

Public Document Pack



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To: Cllr Ron Hampson (Chairman)

Councillors: David Cox, Paul Cunningham, Peter Curtis, Ron Davies, Rosetta Dolphin, Ian Dunbar, George Hardcastle, Ray Hughes, Hilary Isherwood, Sara Parker, Mike Reece, Gareth Roberts and David Roney

plus one Conservative vacancy

26 January 2017

Dear Councillor

You are invited to attend a meeting of the Community and Enterprise Overview & Scrutiny Committee which will be held at 10.00 am on Wednesday, 1st February, 2017 in the Delyn Committee Room, County Hall, Mold CH7 6NA to consider the following items

A G E N D A

1 APOLOGIES

Purpose: To receive any apologies.

2 DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)

Purpose: To receive any Declarations and advise Members accordingly.

3 UPDATE ON THE IMPLEMENTATION OF SARTH (Pages 3 - 8)

Report of Chief Officer (Community and Enterprise) - Cabinet Member for Housing

Purpose: To update the Committee on the local project and progress with the Denbighshire Partnership

4 **NEW HOMES BUSINESS PLAN 2016-21** (Pages 9 - 42)

Report of Chief Officer (Community and Enterprise) - Cabinet Member for Housing


Purpose: To update the Committee on the work of the North East Wales (NEW) Homes Board

5 **FORWARD WORK PROGRAMME** (Pages 43 - 50)

Report of Community and Enterprise Overview & Scrutiny Facilitator -

Purpose: The Committee is asked to consider, and amend where necessary, the Forward Work Programme for the Community & Enterprise Overview & Scrutiny Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Robert Robins', with a horizontal line extending to the right.

Robert Robins
Democratic Services Manager



COMMUNITY AND ENTERPRISE OVERVIEW & SCRUTINY COMMITTEE

Date of Meeting	Wednesday 1 st February 2017
Report Subject	Update on the Implementation of SARTH
Cabinet Member	Cabinet Member for Housing
Report Author	Chief Officer, Community and Enterprise
Type of Report	Strategic

EXECUTIVE SUMMARY

This report updates members on the implementation of the Single Access Route to Housing Project (SARTH) across the North Wales sub region and the subsequent collaboration with Denbighshire County Council.

The SARTH policy introduced a banding allocation system and a policy that shifted away from a focus purely on registering for social housing and moved toward providing advice on all housing options.

SARTH went live in Flintshire in April 2015 and following a successful bid, Flintshire County Council will host SARTH for Denbighshire from April 2017.

The report includes data on applications and allocations and importantly demonstrates how the new approach has relieved pressure on specialist officer time.

RECOMMENDATIONS

1	Committee notes the implementation of the policy, common register and regional collaboration developments.
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REPORT DETAILS

1.00	Explaining the Regional Common Policy and Register
1.01	<p>SARTH is a partnership project between all the major social landlords in North East Wales, covering the local authority areas of Conwy, Denbighshire and Flintshire.</p> <p>The partnership also includes Cartrefi Conwy, Clwyd Alyn, Grwp Cynefin, North Wales Housing and Wales and West Housing Associations.</p>
1.02	<p>Implementation of the New Policy and Register</p> <p>The new policy and register went live in April 2015 in both Flintshire and Conwy. The project was split into three main work streams which produced the deliverables necessary for implementation.</p> <ul style="list-style-type: none"> • The ICT work stream defined and delivered changes to the existing Open Housing System and a new web-based portal for housing partners to shortlist applicants for vacancies was developed. • The communications work stream produced leaflets, posters, information booklets and new website content for the registers. This group also developed press releases to raise awareness of the change. • The operations work stream produced policy guidance documents and operational procedures to support operational staff through the implementation. <p>Between January and March 2015, all 3633 existing applicants of Flintshire County Council, Clwyd Alyn, Grwp Cynefin and Wales and West Housing Associations were contacted for a telephone interview to ascertain their current housing requirements. If an applicant was not eligible for social housing they received advice on alternative affordable options available, based on their individual requirements.</p> <p>The Community Based Accommodation Support officers were used to interview and advise applicants aged over sixty to ensure they understood the new policy. Many of these applicants expressed that they did no longer wish to move and were happy to remain in their existing accommodation.</p> <p>Over the first twelve months of operation, the new register averaged 942 live applications. Flintshire's "old" register was kept for a period of 12 months during the transition to ensure that no vulnerable cases were missed.</p>
1.03	<p>Regional Collaboration</p> <p>Following the go-live of the registers in Conwy and Flintshire, a regional panel was set-up to maximise the benefits of collaboration. The panel is formed of operational management staff from each partner organisation. The primary purpose of the panel is to ensure consistency in the application</p>

	<p>of the policy and to review complaints and appeals from applicants. The panel has been instrumental in sharing best practice and addressing wider topics such as approaches to changes in legislation and issues arising from welfare reform.</p> <p>The SARTH steering group includes senior officer representatives from all partner organisations across all three counties. The group meets when required and at least annually to serve as an escalation point for strategic issues arising out of the panel. The group has further developed partnership arrangements between landlord organisations across the region.</p>
1.04	<p>Denbighshire Bid</p> <p>In February 2016 Denbighshire Council agreed that the most efficient approach for them to join SARTH would be to partner with one of the existing councils. This would deliver efficiencies and enable them to benefit from the experience of the other host organisations. Both Cartrefi Conwy (who host the Conwy register), and Flintshire County Council were invited to bid to develop, host and manage their register.</p> <p>The council submitted a proposal that built on the success of the Housing Solutions triage approach. In July 2016 Denbighshire County Council announced that Flintshire was successful in winning the bid. Subsequently, a joint project team led by the Council has been formed to implement SARTH in Denbighshire by April 2017. There are many tangible benefits for the council in hosting both registers including consistency of approach, reduced management and ICT costs and a new income stream.</p> <p>Work is progressing well on implementation. Current feedback from Denbighshire officers is that they are pleased with the progress and grateful for the knowledge and experience that Flintshire staff are bringing to the project.</p>
1.05	<p>Performance</p> <p>A detailed report is prepared by the Council and circulated amongst housing partners on a 6-monthly basis. The report presents statistics on applications and allocations for the county. The following are some key points presented in the latest report covering April 2016 to September 2016.</p> <ul style="list-style-type: none"> • As at 30th September 2016 there were 1206 live applications on the Flintshire Housing Register. This is the highest number of applications since the register went live in April 2015. • For the period 1st April 2016 to 30th September 2016 1788 enquiries were made to the Housing Solutions triage team. These enquiries can be made via telephone contact, face to face contact at one of our Connects Offices or via referrals from other agencies such as Probation, Social Services etc. • Of these 1788 enquiries received 1094 (61%) were dealt with at the first point of contact thus reducing demand on specialist officers. • Out of 1788 triages 1008 applications for social housing were made

	<p>during this period. This is an increase on the same period for 2015/16 where we received 824 applications.</p> <ul style="list-style-type: none"> • Between 1st April 2016 and 30th September 2016 the number of triages carried out has increased by 75% for the comparable period in 2015. • In addition, during the first half of 2016/17 there has been a significant increase in the number of live applications on the system with an increase of 22% when compared to the same period in 2015/16. • During the period 1st April 2016 to 30th September 2016 327 allocations of social housing were made. 193 of these allocations had an application on the waiting list for less than 6 months and a further 63 between 6 and 12 months. • The majority of the allocations (214) were made from Band 2 and a further 105 from Band 1. Both these bands only contain applicants with a local connection to Flintshire. <p>2017/18 will see additional reporting developed to provide analysis on both customer satisfaction and information on equality and diversity.</p> <p>The change to SARTH was challenging initially, but things have settled well in the last 6 months and despite the pressure of significant increases in requests for housing assistance and advice, staff are providing good quality advice and are able to direct customers to the housing solution appropriate to their needs.</p> <p>The joint work with Denbighshire County Council meets the council's objectives to work collaboratively where there are benefits to the council and its customers.</p>
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2.00	RESOURCE IMPLICATIONS
2.01	<p>Flintshire County Council is managing the Flintshire register on behalf of the Housing Associations in the county. The Housing Associations contribute to the costs of managing the register which provides an income stream for the council as detailed below:-</p> <p>2016/17 Income from partner housing associations - £13,026 Income from Denbighshire County Council (DCC) for SARTH set up costs - £25,106.92</p> <p>2017/18 Income from partner housing associations - £22,100 Income from DCC for hosting register - £52,245</p>

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Full consultation was carried out across the region ahead of the implementation of the regional policy.

