



Wolverhampton Homes

Open Board Meeting

22 March 2024

Time 9.30 am **Public Meeting?** YES **Type of meeting** Wolverhampton Homes
Venue The Boardroom, Wednesfield Office, Alfred Squire Road, Wednesfield, WV11 1XU

Membership

Victor Browne
Councillor Jonathan Crofts
Darshan Chatha
Hajrija Dergic
Christopher Lue
Sazini Malaba
Joy McLaren
Councillor Rita Potter
Councillor Susan Roberts MBE
Councillor Zee Russell
Hannah Semple

Information

If you have any queries about this meeting, please contact:

Contact Business Assurance Team
Tel/Email 01902 552956; WHSBusinessAssurance@wolverhamptonhomes.org.uk
Address The Boardroom, Wednesfield Office, Alfred Squire Road, Wednesfield, WV11 1XU

Copies of other agendas and reports are available from:

Website <https://wolverhamptonintranet.moderngov.co.uk>

Agenda

Item No. *Title*

- 1 **Apologies**
- 2 **Declarations of interest**
- 3 **Minutes of previous open Board meeting - 15 December 2023** (Pages 5 - 12)
- 4 **Matters arising**

INTERNAL AUDIT ITEMS

- 5 **Wolverhampton Homes 2024 - 2025 Internal Audit Plan - Amanda MacDonald, Audit Business Partner** (Pages 13 - 22)

FOR POLICY APPROVAL

- 6 **Business Assurance and Risk Management Framework 2024 - 2027 - Julie Haydon, Director - Corporate Services** (Pages 23 - 30)
- 7 **Business Continuity Planning Strategy 2024 - 2027 - Julie Haydon, Director - Corporate Services** (Pages 31 - 40)
- 8 **Value for Money Strategy 2024 - 2027 - Nicky Devey, Head of Business Services** (Pages 41 - 46)

FOR PRESENTATION

- 9 **Rents and Service Charge annual update - Impact and support mechanisms - Angela Barnes, Director, Homes and Communities** (Pages 47 - 66)

FOR DECISION

- 10 **Capital Programme 2024 - 2025 - Simon Bamfield, Head of Assets and Stock Investment** (Pages 67 - 72)
- 11 **Medium-Term Capital Investment Plan 2024 - 2025 to 2028 - 2029 (5 years) - Simon Bamfield, Head of Assets and Stock Investment** (Pages 73 - 80)
- 12 **Revenue Budget 2024 - 2025 and Medium-Term Financial Strategy update 2024 - 2025 to 2027 - 2028 - Jo McCoy, Finance Business Partner, City of Wolverhampton Council** (Pages 81 - 114)

FOR INFORMATION

- 13 **Capital Programme Delivery update - Quarter 3, 2023 - 2024 - Simon Bamfield, Head of Assets and Stock Investment** (Pages 115 - 122)

- 14 **Revenue Forecast for 2023 - 2024 as at 31 December 2023 - Jo McCoy, Finance Business Partner, City of Wolverhampton Council (Pages 123 - 130)**

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M I N U T E S



Meeting: Open Board Meeting
Date: Friday 15 December 2023
Venue: The Mount Hotel Country Manor (Mount Road, Tettenhall Wood, Wolverhampton, England, WV6 8HL)
Time: 09:30hrs

MEMBERS IN ATTENDANCE: -

Councillor Susan Roberts	-	Board Member – Councillor (Chair)
Hajrija Dergic	-	Board Member – Independent
Hannah Semple	-	Board Member – Independent
Councillor Jonathan Crofts	-	Board Member – Councillor
Councillor Rita Potter	-	Board Member – Councillor
Councillor Zee Russell	-	Board Member – Councillor
Christopher Lue	-	Board Member – Tenant

STAFF IN ATTENDANCE: -

Shaun Aldis	-	Chief Executive
Julie Haydon	-	Director - Corporate Services (Company Secretary)
Angela Barnes	-	Director - Homes and Communities
Ian Gardner	-	Director - Property Services
Nicky Devey	-	Head of Business Services
Simon Bamfield	-	Head of Assets and Stock Investment
Jessica Whitehouse	-	Business Assurance Manager (Minutes)
Jackie Wilkinson	-	Executive Assistant

STAFF IN ATTENDANCE – CITY OF WOLVERHAMPTON COUNCIL: -

Andrew Bryant	-	Service Manager - Landlord Services
Jenny Lewington	-	Deputy Director of City Housing
Jo McCoy	-	Finance Business Partner

