



Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Date: Tuesday, 15 March 2022

**Committee:
Communities Overview Committee**

Date: Wednesday, 23 March 2022
Time: 1.00 pm
Venue: Council Chamber, Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND

You are requested to attend the above meeting.
The Agenda is attached
Tim Collard
Assistant Director – Legal and Democratic Services

There will be some access to the meeting room for members of the press and public, but this will be limited for health and safety reasons. If you wish to attend the meeting please email democracy@shropshire.gov.uk to check that a seat will be available for you.

Members of the public will be able to access the live stream of the meeting by clicking on this link: <https://shropshire.gov.uk/CommunitiesOverviewCommittee23March2022>

Members of Communities Overview Committee

| | |
|------------------------------|-------------------------|
| Ted Clarke | Christian Lea |
| Mark Jones | Elliott Lynch |
| Nigel Hartin | Robert Macey (Chairman) |
| Nick Hignett (Vice Chairman) | Dan Morris |
| Duncan Kerr | Vivienne Parry |

Your Committee Officer is:

Emily Marshall Committee Officer
Tel: 01743 257717
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AGENDA

1 Apologies for absence and substitutions

2 Disclosable Pecuniary Interests

Members are reminded that they must declare their disclosable pecuniary interests and other registrable or non-registrable interests in any matter being considered at the meeting as set out in Appendix B of the Members' Code of Conduct and consider if they should leave the room prior to the item being considered. Further advice can be sought from the Monitoring Officer in advance of the meeting.

3 Minutes of the meeting held on 24th November 2021

To consider the Minutes of the Environment and Services Scrutiny Committee meeting held on 24th November 2021. Minutes to Follow

4 Public Question Time

To receive any public questions or petitions from the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 5.00 p.m. on Thursday, 17th March 2022.

5 Member Question Time

To receive any questions of which members of the Council have given notice. Deadline for notification for this meeting is 5.00 p.m. on Thursday, 17th March 2022.

6 Strategic Housing Review of the Housing Revenue Account Management (Pages 1 - 70)

Report attached marked 6.

7 Draft Revised Housing Allocations Policy (Pages 71 - 106)

Report attached, marked 7

8 Economic Growth Plan

Report attached, marked 7. Report to Follow

9 Blue Badge Online Applications

Report to Follow

10 Work Programme (Pages 107 - 120)

Report attached, marked 8

11 Date/Time of next meeting

The Committee is next scheduled to meet on 4th May 2022 at 10.00 a.m.

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Communities Overview
Committee

23 March 2022

Item

Public

Findings and Recommendation from the Strategic Housing Review of the Housing Revenue Account Management Function.

**Responsible Officer
email**

1. Synopsis

- 1.1 The purpose of this paper is to present Campbell Tickell's report from their review into the Housing Revenue Account Management function. This paper describes the scope and the remit of the review undertaken and sets out Campbell Tickell's recommendation as to the future arrangements for the management of the council's retained stock and Housing Revenue Account setting out also how the recommendations are to be implemented.

2. Executive Summary

- 2.1. Shropshire Council commissioned Campbell Tickell to undertake a strategic review of its Housing Revenue Account management function, undertaken currently by Shropshire Towns and Rural Housing (STAR), the Council's Arm's Length Management Organisation. As part of this commission Campbell Tickell were also asked to consider the alignment of STAR with the Council's Housing Development Company, Cornovii Developments Limited (CDL).
- 2.2. The findings and recommendations of the review provide an external due diligence of the current service provision and considers four options for the future management of the HRA. The scope of the commission included a Financial Review, Strategic Alignment and Governance Review, Asset Investment and Development Review and an Operational Performance Review. The review concluded that STAR has operated effectively within the terms of its Management Agreement since 2013, it has delivered Decent Homes, delivers high quality services and has developed valued community connections. Furthermore, the review found the HRA, under the stewardship of STAR, to be in a relatively strong position, providing

sufficient resources to meet on-going maintenance requirements and to provide capital for building new homes within the headroom available.

- 2.3. The recommendation of Campbell Tickell is that STAR is retained, but that for it to be a viable option moving forward the Company's remit needs to be re-aligned with and clearly delivered against the Council's priorities, through a refreshed partnership-based approach, with closer strategic, operational and development alignment.

3. Recommendations

- 3.1. Members are asked to:

- note Campbell Tickell's report on the strategic review of the Housing Revenue Account
- note the proposal of Campbell Tickell that STAR is retained, and for a delivery model which optimises and aligns STAR and CDL to be developed
- Provide feedback on the recommendation of the report and proposals for closer alignment between the activities of STAR and the strategic aims of the Council

REPORT

4. Introduction

- 4.1. In September 2021 Campbell Tickell (CT) were commissioned to undertake a Strategic Review of the Housing Revenue Account (HRA) management function, having regards to the existing arrangements between the Council and STAR, with further consideration given to the alignment with CDL. The ten-year Management Agreement with STAR comes to an end in March 2023, the review has been timed to enable a considered look at the potential options for the HRA moving forward. The report which includes the full options appraisal, findings and recommendations is shown at Appendix I.

- 4.2. The remit of the review was to ensure that:

- a) The current and any future model is aligned with and best placed to realise the Council's strategic objectives for housing and support those aligned service areas

- b) The responsiveness and quality of service meets both residents and Council expectations, and resources are directed to support those most in need
- c) Best use is being made of HRA resources and that the HRA business plan is optimised to deliver both long term sustainability and opportunities for growth
- d) Governance and scrutiny are effective in ensuring compliance, whilst driving ambition

4.3. CT undertook a full review of the current service model and considered four options for the future management of the HRA:

Option 1: Extending the Council/ALMO partnership and associated management agreement, whilst exploring opportunities to strengthen and maximise the benefits of the partnership

Option 2: Return the HRA Housing Function in-house to be fully integrated into the Council

Option 3: Develop an optimised model to maximise the benefits of having both an ALMO and a Housing Company, to make the best use of the skills within Shropshire Council's family of companies

Option 4: Transfer HRA assets to a Registered Provider through Voluntary Transfer

4.4. The assessment of each option included:

- a) A high-level analysis of costs, savings, benefits and legal implications
- b) An analysis of the strengths and weaknesses of each option, in terms of their ability to sustain and deliver a cost-effective service, their ability to generate surpluses through which new affordable homes can be provided, and their ability to support the strategic direction of the Council, balancing service quality, value, cost and risk

5. Recommendations of the Review

5.1. Having considered each of the options against the assessment criteria CT recommended that, STAR is retained, but realigned with the objectives of the Council and, that an optimised delivery model is created to align STAR and CDL activity

5.2. The rationale for this recommendation is based upon the finding from the review which concluded that:

- a) STAR delivers on the ground, is trusted by tenants, and has a local operational presence in which to build innovative new services
- b) The realignment process can be achieved relatively quickly, with minimal distraction, if there is shared commitment, and the right governance and oversight in place
- c) Whilst potentially realising a small saving, returning STAR to the Council control would be a significant inward distraction at a time when outward focus is needed, and at a risk of losing tenant support, through a failed ballot, or through less well focused service delivery
- d) Coordinated oversight within the Council is a necessity and will result in accelerated outcomes for both STAR and CDL, as a single clear picture of prioritised needs and objectives emerges.

5.3. The review concluded that the HRA is in a relatively strong position, and that STAR has been an effective steward, also finding that STAR is a lean and cost-effective organisation, delivering services which perform well against the performance targets set by Shropshire Council, and benchmarking consistently in top quartile when compared with its peers.

6. Future Working with STAR

- 6.1. The recommendation from CT is that STAR is retained, but realigned with the objectives of the Council and, that an optimised delivery model is created to align STAR and CDL activity.
- 6.2. To realise the realignment the Council and STAR will first embark on a process of reviewing and renegotiating the terms of the Management Agreement. Further to securing the new Management Agreement, a review of the STAR Constitution, Governance Framework, ability to enter into other contracts with the Council, along with its ability to engage in other activity to support the aims of the Council will be undertaken. A Partnership Agreement shaping the relationship between the Council and STAR, which will be focused on shared aims will be agreed and will form the basis upon which the parties will engage over the term of the Management Agreement. The detail of STAR's activities in support of wider Council goals will be captured in annual Business Plans for the HRA.
- 6.3. A work plan detailing the activity the Council is requiring STAR to concentrate on is being agreed upon, but is likely to include the following workstreams:
 - Decarbonisation of the Housing Stock
 - Support with Temporary Accommodation and Homelessness
 - Social Lettings Agency and PRS Management
 - Landlord for all Shropshire Council Residential Accommodation

- Home Improvement Agency, to include housing help for hospital patients
- Enhanced ASB and Community Safety Services
- Development of new homes
- Operating synergies with CDL
- Value for Money for Customers – enhancing the Digital Offer
- Responding to the new regulatory environment
- Governance and Assurance measures

6.4. The work plan is to be developed over the coming months with confirmation on how each workstream will be carried forward by STAR agreed throughout a programme of workshops.

7. Conclusions

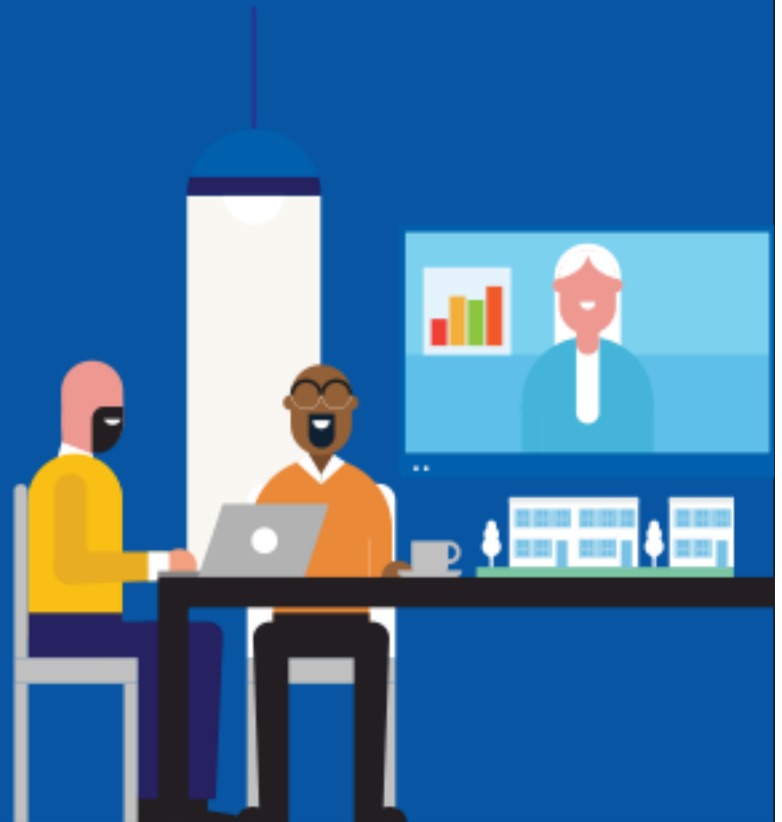
- 7.1. This report presents the findings and recommendation from review into the Housing Revenue Account Management function. The recommendation from the review conducted by Campbell Tickell is that STAR Housing is retained, but that arrangements between the Council and STAR are re-set to ensure that the management of the housing stock is optimised to support the Council meet its strategic aims and to enable the continued delivery of high standards of service to those living in Council owned homes.
- 7.2. The Communities Overview Scrutiny Committee is asked to note the outcome of the review and provide feedback on the report’s recommendations and the proposals for future alignment of STAR with the strategic objectives of the Council.

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| List of Background Papers |
| Cabinet Member Portfolio Holder for Adult Social Care and Public Health Portfolio Holder for Physical Infrastructure |
| Local Member All |
| Appendices Appendix I: Shropshire Strategic Housing Review. Final Report by Campbell Tickell |

Strategic Housing Review

Final Report

February 2022



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1. EXECUTIVE SUMMARY

Introduction

- 1.1 Shropshire Council (SC) has commissioned Campbell Tickell (CT) to undertake a strategic review of its Housing Revenue Account (HRA) management function, having regard to the existing arrangement between the Council and its Arm's Length Management Organisation (ALMO) Shropshire Towns and Rural Housing (STAR), and with further consideration given to the alignment of its subsidiary Housing Company, CDL Developments Limited (CDL).
- 1.2 The remit of the review is to ensure that:
- a) The current and any future model is aligned with and best placed to realise the Council's strategic objectives for housing and support those of aligned service areas.
 - b) The responsiveness and quality of service delivery meets both resident and Council expectations, and resources are directed to support those most in need.
 - c) Best use is being made of HRA resources and that the HRA business plan is optimised to deliver both long term sustainability and opportunities for growth.
 - d) Governance and scrutiny are effective in ensuring compliance, whilst driving ambition.
- 1.3 This review seeks to provide an external due diligence of the current service model and considers four options for the future management of the HRA:
- Option 1:** Extending the Council/ALMO partnership and associated management agreement, whilst exploring opportunities to strengthen and maximise the benefits of partnership.
- Option 2:** Return the HRA Housing function in-house to be fully integrated into SC services.
- Option 3:** Develop an optimised model to maximise the benefits of having both an ALMO and a Housing Company, to make best use of the skills within SC's family of companies.
- Option 4:** Transfer HRA assets to a Registered Provider through a Voluntary Transfer.

Strategic Context and Current Arrangements

- 1.4 In assessing the relative merits of the future options for managing HRA homes, it is important to understand the strategic priorities and operating environment challenges of Shropshire. Equally, it is important to understand the regulatory environment that governs the way services are delivered.
- 1.5 Shropshire's clear strategic vision (*Innovate to Thrive*) articulated in its *Corporate Plan*, is to create a strong economy, which provides good quality jobs, and will ultimately ensure young people stay within the County. This ambition will require the provision of an additional 1,177 dwellings per annum until 2038, and to address the complex local needs of Shropshire, driven by relative levels affordability, employment opportunities and land availability.
- 1.6 In common with every local authority, Covid has carved out a new operating reality for public service delivery in Shropshire, which will drive demand and reshape the complexity of need for many years to come. Almost 3,500 homelessness presentations were made in the

last year, and in November 2021, there were 119 households in temporary accommodation and a further 124 households in Bed and Breakfast accommodation across Shropshire. In addition, 64% of the SC General Fund budget is allocated to Social Care (43% in 2015/16), with 3,000 individuals receiving some or multiple forms of core support. The ageing population is driving an increase in care costs of up to £10m p.a.

- 1.7 In parallel, a significant upshift in the demands of Regulatory environment is necessitating a wholesale shift in management priorities and resource allocation by social landlords. A renewed focus on the customer, mandated by the Charter for Social Housing Residents requires a commitment to raising the standard of social housing to meet the aspirations of residents, supported by a strengthened Housing Ombudsman Scheme. A similar strengthening of asset management regulation in respect of fire safety will introduce tough new oversight requirements for fire risk assessments and remedial actions. Additionally, significant new duties are being placed on those who manage building safety.
- 1.8 SC has two primary delivery vehicles through which it delivers its housing strategy. STAR was created by SC in 2013, to manage its stock of 4,000 HRA homes, its ten-year Management Agreement ends in March 2023. In contrast, CDL was created by SC in 2018 to deliver at scale a range of new homes for sale and affordable rent, to meet unmet local demand, and address a significant affordability gap, providing a revenue stream for SC to invest in meeting its strategic priorities.

Operational Performance Review

- 1.9 STAR is demonstrably a safe pair of hands in delivering housing management services and in understanding and responding to what SC tenants consider to be a *good* level of service. STAR performs well against the performance targets set for it by SC, and benchmarks consistently in the top quartile when compared with its peers. A high level of customer care is provided, and core services including repairs and neighbourhood services are delivered effectively by in-house teams.
- 1.10 STAR has ensured that the condition of the SC stock is well understood, and the rolling investment needed to maintain stock at the Decent Homes Standard is modelled effectively. However, the resources needed to decarbonise the stock will be significant, given the age and condition of some elements. Whilst some preparatory work is underway in defining a costed roadmap, this must be accelerated if decarbonisation goals are to be met.
- 1.11 STAR has also developed a range of value-added services, many funded from its own efficiency savings. However, these do not always dovetail effectively with SC services to create single, coordinated service pathways for accommodation and support focused services. There is significant scope to integrate housing and support provision to deliver greater whole-system efficiency and joined-up outcomes for Shropshire residents.
- 1.12 In selecting a future management arrangement, the ability of an option to maintain the quality and stability of the current service should be a significant consideration, as should its ability to respond effectively to the increased level of technical assurance and tenant-first focus required by the tougher regulatory environment.

Asset Investment and Development Review

- 1.13 STAR has delivered a range of affordable rental homes (120 homes across 30 schemes) and works closely with communities in assembling schemes to meet local needs. It has achieved this with limited capacity, but now needs to raise its game in helping meet affordable homes supply targets and specialist accommodation needs. SC rightfully recognises that the roles of STAR and CDL need to be aligned if this is to be achieved, and in particular, to secure and deliver the anticipated pipeline of 150 homes for STAR.
- 1.14 CDL will deliver over 500 new homes by 2026, and with three schemes currently on-site will deliver 60 units in 2021/22 and over 300 units over the following two years, with all homes delivered to a high level of eco-efficiency. CDL is tasked with making a profit that will enable SC to deliver a range of strategic objectives, with a total investment of £121m being committed over the next five years, generating £21m of revenue.
- 1.15 The challenges facing Shropshire in ensuring its homes are Decent and energy efficient, and that it can meet the adapted housing and support needs of an increasing number of vulnerable people, whilst increasing the supply of affordable homes of all tenures to promote mobility and aspiration, requires an overarching strategy and coordinated delivery approach, which will:
- a) Define a single coordinated roadmap and oversight framework for delivering the Housing Strategy and wider Shropshire.
 - b) Maximise the value of HRA assets and the level of leverageable capital within the HRA, using an active asset management approach to prioritise reinvestment and decarbonisation works.
 - c) Foster a flexible partnership approach in considering development and regeneration opportunities, including those for town-centre regeneration.
 - d) Ensure development programmes consider and integrate with wider business objectives, such as meeting specialist and supported housing needs.
 - e) Prepare detailed local needs analysis encompassing all accommodation needs, coupled with Local Lettings Plans to ensure that homes are developed in the right place, are of the right configuration, and are let to the right people
 - f) Retain control, compliance oversight and the full lifetime value of assets developed within Shropshire wherever possible, even it adds a margin to life-cycle costs.

Financial Review

- 1.16 The HRA is in a relatively strong position, with a balance of £46m projected in Year 30 of the HRA Model, providing sufficient resources to meet cyclical replacement costs and to potentially provide capital for building additional homes within the headroom available. However, the anticipated scale, uncertainty of approach and timing, and the level of any of government funding available to address decarbonisation, introduces a high level of risk into the HRA Business Plan, in balancing investment decisions, and making loan repayments. Whilst the approach to achieving a carbon neutral Shropshire has yet to be defined in detail,

based on preliminary modelling undertaken as part of this review, and assuming the costs are in the region of those modelled, the HRA could potentially take on additional borrowing to help fund the costs.

- 1.17 In contrast with the HRA, the Shropshire General fund (GF) is under considerable pressure, with the direct financial impact of Covid estimated to be £25m, necessitating savings of over £9m across the Council by 2025/26. However, failure to deliver 2021/22 in year savings will result in an overspend of £11.6m, leaving the GF balance at an unsustainable level.
- 1.18 Whilst a ringfenced account within the GF, there is flexibility within the rules governing the HRA to enable it to make appropriate contributions to support GF services and helping to relieve the pressure, as a corporate asset. The HRA has been managed effectively, but essentially in isolation by STAR, the position of the GF is such that they now need to be considered in tandem and to maximise the HRAs value to the GF.

Strategic Alignment and Governance Review

- 1.19 The governance and client oversight of STAR has been strengthened and is starting to change both the reality and the perception of STAR as having drifted out of the SC family. This review has highlighted a clear appetite amongst stakeholders for repurposing STAR, and through a realignment of objectives and priorities, coupled with renewed willingness and drive, as an effective delivery vehicle for SC to tackle a wider range of problems.
- 1.20 However, the strategic alignment of STAR and SC needs strengthening to enable STAR to step-up and help meet the step-change in the level of challenge within the Shropshire operating environment post-Covid. It must become more attuned to the operating realities of the Council, and to the priorities of Members, through the closer alignment of governance cycles and closer informal liaison.
- 1.21 The STAR Board must prepare for the increased intensity of scrutiny to be placed on local authority landlords by the Regulator, and accordingly increase the level of challenge to the STAR Executive, seeking a greater depth of assurance as to the effectiveness of controls, level of compliance, and management of risk.
- 1.22 The Board must also ensure that both it and the organisation have the right blend of skills in place to deliver on the above, and that succession planning will ensure that impetuous is maintained to meet emerging challenges and ensure a continuous recharge of freshness of thinking and innovation.
- 1.23 More broadly, Shropshire has never had a centralised housing function, with responsibilities split between *Place* and *People* functions and there is a sense from stakeholders that a holistic vision for housing and related support services is needed moving forward, with clarity of priority and role definition, with ownership within the Executive and Cabinet.

Future Management Options

- 1.24 STAR is a strong and highly regarded housing provider and delivery partner for the Council. However, the operating environment has been changed irrevocably by Covid, the ask and expectations of services have risen, and stakeholders are right to question whether the ALMO model can adapt to deliver what is needed for Shropshire moving forward.

Option 1: Retain STAR

- 1.25 STAR has operated effectively at relative arms-length within the terms of its management agreement since 2013, it has delivered Decent Homes, delivers high quality services valued by tenants and has developed highly valued community connections.
- 1.26 However, for STAR to be considered as a fully credible delivery vehicle for the housing service moving forward, a realignment of its remit is required to dovetail with the strategic and operational priorities of the Council, sharing resources where possible and through a joined-up approach to delivery, enabling it to help realise wider outcomes for Shropshire.
- 1.27 A *Partnership Offer* to be defined within three months, would set out agreed efficiency targets and transformation priorities, with a focus on quick wins and the programme to be delivered within 12 months.
- 1.28 The strength of this option is that it maintains continuity and avoids any possible loss of focus, whilst building on the service delivery strengths of STAR. The risk inherent in the ALMO model is the additional management cost and that the Council is dependent on the effectiveness and quality of the relationship to deliver the change necessary and to achieve key service objectives moving forward.

Option 2: Return the Service to Council Control

- 1.29 The rationale for returning the ALMO to Council control is that it would provide SC with direct control of a critical service at a time when it is seeking to transform the way it delivers services, to invest substantially in both new and existing Council homes and to make best use of scarce resources.
- 1.30 This option would enable the close alignment of service delivery across Shropshire and provide direct control for SC over critical programmes such as affordable homes and decarbonisation. It would eliminate a decision making and management layer, and the operating overhead of the ALMO operating model. Due consideration must however be given to creating the optimum service model within SC, maintaining momentum during a transition period, and driving through the changes within the new model.
- 1.31 Bringing the service in-house would remove the majority of the ALMO management overhead and potentially save £400k p.a., with a £500k implementation cost estimate. The management savings allow for a new senior management structure within Shropshire, which will be required to ensure effective transition and ongoing management of the stock.
- 1.32 Tenants must be consulted, and the majority support the change through a Statutory ballot. Staff buy-in is also essential in achieving a smooth transition and realising the anticipated outcomes. To be successful it will require:
- a) An *Offer* to tenants that is clear about the purpose of the change, a vision for the service and how it will benefit them and their communities, how service quality will be sustained, and the opportunities for more accessible engagement and scrutiny.
 - b) An organisational design that will optimise the capacity and capability of the Council to deliver the new service model and inherent efficiency savings.

- c) A *Transition Plan* to be defined within three months that will deliver the above and an agreed set of efficiency savings through a transformation programme, with a focus on quick wins, delivered over a 12-18-month period, though commercial aspects may require a longer implementation period.
- d) The strength of returning the service to the Council is that it gives back direct control over the service at a time of considerable operating challenge and the background of uncertainty. The main risk with returning the service to Council control is the loss the momentum gained by STAR, and loss of focus, when it needs to achieve demonstrably needs to achieve more.

Option 3: Develop an optimised delivery model

- 1.33 A greater prize achievable by SC is in rethinking and realigning its development model. By adopting a whole system approach, SC could deliver more than the sum of the two parts currently delivered by STAR and CDL, optimising resource allocations, maximising growth opportunities, and targeting solutions to meet priority needs.
- 1.34 An integrated delivery plan is required to identify and deliver the spectrum of affordable homes and specialist accommodation solutions needed by Shropshire. To deliver affordable homes at scale, alongside assembling smaller, more complex schemes, in partnership with Parishes and local communities, and in working with Adult and Children's Social Care to identify and deliver specialist accommodation solutions, tailored to meet the needs of individuals requiring a blend of short term, long term or lifetime accommodation and support.
- 1.35 STAR and CDL are currently building discrete specialisms and capabilities, to meet their own delivery remits and growth trajectories. However, development activity could be converged over time, without compromising the overall speed of delivery, by operating under a single governance and oversight framework, to a common set of objectives and priorities, by sharing resources, aligning processes, and through closer collaboration on opportunity sourcing, pipeline development, and potential stock remodelling.
- 1.36 Ultimately, CDL, as a specialist developer should take the lead on all development, remodelling and regeneration activity on behalf of SC, with STAR commissioning and subsequently managing both general and specialist accommodation solutions from CDL (and on behalf of core SC services), whilst focusing on broadening its role as a managing agent and service provider. This convergent approach would also support a shared approach to stakeholder communication and would better position both as partners of choice within Shropshire. This arrangement would be relatively low cost to set-up and operate.
- 1.37 The strength of this approach is that it would help accelerate growth, and deliver the mix of housing products needed, whilst retaining control of both the delivery process and resultant rental products within SC, creating long-term assets which can be in turn leveraged, and with the ability to provide value-add accommodation solutions exactly where they are needed. The risk inherent in closer integration or convergence into a single team is that it could reduce the level of focus of either party and compromise their ability to respond quickly to opportunities, and to deliver to their existing business plans.

Option 4: Transfer HRA assets to a Registered Provider through a Voluntary Transfer

- 1.38 A voluntary stock transfer from a Council to third-party ownership has been used by many councils (including in Shropshire) to attract inward investment to deliver affordable homes and growth. Whilst the last round of supported stock transfer was completed in 2015/16, stock transfer is still formally still part of Government housing policy, and they are still keen to promote tenant empowerment in realisation of the Localism agenda.
- 1.39 However, the estimated value of the SC HRA tenanted dwelling stock before taking account of any additional investment required to address decarbonisation, is £69.5m (NPV), against which the HRA debt attributed to the STAR managed stock of £83.35m must be offset. On the basis, a dowry of £13.85m would be required to enable a stock transfer to take place, with an additional transaction cost estimated to be in excess of £1m.
- 1.40 Whilst it is possible that a potential purchaser might consider there to be additional value to unlock within the stock, there would be no capital receipt available to SC for reinvestment. Additionally, support through a statutory tenant ballot would be needed, and there is limited stakeholder support for this approach. It is therefore not a realistic or viable option.

Considering the Options

- 1.41 Covid has created a stark new operating reality and has exacerbated demands placed on already stretched housing and support services. Current operating models are not sustainable, and Shropshire must evolve its model to deliver a sustainable level of service, whilst targeting resource to support and enable those most in need. Difficult choices must be made in directing a wholesale shift away from a one-size fits all, passive consumption of services towards a model based on increased personal and community resilience, with community-based interventions reducing demand upstream of high-cost interventions delivered at a point of crisis.
- 1.42 SC has shown vision and placed trust in STAR, which has enabled it to flourish over the last eight years. However, based on the evidence of this review, allowing STAR to continue on its current path is unlikely to meet the raised levels of stakeholder expectation or the objectives of the Council moving forward.
- 1.43 The HRA is fundamentally strong and can support most of the investment needs being asked of it, there is therefore no imperative to make deep operational savings at this point to release funds for investment in new supply. There are however potential choices open to stakeholders regarding how resources are utilised, optimised, and directed to meet broader objectives within and aligned with the remit of the HRA.
- 1.44 To be a viable option moving forward, STAR's remit needs to be re-aligned with and clearly deliver against the Council's priorities, through a refreshed partnership-based approach, with closer strategic, operational and development alignment. Building on its core strengths and community positioning, STAR could make a significant contribution to delivering value-add services that address the Council's wider priorities. However, the realignment needs to be carefully planned and delivered, and the effectiveness of the partnership relies on the quality of the relationship with STAR, which must off-set the additional management cost inherent in the ALMO model through a clear value-added offer.

