


Strategic Topic
Substantive Items
Committee Reports
Items below this line are for receipt and/or approval, without discussion
Closing Items
SOLIHULL COMMUNITY HOUSING
BOARD MEETING

 Monday 28 September 2020 at 6.00 pm
 Endeavour House - Meriden Drive, Kingshust

AGENDA

Ref	Item	Purpose	Lead	Report Type	Report Classification
1	Chair's Welcome and Introduction				
2	Apologies for Absence				
3	Declarations of Interest				
4	Minutes of the Meeting held on 27 July 2020				
5	Action Log				
6	SMBC Council Plan	Nick Page – Chief Executive SMBC Sarah Barnes – Head of Business Intelligence & Improvement SMBC			
7	Chief Executive's Update - CONFIDENTIAL	Fiona Hughes – Chief Executive			
8	Health and Safety Report for Q1 2020/21	Mark Pinnell – Executive Director Assets			

		& Development Mark Wills – Health & Safety Team Manager SMBC			
9	SCH Energy and Environmental Sustainability Strategy	Fiona Hughes – Chief Executive			
10	Budget 2021/22	Samantha Gilbert – Chief Financial Officer			
11	Financial Monitoring Report for Q1 2020/21	Samantha Gilbert – Chief Financial Officer			
12	Chair's Report from Housing Operations Committee held on 7 September 2020	Chris Williams – Chair Housing Operations Committee			
13	Forward Plan				
14	Any Other Business				
15	Review of Meeting				
16	Date of next Meeting: 30 November 2020				

MINUTES

Present: Richard Hyde (Chair), David Bell, Ben Burton, Jenny Fletcher, Diane Howell, Nigel Page, Patricia Smith (Vice Chair), Louise Tubbs, and Chris Williams

Officers: Fiona Hughes; Surjit Balu; Kevin Bennett; Samantha Gilbert; Mark Pinnell; Mary Moroney; Olly Dodds; Mark Wills; Tony Bolder from Prism Fire Risk Management (until end of item 8)

1. CHAIR'S WELCOME AND INTRODUCTION

The Chair welcomed members to the meeting and advised that following the full Council meeting in July 2020 Katy Blunt had stepped down from the Board. The Chair asked for the thanks of the Board to be passed to Katy for her work over the past year.

2. APOLOGIES FOR ABSENCE

There were no apologies for absence.

3. DECLARATIONS OF INTEREST

There were no new declarations of interest.

4. MINUTES OF THE LAST MEETING

There were no matters arising from the previous minutes.

DECISION

THE BOARD

(i) **APPROVED** the minutes of the meeting held on 8 June 2020.

5. ACTION LOG

It was noted in relation to action reference 0919-5 that the Board are anxious to see progress with setting out SCH's approach to Carbon management and setting an energy efficiency target. It was agreed that a progress report will be presented to the Board in September.

DECISION

(i) **NOTED** the action log.

6. CHIEF EXECUTIVE'S UPDATE

The Chief Executive offered congratulations to Patricia Smith on her shortlisting in the Housing Heroes Awards in the Tenant Lifetime Contribution category.

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The offices have now been made Covid secure to permit staff to safely return to work if necessary although where possible staff will continue to work from home to ensure social distancing can be maintained. Generally, key performance indicators show a good level of performance and advised that since the report had been drafted the number of gas safety certificates which were overdue had reduced to 14. The indicator causing the most concern at present is rent arrears which is proving challenging at this time.

Board member questions:

1. In relation to anti-social behaviour cases the HouseMark data is indicating that SCH performance is very positive but the satisfaction data and evidence arising from the petition received from residents seems to show a conflicting position.

Surjit Balu responded that localities working during the Covid-19 lockdown had been very positive with close working with the local community, Police and Council to address serious issues. However, with so many people spending longer at home than usual there was a spike in reports of low level issues which was giving rise to the dissatisfaction levels. With regard to the petition this is an isolated case which will be discussed later on the agenda

The Chief Executive went on to discuss building safety which is critical to SCH and the Council and a focus of attention across the sector. The Asset Management Strategy which is jointly owned by both SCH and the Council is an important tool for measuring the stock performance and viability. The initial results of the stock condition survey will be available in October 2020 and it is planned to hold a Stakeholder Workshop when the data is available which will include Board members.

The Board Task & Finish Group is continuing to progress recruitment of a tenant member to replace Patricia Smith but due to carrying out some additional promotional work to attract as diverse a field of candidates it is unlikely that the recruitment will be completed prior to the AGM in September. Consent has therefore been sought from the shareholder to extend Patricia Smith's term of office until for up to 6 months. The Task & Finish Group will also be recruiting to the independent member vacancy.

Board member questions:

1. When will the Learning Pool be available for staff and Board members to access online training?

Fiona Hughes advised that this was expected to be available in the next couple of weeks.

2. With regard to the Strategic Vision there is a comment on page 15 referencing that the Solihull Council Plan will be reset in 2020 which has now happened. Can this statement now be amended?

Fiona Hughes confirmed that we will make the amendment as requested.

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With regard to the Vision statement there was general agreement that the word “aspiring” should be removed but otherwise Board were content to approve the Vision statement.

DECISION

- (i) NOTED** the content of the report.
- (ii) NOTED** the decision of the Council that Katy Blunt steps down from the Board with effect from 27 July 2020.
- (II) APPROVED** the Strategic Vision 2020-2025 subject to the minor amendments requested by the Board (removing the word aspiring from the Vision statement and confirming that the Solihull Council Plan has now been reset).

7. ANNUAL GOVERNANCE REVIEW

Board members suggested including Equalities in the title of the Human Resources and Remuneration Committee to reflect that this is an important element of the work of the Committee. It was agreed that this would be discussed at the next meeting of the Committee with proposals arising being brought back to full Board for approval.

DECISION

- (i) APPROVED** the adoption of the revised Standing Orders for SCH with immediate effect
- (ii) APPROVED** the proposed amendments to the Committee Terms of Reference
- (iii) NOTED** the Board attendance and expenses claimed for 2019/20

8. FIRE SAFETY MANAGEMENT – SPANDREL PANELS – CONFIDENTIAL

Item 8 on the agenda was a confidential item and therefore the minutes are recorded separately.

9. ANNUAL RISK MANAGEMENT REPORT

Fiona Hughes advised that the corporate risk register is reviewed quarterly by the Audit & Risk Committee and the report presented to full Board represents the annual review. Olly Dodds from the Council's Internal Audit Team provides risk management advice and support to SCH and was in attendance to answer any questions arising from the report.

Board members raised the following questions:

1. In relation to the risk of fraud what are the main areas of concern?

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Surjit Balu advised that there were a range of concerns regarding fraud but the main issues relate to fraudulent housing applications, subletting of tenancies, fraudulent housing benefit and right to buy claims. Surjit confirmed that there are a range of mitigating actions in place to try to identify and deter fraudulent activity including close partnership working with the Council's Internal Audit Team.

2. The Covid Risk register refers to a potential shortage of temporary accommodation units to cope with a spike in cases of domestic violence. How many additional units are required? /Have been acquired?

Surjit Balu advised that sector intelligence suggested that there could be a significant spike in demand but in Solihull it has been a gradual increase rather than a spike and we have managed to cope within existing housing revenue account units. We did source additional budget hotel capacity and 4 extra two bed units from the housing stock.

3. SCH have had a small number of staff required to shield due to Covid but unable to carry out their duties from home. What measures are being taken to retrain /upskill these staff members to permit home working in future if necessary?

Fiona advised that the position was under constant review but there was no additional cost to SCH whilst these staff had been unable to work as they were not replaced so it was lost productivity rather than additional cost incurred.

DECISION

- (i) **NOTED** the information produced relating to SCH's corporate risks

Olly Dodds left the meeting at 7:27 pm

10. PERFORMANCE EXCEPTION REPORT QUARTER 1 2020/21

Kevin Bennett introduced the report advising of good progress in relation to customer satisfaction levels. The cost per property data was noted and is useful but Board members felt that this could be further developed. It was agreed that Kevin Bennett and Samantha Gilbert will work with Nigel Page to propose amendments to the indicators to make the data more useful for analysis whilst retaining alignment with HouseMark indicators for comparison purposes.

DECISION

- (i) **NOTED** the overall performance outturn and the commentary, listed in Appendix A, on those KPI's where targets have not been met

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11. NOTIFICATION OF RECEIPT OF PETITION - CONFIDENTIAL

Item 11 on the agenda was a confidential item and therefore the minutes are recorded separately.

12. CHAIR'S REPORT FROM THE HUMAN RESOURCES AND REMUNERTION COMMITTEE MEETING HELD ON 7 JULY 2020

Jenny Fletcher thanked staff for the fantastic response to coping with working through the pandemic. Jenny summarised the meeting noting the reduction in the gender pay gap, agreement that the Board will have a 360 degree appraisal this year and recommending approval of three policies:

- Leave of Absence
- No smoking
- Adoption

The Board agreed to delegate authority to the Chair of the Committee in consultation with the chair of the Board and Committee members to approve the Domestic Abuse Policy.

DECISION

- (i) **APPROVED** the Leave of Absence policy
- (ii) **APPROVED** the No Smoking policy
- (iii) **AGREED** that the Board gives the chair of Human Resources & Remuneration Committee delegated authority to work with the chair of the Board and other Human Resources & Remuneration Committee members to agree the final version of the Domestic Abuse Policy
- (iv) **APPROVED** the Adoption policy
- (v) **NOTED** the actions of the Committee

13. CHAIR'S REPORT FROM THE AUDIT AND RISK COMMITTEE MEETING HELD ON 22 JUNE 2020

Item 13 on the agenda was a confidential item and therefore the minutes are recorded separately.

14. FORWARD PLAN

DECISION

- (i) **NOTED** the Forward Plan.

15. ANY OTHER BUSINESS

SOLIHULL COMMUNITY HOUSING BOARD MEETING – 27 JULY 2020

None

16. REVIEW OF THE MEETING

All Board members confirmed that they were happy with the meeting and felt that there had been productive discussions.

The meeting ended at 8:02 pm

Signed by chair:

Date:.....

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Solihull Community Housing Board Action Log

Green = completed and will be removed from next log and a record is kept by the Governance Team

Amber = in progress due to be completed by due date

Red = not completed or unlikely to be completed by due date

Items not yet due do not have a colour code

1. Actions outstanding / pending / in progress

Ref	Action	Responsible Person	Due Date	Comments	Status
1119-5	Strategic Vision should set out a target for Energy Efficiency / Carbon Management Approach. Board members to send thoughts on approach to Chair /CEO	Fiona Hughes/ Kevin Bennett/All Board members	0120	Energy Efficiency /Carbon Management referenced in the Strategic Vision and the CEO and Chair of Board to discuss target setting with a view to presenting a future report to Board on this topic. The CEO would welcome comments from Board members to feed into report Progress report on agenda for 28 September 2020	
1119-8	Board requested review of the charging for the Handyperson service and the eligibility criteria	Surjit Balu	1020	Charges for Service to be reviewed by October 2020	
1119-9	IOSH Health & Safety Training to be arranged for Chair and Chief Executive and offered to other Board members	Mary Moroney	1220	On hold due to Covid-19 pandemic	
0720-1	Final wording for Domestic Abuse Policy to be agreed by Chair of HR & R Committee, Chair of	Jenny Fletcher /Richard	1020		

	the Board and Committee members	Hyde/Fiona Hughes			
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SOLIHULL COUNCIL PLAN

2020 - 2025

Discussion with SCH Board

Nick Page and Sarah Barnes

28 September 2020



Strategic Context

Internationally & Nationally

Profound change, challenge and opportunity:

- Covid-19 has continuing health, economic, environmental and social implications
- Climate change emergency
- Equality and social justice
- Continuing pace of change around technology
- Implications of a changing relationship with the EU as we transition.

Regionally

- Working to reset our relationship with the WMCA and GBSLEP as we work towards economic recovery
- Working constructively with partners towards an Integrated Care System with an emphasis on place, recognising the specific needs of the borough, building on strong partnership working.

Strengths, Challenges and Opportunities

- “A sound and well-run council” (Local Government Association Corporate Peer Challenge, January 2020)
- A great place to live with quality green spaces, housing and schools
- The Solihull economy has strong foundations (economic assets, highly qualified local workforce) but faces the challenges of recession
- Solihull is one of the most affluent places in the West Midlands but incomes, poverty and life expectancy are unequal
- Vibrant and increasingly diverse communities
- A population that is both growing and ageing with implications for many services
- Covid-19 impacts at every point.

Our Recovery & Reset Roadmap

Recovery now

- Keeping our staff safe
- Staff wellbeing – support, engage and communicate
- Prioritised restart of services
- Working from home is still the best option for all that can during this time
- Support for business critical staff to access buildings
- Flexible working approaches, enabled with technology.

Reset for the future

- Engage with, communicate and involve our staff and partners
- Review our services
- Opportunities for change that will benefit our employees, residents and businesses
- Enhance and unlock more flexible, innovative and smarter ways of working
- Reduce our carbon footprint.

Solihull Council Plan 2020-25

- Provides orientation and strategic direction, setting out where we want to go and what we need to do over the next 5 years
- At the heart of our plan is the belief that economic development, environmental sustainability and health and well-being must go hand in hand
- Sits in the context of the Solihull Health & Wellbeing Strategy and our Covid-19 Economic Recovery Plan
- Complements our Medium Term Financial Strategy which aligns the Council's financial resources to our priorities
- Our plan will need to adapt and evolve as we continue to respond to, and recover from, the impacts of Covid-19.

SOLIHULL COUNCIL PLAN 2020-25

Intended outcomes
Key things to do



Economy

- People, business and the environment benefit from UKC and HS2, including increased access to good work
- More affordable and environmentally sustainable housing built
- Our town and local centres have stable or growing economies
- More visitors to the borough.

Environment

- An enhanced, well connected natural environment
- More people walking, cycling and using public transport
- Air quality has improved by 2025
- The Council is net zero carbon by 2030 and the Borough is net zero carbon by 2041.

People and Communities

- Improvements in early childhood development and school readiness in disadvantaged communities
- Stronger, more connected, resourceful communities finding solutions to local problems
- Children and adults with care and support needs are empowered to build on their strengths and be as independent as possible.

Everything that we do contributes to one or more of the five building blocks of inclusive growth:

Building a vibrant economy	Promoting & delivering social value	Enabling communities to thrive	Actioning our climate change declaration	Improving skills and access to good work
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Enablers of Council efficiency and value for money:
Engagement | Use of Digital | The Employee Journey | Robust Finance | Use of Our Physical Assets

Ongoing delivery of the Solihull plan for recovery from Covid-19

Areas of Mutual Interest

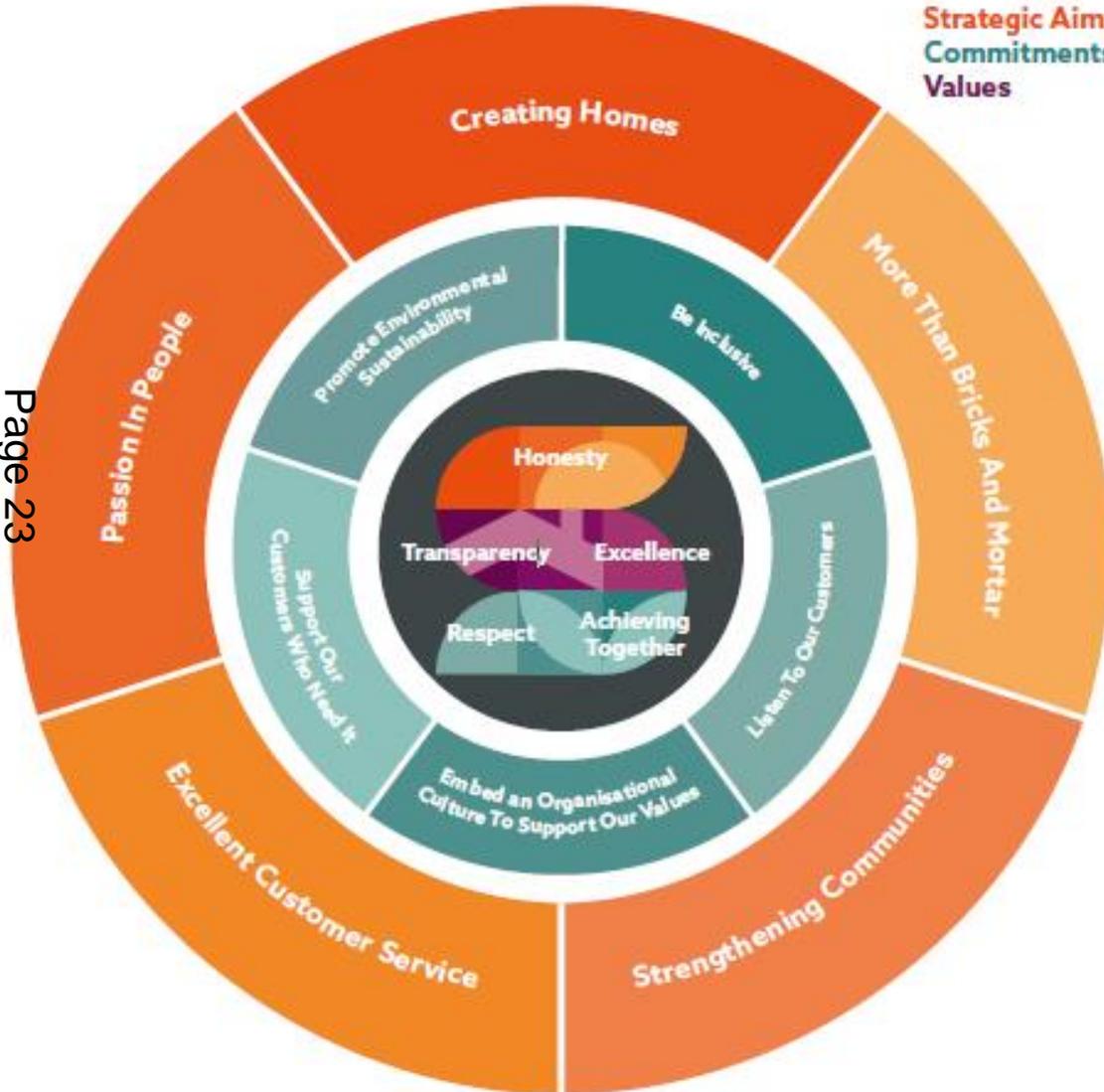
Opportunities to work together to accelerate delivery for our citizens include:

- Bringing our housing ambitions and delivery together into a single strategy
- Increasing the supply of social rented housing
- Delivering on carbon reduction and air quality agendas
- Enabling communities to thrive by strengthening our localities and engaging our communities.

Questions and Discussion

SCH Strategic Alignment With Council Plan

Strategic Aims
Commitments
Values



SCH STRATEGIC VISION 2020-2025

Strategic Aims:

Creating Homes:

- Make a significant contribution to increasing the number of social homes to rent
- All the homes we build will be of high quality, net zero carbon and energy efficient

More Than Bricks & Mortar:

- Our services will focus on developing & enhancing life chances, particularly around money advice, training and employment
- By 2025 we will achieve 70% prevention / relief rate for homeless approaches to SCH
- Deliver services that maximise the use of digital technology & develop with our changing customer base

Strengthening Communities:

- Lead on Locality Working to enable services and stakeholders to deliver co-ordinated responses to meet the needs of local communities
- Reach 95% customer satisfaction with anti-social behaviour case handling

Excellent Customer Service:

- Our customers will be fundamental in co-designing our services
- SCH will have a mature vulnerable customer offer

Passion in People:

- SCH staff will have all the tools and techniques to deliver great performance
- We will have a strong culture of wellbeing, mental health awareness, equality and diversity

SMBC COUNCIL PLAN

'Key Things To Do':

- Increase the supply of housing, especially affordable & social housing
- Reduce Solihull's net carbon emissions
- Take action to improve life chances in our most disadvantaged communities
- Enable communities to thrive
- Take action to improve life chances in our most disadvantaged communities

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SOLIHULL COMMUNITY HOUSING

FULL BOARD MEETING 28 September 2020

HEALTH AND SAFETY QUARTERLY REPORT APRIL - JUNE 2020 (Quarter 1)

Report of the Health and Safety Support Team SMBC

1. Purpose of Report / Introduction

- 1.1. The purpose of this report is to provide SCH Board with an update on legislative changes and guidance, corporate health and safety activity, any areas of specific concern and recommendations for improvement.
- 1.2. The SCH Board, Chief Executive and Executive Management Team (EMT) have overall accountability and responsibility for ensuring the effective management of health and safety within SCH. The success of the Health and Safety Management System in place relies on the commitment, engagement and support from all levels of managers and employees in the organisation.
- 1.3. The SMBC Health and Safety Support Team's (HSST) role is to provide health and safety competent assistance, advice and guidance in order to help the SCH Management Team to fulfil their health and safety responsibilities.
- 1.4. Due to the timing of this report, **some activity in Quarter 2** (July – September 2020) has also been included.

2. Recommendation

- 2.1. The Board is recommended to:
 - (i) **NOTE** the contents of this report.
 - (ii) **NOTE** Appendix 1 - Overview of Draft Building and Fire Safety Bills
 - (iii) **NOTE** Appendix 2 - SCH Compliance report in relation to Home Standard Duty Compliance
 - (iv) **NOTE** Appendix 3 - Accident/Incident Reporting Analysis.

3. Regulatory Interventions

- 3.1. The SMBC Health and Safety Support Team are not aware of any health and safety regulatory interventions affecting SCH for this quarter.

4. Legislative updates

4.1 There have been no new specific health and safety legislative updates for this quarter.

5. Covid-19

The Health and Safety Executive (HSE) continues to **publish guidance on working safely during the coronavirus (Covid-19) outbreak**. These include:

- Risk assessment
- Talk to workers and provide information
- Work from home
- Make your workplace 'COVID secure'
- Protect vulnerable workers
- Cleaning, hygiene and hand sanitiser
- Air conditioning and ventilation during the Coronavirus outbreak
- Gas Safety inspections during the Coronavirus outbreak
- Restarting pressure systems

The guidance documents are available on the [HSE website](#).