OBSERVERS IN ATTENDANCE (WH): -

Gemma Taylor	-	Customer Involvement Panel Member
Glen Newton	-	Team Leader - Homeless Services
Darshan Chatha	-	Independent – potential new Board member
Louise Talbot	-	Customer Involvement Panel Member
Rachel Fanthom	-	Team Leader - Anti-Social Behaviour Team
Stephen Perry	-	Team Leader - Anti-Social Behaviour Team

1.0	Apologies	
	<ul style="list-style-type: none"> - Craig Royall, Independent Board Member - Joy McLaren, Tenant Board Member - Sazini Malaba, Tenant Board Member - Victor Browne, Tenant Board Member 	
2.0	Declarations of Interest	
2.1	<ul style="list-style-type: none"> - Christopher Lue – Tenant Board Member <p>Noted: No specific conflict of interest identified.</p>	
3.0	Minutes of previous Annual General Meeting – 21 September 2023	
3.1	Minutes of the previous Annual General Meeting were agreed as a true record.	
4.0	Minutes of previous open Board Meeting – 21 September 2023	
4.1	Minutes of the previous open Board meeting were agreed as a true record.	
5.0	Matters arising	
5.1	Management Agreement – CWC will present the outcome to Board in due course.	
5.2	4.1.1, 6.2.1 and 5.2.1 - complete.	
5.3	5.2.2 – WH will provide 2024 – 2025 dates for WH specialist meetings which will be shared in due course.	
5.3.1	Action: Estate walkabouts for Councillor members – requests to be submitted to Angela Barnes for facilitation.	Board members
External Audit Items		
6.0	Financial Statements - External Audit (James McLarnon)	
6.1	Board members were updated following the report tabled at the Board meeting in September 2023, with the follow up at Audit and Business	

	Assurance Committee in November 2023. Confirmation was provided that the ongoing work is now complete.	
6.2	Board members were asked to note that there remains one outstanding query with regard to accounting for the Pension Fund surplus as an asset on the balance sheet of the company's accounts. A call will be held with the group audit team to resolve this matter and it is intended for the financial statements to be signed off by the end of business today.	
6.3	External Audit provided further detail in relation to: <ul style="list-style-type: none"> - a review will be undertaken of the accounting policies and practices that are in place and consider whether they are in line with the current standards. Confirmation was provided that there are no issues arising with the revenue recognised in the financial statements. - the financial standard would have significant disclosure around the basis for recognition and contractual obligations and performance. - in the initial review of the financial statements there were omissions, but Audit do not think they have any issues with these. - the financial statements will require sign off by WH and a final version sent to External Audit. 	
6.3.1	<p>Action: Board members will be notified once this has been resolved.</p> <p>Resolved: Board members approved the financial statements dependent on the outstanding query being resolved.</p>	ND
7.0	The draft Audit Findings Report 2022 - 2023 - External Audit	
7.1	Board members were asked to note the content of the updated report. Resolved: Board members noted the content of the report.	
8.0	Wolverhampton Homes Letter of Representation 2022 - 2023 (Draft) - External Audit	
8.1	Board members were asked to note the content of the Letter of Representation. Resolved: Board members noted the content of the report.	

For Decision	
9.0	<p>Revenue Forecast for 2023 - 2024 as at Quarter 2 – Jo McCoy, Finance Business Partner, CWC</p>
9.1	<p>Board members were provided with information in relation to a number of areas including:</p> <ul style="list-style-type: none"> - the council are regularly reviewing the revenue pressures. Where more spend is made on revenue, the less investment is available for the Capital Programme and less capacity in the Housing Revenue Account to be able to service the debt. - it is intended that the Board Strategy Away Day in February 2024 will provide further financial information in relation to the financial position of the company. - Implications of invest to save – with Board members querying financial resilience to be able to undertake these initiatives to be able to deliver the business plan priorities. - the pay award agreed November 2023 will be included in December 2023 pay. <p>Councillor Board members commented that one of the issues that customers are raising with Councillor Board members is that the contractors, and agency staff, used by WH can produce mixed work results. This can impact on the time taken to complete works.</p> <p>Board members were advised that contractors are expected to undertake 100% of inspections before signing work off. WH also conduct inspection on higher risk/cost projects to check quality and to ensure customers are satisfied with the works completed. Board members were also asked to note that regular progress meetings are held with contractors where quality and contracts compliance is discussed. WH does not currently use agency staff to cover trade colleague roles.</p> <p>Board members raised the importance of staff engagement to ensure there is a sense of inclusion, particularly for those staff who work out on the estates.</p> <p>Board members were advised that WH recently sent out a staff survey (motivational mapping) with a high number of staff providing their contact details and that this survey has been well received. Comments were also made positively regarding the visibility of the Senior Management team which provides access for all staff at all levels across the business, alongside site visits undertaken out in the community.</p> <p>Resolved: Board members noted:</p> <ul style="list-style-type: none"> • the Revenue outturn forecast for 2023 - 2024