- 1.45 A further option for SC should STAR be retained, is to converge development under a single governance framework, with closer collaborative working ultimately, making CDL, responsible for undertaking all development, remodelling and regeneration activity on behalf of SC, with STAR commissioning both general and specialist accommodation solutions from CDL (and on behalf of core SC services), whilst focusing on broadening its role as a managing agent and service provider. This model would create a coordinated, Shropshire-centric, approach to growth, but at the risk of compromising the progress currently being made by the two organisations.
- 1.46 Returning the service to Council control would enable the SC to reshape services more widely and enable more efficient, joined-up delivery across Shropshire. It would also potentially yield a management saving of £400k. However, due consideration must be given to tenant consultation and in creating the optimum service model. The transfer process would take 12 to 18 months to complete and embed, would be highly disruptive, and nearly all the service improvements identified in the *Retain* case would still need to be delivered.
- 1.47 This choice of a preferred option hinges on whether stakeholders believe that STAR, with its inherent level of overhead can be sufficiently refocused, as a manager and service provider, to deliver in closer partnership with SC, the priorities of the Council, or whether returning the service to SC will deliver greater synergies and efficiencies, whilst mitigating the risk of disruption, and a potential dip in service satisfaction caused by the transition.

CT Recommendation

- 1.48 In considering all the above, and based on the supporting documentary evidence and stakeholder insight provided, CT recommends that:

Firstly, STAR is retained, but realigned with the objectives of the Council, and,

Secondly, an optimised delivery model is created to align STAR and CDL activities.

- 1.49 The rationale for this recommendation is based upon:
- a) STAR delivers on the ground, is trusted by tenants, and has a local operational presence on which to build innovative new services.
 - b) The realignment process can be achieved relatively quickly, with minimal distraction, if there is a shared commitment, and the right governance and oversight is put in place.
 - c) Whilst potentially realising a small saving, returning STAR to Council control would be a significant inward distraction at a time when outward focus is needed, and at the risk of losing tenant support, through a failed ballot, or through less well focused service delivery.
 - d) Converging all development activity over time into CDL, would potentially accelerate outcomes and enable both STAR and CDL to exploit their relative strengths to the full.
- 1.50 Whilst the choice of a future lies fully with stakeholders, ultimately, the Council is accountable to the people of Shropshire and in considering the future of STAR, specifically to its tenants. We recommend that in proceeding with this review, the opportunity is taken to engage fully and effectively with tenants and stakeholders, to draw people into a debate about the nature of the services delivered and their priorities for the future.

2. INTRODUCTION

- 2.1 Shropshire Council (SC) has commissioned Campbell Tickell (CT) to undertake a strategic review of its Housing Revenue Account (HRA) management function, having regard to the existing arrangement between the Council and its Arm's Length Management Organisation (ALMO) Shropshire Towns and Rural Housing (STAR), and with further consideration given to the alignment of its subsidiary Housing Company, CDL Developments Limited.
- 2.2 STAR was created by SC in 2013, to manage its stock of 4,000 HRA homes. The ten-year Management Agreement comes to an end in March 2023, and this review is timed to enable a considered look at the potential options for the HRA moving forward. Covid has added an additional dimension to the review through its impact on lives and service delivery within the County, and as an accelerant for adopting new operating models.
- 2.3 CDL was created by SC in 2018 to deliver at scale a range of new homes for sale and affordable rent, to meet unmet local demand and address a significant affordability gap, and to provide a revenue stream for SC to invest in meeting its strategic priorities.
- 2.4 The remit of this review is to ensure that:
- a) The current and any future model is aligned with and best placed to realise the Council's strategic objectives for housing and support those of aligned service areas.
 - b) The responsiveness and quality of service delivery meets both resident and Council expectations, and resources are directed to support those most in need.
 - c) Best use is being made of HRA resources and that the HRA business plan is optimised to deliver both long term sustainability and opportunities for growth.
 - d) Governance and scrutiny are effective in ensuring compliance, whilst driving ambition.
- 2.5 This review provides an external due diligence of the current service model and considers four options for the future management of the HRA:
- Option 1:** Extending the Council/ALMO partnership and associated management agreement, whilst exploring opportunities to strengthen and maximise the benefits of partnership.
- Option 2:** Return the HRA Housing function in-house to be fully integrated into the council.
- Option 3:** Develop an optimised model to maximise the benefits of having both an ALMO and a Housing Company, to make best use of the skills within SC's family of companies.
- Option 4:** Transfer HRA assets to a Registered Provider through a Voluntary Transfer.
- 2.6 This review has been undertaken against the backdrop of Covid imposed restrictions, which has dictated the way in which fieldwork has been undertaken, by removing face-to-face interactions and on-site access. That said, CT would like to thank everyone that has contributed in such an open and positive way to the review, despite the pressures and uncertainties experienced by all.

3. METHODOLOGY

Objective

- 3.1 The objective of this review is to provide stakeholders with an independent and objective analysis on which to base an informed and considered decision regarding how to ensure the long-term sustainability of affordable housing provision, whilst delivering high-quality landlord services and wider value-add to its tenants and the communities of Shropshire.

Strategic Context

- 3.2 A desktop review of SC business plans and strategies has enabled us to establish the strategic and operational objectives of the housing service, within the context of the wider strategic goals of Shropshire and the local operating environment, which has helped us to understand where future opportunities may lie. A full list of the documents reviewed is set out in Appendix 1.

Performance Analysis

- 3.3 A three-fold approach is taken to assessing the service currently delivered by STAR:
- Firstly**, to assess the quality of service experienced by tenants and their perceptions of it.
- Secondly**, to establish whether the STAR management fee represents good value for money and how unit costs compare with peer organisations.
- Thirdly**, to understand how the service works, its strengths and where intervention is needed. How well it is aligned with the objectives of the Council, and how effective is the governance and clienting.
- 3.4 Operational performance analysis has been drawn from STAR's annual Key Performance Indicators (KPI) outputs and from independent satisfaction and benchmarking, undertaken by BMG Research, against 25 peer providers. The most recent satisfaction and benchmarking surveys are from 2019, before the outbreak of Covid, with the most recent KPI data for 2020/21, reflecting service operations under Covid restrictions.

Financial Analysis

- 3.5 An analysis of the current HRA position has been undertaken to validate the assumptions and model currently maintained by STAR for SC housing stock, to create a baseline model, from which to understand the impact of the investment requirements to deliver existing commitments to maintaining the Decent Homes Standard, in decarbonising the stock, and in making resources available to deliver new affordable rental homes.
- 3.6 An indicative financial analysis has been prepared for the options under consideration. The analysis is based on a high-level assessment of the potential impact of the options on the current budgets for services provided by STAR.
- 3.7 In assessing the potential impact of the options, we have considered the likely action to be taken, and the potential for reducing operating costs as a result of the option. We have also considered the potential for cost reduction, whether by introducing efficiencies, reducing staffing levels, or by closer alignment between STAR and SC services.

- 3.8 Please note that our financial analysis purely provides an indication of the potential cost reductions that could be made. Further detailed analysis would be required to calculate budgets, as part of SC's next steps in choosing and implementing its preferred option.
- 3.9 In addition to the service level analysis, we have conducted a high-level assessment of potential one-off and implementation costs in relation to the options. We have also provided an indication of their potential long-term impact on the authority's GF and HRA.

Stakeholder Consultation

- 3.10 In conducting the review, interviews have been conducted with the senior stakeholders from SC and STAR:

Councillor Dean Carroll, Cabinet Member Physical Infrastructure, Shropshire Council

Andy Begley, Chief Executive, Shropshire Council

Mark Barrow, Executive Director Place, Shropshire Council

Laura Fisher, Head of Housing, Shropshire Council

Jane Trethewey, Assistant Director Homes and Communities, Shropshire Council

Lucy Heath, Client and Commissioning Manager, Shropshire Council

Tony Deakin, Chair, STAR

Emma Jones, Staff Board Member, STAR

Sue Adams, Managing Director, STAR

Steve Ogram, Director of Finance and Resources, STAR

Angela Simpson, Head of Assets, STAR

Ayyaz Ahmed, Head of Neighbourhoods, STAR

Harpreet Rayet, Managing Director, Cornovii Developments Limited

Options Assessment

- 3.11 The assessment of each option includes:
- a) A high-level analysis of costs, savings, benefits, and legal implications.
 - b) An analysis of the strengths and weaknesses of each option, in terms of their ability to sustain and deliver a cost-effective service, their ability to generate surpluses through which new affordable homes can be provided, and their ability to support the strategic direction of the Council, balancing service quality, value, cost and risk.

Legal Considerations

- 3.12 The HRA is a highly regulated entity, and STAR is a fully constituted legal entity, and consequently there are a number of considerations in completing this business appraisal, whichever option is adopted. Whilst we have highlighted the main legal considerations, this report does not constitute legal advice, and therefore legal advice would have to be sought, before any decision to proceed with winding up STAR.

4. STRATEGIC CONTEXT

4.1 In assessing the relative merits of the future options for managing of HRA homes, it is important to understand the strategic priorities and operating environment challenges of Shropshire. Equally, it is important to understand what is driving the investment needs in maintaining homes to a high standard, and the Regulatory environment that governs the way services are delivered. This will ensure the most appropriate future management solution is selected and shaped to meet them in the most effective and sustainable way.

Shropshire Corporate Strategy

4.2 The *Vision* for Shropshire is to *Innovate to Thrive*, by creating a strong economy that provides good quality jobs that will ensure young people stay within the County, facilitated by the supply of affordable homes options, particularly in rural areas. Equally, the need to improve the quality of homes, particularly, older, and poorly heated homes is also recognised, better supporting the lifetime housing and support needs of an ageing demographic. The *Corporate Plan (2019/20-2021/22)* outlines a number of priorities with a housing-enabled emphasis:

More people with a suitable home: To shape the housing market to ensure supply meets local need, and to manage the SC stock through appropriate vehicles, working in partnership to improve and increase the availability of social housing.

Care for those in need at any age: To help people to be as independent as they can be whilst ensuring that the right care is available in the right place at the right time.

Sustainable places and communities: To encourage communities to find local solutions, with a place-based approach to optimise physical assets and to deliver services where the greatest number of people can access them.

Embrace our rurality: To facilitate growth and appropriate housing for rural communities.

Shropshire Housing Strategy

4.3 The *Shropshire Housing Strategy (2020-2025)* seeks to ensure that Shropshire residents have access to the right home in the right place, that supports and promotes their health and wellbeing needs, throughout their lives. Specifically, to:

- a) Meet the overall current and future housing needs of Shropshire, by addressing the housing needs of particular groups within their communities and ensuring that there is enough housing supply to enable businesses to attract and retain a local workforce.
- b) Ensure people whose housing needs are not met through the local open market housing can access housing that meets their needs, and to prevent households from becoming homeless and where this is not possible ensuring they have safe, secure, and appropriate accommodation until they are able to resettle.
- c) Ensure people can access a mix of housing options that best meets their needs in terms of tenure, safety, size, type, design, and location of housing, whilst minimising the environmental impact of existing housing stock and future housing developments.

4.4 The *Shropshire Local Housing Need Assessment (2020)* identifies that Shropshire has an annual housing need of 1,177 dwellings per annum until 2038. However, the local needs

dynamics of Shropshire are complex, and there is an overall deficit of affordability, with Oswestry the most affordable town, but has the highest level of households in need, whereas Bridgenorth the least affordable town, and local employers finding it difficult to recruit workers. However, in the South West of the county, where SC has fewer housing options or land resources available, 42% of the population is over 65 years of age.

- 4.5 The *Shropshire Climate Strategy (2020)* sets the objective of net-zero corporate carbon performance by 2030, and to promote adaptation measures that increase the resilience of the Council's services. The resultant *Climate Action Plan* includes the allocation of £1.8m of Government Green Home Grant and Warm Homes Funding, and bidding for demonstrator grant funding of up to 50% grant funding (up to £30k per house) for energy and carbon performance improvements to social housing.

Operating Environment Challenges

- 4.6 The operating environment of Shropshire is shaped by the dual challenges of growing a dynamic economy, with a declining working age population, and keeping younger people employed within the local economy, whilst responding to the support needs of an ageing population (24% of the current population and rising to 33% in 2039).
- 4.7 In common with every local authority, Covid has carved out a new operating reality for public services in Shropshire, and its impact on people's lives and the increased demand that this will place on public services will be experienced for many years to come, exacerbating existing levels of demand for social housing and support. In particular:
- a) Homelessness presentations, reflecting higher levels of family breakdown and trauma are increasing. In 2019/20 there were 3,433 applications made for housing support and in November 2021 there were 119 households in Temporary Accommodation and 124 households in Bed and Breakfast accommodation across Shropshire.
 - b) Underemployment, and in particular, in-work poverty is a significant issue within a mixed urban/rural economy, with people re-entering the jobs market with a skills mismatch, and an increasing dependency on benefits, with more people entering the system for the first time. This is in turn increasing levels of in work poverty and indebtedness.
 - c) Increasing demand and complexity of physical and mental health support needs, with a profound increase in the number of children and young people requiring statutory safeguarding interventions or some form of support. With the cost of supporting a child in a care setting is £10-18k per week.
 - d) 64% of the SC General Fund budget is allocated to Social Care, compared with 43% in 2015/16, with approximately 3,000 individuals receiving some or multiple forms of core support. The ageing population is driving an increase in Adult Social Care costs of £8m - £10m p.a.

Regulatory Context

- 4.8 The Regulatory environment for social housing is undergoing a significant upshift in the levels of expectation and scrutiny of placed on landlords, which is and will continue to necessitate a wholesale refocusing of management priorities and resource allocation.

- 4.9 The **Charter for Social Housing Residents (2020)** defines a commitment to raising the standard of social housing and meet the aspirations of residents, and the services they should be able to expect from their landlord. Specifically, to:
- a) Be safe and to have a good quality home and neighbourhood, all kept in good repair and complaint handling failure order.
 - b) Have their voice heard, through engagement and scrutiny, to be treated with respect, and have complaints dealt with promptly and fairly with swift redress when needed.
 - c) Be supported to access a ladder of home rental or ownership opportunities.
 - d) Know how their landlord is performing, how it spends its money, and how they can hold it to account, and to feel empowered to ask questions within a culture of transparency.
- 4.10 The **Fire Safety Bill (2021)** will introduce regulation to protect anyone sharing a communal entrance or space (defined as two or more domestic premises), through rolling fire risk assessments and remedial action programmes. Housing managers will be required to identify fire hazards including to doors and windows that may have become compromised over time. Managers must identify residents who would find it particularly difficult to evacuate in the event of fire and maintain Risk Assessments that set-out the response in the event of fire, and to review assessments annually to ensure nothing has changed.
- 4.11 The **Building Safety Bill (2021)** will place significant new duties on those who procure, plan, manage and undertake building work, with safety considered at every stage of a building's lifetime, ensuring that residents are safe and feel safe, with regulatory powers to act against landlords who are found to be underperforming.
- 4.12 The **Domestic Abuse Act (2021)** will require Local Authorities to assess the need for accommodation-based support for survivors of domestic abuse and their children.
- 4.13 A strengthened **Housing Ombudsman Scheme** and **Complaint Handling Code (2020)**, set out clear expectations for landlords on handling housing complaints, backed by a new power to issue a complaint handling failure order where there is non-compliance. Landlords are expected to self-assess against the Code to ensure that their complaint handling process is accessible, consistent and enables the timely progression of complaints on behalf of tenants.

Rethinking Service Models

- 4.14 Against this backdrop, SC is already examining its operating model to ensure it can deliver a sustainable level of service. Difficult choices must be made in directing a wholesale shift away from a one-size fits all, passive consumption of services towards a model based on increased personal and community resilience, with community -based interventions reducing demand upstream of high-cost interventions delivered at a point of crisis.
- 4.15 This approach will require a shift in the way services are organised and delivered, away from who they work for and how they are organised, to who they deliver to and how they deliver. For example, co-locating multiagency teams within community service hubs, as is being planned for Shrewsbury, with a health and wellbeing hub with SC, the NHS and voluntary sector organisations delivering services under one roof. Equally, the launch of an Integrated

Care System (ICS) in 2021, will provide a joined-up approach to planning and providing local health and care services, enabling closer caseworking between to support individuals with complex needs, to achieve lasting outcomes.

- 4.16 The provision of good quality, fit for purpose home is increasingly recognised as the key to providing an environment where individuals can recover, respond, and thrive, whether tackling rough sleeping, freeing hospital beds, providing support to people with a learning disability or mental illness, or supporting children outside a formal care setting. Through a detailed understanding of need, the coordinated provision of homes to meet these needs, and the integrated provision of wraparound support, investment in housing can significantly reduce demand-led costs across the whole system.

5. OPERATIONAL PERFORMANCE REVIEW

5.1 This section considers the operational performance of STAR over time, in meeting the realistic expectations of tenants, of SC as landlord, and relative to its peers.

Overall tenant satisfaction with services

5.2 Tenants are highly satisfied with the services they receive from STAR, with overall satisfaction rising to 88% in 2019.

| Overall Satisfaction with Service | | | | |
|--|------|------|------|------|
| Satisfaction Measure % | 2012 | 2014 | 2017 | 2019 |
| Overall satisfaction with services | 85 | 82 | 86 | 88 |

5.3 This performance places STAR well inside the top quartile when ranked against its peers.

| Overall Satisfaction with Service Benchmark (2019) | | | | |
|---|------|----------------|--------|----------------|
| BMG Benchmark % | STAR | Lower Quartile | Median | Upper Quartile |
| Overall satisfaction with services % | 88 | 74 | 81 | 83 |

5.4 Net Promoter Scores (NPS) are widely across the sector to gauge a tenant's willingness to recommend their housing provider. A Score is calculated from the proportion of tenants who give a score (on a 1-10 scale) of 9 or 10, 'promoters' who are very likely to recommend their landlord – minus those unlikely to ('detractors' who score 0-6). 53% of STAR tenants surveyed were promoters and 23% detractors, resulting in n NPS of +31. Again, top quartile performance when compared with peer providers.

| Net Promoter Benchmark (2019) | | | | |
|--------------------------------------|------|----------------|--------|----------------|
| BMG Benchmark % | STAR | Lower Quartile | Median | Upper Quartile |
| Net Promoter Score | +30 | +17 | +23 | +28 |

5.5 Tenant perceptions of STAR are also highly positive, particularly regarding the quality of customer care and level of trustworthiness. Equally, relatively few tenants have negative perceptions of STAR.

| Tenant Perception of STAR (2019) | | | |
|---|-------|---------|----------|
| Measure % | Agree | Neither | Disagree |
| Provides an effective and efficient service | 84 | 10 | 6 |
| Provides the landlord service expected | 85 | 8 | 7 |
| Treats its residents fairly | 82 | 11 | 7 |
| Has a good reputation in the area | 78 | 16 | 5 |
| Has friendly and approachable staff | 90 | 6 | 3 |
| Is trustworthy | 86 | 10 | 3 |

Service Access

- 5.6 Tenants find it a relatively easy to get hold of the right person within the organisation (although 10% do not), and 86% of are content with the helpfulness of staff.

| Ease of Access (2019) | | | |
|----------------------------------|------|---------|-----------|
| Satisfaction Measure % | Easy | Neither | Difficult |
| Getting hold of the right person | 75 | 14 | 10 |
| Helpfulness of staff | 86 | 6 | 8 |

- 5.7 Tenant report that STAR deals with their enquiry quickly, with 84% satisfied with the timeliness of responses. However, satisfaction with the outcome of an enquiry falls to 71%. This may reflect the outcome not reflecting that sought by the tenant, however, continuous analysis of feedback and embedding learning within business processes is crucial in ensuring fairness and limiting genuine dissatisfaction.

| Satisfaction with Query Handling (2019) | | | |
|---|-----------|---------|--------------|
| Tenant Satisfaction Measure % | Satisfied | Neither | Dissatisfied |
| Query dealt with quickly & efficiently | 84 | 8 | 8 |
| Final outcome of query | 71 | 11 | 18 |

- 5.8 Whilst STAR has invested over £500k on improving customer contact handling and digital access technology, only 8% of tenants are registered to access services digitally via its tenant portal, against a target of 15% (September 2021). However, 2,500 tenants have STAR Facebook accounts and there are 610 Twitter followers for STAR accounts (March 2021). Accelerating digital shift must be a priority for STAR, as it provides greater choice and flexibility of access for tenants, whilst improving efficiency and reducing operational costs.

Listening to Tenants' Views

- 5.9 Tenants are generally satisfied that STAR listens and acts upon their views. However, this is a key area of regulatory scrutiny, and it is imperative that STAR ensures that the *Tenant Voice* is front and central in planning and scrutinising service delivery.

| Responsiveness Satisfaction | | | | |
|------------------------------------|------|------|------|------|
| Satisfaction Measure % | 2012 | 2014 | 2017 | 2019 |
| Views are listened to & acted upon | 68 | 60 | 58 | 72 |

- 5.10 However, relative to its peers, STAR's performance again ranks well inside the top quartile.

| Responsiveness Satisfaction Benchmark (2019) | | | | |
|--|------|----------------|--------|----------------|
| BMG Benchmark % | STAR | Lower Quartile | Median | Upper Quartile |
| Listening to views & acting upon them | 72 | 53 | 61 | 64 |

Complaints Management

- 5.11 The level and effectiveness of dealing with complaints is an acid test of overall service performance. In this respect, STAR receives very few complaints, with 61 received in 2019/20, 76 in 2019/21, 48 in 2020/21, and 24 in 2021/22 (YTD). Senior SC stakeholders also confirm that they receive very little by way of escalated complaints or criticism of the services delivered by STAR.

Rent Collection

- 5.12 STAR demonstrates strong performance in rent collection and maintained collection rates during Covid. In parallel with focus on collection, STAR also has a strong focus on sustainment, with a low level of eviction for rent arrears, which reduces pressure on homelessness services and helps break the cycle of repeat homelessness.

| Rent Collection Performance | | | | | |
|------------------------------------|---------------|----------------|----------------|----------------|----------------|
| KPI Measure % | Target | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| Rent collected as % of rent owed | 99 | 99 | 100 | 101 | 101 |
| % tenants evicted for rent arrears | 0.15 | 0.02 | 0.15 | 0.25 | 0.02 |

- 5.13 To sustain this performance within the current operating environment, STAR will have to work hard to set expectations regarding indebtedness and in not allowing debts to build-up, by enforcing terms of tenancy, whilst increasing financial literacy and providing wraparound support to alleviate genuine hardship and minimise the risk of homelessness.

Repairs management

- 5.14 A high-quality repairs service is the critical service benchmark for a housing service provider and is of the highest importance to tenants, shaping their view of the service as a whole. The efficiency of a repairs service and its ability to maintain high levels of tenant satisfaction is primarily driven by the age, condition and investment profile of the stock, the effectiveness of the delivery partnering arrangements, and the efficiency of the repairs ordering and delivery process.
- 5.15 STAR undertook over 10,000 repairs in 2020/21, through its in-house team, and unlike many providers has no significant backlog of work to recover from demonstrating the value of having direct operational control over a key service. STAR's in-house survey reports a 91% level of satisfaction with repairs undertaken in 2020/21. Current satisfaction is 92% as of September 2021.

| Satisfaction With Most Recent Repair (STAR survey) | | | | |
|---|---------------|----------------|----------------|----------------|
| KPI Measure % | Target | 2018/19 | 2019/20 | 2020/21 |
| Satisfaction with recent repair | 95 | 94 | 90 | 91 |

- 5.16 The last independent survey of tenant satisfaction with repairs undertaken in 2019, found that 84% of tenants were satisfied with the way STAR dealt with repairs and maintenance, but with 11% expressing a lesser or greater degree of dissatisfaction. This marks an improvement from the 2017 survey, when 78% were satisfied 15% were dissatisfied.

| Satisfaction with Repairs and Maintenance (2019) | | | | |
|--|------------------|---------|---------------------|-------------------|
| Very satisfied | Fairly satisfied | Neither | Fairly dissatisfied | Very dissatisfied |
| 43% | 41% | 5% | 7% | 4% |

- 5.17 This high overall level of satisfaction with repairs once again ranks STAR as top quartile performer when compared with its peers.

| Repairs Satisfaction Benchmark (2019) | | | | |
|---|------|----------------|--------|----------------|
| BMG Benchmark % | STAR | Lower Quartile | Median | Upper Quartile |
| Satisfaction with repairs & maintenance | 84 | 65 | 73 | 78 |

- 5.18 STAR has also performed consistently well in delivering repairs and maintenance services within expected completion times over the last four years.

| Repairs Performance | | | | | |
|--------------------------------------|--------|---------|---------|---------|---------|
| KPI Measure % | Target | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| Emergency repairs completed on time | 100 | 100 | 100 | 100 | 100 |
| Urgent repairs completed on time | 98 | 98 | 99 | 99 | 99 |
| Routine repairs completed on time | 98 | 99 | 99 | 99 | 98 |
| Programmed repairs completed on time | 98 | 99 | 99 | 100 | 99 |

Planned Maintenance

- 5.19 Tenants report consistently high levels of satisfaction with STAR's planned maintenance service over time, with performance maintained during Covid.

| Planned Maintenance Satisfaction | | | | |
|---------------------------------------|--------|---------|---------|---------|
| KPI Measure % | Target | 2018/19 | 2019/20 | 2020/21 |
| Satisfaction with planned maintenance | 97 | 96 | 98 | 96 |

- 5.20 Overall, tenants are content with the standard of the home provided by STAR.

| Satisfaction with Overall Quality of Home | | | | |
|---|------|------|------|------|
| Satisfaction Measure % | 2012 | 2014 | 2017 | 2019 |
| Overall quality of the home | 87 | 86 | 84 | 85 |

Void management

- 5.21 The headline KPI for void management, the average turnaround time, has almost doubled over the last year, reflecting the difficulty of operating during Covid and the need to protect the repairs service, the high number of homes becoming vacant, and the work required to re-present them for lettings at the required standard, with additional works undertaken in accordance with investment policy. STAR highlights that there are difficulties in recruitment and retention within the direct labour-force, and in parts and materials supply chains.

| Void Turnaround Performance | | | | |
|--|--------|---------|---------|---------|
| KPI Measure Days | Target | 2018/19 | 2019/20 | 2020/21 |
| Average time to relet empty properties | 30 | 37 | 32 | 57 |

- 5.22 STAR is transparent in the way it reports void performance. However, performance reporting is simplistic and needs to more accurately reflect and incentivise performance in making the right strategic choice when a home is returned. Is a quick turnaround with little more than health and safety checks required or should a proactive appraisal against reinvestment needs be undertaken, to maintain homes to the Decent Homes Standard, to adapt the home to meet an individuals need, or to improve energy efficiency and reduce carbon emissions.

Landlord Health and Safety Compliance

- 5.23 STAR has continued to maintain compliance during lockdown with the requirement for every home with a gas supply to have a valid test certificate. Equally, 97% of homes have a valid electrical safety certificate, less than five-years old.
- 5.24 Whilst STAR doesn't have to contend with the management of high-rise assets or cladding removal, it has invested significantly in health and safety management systems (fire risk assessments for example) and operational capacity. Since 2016, £300k has been invested in the removal of fire hazards, with a budget of £100k allocated in the current financial year.
- 5.25 A Fire Safety Officer was appointed in 2017 to provide expertise and to build capacity in this critical area, particularly in raising tenant awareness. STAR also works in partnership with accredited specialist agencies to ensure ongoing compliance and is aligned with best practice. An example of this being that STAR had installed carbon monoxide alarms in every home by 2016, which is yet to be made mandatory across the sector. STAR also has a full Asbestos Survey covering all properties, with rolling re-inspection over a five-year period.

Neighbourhood Management

- 5.26 Tenants express a high level of satisfaction with both the quality of their neighbourhood as a place to live and its general appearance.

| Neighbourhood Management Satisfaction | | | | |
|---------------------------------------|------|------|------|------|
| Satisfaction Measure % | 2012 | 2014 | 2017 | 2019 |
| Neighbourhood as place to live | 90 | 91 | 89 | 91 |
| Appearance of neighbourhood | N/A | 87 | 87 | 86 |

- 5.27 This level of satisfaction can be attributed in part to the decision to insource grounds maintenance, a service traditionally outsourced though SC to third-party contractors, which was underperforming, not delivering value-for-money and a driver of complaints and dissatisfaction. STAR invested in the staff and equipment to run the service from April 2020, which has resulted in additional all-year-round capacity within the service, and yielded savings of £60k p.a., with just three complaints received regarding grounds maintenance during 2020/21.