4.00	RISK MANAGEMENT
4.01	Project and operational risks to both Flintshire and Denbighshire in the management of registers are pro-actively monitored and mitigated and are subject to regular project reporting. There are no significant operational risks to report at present.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None. Contact Officer: Katie Clubb Telephone: 01352 703518 E-mail: Katie.clubb@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>SARTH – The Single Access Route to Housing Project. A regional project supported by Welsh Government to improve how we manage housing need and make best use of stock.</p> <p>Open Housing ICT system – Open Housing is the ICT that the authority uses to manage its landlord functions including register management, tenancy management, and property repairs and maintenance management.</p> <p>RSL Portal – The RSL Portal is a web based application that allows housing association partners to shortlist and allocate their properties to suitable applicants on the social housing register. The Portal also allows the associations to download statistical reports on registrations and allocations.</p> <p>Triage – The initial discussion carried out face to face or over the phone to identify a customer’s needs and requirements.</p>

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COMMUNITY & ENTERPRISE OVERVIEW & SCRUTINY COMMITTEE

Date of Meeting	Wednesday 1 st February 2017
Report Subject	NEW Homes Business Plan 2016/21
Cabinet Member	Cabinet Member for Housing
Report Author	Chief Officer, (Community & Enterprise)
Type of Report	Strategic

EXECUTIVE SUMMARY

This report updates the Committee on the second full year of operation of North East Wales (NEW) Homes and the progress it has made against the 2016/21 Business Plan and Growth Strategy.

The report details progress and performance against projections made to increase its housing portfolio, through Section 106 properties, Strategic Housing And Regeneration Programme (SHARP) and financial borrowing,

It also provides analysis of the properties within its management and Over 55's housing offer, along with recent impact of the Rent Smart Wales scheme.

Finally, it will provide information on a projected operating surplus of £15.8k for 2016/17.

RECOMMENDATIONS

1	<p>Community and Enterprise Overview and Scrutiny Committee are asked to consider and give their views on;</p> <ul style="list-style-type: none"> • Progress made by NEW Homes to date against its Business Plan • NEW Homes future Growth Strategy projections and proposals.
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REPORT DETAILS

1.00	BACKGROUND
1.01	This report updates the Community and Enterprise Scrutiny Committee on the second full year of operation of North East Wales Homes (NEW) Homes and progress made against the Business Plan and Growth Strategy 2016/21.
1.02	<p>North East Wales Homes commenced trading on the 3rd April 2014 following approval from Flintshire County Council. The company has the following agreed Strategic Objectives:</p> <ul style="list-style-type: none"> • To increase the range of housing options for the “squeezed middle” housing market; • To provide a competitive offer to landlords to encourage growth of the private rented sector; • To use the income derived from Company assets and activity to help meet the need for affordable housing; • To increase access to affordable housing; • To provide a professional service with financial stability for NEW homes.
1.03	A Relationship Agreement exists between the Council and NEW Homes which details these strategic objectives and the role which the company will undertake as the Council’s approved vehicle for delivering improved housing opportunities within the private rented sector across Flintshire.
1.04	NEW Homes Governance
1.05	NEW Homes has been set up as a company limited by shares with unlimited powers. The Council is the sole shareholder. The Board is currently made up of 8 Directors consisting of 5 Elected Members, 1 Council Officer and 3 Independent Members with equal voting rights.
1.06	The role of the Board to date has been to oversee operational and financial development against the three year business plan, oversee the development of all policies and procedures, set the marketing and promotion strategy and develop a longer term growth strategy to fulfil the mission as laid out in the business plan.
1.07	NEW Homes Business Plan and Growth Strategy 2016/21
1.08	Following approval by the NEW Homes Board in May 2015, the proposals and projections made in the Business Plan and Growth Strategy 2016/21 were presented to the Community and Enterprise Committee in June 2016 for consideration and assurance prior to Cabinet approval in June 2016.
1.08	The Business Plan and Growth Strategy 2016/21 (Appendix 1) sets out key elements of the company’s proposed Growth Plan to increase the number of affordable properties managed and owned during the lifetime of

	the Plan Twice yearly monitoring of NEW Homes progress against its business plan is undertaken by the Community and Enterprise scrutiny Committee.
1.09	NEW Homes currently does not employ its own staff so council staff have worked to set up and deliver the operational functions including the property management, repairs, marketing and financial and legal functions. The council recharges the company for this staff time.
1.10	Considerations
1.11	Appendix 2 details the Finance and Operational performance of NEW Homes and highlights the progress of the three main portfolio areas against projections made in the Business Plan.
1.12	New-Build Properties secured through Section 106 Agreement
1.13	These are new build properties which are transferred to NEW Homes from private development schemes through Section 106 Agreements as unencumbered assets and let at affordable rent levels. Currently NEW Homes has 31 units under this portfolio and this forms a profitable element of the company's stock portfolio. During 2016/17 NEW Homes received 10 Section 106 properties at Northop Hall, Abermorddu and Saltney respectively.
1.14	A further 6 are scheduled to transfer to NEW Homes during 2017/18 at Northop Hall and Ewloe respectively.
1.15	There are also currently schemes in for planning and awaiting a decision where gifted properties for NEW Homes have been requested: <ul style="list-style-type: none"> • Soughton – 4 units • Penyffordd (Chester) – 7 units • Northop – 8 units Subject to the planning decision and further discussions will take place to finalise any S106 arrangements.
1.16	Strategic Housing And Regeneration Programme (SHARP)
1.17	A key element of the NEW Homes Business Plan for the future growth of the company is the Council's Strategic Housing And Regeneration Programme (SHARP) which has identified 300 new build properties for the period January 2016 – December 2019. The first scheme will be at The Walks, Flint which will see the provision of 62 new affordable houses and apartments on the site of the former council maisonettes as part of a joint development with the Council.

1.18	<p>The proposed property mix is below:</p> <table border="1" data-bbox="560 192 1118 495"> <thead> <tr> <th colspan="2" data-bbox="560 192 1118 237">Mix and tenure</th> </tr> <tr> <th data-bbox="560 237 855 282">Council</th> <th data-bbox="855 237 1118 282">Affordable</th> </tr> </thead> <tbody> <tr> <td data-bbox="560 282 855 327">4</td> <td data-bbox="855 282 1118 327">6</td> </tr> <tr> <td data-bbox="560 327 855 371">2</td> <td data-bbox="855 327 1118 371">18</td> </tr> <tr> <td data-bbox="560 371 855 416">18</td> <td data-bbox="855 371 1118 416">23</td> </tr> <tr> <td data-bbox="560 416 855 461">6</td> <td data-bbox="855 416 1118 461">15</td> </tr> <tr> <td data-bbox="560 461 855 495">30</td> <td data-bbox="855 461 1118 495">62</td> </tr> </tbody> </table>	Mix and tenure		Council	Affordable	4	6	2	18	18	23	6	15	30	62
Mix and tenure															
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1.19	<p>Following Cabinet approval in May 2016, the NEW Homes Board approved the development of 62 affordable rented properties on the site at a total scheme cost of £7.777m.</p>														
1.20	<p>The Board also agreed to enter into a capital financing loan with Flintshire County Council to fund the development; The terms of the loan will be European State Aid compliant and will ensure that the company can meet its own scheme development viability criteria and the Council's requirements for the properties to be built to the Flintshire House Standard; let at sub market rents and offered to local people for whom the Housing market has failed.</p>														
1.21	<p>The Council will earn a return on the amount it is borrowing to NEW Homes during the term of the loan, whilst also enabling NEW Homes to borrow at a lower rate than it would be able to achieve on the open market.</p>														
1.22	<p>Construction of the new properties is progressing well, with the first tranche of properties scheduled to transfer to NEW Homes in June 2017.</p>														
1.23	<p>The Council properties will be managed within the Housing Revenue Account (HRA), whilst the affordable properties will be managed by NEW Homes. A joint Local Lettings Policy is being developed between the Council's Housing Management Team and NEW Homes to ensure that Applicants with a local connection to Flint are prioritised for the scheme.</p>														
1.24	<p>Joint working arrangements are also being put in place for tenancy management and repairs services to all residents living on the scheme moving forward.</p>														
1.25	<p>Future development opportunities for NEW Homes have identified a potential 82 new properties which the company could consider for future development at a variety of sites across Flintshire subject to Council agreement and approval.</p>														
1.26	<p>Managed Lettings</p>														
1.27	<p>NEW Homes manages and lets property on behalf of landlords who own property, through a management agreement. The product enables the company to take on all the functions of the landlord in return for a one off £195 sign-up fee and a 10% of rental income monthly management fee (subject to annual review). NEW Homes has grown this portfolio to 34 properties to date.</p>														