- 5.1. Government guidance on making workplaces Covid-19 secure continues to be updated and added to as the lockdown eases and more workplaces and sectors return to work.
- 5.2. The HSST have supported the EMT Recovery Cell and Covid Risk Group, amongst other working groups to assist in making workplaces Covid-19 secure. Work continues to enable staff to return to the office where there is business need and where it is safe to do so.
- 5.3. The HSST **continue to provide support and advice** to managers of service areas, as required to enable them to continue to operate or re-commence their operations and services. This has included the repair and maintenance team, gas safety inspections, services and tenant safety at Saxon Court.

6. Building Safety

- 6.1. The draft Building Safety Bill was published on 20 July 2020. **An overview of the draft Building Safety and Fire Safety Bill is included in Appendix 1.**
- 6.2. The bill has major implications for properties in scope. These require a Building Safety Case to be produced which if satisfactory will enable a Building Safety Certificate to be issued by the new Building Safety Regulator, part of HSE. This will apply to the 37 high rise blocks and Saxon Court. The HSST continues to research the implications for SCH and provide advice in line with the government guidance that has been released.

- 6.3. The **draft** Fire Safety Bill has started its journey through the House of Lords, having already completed its journey through the House of Commons. A date for its second reading in the House of Lords has yet to be set. The bill will amend existing fire safety legislation, namely the application of the Regulatory Reform (Fire Safety) Order 2005 to where a building contains two or more sets of domestic premises; and to confer power to amend that order in future for the purposes of changing the premises to which it applies. **Appendix 1** provides further detail on the Fire Safety Bill.
- 6.4. Government consultation has opened on the plans to reform fire safety and closes on 12 October 2020. The HSST has issued details of the consultation to key contacts in SCH and SMBC so relevant officers can contribute as appropriate.
- 6.5. It must be noted that both Building Safety and Fire Safety bills are draft and have yet to be finalised. It is envisaged that the Building Safety Bill is not likely to receive Royal Assent and become law until at least autumn 2021.

7. Spandrel Panels

- 7.1. An independent consultant on fire safety has been engaged to survey and advise on action required to resolve the issues with non-compliant panels installed in a number of high rise blocks. The Executive Director of Assets and Development has provided an update on the position which includes recommendations and proposed actions.

8. Health and Safety Working Groups

- 8.1. The Building Safety Management Group have met this quarter. The group helps to ensure consistency in standards of health and safety management and compliance in building safety. Outcomes are reported back to EMT and the Corporate Health and Safety Group.
- 8.2. The HSST team supported the resurrected Asbestos Management Working Group. The group's initial focus is on updating the policy and procedures relating to asbestos management, both for SCH workplaces and tenanted properties. Regular updates and progress are reported to the Building Safety and when required, the Corporate Health and Safety Group by the Head of Asset Management who is the chair and lead of the Asbestos Group.
- 8.3. As part of managing health and safety within SCH the Corporate H&S Group meet quarterly. This group deals with the wider aspects of health and safety across the organisation. A sub-group of this is the Covid-19 Risk Group.
- 8.4. EMT have a dedicated monthly meeting focusing on health and safety to review performance. This is supported by the HSST. A number of other working groups are also supported by the HSST. These are currently focused on ensuring services can be delivered safely during the Coronavirus Pandemic, namely:

- EMT Recovery Cell
- Covid-19 Risk Group
- Incident Response Team, a daily meeting of a small key team set up specifically to address the recent spike in Coronavirus cases.

9. Corporate Health and Safety Policies/Guidance

- 9.1. Guidance documents have been produced by the HSST relating to display screen equipment and homeworking during the Coronavirus outbreak.
- 9.2. Work has also been undertaken to review and update the Corporate Fire Safety Policy to update key job role titles where fire safety responsibilities are stated as well as other links to information. The initial review of this document which is anticipated as being completed in October 2020 will become an interim policy ahead of a full review and update following the implementation of the Building and Fire Safety Bills.

10. Health and Safety Support Team

- 10.1. Unfortunately the Coronavirus outbreak has impacted on the new Senior Health and Safety Advisor supporting SCH physically. However, substantial support as well as day to day advice and guidance has been provided on a virtual basis, and will continue in this vein, starting with reviewing key policies and information as part of evaluating SCH health and safety management processes and safety precautions. The Health and Safety Team Manager continues to provide advice, support and guidance to EMT on the strategic management of health and safety.

11. The Home Standard Duty

- 11.1. Data on compliance with the **Home Standard Duty** for this quarter is included in Appendix 2.

12. SHE Assure Health and Safety Management System

- 12.1. The SHE Assure accident/incident reporting module was launched on 1 July 2020. Managers and staff are now starting to use the system and benefit from the features of a new online health and safety management system for SCH.

13. Accident/Incident Reporting Analysis

- 13.1. During this quarter there have been two reported incidents. A summary is provided below. **A more detailed breakdown and comparison of incidents is included in Appendix 3.**

Type of incident	Number
Violent related incident	1

Manual Handling	0
Slip Trip, Fall	0
Hit by moving object	0
Contact with stationary object	1
Ill health	0
Total	2

14. Financial Implications

14.1. It is important to note that the **financial impact** of some of the items highlighted in this report remain unknown. Items that fall outside of the scope of the current budget would be subject to individual reports to the Council for approval.

15. Equality and Diversity Implications

15.1. **Equality and diversity is routinely considered by SCH** when dealing with health and safety issues, for example when inspecting communal areas so that corridors and pathways are clear to ensure safety for people with mobility issues.

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Appendix 1

Overview of Draft Building Safety Bill and Fire Safety Bill

Building Safety Bill

The **draft** Building Safety Bill takes forward the Government's commitment to fundamental reform of the building safety system. The draft Bill gives effect to policies set out in the Building a Safer Future consultation response, published in April 2020. This detailed how the Government intends to deliver the principles and recommendations of Dame Judith Hackitt's Independent Review of Building Regulations and Fire Safety, published in May 2018.

The draft Bill also acts as the vehicle to introduce a requirement that developers of new build housing belong to a new homes ombudsman and to remove the need for social housing residents to pass through the 'democratic filter' in order to access the Housing Ombudsman.

The objectives of the draft Bill are to learn the lessons from the Grenfell Tower fire and to remedy the systemic issues identified by Dame Judith Hackitt by strengthening the whole regulatory system for building safety.

This will be achieved by ensuring there is greater accountability and responsibility for fire and structural safety issues throughout the lifecycle of buildings in scope of the new regulatory regime for building safety.

This involves establishing a new Building Safety Regulator to oversee the new, more stringent regime for higher-risk buildings and drive improvements in building safety and performance standards in all buildings; ensuring residents have a stronger voice in the system; driving industry culture change and incentivising compliance; and providing a stronger and clearer framework for national oversight of construction products.

Part 1 provides an overview of the Bill. The draft Bill contains five parts and eight schedules addressing a range of issues relating to building safety and standards. The draft Bill makes a number of changes to existing legislation, most notably the Building Act 1984.

Part 2 establishes a **new Building Safety Regulator within the Health and Safety Executive**. It also defines the scope of the regime with respect to the definition of risks that it is intended to manage and creates a power to set out in secondary legislation the buildings that are included in the scope of the regime.

Part 3 deals with amendments to the Building Act 1984 as it applies to England. It sets out the provisions for the new regulatory regime during the design and construction phase for higher-risk buildings, and provides for the registration of building inspectors and building control approvers to improve competence levels in the building control sector by better regulation.

Part 4 is **concerned with higher-risk buildings when they are occupied**, defines and places duties on the **Accountable Person** (the dutyholder in occupation) and **Building Safety Managers** in relation to building safety risks in their building.

Part 5 details supplementary information, including provisions to require a new homes ombudsman scheme to be established. It creates powers to make provision about construction products. It allows disciplinary orders made against architects by the Professional Conduct Committee (PCC) of the Architects Registration Board to be listed alongside an architect's entry in the Register of Architects. It also removes the 'democratic filter' which requires social housing residents to refer unresolved complaints to a 'designated person' or wait eight weeks before they can access redress via the Housing Ombudsman.

Fire Safety Bill

Following the Grenfell Fire in 2017 the Government have taken a number of steps around fire safety, and this Bill forms part of that response. It is part of a series of changes by the Government to both fire safety and building safety more generally, with further primary and secondary legislation to follow.

The Regulatory Reform (Fire Safety) Order 2005 consolidated a number of different pieces of fire legislation. It applies to all non-domestic premises, including communal areas of residential buildings with multiple homes. The Order designates **those in control of premises as the responsible person for fire safety** and they have a **duty to undertake assessments and manage risks**. The Order is enforced by Fire and Rescue Authorities.

The **Bill clarifies** that for any building containing two or more sets of domestic premises the Order applies to the building's structure and external walls and any common parts, including the front doors of residential parts. It also clarifies that external walls in the order include "doors or windows in those walls" and "anything attached to the exterior of those walls (including balconies)." These amendments are expected to provide for increased enforcement action in these areas, particularly where remediation of aluminium composite material (ACM) cladding is not taking place.

The Bill also provides Ministers with a regulation making power to amend the type of buildings the order applies to in the future.

The Bill has been welcomed, with public and industry bodies noting the expected increase in enforcement action by Fire and Rescue Authorities as a result of the Bill's clarifications, as well as an expectation that it will impose **greater burdens on the responsible person in multi-occupancy residential buildings**.

The Bill is awaiting a date for its second reading in the House of Lords after having passed through the House of Commons and Committee Stage in June 2020 without amendment.

Further changes to fire safety law are expected to follow shortly. On 20 July 2020 the Government's consultation on changes to the Fire Safety Order was launched.

Background

To comply with the Home Standard, all social landlords and Registered Providers have a legal obligation to ensure that their properties comply with health and safety requirements. SCH are committed to working towards to a zero approach to non-compliance and to ensure all Legislative and British Standards are adhered to.

Home Standard – Key Compliance Framework



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Home Standard – Current Performance (QTR 1)

Compliance Activity	Total Number of required Inspections	Number out of compliance	Overall Compliance performance
Gas Safety Servicing (Target 100%)	8190	22	99.73%
Annual Fire Risk Assessments	38	0	100.00%
Low Rise Fire Risk Assessments	683	0	100.00%
Asbestos Inspections	701	0	100.00%
Legionella Monitoring	16	0	100.00%
*Passenger Lifts (LOLER)	77	0	100.00%
Electrical Inspections - Communal	701	0	100.00%
Electrical Inspections - Residential	9729	389	96.00%

* The contract to complete LOLER inspections is managed by SMBC.

Compliance works during COVID-19 –

Essential Services & Statutory Safety Inspections – Following the suspension of all non-essential repairs, work has continued throughout the period on essential repairs / safety inspections. SCH have introduced a phased approach to recovery from the COVID epidemic to reintroduce those repairs classed as non-essential. External and communal works commenced during May 20 concentrating on repairs paused due to COVID, and some internal works have been carried out in accordance with Government Guidance. We are planning to resume a wider repairs service from mid-July.

Building Safety Compliance – Statutory inspections have continued to be carried out in line with government legislation and guidance. This has proven challenging in areas where access is required within a tenants property due to a high proportion of tenants having a vulnerability and associated high anxiety. This has also been reflected in the monthly performance reports and is detailed below for gas in particular.

Safety of Staff & Customers

Communication – Advice and guidance on COVID-19 has continued to evolve. Regular updated communication is provided to staff via the intranet, email and briefs through the Executive Management Team. Residents also have access to our updated guidance on the SCH website, social media platforms and newsletters including targeted areas of focus, such as gas safety.

Risk Assessments – Risk assessments are in place for the working environment as well as the office to ensure our workplaces are ‘COVID’ ready. Staff that have returned to work from self-isolation and ‘shielding’ have had individual risk assessments put in place and have been briefed on safe systems of work, including, where required, amended duties and agile working solutions. All staff have had access to Personal Protective Equipment (PPE) and have been briefed on good hand hygiene and safe distancing.

Challenges

Gas Safety Servicing – Carrying out the statutory gas safety inspections during this quarter has proved challenging throughout the COVID-19 period and is showing a slight decline in comparison to the end of the 19/20 financial year of 100%.

During April, performance remained comparatively high with the majority of gas services being completed to schedule. This is as a consequence of SCH completing gas service inspections on a ten month service cycle (rather than 12), consequently the majority of gas services that were due for completion during April and May had been completed prior to the ‘lockdown’ period.

During May an increasing number of residents (although still comparatively low) had selected to self-isolate or ‘shield’. Where a resident has taken that decision, in accordance with guidance from Gas Safe, a register of addresses has been taken and SCH have continued to contact and discuss access arrangements with residents on a regular basis.

Formal action in accordance with the Gas Policy has been suspended at this time and instead adherence with Government Guidance has been followed.

This approach has continued throughout June with us contacting residents to allow access in the ‘national spirit’ of recovery. Specific COVID Risk Assessments and Safe Systems of Work had been agreed corporately for staff entering properties and carrying out gas service inspections. Newsletters were introduced to these residents advising them of our safe systems of work, and convenient appointments offered including evenings and weekends. We have positively engaged with residents to ease anxiety with regard to people entering their homes and to maximise access rates.

At its lowest compliance reduced to 99.37% (52 properties). This performance although below the desired target of 100% compared well against the HouseMark Benchmark average of 91.2% during April 20 and 89.6% during May 20. Detailed gas servicing performance information has continued to be reported twice weekly to our Executive Management Team. We continue to see an improvement in the overall performance for those services outside of their target date and due to the sustained effort to get ahead of servicing numbers we have seen a significant reduction in the number of services due in the next three weeks.

LOLER Inspections – During a review of the data held by SMBC it was highlighted that 2 lifts had not been inspected in line with required LOLER frequencies leading to 97.4% compliant in May. As all areas of compliance are discussed and performance monitored at the SCH Building Safety Management Group. This issue was quickly addressed and rectified and additional processes have now been put in place which includes SCH officers having direct access to the reporting portal of the nominated contractor. This provides oversight of the inspection programme and an opportunity to challenge and the information is now also included on the Homes Standard performance dashboard.

Exception Reporting

Electrical inspections

There has been a slight improvement in performance since the previous report of 95.74% however performance in this area remains below the target of 100%. Of the 389 properties out of compliance, 156 of them have no recorded certificate, 49 due 2017/18, 45 due 2018/19, 88 due 2019/20, 51 Due 2020/21. As Electrical Inspections are best practice advisory and not regulatory we are unable to apply the same formal approach as with gas we do however synchronise efforts to access with other appointments to properties – COVID-19 with residents shielding has added to the challenge but we continue to press hard to reduce non-compliance.

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Appendix 3 - Quarter 1 2020/21 Incident Detail Reporting Detail and Graphs

Employee Accident/Incident breakdown

Quarter 1 2020/21 breakdown

Service Area	Number of accidents	Accident details
Housing Options	0	
Neighbourhood Services	0	
Maintenance Services/ Asset Management	2	<ol style="list-style-type: none">1. VIOLENT INCIDENT/VERBAL ABUSE- IP was verbally abused by resident when carrying out essential work for the purposes of maintaining fire integrity at Darwin House.2. HIT FIXED OBJECT- IP failed to notice an overflow pipe in porch when standing up and hit his head.
Totals	02	

Comparison with previous quarters by service area

SCH Service Area	Q1 2019/20	Q2 2019/20	Q3 2019/20	Q4 2019/20	Q1 2020/21
Housing Options	-	-	2	1	-
Neighbourhood Services	2	1	3	3	-
Capital Programme / Investment / M&E	1	-	-	-	-
Commercial (SCH Better Places)	-	1	-	-	-
Maintenance Services / Asset Management	4	9	6	6	2
Customer Services / Finance	-	-	1	-	-
RIDDOR Reportable accidents	0	0	0	1	0
Total	7	11	12	10	2

Tenant and Public Incident breakdown

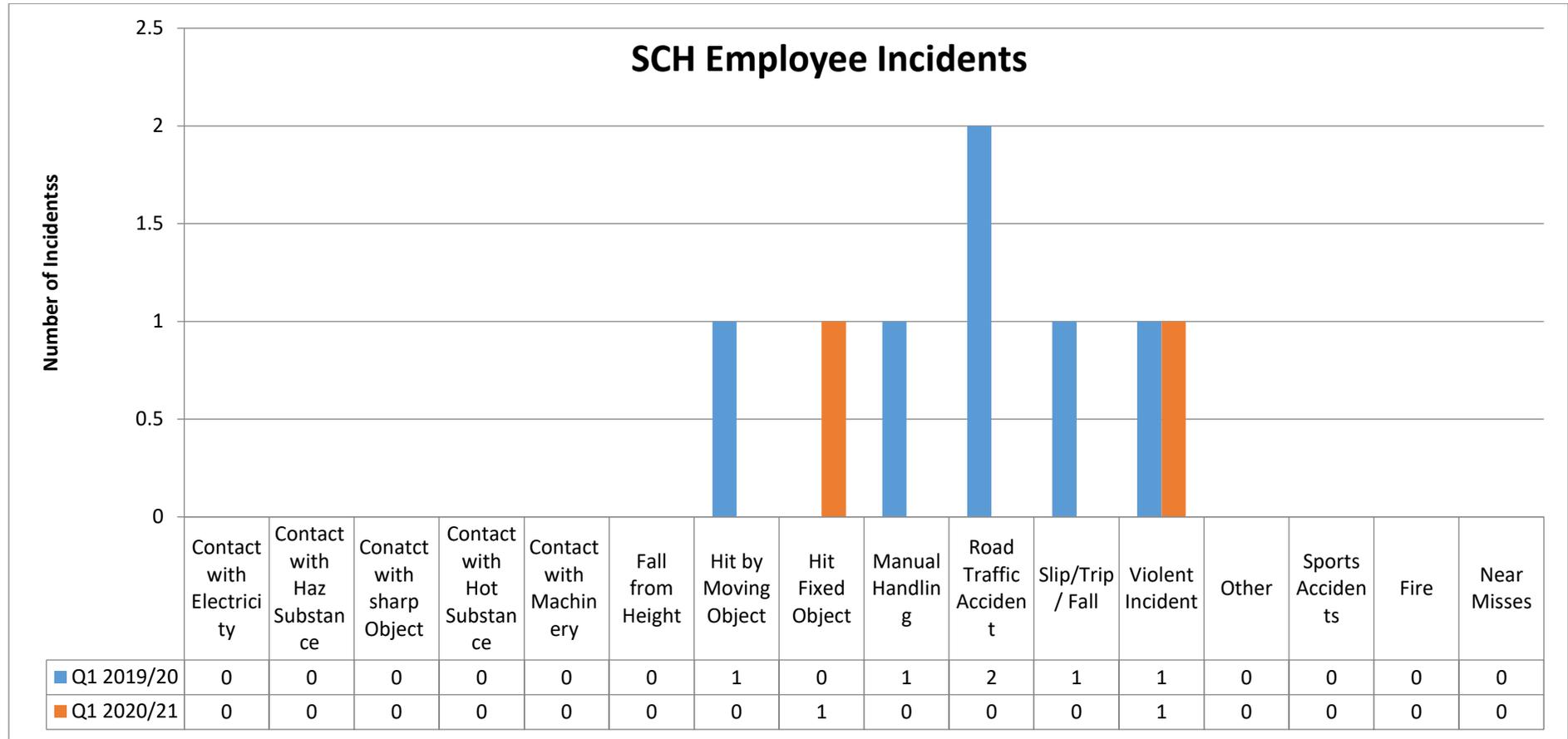
There were no recorded tenant or members of the public incidents reported this quarter.

