater role for tenants in investment decisions.

Another key development nationally is the growing emphasis on carbon reduction. While Government has slashed the resources available for retrofitting improved insulation and heating systems, it is likely that new gas boilers will be banned from new homes from 2025, and Government is consulting on upgrading Part L of the Building Regulations so that carbon emissions from new homes are 30% lower. While there are currently no explicit requirements to upgrade existing homes, they are likely to come over the next few years.

The removal of the borrowing cap from late 2018 removes a restriction on the total amount of outstanding debt so that Councils can borrow to invest in more homes as long as rents can cover the costs of repayment. This change in Government policy offers significant opportunities to Blackpool Council in developing new homes within the town, and in buying existing homes within existing

Council housing estates (buying up former Right to Buy accommodation) and beyond (for example, taking homes from the private rented sector). But there are still threats to new investment from the Right to Buy and a lack of certainty on the future availability of grant funding for new affordable homes. There is a general lack of clarity on national UK housing policy following the December 2019 general election, but locally we will continue to do whatever we can to meet local needs.

### Local Context

The existing stock of social housing in Blackpool is small, at around 7,000 homes - 10% of all homes in Blackpool compared with the national average of 17% of all homes. 4,700 of these social homes are Council homes. Blackpool Council's re-development programmes since 2012 have addressed major issues like the tower blocks at Queens Park and replaced them with much better quality housing, but have resulted in a net loss in the number of Council homes.

Right to Buy further depletes the Council housing stock although applications have been suppressed by few people having secure employment to purchase even at highly discounted rates, and levels of sales have remained at less than 20 each year. Most of the homes sold under the Right to Buy in Blackpool have subsequently been sold into the private rented sector. Those homes sold under the Right to Buy can't be replaced as most of the receipts have to go back to central Government.

Current social housing falls well short of demand. The turnover of existing social housing has reduced significantly over the last few years so that only around 650 social rented homes become available in Blackpool each year compared with around 1,000 a year a few years ago. It is positive that tenants want to stay for longer, but this trend further reduces the opportunity for new tenants. The housing register receives around 3,500 applications each year in Blackpool from people who would like to find a social rented home, but most of these stay in the private rented sector because there are nowhere near enough social rented homes to satisfy this demand.

Blackpool's Housing Strategy 2018 sets out the ambitions for improving housing across the town. Social housing, and Council housing in particular, has a critical role to play while residents struggle to access good quality housing in other tenures. While homes in Blackpool's large private rented sector are accessible to benefits claimants, they are often of poor quality and don't offer the same security of tenure as Council housing. For working people on low incomes, private rents can be expensive, so that it is hard to make ends meet. It is cheaper to buy a home outright in Blackpool than to rent, but low incomes and insecure employment make it difficult to raise a deposit and satisfy the conditions of mortgage lenders. There are also gaps in the kinds of homes that are available in the private rented sector, with an over-emphasis on small flats and a lack of good quality accommodation for families and people with limited mobility.

There are broadly three groups of people who benefit most from Council housing and who we give priority to when we allocate homes:

- People in housing need whose current housing (or lack of housing if they are homeless) is inadequate and they quickly need to find somewhere else to live

- Workers on low incomes who are looking for lower cost housing that they can afford and that gives their families security

- People with long term illness or disabilities or who are becoming frail with age, and need homes that are secure, physically accessible, and may come with support

These groups are not mutually exclusive, but the numbers in each group in Blackpool far exceed the availability of social housing. For example, 30% of all households (around 20,000) in Blackpool receive help with their housing costs through Housing Benefit or Universal Credit. 20% of working age households in Blackpool - nearly 9,000 - have no-one in work, and this is double the national average. Of this 20%, two thirds are long term sick and receiving disability related benefits. The 13% of working households who receive disability benefits is the highest proportion in the country.

While most older households are owner occupiers, there are growing numbers of older people who need support and could benefit from the right offer of sheltered housing in the social rented sector. There will also be more older people living in the private rented sector in future as the prevalence of private renting has grown and the large cohort of middle aged renters reaches retirement age.

Blackpool Council's Affordability Study 2019 sets out that despite relatively low house prices, it is challenging for many households to access home ownership in Blackpool given the fragility and low pay of employment within the town. Individuals find it difficult to build up deposits big enough to enable them to secure a mortgage or have poor credit histories.

In order of priority, the greatest needs for new affordable rented housing are:

- 2 and 3 bedroom family houses
- Bungalows and housing adapted for people with limited mobility
- 4 bedroom houses for large families
- 1 bedroom flats

The balance of new homes in any one location should complement the existing local supply and ensure that the local neighbourhood provides a full and balanced mix of house types and tenures.

#### Recent Investment in Council housing

The Decent Homes programme invested in bringing existing Council homes up to the Decent Homes standard. But there were some homes that were unpopular and would have needed disproportionate investment to make them fit for the future. This included the tower blocks at Queens Park that were dominated by single person accommodation and added to the transience typical of the private rented sector in the town. The Council also took new opportunities to access Homes England capital grant funding from 2011 onwards, starting a new programme of Council house building, the re-development of unpopular stock, and some conversions of small flats to houses to address a lack of family housing. This programme has included:

- 40 new 2 – 4 bedroom Council houses at Grange Park, and at Bispham garage sites completed in 2011.
- The conversion of flats to houses at Caton Grove and Mansfield Road, Layton, conversions of flats to houses around Horsebridge Road, and de-conversions of flats back into family houses at St John's and Haweside completed in 2014/15.

- Re-development of the whole of the Queens Park estate containing 487 flats and maisonettes in 5 tower blocks and associated low rise flats, and replacement with 191 exceptional quality family housing and high quality flats between 2013 and 2018.
- New flats for people with learning disabilities, and family housing at Hoyle House, Grange Park, completed in 2019.
- Re-development of 81 flats and bedsits at Troutbeck Crescent, Mereside. This has recently started on site and will create 75 new homes.

### Condition of Council housing

Blackpool Council's housing stock is generally sound, safe, and meets the Decent Homes standard. It is almost entirely traditionally constructed, and low rise, so relatively simple to maintain. However, much of it was built post-War between 1945 and the 1970s so needs on-going re-investment. Our approach to asset management has been to ensure compliance through planned investment programmes that address issues before properties fall out of the decency standard. Regular checking and testing of the stock takes place to ensure safety and compliance with regulatory requirements and to mitigate risks. We also ensure that structural issues with the stock are picked up early, giving time to consider options for the future of the stock before it becomes urgent.

Council housing in Blackpool, as in many cities and towns struggles with reputation; much of the stock is of a standard design and highly recognisable as Council housing. There has been a programme of improving the external facades of buildings and environmental improvements. In areas where this approach has been taken, they have proved popular and increased the demand for the accommodation. This Plan aims to build on this work. Capital investment will complement work with partner agencies to support community development activities, increasing community resilience and cohesion and increase the popularity of Council estates.

### **Priorities for Capital Investment over the next 5 years**

- To continue to maintain the Council's housing stock to the Decent Homes Standard.
- To continue to develop schemes to improve the external façade and environments of Council estates to improve the aesthetic appeal of the stock.
- To identify Council housing stock which is failing from both a structural and/or financial perspective and develop approaches to address this to improve the quality overall housing supply in the town.
- To develop approaches and explore new technologies to reduce the carbon footprint of Council housing and encourage a similar approach in the private sector.
- To expand the Council's housing stock through new housing developments and acquisitions.

## **Chapter 3 – Housing Revenue Account Business Plan**

### *Overview*

The Housing Revenue Account (HRA) is the income generated and expenditure incurred in providing Council homes. Income comes from rents and service charges from Council homes and expenditure has to cover management and repair costs as well as paying off any capital investment, including borrowing to build new homes. The HRA is a ring fenced account within Blackpool Council, meaning that it is entirely separate from the Council's main budget (the General Fund) that pays for other Council services. In simple terms rents cannot be used to subsidise Council Tax charges, and vice-versa.