1.28	Discussions have been on-going between the Council's Housing Options Team and NEW Homes on strengthening the working arrangements it has in place for these properties. The managed units are of strategic importance to the Council to raise standards in the private rented sector as a whole, and providing increased housing opportunities for the "squeezed middle" who experience affordability issues when trying to access the private rented sector. These affordability issues will be compounded with the roll out of Universal Credit.
1.29	In order to enable New Homes to continue supporting the Council's strategic priority of increasing the number of good quality affordable housing in Flintshire, it is proposed that providing the managed units will form a commissioned contract from the Council from April 2017.
1.30	Over 55's Offer
1.31	The Over 55 Lease Scheme enables an elderly home owner to lease their property to NEW Homes and access more suitable council accommodation. This package has developed slowly due to legal complexities initially and agreeing processes relating to the allocation of Flintshire Council properties. Currently there is only one property within this portfolio – despite a high level of interest being shown amongst older applicants.
1.32	At the NEW Homes Board Away Day in September 2016 there was agreement to review the details for this product and arrangements are being put in place to undertake consultation with local stakeholder groups which represent older persons, including Age Concern. Local estate agents are also being consulted to better understand house market conditions and the options available to older people wishing to downsize their properties. Finally, the Council's Allocations Policy will be reviewed to determine whether greater flexibility is required to ensure older persons requirements can be met.
1.33	Rent Smart Wales Scheme
1.34	Since 23 November 2015, all landlords operating in Wales must be registered. Rent Smart Wales is a new compulsory licensing and registration scheme for landlords. The scheme requires landlords to register their properties, and if a landlord wants to manage a property themselves they will need to demonstrate they are fit and proper to hold a licence and have to undertake training. In order to register a landlord must provide accurate and up-to-date information about themselves and their rental properties. This new requirement comes from Part 1 of the Housing (Wales) Act 2014. With the private rental sector playing an increasingly important role in meeting housing need in Flintshire, the Rent Smart Wales scheme will, for the first time, allow local councils to fully identify all of the private rented properties within their local area.
1.35	NEW Homes has registered and has obtained a licence as part of the scheme. Three members of staff have been on the Rent Smart Wales Training for letting agents and have received certificates for this. This is necessary in order to operate as a landlord and also as an agent on behalf of other landlords. NEW Homes has developed its Operating Code to ensure its landlord and management arrangements comply with the Act. The Operating Code details the principles and standards which NEW

	Homes will be working towards when marketing properties, agreeing a tenancy with prospective tenants including rights and obligations sets out in the tenancy agreement, repairs, rental payments and arrangements for leaving a property.
1.36	During the end of 2016 and beginning of 2017 NEW Homes has seen an increase in contact by landlords for assistance with registering and also for advice on NEW Homes managing property on their behalf.

2.00	RESOURCE IMPLICATIONS
2.01	Appendix 2 provides an Operational and Financial Report on NEW Homes which details the company's Income and Expenditure Account projecting a surplus of £15.8K as at January 2017.
2.02	This builds on the surplus of £34K generated during 2015/16.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None.

4.00	RISK MANAGEMENT
4.01	A Strategic and Operational Risk Register has been developed for NEW Homes and is presented to Board at 6 weekly meetings. This outlines all possible risks to NEW Homes and what mitigating action has been taken to reduce the likelihood and impact of these on the business.
4.02	A Risk Register for The Walks, Flint has also been developed and regularly monitored by NEW Homes Board.

5.00	APPENDICES
5.01	Appendix 1 – NEW Homes Business Plan & Growth Strategy 2016/21.
5.02	Appendix 2 – NEW Homes Operational and Financial Plan

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None Contact Officer: Melville Evans – Housing Programmes Manager Telephone: 01352 701436 E-mail: Melville.evans@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	North East Wales Homes, (NEW Homes) is a Housing company based in Flintshire and owned by Flintshire County Council. NEW Homes owns, leases and manages properties across Flintshire. The company was established to increase the quantity and quality of affordable housing available across the county; increasing housing choice for those who may not qualify for social housing but for whom market housing is unaffordable or difficult to access. In addition NEW Homes provides a professional service to landlords as a managing agent as a means to increase the supply of quality affordable housing.
7.02	Section 106 Planning Agreement - Properties from developers meeting their affordable housing provision obligations through Section 106 Agreements. The purpose of these agreement is to ensure that the homes go to local people most in need of affordable housing, and the rents or prices are affordable, and remain so in the future.
7.03	Strategic Housing And Regeneration Programme (SHARP) Flintshire County Council House Building Programme which will build 500 new homes (200 Council) and 300 (affordable) new properties across the Council during the next five years.
7.04	Rent Smart Wales - All landlords operating in Wales must become registered. Rent Smart Wales is a new compulsory licensing and registration scheme for landlords in Wales. The new scheme requires landlords to also register their properties, and if a landlord wants to manage a property themselves they will need to demonstrate they are fit and proper to hold a licence and undertake training.

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North East Wales Homes

Business Plan 2016/21



Working in partnership with Flintshire County Council

North East Wales Homes Business Plan

Company Summary

North East Wales Homes, (NEW Homes) is a Housing company based in Flintshire and owned by Flintshire County Council. NEW Homes will own, lease and manage properties across Flintshire. The aim is to increase the quantity and quality of affordable housing to those in housing need and providing a professional service to landlords as one of the means of supplying additional capacity.

NEW Homes will offer tenants quality affordable homes in the private sector and a sustainable managed tenancy.

NEW Homes will offer a range of services for landlords and the individual package will be dependent on the property and the requirements of the landlord.

Additionally as part of NEW Homes growth strategy the company will be developing and acquiring new homes to let.

Company Ownership

NEW Homes has been set up as a company limited by shares with unlimited powers. The Council is the sole shareholder.

The Board is currently made up of 8 Directors consisting of 5 County Councillors, 1 Council Officer and 2 Independent Members with equal voting rights. NEW Homes can also appointment a third independent Member at the discretion of the Board.

The Board is working towards developing an appropriate range of skills and experience to maintain a balance of skills which will support the delivery of key strategic and operational objectives outlined in this business plan. In securing and maintaining the right balance of skills to meet the range and diversity of the business that is outlined in this business plan the company will utilise skills assessments from time to time for all Board Directors.

Our Corporate Objectives

NEW Homes has established the following Corporate Objectives:

- To increase the range of housing options for the “squeezed middle” housing market.
- To provide a competitive offer to landlords to encourage growth of the private rented sector.
- To use the income derived from Company assets and activity to help support the affordable offer to tenants.
- To build an asset base to enable a long term vision of building future affordable homes.
- To stay true to the commitment to increase access to affordable housing.
- To provide a professional service with financial stability for NEW homes.

Growth Strategy

The board of NEW Homes approved its Business Plan and Growth Strategy in May 2015. There are three key elements of the Council's proposed Growth Strategy in terms of increasing the number of new, affordable units within NEW Homes housing portfolio. These are as follows:

Strategic Housing And Regeneration Programme (SHARP)

For the period January 2016 – December 2019 it is projected that 300 units will be delivered to NEW Homes through Phase 1 of the SHARP. In respect of funding solutions for affordable homes to rent, the most accessible options are long term leasing, obtained by a Council provision of a repayment guarantee. Repayments would be funded from rental incomes with the Council making up any shortfall. Our cost models make robust allowances to make sure that there is sufficient headroom within the funding model to minimise this potential, therefore providing a high level of assurance that arrangements will be self-financing from rental incomes).

The first proposed scheme will be at The Walks, Flint which will see the provision of 60 new affordable houses and apartments. Detailed proposals will be presented to Board in March 2016 to approve the scheme.

New build units transferred to NEW Homes under Section 106 Planning Agreement

NEW Homes received 6 new build properties in 2015/16 from developers meeting their affordable housing provision obligations through Section 106 Agreements. These units were transferred into the company as unencumbered assets to be let as affordable housing and form a profitable element of the company's stock portfolio. A further 10 are projected to be transferred during 2016/17. The table below shows the properties received to date and projected dates of future pipeline properties.