- 5.28 STAR has invested £326k in neighbourhood service improvement projects and has made direct contributions to HRA capital projects, including £35k to refurbish a children's play area in Oswestry that has helped to eliminate anti-social behaviour. It has also been recognised through the national Resolve ASB award for 'Best Project' in tackling drug dealing and 'cuckooing' in Oswestry. Whilst the number of ASB cases is comparatively low, STAR has a track record of resolving 95% of cases reported.
- 5.29 As a result of Covid, stakeholders are reporting a general increase across communities in ASB and hoarding, driven by a range of mental health conditions caused by isolation. The response to this increasing demand is however compromised however, by the resources available to the SC Community Safety function and retrenching of many third-party support services. It is recognised that STAR could play a major role in helping reshape neighbourhood-based service within communities through partnership working, particularly in rural districts, through the introduction of new whole-system thinking, such as *Community Triggers* for example, that initiate multi-agency case reviews with the Police, Local Authority, housing providers, and the NHS) to address an ASB-related problem, with the aim of finding a lasting solution. STAR is well placed to help provide local presence and intervention support, and to signpost or trigger support for more complex cases. The provision of this type of upstream intervention is gaining across the sector post-Covid.

Value for money

- 5.30 Tenants are satisfied that they receive services of the appropriate quality for the rent they pay, and that STAR utilises resources efficiently, with 88% expressing a positive level of satisfaction. Whilst this measure is not specifically benchmarked, from CT experience, it would rank comparatively well against peer providers.

| Satisfaction with Value for Money | | | | |
|-----------------------------------|------|------|------|------|
| Satisfaction Measure % | 2012 | 2014 | 2017 | 2019 |
| Rent is value for money | 85 | 86 | 88 | 88 |

STAR value-add offer

- 5.31 In addition to the delivery of core housing management services, STAR provides a number of value-add services in partnership with SC and a range of service partners.
- 5.32 **Independent living:** Successfully remodelled sheltered housing provision as Independent Living Community (ILC) schemes, redesignating one scheme and investing significantly in refurbishment and improving communal facilities. 14 bungalows have been added to a scheme in Highley, and an enhanced ILC and community facility is proposed for a new development in Weston Rhyn. This approach is potentially a scalable model for supporting SC and the NHS in providing specialist care and hospital step-up/step-down accommodation, and in offering wider community-based support from ILC hubs, enabling residents to live independently in their own homes for longer.
- 5.33 **Younger persons accommodation:** Acquired for SC a hostel for 16- to 25-year-olds at New Century Court in Oswestry, investing £137k in its refurbishment from its reserves, and providing wraparound support worth £50k p.a. A further scheme is being considered in

Bridgenorth. This demonstrates capacity to both deliver and operate specialist housing in support of wider SC needs, helping take pressure of core services.

- 5.34 **Relief of homelessness accommodation:** Appraised an opportunity in Bridgenorth to convert an existing 11-unit facility owned by a Registered Provider into a hostel for single men, particularly entrenched rough sleepers, offering up to 2 years of 24/7 support services, which would alleviate the equivalent cost of 11 B&B units.
- 5.35 **Temporary housing provision:** Provided strong support to SC in delivering the 'Everybody In' agenda for housing rough sleepers during the pandemic. 109 homes (2.7% of stock) were made available to SC for Temporary Accommodation (TA) during 2020/21, with 90 units still in-place. This provision highlights an advantage of having direct control over housing assets and points the way forward in optimising the level and throughput of households in TA, and to eliminate the reliance on costly and unsuitable B&B accommodation.
- 5.36 **Specialist housing provision:** Allocated 11 homes to Adult Social Care, on a lease basis, as specialist permanent accommodation. Understanding broader, specialist housing need and making best use of the SC housing assets, would significantly reduce the lifetime costs of meeting tailored accommodation requirements for those needing care and their carers.
- 5.37 **Financial inclusion and employment support:** Enables tenants to sustain their tenancies through access to a financial inclusion service costing £162k p.a., which helped tenants manage £128k of debt and identified additional income or benefits of £38,415 in 2020/21. STAR also partners with Debt Respite and Breathing Space to provide debt respite support in response to new regulations that allow tenants to consult with a finance adviser and access a 60-days breathing space to formulate a debt management plan. A partnership with Wrekin Housing Trust provides employment support through a *Better Outcomes* service.
- 5.38 **Community alarms:** Provided a low-cost community alarm service that supports 770 vulnerable residents across Shropshire, to live independently in the community. This service has recently been digitised from within STAR's resources and should be dovetailed with the service provided by ASC to residents who meet the community need threshold for funded support, being targeted at those who do not meet the threshold.
- 5.39 **Floating support:** Provided floating and accommodation-based support to tenants within its operating area as one of the three main partners in the SUSTAIN Consortium (along with Care Plus and Connexus), to help vulnerable people develop the skills and experience to maintain their own accommodation and live independently in the community. Whilst grant funding for the service (currently £329k) has been halved over the last five years, STAR has built up an 11-strong support team, providing three levels of support: low-level prevention activities; intervention to support complex cases (many involving mental health conditions), to maintain tenancies and reduce demand on statutory services; and crisis management. The service is due for retendering in 2022, which if continued in its current form provides an opportunity to assess its value and to integrate it more fully with Adult Social Care and Housing Options processes, to avoid duplication of provision and maximise outcomes.
- 5.40 **Tackling domestic abuse and violence against women and girls:** Being the first provider in Shropshire to sign-up to the White Ribbon initiative.

- 5.41 **Mental health support:** Worked closely with the SC Mental Health Group and has issued mental health toolkits to frontline staff, enabling upstream intervention to be triggered before a person reaches crisis point.
- 5.42 **Community investment:** Supported over 150 community initiatives, with grants worth £68k. STAR has also funded the provision and ongoing maintenance of 16 Public Access Defibrillators located at ILC schemes, at STAR managed buildings and at two SC offices.
- 5.43 Whilst STAR delivers a range of value-add services, these are not always integrated fully integrated within the wider scope of housing and support provision. For example, with respect to the provision of TA accommodation, STAR currently provides the asset but no management support, which is a considerable workload for the SC TA team, who are not equipped to deliver management services. There is an opportunity for STAR to provide a full management service for these units, more cost effectively than is the case now, freeing-up specialist SC staff to focus on supporting households in TA to become tenant ready.
- 5.44 There is also scope for reappraising the approach to adaptations. STAR currently sets the budget for HRA adaptations (£250k p.a.), based on its own judgement and policy, which encourages people to move to alternative accommodation that has already been adapted, to ensure that homes are not fitted with adaptations that become more difficult to let later. However, the level of budget allocation should be considered in the round, with respect to providing lifetime homes for an ageing population. Demand will continue to rise, so any upfront adaptation costs will be more than offset by wider system savings.
- 5.45 Stakeholders reflect that STAR could broaden its service offer based its expertise, with tenure neutral, and potentially Shropshire-wide delivery. STAR is also well placed to support SC in areas such as improving the quality of PRS accommodation and expanding the availability of low-cost housing options through an ethical letting's agency.

Summary Analysis

- 5.46 STAR is clearly a safe pair of hands in delivering housing management services and in understanding and responding to what SC tenants consider to be a good level of service. STAR performs well against the performance targets set for it by SC, and benchmarks consistently in the top quartile when compared with its peers. A high level of customer care is provided, and core services including repairs and neighbourhood services are delivered effectively by in-house teams.
- 5.47 In choosing a future management arrangement, the ability of an option to maintain the quality and stability of the current service should be a significant consideration, as should its ability to respond effectively to the increased level of technical assurance and tenant-first focus required by the changing regulatory environment.
- 5.48 STAR has also developed a range of value-added services, many funded from its own efficiency savings. However, these do not always dovetail effectively with SC services to create single, coordinated service pathways for accommodation and support focused services. There is significant scope to integrate housing and support provision to deliver greater whole-system efficiency and joined-up outcomes.

6. ASSET INVESTMENT AND DEVELOPMENT REVIEW

Stock Condition

- 6.1 STAR has a robust level of insight into the quality and baseline investment needs of the stock it manages, over the next thirty-years, with 100% of properties surveyed directly, though a rolling Stock Condition Survey.
- 6.2 When STAR took over management of the SC HRA stock in 2013, 10% of homes did not meet the Decent Homes Standard, but by 2015 it had achieved full compliance, which it has maintained year-on-year since, with 72 homes in the rolling compliance programme for 2021/22.

Decarbonisation

- 6.3 The decarbonisation of the social housing stock in England by 2050 to a minimum energy efficiency standard will cost over £100bn based on current estimates. The required standard will be defined within the Decent Homes Standard, currently under review.
- 6.4 Whilst the Government has so far pledged £3.8bn of grant funding through the Social Housing Decarbonisation Fund, the approach to funding decarbonisation investment is a considerable business plan determinant of every social housing landlord, with each needing to develop holistic plans based on an understanding of embodied carbon (the emissions associated with building or rebuilding a home) and operational carbon (the emissions from heating and lighting a home). Equally, as part of a wider-picture impact, the value of well-insulated buildings on reducing health inequality and delivering savings within the health and care sectors also needs to be considered. With a sector working average of £30k per home to decarbonise, a wide range of factors need to be carefully modelled over time.
- a) New technologies and products will make homes, their operation and maintenance more efficient, and the sector is building in a 10% savings impact of this eventuality. Scaled procurement models could also deliver a further 10% cost saving.
 - b) Equally, 30-year component renewal plans will already have investment scheduled that will improve thermal efficiency without additional investment.
 - c) A percentage of homes could be made exempt from the full regulation, where retrofitting is difficult, and brought up to the highest standard possible within their archetype.
 - d) Regeneration could be used to deliver a larger number of thermally efficient homes, with embedded carbon emissions offset by new construction techniques, that do not in turn need to be retrofitted, and with lower operational emissions.
 - e) Poorly performing stock could be disposed of, however this simply moves the problem on rather than solving it.
 - f) The benefit of lower energy and running costs delivered through investment in retrofitted homes could be shared by landlords and tenants through a *warm rent*, linked to rent formula. This approach could also unlock long-term, low-cost green finance models, based on long-term sustainable income streams.
 - g) Grant funding could also be provided based on achieving wider outcomes regarding providing life-long homes or supporting people into employment.

- 6.5 STAR commissioned an independent review of the SC housing stock from Bratch Consultancy, who estimate, that meeting the carbon neutral standards and objectives will cost in the region of £118m, or £30k per home, in line with sector modelling. This will necessitate heating systems upgrades and fossil fuel systems removal, improvements to the fabric of buildings, lighting replacement, solar panel installation and a range of carbon emission offsetting measures.
- 6.6 An ongoing programme of thermal improvement works delivered by STAR has improved loft and cavity wall insulation in all but hard-to-treat homes, along with central heating system upgrades, replacement door, window, and re-roofing programmes, with 300 Air Source Heat Pumps fitted, many in off grid or ILC homes. Consequently, this has significantly improved the energy efficiency of the homes it manages, raising the SAP rating for on-grid properties from 65.3 in 2016 to 67.92 in 2021), with the rating of the 570 off-grid homes raised to 59. There are currently only 12 homes that have a SAP rating of 35 or below (11 of which tenants refuse to grant access). Equally, there are currently 21 properties with an EPC rating of F or G, and 157 with an E rating, 7 of which have had air source heat pumps fitted.
- 6.7 In addition, the STAR head office, the community centres it manages, and communal lighting are all powered using green energy, with some solar powered communal energy also in place. STAR has also participated in several tree planting schemes.
- 6.8 STAR has allocated £1.8m within its 2021/22 planned maintenance budget (£4.8m) to works that will improve the thermal properties and energy efficiency of the stock and is working with Bratch to model a sliding-scale of works to match SC's decarbonisation objectives, based on the investment already scheduled into 30-year programmes, and in the scope of works required to raise the 2,000 EPC Band D homes up to Band C, through works done when a home becomes void, through options appraisals and disposal of uneconomic units.
- 6.9 STAR is also working in partnership with SC, Members of Parliament, and other housing providers to maximise the level of grant funding available. Tenant engagement is also being stepped-up to build awareness of the necessity and benefits of the retrofitting work and the fitting of heat pumps, in reducing energy bills and reducing harmful carbon emissions.
- 6.10 The housing sector is still at an exploratory stage in understanding the best and most economic approaches in delivering decarbonisation. SC and STAR are starting from a strong place with respect to the knowledge of the stock, but face a significant challenge with respect to older, off-grid properties. Additional detailed modelling, prototyping (an exemplar 12-unit passive house residential scheme has been developed by South Shropshire Homes) and resource prioritisation (see next section) is needed to support a full decarbonisation roadmap.

Affordable homes provision

- 6.11 SC is stimulating and supporting supply through a blend of types and tenures of affordable housing, including Section 106 affordable homes and community-led housing schemes, and identifying hidden housing need throughout the country, supported through *Right Home*, *Right Place*, which builds a dynamic picture of need within individual towns and villages.

- 6.12 Whilst partnering effectively with RPs such as Connexus and Wrekin Housing Group, the ongoing trend of consolidation within the RP sector means that there is a risk that both focus and resources drift away from Shropshire. It is therefore critical that the direct-delivery capacity of SC, assessed below, can accelerate its affordable housing strategy, and build capacity and retain resources within the County.

CDL

- 6.13 CDL Developments Limited (CDL) was set-up by SC in 2018 as a wholly owned Local Housing Company, with the specific remit of building affordable homes for sale, to enable entry-level home buyers to access the market, and in so doing, seeking to close a significant gap in private sector supply. CDL will seek to maximise the number of affordable homes for rent delivered, with STAR the recipient of the first tranche of affordable homes for rent delivered. A minimum of 20% affordable homes is stipulated per scheme, but this will double to over 40% on some schemes.
- 6.14 Within the scope of its current Business Plan (2021-26), CDL will deliver over 500 new homes. Three schemes are currently on-site (The Frith in Crowmoor, Overton Road in Oswestry, and Ellesmere Wharf in Ellesmere), with 60 units due for delivery in 2021/22, followed by a scaling-up of units in 2022/23 with 155 units scheduled for delivery, with 187 and 234 units in the following two years. In all, CDL currently has 250 unit on-site. Homes are being delivered to a high level of eco-efficiency, with four models - Eco, Eco Smart, Eco Enhanced and Carbon Neutral, all of which will operate at an EPC rating of A, well above current building regulations that require an EPC rating of C.
- 6.15 CDL is tasked with making a profit that will enable SC to deliver a range of strategic objectives, and is currently funded through two loan facilities, a site-specific loan of £14m, and a second loan of £35m with a revolving credit facility which will be used to fund a range of opportunities. The Business Plan projects a total investment of £121m will be made in development over the next five years, generating £21m of revenue. A second phase of development to 2031, will increase the total number of homes delivered to 1,080.
- 6.16 A significant element in CDL's growth plan is however dependent on securing the bid to redevelop the SC Shirehall site in Shrewsbury, which could return revenue funding of £40m, against a development cost of £34m.
- 6.17 Oversight of Cornivii is provided by the CDL Board, and a Monitoring Board comprised of SC officers, with clienting undertaken by the SC Homes and Communities Team. The CDL Business Plan is approved by the Housing Supervisory Board (HSB) on an annual basis.

STAR Development

- 6.18 STAR has reinvested the retained element of Right-to-Buy receipts (currently running at 40 units p.a.), along with grant funding and HRA resources into a development and open market acquisition programme primarily focused on small infill and former garage sites within the ownership of the HRA. Five phases of development have been completed since 2018, with 30 schemes completed, providing 120 homes, including 35 bungalows, not generally delivered by other providers, but well matched to the needs of older and more vulnerable residents.

- 6.19 STAR has delivered a range of community focused schemes, including a sensitive redevelopment of flats in Oswestry with high levels of ASB into family homes, and the redevelopment of a former Baptist Chapel in Shifnal in a partnership with the Town Council that was shortlisted for the National Housing Awards in 2018. During 2020/21 STAR acquired five new affordable homes from local builders in Weston Rhyn, Whittington and Knockin.
- 6.20 With all readily available HRA sites now developed, STAR is working with SC and other providers, including CDL, to build a pipeline of mixed supply units, of up to 150 homes:
- a) STAR will purchase 14 affordable rent/shared ownership units at Frith Close, Crowmoor, from CDL, with potentially a further 36 units in the pipeline at other schemes.
 - b) Four affordable housing units will be acquired in Station Road, Baschurch, currently being developed by Shingler Group Ltd.
 - c) A pilot scheme of two Passive House units is being developed outside Bridgenorth, which will inform the thermal strategy moving forward and enable long-term monitoring.
 - d) Planning permission has been granted for 16 affordable rent and 8 share ownership homes in Whittington.
 - e) A community-based development of 40 units in Weston Rhyn has required extensive engagement and careful site assembly.
 - f) SC has released Richmond House, a general fund site in Shrewsbury to STAR, to develop 12 general needs units, realising a market-level receipt for SC whilst retaining the housing asset created within the Council's control. A second site in Shrewsbury, at the Monkmoor Training Centre, will deliver a further 13 homes.
 - g) STAR is working with parish councils, including Shifnal, to identify small site opportunities.
- 6.21 STAR has achieved much of the development delivered to-date with very limited resources, which has inevitably limited its ability to pursue and structure opportunities as quickly and as effectively as it would have liked, and its partnering capacity and responsiveness in engaging both with SC and CDL has been limited. However, appropriate capacity and expertise has been strengthened at Board and officer level, a Land Finder has been engaged on a one day a week basis to look-out for development opportunities, and legal frameworks have been developed to support and speed-up and standardise procurement processes.

A Mixed Economy Model

- 6.22 The challenges facing Shropshire in ensuring its homes are Decent and energy efficient, and that it can meet the adapted housing and support needs of an increasing number of vulnerable people, whilst increasing the supply of affordable homes of all tenures to promote mobility and aspiration, requires an overarching strategy and coordinated delivery approach, that will:
- a) Define a single coordinated roadmap and oversight framework for delivering the Housing Strategy and wider Shropshire.
 - b) Maximise the value of HRA assets and the level of leverageable capital within the HRA (whether retained or divested), with an active asset management approach used to

identify assets for reinvestment and decarbonisation works or poor quality/non-compliant assets for disposal, freeing resources for targeted development.

- c) Foster a flexible partnership approach in considering development and regeneration opportunities, including those for town-centre regeneration (The Riverside in Shrewsbury for example).
- d) Ensure development programmes consider and integrate with wider business objectives, such as meeting specialist housing needs, community enabling and decarbonisation.
- e) Prepare detailed local needs analysis encompassing all accommodation needs, coupled with Local Lettings Plans to ensure that homes are developed in the right place, of the right configuration, and are let to the right people
- f) Retain control, compliance oversight and the full lifetime value of assets developed within Shropshire wherever possible, even it adds a level of margin to overhead and life-cycle costs.

6.23 Whilst STAR and CDL are currently building discrete development specialisms and have very different delivery remits and growth trajectories, development activity within SC could be converge over time, without compromising the overall speed of delivery, by sharing roles and resources, aligning processes, and through closer collaboration of opportunity sourcing, pipeline development, and potential stock remodelling, with CDL, as a specialist developer taking the lead on all development, remodelling and regeneration activity on behalf of SC, with STAR commissioning both general needs and specialist accommodation solutions from CDL, whilst focusing on broadening its role as a managing agent and service provider.

7. FINANCIAL REVIEW

Housing Revenue Account

- 7.1 The Housing Revenue Account (HRA) is intended to record expenditure and income on running a council's own housing stock and closely related services or facilities, which are provided primarily for the benefit of the council's own tenants. HRA resources may be used to fund either revenue or capital activity, with the two provisos that the HRA is not permitted to go into a deficit position, and that once resources have been transferred to capital then they cannot be reverted to revenue. Decisions on spending are a matter for the Council, in conjunction and consultation with residents. It is necessary to balance the needs of the service against desirable, though potentially conflicting, outcomes to best meet the Council's objectives. This could mean that there may be differences of opinion in respect of the priorities of residents versus those of the Council.
- 7.2 Whilst HRA balances are only for HRA use, they are not necessarily solely for the benefit of existing tenants and leaseholders, and it may be desirable to use balances to help fund new affordable housing for the benefit of future tenants. Additionally, there may be instances where expenditure within the HRA on areas such as anti-social behaviour would provide benefits to the wider community rather than just existing tenants and leaseholders. Both examples would still be in line with the concept of the ring-fenced HRA.
- 7.3 The role of the 30-year HRA business plan is to identify, estimate and phase investment decisions to reduce risk and ensure affordability, when considered against projected income and access to capital investment.
- 7.4 Following the introduction of HRA self-financing in 2012, the SC HRA currently has a debt in the region of £85m, the majority of which results from having to take on £83.35m additional debt under the self-financing agreement. This borrowing was undertaken with the Public Works Loan Board (PWLb) and comprises 10 separate loans of £8.335m of varying maturities that are scheduled to be repaid over the period 2040 to 2049. The HRA is, however, in a comparatively strong position, and having absorbed the impact of the Welfare Reform and Work Act (2016) which required social landlords to reduce their rents by 1% each year for four years, the projected HRA balance for 2021/22 is £10.9m.
- 7.5 In 2018 the debt cap on the Housing Revenue Account (HRA) was abolished for local authorities. Prior to this, the total amount of HRA borrowing was capped, in most cases at the amount of the self-financing debt cap, which was deemed to represent the "affordable" amount of debt for each authority. In practice, many HRAs have outperformed the assumptions used to calculate the self-financing debt settlement, and as a result are able to service additional borrowing. The removal of the debt cap effectively permits additional borrowing as long as it is on a "prudential" basis, and as a result many authorities are now using or considering using new borrowing to help fund the development of additional affordable or social housing

General Fund

- 7.6 In contrast to the HRA, the Shropshire General fund (GF) is under considerable pressure, with the direct financial impact of Covid estimated to be £25m for the 2020/21 financial year. The current Medium Term Financial Strategy (MTFS) 2021/22 to 2025/26 includes the need to make over £9m of savings across all areas of the Council.
- 7.7 In Q1 2021/22, a forecast service overspend of £7.3m was reported, against a gross budget of £554m (net budget requirement of £209m). Significantly however, only 24% of the 2021/22 savings required were rated as green, with a further 44% with plans in place to be delivered rated amber. Non-delivery of the amber rated savings would result in a projected outturn overspend of £11.6m which would leave the GF balance at an unsustainable level. The GF reserve was £14m in March 2021, significantly below its optimum desired balance. Based on the current monitoring position, the GF balance would reduce significantly by year-end, to under £7m. The MTFS recognises that the financial plan doesn't provide a balanced and sustainable budget for the long-term future.
- 7.8 Whilst a ringfenced account within the GF, there is flexibility within the rules governing the HRA to enable it to make appropriate contributions to support GF services and helping to relieve the pressure, as a corporate asset.

HRA investment requirements

- 7.9 CT has reviewed the HRA business plan developed by STAR on behalf of SC as part of the ongoing review, as well as reviewing in conjunction with STAR the potential impact on this plan of delivering the affordable homes programme and becoming carbon neutral, and how the adverse implications could potentially be mitigated.
- 7.10 The HRA Business Plan provided shows a strong position where HRA cashflows are projected to be sufficient to meet the investment needs of the existing stock as well as to support the delivery of a programme of additional new homes over the life of the plan in addition to those already in development.
- 7.11 The table below demonstrates that the HRA is projected to remain in balance over the 30-year plan and can meet the additional borrowing costs associated with the delivery of the current development programme.
- 7.12 The figures shown exclude the repayment of the self-financing debt, which in any event is not projected to be entirely affordable, as well as the annual provision for new build and feasibility post-2022/23 to indicate the capacity available within the HRA.

| HRA balances (£000k) | | | | | | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| £000 | 2021-22 | 2025-26 | 2030-31 | 2035-36 | 2040-41 | 2045-46 | 2050-51 |
| | Year 1 | Year 5 | Year 10 | Year 15 | Year 20 | Year 25 | Year 30 |
| Total income | 17,900 | 19,303 | 20,780 | 22,408 | 24,289 | 26,321 | 28,512 |
| Total expenditure | (18,316) | (18,941) | (20,081) | (21,338) | (22,738) | (24,269) | (25,945) |

| | | | | | | | |
|-------------|--------|--------|--------|--------|--------|--------|--------|
| HRA balance | 10,925 | 10,805 | 13,588 | 18,167 | 24,956 | 34,208 | 46,007 |
|-------------|--------|--------|--------|--------|--------|--------|--------|

- 7.13 As discussed above, the resource requirement required to reach a sustainable level of decarbonisation as currently being assessed, against current and emerging technologies. Based on the estimate of £118m cost estimate prepared by Bratch, our modelling suggests that the HRA could not afford to meet additional expenditure of this level over the next 10 years without any financial support/funding from the government or other external sources without going into a deficit position. The additional expenditure would also use up any capacity within the HRA for supporting additional development, meaning that any new development proposals would need to be self-financing. This can typically be achieved by using sales cross subsidy, at an obvious cost of the delivery of fewer affordable properties.

Financial Summary Assessment

- 7.14 The HRA is in a relatively strong position, with a balance of £46m projected in Year 30 of the HRA Model, providing sufficient resources to meet cyclical replacement costs and to potentially provide capital for building additional homes within the headroom available. However, the anticipated scale, uncertainty of approach and timing, and the level of any of government funding to address decarbonisation, introduces a high level of risk into the HRA Business Plan, in balancing investment decisions, and making loan repayments.
- 7.15 Whilst the HRA has been managed effectively, but essentially in isolation by STAR, the position of the GF is such that they now need to be considered in tandem and to maximise the HRAs value to the GF.

8. STRATEGIC ALIGNMENT AND GOVERNANCE REVIEW

Strategic alignment

- 8.1 Through the Management Agreement SC has enabled STAR to operate fully at arms-length, respecting the independence of decision making, and allowing the STAR Board to direct the day-to-day business, to an extent not always facilitated by parent authorities, and as a result, STAR has flourished in its remit as an ALMO. This includes:
- a) Delegating responsibility for managing the HRA 30-year business plan.
 - b) Allowing retention of annual surpluses for reinvestment within the business.
 - c) Allowing STAR to make its own accommodation arrangements.
 - d) Not specifying that STAR must use SC services for HR, legal and ICT, often used as a tool to claw-back income into the General Fund, but often at the expense of building capability within the ALMO.
 - e) Delegating responsibility for executive recruitment to the STAR Board.
 - f) Enabling STAR to set its own employee terms and conditions and pay-scales.
- 8.2 Additionally, through its Articles of Association, STAR is enabled to carry out a range of activities which contributes to the wider goals of SC, in supporting people and services, by:
- a) Secure land and buildings to be brought into effective use and contributing to economic development.
 - b) Creating an attractive and safe environment, preventing crime and anti-social behaviour, or reducing the fear of crime and anti-social behaviour.
 - c) Providing or improving housing or social and recreational facilities for the purpose of encouraging people to live or work in an area or for the purpose of benefiting people or improving the health and well-being of people who live there.
 - d) Providing employment for local people and providing or improving training educational facilities or health services or promoting healthy and active lifestyles for local people.
 - e) Assisting, promoting, and providing services for residents to enable them to take part in community activities and volunteering.
- 8.3 This degree of autonomy has enabled STAR to fulfil its operating mandate and consequently the attention to detail need for operational housing delivery has been successfully taken off the plate of the SC leadership. This however has led to a perception amongst stakeholders that being out of sight and out of mind, STAR and its role has “slipped down the agenda” over time, and that against the sharp relief of Covid, there are areas of misalignment, at a time when housing solutions need to be a key component of a fully integrated whole-system approach:
- a) There is a lack of structured alignment with *Place* and *People*-based services, with areas of parallel or duplicating activities, and a question as to how well plugged-in STAR is to the strategic objectives of SC, and as an operational subsidiary, in helping create joined-up solutions to tackle priority problems.

- b) There is a sense that whilst STAR is very adept at focusing on the day job and fighting its corner, it has become comfortable in its own operating environment, and less well attuned to the challenges faced by SC, and at times has been slow in seeking out and bringing innovation back to the table.
- c) The HRA and the GF have fared very differently and at a time when the Council is under extreme pressure, and a more structured and proactive partnership approach is needed, providing mutual support, whilst complying with the rules of the HRA ring fence.
- d) The visibility of STAR with Members not directly connected with it as Ward Councillors or STAR Board members is low, as is awareness of what it has and could achieve. A recent briefing session for Members however was well received and is a good point of reference for raising awareness and strengthening future engagement.
- e) Equally, STAR has struggled to align communications effectively with SC and opportunities to deliver strong, effective messages to the wider stakeholder audiences regarding successful initiatives have been lost. To address this, STAR has engaged Stockport Homes to provide additional communications capacity.