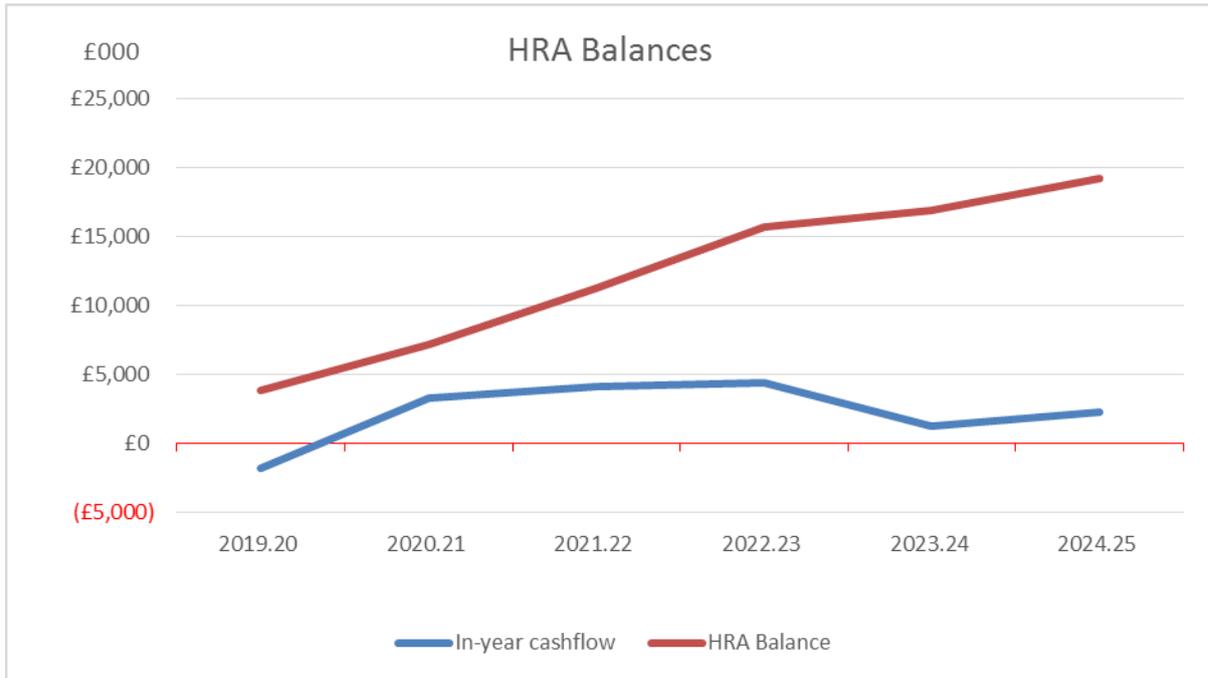
Income and expenditure has to balance over time, and the funds available for investment in improving Council homes or building new Council homes are dependent on rent levels, how well rent is collected, and how efficiently day to day management and maintenance services are run. There wasn't such a direct link before 2012 when there was a subsidy system in place controlled by central Government. But now the Council's Housing Revenue Account needs to meet its expenditure commitments in the medium to long-term (repairs, housing services and planned maintenance / enhancement) from its income (primarily rents and service charges).

The principle of self-financing is that each Council has the autonomy to make its own decisions about rent levels and the services it offers, subject to complying with Government directions on maximum rent increases. In Blackpool, there is an annual HRA budget setting process that runs parallel to the General Fund budget setting. Each year, the Council sets the changes to rents and service charges, and the amount to be paid out to BCH for management and day to day maintenance of Council housing. At the same time, the Council agrees a capital budget for Council housing that includes both major expenditure on existing homes and the amount to be invested in new Council housing developments.

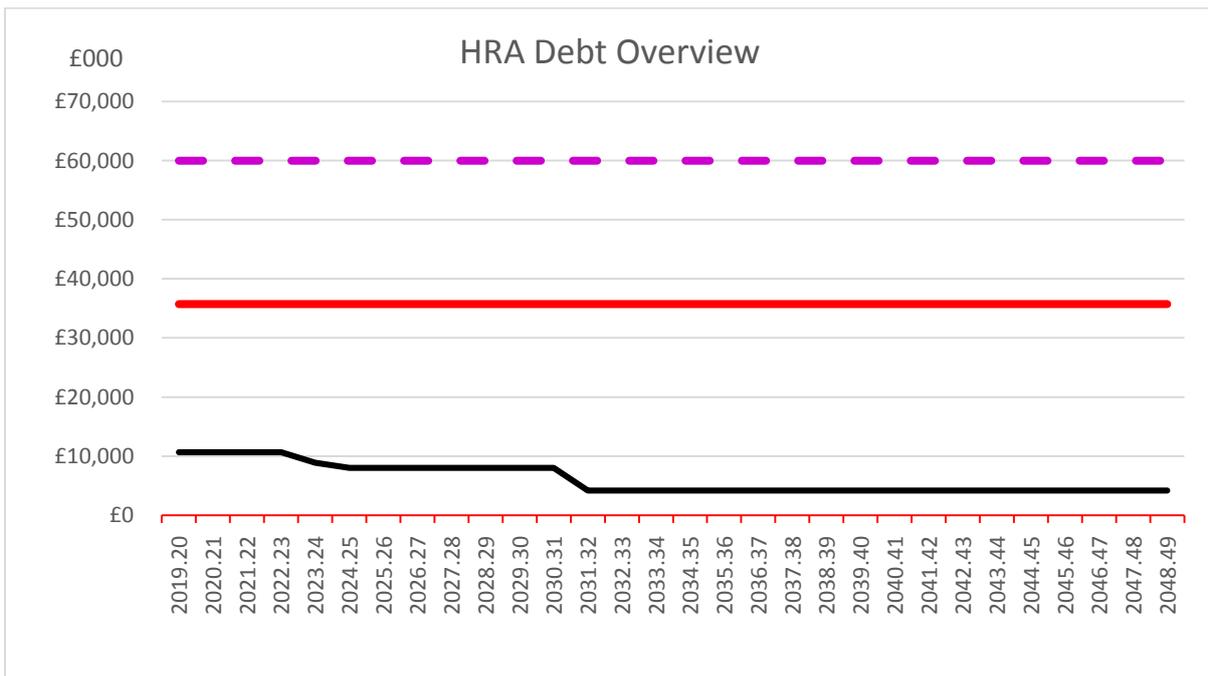
Government has intervened in rent setting for Council housing (and all other social housing) quite significantly over the last four years, requiring that the total of all rents was reduced by 1% each year from 2016/17 to 2019/20. From April 2020, a new policy will apply which will allow Councils to increase rents by a maximum of the Consumer Price Index (currently 1.7%) plus 1%.

### *Current Position of the 30 year HRA business plan*

The forced reduction in rents in each of the last 4 years has had a significant impact but Blackpool Council's HRA Business Plan remains in a healthy position. The graph below shows that without any further investment in new homes, HRA balances would be projected to rise over the next five years. It is planned that HRA balances will not be allowed to rise to the levels shown in the graph below but are kept below £10million over the next 5 years as surpluses are used to help fund additional investment in Council homes rather than building up reserves.