Location	Developer	Housetype	Original Projected Transfer Date	Actual Projected Transfer Date	/
St Mary's Drive, Northop Hall	Anwyl	2 x 3 Bed Houses	July 2015	December 2015	
St Mary's Drive, Northop Hall	Anwyl	3 x 2 Bed Houses	February 2016	June 2016	
Overleigh Drive, Hawarden	Redrow	2 x 3 Bed Houses	August 2015	October 2015	
Overleigh Drive, Hawarden	Redrow	1 x 3 Bed Houses 1 x 2 Bed House	December 2015	February 2016	
High Street, Saltney	Edwards Homes	4 x 2 Bed Houses	March 2016	November 2016	
Cymau Lane, Abermorddu	Anwyl	3 X 2 Bed Houses	June 2016	June 2016	
Total		16			

Private Borrowing

NEW Homes is exploring opportunities available for NEW Homes to borrow. This could be from the private market directly, either through borrowing secured against its own housing stock or through unsecured borrowing, with the Council potentially acting as a guarantor. This includes developing proposals to purchase Section 106 properties where there is a proven demand.

Advice has been taken from Warrington Borough Council which has been funding housing associations for some time. It is possible that the Council may be able to follow Warrington's example and lend to NEW Homes, at the same time creating a return for the Council and a boost to the local economy whilst also providing NEW Homes with the capacity to grow and meet local need.

It is projected that 8 properties will be realised through private borrowing during 2016/17.

Current Product Portfolio

NEW Homes currently provides the following products:

Newbuild properties

Up to 31st March 2016 NEW Homes had 21 of properties that had been secured as part of Section 106 planning obligations. These were transferred into the company as unencumbered assets and let as affordable housing units. The company is currently exploring option to borrow against these assets to acquire new affordable housing units.

Landlord products

The private rented sector is increasingly becoming the tenure of choice for those unable to access mortgage finance. Research suggests there are a number of investors happy to invest in property, but not keen to take on management responsibilities.

Up to 31st March 2016 NEW Homes had 34 properties within this product portfolio.

Utilising the experience and expertise of the Council as a trusted provider in this regard, NEW Homes manages and lets property on behalf of a landlord who owns property through a management agreement. The product enables the company to take on all the functions of the landlord in return for a one off £195 sign-up fee and a 10% of rental income monthly management fee which is subject to annual review.

The relative costs of running this service, as compared to the company's other business activities and the level of competition that is being faced have raised questions about continued investment in this service. The company's experience of operating in this area is relatively short however and therefore it has been agreed that further analysis should be undertaken so that an informed decision on the future of this service can be made based on robust financial management costs.

NEW Homes is also offering a **Tenant find Service** which will see New Homes will offer a flat fee of £250 to find a tenant for the landlord and do all relevant checks and completing the sign up process on behalf of the landlord, the landlord will then take

responsibility for managing the tenancy. The 2015/16 plan assumes ten customers per year taking up this service.

Over 55's Housing Choice

NEW Homes also offers a unique opportunity for home owners over 55 to lease their properties to the company, who will fully manage the property and guarantee the rental income for a fixed 25% of rental income monthly fee and also access to SARTH, which would not otherwise be available. This is to assist with securing suitable council accommodation. Owners may also access the scheme if they identify suitable alternative accommodation in the private sector.

NEW Homes has developed this particular offer as it recognises the barriers home owners can face accessing suitable council accommodation designated for older people, as they own an asset. These properties are available within the Council stock and can provide a home which is easier to manage, can meet mobility issues and can combat social isolation.

Up to 31st March 2016 there was one property within this product portfolio.

As with the services discussed in the previous section the company will continue to review progress with these services, with a view to determining the extent of future investment in the services.

Marketing Strategy

A key area for NEW Homes to develop during 2016/17 will be a Marketing Strategy which raises both the profile and potential customer awareness of the company. This will be partly undertaken as part of the SHARP marketing strategy, where NEW Homes will be working closely with Wates Living Space (who have been awarded the SHARP contract) on marketing initiatives. Emphasis will be placed upon promoting NEW Homes specifically

The new marketing strategy will be supported by the development of a Communications Plan which will map out key opportunities on a local, regional and national level. Key developments will include:

- Use of “*show homes*” on The Walks, Flint for potential customers to view;
- Re-launch of NEW Homes website which is more interactive and advertises the properties and products the company provides;
- Maintain and strengthen presence on social media, including Twitter and Facebook
- Attendance at local and national events to draw new business.

Management Arrangements

The ambitious and exciting plans for the future growth of NEW Homes has necessitated the need to review its existing and future staffing structure in order to ensure the company has the resources at its disposal to continue providing a high quality, modern and responsive service to our customers. The need for dedicated NEW Homes staff is now required to continue the excellent progress the company has made since it was established on the 1st April 2014 in a sustainable and considered manner. The proposed structure is shown in Appendix 1.

- Service Manager Housing Programmes - with overall strategic and operational management responsibility will report directly to NEW Homes Board of Directors. The role will involve implementing the agreed Business Plan and developing new business opportunities for NEW Homes.
- Private Sector Housing Manager – will oversee the delivery of day-to-day delivery of customer facing services and co-ordinate all internal and external affordable housing management activities in line with agreed NEW Homes policies and procedures.
- NEW Homes Lettings Officer (3 days per week) – will provide a housing management service for all customers accessing NEW Homes. This will include property viewings, allocations, repairs, rent management and liaison with existing and potential landlords.
- NEW Homes Co-ordinator (2 days per week) - this post will provide day to day administrative support to NEW Homes.

In total, 2.04 FTE's are proposed for the NEW Homes structure. The total Cost will be circa £80,349K (subject to job evaluation). The Council cost element of the Service Manager Housing Programmes and Private Sector Manager posts are excluded from these costs as they are funded directly by the Council.

All of the above proposed charges have all been included in the draft budget.

Additional Services

In addition to these posts, NEW Homes will continue to purchase legal, financial and repairs services from the Council at an agreed rate based on value for money and staff time prior to these services being provided. This will also include technical services provided by the Council's Design and Consultancy team including QS, design and project management to support the delivery of new properties delivered to NEW Homes through the SHARP. These costs will be capitalised and included within new scheme development costs wherever possible.

All of the above proposed charges have all been included in the draft budget.

Financial Plan

The 30 year business plan sets out the financial growth strategy over the coming years. The first five years are based on detailed assumptions and future years are then inflated based on the first 5 years.

Key assumptions

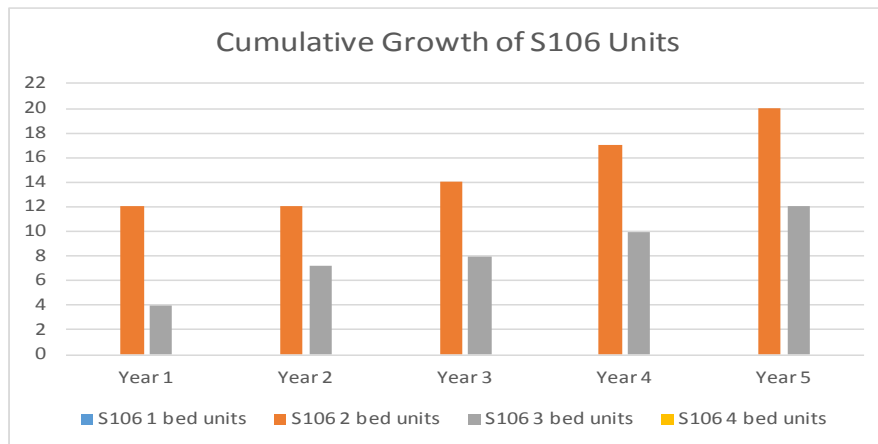
Landlord Products

Rent levels have previously been set at slightly higher than LHA but that will increase for this coming year to 90% of market value. The business plan assumes inflation as CPI @ 2%.

Section 106 Units

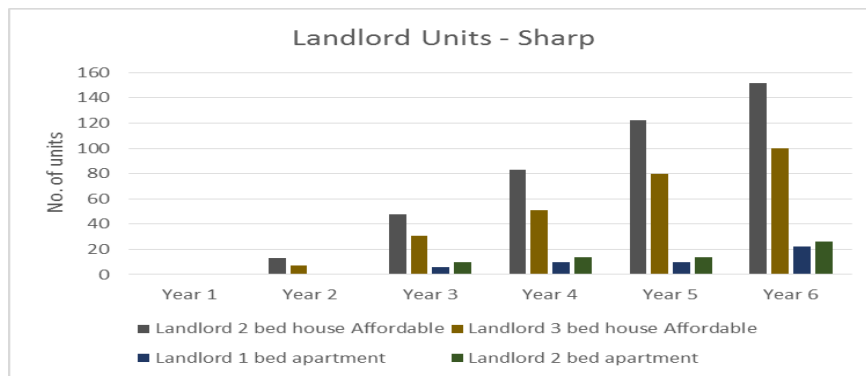
Rent levels will be set at 90% of market value for all future S106 properties. Market value will be set by an independent letting agent when property valuations take place.