Solihull Community Housing		Public (Including Tenants)			
Type of Accident/Incident		Total Accidents/Incidents		HSE Reportable	
		Apr 20 - Jun 20	Apr 19 - Jun 19	Apr 20 - Jun 20	Apr 19 - Jun 19
Contact with	Electricity	-	-	-	-
	Haz substance	-	-	-	-
	Sharp Object	-	-	-	-
	Hot substance	-	-	-	-
	Machinery	-	-	-	-
	Other	-	-	-	-
Fall from Height		-	-	-	-
Hit by Moving Object		-	1	-	-
Hit Fixed Object		-	-	-	-
Manual Handling		-	-	-	-
Road Traffic Accident		-	-	-	-
Slip/Trip/Fall		-	8 (2)	-	-
Violent Incident		-	-	-	-
Fire		-	-	-	-
Other (None of the above)		-	-	-	-
Totals		0	12	0	0
Near Misses		-	1	-	-

Figures in brackets = tenant accidents

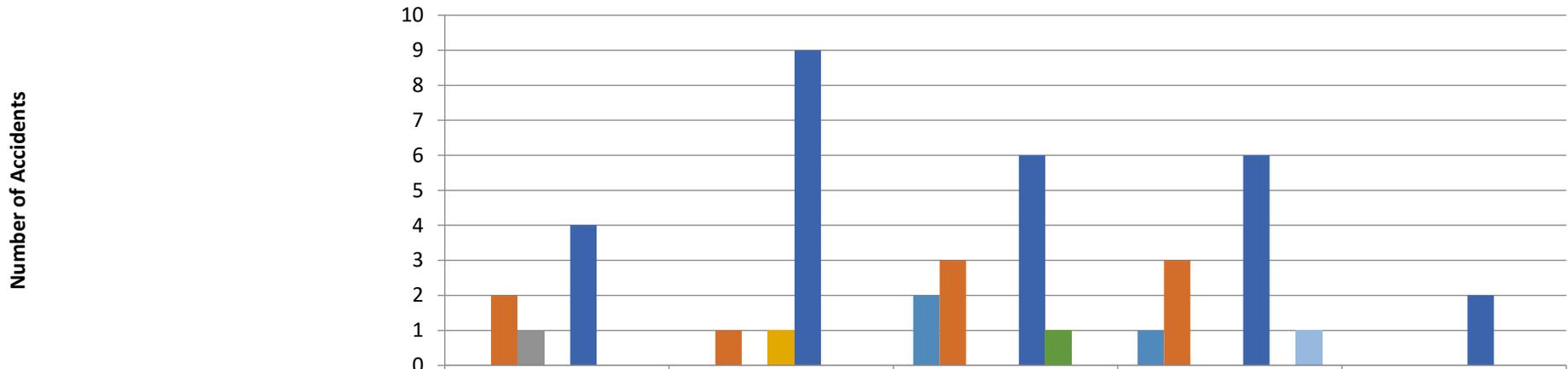
Graphs

Employee Incidents



Service Area Breakdown

Service Area Breakdown (Employees Only)

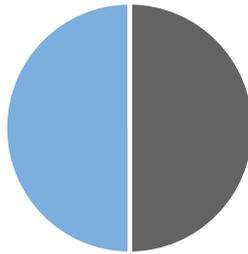


	Q1 2019/20	Q2 2019/20	Q3 2019/20	Q4 2019/20	Q1 2020/21
Housing Options	0	0	2	1	0
Neighbourhood Services	2	1	3	3	0
Capital Programme / Investment / M&E	1	0	0	0	0
Commercial (SCH Better Places)	0	1	0	0	0
Maintenance Services / Asset Management	4	9	6	6	2
Customer Services / Finance	0	0	1	0	0
RIDDOR Reportable accidents	0	0	0	1	0

- Housing Options
- Neighbourhood Services
- Capital Programme / Investment / M&E
- Commercial (SCH Better Places)
- Maintenance Services / Asset Management
- Customer Services / Finance
- RIDDOR Reportable accidents

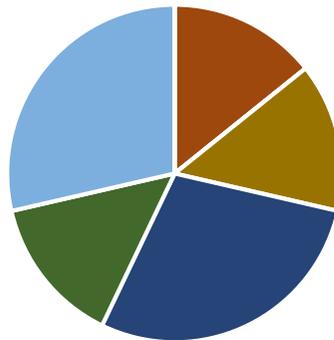
Employee Incident Type breakdown

Accident Type Q1 Apr-20 - Jun-20



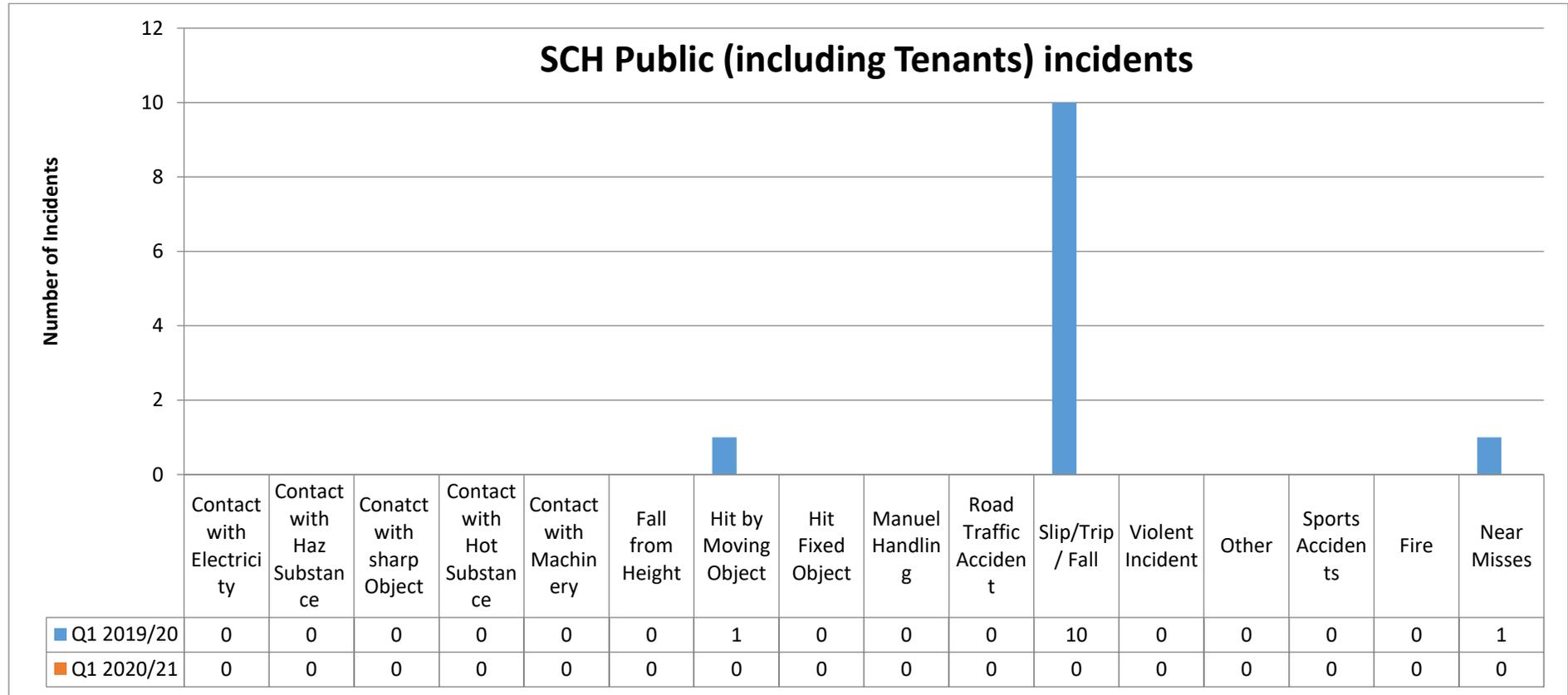
- Contact with Electricity
- Contact with Haz substance
- Contact with Sharp Object
- Contact with Hot substance
- Contact with Machinery
- Contact with Other
- Fall from Height
- Hit by Moving Object
- Hit Fixed Object
- Manual Handling
- Road Traffic Accident
- Slip/Trip/Fall
- Violent Incident
- Fire
- Other (None of the above)

Accident Type Q1 Apr-19 - Jun-19



- Contact with Electricity
- Contact with Haz substance
- Contact with Sharp Object
- Contact with Hot substance
- Contact with Machinery
- Contact with Other
- Fall from Height
- Hit by Moving Object
- Hit Fixed Object
- Manual Handling
- Road Traffic Accident
- Slip/Trip/Fall
- Violent Incident
- Fire
- Other (None of the above)

Member of the Public Incidents (including tenants) Comparison



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SOLIHULL COMMUNITY HOUSING

BOARD MEETING 28 SEPTEMBER 2020

REPORT OF THE CHIEF EXECUTIVE

SCH ENERGY AND ENVIRONMENTAL SUSTAINABILITY STRATEGY

1. Purpose of Report / Introduction

- 1.1. To outline proposals for a new SCH Environmental sustainability strategy, for Board members to consider. The strategy will be a key part of SCH's delivery plan commitment to promote environmental sustainability in our own right and also to work with and support the Council on this critical issue.

2. Recommendation

- 2.1. The Board are asked to:

- (i) **NOTE** the contents of this report.
- (ii) **PROVIDE** comment and feedback on the planned approach and content of the strategy

3. Background and Context

- 3.1. In June 2019 the UK Government introduced a new legally binding 2050 'net zero' Greenhouse gas reduction target. This is designed to ramp up effort and progress in the overall reduction of carbon emissions within the UK. As a point of clarification 'net' zero refers to the balance between the amount of greenhouse gas produced and the amount removed from the atmosphere.
- 3.2. At a local and regional level Solihull MBC has taken the decision to align itself closely with the West Midlands Combined Authority (WMCA) strategy to achieve net zero emissions. This includes committing itself to some key targets as detailed in the following table:

National target	<ul style="list-style-type: none">• UK to bring all greenhouse gas emissions to net zero by 2050
West Midlands Regional target	<ul style="list-style-type: none">• Achieve net zero emissions in the region by 2041
Solihull MBC targets	<ul style="list-style-type: none">• collaborate with and support the combined authority in its plan for a West Midlands target of net-zero emissions by 2041• take action to reduce emissions of greenhouse gases and air pollutants from its own activities, buildings and transport, resources and waste,

	aiming to become net zero, as a Council, by 2030
--	---------------------------------------------------------

3.3. In order to deliver the level of change required, the Council is developing an evidence based low carbon energy framework with targeted actions and a clear pathway to net zero carbon emissions. It is proposed that the framework will have 3 key aims:

- Develop a baseline position and understanding opportunities for delivering net zero and understanding what impact actions will have;
- Establish what Net zero will mean for Solihull including, the potential actions to get to net zero and from this the preferred actions for Solihull;
- Create an action plan and identify subsequent projects to deliver net zero.

4. **SCH Strategy**

4.1. There is still a lot of work and detail to emerge from the Council’s low carbon framework. SCH has already contributed to the work carried out to date and we will need to play an integral part in supporting the remaining development of the framework and working to achieve whatever targets are set. In addition to its own business operations, SCH has the added responsibility of driving down carbon emissions in the council housing stock, which will inevitably impact on future investment activity.

4.2. The SCH Delivery Plan contains key commitments to promote environmental sustainability and to develop an Environmental Sustainability Strategy. We have now started work on producing this strategy, although proposals are currently very much in outline form and are subject to an ongoing consultation process that this report is part of, along with a workshop in late September with key partners from within the Council. Appendix 1 provides the framework for the proposed strategy.

Outline Content

4.3. At its heart the strategy will require a number of high level objectives. The following suggestions have been put forward for consideration:

- Create a sustainable housing stock that is comfortable, healthy to live in and affordable to run;
- Embed sustainability and carbon reduction throughout SCH;
- To understand SCH’s carbon footprint and the actions required to reduce it;
- Lead by example and actively promote carbon reduction across all business activities and within our communities;
- Actively use the services we provide to grow the local ‘green’ economy and low carbon employment opportunities;
- Identify and where appropriate take advantage of internal and external funding support.

4.4. **APPENDIX 1 - SCH Energy & Sustainability strategy – Draft framework.** In terms of content and detail, it is proposed that the strategy will be separated into the following themes.

Residential Properties

- 4.5. Residential homes are perhaps the most critical and challenging part of the net zero agenda, in particular the retrofit of existing properties. Decarbonisation of heat is essential and SCH's future strategy will build on work already done in recent years. The aim will be to focus on renewable energy sources and highly insulated building fabrics, backed up by monitoring technologies to ensure effective performance and evaluation. It will also be essential to ensure our homes can take advantage of future changes to the national grid infrastructure e.g. to accommodate electric vehicle charging etc.
- 4.6. New build schemes offer greater opportunity to adopt low carbon approaches, albeit at significant additional cost compared to traditional build specifications. We plan to implement a new low carbon and sustainable homes standard for all new housing developments. This will cover not only energy use but also water saving, green spaces and recycling. We also want to embed post occupancy evaluation into all new developments allowing us to review and evaluate the work we have done to better inform future projects.

Environment and neighbourhoods

- 4.7. SCH has significant responsibilities for managing local neighbourhoods and environments. The future strategy will explore opportunities to adopt more sustainable approaches to our neighbourhood management functions, including investment in sustainable and enhanced neighbourhoods that have a positive impact on well-being. More proactive approaches to natural habitat creation and enhancement will be required as well as adopting maintenance strategies to support this. This will apply to both existing neighbourhoods and new build schemes.

Local Communities and economies

- 4.8. Energy and sustainability is about much more than physical works and SCH's future strategy will need to reflect our wider role in providing advice and support for our residents, particularly vulnerable households and those on low incomes. As a significant commissioner of work and services, SCH has opportunities to encourage the growth of the 'green economy' and employment in that sector.

SCH Business operations

- 4.9. As with any business and consumer, our day to day activities generate carbon emissions. We will adopt the Council's target of 2030 to achieve net zero for emissions from our own operations and activities. This will involve rethinking approaches to a wide range of issues that contribute to our overall carbon footprint including, buildings, offices, staff working arrangements and transport and fleet vehicles. We will also need to focus on how and to whom we commission work, ensuring that we are helping to reduce and actively promoting a reduction on carbon emissions amongst our supply chains and partners.

Engagement and Communication

- 4.10. It is important to recognise that this strategy will place a responsibility on everyone within SCH and also the wider community and will require significant cultural change. The process of engagement and consultation is already underway but this will need to be sustained once the strategy is adopted and more formal structures put in place to communicate and engage with people.

Carbon Baseline assessment – Council Housing stock

- 4.11. Understanding the current housing stock emissions has been identified by the Council as an early action in the delivery of their new low carbon framework. Officers from the Council are currently commissioning a piece of work which will establish the current level of carbon emissions from the council housing stock and what is needed to achieve net zero by 2041, including setting interim targets.
- 4.12. The findings will have a significant impact on SCH's future investment plans as well as the wider asset management strategy. This is a specialist piece of work requiring the services of a suitably qualified and experienced consultant and it is hoped they will be appointed by the end of October. We expect the project to take 3 – 4 months to complete with a final report and recommendations by March 2021.
- 4.13. Some form of baseline assessment is also required for SCH business operations. On this issue there is clearly a lot of crossover between SCH and the Council relating to carbon emissions generated through day to day business activity. Our intention is to work closely with the Council's carbon management group to understand our current emission levels and develop plans to reduce these in line with the 2030 target.

Conclusions

- 4.14. This strategy is still very much in the planning and development stage and will be influenced by further consultation and discussion within SCH and with other partners. Thought also needs to be given to how the strategy will be resourced and delivered, including processes for monitoring and governance. We anticipate bringing a draft of the strategy back to the Board in early 2021.

5. Financial Implications

- 5.1. We anticipate significant additional costs arising from this strategy. Substantial investment will be required in both the existing housing stock and also future new build schemes. We have already seen the financial impact of a low carbon specification at our new build site at Faulkner Road, with around a 60% uplift in costs compared to more traditional builds.

- 5.2. Existing costs for energy technologies are also affected by what is essentially an under-developed market place and we would hope to see costs reducing in future as activity 'ramps up' nationally to achieve net zero targets.
- 5.3. More financial implications will start to emerge as we progress through our carbon baseline assessments and we expect to provide more financial information when the final draft strategy is presented.

6. Equality and Diversity Implications

- 6.1. SCH are very closely aligned with the Council's corporate plans for improving the lives of communities as well as our own SCH Strategic vision and values. A core theme of the Environmental sustainability strategy will be to enhance the health and general well-being of our residents and communities, through improvements in their homes and neighbourhoods.

7. Risk Management implications

- 7.1. Effective assessment of risk is an ongoing responsibility for all and risk management is at the heart of SCH operations. In addition to the corporate risk register, all key service areas have local risk registers to consider risks associated with service delivery. Implementation of the strategy and all actions arising from it will be subject to these risk assessment policies and processes.

8. Value for money and efficiency considerations / implications

- 8.1. Securing value for money will be a key focus when implementing the strategy. The delivery of works and services arising from the strategy will be subject to our usual procurement and scrutiny processes. We will also need to recognise the specialist nature of some of the works and technologies in this area and that they are constantly developing. This will impact on our qualitative assessment of value.
- 8.2. We also recognise that there may be opportunities to secure external funding support for our projects and we will need to be sufficiently agile to take advantage of these.

9. Tenant Involvement and Consultation

SCH is a Community based organisation and has a strong track record in engaging with its residents. This engagement will be critical to the success of the sustainability strategy. Part of the strategy delivery will involve putting in place a separate communication and engagement strategy and looking at ways to keep our residents involved as we move towards the net zero targets.

10. Future Strategic Vision

- 10.1. This report and proposed approach to the new Environmental sustainability strategy is consistent with the SCH Strategic Vision 2020 – 2025 commitments specifically:

Be inclusive: We will always be inclusive in our direct service delivery but also in our wider work to develop Thriving Communities. We will always work in a way that ensures everyone feels valued, that their contribution matters and they are able to realise their full potential, no matter their background, identity or circumstances. We will meet our moral and legal responsibilities under the Equality Act 2010.

Listen to our customers: We will always listen to our customers – we recognise that high quality customer care and taking the opportunity to learn from our customers is key to delivering services which are both effective and efficient.

Support our customers who need it: By listening to the needs of our customers we will provide homes that meet their needs and enable them to live fulfilling lives such as through the work of the Health Improvement Agency.

Embed an organisational culture to support our values: We will instil an organisational culture which 'lives and breathes' the SCH values and commitments.

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Reference Document:

National Context

Committee for Climate Change updated advice and analysis (Summer 2020)

- 5 clear investment priorities for the short term,
 1. Low-carbon retrofits and buildings that are fit for the future
 2. Tree planting, peatland restoration, and green infrastructure
 3. Energy networks must be strengthened to support the electrification of transport and heating
 4. Infrastructure to make it easy for people to walk, cycle, and work remotely
 5. Moving towards a circular economy – increase re-use and recycling rates

- Opportunities to support COVID transition and recovery through workforce investment
 1. Reskilling and retraining programmes
 2. Leading a move towards positive behaviours
 3. Targeted science and innovation funding

Regional & local context

- WMCA Energy strategy - Influencing financial flows into energy projects, products and services to deliver a vision for energy across the region, specifically:
 - Reducing energy costs for strategic industrial sectors,
 - Reducing fuel poverty,
 - Cutting carbon emissions
 - Creating regional energy infrastructure

- SMBC Climate emergency statement of intent
 - 'SMBC recognises the gravity of the climate change emergency and will through its climate change prospectus seek to minimise the environmental impacts of its own activities and will contribute to the improvement of the wider environment through local action

- SMBC Low Carbon Energy Framework
 - Develop an understanding of the baseline position including understanding opportunities for delivering net zero and understanding what impact actions will have
 - Establish what Net zero will mean for Solihull including, the potential actions to get to net zero and from this the preferred actions for Solihull
 - Create an action plan and identify subsequent projects to deliver net zero

- SMBC Climate Change Prospectus objectives,
 - Create an economic environment that supports progressive, innovative businesses to make the transition to a low carbon economy
 - Develop an efficient and low carbon infrastructure that enables and maximises the opportunity for low carbon economic growth
 - Improve the energy efficiency of domestic, commercial and industrial buildings to reduce the energy demand required

- Efficiently accommodate the demand for movement, enhancing Solihull as a sustainable, healthy place to live and work
- Invest in the Borough’s natural environment to maximise its benefit to people and wildlife. Understand the risks from climate change and adapt accordingly
- Encourage and enable active participation in sustainability issues – supported by effective communication

Key Net Zero targets

National target	<ul style="list-style-type: none"> • UK to bring all greenhouse gas emissions to net zero by 2050
West Midlands Regional target	<ul style="list-style-type: none"> • Achieve net zero emissions in the region by 2041
Solihull MBC targets	<ul style="list-style-type: none"> • collaborate with and support the combined authority in its plan for a West Midlands target of net-zero emissions by 2041 • take action to reduce emissions of greenhouse gases and air pollutants from its own activities, buildings and transport, resources and waste, aiming to become net zero, as a Council, by 2030

- SCH will need to align closely to SMBC Corporate targets. In addition there will be other key targets such as
 - Incremental targets emerging from the SCH Carbon feasibility study
 - Incremental targets linked to carbon reduction in SCH business operations
 - Incremental targets linked to the delivery of the SMBC Low Carbon Energy Framework

SCH aims & objectives in relation to energy and sustainability

- SCH Strategic vision 2020 – 2025



- SCH Delivery Plan commitments
 - Promote environmental sustainability
 - Develop and implement an SCH Environmental sustainability strategy to ensure we work with and support SMBC

SCH Energy and Sustainability Strategy Objectives (suggestions for discussion)

- Create a sustainable housing stock that is comfortable and healthy to live in and affordable to run
- Embed sustainability and carbon reduction throughout SCH
- To understand SCH's carbon footprint and the actions required to reduce it
- Lead by example and actively promote carbon reduction across all business activities and within our communities
- Actively use our service to grow the local 'green' economy and low carbon employment opportunities
- Identify and where appropriate take advantage of internal and external funding support

Homes – existing stock

Future energy Investment strategy

- Align closely with the SCH asset management strategy to invest in 'greening' SCH homes
- To improve the energy efficiency of domestic dwellings in Solihull and promote the use of appropriate low and zero carbon technologies that help to reduce carbon emissions.