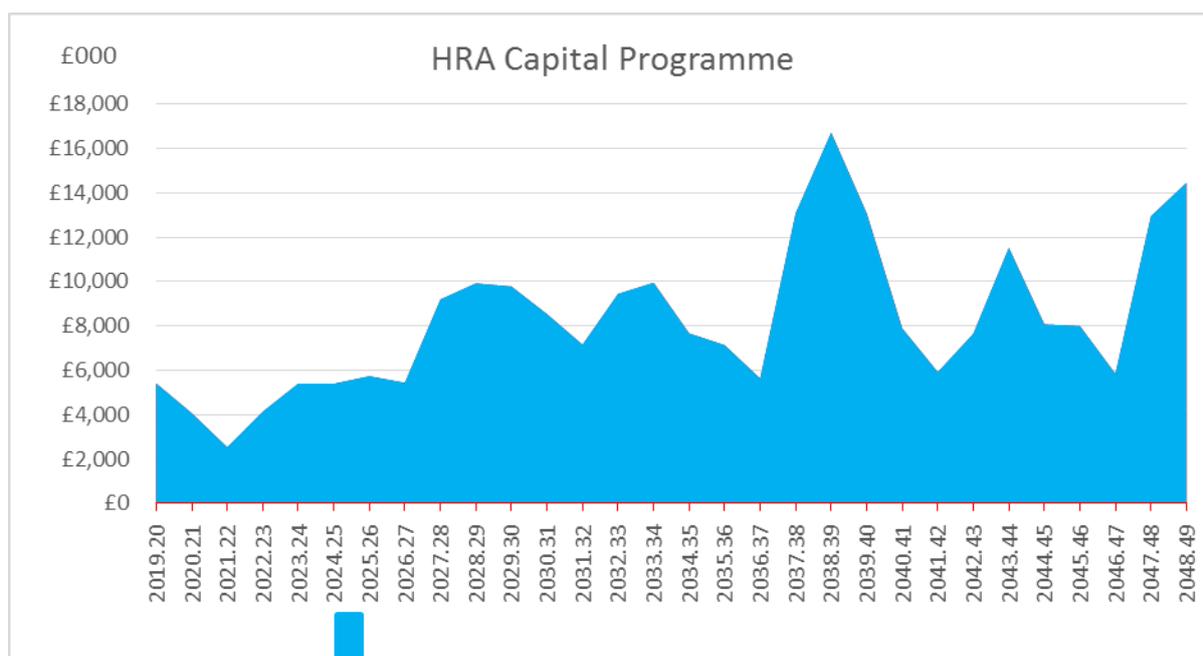


The black line on the chart below shows that total debt remains low at £11 million, and without investment in more new homes it is projected to get even lower. Blackpool Council’s HRA was one of the few to have debt cancelled on self-financing in 2012 rather than pay money to the Government, and as a result we currently have very low levels of debt compared with other HRAs. The chart also shows in the red line the level of the debt cap (around £35 million) that was imposed by Government until late 2018, and the purple line shows the new planned maximum debt at £60 million that will enable the delivery of the new homes planned in this Council Homes Investment Plan over the next 5 years.



The most important elements of HRA expenditure that drive the business plan are:

- Costs of management and day to day repairs and servicing – this cost which is paid by the Council as a fee to BCH is currently running at approximately £9.8m per annum, around half of which pays for management and half for repairs. The service has been restructured to increase efficiency and compares well with other authorities’ costs.
- Future planned and cyclical maintenance in existing homes. This is a key driver of the expenditure side of the business plan. The underlying capital expenditure on existing homes is currently around £3.5 million per annum. Major “catch up” Investment through the Decent Homes programme has led to less capital investment being needed currently, but larger ‘spikes’ in expenditure are expected to be required in future years as building components wear out and need to be replaced, in particular 2037-40 (£42.8m in three years). Nonetheless, projected expenditure to maintain existing homes will broadly be met entirely from income from rents over the lifetime of the 30 year business plan. The planned capital programme for investment in existing homes is as shown below:



- Investment in new homes. While it is costly to build new homes, and increases the amount of outstanding debt, it should not lead to a worse financial position in the long term providing the future rents for the new homes are sufficient to cover the costs of borrowing and future management and maintenance.

*Maintaining a viable business plan*

All Council HRAs must demonstrate that they are sustainable for a period of at least 30 years into the future. The 30 year business plan models expected future expenditure against expected future income. Any rent reductions mean that income will be lower than anticipated for the life of the business plan because income will shift to a lower starting point. Income is also threatened if not all

rent is collected (for example, if Universal Credit makes it harder for tenants to pay) or if homes are not quickly re-let when they become empty.

The key financial indicators which will be kept under review are:

1. Total level of debt - We plan that total debt will not exceed 50% of the stock valuation (currently £60 million on a £120 million valuation). The current baseline (2019/20) is total debt of £11 million

Until recently there was a debt cap centrally determined for each HRA, and the HRA could not exceed this level of debt at any point during the 30 year projections. While this enabled sufficient investment in existing homes it limited the borrowing that would be required for a major programme of new homes. While the Council can now theoretically borrow at whatever level it wishes as long as it can demonstrate that it is able to meet ongoing debt obligations, in practice, it would be risky to have unlimited debt of hundreds of millions of pounds. It is prudent to link the total level of debt to the value of the housing stock and annual rental income.

To kick start redevelopment following the ending of the debt cap and mandatory rent reductions the Council plans to pay interest only on new developments and not pay down the capital sum. This would be problematic if there were high levels of Right to Buy (RTB) sales, but RTB numbers have remained at less than 20 p.a in Blackpool and so do not present a significant risk to the programme. Nonetheless, borrowing needs to be carefully managed and debt levels ultimately need to remain fully affordable.

2. HRA balances – We plan to keep HRA balances within a range between £1 million and £10 million, compared with £5.7 million currently

Some levels of reserves are appropriate to cope with potential unforeseen events. It is also important however that reserves are not excessive, as in effect this carries an opportunity cost in terms of potential investment that is foregone.

3. Interest cover – We plan that the interest cover ratio will not be less than 2.5, compared with 5 currently and a current national average of 1.93

With the removal of the debt cap, interest cover becomes more relevant. This is conventionally measured as turnover less operating costs divided by interest costs. It is a measure of ability to service debt costs in the future. As borrowing levels have been artificially suppressed by the HRA debt cap most Councils currently have relatively high interest cover ratios, and Blackpool especially so, but care is required to ensure that the ratio of income to debt servicing costs does not become too low.

4. BCH management fee – We plan that the cost of managing and providing responsive maintenance to Council homes will remain at the current level of an average of £2,090 a year

Blackpool Coastal Housing manages the Council's housing stock on its behalf. The level of the annual management fee is a broad measure of the efficiency of the wholly owned company in managing Council homes day to day, particularly when taken in conjunction with key performance indicators on repairs, housing management and overall customer satisfaction.

5. Development appraisal

All new HRA development schemes need to be financially viable, as otherwise they are a drain on the wider HRA. We will ensure that comprehensive development appraisals are completed before committing to each new development scheme, and that over a whole development programme there is a positive net present value over 30 years. Rent levels are a key part of this and the more stable and long term rent policy is the more certainty there can be in effectively assessing the viability of new schemes.

6. Rent collection – We plan that Current Tenant Arrears will be no more than 2% and rent collection will be at least 99.5%

There will always be some rent, service charges, and recharges that cannot be collected from tenants and leaseholders, but maximising collection enables full resources to be available for investment in Council homes.

Sensitivity analysis is undertaken regularly and will continue to be undertaken to ensure that the HRA business plan remains robust as the economic and regulatory environment changes, but the key drivers for the viability of the Housing Revenue Account are the levels of rental income (rents charged and collection rates) and the capital programme.

*New development scheme viability*

All proposed new developments will need to demonstrate that they are financially neutral at worst, i.e. no capital schemes within the HRA should have a negative net present value. This is the same state of affairs as applies in the General Fund, where under 'prudential borrowing' discretionary capital schemes are required to show that they pay for themselves including borrowing costs. In general, given that social housing has lower than market rents, some kind of grant funding is usually required to make schemes financially viable.

In the event that a scheme cannot be demonstrated to be able to cover its costs, but it is decided to go ahead for other reasons, then there needs to be other development(s) which generate(s) a surplus sufficient to cover the losses predicted in undertaking the other scheme.

*Rent Policy*

Each year central government publishes a limit rent for every local authority, which sets out the maximum average rent that can be charged based on existing rent levels. In Blackpool the rent increases over a number of years were lower than the maximum permitted, and then in the last four years a reduction has been mandatory. As a result the average rent for Blackpool Council social tenancies is £67.72 per week, whilst the limit rent the Government say cannot be exceeded is £70.38.

Going forward the Government have confirmed that the maximum annual social housing rent increases will be Consumer Price Index ('CPI') inflation rate plus 1% from April 2020 for a period of five years. It is planned that rents will be increased at the maximum allowed by Government over the next 5 years, currently expected to be CPI + 1% each year. This will have some impact on tenants who pay their own rent, but as the starting point is that rents are 4% lower than 4 years ago, the net impact will be for rents to still be cheaper in real terms in 2025 than they were in 2015. The majority of tenants whose rent is paid entirely through Housing Benefit or Universal Credit will be unaffected.