The growth assumed in the plan is shown below:



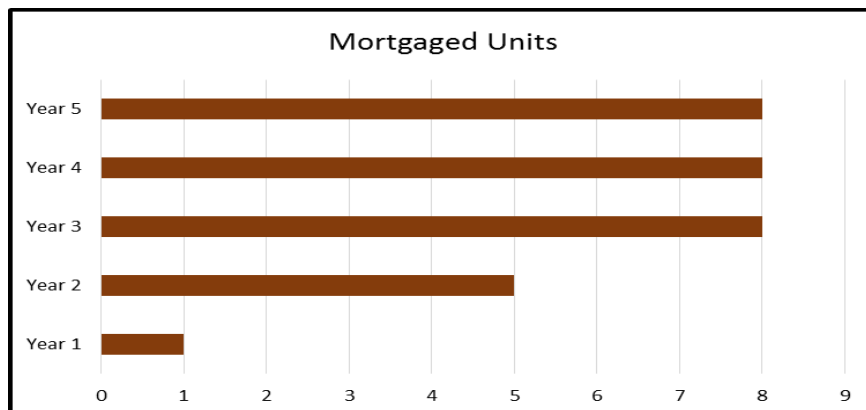
SHARP Units

The Sharp programme anticipates a range of units as shown below from year 2 of the plan. The plan expects 65 units by the end of year 2 rising to 300 units by year 6.



Mortgaged Units

The plan includes the purchase of existing build units as investment properties. These units will be financed via a loan which potentially will be secured against the S106 units. The table below shows that the 30 year plan assumes 1 unit in 2015/16, growing to 8 units in year 3:



Managed Lettings Units

The plan reflects steady growth in the budget and forecasts a further 10 managed lettings by the end of 2015/16, followed by a further 5 in 2016/17. This will take NEW Homes to 25 unit's year on year in the plan. The plan assumes a range of products for our customers including:-

- Full managed offer
- Tenant Find
- Tenant Find and Rent collection
- Over 55's Housing choice

All of these products are included with in the plan, but these will be reviewed in the early part of 2016, taking full account of actual performance, with a view to assisting the board to make a decision regarding the effectiveness of these services and the future investment in these.

Over 55's Housing Choice

The over 55's housing choice is an offer which is hard to forecast and due to this and the low growth seen in 2014/15 we are not assuming any new units in 2015/16. If a home owner decides to go ahead with the scheme, it is dependent on the availability of Council sheltered property in the area they choose, this is sometimes restricted by availability of stock particularly in high demand areas. Whilst this offer is one which NEW Homes would like to remain in their portfolio of products it is also one which is likely to have low take-up.

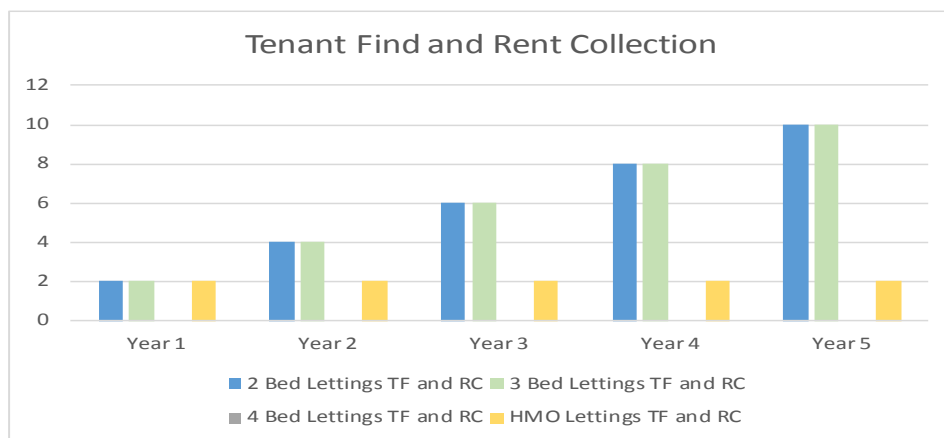
Tenant find Service

New Homes will offer a flat fee of £250 to find a tenant for the landlord and do all relevant checks. The 2015/16 plan assumes 10 customers per year taking up this service.

Tenant find and rent collection service

This service includes a flat fee of £250 as above and also a 3% rent collection charge per month which includes collecting rent and deposits on behalf of the landlord and chasing non-payment.

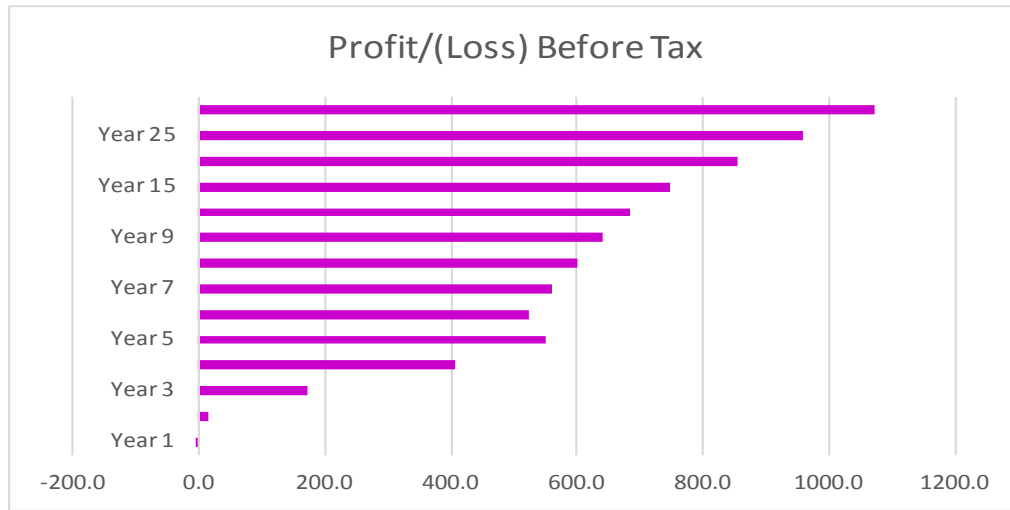
The plan anticipates growth to 21 units by year 5. These products should enable the managed lettings offer to become more self-sustainable as they are low cost to administer.



30 year financial projections

The 2015/16 budget projects profits from the start of the plan generating healthy profits year on year.

The chart below illustrates the forward projections for surpluses:



Income assumptions

Rental income

Rental income is assumed at 90% of market and inflated for all landlord units at CPI @ 2%.

General income

General income assumptions are as follows:

- Full managed offer is assumed at 10% plus a £195 fee
- Tenant find assumes a £250 flat fee
- Tenant find and rent collection assumed at £250 plus 3%
- Over 55's housing choice assumes a 25% guaranteed rent.

Void rent loss

Void rent loss is assumed as follows:

- 1.5% of rental income for S106 units
- 1.84% of rental income for sharp units

Direct cost Assumptions

Bad Debt Provision

- 1.0% of rental income for S106 units
- 2.0% of rental income for sharp units

Responsive and Void Repairs

- £200 per unit for S106 and mortgaged units
- £250 per unit for SHARP units

Cyclical Repairs

- £200 per unit for S106 and mortgaged units
- £250 per unit for SHARP units

Major Repair Provision

A provision per unit is made for life cycle replacement costs of capital works in our landlord units. These include boiler replacement, kitchen replacement etc. The assumptions are shown below:

Years 1-5

- £350 in all landlord units

Years 6 onwards

- £750 for S106 and mortgaged units
- £980 for SHARP units

Indirect Costs (Overheads)

Indirect costs have been included as follows:

Pay costs

£54.1k pay costs. Staff recharges from Flintshire County Council based on the time and salary scale in the table above.

I.T costs

£2.3k I.T costs for Wifi, support for Landlord Manager and hosting of Sage Financials.

Subscriptions

£1.3k subscription costs. Membership of UKALA costing £650pa and the RLA costing £125pa and housing Cymru costs.

Consultancy

£33.5k - £3.5k general, £5k legal, £25k Design & Consultancy

Legal and year end finance

£2.0k on legal and year end finance costs. Sage Accountants in St Asaph will be completing the year end accounts. An audit on client monies is also a legal requirement.

Bank/Loan charges

£0.5k Bank and loan charges. The free banking agreement ends in May 2015. NEW homes will be transferred on to an e-payments account at a cost £6.50 per month, but daily internet payments and transactions, which are the majority of our transactions, are then free of charge. The FCC loan repayment is £233 per year for a 3 year period at 1.83% interest rate.