Governance and Scrutiny

- 8.4 STAR operates through a single main Board structure comprised of three tenant board members, three Council board members, three independent board members and one staff board member. The Chair of the Board is selected by Board members and is appointed annually for a maximum of 4 years. A new Chair (an independent member with wide sector experience) was appointed in March 2020. A recent refresh of Board membership has strengthened skills in key areas including housing management and development.
- 8.5 A *Governance Strategy (2021)* has been implemented to demonstrate transparency in running the business and compliance with the *National Housing Federation Code of Governance (2020)*, and to mitigate against the risk of a failure of corporate governance. Specifically, it recognises that:
- a) The Board must be balanced and diverse to be effective in its control of the Company.
 - b) There must be accountability to and involvement of the Company's stakeholders.
 - c) Skills gaps are assessed and met through competence-based recruitment to the relevant Board position and through ongoing Board member training.
- 8.6 The Board also commissioned an external audit of the Board and its operation from the Board Development Agency (BDA) in 2021, which found that "a strength of the Board is that there is a clear, unambiguous governance framework that is easily accessible and used by Board members to support their work".
- 8.7 Tenant engagement and scrutiny is provided through two Area Panels that represent tenants in monitoring services, policy review, and *Community Chest* fund allocation, which are in turn fed into the Board, fulfilling the function of a Council Tenant Scrutiny Body. The Panels also have delegated authority to award *Community Chest* grants to community projects. Covid has had a significant impact on the operation of the Area Panels, and they were not contacted as part of this review. In response to the Regulators emphasis on the *Tenant Voice*, there is an urgent need to strengthen and diversify tenant engagement, input to

decision making and scrutiny, using digital tools and introducing more innovative and relevant forms of engagement.

- 8.8 The clienting arrangements between SC and STAR have for a good part of the lifetime of the management agreement not been (by general agreement) as rigorous or as supportive of partnership working as they could have been. However, a refocusing and resourcing of the client function has significantly strengthened the strategic nature of the role and is facilitating stronger peer-to-peer working between SC and STAR.
- 8.9 Formal oversight of STAR is provided by the Asset Assurance Board, which meets quarterly to review performance, to approve the Annual Action Plan and management fee, and to move forward thematic issues and joint working. There is currently no regular reporting of progress and outcomes to Cabinet.

Strategic Alignment and Governance Summary Assessment

- 8.10 The strategic alignment of STAR and SC needs strengthening to enable STAR to step-up and help meet the step-change in the level of challenge within the Shropshire operating environment post-Covid. It must become more attuned to the operating realities of the Council, and to the priorities of Members, through the closer alignment of governance cycles and informal liaison.
- 8.11 The STAR Board must prepare for the increased intensity of scrutiny to be placed on local authority landlords by the Regulator, and accordingly increase the level of challenge to the STAR Executive, seeking a greater depth of assurance as to the effectiveness of controls, level of compliance, and management of risk.
- 8.12 The Board must also ensure that both it and the organisation have the right blend of skills in place to deliver on the above, and that succession planning will ensure that impetuous is maintained meet emerging challenges and ensure a continuous recharge of freshness of thinking and innovation.
- 8.13 Shropshire has never had a centralised housing function, with responsibilities split between *Place* and *People* functions and there is a sense from stakeholders that a holistic vision for housing and related support services is needed moving forward, with clarity of priority and role definition, with ownership within the Executive and Cabinet.

9. OPTIONS FOR THE FUTURE DELIVERY OF HOUSING SERVICES

- 9.1 STAR is a strong and highly regarded housing provider and delivery partner for the Council. However, the operating environment has been changed irrevocably by Covid, the ask and expectations of services have risen, and stakeholders are right to question whether the ALMO model can adapt to deliver what is needed for Shropshire.
- 9.2 This section considers the four future management options against the strategic context, operational, asset, financial and governance management performance discussed above:
- Option 1:** Extending the Council/ALMO partnership and associated management agreement, whilst exploring opportunities to strengthen and maximise the benefits of partnership.
- Option 2:** Return the HRA Housing function in-house to be fully integrated into the council.
- Option 3:** Develop an optimised model to maximise the benefits of having both an ALMO and a Housing Company, to make best use of the skills within SC's family of companies.
- Option 4:** Transfer HRA assets to a Registered Provider through a Voluntary Transfer.
- 9.3 The relative strengths and weaknesses of each option will be explored, along with future opportunities and inherent risks. An estimate of transformation costs and efficiencies will be made and the approach to implementation outlined. An assessment will also be made against each of the review criteria to assess the extent to which:
- Current and any future model is aligned with and best placed to realise the Council's strategic objectives for housing and support those of aligned service areas.
 - The responsiveness and quality of service delivery meets both resident and Council expectations, and resources are directed to support those most in need.
 - Best use is being made of HRA resources and that the HRA business plan is optimised to deliver both long term sustainability and opportunities for growth.
 - Governance and scrutiny are effective in ensuring compliance, whilst driving ambition.

Option 1: Retain STAR

Structure and Operation

- 9.4 This option involves retaining the current delivery model and extending the STAR management contract. The case for adopting this approach is built upon STAR's strong day-to-day operational performance, and the high level of tenant satisfaction with services. Its value-add services and development programme are strong foundations on which to build.
- 9.5 However, through the course of this review it has become apparent that this option cannot be seen as a steady-state or do-nothing option. Whilst STAR has fulfilled its remit as prescribed in its management agreement, over time its direction of travel has become less clearly aligned with that of the Council, and stakeholders are clear that a realignment is required to ensure it can best meet the objectives set for it, and to step-up as a partner in delivering within the SC family to deliver broader housing-centred solutions.

Realigning the role of STAR

- 9.6 To realign the role of STAR to make it a fully viable future management option, it is proposed that stakeholders undertake a detail review(s) to explore opportunities for closer alignment of strategic, operational, asset, and resource management objectives, by:

Strategic alignment – Restating the remit of STAR within the strategic objectives and operating model of the Council, with clarity of objectives and outcome targets.

Best use of resources – Aligning HRA and General Fund business planning to meet shared objectives, maximising efficiency to realise a lower cost base of overall service provision.

Service optimisation – Agreeing a sustainable scope of service and standards and aligning service access and delivery to provide cost-effective tenure neutral services.

Affordable housing supply – Agreeing a prioritised set of HRA investment requirements, balancing Decent Homes, decarbonisation, and growth needs, and to agree and clarity of remit for STAR in contributing to the delivery of affordable housing solutions.

Value-added service delivery - Agreeing a remit and objectives for STAR in contributing to the wider delivery of service objectives.

Governance and clienting - Ensuring strong leadership and challenge for STAR within a model that dovetails effectively with the Council governance framework and to develop an intelligent clienting framework that maximises the value of each organisation for the other.

Strategic alignment

- 9.7 A refreshed approach is required to translate the Council's vision and strategic ambitions, and response to the pressure on resources into a new business plan for STAR reflecting a shared response to the challenges of the operating environment, with aligned operational models that optimise the use of HRA and GF resources, aligned planning and governance models. A *Partnership Offer* is needed, that promotes broader added-value, innovation, and growth, with success measured beyond traditional service KPIs to reflect the impact of housing interventions on delivering whole-system outcomes.

Best use of resources

- 9.8 This review has highlighted the financial strength of both STAR and the HRA, and those significant surpluses are projected to be generated going forward, through digital shift, and greater operational efficiency. Whilst it makes sense for STAR to manage the HRA, its objectives should be framed and prioritised more broadly against SC strategic objectives, to:
- a) Determine the allocation of costs between the GF and HRA, to ensure the HRA contribution can be maximised within the rules of the HRA ring fence.
 - b) Determine the optimum use of HRA surpluses and RTB receipts, including a consideration of utilising any borrowing headroom if appropriate to resource a balanced approach to Decent Homes compliance, decarbonisation, and the delivery of affordable homes for rent.
 - c) Determine the optimum organisational design to deliver the expected service objectives, whilst optimising value-for-money, and the potential financial and service benefits that could be derived from shared service and co-location opportunities.

Service specification and optimisation

- 9.9 Every public service provider is re-appraising the extent to which it can sustain services by reducing demand, and the way it offers and delivers services, by focusing resources on those most in need and using digital shift to serve customers more cost effectively. This is an opportune moment for the SC as landlord to reflect on the scope of service specification of the housing service, how it is delivered, and the price point at which it can be sustained, by:
- a) Providing a low-cost, low-touch service for most tenants, whilst offering tailored support to enable a much smaller cohort of tenants to sustain their tenancies and remain in their homes.
 - b) Defining a sustainable service specification and standards, that clarify tenant responsibilities and set behavioural expectations and foster greater self-reliance.
- 9.10 Equally, this review has highlighted areas of silo-working and sub-optimised delivery of a holistic and cost-effective service to residents. There is significant potential for closer alignment in delivering services such as temporary accommodation, adaptations, and neighbourhood working, to share insight, data, and case-manage complex support cases.

Affordable housing supply

- 9.11 STAR has proven itself to be a competent development partner and is building skills and experience in delivering a range of small, often complex schemes and specialist redevelopments. It is therefore well placed to help deliver SCs ambitious affordable homes programme, in partnership with CDL and other partners. It does however require clarity as to its remit and the priorities it should seek to meet, with a Master Plan based on shared insight and needs analysis, that delivers for example innovative 'bridging the gap' housing solutions that meet specific needs (younger person, older person, key worker housing etc).

Value-add service delivery

- 9.12 STAR is well placed to help develop and deliver a broader, tenure-neutral service offer, built around its core operational expertise, its knowledge of its tenant base and local communities, and its on-the-ground capacity, ultimately creating a County-wide services. This offer could help underpin the delivery of Corporate Plan housing strategy and aligned objectives, supporting SC's People- and Place- based services in areas such as responding to low-level vulnerability, supporting independent living within the community, and addressing fuel poverty.

Governance and Clienting

- 9.13 The STAR Board must ensure that the organisation has the capacity to deliver the alignment plan outlined above and to meet SC half-way in driving the plan forward. Specific priorities will be to:
- a) Ensure the appropriate level of assurance is in place with regards to enhanced health and safety compliance.

- b) Modernise the approach to resident engagement and ensure that there is a clear evidence trail demonstrating the impact of the *Tenant Voice* shaping and scrutinising services.
- c) Improve the quality and frequency of engagement with all stakeholder groups and work closely with SC on communications planning and delivery.

9.14 An *intelligent clienting* approach, with integrated planning cycles and two- to five-year roadmaps, and with a broader set of value-add performance measures and targets would enable a more dynamic and open relationship to flourish between Council and ALMO, whilst still rooted in the contractual relationship, it would nurture innovation and a more effective response to the rapidly changing operating environment, by harnessing the respective expertise and strengths of both parties most effectively.

Transition considerations

- 9.15 A *Partnership Offer* setting out how STAR could be realigned with SC, with a clear, shared strategic direction, and operating within refreshed partnership oversight and delivery arrangements could be prepared within 3 months. It would comprise:
- a) A *Blueprint* and fully costed *Business Case* to articulate the vision, objectives, and anticipated outcomes of a whole system approach to operating model change.
 - b) A *Transformation Plan* and *Benefits Realisation Plan* to ensure the change is delivered and that benefits are fully realised.
 - c) A *Governance Framework* to represent the interests of all stakeholders, with mechanisms to engage tenants from the outset in reshaping the service.
- 9.16 With executive focus, a change of this type (which does not require a full business system implementation) could be delivered and embedded within 12-18 months.

Financial considerations

- 9.17 The funding required for the realignment work could be absorbed within the £3.9m reserve STAR has built within its operating budget. The digitisation and realignment of operational services outlined above will yield substantial savings for both the FHA and GF.

Legal considerations

- 9.18 If a retention decision is made, the following considerations apply:
- a) The Management Agreement and STAR Articles of Association are reviewed to reflect any revised role of STAR.
 - b) A new or extended management agreement will require the consent of the Regulator under the provisions of s27 of the 1985 Act.

Assessing the Retain option

- 9.19 The strength of the *Retain* option is that it maintains continuity and avoids any possible loss of focus caused by an extended period of review and transition. STAR has a strong delivery track record, has maintained the strength of the HRA, and has built expertise in delivering

small-scale developments. If the realignment plan outlined within a Partnership Offer is realised, STAR is well placed with on-the-ground resources, and community connections to support SC in delivering wider outcomes.

- 9.20 The risks associated with retaining the ALMO are inherent in the model, in that there would remain an additional layer of management and negotiation between the Council and delivering its objectives, and a management cost overhead of £500k (including operational staff and governance). There is also a risk even if a successful realignment is achieved, that due to the lack of direct control and integration, and working alongside rather than inside the Council, STAR fails to deliver anticipated outcomes.
- 9.21 Taking account of the above, the following factors are material in assessing the *Retain* option against the review criteria:
- (a) **Current and any future model is aligned with and best placed to realise the Council's strategic objectives for housing and support those of aligned service areas:** Whilst STAR has delivered to its mandate, which has necessarily meant focusing on improving core housing management services, it has also delivered 120 additional home and a range of value-add services to support SC. However, the provision of housing and support now needs rethinking, and a strategic offer is needed to plug STAR into a whole-system approach emerging within Shropshire, which STAR already has much of the capacity or capability in-place to deliver, in supporting wider SC objectives. However, there is an inherent risk that as STAR is drawn out of its sphere of expertise, and becomes overstretched and less focused, this may result in a drop in the quality and level of satisfaction with the core service.
 - (b) **The responsiveness and quality of service delivery meets both resident and Council expectations, and resources are directed to support those most in need:** STAR is fully capable of delivering a high-quality and valued service into the future, building on the strong foundations created over the last 8 years. The operation is relatively lean, and the In-house repairs and neighbourhood services are a strength on which to build form. An acceleration of digital service transformation is required to provide tenants with more flexibility in accessing services, and to deliver operational efficiency savings. However, there would remain a layer of additional management between SC and the delivery of its objectives.
 - (c) **Best use is being made of HRA resources and that the HRA business plan is optimised to deliver both long term sustainability and opportunities for growth:** STAR has demonstrated strong day-to-day stewardship of the HRA and has an embedded depth of expertise in doing so. It is therefore not prudent to transfer day-to-day responsibility for the management of the HRA back into the Council. However, there is a need for a strategic review of the HRA Business plan to ensure as an enabling resource it is being fully utilised and resources optimised and investment prioritised effectively between reinvestment, decarbonisation, affordable homes provision and debt management.
 - (d) **Governance and scrutiny are effective in ensuring compliance, whilst driving ambition**
The governance of STAR is being strengthened, through refreshed Board leadership and skills-based membership, and governance procedures have been tested and found to be

generally robust. Clienting arrangements have also been strengthened, leading to closer peer-to-peer working relationships with SC functions. However, increased scrutiny within the Regulatory environment will require closer oversight of compliance risk and widening and strengthening meaningful tenant engagement must be a priority. Whilst STAR has shown a level of ambition in providing value-add services, there is now an expectation for an immediate step-change in the level of responsiveness, innovation and partnership working delivered.

Option 2: Return the Service to Council Control

Structure and Operation

- 9.22 This option involves terminating the management agreement with STAR, winding-up the company and returning the housing service to direct control and management by the Council.
- 9.23 The indicative savings outlined for the *Retain* option could also be achieved by adopting the *Return* option, in addition to the programme of activities needed to embed the service back into the Council, as outlined below.

Offer to Tenants

- 9.24 If the Council's decision is to bring back the service back in-house, it must be linked to a clear and coherent *offer* to tenants. The current service model has been in place for eight years, and STAR has developed a pivotal role in the areas in which it operates, it is highly respected, and has strong community ties.
- 9.25 Tenants would want to know how they will be impacted, how their voice will be heard in future, how the service will operate and whether any material changes will be made to terms and conditions of tenancy. The Council must be prepared to engage effectively with well organised tenant groups. An *Offer to Tenants* must therefore address:
- a) The rationale for the change and its timing.
 - b) The advantages of returning the service to the Council for tenants and the quality and cost effectiveness gains that will be delivered to them.
 - c) Any changes to service structure or access pathways.
- 9.26 With the removal of the STAR Board (with its tenant Members), consideration must be given to an alternative structure that maximises the depth and diversity of tenant engagement at a meaningful level, in setting direction, agreeing operational priorities and in the scrutiny of the service.

Tenant Consultation

- 9.27 SC must determine the type and level of consultation with their residents on any reintegration proposal. Under section 105 of the Housing Act 1985, a Council will be required to consult where:

- a) It is a matter relating to the housing management of properties let by the Council on secure tenancies. Such a matter would include the management, maintenance and provision of services or amenities. The proposals regarding this matter constitute:
- A new programme of maintenance, improvement, or demolition; or
 - A change in the practice or policy of the local authority.
- b) The proposed change is likely to affect either all or a distinct group of secure tenants.

Target Organisational Design

- 9.28 Shropshire has choices as to how STAR would be integrated back into the Council, and of the phasing of that change. Whether it slots back in as an integrated function within the existing directorate structure, or whether its return would act as a catalyst to wider organisational and operation redesign, in response to the cost pressures generated by Covid.
- 9.29 A key consideration is whether the service would lose operational focus if it was reconfigured between directorates and process efficiencies driven by co-location of teams delivering aligned services lost. There is also a danger that tenants experience or perceive a diminution in the service they receive, as the response provided becomes more generic. This is probably unavoidable in the long run, but expectations need to be managed.

Financial Considerations

- 9.30 The savings that could be realised by bringing the service in-house and simply removing the costs inherent in running the ALMO, are in the region of £500k of which £248k relates to savings from management roles, and the remainder from roles being absorbed into council structures and savings on governance costs. The management savings allow for a new senior management structure within Shropshire, which will be required to ensure effective transition and ongoing management of the housing stock. Allowing a 20% margin for cost growth, an additional net annual saving of £400k could be realised. This would be subject to the delivery of the restructure and operational transformation programme, and the mitigation of risks associated with it.

| Return: indicative financial savings | |
|---|-------------|
| Annual Saving | £000 |
| Management savings | 500 |
| Allowance for cost growth 20% | (100) |
| Return: savings estimate | 400 |

- 9.31 The cost of returning the ALMO to the council is estimated as £500k, covering the legal costs of closing the ALMO, administering TUPE and pension arrangements, and management of change costs, which would be chargeable to the HRA, with retained surpluses used to meet these costs.

| Return: indicative transition costs | |
|-------------------------------------|------------|
| Cost | £000 |
| Legal advice and transfer of assets | 300 |
| Management of change | 200 |
| Total cost estimate | 500 |

Transition Considerations

- 9.32 A detailed *Transition Plan* with rationale, target operating model and the change plan required to embed STAR back into the Council, could be prepared within three months. It would comprise:
- a) A *Blueprint* and fully costed *Business Case* to articulate the vision, objectives, and anticipated outcomes of the change.
 - b) A *Transformation Plan* and *Benefits Realisation Plan* to ensure the change is delivered and that benefits are fully realised.
 - c) A project *Governance Framework* to represent the interests of all stakeholders, with mechanisms in-place to involve tenants from the outset in reshaping the service.
 - d) An *Offer* to tenants prepared in advance of a *Test of Opinion* through a tenant ballot.
 - e) A *Change Management Plan* to guide staff, both (STAR and SC) through the change, which could largely be delivered in 12-18 months of a tenant ballot supporting the change, although any commercial aspects may require a longer implementation period.
- 9.33 The key consideration in delivering this option is as to how the organisational change would be delivered relative to the transformational change needed, and how that might impact the timing of savings realisation. As with the *Retain* option, stakeholder priorities would determine the level of savings to be realised and how they would be distributed.

Legal Considerations

- 9.34 Below are listed the primary legal considerations in winding-up STAR. This does not constitute legal advice and further due diligence would be required to establish the full scope of legal considerations.

Winding up STAR

- 9.35 It is likely, in our view, that the Council would wish to follow the voluntary dissolution route, but it will be important to establish as early as possible with the Council how it proposes to proceed so that the board directors can be advised of their obligations under the chosen process. It may also be the case that the Council would look to the board for its attitude towards any winding up as that may have a bearing on the approach the Council chooses.

Managing Board members' liability

- 9.36 A key issue for all Board members will be the extent of any continuing liability as company directors. If STAR is dissolved, board members' liability would cease when the board member ceases to be a company director. That is not to say that past actions which could

'found' a claim against a board member could not in theory arise but, provided board members have acted in good faith and have not engaged in dishonest, fraudulent, or illegal activities, then personal liability should not arise. It will be important therefore for STAR to receive confirmation from the Council that it will continue to honour the payment of the Management Fee and to meet all liabilities of STAR incurred up to the point of winding up. This will also need to be supported by a 'going concern' letter.

Agreeing the process for ending the Management Agreement

- 9.37 The Council will need to decide how to end the Management Agreement. Much will depend on timing for example - will timing work with a natural "break" in the Management Agreement, or whether the Council simply decide to disregard the terms of the Management Agreement and terminate regardless.
- 9.38 Once a formal decision by the Council has been made, the board will no doubt wish to ensure that there is a measured and carefully planned reintegration of STAR's services within the Council. However long that period may be, business will need to continue as usual to allow the board to fulfil that objective. This means that resources need to be assured to STAR, which could be affected by the board members receiving confirmation from the Council that it will continue to pay the Management Fee on the agreed basis.

Works or services provided to third parties

- 9.39 If STAR has entered contracts with other organisations (apart from the Council) for the provision of services or works then consideration will need to be given to bringing those arrangements to an end or effecting an assignment or novation to the Council.

Dealing with contracts

- 9.40 The Council will need to establish whether there are any of STAR's contracts that have been let in STAR's own name (as opposed merely administering them on behalf of the Council). This is likely to be a time-consuming exercise and the Council will need to confirm that it will continue to provide the required funds to enable STAR to meet its liabilities under those contracts until it is wound up. The Council will need to also confirm that in the event of the contracts being required or able to be assigned/novated to the Council, that there is no prohibition on such arrangements in the contracts themselves and that the Council will take such an assignment/novation.

Dealing with assets

- 9.41 An inventory of at least STAR's key assets should be prepared to document their repatriation back to the Council.

Terminating membership of organisations/bodies

- 9.42 STAR will need to consider any steps which are required to be taken to resign membership of external organisations such as the National Federation of ALMOs. There may be exit periods to be observed and fees that are payable to these or other external bodies to which STAR may have subscribed.

Terminating/assigning leases/licences

- 9.43 Consideration will need to be given to the terms of any lease or licence STAR may have entered in its own name for any accommodation which it occupies or sub-lets. Where there are prohibitions on assignment or costs associated with break clauses that STAR will need to be protected from.

Assessing the application of TUPE

- 9.44 Bringing the services currently performed by STAR in-house will trigger the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended) (TUPE), under which all employees who are "wholly or substantially employed" in the undertaking will have their employment transferred to the Council. It is anticipated, therefore, that most STAR staff will transfer under TUPE, as all the services currently performed by STAR will continue to be performed by the Council. The board will need comfort that the Council will both honour TUPE and be responsible for the costs associated with any redundancies arising as a result of the winding up of STAR.

Consulting staff

- 9.45 TUPE imposes obligations upon STAR and the Council to provide certain information and to consult in respect of employees affected by the transfer. STAR's obligation is principally to provide information about what is happening; the obligation to consult only arises if STAR itself proposes changes which will affect the staff, which is unlikely to be the case. The Council's obligation as the recipient employer is to provide STAR with sufficient information to enable STAR to inform the staff about steps or measures which the Council is proposing to take after transfer. STAR, however, has no obligation itself to consult about these matters.

Confirming the pensions position

- 9.46 A percentage of STAR staff will have transferred to STAR from the Council in accordance with TUPE and now they have the right to return on the same basis. These employees will have continued to be members of the Local Government Pension Scheme (LGPS), benefiting from STAR's Scheduled Body Status under the Local Government Pension Scheme Regulations 2013, and this will apply on their return as well.

Putting in place a Termination Agreement

- 9.47 When considering the termination process and give contractual certainty to both the Council and STAR (and in particular its Directors) to put in place a so-called Termination Agreement. The contents of the Termination Agreement are for negotiation but are designed to achieve a smooth 'return' of the service to the Council whilst maintaining high-quality housing services for tenants.

HRA ringfence

- 9.48 One final critical issue that the Council would need to consider in relation to the impact on its general fund on any closure of the ALMO (and in particular in relation to the consideration of central service recharges to the ALMO and any savings that might be realisable were the housing service to be brought back in-house) is that the housing service would remain subject to the statutory "rules" that apply to the Council's Housing Revenue

Account in the Local Government and Housing Act 1989 (at Part IV and in the Schedule); the consequence of these "rules" may well be that any additional support that can be provided to the SC General Fund as a consequence of closing STAR may well be limited.

Assessing the Return Option

- 9.49 The strength of returning the service to the Council is that it gives back direct control at a time of considerable operating challenge and would enable SC to realign services more broadly to achieve service objectives. It would enable faster and more responsive decision making through one integrated management structure and would also remove an additional layer of management and associated costs (£400k).
- 9.50 The main risk of returning the service to Council control is the loss of operational focus achieved by STAR, during transition to or within the new operating model, when the service demonstrably needs to step-up and achieve more. Additionally, there is a risk of losing key staff through the change, which will also require significant management input, particularly in securing tenant support.
- 9.51 Taking account of the above, the following factors are material in assessing the *Return* option against the review criteria.
- (a) **Current and any future model is aligned with and best placed to realise the Council's strategic objectives for housing and support those of aligned service areas:** By embedding the service effectively within the Council, wider tenure neutral and holistic approaches to support health, education and employment objectives could be realised. This could also be extended to working within integrated neighbourhood teams. However, there is a risk is that the service provided to SC tenants become diluted in the pursuit of broader service goals, negating the primary purpose of the HRA.
 - (b) **The responsiveness and quality of service delivery meets both resident and Council expectations, and resources are directed to support those most in need:** Returning STAR to its control would provide SC with a greater degree of control over services and resources at a time when significant structural change is required in response to Covid, and services need to be fully connected to maximise outcomes. The risk remains however, that through loss of focus, or momentum, caused by the restructuring, underlying transformation opportunities are not realised, and consequently, the Council falls short of the levels of service quality, operational efficiency, and growth it is seeking.
 - (c) **Best use is being made of HRA resources and that the HRA business plan is optimised to deliver both long term sustainability and opportunities for growth:** In theory, most of the management cost associated with running the ALMO can be removed, resulting in an indicative saving of £400k p.a., with a one-off transition cost estimated to be £500k. Whilst SC would have direct control of setting HRA priorities, its ongoing sustainability depends on day-to-day operational management focus.
 - (d) **Governance and scrutiny are effective in ensuring compliance, whilst driving ambition:** Delivering strategic objectives directly rather than through an arms-length partnership arrangement, obviously removes a link in the delivery chain and the chance of any

misalignment of expectations, or additional management layers impacting delivery. Many Authorities have terminated their ALMOs, and the route, risks and resources required well understood. What is less certain however is the level of risk posed by making the change in an uncertain operating environment, whether tenants will support the change, and whether service focus can be maintained as staff are transferred.

Option 3: Develop an optimised delivery model

Structure and Operation

- 9.52 This option involves creating an overarching operating and governance model to maximising the benefits of having both an ALMO (STAR) and a Housing Company (CDL), and to make best use of the development and management skills available within SC's family of businesses.
- 9.53 STAR and CDL both play significant but distinctive roles in fulfilling the development objectives of SC. CDL is evolving fast and is funded to deliver a core product at scale, to maximise the level and speed of turnover, and to maximise revenue generation. It is solely focused on the building and handover units, not their long-term management, which requires a different focus and skillset. STAR on the other hand has a well-established hybrid approach, seeking out small scale opportunities based on its local knowledge, delivering a diverse set of products, often working closely with a local community in the assembly of a scheme, and taking management responsibility for finished homes and tenants.
- 9.54 There has been limited engagement and cross-working between STAR and CDL to-date, and they are governed through different oversight arrangements. They are currently building discrete specialisms and capabilities, to meet their own delivery remits and growth trajectories, and working within parallel governance arrangements. However, development activity could be converged over time, without compromising the overall speed of delivery, by operating under a single governance and oversight framework, to a common set of objectives and priorities, by sharing resources, aligning processes, and through closer collaboration on opportunity sourcing, pipeline development, and potential stock remodelling.
- 9.55 This option envisages development being delivered within a shared vision and with an integrated plan to deliver across the spectrum of affordable homes and specialist accommodation solutions needed by Shropshire. Specifically:
- a) By working to a single coordinated vision that balances asset (re)investment and growth.
 - b) Operating under a single Member-led oversight umbrella that sets direction to meet corporate objectives and to ensure housing as an enabler has visibility at Cabinet and across the whole Council.
 - c) Sharing costs, expertise and insight gathering, to maximise the level of inward funding available. However, the planning and delivery of development, acquisition and management activities would remain as largely separate activities within the existing structures, but with a higher level of shared awareness.
 - d) Adopting a shared approach to communication, stakeholder engagement and community engagement.