#### *Treasury Management*

Good treasury management is an important contributor to the viability of the HRA, as the interest rates that can be obtained on loans will be a key factor in determining whether any borrowing for future development is viable.

In the past the only option for borrowing was to use the Public Works Loan Board (PWLB) as it has always been cheaper than any other alternative. The situation is more fluid at present and future borrowing needs to be carefully considered to obtain optimum rates in accordance with the Council's wider treasury management strategy.

#### *Other Factors*

Right To Buy has only been a marginal issue in Blackpool since self-financing. In essence the number of tenants who are able to get mortgages to buy their properties has been relatively low, and Blackpool has much lower rates of Right to Buy than are found in most other areas. In a situation where the local economy improved it is possible that Right To Buy levels could become more significant.

As well as rent levels, rent collection rates are also significant to HRA viability. The introduction of Universal Credit has increased the challenge of bringing in the rent, and a number of steps have been taken to counter this including introduction of analytical software to enable the Rents Team to better target their workload.

## Chapter 4 - Maintaining Our Homes

There are currently 4,689 Council homes managed by BCH. These are predominantly self-contained units and include 788 sheltered homes for older people. Only 49 out of the total are non-traditional in construction.

Every year the Council agrees a capital investment programme with BCH, based on the planned maintenance works that are needed to keep our homes up to the Decent Homes Standard over the long term. This is agreed and funded from the Housing Revenue Account each year and includes:

- External component replacements
- Internal component replacements
- Communal component replacements
- Energy Improvements
- Improvements to landscaping and the external environment

The projected HRA capital programme expenditure on existing homes, to continue to meet the Decent Homes Standard and other legal requirements, and to invest in improved energy efficiency and estate environments as set out in Chapter 5, is:

	2020/21	2021/22	2022/23	2023/24
Capital maintenance	4,560,000	4,043,910	3,008,010	3,544,650
Adaptations	385,000	385,000	385,000	385,000

BCH are also responsible for providing day to day repairs that respond to individual tenants' requests, and carrying out repairs to properties that become empty before they are let to new tenants. The cost of these repairs comes from the overall management fee paid from the HRA to BCH each year. This accounts for around £5m of BCH's fee each year and covers:

- Responsive repairs
- Void repairs
- Servicing – Gas, Electric, Lifts, Fire Alarms etc.
- Grounds Maintenance
- Cleaning of Communal Areas.

The projected budget for each of these areas is detailed below.

<b>Contracts and Day to Day Management</b>	<b>2019-20 (£000)</b>	<b>2020-21 (£000)</b>	<b>2021-22 (£000)</b>	<b>2022-23 (£000)</b>	<b>2023-24 (£000)</b>
Void Repairs and Maintenance	994	1,014	1,034	1,055	1,076
Responsive Repairs and Maintenance	1,016	1,036	1,057	1,078	1,100
Electrical	280	286	291	297	303
Gas	695	708	723	737	752
Communal Cleaning	50	51	52	53	54
Grounds Maintenance and Gardening	340	347	354	361	368
Hostels	476	485	495	505	515

<b>Contracts and Day to Day Management</b>	<b>2019-20 (£000)</b>	<b>2020-21 (£000)</b>	<b>2021-22 (£000)</b>	<b>2022-23 (£000)</b>	<b>2023-24 (£000)</b>
Sheltered Accommodation	593	605	617	629	642
Digital TV (IRS)	75	77	78	80	81
Lifts and Lighting	73	75	76	78	79
NNDR – Void Properties	60	61	62	64	65
Mechanical and Electrical Repairs	109	111	114	116	118
<b>TOTAL</b>	<b>4,761</b>	<b>4,856</b>	<b>4,953</b>	<b>5,052</b>	<b>5,153</b>

## Investment Drivers

The drivers of investment planning for the Council and BCH in order of priority are:

	<b>Priority</b>	<b>Details</b>	<b>Examples</b>
<b>1</b>	<b>Keeping our tenants safe</b>	<ul style="list-style-type: none"> <li>To comply with all H&amp;S regulation and legislation.</li> <li>To remove H&amp;S risks</li> </ul>	Asbestos Management, Gas Regulations, Water Management, Fire Safety (incorporating changes following Grenfell report)
<b>2</b>	<b>Legislation &amp; Government Policies</b>	<ul style="list-style-type: none"> <li>To comply with all legal requirements</li> <li>To comply with Government investment requirements and standards</li> </ul>	Housing, Landlord & Tenant Act, Case Law, DDA, Right to Repair etc., Housing (Fit For Human Habitation) Act, Decent Homes Standard, Regulator of Social Housing Standards, Energy Targets
<b>3</b>	<b>Local Policies – Meeting Blackpool Housing Needs</b>	<ul style="list-style-type: none"> <li>To achieve Council objectives, vision and values</li> <li>To meet service standards</li> <li>To undertake projects and initiatives in line with the Council’s Climate Emergency proposals</li> </ul>	Planned programmes, Responsive Repairs timeframes, Environmental projects; Balanced Scorecard
<b>4</b>	<b>Local Requests</b>	<ul style="list-style-type: none"> <li>Service demands which fall outside of the above and are often in reaction to service failures or due to limited funding availability</li> </ul>	Requests from MP’s, Local Councillors, Community, Residents, Staff

Fire safety has and will continue to be a priority area for asset investment. Blackpool Council is fortunate in not having any high rise blocks, but there is still a substantial budget for fire upgrade works. This budget is utilised to continually undertake Fire Risk Assessments at the required properties identified by the Regulatory Reform (Fire Safety) Order 2005 legislation. The remainder of the budget is used to carry out remedial works to ensure that properties are fully fire safety compliant.

We will incorporate any changes in our fire policy and procedures directed by future legislation following the Grenfell Inquiry.

### **Ensuring that all homes meet the Decent Homes Standard**

With the completion of the Decent Homes programme in Blackpool in 2015, and subsequent planned maintenance works programmes, all but three Council homes meet the Decent Homes Standard. These three properties only fail because they have solid fuel heating and residents have refused replacement gas central heating systems.

Every year further properties become non-Decent or potentially non-Decent because some of the building components are due for replacement. The Council and BCH will continue to ensure that properties remain Decent by delivering smart investment programmes based on stock data, repairs history, staff knowledge and adopting a 'just in time' approach.

The criteria set out within the Decent Homes Standard (DHS) are still a useful measure of the investment needs of our homes. To be considered 'Decent' a property must:

**a) Meet the current statutory minimum standard for housing**

Dwellings which fail to meet this criterion are those containing one or more hazards assessed as serious (Category 1) under the Housing Health and Safety Rating System (HHSRS)

**b) Be in a reasonable state of repair**

Dwellings which fail to meet this criterion are those where either:

- One or more of the key building components are old and, because of their condition, need replacing or major repair; or
- Two or more of the other building components are old and, because of their condition, need replacing or major repair.

**c) Have reasonably modern facilities and services**

Dwellings which fail to meet this criterion are those which lack three or more of the following:

- a reasonably modern kitchen (20 years old or less)
- a kitchen with adequate space and layout
- a reasonably modern bathroom (30 years old or less)
- an appropriately located bathroom and WC
- adequate insulation against external noise (where external noise is a problem) and;
- adequate size and layout of common areas for blocks of flats

**d) Provide a reasonable degree of thermal comfort**

This criterion requires dwellings to have both effective insulation and efficient heating. It should be noted that, whilst dwellings meeting criteria b, c and d are likely to meet criterion a, some Category 1 hazards may remain to be addressed; for example, a dwelling meeting criterion d may still contain a Category 1 damp or cold hazard.

### **Understanding what investment is needed**

Effective asset management begins with reliable stock condition data. BCH's stock condition database, ECMK Integrator, provides essential information to allow for the planning of future investment works, Decent Homes Standard compliance, energy ratings and asbestos management.

It is only when the stock condition database is well managed, that sound investment planning can begin. BCH has invested a great deal of time in understanding the stock and collecting better data to make informed decisions and has a designated member of staff who has responsibility for the upkeep of the database.