Marketing

£2.6k Van advertising costs are estimated at £500 p.m for 3 months which would include adverts on 20% of Flintshires Van stock.

Creation of new pop ups will require further art work and product printing estimated at £600.

Inside Flintshire magazine advert based on a full page A5 advert at a cost of £120 per month for 6 months.

Cash Flow

The loan from Flintshire County Council was paid over to NEW Homes in August 2014 in the amount of £25k. There is an agreement in place to repay this over 3 years at half yearly instalments at an interest rate of 1.83%, which amounts to £801 in total.

Financing Costs

The SHARP units are financed within the plan via a 30 year leaseback arrangement whereas the units convert to us in year 30 for £1. The rate is based on 4.1% over the term increasing by CPI @ 2%.

Mortgage Costs

The mortgage units are proposed to be financed within the plan via a secured or unsecured loan. The rate assumed is based on a purchase price per unit of £125k and a rate of 2% above CPI rising over three years to 4% over CPI. This is based on a 30 year loan.

Depreciation

We are still working through the mechanics of depreciation with our accountants however for the purposes of the plan the following assumptions have been made.

S106 units are investment units and are not depreciated but are revalued every couple of years, any revaluation will be required to be taken to the profit and loss in the year of revaluation.

Leaseback units are depreciated as a 'wasting asset' over thirty years (the life of the lease) and then reintroduced on the balance sheet in year 30 as an asset (as per the S106 units). Revaluation applies.

Mortgage Units are depreciated either over the life of the loan or 50 years. For the purposes of the plan they have been depreciated over 50 years. Revaluation applies.

All capital repairs are taken straight to the profit and loss as revenue.

5yr Balance Sheet

NEW Homes Balance Sheet Forecasts

Balance Sheet Forecast	£'000 Year 1	£'000 Year 2	£'000 Year 3	£'000 Year 4	£'000 Year 5
HOUSING ASSETS					
Housing Properties at cost	250.0	1,000.0	1,000.0	1,000.0	1,000.0
Property Leases	0.0	1,799.8	8,549.0	14,218.3	20,337.5
Social Housing Grants					
Other Capital Grants					
Depreciation Housing Properties cumulative	-5.0	-85.0	-390.0	-789.4	-1,385.3
Net Book Value Of Housing Properties	245.0	2,714.8	9,159.0	14,428.9	19,952.2
Other Fixed Assets Tangible					
Other Fixed Assets Intangible					
Other Fixed Assets Investments					
Homebuy Loan					
Homebuy Grant					
Total Fixed Assets	245.0	2,714.8	9,159.0	14,428.9	19,952.2
Current Assets					
Bank	22.1	116.5	593.2	1,366.4	2,435.1
Bad Debt Write Off	0.0	0.0	0.0	0.0	0.0
Total Current Assets	22.1	116.5	593.2	1,366.4	2,435.1
Current Liabilities					
Corporation Tax	0.0	-2.2	-32.1	-76.8	-103.7
Total Current Liabilities	0.0	-2.2	-32.1	-76.8	-103.7
Net Current Assets Excl Pension	22.1	114.3	561.1	1,289.6	2,331.5
Pension Asset Total					
Net Current Assets Incl Pension					
Total Assets Less Current Liabilities	267.1	2,829.1	9,720.1	15,718.4	22,283.6
DEFERRED LIABILITIES					
Outstanding Loan Balance	-250.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0
Other Long Term Creditors	0.0	-1,799.8	-8,549.0	-14,218.3	-20,337.5
NET ASSETS	17.1	29.3	171.1	500.1	946.1
Share Capital and Reserves					
Retained Surplus	16.6	29.3	171.1	500.1	946.1
Total Reserves	16.6	29.3	171.1	500.1	946.1

5yr P&L

NEW Homes 5 Year Profit and Loss Forecast

All Units	Year 1	Year 2	Year 3	Year 4	Year 5
	£'000	£'000	£'000	£'000	£'000
Income From Lettings					
Rent Receivable	100.2	268.9	774.4	1,207.4	1,707.7
Management fee Income	14.4	19.2	21.5	23.0	24.0
Sign up Income	2.3	1.7	0.3	0.0	0.0
Voids rent loss	1.0	3.7	12.5	20.2	29.1
Net Rental Income	116.0	286.1	783.8	1,210.3	1,702.6
Operating Costs					
Sign up costs	0.2	0.2	0.1	0.1	0.1
Responsive & Void repair costs	3.3	9.7	30.7	48.8	69.3
Cyclical costs	0.8	6.3	26.2	43.6	63.2
General Management Costs	92.2	107.3	117.5	123.6	167.7
Bad Debt Provision	1.0	3.9	13.4	21.8	31.4
Major Repairs costs	0.0	0.0	0.0	11.3	12.6
Depreciation charges	5.0	80.0	305.0	399.5	595.9
Total Operating Costs	102.5	207.3	492.9	648.6	940.2
Lease Interest Payable	0.0	13.8	67.0	95.8	152.8
Mortgage Interest Payable	10.0	50.0	50.0	60.0	60.0
Profit/(Loss) Before Tax	3.4	15.0	173.9	405.8	549.6
Corporation Tax	(0.5)	(2.2)	(32.1)	(76.8)	(103.7)
Profit/(Loss) After Tax	2.9	12.7	141.8	329.0	446.0
Cumulative Retained Surplus	16.6	29.3	171.1	500.1	946.1

North East Wales Board Meeting Agenda Item 8

Date of Meeting	Tuesday 10th January 2017
Report Subject	Financial and Operational Update
Report Author	Melville Evans
Type of Report	Operational

EXECUTIVE SUMMARY

The purpose of this report is to present to Board the current position with regard to financial and operational performance, highlight any key material changes since last report in respect of income, expenditure, treasury management, operational performance and financial risks.

RECOMMENDATIONS

1	Board note content of the report.
2	Board approve the proposed format of operational performance report going forward.

REPORT DETAILS

1.00	Finance and Operational update report
1.01	<p>This report provides the Board of New Homes with an overview of NEW Homes (NEWHs) financial and operational performance/position to 30th November 2016.</p> <p>Financial Update</p> <p>The following Income and Expenditure Account shows, as at November 2016, NEWHs is projecting a surplus of £15.8k for 2016/17. This is based on variations to the</p>

Business Plan for the previous reduction in stock numbers.