- 9.56 Creating some form of *Housing Oversight Board* would provide a coordinated additional layer of Member-led alignment and scrutiny across STAR and CDL, providing oversight rather than instruction, with executive level representation from SC (representing *People* and *Place*), CDL and STAR. It would be relatively straightforward and low-cost arrangement to create and operate and it would not preclude adopting a more structured alignment in the future. Constitutionally, the Board would not have decision-making powers as such, but Members would be representing the views of the Council. It will help build a shared level of understanding between Members, executives and senior staff involved in running CDL and STAR. The challenge would be to make sure the additional layer of governance oversight is an enabler rather than an inhibitor.

An initial realignment of roles the roles of CDL and STAR would seek to remove scope overlap and duplication of skills sets, with:

CDL focused on scaling operations and delivering affordable homes at scale, that maximises development capacity, with STAR as the preferred recipient of affordable rental units or specialist housing units delivered within a scheme.

STAR focused on assembling smaller, more complex schemes, across Shropshire, in partnership with Parishes, and in bringing forward community-led housing initiatives, over extended time periods. Additionally working with Adult and Children's Social Care to deliver specialist accommodation solutions and homes tailored to meet the needs of individuals requiring long term/lifetime support

- 9.57 Ultimately however, CDL, as the development specialist, should take the lead on all development, remodelling and regeneration activity on behalf of SC, with STAR commissioning and subsequently managing both general and specialist accommodation solutions from CDL (and on behalf of core SC services), whilst focusing on broadening its role as a managing agent and service provider. This convergent approach would also support more effective stakeholder communication and would better position both as partners of choice within Shropshire. This arrangement would be relatively low cost to set-up and operate.

Transition considerations

- 9.58 Delivering this option assumes that the realignment plan outlined for the *Retain* option is delivered, with the delivery of this option treated as an additional workstream. The overarching governance structure would be relatively straightforward to set up and could be constituted quickly.
- 9.59 This option would add a small margin to the delivery costs of the *Retain* option. Whilst not easily quantifiable at this point, closer working between CDL and STAR or convergence of development within CDL over time would yield marginal operating efficiencies, but it will build capacity in insight gathering, funding opportunities, scheme assembly and targeted accommodation delivery that will yield considerable ongoing value to the HRA and General Fund.

Assessing the optimised delivery model option

- 9.60 The strength of this approach is that it will accelerate growth, and deliver the mix of housing products needed, whilst retaining control of both the delivery process and resultant rental products under SC's control, creating long-term assets which can be in turn leveraged, and the ability to provide value-add accommodation solutions exactly where they are needed.
- 9.61 The risk inherent in this approach is that it reduces the level of focus of either party and compromises their ability to respond quickly to opportunities, and to deliver to their own business plan.
- 9.62 Taking account of the above, the following factors are material in assessing the *Optimised Model* option against the review criteria.
- (a) **Current and any future model is aligned with and best placed to realise the Council's strategic objectives for housing and support those of aligned service areas:** Building on the strategic and service realignment stipulated as a requirement for retaining the ALMO, this model will enable SC to directly harness two independent delivery vehicles to deliver to a single plan that best meets its affordable and specialist supply needs and to create a coherent Shropshire-wide strategy encompassing HRA and General Fund development activity.
 - (b) **The responsiveness and quality of service delivery meets both resident and Council expectations, and resources are directed to support those most in need:** Working in partnership with a shared understanding of local need and demand, it should be possible to create a pipeline of homes targeted to meet the specific needs of individual households, to reduce the reliance on expensive B&B accommodation, provide move-on accommodation in the right place, and provide specialist housing solutions that reduce lifetime support costs.
 - (c) **Best use is being made of HRA resources and that the HRA business plan is optimised to deliver both long term sustainability and opportunities for growth:** This option would provide oversight of capital programme delivery projects across both HRA capital programme and General Fund programmes. enabling the development of a fully coherent strategy for delivering affordable homes, and capital development programmes more widely.
 - (d) **Governance and scrutiny are effective in ensuring compliance, whilst driving ambition:** This option would enable SC to exercise greater control and ensure greater accountability of STAR and CDL, and to ensure that strategic priorities are being met in the most efficient manner. The greater level of co-working and shared capacity built will better position SC to locate and deliver opportunities, to broaden access to potential funding stream and to maximise levels of external funding. Focusing development in CDL and management/service provision in STAR would ultimately maximise the value of their relative skillsets to SC.

Option 4: Transfer HRA assets to a Registered Provider through a Voluntary Transfer***Structure and operation***

- 9.63 The regulatory framework created by Governments from the 1990s onwards has promoted stock transfer from Council to third-party ownership, where it has demonstrated value-for-money, attracted inward investment to deliver affordable homes and growth, or enabled tenants to have more control or influence over their homes. Specifically, it enables a Registered Provider to:
- a) Borrow on private markets outside constraints on public debt, to invest in new or existing stock and create local economic activity.
 - b) Respond to tenant initiatives or to create innovative models of service delivery.
 - c) Provide a robust, long-term future for estates and neighbourhood regeneration, and ongoing compliance with the Decent Homes Standard.
 - d) Remove stock from the HRA which is no-longer self-sustaining, due to its construction, occupancy, or estate management issues.
 - e) Facilitate the write-off of debt.
- 9.64 Over 250 councils, have transferred all or some of their stock, with the support of their tenants. However, the last round of supported stock transfers was completed in 2015-16, with a fund of £100m made available to write-off HRA debt. Changes in both the operating and regulatory environment have dimmed the attractiveness and of stock transfer as structure support and financial incentives have largely been removed:
- a) There is no formal Government sponsored programme currently in place.
 - b) There is also no Government funding in place to write-off high levels of HRA debt, loaded into each HRA as a result of the self-funding introduction in 2012.
 - c) The four-year rent reduction (2016-17 to 2019-20), caps on housing benefits, and removal of supporting people payments has undermined previously guaranteed rental flow which increases year-on-year.
 - d) This has in turn depressed stock valuations relative to the HRA debt and therefore increasing the self-funding needed to support clearance of the debt at transfer.
 - e) Changes to VAT and tax regimes have made the transactions more complicated.
 - f) The cost of planning a transfer coupled with uncertainty of final tenant approval has increased the perceived risk of failure, particularly for large urban authorities.
- 9.65 That said however, stock transfer is still formally still part of Government housing policy, and they are still keen to promote tenant empowerment in realisation of the Localism agenda. For any form of stock transfer to be considered, it must have the support of the tenants involved and provide them with the protection of a regulated landlord. However, it remains attractive as an option as:
- a) It can improve a Council's revenue position as management costs can be removed.

- b) It removes risk of increasing levels of asset investment to address asset investment requirements such as decarbonisation and the supply of affordable homes.
 - c) Money is cheap and transfer could be attractive to wider range of investors.
- 9.66 The transfer of the Council's stock to an existing housing association or group would be similar in effect and in most other respects to the position as set out above. Areas in which one might expect a degree of variation would be:
- a) Whether a separate subsidiary was established for the SC stock.
 - b) The relationship with the group (or association) corporately, and the extent to which it was prepared to prioritise SC's considerations, in practice the answer might be affected by the size of the group/association as well as its corporate policies.
 - c) The speed at which it might be possible to develop new stock in or around Shropshire – an established group/association with substantial financial and development capacity would be in a relatively strong position – subject to the vagaries of the market and the current grant funding regime.
 - d) The greater value for money that could potentially be achieved from being part of a larger scale organisation – though it must be said that in practice large housing providers/groups have not always proven themselves capable of delivering the economies that one might expect.
- 9.67 A competitive landlord selection process is required as a means of ensuring the best price is obtained for the stock being transferred and optimising value for money. However, market testing in the first instance with the RPs already operating at scale within Shropshire would make sense. If this were the case, Government would seek assurances that the approach to landlord selection allows best value to be realised for the transferring stock and demonstrates good value for money for the transfer proposal.

Trickle transfer of void homes as they become vacant

- 9.68 A variant of a full stock transfer is for an Authority to sell its stock gradually, over a period, one property at a time, typically, as a property becomes vacant. Shropshire has considered this approach previously, in 2018, when Wrekin Housing Group presented an offer based on the transfer of 300-350 properties per year at a value of £25k per property, valuing the overall stock at £101m.
- 9.69 The offer described creating service improvements for tenants based on digital technology roll-out and achieving economies of scale to delivering a 10% saving in management costs. To ensure continuity of service, all homes would have been managed by STAR for the first five years of the arrangement. Wider benefits of the arrangement were described as enabling the delivery of 700 new homes through £130m partnership investment and to deliver £4.2m of annual savings against the Adult Social Care budget.
- 9.70 The proposal was not pursued, due to uncertainty in gaining tenant support, lack of clarity as to how receipts could be used, and that the arrangement would have left STAR and the HRA

in a state of limbo for several years, a severe risk to both operational performance, and financial performance, as overheads within the HRA increased relative to the level of stock.

Developing a business case

- 9.71 A robust business case is required to demonstrate the viability, achievability, and outcomes to be realised by any form of stock transfer:
- a) **Strategic case:** demonstrating the strategic context and benefits of transfer, including the realisation of policy objectives such as: estate regeneration; tenant and resident empowerment, the contribution to growth through the delivery of new homes, investment in the existing stock and the stimulation of local economic activity.
 - b) **Economic case:** demonstrating that the transfer will deliver value for money, the monetisation of the benefits stated in respect of the cost position.
 - c) **Commercial case:** demonstrating that the transfer is viable. Specifically, the fundability of the transfer, asset management, delivery risks and landlord selection.
 - d) **Financial Case:** demonstrating the costs and benefits of the proposed transfer, including that the *Transfer Value* has been optimised in respect of the balance between maximising transfer value, securing debt repayment and securing additional private investment which delivers growth, and any debt write-off requirement is sufficiently justified.
 - e) **Management Case:** demonstrating that the transfer can be delivered to an agreed plan and is achievable within the resources available.
 - f) **Support Case:** demonstrating that a positive ballot of tenants is achievable and that there is sufficient political and stakeholder support.

Establishing a Transfer Value

- 9.72 Based on a high-level valuation model, the estimated value of the SC HRA tenanted dwelling stock before taking account of any additional investment required to meet Zero Carbon is £69.5m at Net Present Value (NPV). The full HRA debt of the stock is £85m, of which £83.35m is attributable to the STAR Housing managed stock.
- 9.73 The above valuation assumes management savings of 10% can be delivered, in line with the assumption used in the previous stock transfer proposals from The Wrekin Housing Group. Based on this valuation, a dowry of £13.85m would be required to enable a stock transfer to take place. This is before any transaction costs are considered.
- 9.74 Transaction costs are likely to be in excess of £1m for a stock transfer of this size and are likely to be covered by the balance on the HRA, which would revert to the General Fund following a whole stock transfer and the subsequent closure of the HRA.
- 9.75 Following a stock transfer, it is typically the case that there will be some residual central support charges that would revert to the GF, as the services would not be covered by the TUPE regulations. These would represent an additional cost to the GF, and whilst any HRA

balance would help to meet them in the short term, there would be a need to manage these costs out over time so as not to adversely impact on the Council.

- 9.76 This is an outline view and an in-depth review of the full HRA financial position, including the long-term business plan, to ascertain what the financial value and cost, would be needed if the Council wished to pursue a wholesale stock transfer. In-depth financial analysis would be required at an early stage for this option were to be further considered.
- 9.77 Other financial considerations arising in respect of transfer are:
- a) Impact on delivering and funding remaining strategic housing functions including providing for likely required enhanced investment in assets to meet higher standards around climate change and building safety.
 - b) Impact on the General Fund more widely and minimisation of revenue loss.
 - c) The impact of preserved Right-to-Buy and leasehold service charges.
 - d) VAT shelter arrangements.
 - e) Disposal of non-housing assets.
 - f) Costs associated with service contract novation.
 - g) Costs associated with TUPE transfer.
 - h) Costs associated with the transfer and in preparing and running a tenant ballot.

Tenant consultation

- 9.78 For consent for a stock transfer to be granted, the council would need to demonstrate that tenants have been fully involved in developing plans and in the decision-making process regarding the change of ownership of their homes. Additionally, that a majority of tenants endorse the transfer through a statutory ballot. The prescribed consultation process has three formal stages:
- a) **Stage 1:** The Council will issue a formal consultation document (called the 'Offer Document') to tenants explaining the proposal in detail, triggering a 28-day response period. The document must set out:
 - The nature of the arrangement and the proposed transfer partner.
 - The business case supporting the stock transfer.
 - The impact on rent and service charge regimes.
 - The scope of investment in delivering improvements and any regeneration.
 - The impact on tenancy terms and conditions, including security of tenure and right-to-buy.
 - b) **Stage 2:** The Council must consider the tenant representations made during the consultation period, updating proposal to reflect any changes made. A stage notice must be served to all tenants informing them of changes made and informing of their right to make representations to the MHCLG and that transfer is wholly dependent on a

majority of tenants supporting it. At this point an independently supervised ballot can be arranged, with independent advice made available to tenants.

- c) **Stage 3:** Once a ballot has been conducted, the Council must write to inform tenant of the result. If tenants have rejected the transfer proposal, it must be made clear that the transfer will not proceed. If it has been accepted, the Council must outline how they intend to proceed, and to advise tenants they have 28 days to make representations to the Secretary of State.

Delivery plan

- 9.79 Typically, it takes around 18 months to prepare the ground for potential transfer and support for the proposal, conduct the tenant ballot and achieve a positive result, obtain registration for the new RP, and implement the transfer. While this is going on, there is a danger of a loss of focus on providing the day-to-day housing management and maintenance services, and in particular maintaining focus on the Decent Homes programme.

Assessing the transfer option

- 9.80 The scale and complexity of fully assessing the viability of any form of stock transfer is well beyond the scope of this report. However, several factors dim the attractiveness of this option at the present time:
- a) There is no government-supported programme in place or associated debt write-off.
 - b) A full and accurate stock condition survey is needed, stock values are however relatively low, and carbon retrofit costs high, relative to the level of HRA debt.
 - c) A dowry of £13.85m would be required to enable a stock transfer to take place, with an estimated transaction cost of £1m. A potential purchaser may consider that additional value-add, at equal to the dowry could be achieved over time, however there would be no capital receipt for SC.
 - d) A transfer programme would be complex to delivery, would divert attention and resources from improving services, would be high cost and with a high level of associated risk.
 - e) There is no evidence of support from key stakeholders at the present time.
 - f) Tenants would need to support the transfer of their homes, which could be divisive.
- 9.81 A full review and costed business case would be required to assess the potential cost and benefits of transfer before it could be meaningfully compared with the other options against the assessment criteria.
- 9.82 As an additional consideration, from our experience a number of local authorities who transferred their stock are considering re-establishing HRA to regain control of supply. Some are also finding that the transfer organisations are less receptive in addressing homelessness responsibilities that the local authority faces.

10. CONCLUSIONS AND RECOMMENDATIONS

Strategic context

- 10.1 Covid has created a stark new operating reality and has exacerbated demands placed on already stretched housing and support services, driven by increased homelessness, a growing complexity of support need, underemployment and poverty, an affordability gap, underscored by a demographic characterised by a declining working age population and the outward migration of younger people, with a significant and rapidly ageing population.
- 10.2 Current operating models are not sustainable, and Shropshire must evolve its operating model to deliver a sustainable level of service, whilst targeting resource to support and enable those most in need. Additionally, as a landlord, SC is being subjected to additional levels of Regulatory scrutiny with respect to compliance, and the need to demonstrate that it is listening to and responding to the aspirations of tenants.

Current service assessment

- 10.3 Over the last 8 years, STAR has become a focused and effective housing manager, raising, and maintaining service delivery standards. Tenants trust and value the services provided, and STAR benchmarks highly against its peers with regards satisfaction and delivering value for money. SC stakeholders regard STAR as a safe pair of hands but also that it is time for STAR to step-up and deliver more on behalf of and alongside SC, as it navigates through an increasingly challenging operating environment.
- 10.4 STAR has ensured that the condition of the SC stock is well understood, and the rolling investment needed to maintain stock at the Decent Homes Standard is modelled effectively. However, the resources needed to decarbonise the stock will be significant, given the age and condition of some elements of the stock. Whilst some preparatory work is underway in defining a costed roadmap, this must be accelerated if decarbonisation goals are to be met.
- 10.5 STAR has delivered a range of affordable rental homes and works closely with communities in assembling schemes to meet local needs. It has achieved this with limited capacity, but now needs to raise its game in helping meet affordable homes supply targets and specialist accommodation needs. SC rightfully recognises that the roles of STAR and CDL need to be aligned if this is to be achieved.
- 10.6 The HRA is in a relatively strong position, and STAR has been an effective steward. It is also a relatively lean and cost-effective organisation, realising operational surpluses against its management fee. However, it is appropriate to ask whether the HRA could be harnessed in a more effective and ambitious way, to meet and achieve the best balance between ongoing reinvestment need, decarbonisation need and the need to increase supply. The HRA is a strategic resource of SC and can be used to support wider Council objectives within its rules.
- 10.7 The governance and client oversight of STAR has been strengthened and is starting to change both the reality and the perception of STAR as having drifted out of the SC family. This review has highlighted a clear appetite amongst stakeholders for repurposing STAR, and through a realignment of objectives and priorities, coupled with a willingness and renewed drive, as an effective delivery vehicle for SC to tackle a wider range of problems.

HRA funding requirements

- 10.8 HRA cashflows are projected to be sufficient to meet the investment needs of the existing stock, as well as supporting the delivery of a programme to build more new homes. The HRA is projected to remain in balance over the 30-year plan, whilst meeting the additional borrowing costs of delivering the current development programme.

| HRA balances (£000k) | | | | | | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| £000 | 2021-22 | 2025-26 | 2030-31 | 2035-36 | 2040-41 | 2045-46 | 2050-51 |
| | Year 1 | Year 5 | Year 10 | Year 15 | Year 20 | Year 25 | Year 30 |
| Total income | 17,900 | 19,303 | 20,780 | 22,408 | 24,289 | 26,321 | 28,512 |
| Total expenditure | (18,316) | (18,941) | (20,081) | (21,338) | (22,738) | (24,269) | (25,945) |
| HRA balance | 10,925 | 10,805 | 13,588 | 18,167 | 24,956 | 34,208 | 46,007 |

- 10.9 Whilst the approach to achieving a carbon neutral Shropshire has yet to be defined in detail, based on preliminary modelling undertaken as part of this review, and assuming the costs are in the region of those modelled, the HRA could potentially take on additional borrowing to help fund the costs.

Assessing the Future Management Options

Option 1: Retain STAR

- 10.10 STAR has operated effectively at relative arms-length within the terms of its management agreement since 2013, it has delivered Decent Homes, delivers high quality services valued by tenants and has developed highly valued community connections. However, within the new operating environment and with raised expectations of wider partnership delivery, it is appropriate for stakeholders to review at this point the overall value and sustainability of delivering housing services under the ALMO model.
- 10.11 For STAR to be considered as a fully credible delivery vehicle for the housing service moving forward, a realignment of its remit is required to dovetail with the strategic and operational priorities of the Council, sharing resources where possible and through a joined-up approach to delivery, enabling it to help realise wider outcomes for Shropshire.
- 10.12 A *Partnership Offer* to be defined within three months, would set out agreed efficiency targets and transformation priorities, with a focus on quick wins and the programme to be delivered within 12 months.
- 10.13 The strength of this option is that it maintains continuity and avoids any possible loss of focus, whilst building on the service delivery strengths of STAR. The risk inherent in the ALMO model is the additional management cost and that the Council is dependent on the effectiveness and quality of the relationship to deliver the change necessary and to achieve key service objectives moving forward.

Option 2: Return the service to Council control

- 10.14 The rationale for returning the ALMO to Council control is that it would provide SC with direct control of a critical service at a time when it is seeking to transform the way it delivers services, to invest substantially in both new and existing Council homes and to make best use of scarce resources.
- 10.15 This option would enable the close alignment of service delivery across Shropshire and provide direct control for SC over critical programmes such as affordable homes and carbon neutral. It would eliminate a decision making and management layer and the operating overhead of the ALMO operating model. Due consideration must however be given to creating the optimum service model, maintaining momentum during a transition period, and driving through the changes within the new model.
- 10.16 Bringing the service in-house would remove the majority of the ALMO management overhead and potentially save £400k p.a., with a £500k implementation cost estimate. The management savings allow for a new senior management structure within Shropshire, which will be required to ensure effective transition and ongoing management of the stock.
- 10.17 Tenants must be consulted, and the majority support the change through a Statutory ballot. Staff buy-in is also essential in achieving a smooth transition and realising the anticipated outcomes. To be successful it will require:
- a) An *Offer* to tenants that is clear about the purpose of the change, a vision for the service and how it will benefit them and their communities, how service quality will be sustained, and the opportunities for more accessible engagement and scrutiny.
 - b) An organisational design that will optimise the capacity and capability of the Council to deliver the new service model and inherent efficiency savings.
- A Transition Plan* to be defined within three months that will deliver the above and an agreed set of efficiency savings through a transformation programme, with a focus on quick wins, delivered over a 12–18-month period, though commercial aspects may require a longer implementation period.
- 10.18 The strength of returning the service to the Council is that it gives back direct control over the service at a time of considerable operating challenge and the background of uncertainty. The main risk with returning the service to Council control is the loss the momentum gained by STAR, and loss of focus, when it needs to achieve demonstrably needs to achieve more.

Option 3: Develop an optimised delivery model

- 10.19 A greater prize achievable by SC is in rethinking and realigning its development model. By adopting a whole system approach, SC could deliver more than the sum of the two parts currently delivered by STAR and CDL, optimising resource allocations, maximising growth opportunities, and targeting solutions to meet priority needs.
- 10.20 An integrated delivery plan is required to identify and deliver the spectrum of affordable homes and specialist accommodation solutions needed by Shropshire. To deliver affordable homes at scale, alongside assembling smaller, more complex schemes, in partnership with Parishes and local communities, and in working with Adult and Children's Social Care to

identify and deliver specialist accommodation solutions, tailored to meet the needs of individuals requiring a blend of short term, long term or lifetime accommodation and support.

- 10.21 STAR and CDL are currently building discrete specialisms and capabilities, to meet their own delivery remits and growth trajectories. However, development activity could be converged over time, without compromising the overall speed of delivery, by operating under a single governance and oversight framework, to a common set of objectives and priorities, by sharing resources, aligning processes, and through closer collaboration on opportunity sourcing, pipeline development, and potential stock remodelling.
- 10.22 Ultimately, CDL, as a specialist developer should take the lead on all development, remodelling and regeneration activity on behalf of SC, with STAR commissioning and subsequently managing both general and specialist accommodation solutions from CDL (and on behalf of core SC services), whilst focusing on broadening its role as a managing agent and service provider. This convergent approach would also support a shared approach to stakeholder communication and would better position both as partners of choice within Shropshire. This arrangement would be relatively low cost to set-up and operate.
- 10.23 The strength of this approach is that it will accelerate growth, and deliver the mix of housing products needed, whilst retaining control of both the delivery process and resultant rental products under SC's control, creating long-term assets which can be in turn leveraged, and the ability to provide value-add accommodation solutions exactly where they are needed. The risk inherent in this approach is that it reduces the level of focus of either party and compromises their ability to respond quickly to opportunities, and to deliver to their own business plan.

Option 4: Transfer HRA assets to a Registered Provider through a Voluntary Transfer

- 10.24 A voluntary stock transfer from a Council to third-party ownership has been used by many councils (including in Shropshire) to attract inward investment to deliver affordable homes and growth. Whilst the last round of supported stock transfer was completed in 2015/16, stock transfer is still formally still part of Government housing policy, and they are still keen to promote tenant empowerment in realisation of the Localism agenda.
- 10.25 However, the estimated value of the SC HRA tenanted dwelling stock before taking account of any additional investment required to address decarbonisation is £69.5m (NPV), against which the HRA debt attributed to the STAR managed stock of £83.35m must be offset. On the basis, a dowry of £13.85m would be required to enable a stock transfer to take place, with an additional transaction cost in excess of £1m.
- 10.26 Whilst it is possible that a potential purchaser might consider there to be additional value to unlock within the stock, there would be no capital receipt available to SC for reinvestment. Additionally, support through a statutory tenant ballot would be needed, and there is limited stakeholder support for this approach. On this basis, this option will not be considered further within this report.

Considering the options

- 10.27 SC has shown vision and placed trust in STAR, which has enabled it to flourish over the last eight years. However, to address the extreme pressures building-up in the operating environment, SC needs to adopt a whole-system approach, and allowing STAR to continue on its current path is unlikely to meet the raised level of stakeholder expectations and objectives of the Council moving forward.
- 10.28 The HRA is fundamentally strong and can support the majority of the investment needs being asked of it, there is therefore no imperative to make deep operational savings at this point to release funds for investment in new supply. There are however potential choices open to stakeholders regarding how resources are utilised, optimised, and directed to meet broader objectives within and aligned with the remit of the HRA.
- 10.29 To be a viable option moving forward, STAR's remit needs to be re-aligned with and clearly deliver against the Council's priorities, through a refreshed partnership approach, with closer strategic, operational and development alignment. Building on its core strengths and community positioning, STAR could make a significant contribution to delivering value-add services that address the Council's wider service priorities, including as a development partner. However, the realignment needs to be delivered, and the effectiveness of the partnership relies on the quality of the relationship with STAR, which must off-set the additional management cost through a clear value-added offer.
- 10.30 A further option for SC should STAR be retained, is to converge development under a single governance framework, with closer collaborative working ultimately, making CDL, responsible for undertaking all development, remodelling and regeneration activity on behalf of SC, with STAR commissioning both general and specialist accommodation solutions from CDL (and on behalf of core SC services), whilst focusing on broadening its role as a managing agent and service provider. This model would create a coordinated, Shropshire-centric, approach to growth, but at the risk of compromising the progress currently being made by the two organisations.
- 10.31 Returning the service to Council control would enable the Council to reshape services more widely and enable more efficient, joined-up delivery across Shropshire. It would also potentially yield a management saving of £400k. However, due consideration must be given to tenant consultation and in creating the optimum service model. The transfer process would take 12 to 18 months to complete and embed, would be highly disruptive, and nearly all the service improvements identified in the *Retain* case would also need to be delivered.
- 10.32 This choice of a preferred option hinges on whether stakeholders believe that STAR, with its inherent level of overhead can be sufficiently refocused, as a manager and service provider, to deliver in closer partnership with SC, the priorities of the Council, or whether returning the service to SC will deliver greater synergies and efficiencies, whilst mitigating the risk of disruption, and a potential dip in service satisfaction caused by the transition.

CT Recommendation

10.33 In considering all the above, and based on the supporting documentary evidence and stakeholder insight provided, CT recommends that:

Firstly, STAR is retained, but realigned with the objectives of the Council, and,

Secondly, an optimised delivery model is created to align STAR and CDL activity.

10.34 The rationale for this recommendation is based upon:

- a) STAR delivers on the ground, is trusted by tenants, and has a local operational presence on which to build innovative new services.
- b) The realignment process can be achieved relatively quickly, with minimal distraction, if there is a shared commitment, and the right governance and oversight in place.
- c) Whilst potentially realising a small saving, returning STAR to Council control would be a significant inward distraction at a time when outward focus is needed, and at the risk of losing tenant support, through a failed ballot, or through less well focused service delivery.
- d) Converging all development activity over time into CDL would potentially accelerate outcomes and enable both STAR and CDL to exploit their relative strengths to the full.