- Develop an understanding of the baseline position including opportunities for delivering net zero and understanding what impact actions will have. Align the outcomes of the SCH baseline feasibility study with the SCH asset management strategy
- Focus on renewable energy sources, highly energy efficient building fabrics incorporating continuous insulation and smart technologies.
- Energy and carbon baseline data to become integral in informing future investment strategy, stock options appraisals and viability assessments as part of the SCH asset management strategy
- Multi measure and whole house approaches to retrofit work, including initial pilot schemes to test impact and success

New build Housing and stock growth

- Prepare for the Government's 'Future Homes standard' and step changes brought about by new building regulations
- Develop an initial 'green consideration' record for all new build schemes
- Implement a new low carbon and sustainable homes standard for all new housing developments, that covers energy use but also includes water saving, green spaces and recycling
- Embed post occupancy evaluation in to all new build construction projects
- Embracing biodiversity net gain opportunities to improve natural environments beyond what they were before as part of each new housing development

Future priorities

- Fabric improvements – super insulated systems, air tight designs
- Decarbonising heat in SCH stock – investing in heat pumps, hydrogen ready boilers and infrastructure
- Renewable energy technologies - PV systems at scale
- Ventilation
- Investing in monitoring technologies to ensure effective performance and evaluation
- Electricity charging infrastructure
- Whole house retrofit pilots – test effectiveness

Indicative short term milestones (timescales being developed)

- Completion of SCH stock carbon baseline assessment and recommendations – **February 2021**
- Completion of SCH business operations baseline assessment and recommendations
- Report on recommendations from baseline assessments – **March 2021**
- Bring forward initial cost planning studies arising from carbon baseline studies and set a strategic approach to carbon reduction in the SCH asset management strategy
- Bring forward cost planning assessments arising from the new low carbon homes standard

Environments and neighbourhoods

- Explore opportunities to adopt more sustainable approaches to our delegated neighbourhood management functions
- Investment in sustainable and enhanced neighbourhoods as well as properties
- Natural habitat creation and enhancement and adopting maintenance strategies to support this

SCH Business Operations

General

- Develop an understanding of the baseline carbon position for all business operations including options for delivering net zero and the impact these will have
- Source more sustainable products and services
- Increase levels of recycling and product re-use

Transport and vehicles

- Develop a strategy for fleet vehicles focusing on more sustainable, low carbon fuel alternatives
- Facilitate the required investment in infrastructure e.g. electrical charging

Buildings / Office accommodation

- Identify future strategy to reduce energy use in our offices and buildings
- Explore options for renewable technologies and renewable energy sources to power and heat buildings
- Implement physical and infrastructure changes that support a reduction in energy use

Staff

- Review working arrangements and explore opportunities for greater flexibility in staff working patterns that have a positive impact on carbon reduction
- Introduce more agile working and focus on reducing travel requirements
- Promote and bring about cultural and attitude changes amongst staff to the low carbon agenda

Supply chain and partner operations

- Working with and supporting supply chain partners and contractors to eliminate waste and reduce carbon emissions in their operations

Sustainable Commissioning

- Ensure all commissioning activity supports carbon reduction
- Qualitative supplier assessments to focus on approaches to environmental sustainability and carbon reduction

Energy Demand and Energy management – homes and business operations

- Investigate and implement key technologies that better manage energy demand and promote greater energy storage including
 - Smart metering
 - Energy monitoring systems
 - Battery storage systems
 - smart grids / energy networks
 - Renewable energy sources to power and heat buildings

Communities and local Economy

Affordability

- Support the Council in addressing fuel poverty throughout the Borough
- Prioritising activities which will improve energy efficiency and affordability for SCH residents
- SMART metering and initiatives that drive awareness and reductions in energy use
- Advise and assist Solihull Council residents in relation to fuel poverty, energy efficiency, renewable energy generation and climate change
- To provide a range of support for residents and in particular vulnerable households and those on low income.
- Working with the Council and partners to deliver energy advice and support services for local communities

Local Economy

- Support the growth of the green economy in Solihull and the objectives set out in the SMBC Climate change prospectus
- Utilise energy strategy to encourage the creation and growth of employment opportunities

Strategy enabling

Engagement and Communication

- SCH asset management workshop – what will be SCH's role in tackling climate change?
- Engage with SMBC and the WMCA to develop a co-ordinated communications strategy
- Other SCH bespoke engagement strategies?
- Dedicated customer engagement group?

Benchmarking and support networks

- SMBC Colleagues
- West Midlands Combined Authority
- Industry best practice groups
- Other groups?

Delivery

- Short term – interim specialist support to advise on strategic approach, technologies and to kick start delivery of the strategy, financial opportunities, longer term resourcing
- Longer term - Dedicated project management resource?
- Dedicated 'energy team' e.g. Nottingham Homes model?
- Resource sharing with SMBC
- Low carbon champions across SCH?

Monitoring / reporting

- Governance / accountability
- Annual progress update to SCH Board
- Corporate progress updates to SMBC
- EMT updates?

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SOLIHULL COMMUNITY HOUSING

BOARD MEETING: MONDAY 28 SEPTEMBER 2020

REPORT OF THE CHIEF FINANCIAL OFFICER

BUDGET STRATEGY REVIEW 2021/22 – 2023/24

1. Purpose of Report

- 1.1 To provide an update to the SCH Board on the draft financial plan for SCH to deliver financial sustainability including delivery of HRA savings required for the years 2021/22 to 2023/24.

2. Recommendations

- 2.1 The Board is requested to:

- (i) **NOTE** the outline HRA budgets for 2021/22 – 2023/24.
- (ii) **APPROVE** the revision of SCH savings as set out at Table 2.
- (iii) **APPROVE** the use of SCH management fee for funding the budget shortfall on Ipswich House as detailed in paragraph 6.7.
- (iv) **NOTE** that the detailed review of the future capital investment is ongoing as set out in paragraphs 6.8 to 6.11.
- (v) **RECEIVE** a further report for the detailed 2021/22 SCH operating budget on 30 November 2020 for approval.
- (vi) **NOTE** the SCH reserves position.

3. Background

- 3.1 The year 2021/22 will be the tenth year of HRA Self-Financing when Solihull MBC took on £69.566m of HRA debt in exchange for being released from the subsidy system.
- 3.2 This report also sets out the saving proposals recommended by the Executive Management Team (EMT) for the years 2021/22 – 2023/24 complete with a timetable for budget preparation. Once approved by SCH Board, this will then be presented to the Council's Budget Strategy Group on 18 November 2020.

4. Financial Cycle

- 4.1 The Timetable below outlines the financial process over the coming year that will result in the Council's approval of HRA budgets, SCH approving their detailed budget and other dates for monitoring and final accounts.

Table 1 – Financial Cycle

Date	Detail	Meeting
17 Jul 2020	Qtr 1 2020/21 Dashboard	(Email distribution)
27 Jul 2020	Final Accounts 2019/20	SCH Board
28 Sep 2020	Qtr 1 Monitoring 2020/21 incl. Dashboard	SCH Board
28 Sep 2020	Three Year Budget Strategy	SCH Board
28 Sep 2020	Council as Shareholder approves 2019/20 Accounts	SCH AGM
09 Oct 2020	Qtr 2 2020/21 Dashboard	(Email distribution)
30 Nov 2020	HRA + SCH Budget Savings 2023/24 All Budget Savings 2023/24	SMBC Budget Strategy Group
30 Nov 2020	Qtr 2 Monitoring 2020/21 incl. Dashboard	SCH Board
30 Nov 2020	Approve SCH detailed budgets and SCH rents	SCH Board
14 December 2020	All Members Budget Seminar 2023/24	Full Council Seminar
15 Jan 2021	Qtr 3 2020/21 Dashboard	(Email distribution)
11 Feb 2021	Approve HRA + Rent Setting 2021/22	Full Cabinet
19 Feb 2021	Rent Increases is an Effective Decision – Inform SCH Board members	(Email distribution)
TBC	Qtr 3 Monitoring 2020/21 incl. Dashboard	SCH Board
TBC	Note Draft HRA Capital Programme	SCH Board
23 Feb 2021	Approve HRA Capital Budget 2021/22	CPH Adult, Social Care and Health
14 May 2021	Qtr 4 2020/21 Dashboard	(Email distribution)
TBC	Qtr 4 Monitoring 2020/21 incl. Dashboard	SCH Board
TBC	Budget Presentation	SCH Board or Board Away Day
TBC	SCH Final Accounts + External Audit Report 2020/21	SCH Audit and Risk Committee
TBC	SCH Final Accounts 2020/21	SCH Board
TBC	Council as Shareholder approves 2020/21 Accounts	SCH AGM

5. Current Budget Delivery

- 5.1 The SCH Management Fee for 2020/21 was agreed as £18,634k. This compares to a revised Management Fee of £18,707k which includes £73k from the HRA Welfare Reform Reserve to fund an additional Money Adviser post (£26k) and costs associated with Housing Contact software (£16k) approved by the Cabinet Member for Environment and Housing on 19 September 2018 and also an additional Money Advice Caseworker post (£31k) approved by the Cabinet Member for Adult Care and Support on 24 February 2020.
- 5.2 There is an underlying increase of £519k when compared to the 2019/20 Management Fee which reflects the improved position in the HRA for the period 2020/21 to 2022/23 following the review of the budget assumptions mainly relating to the CPI rate for the rent increase and the Bad Debts Provision.

- 5.3 The current year's budget plans include the delivery of savings that are monitored through a tracking system whereby all items are assessed at each monthly monitoring period as to the progress on deliverability and rated Red, Amber or Green (RAG). The 2020/21 agreed savings totalled £280k with the total being revenue savings.
- 5.4 Since setting the budget, further work has been undertaken to review all savings that were proposed in 2020/21 to 2021/22 and it is now proposed to revise plans due to slippage in plans due to be achieved in 2019/20. The impact of these changes is shown at paragraphs 6.5 to 6.6.
- 5.5 As at period 3 there is a year-end forecast underspend for 2020/21 of £178k with £73k funded from approved reserve contributions. The recommended revision of savings targets for 2020/21 of £270k for revenue (a decrease of £10k) and an increase of £43k for additional income (see paragraphs 6.5 to 6.6 below). All savings are either on track for delivery or potential alternative funding has been identified.

6. Solihull MBC Medium Term Financial Strategy (MTFS)

- 6.1 Once again the Council have invited SCH to share their budget proposals with the Council's Budget Strategy Group which consists of the Leader, Deputy Leader, Cabinet Portfolio Holders for Resources, Climate Change, Planning and Housing and representatives from each political group. The Group usually hold around three meetings with a focus on savings proposals which are considered on a directorate basis, although with the impact of Covid19 this year will have more of a "Recovery" theme than a "Savings" theme. Meetings will start in October and conclude by November with a special private presentation to all members on 14 December 2020 of all saving proposals.
- 6.2 Whilst the MTFS is a 3-Year plan with work currently on going to prepare for the 2021/22 – 2023/24 MTFS Plan, the format of the meetings is to review the proposals for Year 3 of the MTFS (2023/24). This is because the plans for years 1 and 2 have already been agreed previously and any adjustments required are financed from either a contribution to or from a Budget Strategy Reserve.
- 6.3 This year it is proposed that SCH again attend a Budget Strategy Group meeting on 30 November 2020 with a three-year savings plan.

SCH Savings Plan / Cost Pressures

- 6.4 The ten-year horizon plan has been refreshed for this meeting to take into account changes to the assumptions, with the new ten-year plan showing income and expenditure from 2020/21 until 2030/31 attached at Appendix A.
- 6.5 The proposal for savings for the years 2020/21 – 2023/24 is attached at Appendix B. Subsequently, the plans have been revised again this year to reflect slippage of some savings and the table below summarises the changes proposed to those agreed by Budget Strategy Group last year for 2020/21 – 2021/22 and the replacement totals.

Table 2 – Revised Savings Plan comparison

	2020/21		2021/22	
	Agreed	Proposed Update	Agreed	Proposed Update
	£'000s	£'000s	£'000s	£'000s
Revenue Savings	280	270	-	-
Capital Savings			2,938	2,938
Income generation		43		
Total savings proposals	280	313	2,938	2,938

- 6.6 The £33k increase in savings proposals for 2020/21 reflects slippage into 2020/21 against Wellbeing income generation targets of £43k net of early achievement in 2019/20 of the target for Temporary Accommodation reduction in furniture budget.
- 6.7 At the Board meeting on 18 April 2018 the Board received an update report detailing the provision of the 21 Unit Temporary Accommodation facility at Ipswich House. That report detailed the funding of this scheme which included an ongoing £25k saving from releasing one of the two properties occupied on the Warwick Road and £138k contribution from the Council's S106 resources for a period of 4 years. Due to increased activity within this service it was not possible to release the property on the Warwick Road and 2020/21 is the final year of the four year funding agreement with the Council. To ensure that this important facility at Ipswich House can be maintained on an ongoing basis approval is sought from the Board to fund the shortfall on Ipswich House using available funding from the revenue management fee.
- 6.8 On 30 March 2020 SCH Board approved a 2 year interim Asset Management Strategy (AMS) for proposal to SMBC to take forward as a joint SCH / SMBC AMS. This was discussed at the Strategic Housing Framework Board during the meeting in May 2020 and the following was noted:
- The interim strategy is a stepping stone / transition to a longer term strategy – 5 / 10 years;

- The HRA business plan to underpin the longer term strategy;
 - The Rolling Stock Condition Survey (SCS) to inform the longer term strategy;
 - The Strategic Asset Performance tool (ASAP) to inform the longer term strategy; and
 - Agreed the SCS be undertaken with 2,000 properties surveyed every year to include Energy Performance Certificate (EPC) and Housing Health and Safety Rating System (HHSRS) surveys.
- 6.9 It is acknowledged that the AMS will need to incorporate SCH / SMBC ambitions relating to environmental sustainability and zero carbon homes retrofitting. A carbon reduction feasibility study is currently being commissioned through SMBC with engagement from SCH and the findings from this will clearly inform the strategy as well as the scale of the investment challenge.
- 6.10 Furthermore SCH continues in its ambitions to support SMBC by keeping building safety at the forefront of everything it does and is currently investigating ways to exploit the latest developments and technologies to support this.
- 6.11 Given the on-going work to collate sufficient data, the commitment to zero carbon and the work being developed around building safety it is recommended to maintain the current approach to setting the Capital Programme with the target of the 2022/23 capital programme being fully informed with Asset performance data.
- 6.12 The impact of the assumptions detailed in section 8 below result in a much improved HRA position with a forecast surplus of £606k over the four year period 2020/21 to 2023/24. During 2019/20 the Council agreed that going forward where the position on the HRA improves and the four-year position remains balanced the management fee will be increased in the relevant year. However, due to the significant uncertainty around the CPI forecast built into the HRA plan (detailed in paragraphs 8.4 to 8.6) it is not proposed to increase the management fee at this point in time. As the HRA rent increase will be based on the September 2020 CPI increase, the HRA plan will be refreshed once this figure is available later in the year. This will feed into the revised HRA position that will be presented at the next Board meeting.
- 6.13 In the meantime, SCH will prepare their budget plans based on the management fee included in the current HRA 10 year plan (Appendix A) and will make any necessary adjustment following the confirmation of the CPI rate for September 2020.
- 6.14 As the position within the HRA is expected to remain in surplus between 2020/21 and 2023/24 (the four year period for the current review) the Council can continue to budget for regular contributions to the HRA Future Capital Expenditure Reserve to ensure that sufficient

funds are available for the 70% match funding required towards 1-4-1 Right to Buy receipts as well as funding for large unforeseen capital projects such as retrofitting sprinklers. The current HRA MTFS provides £885k contribution to the HRA Future Capital Expenditure Reserve in 2020/21, £1,000k between 2021/22 to 2022/23 and £500k thereafter.

7. Working Balances – SCH and HRA

- 7.1 Ideally both the HRA Budget and subsequently the SCH Budget should be balanced every year. However when planning for a time period longer than one year, assumptions about future costs might not match reality, resulting in financial variations. It is also acknowledged that it is beneficial making plans for future years as it allows staff to adequately prepare and implement the necessary changes.
- 7.2 During 2018/19 it was agreed that future surplus or loss will be contributed to or from the HRA Working Balances. The intention is that HRA Working Balances may be utilised to contribute to other reserves in anticipation of one-off spend, or as a contribution to reduce financial pressures in future HRA budgets. It is noted that any usage can support unexpected increased costs and must be applied responsibly as part of an overall cost reduction plan. It is also noted that the minimum HRA Working Balance of £2,000k is agreed with Council auditors.
- 7.3 During 2020/21 onwards there will continue to be annual contributions to the Future Capital Expenditure Reserve (as per paragraph 6.12 above) of £885k for 2020/21, £1,000k for 2021/22 to 2022/23 and £500k thereafter. Therefore the transfer to the working balance will be the balance on the HRA after allowing for this contribution.
- 7.4 The forecast HRA Working Balance over the next four years is as follows:-

Table 3 – HRA Working Balance

	£'000s
2019/20 Opening Balance	6,188
2019/20 Actual contribution	729
2020/21 Actual contribution	499
2020/21 Forecast use	(2,830)
2021/22 Forecast use	(671)
2022/23 Budgeted contribution	368
2023/24 Budgeted contribution	410
2024/25 Opening Balance	4,693

- 7.5 The 2019/20 actual contribution comprises of the HRA surplus (£1,620k) and contributions from the welfare reform reserve (£84k), the private sector leasing reserve (£25k) and the Revenue Contribution to Capital Outturn (RCCO) of £1,000k.
- 7.6 In addition to the HRA Working Balance, the SCH Board agreed to establish a Budget Strategy Reserve at the end of the 2016/17 financial year, which currently has a balance of £3,613k following the closedown of 2019/20 accounts. Full details of this reserve are shown on Appendix C. The movement on this reserve since 1 April 2019 is shown below:-

Table 4 – Movement on Budget Strategy Reserve

	£'000s
Opening Balance as at 1 April 2019	4,502
Wellbeing Service (Agreed 11 Sep 2017 SCH Board)	(49)
STW Commission	(153)
Saxon Court Manager post	(50)
Apprenticeship Scheme	(100)
Feasibility Budget	(50)
Support Pay Increase	(224)
HR Officer post	(66)
Saxon Court setup costs	(7)
Localities Officer	(50)
Hardship fund	(10)
Severance Costs	(130)
Closing Balance 31 March 2020	3,613
Planned Use (See Appendix C)	(828)
Estimated Balance as at 31 March 2024	2,785

- 7.7 Part of the Budget Strategy Reserve has been earmarked for any restructuring costs incurred. The balance after allowing for the approved £130k severance costs in 2019/20 is £1,178k of the £2,785k, leaving £1,607k available for consideration.
- 7.8 The remaining Budget Strategy Reserve can be utilised to fund a variety of financial risks that SCH are exposed to such as unexpected short-term costs. It also enables SCH officers to keep to their savings plans without the need to identify further savings at relatively short notice.
- 7.9 There are a number of commitments agreed by SCH Board for future years and these are detailed on Appendix C. Some of these items are being funded from reserves for a time limited period and have been built into the base budget for future years using the increased management fee as agreed during the 2020/21 budget setting exercise.

8. Budget Assumptions

Housing Stock

- 8.1 The housing stock total is amended to reflect an estimate of 50 Right to Buy sales following 2019/20 closedown where 46 properties were sold. This is the same as the previous year when an assumed 50 was also used based on experience from 2018/19 where 59 were sold.
- 8.2 The three-year financial plan includes stock growth of 43 units for 2020/21 with 14 units at Willow Road and Faulkner Road and 29 shared-ownership properties at Wagon Lane (15 properties), Brackleys Way (7 properties) and Halifax Road (7 properties). Future developments expected to commence during 2021/22 include development of the former Lakeside site which will include 8 dwellings available for social rent.
- 8.3 There is an assumption that a further twelve properties will be bought using 1-4-1 Right to Buy Receipts during 2020/21, which will reduce to seven properties per year for 2021/22 onwards.

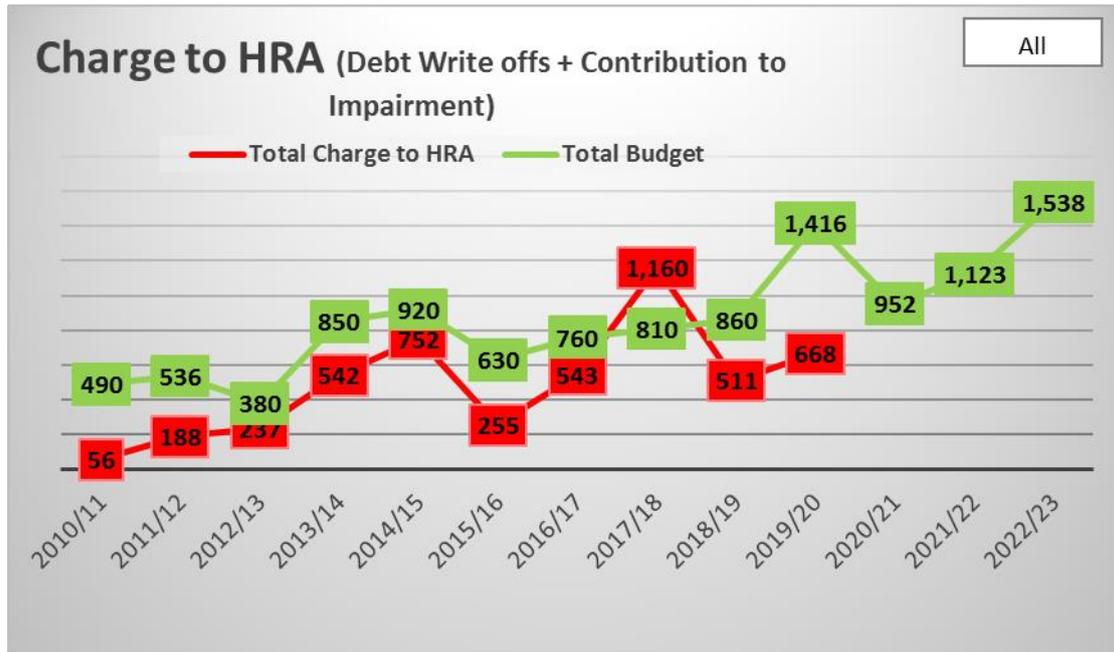
Rents

- 8.4 The ten year forecast for rents includes inflation based on CPI +1%. The Office for Budget Responsibility (OBR) continues to forecast a CPI level of 2% for the longer term beyond 2020/21. However their short term forecast for Quarter 3 2020/21 has reduced from 1.7% to 1.3% resulting in a reduction of £235k per annum on rental income for 2021/22.
- 8.5 The OBR forecast was published in March 2020, before the full effects of COVID-19 had been quantified and there is therefore a risk that the CPI could reduce further. Due to the inter-dependency on rental income a slight fluctuation to the CPI rate can have a significant impact on the resource available.
- 8.6 HM Treasury publish a monthly "Forecasts for the UK economy" report averaging 21 independent financial forecasts from various institutions. The average CPI forecast for Quarter 4 within the July HM Treasury report was 0.7% although this is not the rate being used by the OBR for 2020/21. In the event the OBR did revise their rate to 0.7%, a 0.5% reduction would reduce rent income in 2021/22 by a further £246k. The impact of this over the four year period 202/21 to 2023/24 would be a deficit to the HRA of £147k.