A new database provided by Orchard Assets will be introduced from 2020. This will enable planned maintenance to be joined up with the management of responsive repairs and repairs at re-letting, enabling predictive maintenance and more efficient repairs programmes.

Regular stock condition surveys are essential to understanding and delivering the investment needed in existing homes. Data on over 50% of properties is based on physical surveys, with this data being 'cloned' to populate similar archetypes in the same street. The aim is to continue surveying more of these cloned properties to ensure the data is as accurate as possible. All surveys are completed by BCH surveyors and not by consultants. In-house staff then have more direct knowledge of the properties including when previous planned works have been undertaken.

It is our target to complete a minimum of 20% stock condition surveys each year. New surveys will be focused on properties that haven't been physically surveyed before, and properties expected to be included in forthcoming investment programmes. In this way programmes of work are first outlined on the basis component life cycles from the database, but then refined based on physical surveys.

To ensure that information on each property continues to be kept up to date, BCH will ensure that:

- a) All work completed through planned programmes is entered directly onto the stock database at the end of each project.
- b) Where components have been replaced or asbestos removed prior to re-letting, this is also recorded in the stock database.
- c) Stock condition surveys on samples of properties are undertaken on 20% of properties every year.
- d) Surveys of communal areas are conducted at the same time as asbestos inspections.
- e) Mini-stock condition surveys are undertaken every time a property becomes empty. This will allow any missing data from the stock database to be rectified as well as refining expected component lifecycles.
- f) Stock data will be used every year to review the three and thirty year financial cost plans and update the HRA Business Plan

## Getting the Right Balance between Planned and Responsive Maintenance

Investment needs to strike the optimum balance between responsive repairs, repairing void properties, planned programmes, cyclical servicing, renewals, new build schemes, acquisitions and disposals. Fundamental targets for the investment planning process are:

- To reduce unnecessary spend on responsive repairs by introducing smarter planned preventative maintenance programmes.
- To rationalise planned programmes to ensure they deliver value
- To avoid unnecessary expenditure and only invest when needed
- To establish volumes of work in advance to enable efficient delivery and plan future procurement requirements
- To provide greater certainty for residents about works to their homes

The split between the planned and responsive maintenance budgets will be reviewed. The 2019/20 budget shows £3,688,000 of planned work and £990,000 for responsive repairs. This equates to a 73/27% split, compared with a 68/32% split in 2018/19. The introduction of the new Asset Database provider, Orchard, will assist with this review, as all records of planned, responsive and void works will be located in the same place.

This will ensure that Asset Investment will be more joined up, affording staff the ability to interrogate the system fully to analyse repair costs of properties/ components and allow a predictive maintenance element to be incorporated in to the investment planning process.

## Effective Delivery of Maintenance Services

BCH deliver responsive repairs, void repairs, planned maintenance, cyclical servicing, adaptations and grounds maintenance. These are delivered by a combination of contractors and an in-house team. The arrangements for all services are set out below:

Core Service	Contractor	Contract In place	Length of Contract	Renewal Date
Responsive Repairs	BCH Operations Team	N/A	N/A	N/A
Void Repairs	BCH Operations Team	N/A	N/A	N/A
Planned Maintenance	BCH Operations Team	N/A	N/A	N/A
	External Contractors	No	N/A	N/A
Adaptations	Read & Errington	Yes	10 Years	2030*
	Bambers Remedial	Yes	3 Years	2020
Gas Servicing & Maintenance	Read & Errington	Yes	10Years	2030*
Ground Maintenance	Fylde Council	Yes	5 + 2 Years	2023
Electrical Repairs & Maintenance	Tech Electrical	Yes	5 + 2 Years	2021

\*It should be noted that the two gas contracts have recently been procured as one 'all in' contract. The revised contract will commence from April 2020.

We aim to deliver a value for money repairs service that is 'right first time' and meets the needs of residents. We also aim to produce and deliver coordinated planned programmes that achieve value for money and offer certainty for residents

The current arrangements are working well and have been in place for some time with established contractors, delivering good quality services to our residents. We will continue to keep under review the performance of the in-house team and external contractors to constantly push to improve the quality of the services being delivered.

The in-house Operations Team was reviewed in 2018, leading to improvements in their all-round ability to deliver the responsive and void works required. A separate Capital Team was also established to deliver more planned maintenance work in-house, e.g., kitchen and bathroom replacement, and also to offer this service to other organisations/ Council-owned companies. There are currently 27 operational staff employed by BCH in in-house maintenance teams. Progress following the review has been encouraging, with all targets being met. This will continue to be monitored to ensure the teams within Operations are operating to optimum levels.

The Gas Servicing and Maintenance contract was recently reviewed to investigate the possibility of bringing this service in-house. It was decided to continue with outsourcing this contract, but to test the market by re-tendering the contract.

There are clear advantages of delivering more work in-house in being better able to control quality and cost, but it also gives the opportunity to support employment within Blackpool and ring fence some opportunities for tenants.

Reviewing each area of work in more detail:

#### 1. Responsive Repairs

This work is primarily completed in-house using BCH operatives. There are occasions for larger or specialist jobs, where external contractors are used. Repairs to gas and electrical systems are completed by the contractors noted in the table above.

BCH operate a system of booking repairs appointments through a scheduling system and mobile working through operatives PDA's and adopting multi-tasking within the workforce. This approach allows BCH to:

- Reduce the cost of delivery by doing the job 'right first time' through improved diagnostics, an effective appointment system, a multi-skilled and well trained work force, mobile working and properly stocked vans.
- Continue to analyse the proportion of emergency repairs to identify trends and set targets to reduce this type of work.
- Identify repair hotspots and develop strategies to address individual and collective issues.

- Reduce the overall volume of responsive repairs through planned programmes, batched repairs and predictive analysis. As referenced in section 4, the intention is to link the stock database and repairs systems to allow predictive maintenance to play a major factor in formulating investment programmes.

## 2. Works when homes become empty

As with responsive repairs, these are delivered in-house, with back up from contractors if required. Asbestos surveying and removal is currently delivered by external contractors. Gas and electrical works are also completed by the contractors detailed in the table above.

The new BCH Voids Policy will set new standards and procedures, ensuring consistency and providing a sound platform for sustainable tenancies. In conjunction with Lettings and Housing Management departments, the new policy will be developed to:

- Take into account if, where units suffer from low demand, some properties may receive enhanced works in order to attract more prospective tenants.
- Provide incentives to encourage tenants to leave their home in a good state of repair.
- Optimise the use of recharges where previous residents have left property in disrepair.

## 3. Planned Programmes

As referenced in the table above, large planned maintenance projects are delivered by a combination of external contractors and the newly established BCH Capital Team. These programmes include:

- Kitchens (BCH Operations)
- Bathrooms (BCH Operations)
- Heating Upgrades (Read & Errington)
- Roofing and Roofline Works (Contractors and BCH Operations)
- Windows and Door Replacements (Abelglass)

Where contractors are utilised for planned programmes where there is not a contract in place, these are tendered competitively utilising contractors from BCH's Approved Contractor List. This is time consuming and the number of reliable medium sized contractors in Blackpool has reduced in recent years. Therefore a procurement exercise is currently underway to appoint a select list of contractors to carry out the following work types:

- Roofs
- Windows
- Doors
- Fascias and Soffits
- Rainwater Goods
- Scaffolding

There may be potential to expand the role of the BCH Capital Team in the future.

### **Adapting Homes to Meet Tenants' Needs**

The demographic profile in Blackpool is changing, with people living longer and wishing to continue living independently in their own homes. A higher proportion of older people and people with long-term limiting illnesses live in Council housing than in other tenures in the town. We set aside a budget each year for adapting Council properties so that residents can continue to live independently. Typically the main adaptation types that are carried out/ installed into properties include:

- Level Access Showers
- Ramps
- Clos-o-Mat toilets
- Stair lifts
- Step Lifts
- Hoists
- Door widening

Where possible this work is completed by in-house operatives but specialist adaptations are completed by contractors.