10.35 In considering this recommendation against the selection criteria, CT concludes that

- a) **Current and any future model is aligned with and best placed to realise the Council's strategic objectives for housing and support those of aligned service areas:** Realigning STAR with SC's strategic objectives and integrating it more closely into *People* and neighbourhood-based *Place* processes will connect services delivered to individuals and communities.
- b) **The responsiveness and quality of service delivery meets both resident and Council expectations, and resources are directed to support those most in need:** Through common service access pathways, service co-location, upstream intervention and caseworking, a set of housing-based services can be created that reduce demand for core services, and better enable people to live independent lives.
- c) **Best use is being made of HRA resources and that the HRA business plan is optimised to deliver both long term sustainability and opportunities for growth:** The HRA is in relatively good shape, but decarbonisation requirements are not supportable without government grant input. The realignment of STAR will enable the in-the-round thinking as to the purpose and focus of the HRA in balancing reinvestment, growth and supporting the GF.
- d) **Governance and scrutiny are effective in ensuring compliance, whilst driving ambition:** Governance and clienting arrangements are no longer a risk to achieving success, and with a continuous injection of innovation, STAR can deliver to a far wider tenure-neutral, county-wide agenda set for it. Concentrating development activity within CDL would benefit both and provide Shropshire with an approach for meeting the full span of its housing needs.

- 10.36 Whilst the choice of a future lies fully with stakeholders, ultimately, the Council is accountable to the people of Shropshire and in considering the future of STAR, specifically to its tenants. We recommend that in proceeding with this review, the opportunity is taken to engage fully and effectively with as many tenants and local stakeholders as possible, seeking to draw people into a debate about the nature of the services delivered and their priorities for the future.

APPENDIX 1: DOCUMENTS REVIEWED

| Document list |
|---|
| Shropshire Council Corporate Plan |
| Shropshire Council Housing Strategy |
| Shropshire Council Strategic Housing Needs Analysis |
| Shropshire Council Cabinet and Committee papers |
| Shropshire Council Mid Term Financial Strategy |
| CDL Developments Limited Business Plan |
| CDL Board Reports |
| HRA Business Plan and Model |
| STAR Management Agreement and Articles of Association |
| STAR Board and Committee papers |
| STAR Budgets and Financial Statement |
| STAR Performance Reports |
| STAR/BMG Customer Satisfaction and Benchmarking Reports |
| STAR Annual Reports |

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Communities Overview
Committee

23 March 2022

Item

Public

AN OVERVIEW OF SOCIAL HOUSING IN SHROPSHIRE

Responsible Officer Jane Trethewey, Assistant Director Homes and Communities

email jane.trethewey@shropshire.gov.uk

1. Synopsis

- 1.1. Shropshire Council and housing associations own and lease almost 20,000 social housing dwellings for rent and low-cost home ownership. Views and feedback are welcomed on a draft revised policy for allocations to Council owned stock and nominations to housing associations.

2. Executive Summary

- 2.1. Together the Council and 32 Private Registered Providers own and lease almost 20,000 dwellings for social and affordable rent and low-cost home ownership across Shropshire. The majority of dwellings are for rent, and of these most are general needs (accommodation which is not specifically designed for older or other vulnerable persons). Compared with the England average of 16%, at 13% Shropshire has a lower proportion of social housing.
- 2.2. A draft revised allocations policy and scheme has been produced which seeks to reflect statutory guidance and utilise the flexibilities provided to the local housing authority so as to ensure affordable housing is let to those in the greatest housing need and also supports strategic priorities.
- 2.3. The revised allocations policy for consultation is intended to be presented to Cabinet in April 2022. Following the consultation period, the policy will be brought back to this Committee before proceeding to Cabinet and Council for approval and adoption.

3. Recommendations

3.1. Members are asked to:

- note the information provided on the social housing stock in Shropshire; and
- provide initial views and feedback on the proposed draft allocations policy and scheme.

REPORT

4. Introduction

- 4.1. The dwellings referred to in this report are those owned or leased for rent or low-cost home ownership by the Council (a local authority Registered Provider) and Private Registered Providers (housing associations who are registered with the Regulator of Social Housing).
- 4.2. The report provides a background to the social housing stock found in the Shropshire unitary council area; information about the stock; and presents a draft revised allocations policy.

5. Social housing in Shropshire

- 5.1. Currently there are almost 20,000 dwellings of affordable housing owned and leased by the Council (whose stock of just over 4,000 dwellings is managed by Shropshire Towns and Rural Housing) and 32 housing associations and almshouses registered with the Regulator of Social Housing. This equates to around 13% of Shropshire's housing stock and is below the regional and England averages of 19% and 16% respectively.
- 5.2. Approximately 95% (almost 18,800 dwellings) of social housing is for social and affordable rent and the remainder (just over 1,000 dwellings) is low-cost home ownership. Of those for rent, 87% (around 16,400) are general needs dwellings, 12% are for older persons, this includes sheltered and extra care sheltered housing (just over 2,200 dwellings) and 1% (approximately 150 self-contained dwellings, rooms and shared houses) are supported housing independent living schemes for a range of vulnerable persons.

- 5.3. Approximately 24% of affordable housing has one bedroom (this includes bedsits and rooms in shared accommodation), 38% has two-bedrooms, 36% has three-bedrooms and 2% has 4 or more bedrooms. 56% of dwellings are houses, 24% are flats, bedsits or maisonettes and 20% are bungalows.
- 5.4. Approximately seven per cent of social housing has been empty for over six months. The reasons for dwellings being empty are due to the need for major works, proposals for redevelopment or stock rationalisation.
- 5.5. When considering affordable housing across Shropshire, 38% of dwellings are contained in the Central wards, 32% in the Northern wards and 30% in the Southern wards.
- 5.6. As shown in Appendix I, the ward with the greatest proportion of stock is Oswestry East (around 900 dwellings); this is followed by Harlescott (with just over 730 dwellings); Church Stretton and Craven Arms (around 660 dwellings); Castlefields and Ditherington and Bayston, Hill Column and Sutton (each with just over 650 dwellings); Monkmoor (just over 610 dwellings); and Shifnal North (approximately 600 dwellings). A map of all affordable housing by electoral ward is at Appendix II.
- 5.7. The largest providers of social housing are:
- Housing Plus, with almost 5,800 dwellings;
 - Connexus, with approximately 4,800 dwellings;
 - Shropshire Council, with just over 4,000 dwellings;
 - Wrekin Housing, with approximately 1,800 dwellings;
 - Bromford Housing, with almost 1,300 dwellings;
 - Sanctuary, with approximately 600 dwellings;
 - Stonewater, with just over 300 dwellings; and
 - Shropshire Rural Housing Association, almost 300 dwellings.
- 5.8. It should be noted that three of the five former district councils which now form Shropshire Council previously undertook large scale voluntary transfers (LSVTs) of social housing stock:
- In 1997 South Shropshire District Council transferred almost 5,300 dwellings to South Shropshire Housing Association, which now forms part of Connexus;

- In 2001 Shrewsbury and Atcham Borough Council transferred approximately 5,500 dwellings to Severnside Housing Association, which now forms part of Housing Plus; and
- In 2007 North Shropshire District Council transferred approximately 2,300 dwellings to Meres and Mosses Housing Association, which now forms part of Connexus.

5.9. Over the years the housing stock has and continues to be reduced through tenants exercising their Right to Buy (this was a preserved right for tenants who were subject to the LSVTs) and other disposals / demolitions; and increases through new developments and acquisitions.

5.10. Since April 2009 just over 300 Council dwellings have been sold under the Right to Buy. Following the introduction of the Reinvigorating Right to Buy and One for One Replacement policy change in April 2012 the average annual number of sales increased from just over four to 29.

5.11. 2020-21 saw a net increase of almost 190 affordable dwellings. It is anticipated that 2021-22 will see a net increase of around 200 dwellings. With new larger developments in Broseley, Burford, Cleobury Mortimer, Highley, Ludlow, Minsterley and Shifnal in the South; Oswestry in the North; and Shrewsbury in Central Shropshire. Looking forward to 2022-23, larger schemes are to be delivered in Chirbury, Much Wenlock and Shifnal in the South; Prees in the North; and Bicton in Central Shropshire.

6. Distribution of stock

6.1. With respect to general needs dwellings for social and affordable rent on an electoral ward geography, Oswestry East has the greatest proportion (almost 800 dwellings); this is followed by Harlescott (approximately 680 dwellings); Castlefields and Ditherington (around 580 dwellings); Sundorne (just over 550 dwellings); Shifnal North (almost 540 dwellings); Church Stretton and Craven Arms and Bayston Hill, Column and Sutton (both with almost 500 dwellings); and Market Drayton West (approximately 490 dwellings). A map of general needs rental stock is at Appendix III.

6.2. 18% (just over 2,900) of general needs rental dwellings have one-bedroom (this includes bedsits), 39% (approximately 6,400) have two-bedrooms, 41% have three-bedrooms (just

over 6,700) and 2% have four or more bedrooms (just over 300). 62% of general needs rental dwellings are houses, 22% are bedsits, flats or maisonettes and 16% are bungalows.

- 6.3. As regards older persons' dwellings for social and affordable rent on a ward geography, Tern has the majority of dwellings (around 115), this is followed by Monkmoor (with just over 100); Church Stretton and Craven Arms and Oswestry West (each with almost 100); and Bayston Hill, Column and Sutton, Abbey and Wem (all with just over 90 dwellings). A map of older persons' rental stock is at Appendix IV.
- 6.4. Six per cent (around 120) of older persons' rental dwellings are bedsits, 67% (just over 1,400) have a separate bedroom and 27% (almost 600) dwellings have two-bedrooms. 58% of older persons' rental dwellings are bungalows, 41% are flats or bedsits and one per cent are houses.
- 6.5. With respect to low-cost home ownership, this is all general needs accommodation. Five per cent has one bedroom, 54% has two-bedrooms, 39% has three bedrooms and three per cent has four or more bedrooms. Approximately 84% of stock are houses, 10% are flats and six per cent are bungalows. On a ward geography, Bayston Hill, Column and Sutton has the majority of dwellings (just over 60), followed by Shifnal North (with almost 60 dwellings); and Church Stretton and Craven Arms and Ludlow South (each with just over 50 dwellings). A map of low-cost ownership stock is at Appendix V.

7. Draft revised allocations policy

- 7.1. This Committee was previously presented a report on Shropshire HomePoint, the Council's allocation policy and scheme, on 28 October 2020. Subsequently in December 2020, a working group of the Committee reviewed the allocations policy. This included consulting all elected Members. The recommendations of the working groups were laid out in a report presented to this Committee on 25 January 2021. This report recommended that the revised allocations policy return to the Communities Overview Committee for further scrutiny before it is referred to Cabinet or Council for approval.
- 7.2. A draft revised allocations policy has been produced (at Appendix VI) and it is intended that this is presented to Cabinet on 27 April 2022 requesting that it is subject to an

eight week consultation period with Private Registered Providers (housing associations registered with the Regulator of Social Housing) who own or lease affordable dwellings in Shropshire and other stakeholders. Following this consultation period, the policy will be brought back to this Committee before it is presented for approval by Cabinet and adoption by Council.

- 7.3. The draft revised policy incorporates the majority of the recommendations set out in the January 2021 report, however, it proposed that in order to ensure that affordable housing is allocated to those most in need, the revised policy applies to all allocations of Council owned stock (managed by STAR Housing) and all nominations to Private Registered Providers for all rented, supported and low cost home ownership dwellings. The revised policy also includes qualification criteria and extends the number of bands.
- 7.4. In conjunction with the review of the allocations policy, it is intended that existing nomination agreements with the LSVT housing associations be reinvigorated and formal nominations be agreed with all the larger and national housing associations operating in Shropshire, this will include ensuring nomination rights to 100% of new affordable housing.
- 7.5. It is further planned to review the Council's Tenancy Policy and Tenancy Strategy and to produce Specialist Accommodation and Independent Living and Affordable and Intermediate Housing Options Strategies.

8. Financial Implications

- 8.1. The operation of the Council's allocation policy is currently funded by the General Fund, with STAR Housing and partner housing associations who advertise their void properties paying the Council a fee for each advertisement. Given the proposed move to a Council housing register and nomination agreements, it will be prudent to review the existing funding arrangements. Any revised proposals will need to ensure that the Housing Revenue Account (HRA) only funds the allocation of dwellings held in the HRA.

9. Conclusions

- 9.1. There are almost 20,000 affordable dwellings in Shropshire owned and leased by a large number of registered providers

and it is important that existing and new housing stock, be this rented or low-cost home ownership is allocated to those most in need.

- 9.2. The draft revised allocations policy seeks to ensure that the Council complies with the Housing Act 1996 and also make best use of the flexibilities introduced under the Localism Act 2011.

List of Background Papers

Shropshire Affordable Housing Allocation Policy and Scheme

Communities Overview Committee report, "Shropshire HomePoint" 28 October 2020

Communities Overview Committee report, "Shropshire Affordable Housing Allocation Policy and Scheme – suggested revisions" 25 January 2021

Cabinet Member

Portfolio Holder for Adult Social Care and Public Health

Portfolio Holder for Physical Infrastructure

Local Member

All

Appendices

Appendix I: Social housing stock by ward

Appendix II: Map to show all social housing stock

Appendix III: Map to show general needs rental dwellings

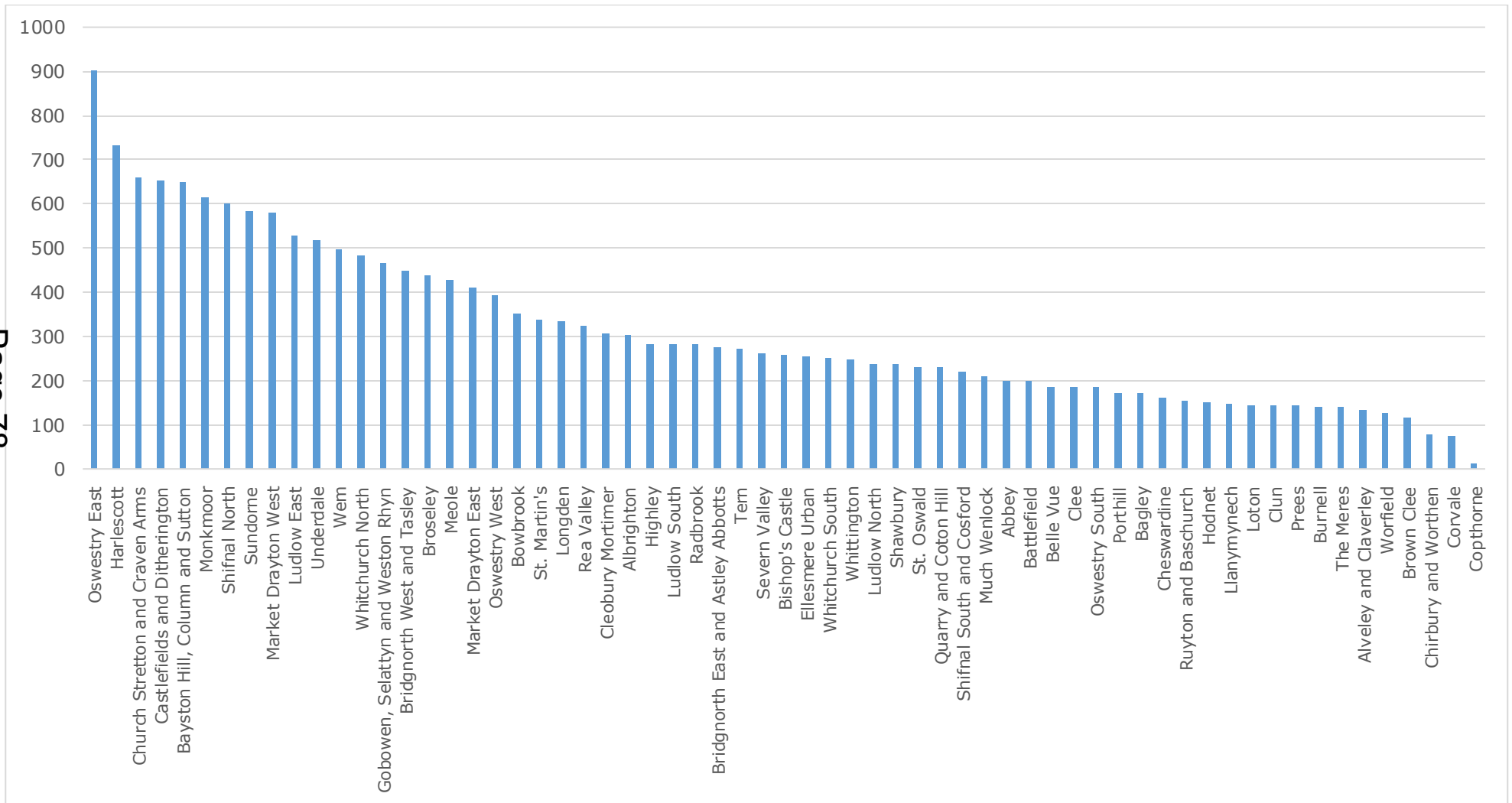
Appendix IV: Map to show older persons' rental dwellings

Appendix V: Map to show low-cost home ownership dwellings

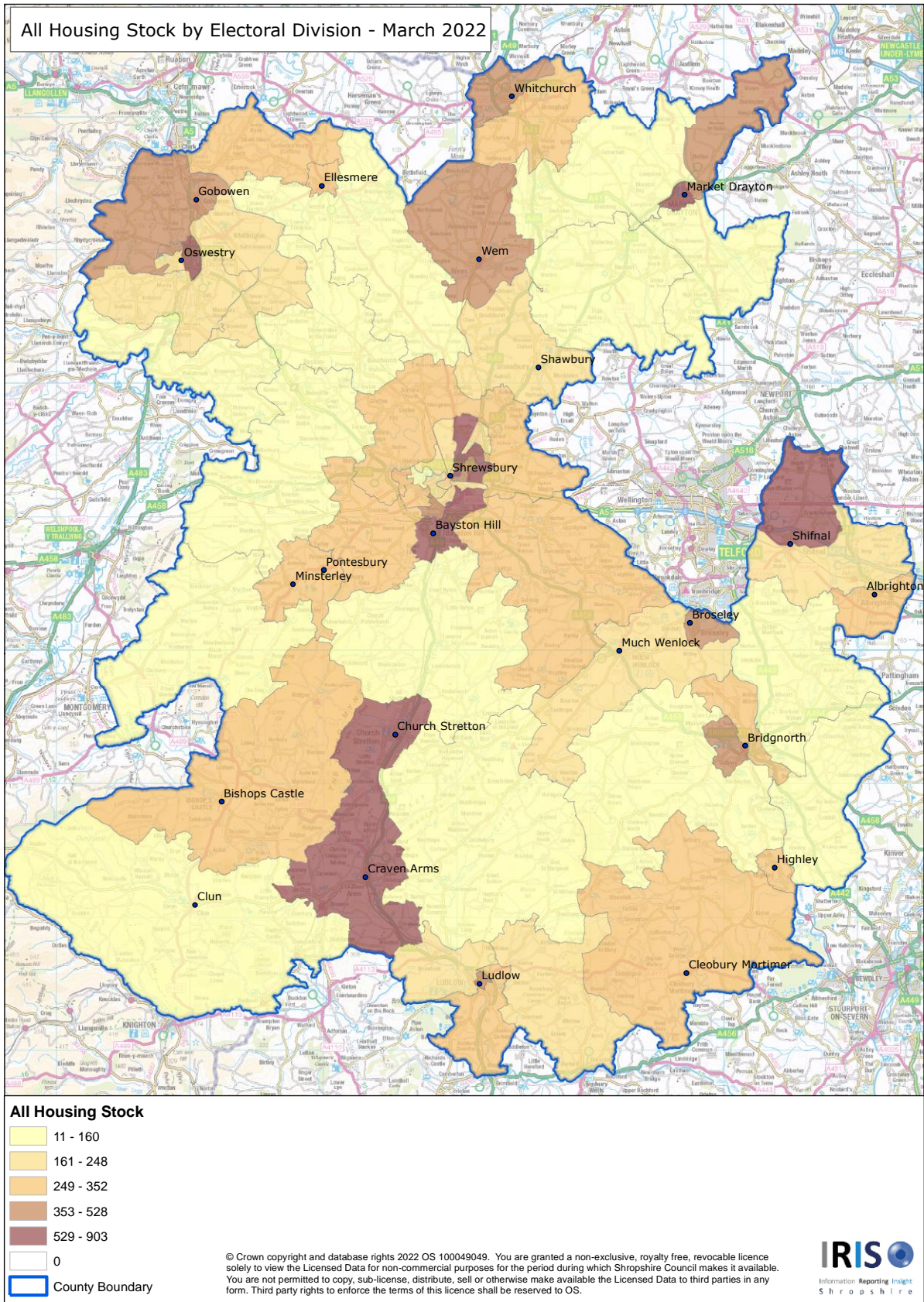
Appendix VI: Draft revised allocations policy

Appendix I: Social housing stock by ward

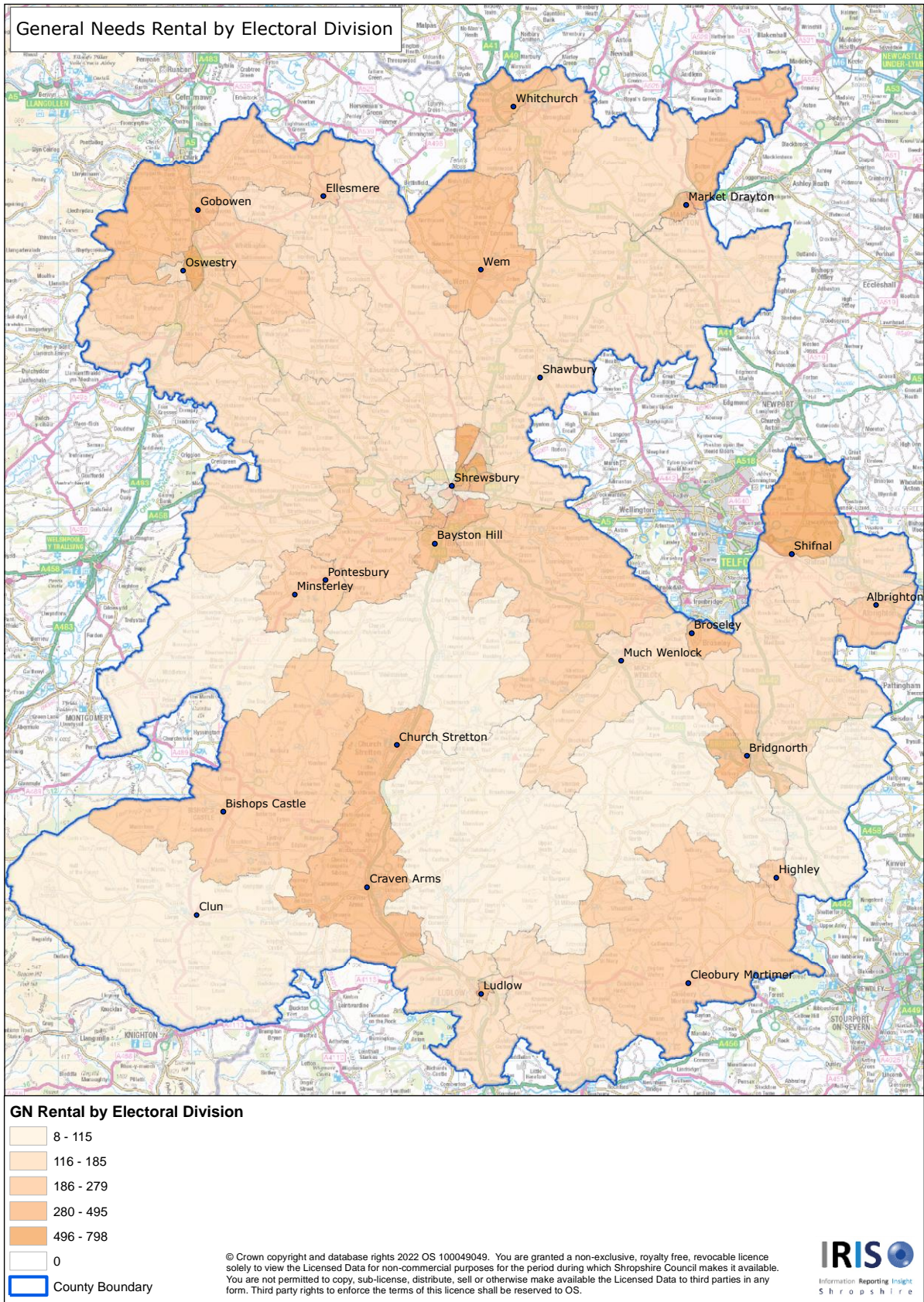
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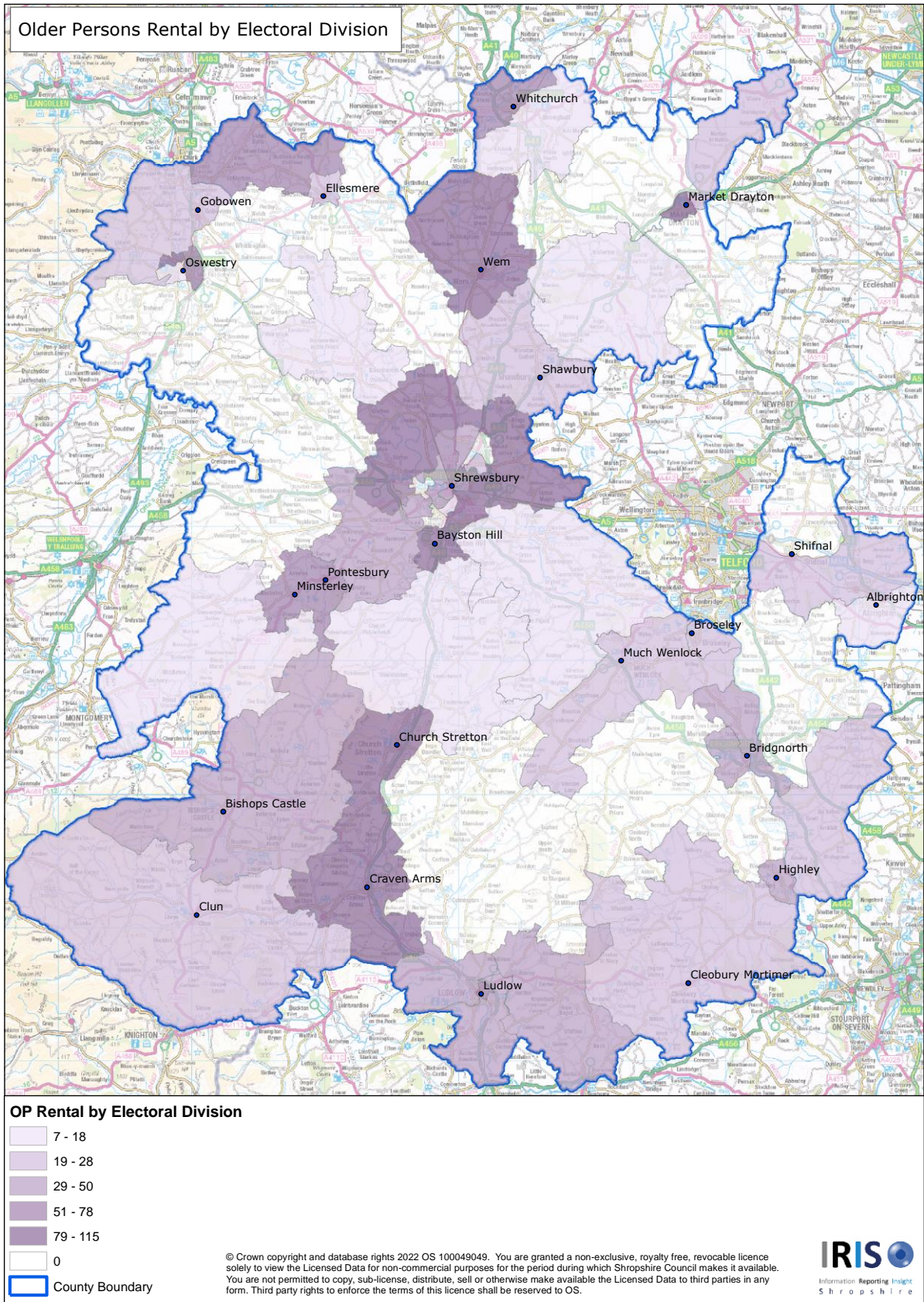
Appendix II: Map to show all social housing stock