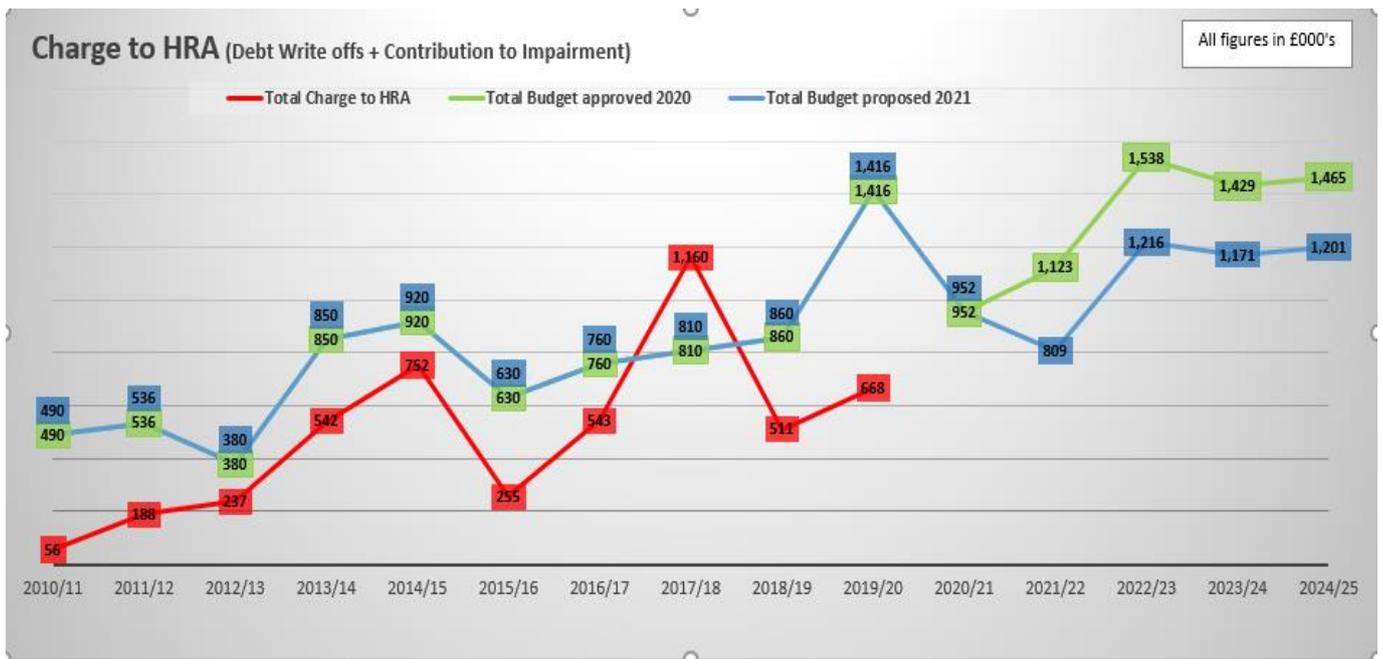
Bad Debt Charges

- 8.7 During 2018/19 and 2019/20 the bad debt assumptions were revised to reflect an increase in risk based on the delayed financial impact of Universal Credit being experienced, the ability to utilise the Welfare

Reform reserve (£1,776k) previously set aside and taking into account the comparison of other ALMOs' assumptions. However the outturn of 2019/20, where the HRA budget included a £1.416m contribution but actually only contributed £668k, has again highlighted the volatility of this forecast. The chart below details the budgeted contribution (green line) to the bad debts provision compared to the actual charges (red line) and shows the increasing trajectory of this budget. Apart from 2017/18 which was the year Solihull entered full roll-out of Universal Credit and arrears increased by £784k compared to 2018/19 generally all contributions to the provision have been below £1m per year.



8.8 With this pattern of budget to actual contributions in mind the assumptions have again been revised to take into account the most up to date information regarding the ongoing roll-out of Universal Credit which is expected to be complete by 2022/23. The number of new tenants expected to convert over the next 2 years has increased from 600 per year to 800 per year based on current conversions. The current collection rates are 98.07% compared to a target of 98% (as at July 2020). Future rates of rent collection are anticipated to decrease to 97.5% as the more vulnerable groups move onto Universal Credit and the impact of COVID-19 is felt. Using the most up to date information the current assumptions assume a long-term recovery rate of 97.5%. The revised chart below shows the new trajectory for the budgeted contributions after taking account of the revised assumptions.



8.9 A summary of the impact over a five-year period is shown below and the 2019/20 impact has been absorbed into the year end HRA net surplus balance. The total additional cost estimated from 2020/21 onwards would result in the Welfare Reform Reserve reducing by £890k.

Table 5 – Bad Debt Provision

Bad Debt Charge (Year)	Latest £'000s	Use of Welfare Reform Reserve £'000s
2019/20 (Actual)	668	-
2020/21 (Forecast)	952	510
2021/22	809	380
2022/23	1,216	-
2023/24	1,171	-
2024/25	1,201	-
2025/26	1,231	-
Total		890

Other Assumptions

8.10 The following other assumptions have been incorporated:-:

- Interest Rates – reduce to 4.1966% for 2021/22 and 4.0308% over the remainder of the plan (confirmed by the Council).

- Void Rate – increased from 1% to 1.09%. Current performance is 1.38% however this has been impacted by COVID-19 therefore the February 2020 rate of 1.09% has been used.
- Continued repayment of Spend to Save Prudential Borrowing in line with previous business plans.
- Client costs – increased from the 2019/20 level in 2020/21 mainly due to additional audit costs for fraud work (£20k), increased revaluation costs due to the regular cycle of revaluing the housing stock (£44k) and inflation increases across other client costs.
- Repayment of debt for new properties at 4.25%.
- Pay Inflation – based on OBR CPI projections of 2% and no allowance is made for incremental increases.
- Non-pay Inflation (including utilities) – Based on Gross Domestic Product (GDP) of 1.89%.

Financial Sensitivities

8.11 Changes to assumptions can have a material impact on the budget and these are often known as financial sensitivities. Below are some indicative examples.

- CPI 1% decrease in 2023/24 = +£424k
- 1% rent reduction in 2023/24 = +£442k
- Void loss increase of 0.1% in 2023/24 = +£44k
- Bad debt increase of 1% in 2023/24 = +£469k
- RTB (rent loss) increase of 10 properties in 2023/24 = +£45k

9. HRA Forecast 2020/21

9.1 The latest HRA forecast for 2020/21 is included at Appendix A and shows an overall net improvement of the originally budgeted surplus position of £254k to a surplus of £499k. This is a result of the impact of revising assumptions.

9.2 The updated forecast shows the HRA four-year position generating a surplus overall following changes to the revenue management fee payable by the Council.

10. Future Revenue Budget Strategy

10.1 Providing all assumptions made materialise as expected, the financial surplus and deficits between income and expenditure for 2023/24 to 2030/31 are as follows:-

Table 6 – HRA Surplus / Deficits

Year	£'000s
2023/24	(410)
2024/25	(71)
2025/26	180
2026/27	496
2027/28	838
2028/29	1,141
2029/30	1,448
2030/31	1,928

10.2 The net position across the 10 year plan is a deficit of £5,853k with the first deficit beyond the 4 year period (2020/21 to 2023/24) being in 2025/26. The budget for this financial year will be set in 2023/24 so we will continue to review estimates on an annual basis and will identify savings plans accordingly.

11. Financial implications

There are no specific financial implications arising as a result of this report other than those set out above. The key risks identified, which are being covered as part of the budget development process are set out in section 13 below.

12. Equality and Diversity Implications

There are none arising directly as a result of this report. In the event that there is an impact from saving proposals on customers, a full impact assessment will be undertaken before a change is made.

13. Risk Management Implications

There are a number of areas where SCH's financial exposure is still unclear. In particular:

- COVID-19 impact on arrears and bad debts – there may be a delayed impact on arrears and bad debts as the furlough scheme ends and some tenants could be made redundant.
- COVID-19 impact on the economy – CPI interest rate fluctuation exacerbated by COVID-19 causing greater uncertainty for longer term planning. The Bank of England base rate was cut from 0.75% to a record low of 0.1% in March 2020 in an emergency move in response to the COVID-19 pandemic.
- Welfare Reform – this remains a risk area which could have a negative impact on the rental income stream and the size of the bad debt provision – the most recent information is that all claimants due to migrate onto Universal Credit (UC) will do so by 2022/23.

- Stock – the overall housing stock forecast is reducing as increases in RTB sales outnumber new development and acquisitions in the longer term.
- Brexit financial impact may result in unexpected reductions to local government funding, or increased costs above inflationary assumptions.
- Utilities costs – the market remains volatile and costs may vary considerably from those included.
- Legislative changes may bring additional funding but they could also result in some costs increasing.
- The ability of residents being able to pay rent may also be affected by the many factors impacting on their income.
- The Homelessness Reduction Act has continued to place increasing pressure on SCH officers and may impact on funding choices.
- New opportunities to increase funding for development may see an impact on staff being able to deliver in the timescales expected. Failure to do this could then impact on funding.

14. Value for Money and Efficiency Considerations/Implications

All savings plans will provide detail where they result from efficiencies or value for money.

15. Tenant Involvement/Consultation

There are none directly as a result of this report. In the event future proposed savings impact on services, the change would be subject to the expected consultation processes.

16. Consistent with Future Strategic Vision?

The development of a robust financial budget is key to the delivery of the SCH Future Strategic Vision.

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SCH EMT 10 Year Financial Plan September 2020

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Presented by Samantha Gilbert
Chief Finance Officer

Agenda

- HRA Finance
- SCH Budget
- Overview of HRA Budget Assumptions
- HRA and SCH Financial Risks



Housing Revenue Account (HRA)

- Ringfenced account
- Income should fund all costs associated with social housing
- Includes Revenue and Capital
- HRA revenue income should not be used to subsidise General Fund and vice-versa
- Self-financed in 2012
- Prudential Borrowing



HRA Budget

- Income

- Dwelling Rents
- Garage Rents
- Service Charges
- Leaseholder Charges
- Wellbeing
- Tenant Insurance
- Misc. minor



- Expenditure

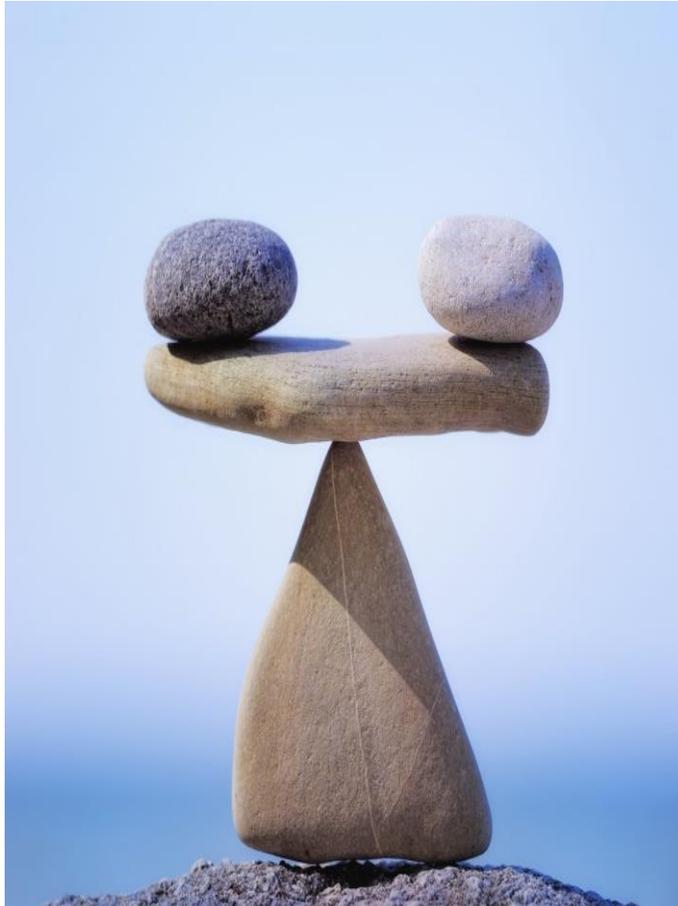
- Capital (MRR + Revenue)
- Interest on debt
- Repayment of Debt
- Client costs
- Bad Debts



Surplus Income = Maximum SCH Management Fee



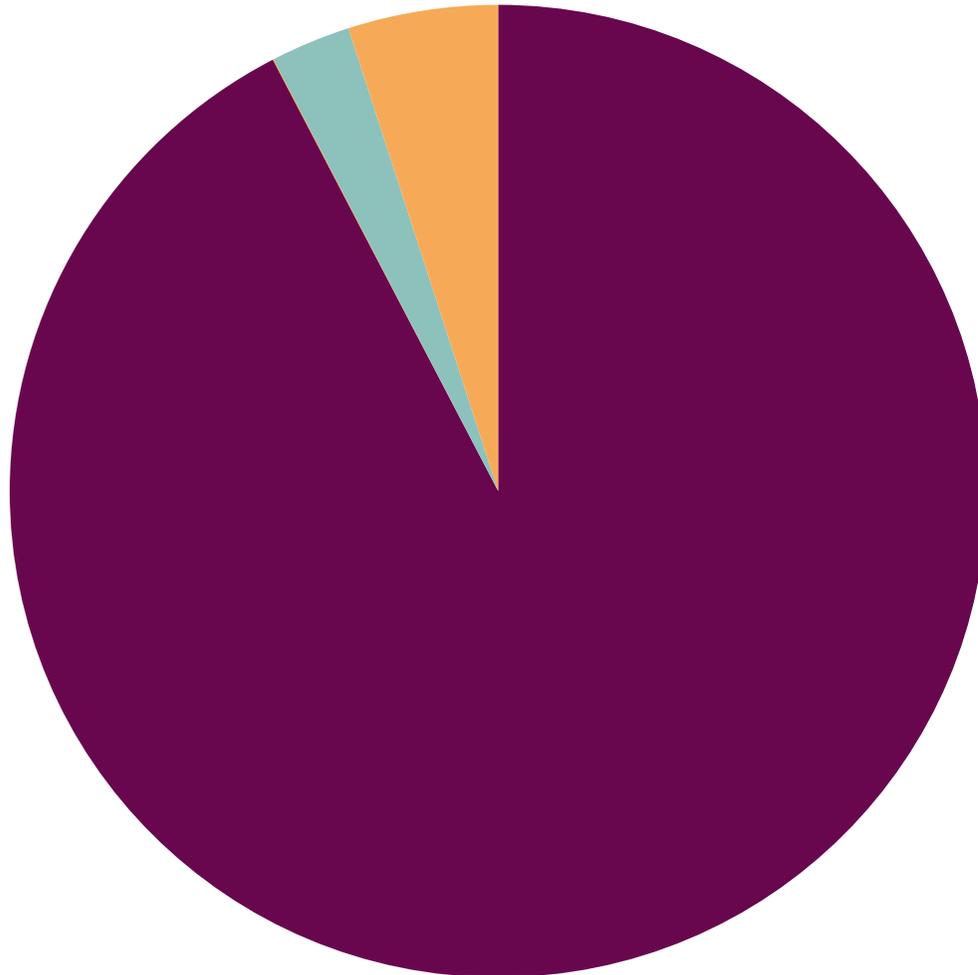
HRA Balanced Budget



- Income = Expenditure
 - If Income < Expenditure = Contribution **to** HRA Reserves
 - If Income < Expenditure – Contribution **from** HRA Reserves



2021/22 Proposed HRA Budget



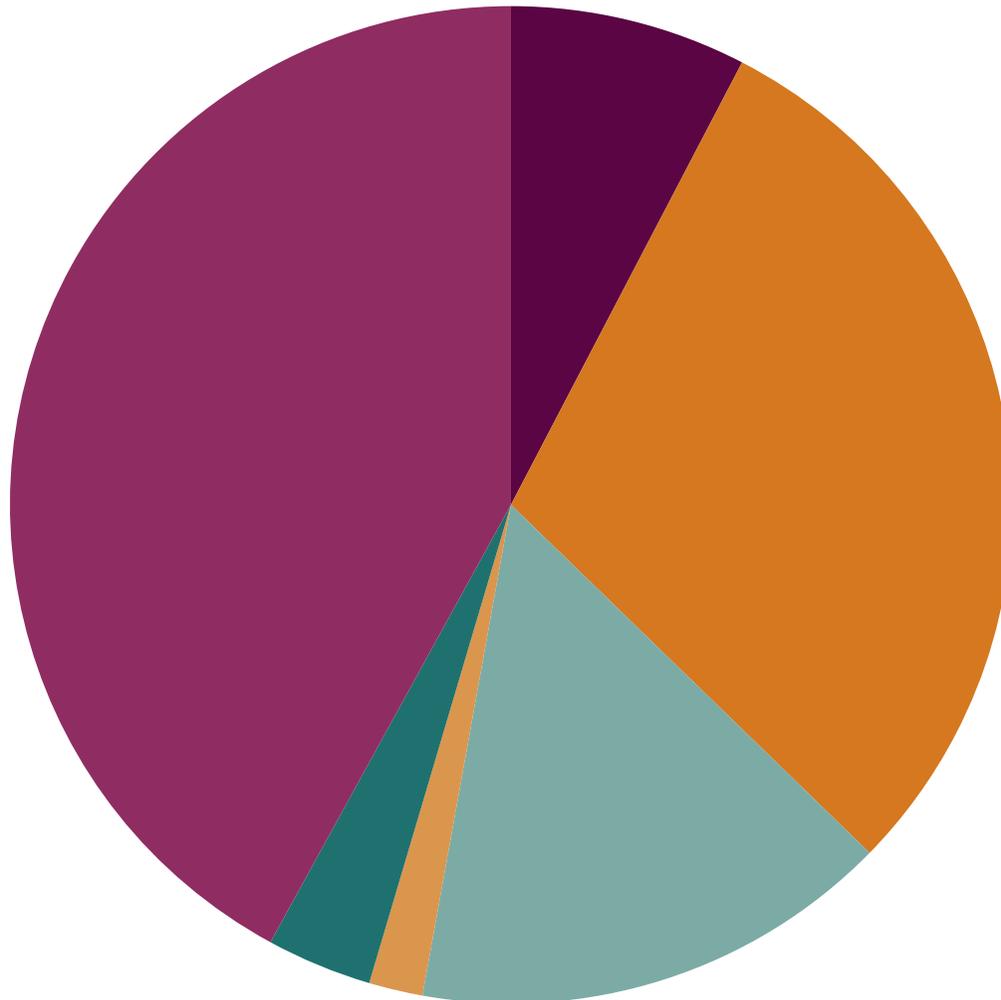
Income
Total £45.9m

- Dwelling Rents £42.4m
- Ground Rents £0.010m
- Garage Rents £1.21m
- Other Income £2.28m



2021/22 Proposed HRA Budget

**Expenditure
Total £46.56m**



- Client Costs £3.55m
- Capital £13.81m
- Interest £7.23m
- Bad Debts Provision £0.81m
- Voluntary Debt Repayment £1.59m
- SCH Management Fee £19.57m



10 Year Plan

Rental Income



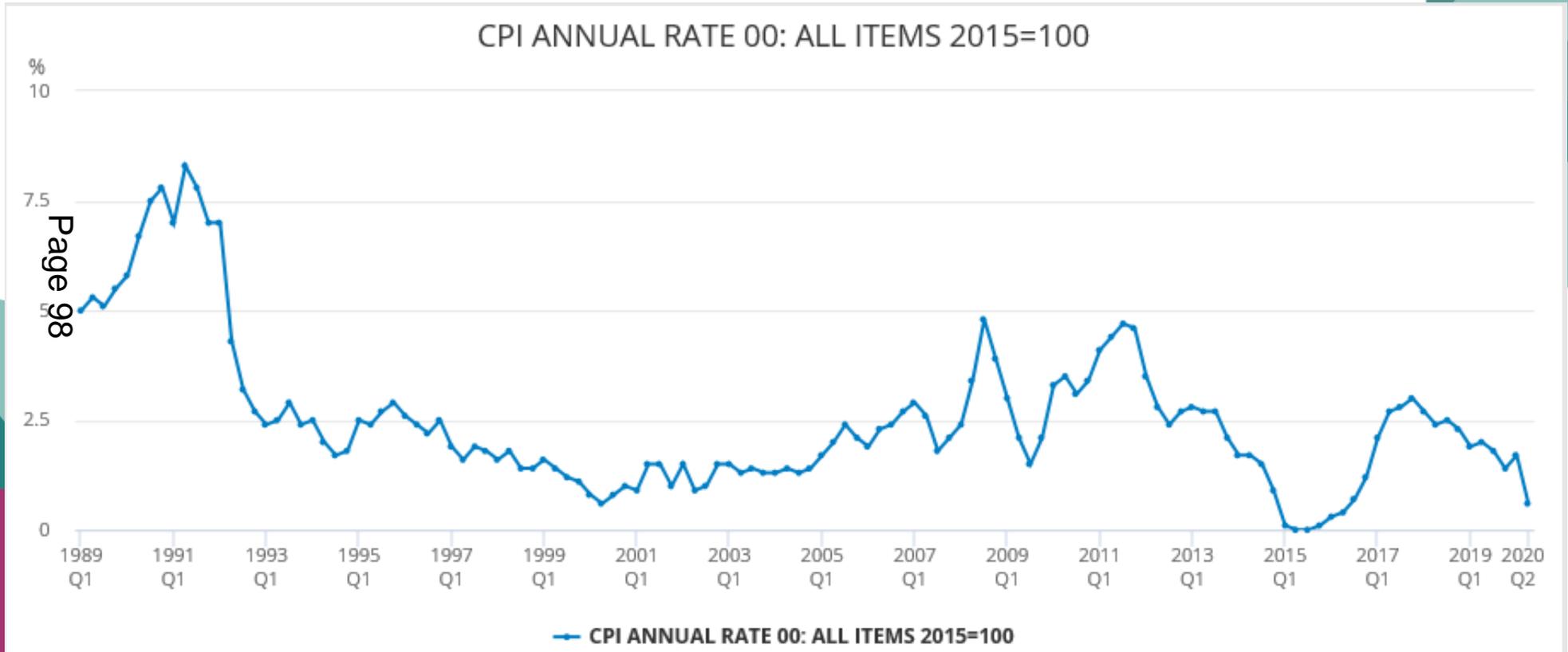
HRA Budget Assumptions - Rents

- HRA Rents CPI +1%;
- SCH owned properties –excluded from the 10 year horizon as they are outside of the HRA.
- The Office for Budget Responsibility (OBR) currently forecasts a CPI level of 2% for the longer term.