Since 2016, BCH has adopted a different approach to the provision of adaptations within Council properties. Prior to 2016, a request would have been received from a Community Occupational Therapist requesting works. This would have been added to a waiting list, and the works would have been completed once the resident reached the top of the list (unless they were classified as urgent).

In 2016 an Occupational Therapist joined the Adaptations Team within BCH, and along with other members of the team every case that was referred for an adaptation underwent a desktop triage. What this identified was that in some cases an adaptation was not the answer and also that residents required additional assistance. This process identified that a range of options other than adaptations were available. This included:

- Liaison with other health and housing professionals to assess needs
- Safe sign-posting to other organisation that can assist helping the resident.
- Consider other options to improve the home environment other than adaptation work
- Encourage residents to move to more suitable accommodation.

The above process has allowed the budget allocated to adaptation works to be utilised in a more efficient manner and has enabled more homes be adapted and waiting times for adaptations to be significantly reduced. We will continue to refine this approach.

A register of all adapted properties is now kept, allowing residents who need particular adaptations and who wish to move, to quickly identify suitable alternative properties as they become available.

## Chapter 5 - Improving Our Homes for the Future

As well as ensuring that all of our homes meet minimum legal standards of safety and property condition, and that they are maintained for the long term, we want to further improve what our residents expect from Council homes and make them fit for the future.

Consideration will be given to three factors when making decisions on how to invest in the future of assets:

- a) **Social:** This will ensure that we are fulfilling our responsibility to be an effective social landlord and making decisions that are based on the needs of the community and the provision of affordable housing services. We will do this by:
  - Creating places where people want to live
  - Putting residents first
  - Being a leading provider and offering quality services in Blackpool
  - Promoting a culture of financial inclusion
  - Involving and empowering residents in the decision making process
  
- b) **Financial:** This will ensure that we are driving forward value for money and ensuring we have short, medium and long term financial plans that are both deliverable and sustainable. We will do this by:
  - Delivering Value for Money
  - Being creative with new procurement opportunities
  - Developing long term contracts with trusted contractors
  - Looking at whole life costs and best value
  - Optimising the income that can be generated by our assets
  
- c) **Environmental:** This will ensure that we consider the impact on the environment of our assets and how affordable the likely energy consumption will be against rising fuel prices. We will do this by:
  - Reducing the carbon footprint of Council housing, and to be carbon neutral by 2030
  - Targeting energy efficiency programmes and explore external grant funding opportunities
  - Developing energy performance criteria for all our assets and providing average energy ratings
  - Improving the average energy rating of our stock on an annual basis

### Creating Places Where People Want to Live

The Decent Homes programme focussed primarily on the interior of properties, but there is a need to invest in exterior facades, communal areas, and improved landscaping to make Council estates more desirable places to live and give residents pride in their environment.

Environmental works will also be carried out to help reduce the opportunity for Anti-Social Behaviour. This may involve increasing use of door entry systems, improving security measures, re-purposing drying areas, improved lighting, and removal of 'shelter points' where ASB could occur.

We will invest in greening Council estates and planting trees as part of the implementation of the Council's Green and Blue Infrastructure Strategy, and will also seek grant funding streams to help deliver this work. £150k has been allocated as base expenditure on general environmental improvements each year, but further grant funding opportunities will be sought. For example, the Grange Park ERDF bid (Stage 2 bid to be submitted in February 2020) includes funding for a tree planting programme on the estate.

### **Being Responsive to Residents' Needs**

Resident involvement and empowerment forms a vital part of our decision making process, and therefore how assets are managed. Future investment in assets will increasingly reflect the views expressed by residents through a variety of channels such as TOWER, Green Wardens and Empty Homes Inspectors. New groups will be developed as required.

### **Energy Efficiency Works and Carbon Management**

We will develop a Carbon Management Plan to:

- Increase the energy efficiency and sustainability of our homes
- Reduce the carbon footprint of BCH's management operation
- Influence resident lifestyles and usage of our assets to reduce fuel bills and improve sustainability within communities.

High energy efficiency standards are relatively easy to incorporate into new build properties. We will set new standards for carbon minimisation in new Council homes above the prevailing Building Regulations (Part L) standards.

The major challenge arises with homes within the existing stock. Blackpool Council's high percentage of post war properties can be difficult to retrofit energy initiatives into. We have already commenced the provision of energy efficiency improvements to the housing stock and this has included work programmes of:

- Loft insulation, and in some cases external wall insulation
- A-rated high efficiency condensing boilers
- A-rated double glazing
- Solar PV panels piloted to a small number of properties

As a result of this, and other investment works, the average Standard Assessment Procedure (SAP) energy rating for Blackpool Council homes is currently 70.5. We will scrutinise data from Energy Performance Certificates (EPC's) to put together programmes of work for further improving efficiency in these properties.

But we will need to seek out and trial new technologies as soon as they become available to meet the carbon reduction target set by the Council – net zero by 2030. Some new energy efficiency measures such as external wall insulation, thermal internal boarding and heating upgrades have sometimes caused further problems (such as damp) where there has been insufficient attention to design and to how the building performs as a whole system. Therefore careful consideration needs to be given to the design of future energy efficiency works, taking into account technological advances that are being developed.

The key technological advances that we will consider further include:

- An alternative to gas boilers. (A directive is already in place that no new build property should have a gas boiler from 2025)
- Improved technology of solar PV, and incorporating this technology into building materials.
- Development of Passivhaus systems currently used elsewhere in Europe.
- Moving from double to triple glazing.
- Feasibility studies around air/ ground source heat pumps for both new builds and retrofit projects.
- Greater monitoring of energy usage within properties, incorporating technology currently being developed within the Internet of Things
- Lighting upgrades to LED lighting in communal areas
- Sensors to control lighting in communal areas.

The Carbon Management Plan will focus primarily on the fabric and energy systems in homes, but will also need to consider public buildings and offices and reduce carbon in BCH's management operation.

We plan to take forward highly energy efficiency refurbishments as part of the Grange Park ERDF bid, and will take advantage of any further grant funding opportunities that become available. We also plan to increase expenditure on energy efficiency works to £500,000 a year from 2021/22.

## Chapter 6 - Turning Around Unpopular Stock

There will always be some properties that are relatively unpopular. This can be because of the type of home, geographical location, design, present condition, construction of the property, or problems within the immediate locality. In turn these reasons impact on demand and management and maintenance costs.

Detailed below are the criteria that will be used to identify properties that are starting to become unpopular, and the approaches that will be considered to turn around stock or areas of this nature. The approach outlined applies to unpopular Council homes, but sometimes action is also needed to address problem land and garages.

### Asset Reviews

Asset Reviews identify properties that are becoming more unpopular, to enable review and decisions on what action to take. BCH will further develop IT systems that give the ability to assess the housing stock and rank it into one of three categories, using a traffic light system as follows:

- Risk
- Appraisal
- Core

Previously single properties have gone through an appraisal without consideration of neighbouring properties or similar archetypes. The approach going forward will still adopt this philosophy but will also look at streets, wards, neighbourhoods and similar property archetypes when carrying out this analysis. The new stock database and its links to the repairs system will further improve our understanding.

**Risk Stock** are those properties, schemes or archetypes that suffer from low demand, ASB, high turn-over, high repair cost and large investment requirements, thus having a negative cash flow. These properties will be subject to an Option Appraisal process, and the level of investment needed to bring them into the Core Stock is likely to be relatively high. In extreme cases, or where other management approaches have failed, there may be a need for major physical change.

**Appraisal Stock** are those properties that might suffer from some demand, turn over issues, as well as higher than average repair costs, but by focused investment these properties could be made to generate a positive cash flow projection, making them Core Stock

An Option Appraisal process will be undertaken to determine the business case for each archetype, scheme or property and keep the level of investment within an affordable business plan. The findings of each option appraisal will be submitted to BCH SMT and progressed for discussion at the Asset Management meetings with the Council as deemed appropriate.

**Core Stock** are those properties that have high demand, low turnover, low repair cost and minimal investment requirements. Any property ranked as core can have funds invested on an on-going basis through planned and cyclical programmes.