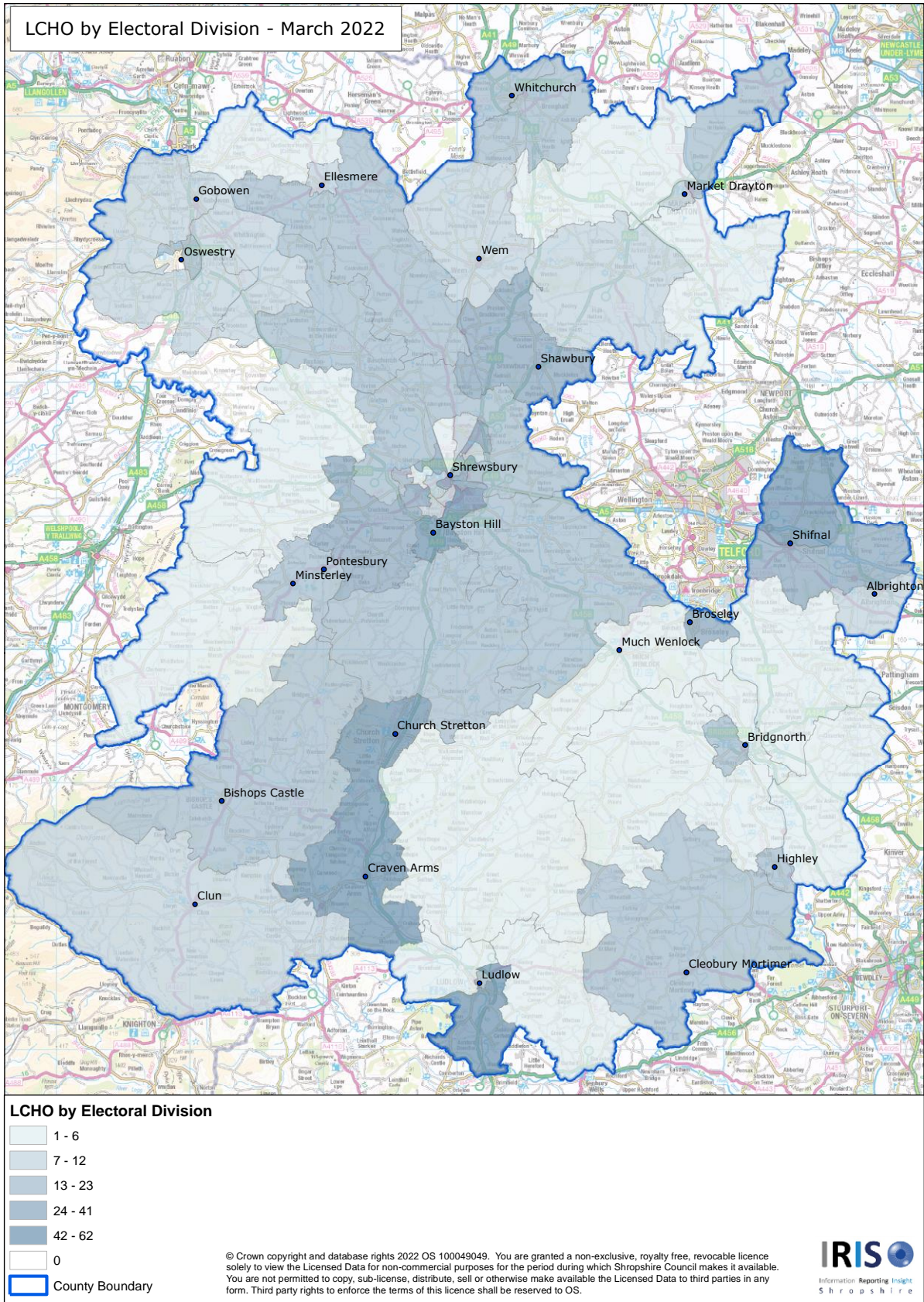
Appendix III: Map to show general needs rental dwellings



Appendix IV: Map to show older persons' rental dwellings



Appendix V: Map to show low-cost home ownership dwellings



Appendix VI: Draft revised allocations policy

1. Introduction

- 1.1 This Housing Allocation Policy and Scheme applies to the Shropshire Council unitary local authority area. References to Shropshire and the Council refer to the unitary local authority of Shropshire.
- 1.2 This document sets out Shropshire Council's Policy for applications to the Housing Register; the allocation of the housing stock owned by the Council, which is managed by its Arm's Length Management Organisation (ALMO), Shropshire Towns and Rural (STAR) Housing; and nominations to housing associations registered with the Regulator of Social Housing (for social and affordable rented and low cost home ownership¹ properties) and to private landlords.
- 1.3 Officers act under delegated powers in accordance with this policy. All allocations and nominations are made from the Housing Register.

2. Aims of the Allocation Policy and Scheme

- 2.1 In Shropshire the demand for affordable housing exceeds available supply. Therefore, this housing allocation policy and scheme seeks to meet the following aims:
 - Ensure people in the greatest housing need have the greatest opportunity to access suitable housing that best meets their needs;
 - To prevent and relieve homelessness;
 - To make best use of the Council's and housing association stock;
 - To help the Council meet statutory and strategic aims;
 - To help contribute to the development of sustainable communities; and
 - To allow for the greatest degree of choice possible in the allocation of affordable housing.

3. Eligibility

- 3.1 Applicants ineligible under Government regulations will not be eligible to be accepted onto the Housing Register.
- 3.2 Any applicant who has been excluded from the Housing Register on the grounds of ineligibility will be given written notice of the decision and the reasons for it and advise of their right of appeal (see section 40).

4. Qualification Criteria

- 4.1 The Council will usually only accept applications to the Housing Register who are in housing need. Housing need qualifying criteria is set out in Bands 1 to 6 in Appendix A.

¹ With the exception of Homes England grant funded shared ownership properties on non-exception sites

Local connection

- 4.2 The Council will usually only accept applications to the Housing Register from an applicant with a local connection to the Shropshire Council area. Local connection means that the applicant or a person who might reasonably be expected to reside with them either:
- Is normally resident within the local authority area of Shropshire; or
 - Has a local connection with the area by virtue of family association or secure employment.
- 4.3 Normally resident means resident in accommodation for a period of at least one year immediately prior to an application being made. This does not include being detained in prison or resident in a bail hostel. Persons occupying holiday or other temporary accommodation (for example, hospital or student housing) are not considered as normally resident unless they can demonstrate that this has been their sole or main home for a period of at least five years.
- 4.4 Family association normally means that the applicant has parents, grandparents, adult children, grandchildren, a brother or a sister currently living in Shropshire and has been normally resident within Shropshire for at least five years. In exceptional circumstances and where support is required family association may include extended family, each case will be determined on its own merits. Applicants will be required to provide proof of local connection by virtue of family association.
- 4.5 Secure employment means the employment or self-employment of the applicant or an adult member of the household for at least one year's duration and at least 20 hours per week. Where this employment has been for less than one year at the time of application or is on a zero-hour contract, evidence will be required to confirm the nature of the employment.
- 4.6 Local connection requirements will not apply to the following applicants:
- members of the Armed Forces and former Service personnel, where the application is made within five years of discharge;
 - bereaved spouses and civil partners of members of the Armed Forces leaving Services Family Accommodation following the death of their spouse or partner;
 - serving or former members of the Reserve Forces who need to move because of serious injury, medical condition or disability sustained as a result of their service; and
 - existing social housing tenants in England who have a reasonable preference because of a need to move to Shropshire to avoid hardship and if they work or have been offered work in Shropshire and have a genuine intention to take up that offer.

Unacceptable behaviour

4.7 Applicants will not be accepted on to the Housing Register where it is decided that the applicant, or a member of the household with whom the applicant would usually reside, has behaved unacceptably.

4.8 Examples of unacceptable behaviour could include:

- Significant² rent or mortgage arrears or breach of tenancy obligations where no attempt is being made to repay the debt or remedy the breach;
- Cautioned or convicted of a nuisance, anti-social or violent offence;
- Subject to an Anti-Social Behaviour Order (ASBO) or equivalent;
- Conduct likely to cause serious nuisance, annoyance or harassment to neighbours;
- Using accommodation or allowing it to be used for immoral or illegal purposes;
- Fraudulent or duplicitous behaviour to obtain accommodation;
- Serious damage to or neglect of a property by the tenant or other occupants; or
- Committing violent or anti-social behaviour, or domestic, racist or other abuse.

4.9 Cases will be considered on an individual basis. The following criteria will be applied in determining whether an applicant (this includes existing Council tenants) is excluded from being able to go on the Housing Register for re-housing because of their unacceptable behaviour:

- There must be reliable evidence of unacceptable behaviour;
- In normal circumstances the behaviour concerned should have occurred within the last two years. In cases of a more serious nature, for example those involving criminal prosecution, a longer timescale may be appropriate; and
- There must be reasonable grounds for believing that the behaviour could continue or be repeated. For example, the applicant may have issued threats or there might be a history of repeat offending.

4.10 The decision as to whether to exclude an applicant from the Housing Register on the basis of unacceptable behaviour, be this due to the applicant's behaviour or the behaviour of a member of the household with whom the applicant would usually reside, will be made by the Shropshire Council's Head of Housing, Resettlement and Independent Living Protection.

Financial and Needs Assessment

4.11 Applicants with a household income of more than £50,000 gross per annum or savings and assets (including equity in a property) of more than

² For example, those with amounts exceeding £1,000 may be disqualified from the Housing Register until the amount has been reduced to below £1,000 or consecutive payments for 26 weeks have been made, unless there are agreed extenuating special circumstances.

£200,000 or both will usually be considered as not being in housing need and will not qualify to be on the housing register. Lump sums awarded to Armed Forces service personnel injured or disabled in action will be disregarded.

4.12 The financial assessment will have regard to the financial resources of the applicant and the cost and availability of alternative suitable accommodation. Such applicants who can demonstrate that they have health or support needs that they are unable to meet in the open market will be considered on their individual merits by the Head of Housing, Resettlement and Independent Living. Examples include:

- an applicant who is eligible for a Disabled Facilities Grant (DFG) to fund major adaptations to their existing home, where it is more cost-effective for the authority to re-house the applicant in accommodation appropriate to their housing need;
- an older person is committed to paying for care or support costs in order to remain living independently; and
- an applicant who requires specific accommodation to meet their housing needs but this accommodation is not available in the private sector, other than that provided by the STAR Housing or a housing association.

4.13 As with all other decisions made under this policy, any applicant who is deemed to have such resources as not to qualify to be accepted onto the Housing Register will have a right of appeal against that decision. Please see Appeals and Complaints Section (section 40).

4.14 Where an application to the Housing Register would not otherwise be accepted on the grounds of failing to meet the qualification criteria, as the Local Housing Authority, the Council will retain the discretion in exceptional circumstances where it is considered necessary to dis-apply the qualification criteria and / or place the applicant in any other Band as set out in this policy.

4.15 Any applicant who has been excluded from the Housing Register on the grounds of failing to meet the qualification criteria will be given written notice of the decision and the reasons for it and advised of their right of appeal (see section 40).

5. Transitional arrangements

5.1 Subject paragraphs 4.12 and 4.13, existing applicants on the Housing Register with a household income of more than £50,000 gross per annum or savings and assets (including equity in a property) of more than £200,000 or both, who have a local connection to Shropshire (as set out above), will be considered to be able to meet their housing need through the open market and placed in Band 7.

6. Age of Applicants

6.1 Applicants will normally be at least 18 years of age. In the case of 16 and 17 year olds applicants must be care leavers or homeless / threatened with homelessness, and not deemed to be a child in need following an

investigation by Social Services under section 17 of the Children Act 1989³. Applicants under the age of 18 must have a recognised support package and financial guarantor or guardian before being accepted on to the register.

7. Homeless Applicants

- 7.1 Shropshire Council has a duty to secure suitable accommodation for homeless households who are eligible for assistance, in priority need, have a local connection and who are not intentionally homeless, in Council, other Registered Provider (housing associations registered by the Regulator of Social Housing) or suitable private rented accommodation. Discharge of the main homelessness duty to the private rented will be made in line with the Homelessness (Suitability of Accommodation) (England) Order 2012.
- 7.2 It is important that persons who are homeless or threatened with being made homeless seek advice from Shropshire Council, or their local council, at the earliest opportunity.

8. Transfer Applicants

- 8.1 Existing tenants of Shropshire Council will be subject to the provisions of the Allocation Policy. Tenants wishing to transfer will not normally be considered for re-housing until they have been resident in their present home for one year.

9. Applying to the Housing Register

- 9.1 Persons wishing to register must complete an Application Form. The application can either be completed using a paper application form or online through the Shropshire Council website. Paper applications can be printed from the website and are available by post from Shropshire Council's Customer Contact Points.
- 9.2 Applicants are advised to check carefully the full postage has been paid when sending applications or correspondence, as Shropshire Council cannot collect underpaid mail.
- 9.3 The Application will then be assessed by Shropshire Council. Applicants will receive a written response confirming whether their application has been accepted. If accepted, the applicant will be provided with written notification of the Band in which they have been placed and given a registration date.
- 9.4 Where an applicant is not satisfied with the way their application has been assessed or determined they have a right of appeal (see Section 40).

10. Verification

- 10.1 On completing the Application Form applicants give permission for Shropshire Council to verify (check) the information that they have provided or will re-provide prior to any offer being made or any change of

³ In this instance an application will be made by Social Services on behalf of the child in needs and a support package will be in place.

circumstance. This includes permission to contact other Council departments, for example Council Tax and Social Services, and other people or organisations such as previous and current landlords, the UK Border Agency and the police. Applicants will not be made an offer of accommodation until all information requested has been provided and verified. Appendix C lists the information applicants are required to submit to verify their housing application at both application and offer stage.

10.2 Shropshire Council may share information as appropriate where this is legally required and when providing nominations to housing associations and private landlords.

11. False statements and withholding information

11.1 Ensuring all the information provided is true and accurate is the responsibility of the applicant. Verification checks will be undertaken at the point of offer to confirm the information on the application form is correct and up to date.

11.2 It is a criminal offence for applicants knowingly or recklessly to give false information; or to knowingly withhold information. It can carry a fine and in separate civil proceedings can lead to the loss of any accommodation let as a result of Shropshire Council relying on that false information.

11.3 Applicants are required to sign paper applications and certify online applications confirming the details they have given are correct to the best of their knowledge.

11.4 This Scheme falls within the provisions of Part VI of the Housing Act 1996. Section 171 of the Act states:

- (1) A person commits an offence if, in connection with the exercise by a local housing authority of their functions under this Part:
 - (a) they knowingly or recklessly make a statement which is false in material particular, or
 - (b) they knowingly withhold information which the authority has reasonably required them to give in connection with the exercise of those functions.
- (2) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 5 on the standard scale.

11.5 Consequently, where Section 171 applies, Shropshire Council may bring a prosecution which if successful could result in a fine of up to £5,000.

11.6 Where false information is found to have been given, the applicant may also be disqualified from the Housing Register on the grounds of unacceptable behaviour. Where false information has resulted in the applicant obtaining accommodation, the relevant Landlord may bring possession proceedings for recovery of the property.

12. Worsening of Circumstances

12.1 Applicants must not deliberately worsen their circumstances in obtain greater preference on the Housing Register. If an applicant is found to have

deliberately worsened their circumstances they will either be placed in the Band corresponding to their circumstances at the time of their original application or may be disqualified from the Housing Register on the grounds of unacceptable behaviour.

12.2 Examples of deliberate worsening of circumstances might include:

- Selling a property that is affordable and suitable for an applicant's needs;
- Disposing or gifting assets, including property;
- Moving from a secure Assured Tenancy to insecure, overcrowded accommodation, where there is no good reason for this move; and
- Where there is evidence that it was reasonable for an applicant to have remained in their original accommodation.

12.3 Where an applicant has little or no control over their move to alternative accommodation, this will not be considered as a deliberate worsening of circumstances.

13. Change in Circumstances

13.1 If an applicant's circumstances change Shropshire Council must be informed straight away or as soon as is reasonably practicable. Examples of changes include change of address or change in family size.

13.2 If an applicant's circumstances change they may cease to be eligible for inclusion on the Housing Register, and their application will be disqualified. They will be informed if this is the case and advised of any right of appeal (see Section 40).

14. Statutory Requirements

14.1 Under the Housing Act 1996 Shropshire Council has to ensure that when allocating and nominating to housing accommodation **reasonable preference** is given to the following groups:

- people who are homeless within the meaning of Part 7 of the Housing Act 1996 (including those who are intentionally homeless and those not in priority need);
- people who are owed a duty by any housing authority under the Housing Act 1996 sections 190(2), 193(2) or 195(2) (or under section 65(2) or 68(2) of the Housing Act 1985) or who are occupying accommodation secured by any such authority under section 192(3);
- people occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions;
- people who need to move on medical or welfare grounds, including grounds relating to a disability; and
- people who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others).

14.2 The Housing Act 1996 also requires that housing authorities must give **additional preference** to the following categories of applicants who fall within one or more of the reasonable preference categories and who have urgent housing needs:

- former members of the Armed Forces⁴
- serving members of the Armed Forces who need to move because of a serious injury, medical condition or disability sustained as a result of their service;
- bereaved spouses and civil partners of members of the Armed Forces leaving Services Family Accommodation following the death of their spouse or partner; and
- serving or former members of the Reserve Forces who need to move because of serious injury, medical condition or disability sustained as a result of their service.

14.3 Those applicants who are in the above categories and are placed in Bands 1 to 6 and are considered to have urgent housing needs will be given additional priority so that they are considered for re-housing ahead of other applicants in their respective Band.

15. The Banding System

15.1 The Allocations Policy is based on six Bands with specific qualifying criteria (see Appendix A for more details). Each applicant's housing need and other circumstances are assessed on the information provided and the applicant is placed in the **highest** Band their circumstances allow. Within each Band applicants are ranked in date order from when they were registered into that Band.

16. Statement of Choice

16.1 Shropshire Council is committed to offering the greatest choice possible in the allocation of affordable housing in the county, whilst ensuring that housing is allocated to those with the greatest need.

16.2 There will be certain situations where choice cannot be offered in the allocation of housing, such as when the Council needs to make a direct let as a matter of urgency. These circumstances are detailed within the scheme.

16.3 With the exception of these limited circumstances, housing will only be allocated to applicants who apply for a specific property, and all applicants have the opportunity to bid for properties they are entitled to be considered for, having regard to household size and other eligibility criteria.

17. How the Scheme Operates

17.1 All properties managed by STAR Housing that become available for letting and all housing association properties where the Council has nomination rights will be advertised through choice-based lettings. Housing associations and private landlords are able to advertise other properties

⁴ Usually where the application is made within five years of discharge.

where nomination rights do not apply. The scheme operates on a weekly property cycle from a Wednesday to the following Tuesday. The exact rent, service charge, for sale price, tenancy type and length of tenancy will be clearly advertised on the property details.

17.2 Those applicants who have been accepted onto the Housing Register can then bid (apply) for properties that are advertised. Applicants able to apply (bid) for one property each cycle. When the bidding period has closed the advertised property will be offered to the bidder in the highest Band for whom the property is suitable and who has been within that Band for the longest period of time, unless otherwise provided by this Policy.

17.3 In the event that the bidder does not want to accept the property then it will be offered to the bidder in the same Band who has been waiting the second longest and then so on. Only when bidders in the highest Band have been considered, will the those in the next highest Band be offered the property.

17.4 When a property is allocated, notification will be given on the Shropshire Council website identifying the Band of the successful applicant and their registration date.

18. Bedroom entitlement

18.1 Where possible, adverts will show the number of bedrooms available and number of people they are suitable for to enable eligibility to be exactly matched, for example, three bedroom five persons. Adverts will also show if any restrictions apply to the type of household that can apply.

18.2 Those applying for properties should ensure their income, including housing and welfare benefits, is sufficient to fully cover all the rent and charges associated with the accommodation.

18.3 The number of bedrooms required for each household is calculated in accordance with age, sex, marital status composition and the relationship of the members to one another. A separate bedroom is required for each married or cohabitating couple, for any other person aged 16 years or over, for each pair of children aged 0 to 15 years of the same sex, and for each pair of children under 10 years of the same or opposite sex. If that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under the age of 10 years. Additional bedroom/s required because of a medical condition/s will be considered as part of the medical assessment procedure.

18.4 Appendix D gives examples of what size and type of property an applicant can usually expect to be offered, therefore, should bid for.

19. Supported accommodation

19.1 Applicants can indicate whether they want to be considered for supported accommodation on the application form but will usually be offered one only if they meet the following criteria:

- Older persons' sheltered or independent living accommodation – applicants aged 55 or over with support needs. Applicants will be expected to sign-up to a support package.
- Older persons' extra care sheltered accommodation – applicants aged 55 or over with support and/or care needs. Applicants require a referral from a social care manager to be considered for this type of housing. Applicants will be expected to sign-up to a support and care package.
- Other supported housing - applicants must meet the requirements set out in each scheme's eligibility criteria. Applicants will usually require a referral from a social care manager to be considered for this type of housing. Applicants will be expected to sign-up to a support and / or care package as appropriate.

19.2 Bungalows will usually only be offered to applicants who have poor health and/or a disability who require accommodation on one level.

19.3 Other properties may be designated, for a limited period of time, for applicants who fall into a particular age category to ensure the continued sustainability of a particular block or area of housing. These may be subject to local lettings policies (see below).

20. Support / Care Packages

20.1 Some applicants (such as care leavers, and people with serious mental illness, dementia, or learning disabilities) will only be eligible for an offer of accommodation once it is confirmed that they have a recognised support/care package in place. This support/care package need not be provided through Social Services, but could include other forms of support, for example from family or friends. The support/care package will be reconfirmed before an offer of accommodation is made to ensure that applicants are supported to live successfully in their new home.

21. Advice and assistance

21.1 Shropshire Council is unable to provide personal appointments. However, staff are able to signpost applicants to other sources of advice and assistance including those of dedicated teams and organisations throughout Shropshire. In particular, assistance will be provided to anyone who may have difficulty participating due to disability, learning disability, illness, age, not speaking English as a first language, or any other reason that might make it harder for them to fully participate within the scheme. Where applicants are unable to submit bids themselves an assisted bidding process can be offered.

22. Information about the Allocation Policy and Scheme

22.1 Anyone who wishes is entitled to a free summary of the Allocation Policy and Scheme, which can be obtained from Shropshire Council. A copy of this document is available to be downloaded from the Shropshire Council website.

22.2 Applicants to the Housing Register are also entitled to request details of information that has been used to assess their application. Requests must be submitting in writing.

22.3 When each property advertised has been successfully allocated, the banding and registration date of the successful applicant will be made available on the website. This information should be sufficient for applicants to determine their prospects of success in obtaining housing, and to estimate how long they are likely to have to wait to obtain such housing.

23. Local lettings plans

23.1 Local Letting Plans are usually introduced to:

- Balance communities to achieve sustainable neighbourhoods;
- Deliver specific local strategic outcomes; and
- Due to planning conditions.

23.2 Affordable housing dwellings may be subject to special planning conditions or legal restrictions applied through Section 106 of the Town and Country Planning Act 1990 (as amended) specifying local occupancy or employment conditions on who is able to live in the accommodation. These conditions are usually found in rural settlements and aim to ensure that applicants on the Housing Register who have a local connection with a specific parish or defined area are given priority for rehousing, over and above those who do not have that connection. Each Section 106 document will set out the specific detail of the local lettings policy.

23.3 Where a Local Letting Plan is in place, priority will normally be given to applicants who directly meet the criteria of the Plan. Details of each Local Letting Plan will be available on request from the Council. Advertisements for properties included in the Local Letting Plan will specify the required criteria.

24. Letting privately rented accommodation

24.1 Private landlords (this does not include housing associations registered with the Regulator of Social Housing) who offer affordable housing to households on the Housing Register may use additional criteria when selecting prospective tenants. The use of a Private Landlord's Letting Plan must be agreed with Shropshire Council and referred to in the property advertisement. The Plan must also be available to applicants on request.

25. Sensitive lets

25.1 Shropshire Council and its ALMO, STAR Housing, may from time to time identify specific properties for Sensitive Let. This means specific criteria will be applied to individual homes to achieve wider objectives. Where a Sensitive Let is identified, priority may be given to applicants who directly meet the required criteria. Advertisements for properties defined as Sensitive Lets will specify the required criteria.

26. Direct lets

26.1 Shropshire Council may from time to time need to make a Direct Let of a property to an applicant in exceptional or urgent circumstances, for example to facilitate or maintain essential support arrangements, or for an

applicant who has very specific housing requirements. Properties identified for a Direct Let will be advertised in the normal way but will not be available for bids.

27. Adapted properties

27.1 Properties which have been adapted to meet the needs of people with disabilities will be identified when advertised. Priority will normally be given to people requiring the adaptations provided.

28. Offers of accommodation

28.1 Applicants have a responsibility to ensure their contact details are up to date including, change of address, contact telephone numbers and email addresses. Shropshire Council publishes a list of supporting information required at point of offer which applicants are expected to have available immediately for verification. In most instances offers of accommodation will be made by telephone and applicants will be given three working days to respond. If applicants do not respond within this timescale, the offer may be withdrawn.

28.2 Where the offer of accommodation is to an applicant where a statutory homeless duty is owed by Shropshire Council, they will be given three working days for applicants to respond. If no response is received the Landlord will notify the Housing Options Team and agree whether to withdraw the offer.

28.3 Those applicants, with the exception of those with a homeless duty, who have refused or have failed to make contact on four or more occasions within a twelve-month period when suitable offers of accommodation have been made through the Allocation Scheme, will be deferred and therefore be declined further offers for a period of up to six months. The Council will write to the applicant and inform them of the reason as to why they have been deferred.

28.4 Landlords will make formal offers of accommodation in writing, either by letter or email.

29. Medical assessment procedure

29.1 Shropshire Council will assess and verify medical need/s which are directly affected by the applicant's accommodation and where a move to more suitable accommodation is needed.

29.2 Information is taken from the application with any supporting evidence to determine if there is a medical need and the level of this need. In exceptional circumstances, an independent medical assessment may be sought.

30. Joint applications

30.1 Joint applications can be made by:

- A married couple;
- A civil partnership couple;

- Partners (including same sex couples)⁵;
- A parent with a child aged 21 years or over; and
- Siblings.

30.2 Where a sole application becomes a joint application, the original or earliest registration date of the two will apply. Should the parties of the joint application then wish to separate their applications, the respective dates at which they each separately joined will then apply.

30.3 Although the above joint applications, joint tenancies will not usually be issued to parent and a child aged 21 years or over or to siblings.

31. People in prison

31.1 Applications will be accepted from those currently in prison provided eligibility and qualification criteria are met. Shropshire Council works with a range of agencies to prepare people for release from prison and to prevent homelessness. While preparation for release may begin sometime prior to release, applicants should be mindful that bids made one month or more before the release date will not normally be considered.

31.2 Upon release an update application will be required and if applicable liaison with any support workers and agencies.

31.3 Emergency cases will be referred to Shropshire Council's Housing Options Team.

32. Pregnancy

32.1 Where a household member is pregnant, the pregnancy will only be considered once a medical certificate such as a MATB1 is received. Until the birth and the sex of the child or children can be confirmed the bedroom entitlement assumption will be set at the minimum number according to the above criteria.

33. Access to children

33.1 In the case of divorced or separated parents / guardians, a child will typically be expected to reside with one parent / guardian as their main residence. Unless otherwise stated in a legal document, the other parent / guardian will not receive any bedroom entitlement for access visits.

34. Fostering and adoption

34.1 Where a household has formal evidence that, subject to a suitable property becoming available, approval would be given to foster or adopt a child or children, subject to confirmation from a Social Worker, each child would usually be entitled to a separate bedroom. Verification of fostering and/or adoption arrangements will be carried out at point of offer of accommodation.

⁵ This does not include friends.

35. University / full-time study away from home

35.1 Household members studying away from home in full-time courses will be considered in bedroom entitlement unless they are the main applicant.

36. Overnight carers

36.1 Where a household has formal evidence that an overnight carer or team of carers is needed three or more nights per normal week, a carer shall be included in the bedroom eligibility calculation.

37. Applications from employees, board members, councillors and their relatives

37.1 Applications are monitored carefully to ensure that all allocations are made in line with this policy and no favour is given to those with close links to Shropshire Council, STAR Housing or housing associations with housing stock in Shropshire.

38. Property adverts

38.1 Available properties are published each week. The scheme operates on a weekly property cycle from a Wednesday to the following Tuesday with applicants able to bid (apply) for one property each cycle.

38.2 Those applicants with email addresses will be sent a weekly link to available properties. Those applicants who have no internet access, with no one able to bid on their behalf, can request that the Council undertakes bidding on their behalf.