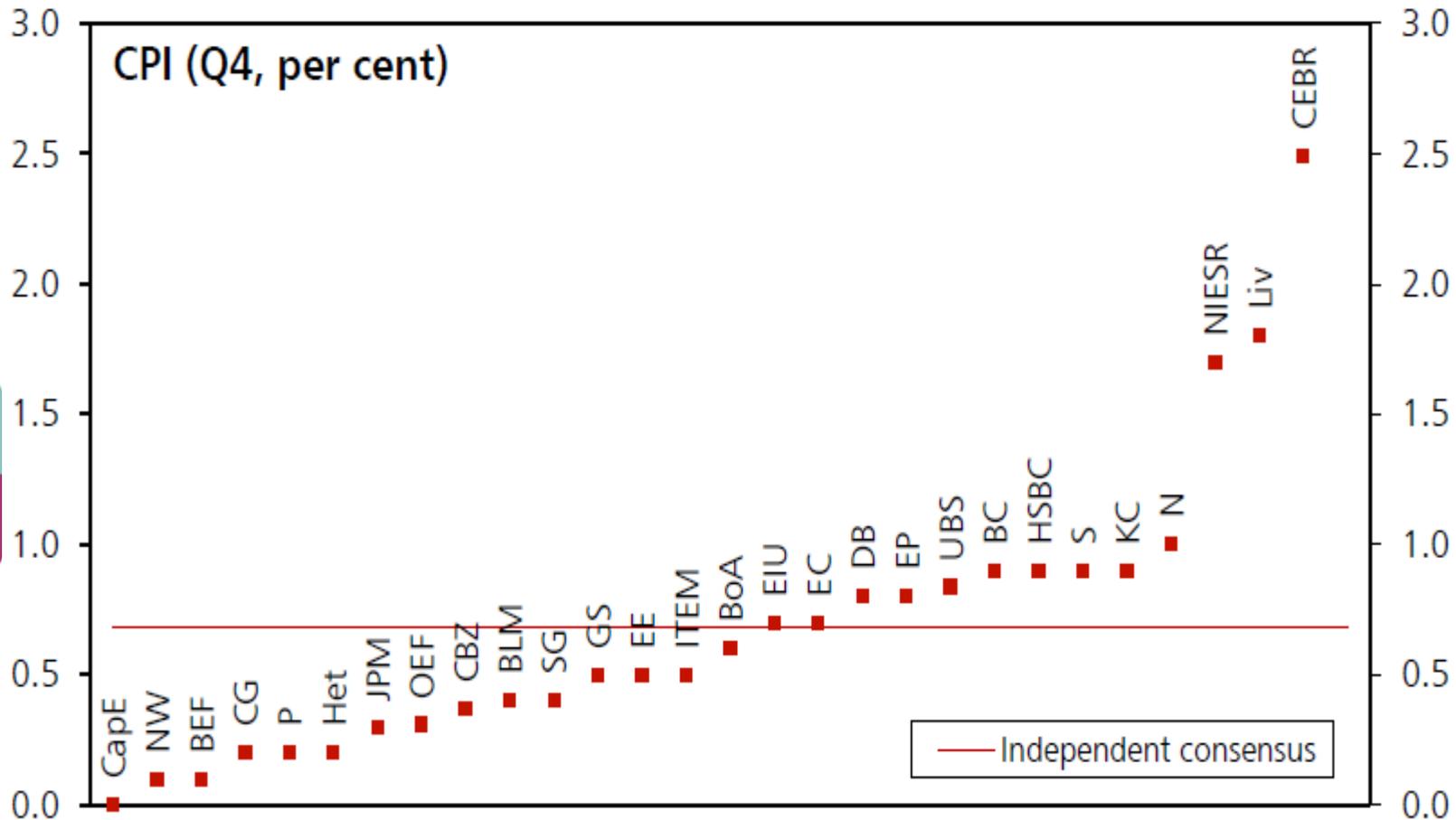
ACTION: Revisit 2021/22 rental estimates when Sept 2020 CPI figure available and continue to model CPI sensitivity for the life of the plan



OBR CPI



Treasury Comparison of Independent Forecasts as at July 2020



2021/20 Rents

- The average weekly rent is £84.56 per week for 50 weeks in 2020/21.
- Each property will generate an average of £4,228 rent per year in 2020/21.
- Based on the current plan assumption of CPI @ 1.3% this increases to an average of £86.56 per week or £4,328 per year in 2021/22.



Impact on rents- Right to Buy

- 2021/20 Budget assumed loss of 50 properties per year through RTB
- This would results in loss of rental income of £216k in a full-year (based on 2020/21 av.rents).
- 2019/20 RTB = 46 properties with an annual loss of rent of £189k



Impact on rents- Acquisitions

- Acquisitions within HRA MTFS - 2 properties per year
- Actual additional properties in 2019/20 2 acquisitions + 9 new properties at Cambridge Drive + 3 conversions into dwellings
- Plan for 2020/21 includes 14 social rent properties across Willow Way and Faulkner Road plus 29 Shared Ownership properties across Wagon Lane, Brackleys Way and Halifax Road sites.
- Plan for 2021/22 includes a net increase of 8 units at Lakeside
- Plan for the use of 1-4-1 receipts includes 10 units in 2020/21 and 2021/22 and 5 thereafter
- No other new developments are included



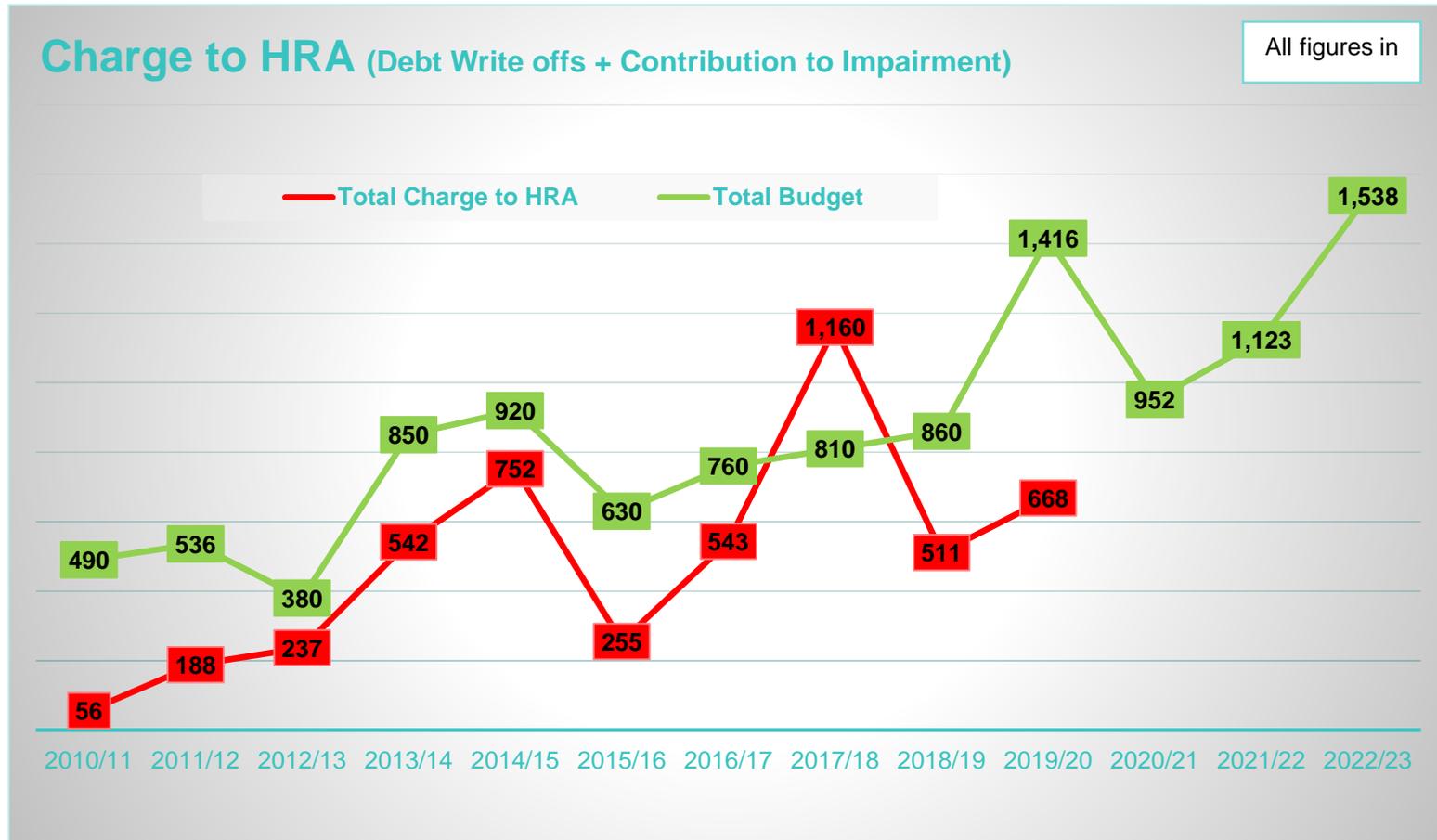
Impact on rents - Bad debt provision

- Budget for Bad Debt in 2020/21 is £952k.
- 2019/20 Budget assumed £1,416k
- 2019/20 Actual was £668k.
- Every 1% variation will either increase, or decrease the provision by approx. £430k.



10 Year Plan

Impact on rents - Bad debt provision



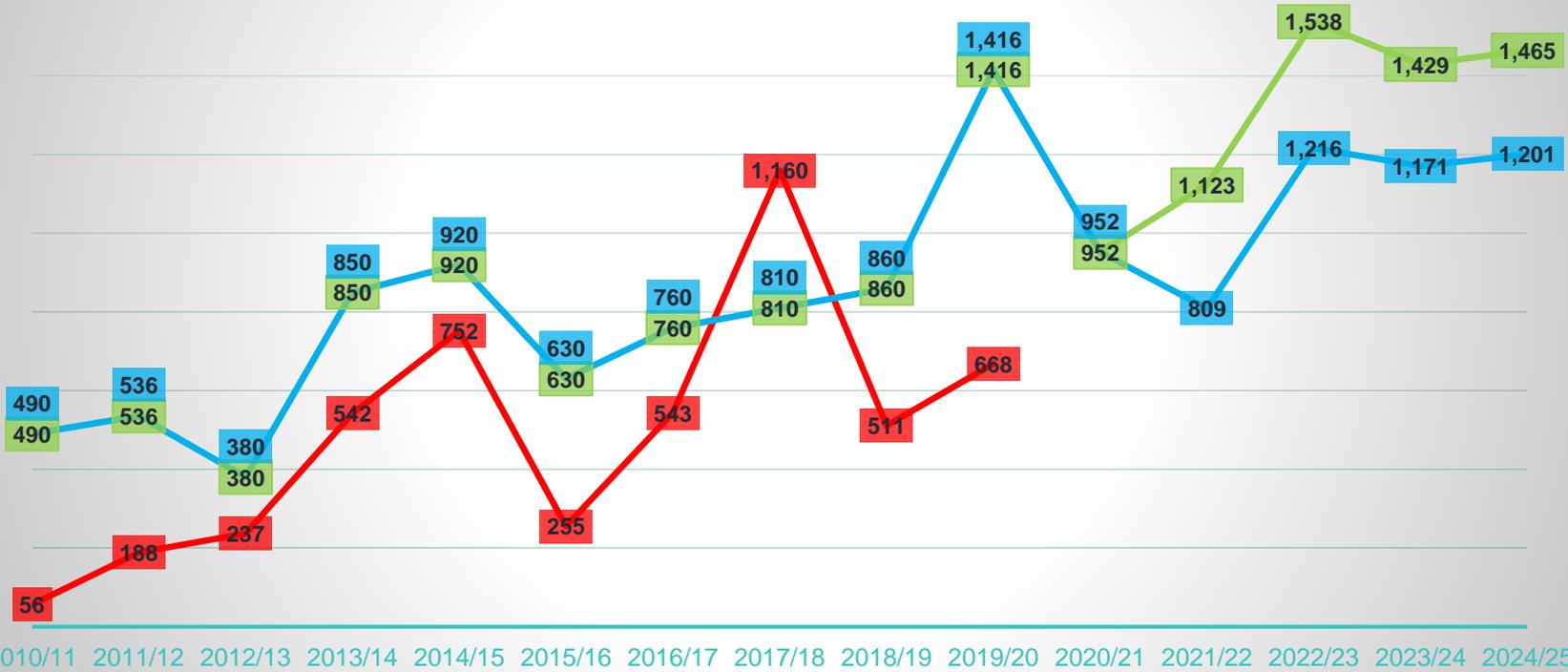
10 Year Plan

Impact on rents - Bad debt provision

Charge to HRA (Debt Write offs + Contribution to Impairment)

All figures in

— Total Charge to HRA — Total Budget approved 2020 — Total Budget proposed 2021



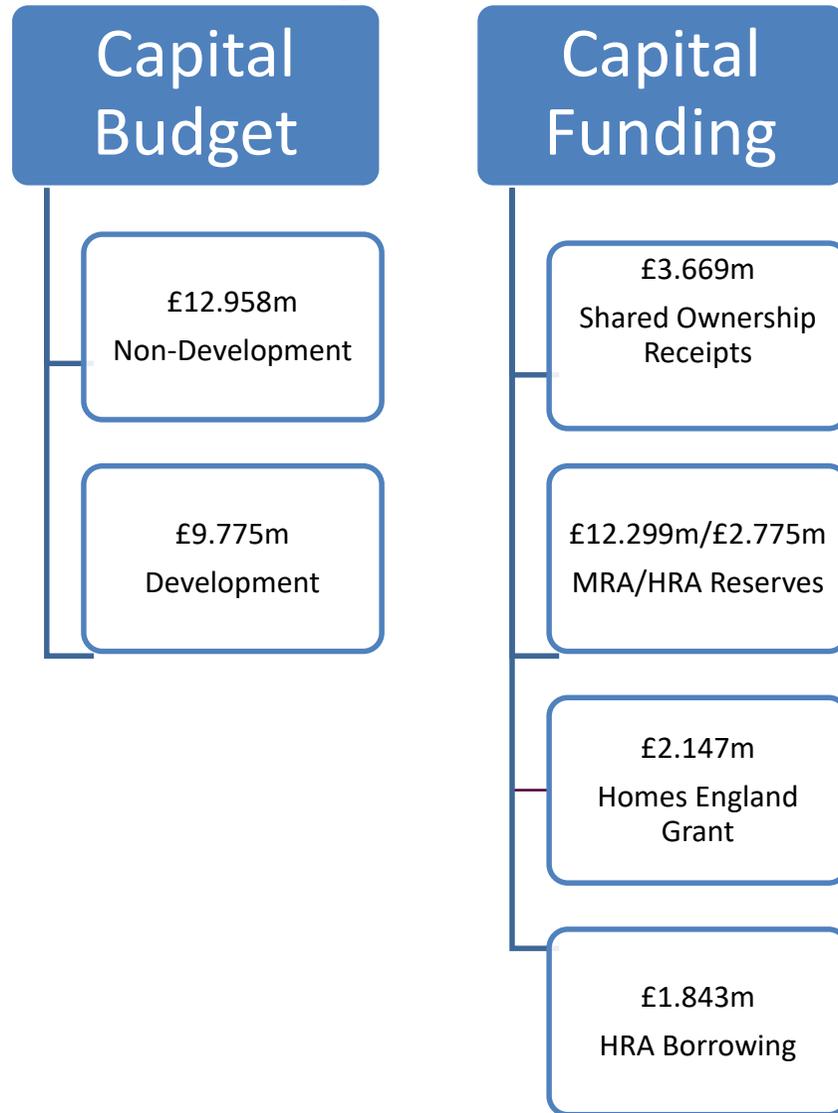
10 Year Plan

Impact on rents – Void properties

- Void rate increased to 1.09% within the HRA MTFS.
- This totals £481k lost rental income in 2023/24.
- Every 0.1% variation results in a cost/saving of approx. £44k in 2023/24.
- 2019/20 rent loss is 1.09%



2020/21 Capital = £22.733m



Budget Impact – HRA Funding Gap

Year	2019/20 Gap £'000s	2020/21 Gap £'000s	Change £'000
2021/22	731	671	(60)
2022/23	(341)	(368)	(27)
2023/24	(426)	(410)	16
2024/25	(147)	(71)	76
2025/26	97	180	83
2026/27	402	496	94
2027/28	741	838	97
2028/29	1,031	1,141	110
2029/30	1,328	1,448	120
2030/31	1,798	1,928	130
Total	5,214	5,853	639



Agreed Saving Proposals

	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000	Total £'000
Revenue Savings	871	280	0	0	1,151
Capital Savings	0	0	2,938	0	2,938
Development Savings	500	0	0	0	500
Income Target *including new build)	120	0	0	0	120
Reported to Budget Strategy 2019	1,491	280	2,938	0	4,709
Net change to be reported to BSG-2020	0	33	0	0	33
*New Build rent income not shown in SCH savings tracker	(25)	0	0	0	(25)
Savings monitored by SCH savings tracker	1,466	313	2,930	0	4,717



HRA Reserves as at 1 April 2020

HRA Reserves	£'000s	Notes
Working Balance	6,917	Min Working Bal £2m agreed with external auditor.
Pre 2004	96	Available for use
Welfare Reform	1,765	Specifically to support add. Costs of UC
Regeneration	212	Available for use
Future Capital Investment	4,479	
SCH Surplus Management Fee	2,272	Available for use
Enabling	125	Available for PSL/Homeless initiatives
Total Revenue Reserves	15,866	
RTB – Capital Receipts Unapplied	2,431	Includes £65k repaid discount
RTB – Capital Receipts 1-4-1	772	
RTB – Cap.Receipts (Allowable Debt)	9,465	
HRA – MRR	4,284	
HRA-Shared Owner. & non-RTB Sales	1,094	
Homes England Grants	466	
Total HRA Reserves	34,378	



SCH Reserves as at 1 April 2020

SCH Reserve	£'000s	Notes
SCH – Minimum Working Balance	1,500	Agreed with External Auditors
SCH – General Reserve	5,285	
SCH – Budget Strategy Reserve	2,435	
SCH – BSR Restructure	1,178	
Total SCH Reserves (excl Pension Deficit)	10,398	



Financial Risks – 2021/22- 2022/23 MTFS

- Covid19 - impact on arrears, bad debts and economy (CPI)
- Rent Income loss – impact of RTB/Voids/ Bad Debts
- Welfare Reform – impact on the rental income and bad debt provision
- Stock Numbers
- Brexit financial impact may result in unexpected reductions to local government funding including Housing
- Utilities costs –the market remains volatile and costs may vary considerably from those included
- Legislative Changes
 - Ability of residents to pay rent - affected by factors impacting on their income
 - Homelessness Reduction Act continues to place pressure on services and budgets
 - New opportunities to increase funding for development may impact on staff ability to deliver in timescales



Next Steps – 2021/22-2023/24 MTFS

- Revise HRA MTFS once the September 2020 CPI figure are available
- Identify revised funding gaps and discuss with EMT
- Update SCH detailed budget for 2021/22 to 2023/24
- Provide follow up report to Board 30 November 2020





Any Questions?