**NEW Homes
Profit and Loss Forecast 2016/17**

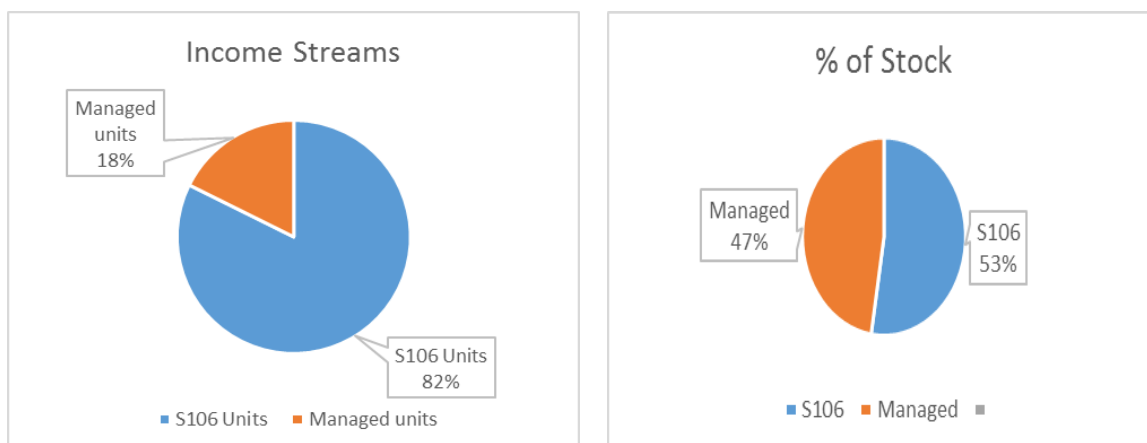
All Units	Budget	Apr - Nov	Dec - Mar	Outturn	Variance
	£	£	£	£	£
Income					
S106/Mortgaged Units					
Rent Receivable	(184,400.00)	(95,795.00)	(58,995.00)	(154,790.00)	29,610
Voids rent loss	0.00	0.00	0.00	0.00	0
Service charges	0.00	(648.00)	(2,196.00)	(2,844.00)	(2,844)
Managed Letting units					
Management Income	(24,650.00)	(21,762.34)	(2,609.51)	(24,371.85)	278
Over 55s Income	(7,150.00)	(4,400.00)	(2,200.00)	(6,600.00)	550
Tenant Find Only Income	(1,500.00)	(300.00)	(600.00)	(900.00)	600
Sign up Income	(4,875.00)	(780.00)	(1,170.00)	(1,950.00)	2,925
Voids rent loss	0.00	0.00	0.00	0.00	0
Net Rental Income	(222,575.00)	(123,685.34)	(67,770.51)	(191,455.85)	31,119.15
Operating Costs					
S106 Units					
Routine Repair and Cyclical Costs	12,000.00	3,871.59	2,330.41	6,202.00	(5,798)
Major Repairs Provision	0.00	0.00	0.00	0.00	0
Bad Debt Provision	2,900.00	0.00	1,500.00	1,500.00	(1,400)
Bad Debt Write Offs	0.00	0.00	0.00	0.00	0
S106 Legal Fees	0.00	0.00	1,500.00	1,500.00	1,500
S106 Service Charge	0.00	0.00	2,844.00	2,844.00	2,844
Depreciation	0.00	0.00	0.00	0.00	0
Over 55s					
Over 55s Guaranteed Rent	0.00	3,300.00	1,650.00	4,950.00	4,950
Overheads					
General Management Recharges	133,625.00	15.75	115,754.92	115,770.67	(17,854)
Comms and software	3,100.00	4,585.88	661.62	5,247.50	2,148
Subscriptions	1,275.00	2,746.95	0.00	2,746.95	1,472
Financing charges	5,300.00	3,488.08	118.92	3,607.00	(1,693)
Marketing and Printing	1,500.00	0.00	0.00	0.00	(1,500)
Deposit Charges	700.00	179.52	0.00	179.52	(520)
Training	0.00	1,182.00	0.00	1,182.00	1,182
Other - General	1,000.00	106.86	393.14	500.00	(500)
Consultancy	15,000.00	14,952.42	8,447.58	23,400.00	8,400
Total Operating Costs	176,400.00	34,429.05	135,200.59	169,629.64	(6,770.36)
Interest Payable	18,500.00	0.00	0.00	0.00	(18,500)
Surplus Before Tax	(27,675.00)	(89,256.29)	67,430.08	(21,826.21)	5,848.79
Corporation Tax	6,050.00	0.00	6,050.00	6,050.00	0
Surplus After Tax	(21,625.00)	(89,256.29)	73,480.08	(15,776.21)	5,848.79

Income

As at November 2016 we have an adverse income variance to budget of £31.1k for the year. This is due to the removal of the Mortgaged units and revised handover dates for the remaining S106 properties.

	Budget	Projection	Variance
S106 Units	-(£184,400.00)	-(£157,634.00)	£26,766.00
Managed units	-(£38,175.00)	-(£33,821.85)	£4,353.15
	-(£222,575.00)	-(£191,455.85)	£31,119.15

£157.6k (82%) of income relates to rental charges on the S106 units which make up 53% of the property portfolio. £33.8k (18%) of income is from management fees via our managed portfolio.



Operating Costs

As at November 2016 we have a favourable variance on costs to budget of £6.8k for the year.

	Budget	Projection	Variance
S106 Units	£ 77,885.00	£ 92,243.34	£14,358.34
Managed units	£ 98,515.00	£ 77,386.31	-(£21,128.69)
	£ 176,400.00	£ 169,629.64	-(£6,770.36)

S106 Direct Costs

We are currently projecting costs of £12k for the S106 units against a budget of £15k. This is for land searches, valuation charges for new sites transferring to us and Gas Safety Certificates for each property as they become due.

Lower than anticipated remedial costs have been projected in year on the S106 properties. This is due in part to the low tenant turnover.

Overheads – all properties

Communications and Software

Projected spend of £3,300 for the ongoing software support on Landlord Manager and the hosting of the system on the Cloud via an external company.

Financing Charges

Actual spend of £3,600 relating to the Yearend Accounts completed by Sage & Co. costing £3,300, along with bank charges and loan interest amounting to £300.

Subscription Charges

Actual spend of £2,746 relating to the Rent Smart Wales membership, Residential Landlords Association (RLA) and UK Association of Letting Agents (UKALA).

Consultancy

Projected spend of £23.4k has been set aside to pay for the following:

- Advice on Taxation matters from BDO which amounted to £10,762.50
- Legal advice from Trowers & Hamlin Consultants which amounted to £8,284.34
- David Tolson engagement for Andy Roskams time which amounted to £4,189.92

General Management Recharges

These relate to the staff costs attributable to NEW Homes that will be transferred from Flintshire County Council at year end. Within the Support Charges is an assumption of £15.0k relating to office premises, Chief Officer advice, IT support etc.

All figures are inclusive of VAT.

Staff Recharges - Finance	£22,683.00
Staff Recharges - Operational Staff	£55,499.96
Staff Recharges - Legal	£6,000.00
VAT Staff Recharges for 2014/15 & 2015/16	£16,571.96
Support Charges	£15,000.00

Stock Assumptions

In the Business Plan we had expected a growth rate of 85.19%. Based on the current evaluation of business for 2016/17, the growth rate reduces to 42.59%. Mix of business shown below.

	2015/16	2016/17	Expected Growth
S106 Units	21	31	
Mortgaged Units	0	0	
HMO/Over 55s	1	2	

**Managed
units**

32	44	
54	77	42.59%

The Business Plan assumed a stock portfolio of 100 units, based on the re-evaluation we are projecting a portfolio of 77 units. A decrease of 23 units, being 8 mortgaged properties and 15 managed units, as displayed below.

	Business Plan	Projected
S106 Units	31	31
2 Beds	23	23
3 Beds	8	8
Managed Units	61	46
1 bed	3	3
2 beds	26	20
3 Beds	25	18
4 beds	3	2
Over 55s	3	3
HMO	1	0
Mortgaged Units	8	0
	100	77

Revision of the stock numbers, and timing of the handover for the S106 properties, reduces the overall income budget from £222.6k to a projected income of £191.5k. A reduction of £31.1k.

The reduction of these stock numbers does not impact on the Management Costs due to the amount of work that is involved in managing the tenancies.

Managed Units - we currently have 2 tenancies under Section 21 Notices to end the tenancy, along with 1 former tenancy awaiting a payment plan and 1 former tenancy under dispute with landlord. Current rent arrears for these properties, which are borne by the landlord, amount to £6.9k. The liability for chasing these debts, through the courts, rests with the landlord.

Section 106 property rent arrear figures are Zero.

Complaints

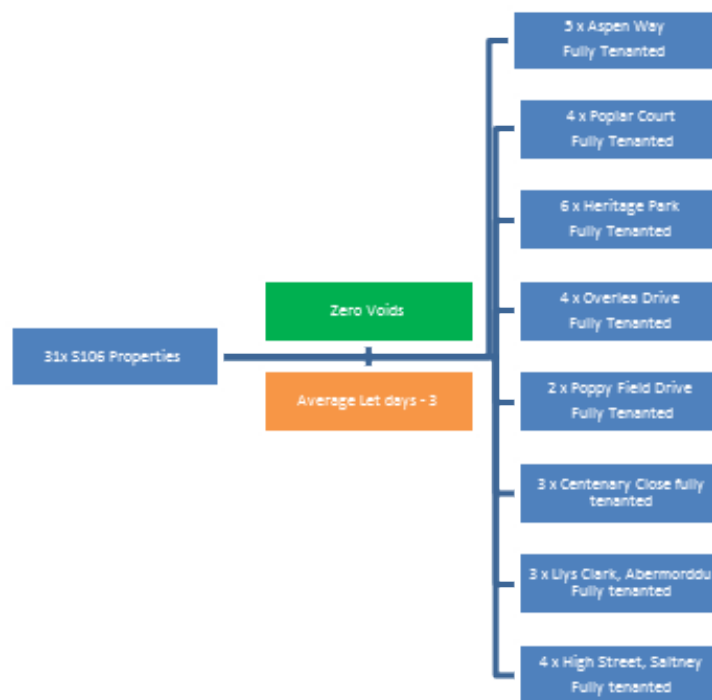
In October 2016 NEW Homes received a complaint from a landlord of a tenant causing damage to their property and non-payment of rent arrears amounting to

£685.00. The property was subsequently abandoned by the tenant. Following discussions with the Chair, it was agreed that NEW Homes should fully compensate the landlord for undertaking repairs to the property, along with payment of the rent arrears. The damage to the property is excessive and at the time of writing this report the final invoice had not been received from the contractor undertaking the repairs. However a sum of £4K has been set aside within the company's accounts to cover these costs. Board will be updated on exact costs at the February Board.