The Asset Review will be mainly based on the various data that BCH holds, together with information from staff knowledge. These will be placed into a modelling tool that includes the following elements:

- A report from the stock database, including all stock condition information and anticipated 30 year investment requirements.
- A report detailing any additional investment requirements with regards to proposed energy efficiency works helping to deliver carbon reduction.
- Additional maintenance costs to cover cyclical decoration, gas servicing, asbestos management and any other management costs.
- A report detailing responsive maintenance costs for the previous three years
- A report detailing the void patterns and any spend for the previous three years
- A report giving the current and anticipated spend for the next 30 years
- Information would also need to be supplied to take in to account social and environmental factors to run alongside the above data. This would ensure that areas of deprivation, ASB, high housing management costs and poor energy ratings are included into the overall scoring and assessment process.

Inputting this information into the model produces a balanced scorecard and a range of asset related performance indicators, which would be the starting point for identifying assets for potential refurbishment, re-modelling, redevelopment demolition or disposal.

Other detailed data analysis will be generated by property, street, location or archetype and this would be used in the model to highlight trends.

### **Options Appraisal**

Once the Asset Review has taken place and identified those elements of the stock that require further consideration, the Option Appraisal process follows to determine the best solution for these properties. These will primarily discussed by BCH Senior Management Team, with the findings forwarded to the Asset Management Group for discussion and final decisions with the Council.

The main outputs of the Options Appraisal could be as follows:

- Retention and maintain as existing, based on the outcome of the Asset Review
- Retention, but with change of management and/or lettings regime
- Retention, but with an increased level of investment
- Refurbishment
- Remodelling
- Demolition and re-development
- Disposal

Standard appraisal templates will be developed to allow these solutions to be fully assessed and will include scoring for Social, Environmental and Financial criteria to form a recommendation.

It should be noted that given the relatively small Council housing stock, the option to dispose of a property would be a last resort. Blackpool has a large and poor quality private rented sector, and it is not the intention to add properties to this already volatile market. Where the opportunity arises and a decision is taken to dispose of a property, this should be offered to Blackpool Housing Company in the first instance, subject to meeting statutory requirements.

BCH will also use this option appraisal process to undertake a detailed review of the development potential across the stock portfolio and consider releasing under-used or difficult to maintain assets (including garages) that could facilitate new housing development.

BCH Senior Management Team will act as the main approval forum for the majority of asset management decisions and they will filter schemes prior to any subsequent reports to Board. However, the Asset Management Group will make the final decisions with the Council on major capital investment and the future of properties or schemes.

## Chapter 7 - Building more Council housing

### 1. Introduction

Blackpool Council has been pro-active and ambitious in developing new Council housing over the last 8-10 years. The focus of this work has been on the re-development of problematic stock like the former high rise flats at Queens Park, and most recently Troutbeck Crescent. There is now little problematic stock left that is likely to require re-development or radical re-modelling.

The Government announced in November 2018 that the borrowing cap on HRA business plans would be lifted. We now have a major opportunity and we are well placed to take advantage given our proven expertise and experience over the last few years.

From the perspective of meeting local housing needs, there are clear reasons to bring forward as much new Council housing as possible, addressing the gaps in the existing social housing stock and wider local housing market. Investment in acquiring and improving existing housing stock from the private rented sector could also have a role to play in delivering positive change in inner Blackpool alongside the work of Blackpool Housing Company, enabling better management / maintenance, lower rents, and security of tenure.

### 2. How many new Council homes will we deliver?

With the overall level of HRA borrowing no longer restricted, the key constraints are:

- a) Continuing financial viability of the HRA business plan – This is paramount. Any borrowing through the HRA still needs to be repaid and future rents at the level of the whole business plan need to cover loan repayments, management costs, and on-going capital investment in the existing stock. All developments need to be effectively appraised and shown to be viable on their own terms.
- b) Land – Across Blackpool, there is very little developable land. The lack of land is a fundamental constraint on significant Council new housing development.
- c) Availability of grant funding – Currently, there are few limits on the availability of grant funding through Homes England's Affordable Homes Programme, as long as schemes meet value for money criteria. However, there may be more restrictions in the future if the Government requires Homes England to direct most of the funding to areas with high house prices, or again focuses on housing for sale. Homes England may be less willing to offer grants for the acquisition and refurbishment of existing homes than for new build.
- d) Staff capacity – We are already well practised in bringing forward new Council housing development, and have successfully brought forward some complex re-developments. So we have great expertise that we can build on within Blackpool Housing Company, the Council, and BCH, but are at risk of relying on a few key individuals and will need to expand our capacity to deliver the increased programme. It is difficult to recruit staff with the right skills, but this shouldn't be a major constraint as long as we're prepared to invest in what we need.

- e) Threat of new homes being bought with a discount under the Right to Buy – As Council tenants have a Right to Buy their homes at substantial discounts from market value there is an obvious risk of new homes being bought by tenants at values that are less than the costs of acquiring or building the homes, meaning a loss to the Council. There are limits to this that mean that for the first 15 years tenants cannot pay less for their homes than the Council’s build cost, but this still means that in the medium term homes could be sold off at a discount before the Council has received rent sufficient to cover the initial costs. 75% of the receipts from sales currently goes back to the Treasury; even if receipts are kept, they can’t be used to cover historic debt but have to be used to help build further new affordable homes. Current levels of RTB sales in Blackpool are low but new homes may be more attractive to buy, especially if they are let to economically active working tenants.
  
- f) Lack of capacity in the local construction industry / rapidly rising construction costs – This may become an issue in the future affecting new build development, depending on the scale of new development and what is going on in the wider housing market and construction industry. This may be mitigated in future through the potential to use more off-site manufacturing (aka Modern Methods of Construction) and can be kept under review. There is also an opportunity presented by an ambitious future programme of being able to plan to train local people in construction skills and /or establish an in-house construction capability.

Given the constraints, especially land, it is planned that the Council will build 300 new homes in Blackpool over the next 5 years, including the current development of 75 new homes at Troutbeck Crescent. This relies on the identification of further sites in Council ownership and around existing Council housing estates.

There is potentially no limit to an acquisition and refurbishment programme providing that the costs of acquisition and refurbishment can be met from grant funding and borrowing repaid from rents. Future maintenance costs are likely to be higher than for new build and need to be factored in to development appraisals. We plan to acquire and refurbish 250 existing homes and bring them into the Council housing stock over the next 5 years in addition to the 300 new homes.

The development and acquisition of 550 homes over the next 5 years by the Council working with Blackpool Coastal Housing will be in addition to acquisitions and refurbishments by Blackpool Housing Company, so that at least 1,000 high quality homes will be brought into the ownership of the Council and its companies over the next 5 years.

Strategically, the acquisition of existing homes needs to be planned to meet wider objectives to improve rented housing in the town, and meet the needs outlined in Chapter 2.

### 3. What types of homes and locations will we focus on?

The balance of new homes will reflect the greatest current and projected future needs that cannot be met in existing stock or the private rented sector, but we will also promote balanced communities that are resilient and adaptable to changing demand over time. We know that the greatest increase in the local population is coming in the older age groups.

Considering the particular role of social housing in providing adapted homes for people with long term illness or disabilities or who are becoming frail with age that may not be provided in the wider market, there is a great opportunity to build new homes for supported living as part of new developments. Further work is required to understand the needs of particular groups, such as people with learning disabilities living in the community. Work is also underway to review the need for further extra care housing for frail older people.

There is potential for Councils to develop housing for sale and shared ownership alongside homes for rent to help establish more mixed communities. This would require a further skillset in market analysis, creating attractive and competitive products, and selling. There are additional risks associated with building homes for sale but these could be mitigated if there is a fall back plan to rent. We will start by focusing solely on homes for rent but will keep under review the potential for the Council to build homes for sale and shared ownership as part of mixed tenure developments.

The Council has taken an innovative and ambitious approach to set up a housing company to directly intervene in improving the private sector called Blackpool Housing Company, trading as My Blackpool Home. The acquisition and refurbishment of homes as Council housing will complement the work of Blackpool Housing Company (BHC). BHC's core mission is developing homes from existing buildings in inner Blackpool to offer better quality to a wider market; HRA investment will focus on acquiring property types that are in high demand formerly sold under the Right to Buy, and acquiring houses in neighbourhoods where better conditions and management will contribute to wider regeneration plans. There may also be opportunities to acquire properties which are long term empty or where owners are elderly and need assistance to move to somewhere more suitable.