HRA BUSINESS PLAN FINANCIAL FORECAST

			1	2	3	4	5	6	7	8	9		
	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	
	Outturn	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Income													
Dwelling Rents - Social	(39,822)	(40,670)	(40,661)	(41,580)	(42,525)	(43,648)	(44,756)	(45,892)	(47,055)	(48,247)	(49,468)	(50,719)	
Dwelling Rents - Affordable	(600)	(600)	(600)	(614)	(632)	(651)	(671)	(691)	(712)	(733)	(755)	(778)	
Shared Ownership properties rent	(90)	(151)	(143)	(194)	(201)	(208)	(215)	(222)	(230)	(238)	(246)	(254)	
Ground Rents	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	
Garage Rents	(1,175)	(1,169)	(1,194)	(1,213)	(1,237)	(1,260)	(1,284)	(1,308)	(1,333)	(1,358)	(1,383)	(1,409)	
Heating Charges	(27)	(30)	(29)	(30)	(31)	(31)	(32)	(33)	(33)	(34)	(35)	(35)	
Leaseholder Service Charges	(873)	(750)	(743)	(764)	(787)	(611)	(635)	(661)	(687)	(714)	(741)	(770)	
Hostel Charges	(130)	(164)	(161)	(164)	(168)	(33)	(34)	(35)	(35)	(36)	(37)	(38)	
Service Charges - LR Cleaning	(331)	(331)	(339)	(335)	(339)	(341)	(344)	(347)	(350)	(353)	(355)	(358)	
Service Charges - HR CCTV & Cleaning	(702)	(710)	(728)	(741)	(758)	(774)	(790)	(806)	(823)	(841)	(858)	(876)	
Service Charges - Saxon Court	(113)	(82)	(82)	(95)	(113)	(115)	(118)	(120)	(123)	(125)	(128)	(131)	
Tenants Insurance	(116)	(145)	(145)	(148)	(153)	(158)	(162)	(167)	(172)	(177)	(182)	(187)	
Contributions towards expenditure	(60)		0	0	0	0	0	0	0	0	0	0	
Total Income	(44,052)	(44,815)	(44,838)	(45,891)	(46,957)	(47,843)	(49,054)	(50,295)	(51,566)	(52,869)	(54,201)	(55,568)	
Expenditure													
Prudential Borrowing	(1,177)	(1,163)	(1,163)	(478)	(478)	(478)	(478)	(478)	0	0	0	0	
Client Costs													
Removed cap from 17/18 - see separate schedule	3,357	3,437	3,466	3,554	3,629	3,706	3,825	3,860	3,940	4,065	4,107	4,194	
	3,357	3,437	3,466	3,554	3,629	3,706	3,825	3,860	3,940	4,065	4,107	4,194	
Capital Programme													
Base Capital Contribution (formerly MRA)	11,881	12,202	12,202	12,531	12,870	13,217	13,574	13,940	14,317	14,703	15,100	15,508	
RCCO to Capital Programme	308	89	89	1,303	739	1,292	1,864	2,495	3,628	4,283	4,989	5,667	
Inc/(dec) to Capital management fee to match investment plan		2,859	2,859	3,116	6,261	9,411	4,922	4,145	(4,975)	5,034	(3,669)	(1,725)	
Remove additional Capital Management fee (re Investment Plan)					(6,261)	(9,411)	(4,922)	(4,145)	4,975	(5,034)	3,669	1,725	
Inc/(dec) to Capital management fee to match available funds		(3,051)	(3,051)	(3,138)									
	12,189	12,099	12,099	13,812	13,609	14,509	15,438	16,435	17,945	18,986	20,089	21,175	
Debts													
Debt Management Costs	117	57	57	57	58	58	59	60	60	61	62	62	
Bad Debt Provision	668	952	952	809	1,216	1,171	1,201	1,231	1,262	1,293	1,325	1,359	
	785	1,009	1,009	866	1,274	1,229	1,260	1,291	1,322	1,354	1,387	1,421	
Interest													
Interest Payable - Base HRA Debt & Self Financing	7,283	6,972	6,909	6,972	6,696	6,696	6,696	6,696	6,696	6,696	6,696	6,696	
Interest Payable - Prudential Borrowing		395	282	346	337	314	290	265	240	232	224	216	
Premiums & Discounts		64	64	64	0	0	0	0	0	0	0	0	
Interest Receivable	(224)	(100)	(150)	(150)	(150)	(150)	(100)	(100)	(100)	(100)	(100)	(100)	
	7,059	7,331	7,105	7,232	6,883	6,860	6,886	6,861	6,836	6,828	6,820	6,812	
Reserves													
Contribution to Future Capital Expenditure Reserve		885	885	1,000	1,000	500	500	500	500	500	500	500	
Principal Repayment of Debt	1,109	1,166	1,141	529	565	588	612	636	188	195	203	211	
	1,109	2,051	2,026	1,529	1,565	1,088	1,112	1,136	688	695	703	711	
Total Expenditure	23,322	24,764	24,542	26,515	26,482	26,914	28,043	29,105	30,731	31,928	33,106	34,313	
(Surplus)/ Deficit for Year Before Management Fee	(20,730)	(20,051)	(20,296)	(19,376)	(20,475)	(20,929)	(21,011)	(21,190)	(20,835)	(20,941)	(21,095)	(21,255)	
Core Management Fee	18,241	18,115	18,115	18,633	19,569	19,629	20,041	20,462	20,892	21,331	21,779	22,236	
Uplift - Contracted Cost Pressures		369	369	330	431	412	421	430	439	448	457	467	
2016/17 Reduction of management fee to Match HRA Resources net of additional £1.4m savings SCH identified for potential restructure costs		0	0	0	0	0	0	0	0	0	0	0	
add: Shared ownership rental income to be passed to SCH		0	0	0	0	0	0	0	0	0	0	0	
Savings to be identified 18/19 Budget Setting		0	0	0	0	0	0	0	0	0	0	0	
Increase to Management fee to achieve saving S1819-12		0	0	0	0	0	0	0	0	0	0	0	
Increase to Management fee to fund Water Rates budget within TA		0	0	587	(168)	0	0	0	0	0	0	0	
One-off Additional Management fee to fund SCH Budget Strategy Reserve funding ending 2021/22		0	0										
Additional Revenue Management fee (funded by reduced Contribution to Bad Debt Provision)		150	150		(156)								
Use of Reserves (paid through Management fee)													
Communal Decorations budget added to Revenue				19	(47)								
Adjust for Management fee automatically updated Per SCH Revenue Budget													
	18,241	18,634	18,634	19,569	19,629	20,041	20,462	20,892	21,331	21,779	22,236	22,703	
PPM Repayments	1,177	1,163	1,163	478	478	478	478	478	0	0	0	0	
Gross Management Fee	19,418	19,979	19,797	20,047	20,107	20,519	20,940	21,370	21,331	21,779	22,236	22,703	
(Surplus)/ Deficit for Year After Management Fee	(1,312)	(254)	(499)	671	(368)	(410)	(71)	180	496	838	1,141	1,448	
				4-years 20/21 to 23/24 Forecast				(606)		10-years 21/22 to 30/31 Forecast			

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Appendix B - Savings / Income Tracker Detail 2020/21 to 2022/23

Revenue Savings RAG Schedule

Savings Ref	Service Area	Savings Proposal Title	Savings Proposal Description	Customer / Service Impact	Challenges to Savings Delivery	2020/21		2021/22		2022/23	
							£		£		£
	Housing & Communities	Housing Services					0.0		0.0		0.0
				sub-total Housing & Communities	Surjit Balu		0.0		0.0		0.0
S2021-05	Asset Management	Realign budgets to current levels of demand	Mechanical & Electrical, Day to Day and Voids, Water Risk, Electrical testing	Believed minimal impact as remaining budget is more than 2016/17 outturn			75.0		0.0		0.0
S2021-06	Asset Management	Reduce budgets to match current level of demand	Reduce budgets for Servicing & Maintenance of Lifts fitted via Adaptations programme to match current level of demand	Believed minimal impact as remaining budget is more than 2016/17 outturn			20.0		0.0		0.0
S2021-07	Asset Management	Include budget for annual stock adjustment figure	On an annual basis a stock adjustment is credited to the revenue accounts.	None			25.0		0.0		0.0
				sub-total Asset Management	Mark Pinnell		120.0		0.0		0.0
S1819-16	Customer Experience & Business Support	Service Efficiency Target - linked to digital enhancement	Anticipated reduced service costs following digital enhancements	Minimal impact anticipated as costs should reduce in line with improved digital access to our services is rolled out to our customers			150.0				0.0
				sub-total Customer Experience & Business Support	Kevin Bennett		150.0		0.0		0.0
	Chief Executive						0.0		0.0		0.0
				sub-total Chief Executive	Fiona Hughes		0.0		0.0		0.0
				Total Revenue savings			270.0		0.0		0.0

Income Targets (net)

Income Ref	Budget Holder	Income Proposal Title	Income Proposal Description	Customer / Service Impact	Challenges	2020/21		2021/22		2022/23	
						RAG Rating As at Mar 20	£	RAG Rating As at Mar 20	£	RAG Rating As at Mar 20	£
11718-03	Housing & Communities	Wellbeing	Safe & Sound (SAS) and Assisted Technology Telecare (ATT) service				6.0		0.0		
							37.0		0.0		0.0
					Total Income targets		43.0		0.0		0.0
TOTAL SAVINGS / INCOME REQUIRED							313.0		0.0		0.0

Capital savings

Income Ref	Budget Holder	Savings Proposal Title	Savings Proposal Description	Customer / Service Impact	Challenges to Savings Delivery		£		£	0	£
S2122-01	Capital	Review Capital Programme	Review the capital programme in light of intelligence around actual component lifecycles v standard lifecycles to agree an affordable and efficient programme	Customer impact to be kept under review and the programme can be amended to take account of any identified changes to component lifecycles during the duration of the 10 year plan. The capital programme is also supported by a robust revenue repairs budget should repairs be necessary to maximise the efficient and timely replacement of capital components.					2,938.0		
					Total Capital		0.0		2,938.0	0.0	0.0

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SCH RESERVES - DETAILED

	19/20 Movement				20/21 Movement				21/22 Movement				22/23 Movement				23/24 Movement				
	Balance 31/3/19	Contributions	Earmarking	Use	Balance 31/3/20	Contributions	Earmarking	Use	Balance 31/3/21	Contributions	Earmarking	Use	Balance 31/3/22	Contributions	Earmarking	Use	Balance 31/3/23	Contributions	Earmarking	Use	Balance 31/3/24
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
1. Minimum Working Balance	1,500				1,500				1,500				1,500				1,500				1,500
2. General Reserve	4,682	603			5,285		181		5,466				5,466				5,466				5,466
Earmarked Reserves																					
Budget Strategy Reserve	1,540	-	66		1,474				1,474				1,474				1,474				1,474
Support for Increased Pension contributions	-				-				-				-				-				-
Support for Wellbeing (4 years 17/18 to 20/21)	117		-	49	68			-	19		-	49	19				19				19
Support loss of STW commission (3 years 18/19 to 20/21)	306		-	153	153			-	153		-	153	-				-				-
Support Interim Chief of Housing Operations position (18/19 only)	-				-				-				-				-				-
Support Saxon Court Manager costs (3 years 18/19 to 20/21)	100		-	50	50			-	50		-	50	-				-				-
Support 1x posts for Universal Credit (Money Advisor)	-				-				-				-				-				-
Support revenue costs associated with "Housing Contacts" software.	-				-				-				-				-				-
Support Apprenticeship Scheme	377		-	100	277			-	100		100	77	77				77				77
Support Feasibility budget (18/19 only)	-				-				-				-				-				-
Support pay increase 2018/19 to 2020/21	559		-	224	335			-	335		-	335	-				-				-
Fund the appointment of a Project Officer to support the Solihull localities	50		-	50	-				-			-	-				-				-
Additional HR Officer for a 2 year period from October 2018	107		-	66	41			-	41		-	41	-				-				-
Create a hardship fund from 18/19 surplus (on 0401)	10		-	10	-		6	6	-		-	-	-				-				-
Fund the costs of rebranding from 18/19 surplus	-				-				-				-				-				-
Earmark a PSL Reserve from the annual surplus for the year	21		16		37				37				37				37				37
Increase the feasibility budget to £80k	-		50	-	50				-			-	-				-				-
3. Sub-total Budget Strategy Reserve	3,187	0	0	(752)	2,435	0	6	(734)	1,707	0	0	(100)	1,607	0	0	0	1,607	0	0	0	1,607
Element of BSR Earmarked for Restructure	1,378				1,378				1,378				1,378				1,378				1,378
17/18 Overspend against 0100-A95	70				70				70				70				70				70
19/20 Fund Severance costs	-			130	130				130				130				130				130
4. Sub-total Restructure costs	1,308	0	0	(130)	1,178	0	0	0	1,178	0	0	0	1,178	0	0	0	1,178	0	0	0	1,178
5. Commercial overheads underspend to be used for Saxon Court setup costs	7			(7)	0				0				0				0				0
TOTAL SCH RESERVES	10,684	603	0	(889)	10,398	181	6	(734)	9,851	0	0	(100)	9,751	0	0	0	9,751	0	0	0	9,751

£4,502k

Use of BSR
£828k
(Table 4
Paragraph
7.6)BSR
Balance as
at 31/3/24
£2,785k

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**SOLIHULL COMMUNITY HOUSING
BOARD MEETING: 28 SEPTEMBER 2020
REPORT OF THE CHIEF FINANCIAL OFFICER**

**REVENUE & CAPITAL FINANCIAL MONITORING AND
FORECAST 2020/21 – JUNE 2020 (QUARTER 1)**

1. Purpose of Report

- 1.1 To update the SCH Board on the financial performance for the 3 months to 30 June 2020 (quarter 1).

2. Recommendation – Items for Noting and Approval

- 2.1 The Board is requested to:

- (i) **NOTE** the latest forecast to year end for the current financial year 2020/21.
- (ii) **NOTE** the progress on delivery of 2020/21 planned savings.
- (iii) **NOTE** the current and forecast reserves position.
- (iv) **NOTE** the Chief Financial Officer continues to recommend the Oracle financial platform as detailed in paragraph 3.6.
- (v) **NOTE** the additional spend on high-priority tree works of up to £100k as detailed in paragraph 4.7.
- (vi) **RATIFY** the virement of Asset Management budgets as detailed in paragraph 4.9.
- (vii) **NOTE** the £82k cost pressure relating to the 2020/21 Pay Award as detailed in paragraphs 5.1 to 5.2.
- (viii) **RATIFY** the virement of surplus superannuation budgets as detailed in paragraphs 6.1 to 6.2.

3. Financial Performance 2020/21 - General

- 3.1 Appendix 1 (the Financial Dashboard) to this report summarises the Revenue and Capital financial performance for the 3 month period to 30 June 2020. Board members are reminded that the Financial Dashboard was circulated earlier via e-mail on Friday 17 July 2020. Since the Financial Dashboard was circulated there have been some changes to the figures within the Chief Executive Service Area. The forecast overspend of £53k on the COVID-19 cost centre relating to budget hotels for rough sleepers has been removed as SMBC have agreed to reimburse these costs and the £30k forecast underspend for the SMBC SLA has been amended to a £9k forecast overspend as the 2020/21 SLA value has since become available.

3.2 The Financial Dashboard also includes an update on savings for the 3-year period 2020/21 to 2022/23 and an update on the expected SCH and HRA Reserves outturn position.

3.3 The revenue position shows a forecast outturn position of £178k underspent (0.93%).

3.4

	Annual Budget £'000s	Forecast Variance £'000s
Chief Executive	2,282	76
Housing & Communities	5,299	(59)
Asset Management	8,914	(47)
Procurement	112	(8)
Customer Experience & Business Support	2,611	(140)
Total Revenue Spend	19,218	(178)
Total Revenue Management Fee (inclusive of £103k from Welfare Reform Reserve)	(18,738)	(0)
Transfer net revenue surplus to reserves	181	0
Approved use of Budget Strategy Reserve	(734)	(0)
Net Position	(73)	(178)

3.5 The capital position shows a forecast outturn position of £3,865k underspent (17.0%).

3.6 A summary of the main variances are set out in sections 4 and 6 below.

3.7 As per the financial regulations "*the accounting system in use shall be laid down by the Chief Financial Officer and agreed with the Board and SMBC*". The Chief Financial Officer continues to recommend the Oracle financial platform. This platform is subject of a Council key programme to move onto the Oracle Cloud and the detailed plan was prepared as part of Phase 1. The design and implementation started in early September 2019 and will conclude in October 2021.

3.8 The core HR and financial systems including procurement for SCH will be affected and the relevant support officers are involved in the project. Updates will be provided in future Board Monitoring reports until the project has concluded.

4. Part 1 - Revenue Financial Performance 2020/21

Chief Executive

- 4.1 Central Administration – forecast to outturn £27k (2.8%) underspent. The forecast outturn includes underspends of £15k on Employee Insurance, £20k on Investigation costs and a forecast overspend of £13k on Bad Debt write offs based on 2019/20 outturn. With further minor underspends totalling £8k.
- 4.2 SMBC Support Services – forecast to outturn £9k overspent based on the updated 2020/21 SLA value.
- 4.3 COVID-19 – forecast to outturn £94k overspent. The COVID-19 cost centre was set up in March 2020 to capture additional costs incurred by SCH as a result of COVID-19 with no budget currently allocated against these additional spends. The forecast costs primarily relates to homelessness accommodation such as an additional 8 HRA properties used as TA to help move families out of budget hotel accommodation including furniture £20k and utilities £5k. There is also a forecast spend of £40k on Council Tax partly due to the 8 additional TA properties and also existing properties being void for longer due to COVID-19. Other overspends of £29k include such items as hand sanitizers, PPE and additional cleaning costs.

Housing & Communities

- 4.4 Housing Management – forecast to outturn £15k (5.7%) underspent due to a delay in recruiting to the new Mental Health Worker post.
- 4.5 Housing Options – forecast to outturn at £35k (6.6%) underspent. The forecast includes net overspend of £55k on Budget Hotels after allowing for an assumed receipt of 64% Housing benefit, this is part offset by a forecast underspend of £37k on Homelessness pay due to four vacancies. The Wellbeing service is forecast to underspend by £45k on equipment rental as new equipment purchases are being kept to a minimum pending the procurement exercise to move to the new digital platform. Other minor underspends totalling £8k.
- 4.6 Rent Collection & Money Advice – forecast to outturn £9k (1.0%) underspent. The Rent Control team is forecast to overspend by £10k due to a forecast shortfall on Right-to-Buy income. This is offset by a forecast underspend on the Income Collection Team of £26k on Court fees and Warrant fees due to the current freeze on evictions as a result of COVID-19.

During 2018/19 the level of rental income lost to the HRA due to void garages was higher than the budget allowance. It was therefore agreed at the Board meeting on 20 May 2019 that regular updates of void garages would be included within the quarterly financial reports. The

table below compares the current void rate to the 2019/20 outturn position and the current budget position.

2019/20 Year-end	2020/21 Budget	2020/21 Period 3 Actual
29.9%	33.0%	30.9%

4.7 Neighbourhood Services – forecast to outturn £15k (0.4%) overspent. Forecast overspends of £12k on Laundry service and £7k on Cesspool emptying will be reviewed during the annual fees and charges exercise to ensure, as far as possible, that the charges levied more accurately reflect the cost of running these services. There is also a forecast overspend of £15k on Grounds Maintenance due to the Streetcare contract with the shortfall due to additional areas added into the contract not budgeted for and other minor overspends of £8k. These overspends are part offset by a forecast underspend of £27k on High and Low Rise primarily due to a forecast underspend on cleaning and additional forecast income for solar panels and cleaning. SCH are currently undertaking a survey of tree works required alongside SMBC and identified where there are tree works of a high priority. The work highlighted will require an additional cost up to £100k in excess of the current budgetary allocation of £95k. The Executive Director for Housing and Communities will work with the other members of the Executive Management Team to try to contain this additional spend within the forecast underspend for 2020/21, however, if by the financial year-end sufficient underspends have not been identified we will need to use reserves to fund this high priority one-off expenditure.

4.8 SCH Developments – forecast to outturn £15k (27.3%) underspent. Minor underspends most notably £7k underspend due to surplus budget on Bank charges.

Asset Management

4.9 As part of an ongoing “housekeeping” exercise the Asset Management and Development budgets have been reviewed alongside the Executive Director to realign previously underspent budgets offset by overspent budgets. This exercise should reduce the number of minor variances throughout the year and allow the budget to more accurately reflect expected expenditure. The overall position is a virement of £479,577 which was approved by EMT on 7 July 2020. In line with our Financial Regulations the Board are now requested to ratify this decision as the total exceeds £100k. Appendix 2 shows the detail of the virement. Forecasts below are shown after the requested virement has been taken into account.

4.10 Day-to-Day – forecast to outturn £35k (1.2%) overspent. Forecast overspend on payroll within Standby of £16k caused by a higher number of jobs (668) than budgeted (506) during quarter 1. The Standby team

are carrying out an increasing number of Out of Hours jobs for the Wellbeing service; this will be addressed in the forthcoming Wellbeing service review. Asset Management have not achieved their Workforce Management Target within Property Repairs Day-to-Day due to agency cover for vacant posts resulting in a forecast overspend of £75k on pay, however this is part offset by savings on non-pay of £56k. Due to non-essential repairs being stopped because of the impact of Covid-19 only 6,129 jobs were completed in quarter 1 compared to 8,879 in quarter 1 2019/20. Routine repairs were logged during this period and peaked at 1,500 outstanding jobs, however, following recommencement of routine repairs, at the time of writing, the backlog has reduced to approximately 200 repairs with the expectation that the backlog will be fully cleared during quarter 2.

4.11 Void repairs – forecast to outturn £45k (2.2%) underspent. The forecast underspend is due to a reduction in the number of Gas and Electric jobs in quarter 1 caused by COVID-19. There were 514 jobs completed against a budget of 889 for the period (57.8%).

4.12 Compliance - forecast to outturn £76k (3.2%) underspent. The forecast underspend includes a £50k underspend on Electrical testing. Residential testing numbers are 175 lower than quarter 1 2019/20, and 81 lower than budgeted caused by COVID-19. Due to full compliance no communal testing has been required in quarter 1 against a budget of 128 tests. There is also a forecast underspend on Asbestos of £21k due to vacancies, and further minor net forecast variances of £5k.

4.13 Support Services - forecast to outturn £35k (2.3%) overspent. An unplanned budget pressure of £150k net of income has been forecast on Biomass. A review is currently taking place to consider the ongoing viability of the Biomass systems. Dodd Group are also carrying out condition reports on all the plant rooms following the review and upgrade works at Birkbeck House which has improved its operating efficiency. Overspends are expected due to:

- 1) Gas and electric running costs of £80k caused by poor maintenance legacy issues that have been identified within the Biomass Units. A repair and maintenance plan is being prepared to increase the operating efficiency of the Units,
- 2) An increase in the contract costs of the pellets of £70k,
- 3) Plant room call outs of £27k to address a number of issues, spend of £8k has already been incurred against a budget to date of £6k
- 4) Other minor overspends £10k.

The above overspends are expected to be part offset by forecast additional RHI income of £37k, which could potentially be higher if the planned improvements in operating efficiency are realised.

The forecast overspend on Biomass has been partly offset by forecast underspends on Stores of £47k due to the annual stock adjustment,

Fleet Management £42k due to savings on the monthly lease payments and also improved fuel efficiency and £26k on various minor underspends.

- 4.14 Management team – forecast to outturn £10k overspent (8.1%) due to not achieving the Workforce Management Target as the team is fully established and expected to remain so for the remainder of the year.

Procurement

- 4.15 Procurement - forecast to outturn £8k underspent to the LHC rebate received annually.

Customer Experience & Business Support

- 4.16 Governance & Board Administration – forecast to outturn £15k (9.1%) underspent as a consequence of a vacant post within the Governance team.

- 4.17 Customer Experience – forecast to outturn £34k (3.0%) overspent due to Workforce Management Target of £30k not forecast to be achieved and additional printing costs of £5k within Communications due to ad hoc printing requests which have not been provided for within the budget. Minor underspend of £1k.

- 4.18 Business Support – forecast to outturn £159k (12.1%) underspent. Forecast underspend of £59k on Endeavour House, various underspends across the cost centre with the most notable being stationery £10k, cleaning £10k, postage £7k and electricity £7k. The remaining underspend of £25k comprises of several minor underspends. Training is forecast to underspend by £45k based on current scheduled training courses for the year. Further underspends are on Kingshurst office £22k due to additional income received for rental of office space, Coppice Way £17k various minor underspends and Policy and Performance £17k due to vacancies and savings on grants and subscriptions. Partly offset by a £1k minor overspend. SCH are currently looking to identify alternative suitable office premises for their frontline housing options service to enable larger parts of the team and partner services to be located together. Whilst this will not impact on the 2020/21 forecast spend any cost pressure identified will need to be taken into account in the 2021/22 budget setting exercise.

5. 2020/21 Pay Award

- 5.1 As part of setting the budget for 2020/21 a provision for the annual pay award was included based on 2.0% from 1 April 2020. However following national negotiations it was announced on Friday 21 August 2020 that the agreed pay increase would be 2.75% backdated to 1 April 2020. This is a cost pressure of £82k within this year's budget.