39. Equal Opportunities Statement

39.1 Shropshire Council believes that it is a fundamental right for everyone to be treated fairly, with respect and dignity; in the implementation of this policy it will ensure that this right is promoted and upheld.

40. Appeals and complaints

40.1 Any applicant to Shropshire Council's Housing Register has a right to make an appeal if they disagree with a decision made by the Council, such as disqualifying them from registration, the banding awarded and / or make a complaint if they believe Shropshire Council has done acted incorrectly.

40.2 For decisions made by Shropshire Council the applicant should appeal / complain in writing to the Head of Housing, Resettlement and Independent Living. An applicant can also appoint an advocate and, once appointed, Shropshire Council will deal directly with that advocate.

40.3 There are two stages to the appeal / complaints process:

Stage 1

The appeal must be made in writing within 21 calendar days of the date of the decision letter, stating the grounds for the appeal. The appeal will be considered by the Head of Housing, Resettlement and Independent Living or nominated representative, and a decision will normally be given within

21 calendar days. In complex cases it may not be possible to give a decision in 21 days and may take longer. Where this is the case the applicant will be notified in writing prior to expiry of the 21 day period.

Stage 2

If the applicant is unhappy with the decision made by the Head of Housing, Resettlement and Independent Living they may request that a further review be carried out by the Director of People or their nominated representative. This request must be made in writing within 7 days. Again, a decision will normally be given in 21 days, subject to extension where necessary.

40.4 If still unhappy with the outcome of the appeal, the applicant may make a complaint to the Local Government Ombudsman.

40.5 A copy of the full appeals and complaints procedure is available from Shropshire Council.

40.6 Where an offer of accommodation has been made to discharge the main homelessness duty, this will be subject to a different review process.

41. Monitoring and Review

41.1 Shropshire Council monitors all allocations and reports this in a 'Quarterly Monitoring and Statistics Report' which is published and available to download from the Shropshire Council website.

Appendix A: Bandings

All qualifying applicants will be allocated to one of the following Bands according to their particular circumstances.

Band 1:

Homeless households who are owed the main duty, other emergency cases and where Council tenants need to move due to major works or demolition:

- Households who are homeless and are owed the main duty including when they have become homeless or the Relief Duty has come to an end and they have been assessed as being eligible for assistance, unintentionally homeless, in priority need and have local connection.
- Other households where the authority has a statutory duty to provide housing.
- Where Shropshire Council require tenants to move to alternative accommodation to allow major works to be undertaken (such as modernisation or demolition).

Where households are homeless and owed the main duty Shropshire Council's Housing Options Team will bid on applicants' behalf for each suitable property that becomes available. When a successful bid is made for a property the applicant will be notified of this and, subject to rights of review under Part VII of the Housing Act 1996 (as amended), this will constitute an offer of housing under Part VI as a discharge of the Council's homelessness duty.

Band 2:

Homeless households who are owed the Relief Duty, urgent medical need, hospital discharge; care leavers, serious disrepair and members of the armed forces to be discharged within six months:

- Applicants who are homeless and are owed the Relief Duty and would be owed or likely to be owed the Main duty when the Relief Duty came to an end, because they are or are likely to be in priority need and unintentionally homeless.
- Urgent medical need where the applicant's (or member of their household who is moving with them) condition is currently directly affected by their accommodation and an urgent move is needed to have a positive effect on their medical condition, or where as a result of their condition their current accommodation is not suitable to their needs. An investigation will be carried out. For Urgent Medical Need it is generally expected that the property cannot reasonably be occupied as the applicant is either unable to use or has serious difficulty using an essential part of the property, for example, the WC.
- Applicants who have been released from hospital and cannot return to the property. Severity of medical illness does not determine the housing banding. Medical evidence will be required.
- Where a young person who has been looked after, fostered or accommodated by the Local Authority, is engaging fully with support provided, a duty to rehouse accepted by Shropshire Council and deemed to be within 6 months of being ready for independent living.

- Serious disrepair refers to the condition of the current accommodation. This will apply where the Council has deemed the applicant's home to have the presence of Category 1 Hazards, Bands A - C under the Housing Health & Safety Rating System and these Hazards cannot be resolved or reduced to a Category 2 Hazard with 6 months.
- Where a member of the British Armed Forces is going to be discharged within 6 months or has been discharged but been unsuccessful in finding permanent suitable accommodation. If part of a couple separating, this criterion would not apply to their ex-partner's application. Those that have been dishonourably discharged will be considered individually based upon the circumstances and reasons for the discharge.

Unless specified otherwise in this policy, Band 2 will normally be valid for eight weeks from date of award. If accommodation has not been secured in this period there will be a review carried out. If no suitable properties have become available during the period time in Band 2 will be extended for a further period, usually six weeks. If the applicant has been bidding for suitable properties but has not been successful, the status may be extended. If however, the applicant has failed to bid for properties, or has been bidding for unsuitable properties, the reasons for this will be determined and if there are valid reasons the time in Band 2 may be extended, but where there are insufficient reasons, the Band will be withdrawn and the applicant will be reassessed accordingly.

Band 3:

Resettlement, homelessness prevention, serious medical need, use and occupation, over-crowding and under-occupation:

- Resettlement - applicants have been assessed as ready to move from hostel or other temporary supported accommodation into settled accommodation. Where appropriate, arrangements will be made for tenancy support.
- Applicants who are threatened with homelessness and are owed the Prevention Duty and would be likely to be owed the Main duty if both the Prevention Duty and any Relief Duty that followed on were to end unsuccessfully and they would be, or would likely to be, found to be in priority need and unintentionally homeless.
- Serious medical need will apply where the applicant's (or member of their household who is moving with them) condition is currently directly affected by their accommodation and a move is needed to have a positive effect on their condition, or where as a result of their condition their current accommodation is detrimental to health and wellbeing. An investigation will be carried out.
- Use and occupation - following the death of the tenant, occupiers of Council dwellings who either do not have succession rights or a non-statutory succession cannot be granted as the current property would be under-occupied or considered unsuitable. Following notice served by a tenant and an assignment cannot be granted to the remaining occupants.
- Overcrowding – assessments will be based on the bedroom entitlement at Appendix D. Lodgers will be not be included in the assessment.
- Under-occupation by tenant of a Registered Housing Provider where the property is in Shropshire.

Band 4:

Need to give or receive support, moderate medical need, disrepair, overcrowding, excessive travel and homelessness:

- Give or receive support from close family members and / or move closer to local facilities. Where not having a move would result in serious detriment.
- Moderate medical need where the applicant's (or member of their household who is moving with them) condition is currently directly affected by their accommodation and a move is needed to have a positive effect on their condition, or where as a result of their condition their current accommodation is not suitable to their needs
- Disrepair where the Council has deemed the applicant's home to have the Presence of Category 2 Hazards, Band D under the Housing Health & Safety Rating System.
- Excessive travel, where applicants in, or due to be in, permanent full-time employment (20+ hours per week) are subject to excessive travel (over 1 hour each way).
- Homeless is where the Council accepts a household is homeless but to whom it does not owe a duty to secure settled accommodation because they are not considered to be in priority need or because they are intentionally homeless.

Band 5:

Sharing essential facilities, forced to live apart, above ground floor flat with child or pregnant, and key workers:

- Sharing essential facilities such as bathroom, toilet or kitchen with a separate household⁶.
- Family forced to live apart, where the family that has previously lived together find themselves in circumstances where it is impractical to reside in the same house due to financial, work or other commitments.
- The applicant has a child under ten or is pregnant and lives in a first floor flat or above.
- The applicant is considered by the Council to be a key worker.

Band 6:

Following a financial and need assessment, applicant would not be able to purchase or rent market priced housing within Shropshire which is suitable for their needs.

Band 7:

Following a financial and need assessment, applicants who would be able to purchase or rent market priced housing within Shropshire which is suitable for their needs.

⁶ Where the households sharing essential facilities are parents and their adult children this does not apply

Appendix B: Glossary and definition of terms

| | |
|-------------------------------------|---|
| Allocation Policy and Scheme | This explains the rules that determine how Shropshire Council allocate and nominates to affordable housing properties. |
| Affordable Housing | Affordable housing comprises social and affordable rented accommodation and low-cost home ownership products [see NPPF] |
| Affordable Rents | Affordable rents set at up to 80% of local open market rents. |
| Bidding for a Property | The applicant's way of expressing an interest in being re-housed in that property |
| Choice-Based Lettings | More commonly known as CBL. A process used to advertise available properties and asking applicants to choose for themselves the properties they would like to be considered for. |
| Community Benefit | An allocation used to promote the best interests of the local community, detailing how the eligibility for a property departs from the standard criteria within the Allocation Policy. |
| Direct Let | Used in urgent situations where the Council directly allocates or nominates to a property. |
| Housing Register | The list of all those registered with Shropshire Council for affordable housing. |
| Key worker | An essential employment activity which is not limited to public sector employees, but includes the areas of care, support, food, hospitality, SMEs and agriculture where these are deemed essential to ensuring the sustainability and economic growth of the local area. |
| Local Letting Plans | Specifies how the qualification and eligibility for a property departs from the standard criteria within the Allocation Policy. |
| Main Duty | Where a homeless household is found by the local housing authority to be eligible for assistance, homeless but not intentionally so, in priority need and with a local connection they are owed the main duty of an offer of suitable accommodation. |
| Prevention Duty | If a homeless household is eligible for assistance and threatened with homelessness with 56 days, the local housing authority is required to work with them to prevent them becoming homeless. |

| | |
|------------------------------|---|
| Registered Providers | Housing organisations that are registered with the Regulator of Social Housing. Local authorities who own social housing stock are Registered Providers. Private Registered Providers are usually called Housing Associations. |
| Relief Duty | If a homeless household is eligible for assistance and is homeless, regardless of priority need, the local authority is required to take reasonable steps assist the household to obtain accommodation, this duty could last for up to 56 days. |
| Sensitive Let | Used for specific properties in the best interests of the local community. |
| Section 21 Notice | A formal document giving two months' notice on an Assured Shorthold Tenancy to vacate a property. |
| Section 106 Agreement | Some properties may be restricted under agreements pursuant to Section 106 of the Town and Country Planning Act 1990 (as amended), imposing conditions on who is eligible to be allocated / nominated, such as including a local connection requirement to a specific parish or area. |
| Shared Ownership | Where a person buys a proportion of a new home and pays rent on the remaining portion. |
| Statutory Homeless | A term that refers to people or families to whom a local housing authority has a duty to make an offer of suitable accommodation – this could be a council or housing association property or a twelve-month tenancy of private rented accommodation. |

Appendix C: List of information required to verify an offer of accommodation

Local Connection

A copy of one of the following documents either from the applicant or from the close relative must be provided:

- Council tax bill
- Employment or contract of employment details
- Tenancy agreement

Without the documentation shown above, your local connection will not be verified.

Identification

- Passport sized photograph of applicant
- Original or certified copy of birth certificate or passport for applicant and for each household member included on the applicant's application
- Where applicable, proof of name change via Deed Poll
- Where applicable, original or certified copy of Marriage certificate

Housing

- A copy of Tenancy agreement
- A copy of Licence agreement
- A letter from friend or relative confirming the applicant's living arrangements - (letter should state date when the applicant moved in and number of bedrooms to which they have access)
- A current valuation of the applicant's home
- A copy of the applicant's latest mortgage statement
- Confirmation of Tied accommodation

Income

A copy of award letter or bank statements showing the following amounts:

- Employment Support Allowance
- Income Support
- Child Benefit
- Child Tax Credit
- Working Tax Credit
- Incapacity benefit
- DLA
- Carer's allowance
- Pension credit
- State Pension
- Occupational Pension

- Last 3 months or 5 weeks payslips for each employment
- A copy of self-employed accounts

Appendix D: Size and type of properties eligibility criteria

It is expected that working age applicants the size of property for which they are entitled under the DWP bedroom standard, however if applicants can demonstrate that they are able to pay rent with or without recourse to Housing Benefit, they may be considered for a property with an additional bedroom, this being subject to availability.

If a person named on an application as being part of the household is aged 16 or over they are classed as a person who is not a child and, therefore, as needing their own bedroom.

Households will usually be able to choose the floor level on which they want to live (depending on property type) unless there is an assessed need for a particular floor level. For example, if priority for ground floor accommodation is recommended on medical grounds.

The criteria listed below will usually be used when deciding what property is suitable for a household.

| Household | Properties usually considered suitable |
|---|---|
| Single person of working age ⁷ | Room in shared house, bedsit or 1 bedroom flat |
| Single person over working age | Bedsit, 1 or 2 ⁸ bedroom flat or bungalow |
| Coupe both of working age | 1 bedroom flat |
| Couple with one or both over working age | 1 or 2 bedroom flat or bungalow |
| Pregnant woman with no other children | 1 or 2 bedroom flat, maisonette or house |
| Family with one child | 2 bedroom flat, maisonette or house |
| Family with two children aged under 10 | 2 bedroom flat, maisonette or house |
| Family with two children aged under 16 of the same sex | 2 bedroom flat, maisonette or house |
| Family with two children of different sex, where one or both children are aged 10 or over | 3 bedroom flat, maisonette or house |
| Family with three children | 3 bedroom flat, maisonette or house |
| Family with four children | 3 or 4 ⁹ bedroom flat, maisonette or house |
| Family with five or more children | 4 or 5 ¹⁰ bedroom house |
| Household needing 2 bedrooms where all are adults | 2 bedroom flat or maisonette |

⁷ Working age includes anyone who is under the State Pension Credit age of the time

⁸ Usually only following agreement from Social Services

⁹ Depending on age and sex of children

¹⁰ Depending on age and sex of children

Appendix E: List of local lettings policies

To be completed



| | |
|---------------------------------------|---------------|
| Communities Overview Committee | <u>Item</u> |
| 23 March 2022 | <u>Public</u> |

Communities Overview Committee Work Programme 2021-2022

Responsible officer

Danial Webb, overview and scrutiny officer
danial.webb@shropshire.gov.uk
01743 258509

1.0 Summary

- 1.1 This paper presents the Communities Overview Committee's proposed work programme for the 2021-2022 municipal year. During the course of its work programme, the committee will also
- Scrutinise emerging thematic priorities
 - respond to emerging issues and
 - follow up on previous work.

2.0 Recommendations

- 2.1 Committee members to:
- agree the proposed committee work programme attached as **appendix 1**
 - suggest changes to the committee work programme and
 - recommend other topics to consider.

3.0 Background

- 3.1 The work programme provides the opportunity for the committee to plan its work for the next twelve months. In planning its work, it should aim to produce a programme that features a combination of:
- scrutiny of council priorities, through its corporate plan (The Shropshire Plan)
 - forthcoming policy proposals, as listed in the Forward Plan and from discussions with officers and administration members.
 - community priorities that the public bring to the attention of elected members.
 - priorities for action resulting from the council's financial and capital strategies.
 - the work of our partners, for example the Marches Local Enterprise partnership or
 - following up on previous recommendations from the committee.

3.2 **The Shropshire Plan**

Shropshire Council's overarching corporate plan, The Shropshire Plan, is currently in draft stage and has yet to be approved by Council. The Plan, when approved, will contain:

- Corporate priorities which the council's directorates will be responsible for delivering;
- Plans and policies which together will deliver the priorities of the corporate plan; and
- A suite of performance management information that will allow elected members to scrutinise both the delivery of plans and policies, but also to determine whether those plans and policies had resulted in the expected change in performance.

3.3 The plan provides a valuable opportunity for the committee to review its work programme, to ensure that it supports the corporate and service priorities and objectives in the plan. To take advantage of this opportunity, officers plan a dedicated committee work programming session in May 2022.

3.4 Shropshire Council's Forward Plan of Key Decisions is attached as **appendix 2**. There will be an opportunity for further scrutiny of the Shropshire Plan when it has been approved by Council in May this year.

4.0 **Next steps**

4.1 Officers will present a refreshed work programme at each committee meeting. In addition the committee will meet informally between committee meetings to discuss which topics they wish to scrutinise at future meetings.

| |
|---|
| List of background papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) |
| None |
| Cabinet Member (Portfolio Holder) |
| All |
| Local Member |
| All |
| Appendices |
| Overview and scrutiny work programme |

Appendix 1
Overview and Scrutiny work programme 2021 to 2022

| Topic | Objectives | Participants | Information required | Date |
|---|---|--|--|--------------|
| Public Rights of Way | <ul style="list-style-type: none"> To provide a further update on work to maximise access to public rights of way, to include: <ul style="list-style-type: none"> Capital works funding Income retainment | Portfolio Holder, Communities, Place, Tourism and Transport | <ul style="list-style-type: none"> Verbal update from portfolio holder. | 21 July 2021 |
| Armed Forces Covenant | <ul style="list-style-type: none"> To seek assurance that Shropshire Council supports serving and former armed forces personnel through its armed forces covenant. | Portfolio Holder, Climate Change, Natural Assets & Green Economy | <ul style="list-style-type: none"> Armed Forces Covenant Armed Forces Covenant action plan Armed Forces Needs Assessment | 21 July 2021 |
| BRIEF <i>Community and Public Transport</i> | <ul style="list-style-type: none"> Overview of current and proposed changes to community and public transport service commissioning and funding. | Head of Transport | | 13 Sep 2021 |
| Domestic Abuse services | <ul style="list-style-type: none"> To scrutinise services in Shropshire to support victims of domestic abuse. To ensure current funding and infrastructure meets the needs of people in Shropshire. | Connexus Head of Housing Services | <ul style="list-style-type: none"> Domestic Abuse contract and funding arrangements Service specification Service use rates | 25 Oct 2021 |
| Bus Back Better | <ul style="list-style-type: none"> To scrutinise proposals for new rural bus services in Shropshire, | Portfolio Holder, Communities, | | 25 Oct 2021 |

| Topic | Objectives | Participants | Information required | Date |
|---|---|--|---|---------------|
| | funded through the Bus Back Better government funding. | Place, Tourism and Transport | | |
| Briefing <i>Flood risk management</i> | <ul style="list-style-type: none"> Overview of how Shropshire Council, the Environment Agency and other partners respond to both groundwater and river flooding. | Assistant Director, Infrastructure | <ul style="list-style-type: none"> Findings from review of response to 2018/19 flooding. | 15 Nov 2021 |
| Flooding – community support | <ul style="list-style-type: none"> Receive an update on work to embed lesson learned from 2018/19 and 2019/2020 flooding | Assistant Director, Infrastructure | <ul style="list-style-type: none"> 2020 scrutiny committee report and recommendations | 24 Nov 2021 |
| Economic Growth Plan | <ul style="list-style-type: none"> Overview of the economic growth plan Identify topics of focus for the 2022/2023 work programme | Executive Director, Place | <ul style="list-style-type: none"> Draft economic growth plan | 23 March 2022 |
| Draft revised housing allocations policy | <ul style="list-style-type: none"> Scrutinise draft revised allocations policy, following the committee's working group review of the policy in 2021. | Assistant Director Homes and Communities | <ul style="list-style-type: none"> Housing Allocations Policy | 23 March 2022 |

| Topic | Objectives | Participants | Information required | Date |
|--|--|---|---|---------------|
| Strategic Housing Review of the Housing Revenue Account Management | <ul style="list-style-type: none"> Scrutinise arrangements to renew Arms-Length Management Organisation contract with STAR Housing | Executive Director, Place | <ul style="list-style-type: none"> Contract arrangements | 23 March 2022 |
| Blue Badge online applications | <ul style="list-style-type: none"> To scrutinise the challenges arising from online applications for Blue Badge parking permits. | Age Concern Head of Business & Consumer Protection | <ul style="list-style-type: none"> | 23 March 2022 |
| Work programme review | <ul style="list-style-type: none"> Review the work of the committee to date. Identify priority topics for the committee. Identify data and information required to support scrutiny of priority topics. | Committee | <ul style="list-style-type: none"> Committee remit Committee recommendations from 2020-2021 | May 2022 |
| Briefing <i>Social housing in Shropshire</i> | <ul style="list-style-type: none"> An overview of social housing in Shropshire | Head of Housing Services | <ul style="list-style-type: none"> | March 2022 |

| Topic | Objectives | Participants | Information required | Date |
|-------------------------|--|--------------------------|---|-----------|
| Affordable housing | <ul style="list-style-type: none"> Understand the barriers to developing affordable housing to rent or buy in rural areas Scope a broader piece of work to identify recommendations for Cabinet. | | <ul style="list-style-type: none"> | June 2022 |
| Domestic Abuse strategy | <ul style="list-style-type: none"> Scrutinise draft domestic abuse strategy. | Head of Housing Services | <ul style="list-style-type: none"> Draft strategy Recommendations from committee from September 2021 meeting. | June 2022 |
| Armed Forces Covenant | <ul style="list-style-type: none"> An update on work to review the Covenant action plan. | | <ul style="list-style-type: none"> Updated covenant action plan. | July 2022 |

Affordable and key worker housing – request from Health and Adult Social Care Overview and Scrutiny Committee

Taxi and private hire shortages

- Licensing changes
- Data on shortages
- Licensing requirements

Waste minimisation strategy

Draft flood management strategy before it goes to Cabinet

Communications to elected members

- Health matters
- Flooding matters
- Roadworks

THE CABINET FORWARD PLAN

This Notice, known as the Cabinet Forward Plan, sets out the Decisions, including Key Decisions, which are likely to be taken during the period covered by the Plan by either Cabinet as a whole or by individual members of the Executive. The Plan is updated each month and at least 28 clear days before a key decision is to be taken and is available from Council Offices, libraries and on the Council's Internet site (www.shropshire.gov.uk). This edition supersedes all previous editions.

Further Information

Cabinet is comprised of the following members: Councillors L Picton (Leader); S Charmley (Deputy Leader); G Butler, D Carroll, R Gittins, K Hurst-Knight, C Motley, I Nellins and E Potter

To view more details, please click on the following link :

<http://shropshire.gov.uk/committee-services/mgCommitteeDetails.aspx?ID=130>

A Key Decision is one which is likely to result in income, expenditure or savings of £500,000 or greater, or to have a significant effect, on, two or more Electoral Divisions. In two-Member divisions i.e. Oswestry and Market Drayton, these are to be treated for the purpose of a key decision as two divisions.

Members of the public are welcome to attend Cabinet meetings and ask a question in accordance with the Council's Procedure Rules. If you would like further details please email amanda.holyoak@shropshire.gov.uk or telephone 01743 257714

All Executive decisions (except in extreme urgency) are subject to call-in and Scrutiny.

Documents submitted for decision will be a formal report, which if public, will be available on this website at least 5 clear working days before the date the decision can be made. If you would like to request such a document, please email amanda.holyoak@shropshire.gov.uk or telephone 01743 257714

Documents shown are listed at Shropshire Council, The Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND.

CABINET FORWARD PLAN FOR 1 MARCH 2022 ONWARDS

DECISION MAKER - 9 March 2022 - Cancelled

| Date of Meeting | Purpose and Report title | Key Decision | Portfolio Holder | Report Exempt / confidential | Contact for further information re documents / report to be submitted to decision maker | Date Uploaded onto Plan |
|-----------------|--------------------------|--------------|------------------|------------------------------|---|-------------------------|
|-----------------|--------------------------|--------------|------------------|------------------------------|---|-------------------------|

DECISION MAKER - 23 March 2022

| Date of Meeting | Purpose and Report title | Key Decision | Portfolio Holder | Report Exempt / confidential | Contact for further information re documents / report to be submitted to decision maker | Date Uploaded onto Plan |
|-----------------|---|--------------|---|------------------------------|---|-------------------------|
| 23 March 2022 | Shropshire Library Strategy | Yes | Portfolio Holder for Communities, Culture, Leisure & Tourism, Transport | | Mark Barrow, Director of Place mark.barrow@shropshire.gov.uk | 22 September 2021 |
| 23 March 2022 | Crowmeole Lane Automated Number Plate Recognition (ANPR) controlled Bus Gate | Yes | Portfolio Holder for Climate Change, Natural Assets & The Green Economy | | Mark Barrow, Director of Place mark.barrow@shropshire.gov.uk | 17 January 2022 |
| 23 March 2022 | Update to Private Rented Sector Housing Enforcement Policy | Yes | Portfolio Holder for Adult Social Care and Public Health | | Mark Barrow, Director of Place mark.barrow@shropshire.gov.uk | 17 January 2022 |
| 23 March 2022 | National Bus Strategy - Shropshire Enhanced Bus Partnership Scheme | Yes | Portfolio Holder for Communities, Culture, Leisure & Tourism, Transport | | Mark Barrow, Director of Place mark.barrow@shropshire.gov.uk | 10 November 2021 |

DECISION MAKER - 6 April 2022

| Date of Meeting | Purpose and Report title | Key Decision | Portfolio Holder | Report Exempt / confidential | Contact for further information re documents / report to be submitted to decision maker | Date Uploaded onto Plan |
|-----------------|---|--------------|---|------------------------------|---|-------------------------|
| 6 April 2022 | Gypsy & Traveller Transit Site | Yes | Portfolio Holder for Physical Infrastructure | | Mark Barrow, Director of Place mark.barrow@shropshire.gov.uk | 18 January 2022 |
| 6 April 2022 | Consultation on a Draft Policy for the Enforcement and Determination of Financial Penalties for Breaches of Relevant Letting Agency Requirements | Yes | Deputy Leader and Portfolio Holder for Economic Growth, Regeneration and Planning | | Mark Barrow, Director of Place mark.barrow@shropshire.gov.uk | 23 February 2022 |
| 6 April 2022 | Ofsted Inspection of Shropshire Council Children's Services | Yes | Portfolio Holder for Children and Education | | Tanya Miles, Executive Director of People tanya.miles@shropshire.gov.uk | 1 March 2022 |
| 6 April 2022 | Application by Tasley Parish Council for Tasley Parish to be considered as a Neighbourhood Area | Yes | Deputy Leader and Portfolio Holder for Economic Growth, Regeneration and Planning | | Mark Barrow, Director of Place mark.barrow@shropshire.gov.uk | 17 January 2022 |
| 6 April 2022 | Land at Shrewsbury Flaxmill (Road Frontage) Compulsory Purchase Order | Yes | Deputy Leader and Portfolio Holder for Economic Growth, Regeneration and Planning | | Mark Barrow, Director of Place mark.barrow@shropshire.gov.uk | 10 March 2022 |

| | | | | | | |
|--------------|---------------------------------|-----|---|--------|--|------------------|
| 6 April 2022 | Project Gigabit | Yes | Portfolio Holder for Digital/Technology/Data and Insight | Exempt | Mark Barrow, Director of Place mark.barrow@shropshire.gov.uk | 6 September 2021 |
| 6 April 2022 | Chief Officers Pay Award | Yes | Leader and Portfolio Holder for Policy and Strategy, Improvement and Communications | Exempt | James Walton, Executive Director Resources Tel: 01743 258915 james.walton@shropshire.gov.uk | 3 March 2022 |

DECISION MAKER - 27 April 2022

| Date of Meeting | Purpose and Report title | Key Decision | Portfolio Holder | Report Exempt / confidential | Contact for further information re documents / report to be submitted to decision maker | Date Uploaded onto Plan |
|-----------------|---|--------------|---|------------------------------|---|-------------------------|
| 27 April 2022 | Whitchurch Swimming Centre Feasibility Survey | Yes | Portfolio Holder for Communities, Culture, Leisure & Tourism, Transport | | Mark Barrow, Director of Place mark.barrow@shropshire.gov.uk | 10 November 2021 |
| 27 April 2022 | Swimming in Shrewsbury | Yes | Portfolio Holder for Communities, Culture, Leisure & Tourism, Transport | | Mark Barrow, Director of Place mark.barrow@shropshire.gov.uk | 10 November 2021 |
| 27 April 2022 | LTP 4 - Approval of Draft Plan and Public Engagement | Yes | Deputy Leader and Portfolio Holder for Economic Growth, Regeneration and Planning | | Mark Barrow, Director of Place mark.barrow@shropshire.gov.uk | 6 September 2021 |

| | | | | | | |
|---------------|--|-----|---|--|---|-----------------|
| 27 April 2022 | Copthorne and Porthill 20mph Speed Limit Zone | Yes | Portfolio Holder for Climate Change, Natural Assets & The Green Economy | | Mark Barrow, Director of Place mark.barrow@shropshire.gov.uk | 17 January 2022 |
| 27 April 2022 | Draft Housing Allocations Policy for Consultation | Yes | Portfolio Holder for Adult Social Care and Public Health | | Mark Barrow, Director of Place mark.barrow@shropshire.gov.uk | 1 March 2022 |

Date of Publication - <Date>

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