NEW Homes will be pursuing this debt against the tenant and is currently awaiting legal advice from its legal advisors on the most appropriate approach to address this issue satisfactorily. An update will be provide at the February Board meeting

Operational Update

S106 Units



2016/17 Average Let Days 3 days



Managed Properties – Signed up



Comparison of average let days for 2015/16 to 2016/17 decreased by 6 days. We are still experiencing issues with properties being in a lettable condition on handover from the landlord.



Business Growth projects

At the NEW Homes Board Away Day there was a discussion with regard to a project for expanding accommodation choices for the over 55's whilst freeing up housing for social applicants, we are reviewing the details for this product and arrangements are being put in place to undertake consultation with local stakeholder groups which represent older persons, including Age Concern early in January 2017. Local estate agents are also being consulted to better understand house market conditions and the options available to older people wishing to downsize their properties. Finally, the Council's Lettings Policy will be looked at as part of the review to determine whether greater flexibility is required to make the Older 55's option a realistic opportunity for older persons. The finding of the consultation exercise will be presented to Board in February 2017.

Proposals for Operational Performance Management reporting

Attached to this report as Appendix 1 is a draft format for an operational performance report going forward. It is proposed that this becomes a standard agenda item at each Board meeting and is designed to give Board members the assurances that operational performance for NEWH's is on track and that corrective action is being taken if performance dips below acceptable levels.

Operational targets will be set where appropriate and the traditional traffic light system of red amber and green will be used to give an easy indication of where performance is for each particular indicator. The indicators have been set in line with best practice

	and with regard to the standards within the Welsh Rent Smart code of practice.
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2.00	RESOURCE IMPLICATIONS
2.01	There are no resource implications directly associated with this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Not applicable for this report.

4.00	RISK MANAGEMENT
4.01	Headline financial and operational risks only and any changes to risk profile since last report

5.00	APPENDICES
5.01	Appendix One: Draft Operational Performance report template

DRAFT NEW Homes Operational Performance Template Report for period xx – xx

Section 106 units

Narrative on any variances and corrective actions

	In period	Year to date	Target	Performance
Total in management				
Total let				
Applicants				
Voids				
% available to let				
Average re let time				
terminations				
Average rent charged				
% rent collected				
% customer satisfaction				

Managed units

	In period	Year to date	Target	Performance
Total in management				
Total lets				
Applicants				
voids				
% available to let				
Average relet time				
terminations				
Average rent charged				
% management fees				

collected				
% rent collected				
% customer satisfaction				

Narrative on any variances and corrective actions

All stock in management

	In period	Year to date	Target	Performance
Total in management				
% income collected against income due				
Management costs per property				
Average rent charged				
% available to let				
Average relet time				
number of voids				
% repairs completed in time				
% properties with LGSR				
% properties with carbon monoxide monitor				
% properties with smoke detector				
% properties with EPC				
% property inspections completed				
number of complaints				

received				
% complaints responded to in time				

Narrative on any variances and corrective actions

Update on business growth projects

Brief update here on any projects that are being developed to grow the business in line with NewHomes strategic objectives.

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COMMUNITY & ENTERPRISE OVERVIEW & SCRUTINY COMMITTEE

Date of Meeting	Wednesday 1 st February, 2017
Report Subject	Forward Work Programme
Cabinet Member	Not applicable
Report Author	Community & Enterprise Overview & Scrutiny Facilitator
Type of Report	Operational

EXECUTIVE SUMMARY

Overview & Scrutiny presents a unique opportunity for Members to determine the Forward Work programme of the Committee of which they are Members. By reviewing and prioritising the Forward Work Programme Members are able to ensure it is Member-led and includes the right issues. A copy of the Forward Work Programme is attached at Appendix 1 for Members' consideration which has been updated following the last meeting.

The Committee is asked to consider, and amend where necessary, the Forward Work Programme for the Community & Enterprise Overview & Scrutiny Committee.

RECOMMENDATION

1	That the Committee considers the draft Forward Work Programme and approve/amend as necessary.
2	That the Facilitator, in consultation with the Chair of the Committee be authorised to vary the Forward Work Programme between meetings, as the need arises.

REPORT DETAILS

1.00	EXPLAINING THE FORWARD WORK PROGRAMME
1.01	Items feed into a Committee's Forward Work Programme from a number of sources. Members can suggest topics for review by Overview & Scrutiny Committees, members of the public can suggest topics, items can be referred by the Cabinet for consultation purposes, or by County Council or Chief Officers. Other possible items are identified from the Cabinet Work Programme and the Improvement Plan.
1.02	<p>In identifying topics for future consideration, it is useful for a 'test of significance' to be applied. This can be achieved by asking a range of questions as follows:</p> <ol style="list-style-type: none">1. Will the review contribute to the Council's priorities and/or objectives?2. Is it an area of major change or risk?3. Are there issues of concern in performance?4. Is there new Government guidance of legislation?5. Is it prompted by the work carried out by Regulators/Internal Audit?
2.00	RESOURCE IMPLICATIONS
2.01	None as a result of this report.
3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Publication of this report constitutes consultation.
4.00	RISK MANAGEMENT
4.01	None as a result of this report.
5.00	APPENDICES
5.01	Appendix 1 – Current Forward Work Programme
6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>None.</p> <p>Contact Officer: Ceri Shotton Overview & Scrutiny Facilitator</p> <p>Telephone: 01352 702305</p> <p>E-mail: ceri.shotton@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	Improvement Plan: the document which sets out the annual priorities of the Council. It is a requirement of the Local Government (Wales) Measure 2009 to set Improvement Objectives and publish an Improvement Plan.

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CURRENT FWP

Date of meeting	Subject	Purpose of Report	Scrutiny Focus	Report Author	Submission Deadline
8 March, 2017	Quarter 3 Improvement Plan Monitoring Report	To enable Members to fulfil their role in relation to performance monitoring.	Assurance/Monitoring	Community & Enterprise Facilitator	1 March 2017
	Welfare Reform Update	To update on the impact of Welfare Reform on Flintshire residents.	Assurance/Monitoring	Service Manager, Customer Support	
	Customer Services Strategy Update	To provide an update on the Customer Services Strategy.	Assurance/Monitoring	Service Manager, Customer Support	
14 June, 2017	Terms of Reference of the Committee	To enable the Committee to consider and agree the terms of reference for the Committee.	Consultation	Community & Enterprise Facilitator	7 June 2017
19 July, 2017	Welfare Rights Collaboration Update	To update on the collaboration, outcomes and performance	Assurance/Monitoring	Service Manager, Customer Support	12 July 2017
	Review of Fair Debt Policy	To enable Members to review the Fair Debt Policy.	Assurance/Monitoring	Income Manager	

	<p>Quarter 4/Year End Improvement Plan Monitoring Report</p>	<p>To enable Members to fulfil their role in relation to performance monitoring</p>	<p>Assurance/Monitoring</p>	<p>Community & Enterprise Facilitator</p>	
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Items to be scheduled

- Work of the Economic Ambition Board
- Local Lettings Policy, Flint – to be submitted nearer the completion of the housing development in Flint
- Update on the commissioning of CAB for Welfare Rights following its implementation
- Housing Renewal Policy
- Environmental Programme for the WHQS

Suggested Workshops

- The work of the Economy and Enterprise Team – to be arranged following the May 2016 Local Government Elections.

REGULAR ITEMS

Month	Item	Purpose of Report	Responsible / Contact Officer
Quarterly / Annual	Performance Reporting	To consider performance outturns for improvement targets against directorate indicators.	Chief Officer (Community and Enterprise)
Six monthly	HRA Business Plan & WHQS	To update Members on progress made in meeting the WHQS and HRA business plan budget efficiencies	Chief Officer (Community and Enterprise)
Six monthly	Welfare Reform Update – including Universal Credit	To update Members on the impact of Welfare Reform and the cost to the Council.	Chief Officer (Community and Enterprise)
Six monthly	Update on North East Wales Homes & Property Management	To update Members on the work of the North East Wales Homes & Property Management	Chief Officer (Community and Enterprise)
Annually	HRA Efficiencies	To enable the Committee to monitor progress in meeting proposed HRA Efficiencies.	Chief Officer (Community and Enterprise)
	HRA Subsidy Risk Register	To enable the Committee to monitor ongoing risks following the introduction of self-financing for the HRA.	Chief Officer (Community and Enterprise)
Annually	Overview Report for Commuted Sums and Shared Equity Redemption Payments Policy	To enable the Committee to review how the money was being spent.	Service Manager, Housing Programme

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