The particular homes that the Council will look to acquire are:

1. One bedroom flats where the Council is the freeholder. Most of these flats are now privately rented and can have a negative impact on wider Council estates. There is a strong demand from single people, and acquiring these flats will also reduce the need to manage leaseholders' contributions to services and building repairs.
2. 2, 3, and 4 bedroom houses within Council estates. Family accommodation of all these sizes is in demand and short supply within the housing stock. Having more control of the properties also ensures consistently high standards of maintenance and allows more effective neighbourhood management.
3. 2, 3 and 4 bedroom houses in targeted neighbourhoods outside Council estates, complementing the work of BHC. Control of letting and management of more homes will help to stabilise difficult neighbourhoods, although attracting better tenants will require investment in wider regeneration activity.

## Chapter 8. Delivering the Investment Plan

This plan will be delivered through close working between Council staff, Blackpool Coastal Housing, and the development team at Blackpool Housing Company.

Progress will be monitored by Council staff using the measures and action plan below, through regular HRA review and Asset Management meetings with the team at BCH. The delivery of the programme of new developments will have their own project management arrangements, with a Project Board of senior officers.

Council Members will be kept informed of progress through annual reports seeking approval to each year's capital programme, and through reporting on major projects as part of the Council's general performance management regime. Individual development schemes will come for approval to the Council's Executive before each scheme proceeds. Members of BCH's Board will also receive regular updates on progress in delivering services to existing Council homes managed by BCH and on new developments.

### Performance Measures

This CHIP is supported by a set of key performance measures:

#### A. Financial measures

Measure	Baseline 2019/20	Ongoing Target
HRA balances at 31 <sup>st</sup> March	£5.7 million	Within a range between £1 million and £10 million
Total level of debt	£11 million	Not to exceed 50% of the stock valuation (currently £60 million on a £120 million valuation)
Interest Cover ratio (Turnover less operating costs divided by interest costs)	5  (National average of 1.93 in 2018/19)	No less than 2.5
BCH Management Fee	£2,090 / unit  (Total of £9.8 million)	No more than £2,090 / unit
Viable new developments	n/a	Development programme is to have a positive Net Present Value over 30 years
Income collection (rents and recharges)	Current Tenant Arrears – 1.8% Rent collection - 99.5%	Current Tenant Arrears – no more than 2% Rent collection - 99.5%
Total stock	4,689	5,239 by 2025

B. Asset management measures

Measure	Baseline 2019/20	Target for 2024/25
How many properties fail the Decent Homes Standard	3	0
Average energy efficiency rating for Council properties	SAP 70.5	SAP 75
Balance of expenditure between planned maintenance and responsive / void repairs	73% /27%	70% / 30%
Average cost of a responsive repair	Top quartile of all social housing providers for lowest cost of a responsive repair	To remain in the top quartile of all social housing providers for lowest costs of a responsive repair
Average cost of bringing a void back to lettable standard	£3000	£2500

Action Plan

Timescales and responsibilities are assigned below. Progress will be monitored at HRA Review and Asset Management meetings attended by representatives from Blackpool Council and BCH.

Maintaining and investing in the existing housing stock

Action	Milestones	Completion Date	Responsibility
Introduce the new Orchard asset management database	New database introduced	4/2020	BCH (Asset Management)
	Review of processes for joining up planned maintenance programmes with responsive and void repairs	3/2021	
Complete a minimum of 20% stock condition surveys each year	Surveys delivered	3/2021	BCH (Asset Management)
Implement new BCH Voids Policy	Policy signed off Procedures fully embedded	3/2020	BCH (Operations)
		9/2020	
Develop a Carbon Management Plan to help deliver the Council's objective of being carbon neutral by 2030	Plan agreed	6/2020	BCH (Asset Management)/ Council (Housing)
Take advantage of grant funding opportunities for improving energy efficiency	ERDF Stage 2 bid submitted	2/2020	Council (Housing)

Building More New Council Homes

Action	Milestones	Completion Date	Responsibility
Review land in Council ownership and agree a new build delivery plan for the next 5 years	All land identified for 300 homes and delivery plan agreed	3/2020	Council (Housing)
Refine the development appraisal model	Model reviewed	3/2020	Blackpool Housing Company
Complete development at Troutbeck Crescent (75 homes)	First handovers Completion	2 /2021 2/2022	Blackpool Housing Company
Take forward development on land now cleared at Grange Park (up to 100 new Council homes)	Procure a development partner Planning approval Start on site Completion	1/2020 - 6/2020 10/2020 1/2021 3/2023	Blackpool Housing Company
Take forward development on HRA-owned infill sites (up to 50 new Council homes)	Planning approvals Starts on site Completions	9/2020 3/2021 3/2023	Blackpool Housing Company

Acquiring existing properties

Action	Milestones	Completion Date	Responsibility
Establish new delivery procedures and capacity between the Council, BCH, and Blackpool Housing Company to enable efficient identification and appraisal of potential properties, and the delivery of refurbishment work	Procedures agreed - Property identification and negotiation, Legal and valuation, Building surveying, Design / QS, Financial appraisal, Capital funding, Tendering and management of building work	3/2020	Council (Housing)
	Additional capacity in place	6/2020	
Start a programme of acquisitions of existing stock	Authority to proceed First new property let First 50 new properties let	1/2020 6/2020 6/2021	Council (Housing) / BCH (Asset Management)
Review procedures and the development appraisal model to reflect experience	Review	1/2021	Council (Housing) / BCH (Asset Management)

## Appendix 1 – Profile of Council Homes

There are currently 4,689 Council homes managed by BCH. These are predominantly self-contained units and include 788 sheltered homes for older people.

The tables below provide an overview of our stock and its geographical location within the borough

Type	Bispham	Grange Park	Central	Mereside	South Shore	Total
Bedsit - GF	0	3	2	0	14	19
Bedsit - FF	0	6	2	0	29	37
Bungalow	0	22	1	22	37	82
Flat - GF	505	292	205	252	189	1443
Flat - FF	388	350	227	248	155	1368
High Rise	0	0	0	0	0	0
HOUSE	208	543	269	314	406	1740
Maisonette	0	0	0	0	0	0
<b>Total</b>	<b>1101</b>	<b>1216</b>	<b>706</b>	<b>836</b>	<b>830</b>	<b>4689</b>

### Analysis of stock by Archetype

Archetype	Total No.
01: Small pre-1945 houses	76
02: Pre-1945 semi-detached houses	195
03: All other pre-1945 houses	216
04: 1945-64 small terrace houses	157
05: 1945-64 large terrace/semi/detached houses	736
06: 1965-74 houses	93
07: Post-1974 houses	213
08: Non-traditional houses	49
09: Pre-1945 low rise flats	71
10: Post-1945 low rise flats	2212
11: Medium rise flats	589
12: High rise flats	0
13: Bungalows	82
<b>Total</b>	<b>4689</b>

### Analysis of Stock by Property Type

Type	Total (No's)	Total %
Bedsit	56	1%
Bungalow	82	2%
Flat	2811	60%
High Rise	0	0%
House	1740	37%
Maisonette	0	0%
<b>Total</b>	<b>4689</b>	<b>100%</b>

The tables above show that over 50% of the stock was constructed post war (1945-64). This is comparable with many other Local Authorities. From 1965 onwards, numbers are quite low, with only 213 post 1974 houses in the stock.

We have 49 non-traditional properties within the stock. These are Dennis Wild properties, meaning they are constructed utilising steel frames, with a brick/ block wall and in some cases an external render applied. Movement and steel frame corrosion has been identified in these properties and they are currently being monitored on a six monthly basis. An options appraisal will be undertaken to consider the best course of action going forward.

In addition to the 4,689 rented properties, the Council also continues to provide services and maintain the external fabric of 397 flats owned by leaseholders who have bought under the Right to Buy.