- 5.2 The Executive Management Team will look to contain this additional cost within the forecast underspend for 2020/21, however, if sufficient

underspends have not been identified by the financial year end we would, in line with previous in-year pay increases, look to use the Pay element of the Budget Strategy Reserve to fund this cost pressure.

6. Allocation of surplus pension funding to cost pressures

- 6.1 Every 3 years the West Midlands Pension Fund has a full actuarial revaluation of the fund and the contributions payable by SCH are reviewed as part of that valuation. The fund was revalued as at 31 March 2019 resulting in a decrease in the required value of contributions payable by SCH from 19.9% of an employee's salary to 16%. The results of the revaluation were shared with SCH in March 2020, by which time the 2020/21 budgets had already been set with an assumed pension contribution of 19.9%. This has resulted in a saving of £276k.
- 6.2 As a result of this on-going additional saving, the Executive Management Team have reviewed the current financial pressures across SCH and have recommended allocating this surplus funding as detailed in the below table. As the virement required to make this change is in excess of £100k in line with Financial Regulations the Board are asked to ratify this recommendation.

	2020/21 £000's	2021/22 onwards £000's
Offset Digital Savings Target	150	150
Offset additional Wellbeing income target	6	6
Installation of CCTV at Warwick House/ Warwick Place	8	0
IT Software to support Income Collection	11	38
Shortfall on annual Apprentice budget to maintain 6 Apprentices	14	17
Shortfall on Grounds Maintenance – Streetcare Contract	16	16
Shortfall on Right to Buy income budget due to reduced RTBs	10	10
Shortfall on CCTV contract budget	10	10
Provision for future cost pressures	51	29
Total	276	276

7. Part 2 – Capital Financial Performance 2020/21

- 7.1 Stock Growth & Development is forecast to underspend by £2,674k (15.0%). No spend is expected on DIY Shared Ownership with only 1 enquiry received so far, resulting in a forecast £1,000k underspent. The remaining underspend relates to the new build schemes at Halifax Road

and Wagon Lane with some slippage against the programme of works due to COVID-19, and Lakeside £1,314k forecast underspend due to a delayed start to the works.

7.2 The Council have been in negotiations with Bromford Homes since 2019 regarding the acquisition of 13 properties which are predominantly used at present to house adults with specific support requirements. The intention is that these properties will be owned by the Council's Housing Revenue Account and if no other high priority need is identified by the Council these properties could be used as general purpose housing stock. The acquisition was planned to be complete earlier this year but the current pandemic will delay this to end of the financial year.

7.3 Stock Improvement – forecast to underspend by £1,191k (9.7%). Many projects are running behind profile as works were put on hold due to COVID-19, partly offset by £61k on Garage Strategy Implementation for works budgeted for in 2019/20 but with a completion date of 1 April 2020.

The most notable underspends are as follows:

- Public Sector Major Adaptations £250k forecast underspend. Non-urgent works were suspended for 2 – 3 months due to COVID-19 and are unlikely to catch up due to the time taken to finalise requirements and award works to contractors. The forecast underspend is based on 274 properties being completed during the financial year, with 35 adaptations taking place as at the end of quarter 1. Work is ongoing with Adult Care & Support to ensure the service is signposted and promoted appropriately.
- Low Rise Over cladding £250k forecast underspend due to choosing to delay the procurement process as a result of COVID-19. The programme will be worked on in conjunction with the Cyclical Maintenance programme and a pilot is being undertaken by Wates and a sub-contractor. The full programme planned to commence in August 2020 will provide over-cladding to 109 properties this financial year.
- Cyclical Maintenance £200k forecast underspend. The programme of works has been running behind since the previous financial year due to late mobilisation and issues on site with an aim to catch up in 2020/21. £184k funding was carried forward for this purpose, however, COVID-19 created further delays in quarter 1. The programme of works will be updated in conjunction with Wates, with works on 383 properties planned this financial year and 112 properties completed so far.
- CCTV £120k forecast underspend, programme of works was completed in 2019/20.
- Kitchens and Bathrooms £100k forecast underspend. Programmed works planned to restart in September 2020 with ad hoc works to be carried out on voids during July and August. The work required is driven by stock condition surveys which have been delayed due to COVID-19 and delays in receiving contractor documentation have pushed the programme back.

- Electrical Improvement works forecast underspend of £100k. Works are driven by Electrical Installation Condition Reports (EICR), due to COVID-19 fewer EICR's have been carried out resulting in a delayed start on works.
- Electrical Sub mains forecast underspend of £100k. Currently working on three high rise blocks but only doing emergency lighting, there is potential to add an additional block but that would change the forecast to £100k overspend as each block costs approximately £200k.
- Other smaller forecast underspends totalling £132k on Lift Refurbishment £46k, Structural Works (MST and non MST) £66k, Public Sector minor works £20k.

- 7.4 In March 2020 Cabinet agreed an update to the capital programme to undertake the retrofitting of sprinklers to 37 high-rise buildings. The total cost of investment required is £9.5m over 4 years to be funded through the use of HRA reserves and working balances. Forecast spend of £808k on the project is expected in 2020/21 with works due to commence later in the year.
- 7.5 Following the identification of non-compliant spandrel panels in 16 high-rise blocks in the North of the Borough further architectural work is required prior to consideration of the programme by the Council. The architect fees to design the replacement panels are forecast to cost £350k, the cost of which will be incorporated into this year's HRA capital programme subject to reprioritisation and virement approvals by the Council.
- 7.6 Solihull Independent Living (SIL) (private sector properties) forecast to outturn to budget. This budget out turned in 2019/20 at £1.018m and there is a budget for 2020/21 of £1.516m. The expenditure is forecast to outturn £454k underspent and will be offset by a reduction in the income received from the Council to bring the forecast outturn to break even. The underspend on the expenditure budget is partly due to a suspension of works due to COVID-19, however these budgets were also significantly underspent in 2019/20. A joint project is therefore taking place between Adult Care & Support and Solihull Community Housing to increase referrals and workload. Although there is no current forecast underspend it is likely that a proportion of this budget will be rephased into 2021/22.
- 7.7 Underspends across the capital programme will be reviewed as part of the mid-year capital review and approval to carry forward budgets will be submitted to the Council where appropriate.

8. Workforce Management Target

- 8.1 During 2020/21 the Board approved the introduction of a 3% workforce management target (WMT). This saving is designed to be achieved by natural staff turnover rather than implementing additional savings.
- 8.2 The table below shows SCH are currently achieving the workforce management target across all service areas as at period 3, however, are not forecast to achieve the workforce management target by the end of the year. This is primarily due to a forecast overspend of £105k on pay within Asset Management caused primarily by high agency usage covering vacancies within Day-to-Day. Non pay budgets within Asset Management will be reviewed with the aim of offsetting the workforce management target from within non pay.

Service Area	Pay Budgets			Actual Spend £'000s	Current Variance £'000s	Forecast Variance £'000s
	Gross £'000s	WMT £'000s	Net £'000s			
Chief Executive	133	0	133	127	(6)	0
Housing and Communities	1,024	30	994	855	(138)	(69)
Asset Management	1,219	37	1,182	1,032	(150)	105
Procurement	46	1	45	23	(22)	2
Customer Experience and Business Support	427	12	415	352	(63)	14
Total	2,849	80	2,769	2,389	(379)	52

9. Part 3 – Savings Delivery

- 9.1 The approved revenue budgets for 2020/21 included a total net saving of £313k: made up of £270k savings targets and £43k net income targets.
- 9.2 All of the savings required in 2020/21 and 2021/22 are rated as green, whereby changes have been implemented and the value of the savings have been confirmed. Due to the available management fee there were no further savings required in 2022/23.

	2020/21 £'000	2021/22 £'000	2022/23 £'000
Red	0	0	0
Amber	0	0	0
Green	313	2,938	0
TOTAL	313	2,938	0

10. Part 4 – SCH and HRA Reserves Position

- 10.1 The SCH Reserves as at 1 April 2020 were a negative balance of £1,588k, which included a negative Pensions Reserve balance of £11,986k. This is not included on the Reserves schedule within the Financial Dashboard as it is not considered repayable in the foreseeable future. The Council provides its continuing support to fund the pension's deficit on an annual basis. There are other positive reserves of £10,398k, including a Budget Strategy Reserve of £3,613k generated by the 2016/17 and 2017/18 SCH surpluses, of which £1,178k is earmarked for restructure costs. The expected decrease in SCH Reserves of £547k represents the current revenue underspend forecast of £181k, less use of reserves previously approved by the Board.
- 10.2 The HRA Reserves as at 1 April 2020 were £34,378k made up of £15,866k revenue reserves and £18,512k capital reserves.
- 10.3 The HRA Revenue Reserves are forecast to decrease by £8,749k in 2020/21, due mainly to the revenue contribution of £6,913k to the High Rise Sprinkler Project Reserve within HRA Capital Reserves.
- 10.4 The HRA Capital Reserves are forecast to increase by a net £6,150k in 2020/21, due primarily to the SCH contribution to the High Rise Sprinkler Project Reserve of £6,913k. The High Rise Sprinkler Project Reserve is currently budgeted at £9.5m, with the remaining £2,587k funded from the Major Repairs Reserve. Also included in the HRA Capital Reserve are contributions of £3,048k expected from Shared Ownership sales and £2,140k Right-to-Buy capital receipts.

11. Financial Implications

The report covers financial progress against budget for the year to date and any implications are addressed in the main body of the report.

12. Equality and Diversity Implications

- 12.1 None specifically arising.

13. Risk Management Implications

- 13.1 Financial risks are addressed in the main body of the report. The impact of COVID-19 has introduced a new risk on the potential increase of bad debts. Currently there are sufficient budget strategy reserves for the HRA and SCH to fund the gaps forecast.

14. Value for Money and Efficiency Considerations/Implications

- 14.1 None specifically – this report is a monitoring report detailing the usage of available funds across the organisation.

15. Tenant Involvement/Consultation

- 15.1 None required

16. Consistent with Strategic Vision

- 16.1 The Strategic Vision is built on a foundation of strong financial management and the reporting of financial outturn is a key element of this.

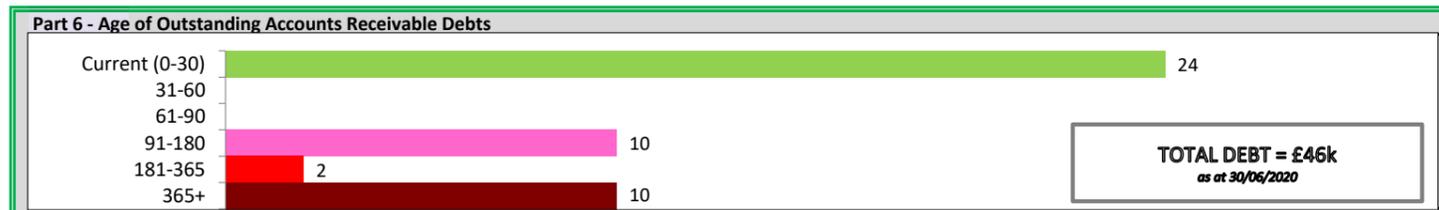
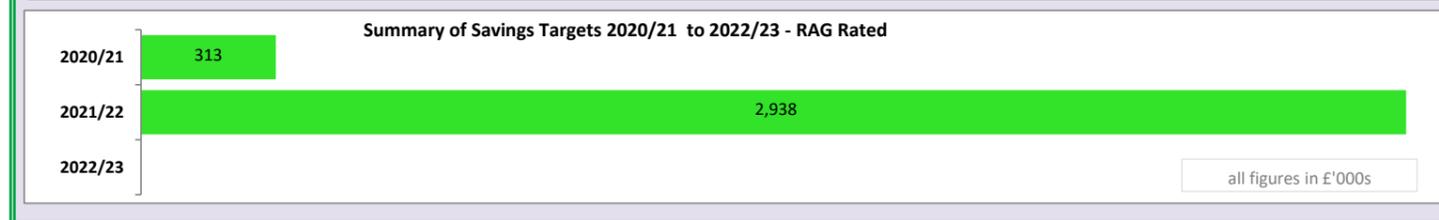
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Part 1 - Revenue Expenditure												
19/20 Outturn	Service Area	20/21 Budget	Budget Period 3	Actual Period 3	Variance Period 3	Forecast Outturn Variance	Pay Variance at Period 3	Forecast Pay Variance	Overall Comment Pay forecast outturn	Non-pay Variance at Period 3	Forecast Non-pay Variance	Overall Comment on Non-pay forecast outturn
2,477	Chief Executive	2,282	111	140	29	76	(6)	0		35	76	Forecast overspend relates to £94k spend associated with COVID-19, including Council Tax £40k due to additional TA properties and increased void periods, furniture and utilities for additional TA properties £25k and other items totalling £29k including PPE, hand sanitizers and additional cleaning. The overspend on COVID-19 is part offset by an underspend on Head Office charges £20k with a further minor overspend of £2k.
4,966	Housing & Communities	5,299	1,114	1,166	52	(59)	(96)	(69)	Forecast due to vacancies within various teams such as Homelessness £37k, Wellbeing £24k, other minor underspends £8k .	148	10	Homelessness £55k net overspend forecast on budget hotels. Forecast overspend £9k on rental of Laundry Equipment and £7k on Cesspool emptying to be reviewed in annual fees and charges exercise, other minor overspends of £11k. Offset by Wellbeing underspend on Equipment Rental £45k pending procurement exercise to change equipment onto digital platform, also underspend forecast on Court and Warrant fees of £27k (net of reduced Court cost income) due to COVID-19 freeze on evictions.
8,611	Asset Management	8,914	1,328	748	(580)	(47)	(102)	105	Forecast overspend due to non-achievement of the Workforce Management Target of £146k part offset by vacant posts, all of which are forecast to be filled by August.	(478)	(152)	Forecast underspend across Asset Management largely due to COVID-19. Underspends include Day to Day £56k, Voids £45k and Electrical Testing £50k mainly due to cessation of non-emergency repairs during the COVID-19 lockdown period, Stores £47k year end stock adjustment not previously budgeted for, Fleet £42k fuel and savings on monthly lease charge, Health and Safety Water Risks £20k based on works scheduled this year and other minor underspends totalling £42k. Forecast underspends are partly offset by £150k forecast overspend on Biomass Costs (£80k Gas & Electric and £70k Fuel Pellets).
26	Procurement	112	(31)	(42)	(11)	(8)	(9)	2	Forecast overspend due to non-achievement of the Workforce Management Target of £4k, part offset by a	(2)	(10)	Forecast underspend of £10k due to Procurement rebate.
2,405	Customer Experience & Business Support	2,611	769	670	(99)	(140)	(53)	14	Forecast overspend due to non-achievement of a Workforce Management Target of £48k part offset by vacant posts, the majority of which are forecast to be filled by August.	(46)	(154)	Forecast underspends include Endeavour House £61k across premises costs, postage and stationery, Contact Centre £12k relating to a recharge for a member of staff who is supporting the implementation of a capital project, Training £45k based on current training programme, additional rental income at Kingshurst Area Office £20k and Community centre savings for Gas, Electric and cleaning £14k which is partly offset by loss of room hire income relating to COVID-19 lockdown and ongoing restrictions. Other minor underspends of £2k.
18,485	Revenue Total	19,218	3,291	2,682	(609)	(178)	(266)	52		(343)	(230)	

Part 2 - Capital Expenditure					
19/20 Outturn	Service Area	20/21 Budget	Variance Period 3	Overall comment on year-to-date variance and forecast outturn variance	Forecast Variance
10,957	Asset Management Capital	12,958	(113)	Forecast underspends across several capital programmes due to delays caused by COVID-19. Underspends are forecast on Adaptations £270k, Low Rise Cladding £250k, Kitchens and Bathrooms £100k, Electrical Improvements £100k all primarily relating to delayed starts due to COVID-19. Other forecast underspends are on CCTV £120k works completed in 2019/20, Electrical Sub-Mains £100k current plans are for 3 High Rise blocks with potential to add a 4th block.	(1,191)
858	Stock Growth Capital	9,775	(67)	Forecast underspend of £1m on the DIY Shared Ownership scheme with only 1 enquiry received so far. Forecast slippage at the Lakeside site as works are now unlikely to commence in 20/21 resulting in forecast underspend of £1.3m, there is also slippage on the Garage sites at Wagon Lane £180k and Halifax Road £180k due to delays caused by COVID-19.	(2,674)
11,815	Capital Total	22,733	(180)		(3,865)

Part 3 - Summary of Revenue Savings by Service Area - currently rated Amber or Red					
Service Area	20/21	21/22	22/23	Total	Comments
Housing & Communities	0.0	0.0	0.0	0.0	All savings achieved and currently rated green for 2020/21 and 2021/22. No savings required for 2022/23
Asset Management	0.0	0.0	0.0	0.0	
Customer Experience & Business Support	0.0	0.0	0.0	0.0	
Chief Executive	0.0	0.0	0.0	0.0	
Total Savings	0.0	0.0	0.0	0.0	



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Part 4 - Reserves						
Solihull Community Housing Reserves						
	Balance 31/3/19	Net Movement 2019/20	Balance 31/3/20	Expected Income 2020/21	Expected Spend 2020/21	Expected Balance 31/3/21
Minimum Working Balance	(1,500)		(1,500)			(1,500)
Budget Strategy Reserve (BSR) ¹	(3,390)	752	(2,638)		728	(1,910)
BSR: Restructure costs	(1,308)	130	(1,178)			(1,178)
General Reserve ²	(4,486)	(596)	(5,082)	(181)		(5,263)
TOTAL SCH RESERVES	(10,684)	286	(10,398)	(181)	728	(9,851)

¹ Approved use of BSR in 2020/21 includes: £335k pay increase, £153k STW commission, £100k Apprenticeship scheme, £50k Saxon Court Manager, £49k support for Wellbeing, and £41k HR Officer.
² Increase to General Reserve results from the revenue underspent position

Housing Revenue Account Reserves (held by SMBC)						
	Balance 31/3/19	Net Movement 2019/20	Balance 31/3/20	Expected Income 2020/21	Expected Spend 2020/21	Expected Balance 31/3/21
Working Balances (minimum £2m)	(6,188)	(729)	(6,917)	(254)	2,830	(4,341)
pre-2004 Reserves	(96)		(96)		96	0
Welfare Reform / HRA Balances	(1,849)	84	(1,765)		643	(1,122)
Earmarked: Regeneration	(212)		(212)			(212)
Earmarked: Capital investment	(3,937)	(667)	(4,604)	(1,000)	4,162	(1,442)
Surplus Management fees	(2,272)		(2,272)		2,272	0
sub-total HRA Revenue Reserves	(14,554)	(1,312)	(15,866)	(1,254)	10,003	(7,117)
Major Repairs Reserve	(3,194)	(1,090)	(4,284)	(12,099)	14,886	(1,497)
High Rise Sprinklers Reserve	0	0	0	(9,500)	808	(8,692)
RTB Receipts Reserves	(11,437)	(1,231)	(12,668)	(2,140)	335	(14,473)
Capital Receipts Unapplied	(232)	(1,328)	(1,560)	(4,413)	5,973	0
sub-total HRA Capital Reserves	(14,863)	(3,649)	(18,512)	(28,152)	22,002	(24,662)
TOTAL HRA RESERVES	(29,417)	(4,961)	(34,378)	(29,406)	32,005	(31,779)

¹ HRA Revenue balances are expected to decrease due to the transfer of £6.913m to the High Rise Sprinkler Reserve.
² High Rise Sprinklers Reserve also includes contribution of £2.587m from the Major Repairs Reserve.

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Asset Management Budget Review 2020-21

Virement by Cost Centre Type

Cost Centre Type	Debit £	Credit £	Total £
Management	93,950	(101,950)	(8,000)
Day to Day	191,727	(122,501)	69,226
Voids	109,800	(75,500)	34,300
Compliance	4,600	(89,190)	(84,590)
Support Services	58,400	(90,336)	(31,936)
Capitalised Projects	21,100	(100)	21,000
Total	479,577	(479,577)	0

Virement by Subjective Type

Subjective Type	Debit £	Credit £	Total £
Employees	62,751	(67,851)	(5,100)
Premises	156,376	(159,140)	(2,764)
Transport	9,300	(12,500)	(3,200)
Supplies & Services	42,000	(62,050)	(20,050)
Contracted Services	0	(2,000)	(2,000)
SLA Charges	108,800	(169,600)	(60,800)
Contributions to/from Reserves	0	0	0
Income	100,350	(6,436)	93,914
Total	479,577	(479,577)	0

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Date produced – 16 September 2020

Full Board Forward Plan

Monday 28 September 2020 AGM			
		SMBC Council Plan	Nick Page /Sarah Barnes
		Budget 2021/22	Sam Gilbert
		Chair's Report from Housing Operations Committee Meeting held on 7 September 2020	Chris Williams
		Statutory Accounts for 2019/20 (AGM)	Sam Gilbert
		Health and Safety Report for Q1 2020/21	Mark Pinnell
		Financial Monitoring for Q1 2020/21	Sam Gilbert
		Environmental Sustainability Report	Fiona Hughes
Monday 30 November 2020			
		Performance Exception Report for Q2 2020/21	Kevin Bennett
		Chair's Report from Audit and Risk Committee Meeting held on 5 October 2020	Nigel Page
		Chair's Report from Human Resources and Remuneration Committee Meeting held on 12 October 2020	Jenny Fletcher
		Chair's Report from Housing Operations Committee Meeting held on 23 November 2020	Chris Williams
		Health and Safety Report for Q2 2020/21	Mark Pinnell
		Financial Monitoring for Q2 2020/21	Sam Gilbert
		Budget Update for 2021/22	Sam Gilbert
		Funding of Forestry Programme Report	Surjit Balu

Regular Items (every meeting):

- Minutes of Previous Meeting
- Chairs' reports from Committee Meetings

Quarterly Reports:

- Performance (Exception Reporting)
- Health & Safety Report (including data on accidents)

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