	<ul style="list-style-type: none"> that the council have approved an additional one off Management Fee payment of £1.5 million to offset repairs and maintenance pressures <p>Board members approved virements as set out in 2.4 Table 1:</p> <ul style="list-style-type: none"> to reflect the additional Management Fee payment other virements required to realign budgets 	
10.0	Governance Arrangements - Julie Haydon, Director of Corporate Services	
10.1	<p>Board members were updated on the overarching business planning cycle including:</p> <ul style="list-style-type: none"> the council plans to adopt a new Housing Strategy in 2024 and the Wolverhampton Homes business plan will be aligned to this, with an aim to achieve a value for money approach across all areas. the council is responsible for reporting to the Regulator and are currently undertaking a self-assessment against the Consumer Standards which will link in with a planned programme of activity around regulatory compliance. CWC are working closely with WH as the biggest managing agent and should be in a position by the end of the financial year or during April 2024 to provide an update to Board. 	
10.2	Board members commented on the positive working relationship with the council.	
10.2.1	<p>Action: Dates and times of Board and Committee meetings for 2024 to be discussed at the Board Strategy Away Day in February 2024.</p> <p>Resolved: Board members and the Shareholders approved the:</p> <ol style="list-style-type: none"> Wolverhampton Homes Annual Business Plan 2024 - 2025 at Appendix 1 Wolverhampton Homes Annual Delivery Plan at Appendix 2 Board and Committee dates 2024 at Appendix 3, pending discussion at Board Strategy Away Day – February 2024 Board and Committee Agenda Forward Plan Q4, 2024 - 2025 at Appendix 4 <p>Board members noted the:</p> <ol style="list-style-type: none"> CWC Housing Compliance programme at Appendix 5 National Federation of ALMOs Policy update - November 2023, at Appendix 6 	ND

For Information		
11.0	Capital Programme Delivery update Quarter 2, 2023 - 2024 - Simon Bamfield, Head of Assets and Stock Investment	
11.1	<p>Further information was provided to Board members in relation to:</p> <ul style="list-style-type: none"> - the proposals for potential demolition and renewal of some HRA assets, where disinvestment is a more viable and cost effective strategy. Board members were assured that sensitivity towards customers is required, as this can be a very emotive subject for people living in the properties that may be subject to redevelopment. - Infrastructure programme – WH have been providing support to Leaseholders to help them avoid negative equity where work is required. Before any work commences, WH demonstrates that the work is essential, often for building safety and sustainability reasons. - process reviews in relation to ‘no access’ to individual properties and the legal right for us to gain access, which can be impeded by a number of reasons e.g. individual vulnerabilities, mental health issues, difficulty for customers who cannot take time off work, and where for example a property could be subject to the tenant not being present. 	
11.2	Board members commented on associated health and safety risks where there is private land where no one takes responsibility for the management of these areas.	
11.2.1	<p>Action: Variance of budgets to be presented in a different way to ensure overspend and underspend is clear.</p> <p>Resolved: Board members noted the performance achieved and the financial position of the delivery of the Housing Revenue Account (HRA) Capital Programme.</p>	SB
12.0	Damp, Mould and Condensation (Verbal update) - Ian Gardner, Director of Property Services	
12.1	Board members were updated on the time period that has passed since the publication of the Housing Ombudsman publishing the spotlight report on damp two years ago and the 12 months since the Coroner’s report into the tragic death of Awaab Ishak. Since November 2022, reports from customers alerting the company to concerns regarding damp, mould and condensation (DMC) has increased.	
12.2	Regular reports have been presented to the Board and through the governance framework at the city council and this will continue as part of the compliance reporting regime.	
12.3	Further details were shared in relation to demand:	

	<ul style="list-style-type: none"> - WH receives an average of 118 DMC referrals per week from customers. - there are circa 280 – 300 active referrals open at any one time. - referrals are RAG rated and around 50% are of a very minor nature. - the remedy for most of these referrals is normal cleaning, with advice and guidance provided to customers on how to prevent occurrence of damp, mould and condensation. - most issues are dealt with at the first point of contact or referred to our specialist contractor for mould treatment. Some work has included upgrading ventilation fans and windows. - to improve response capacity, WH have recruited three additional inhouse painters with the aim of commencement in the new year. - staffing and financial resources have been increased. The estimated costs for this year are in excess of £1 million which is built into the current financial costs, presented in the revenue report. - Healthy Homes Committee established and is officer led. They are currently working on a self-assessment and regular emerging guidance. This is also being reflected in the next review of the Repairs and Maintenance Policy. - System development - work being undertaken with the housing management system provider regarding the data analytics module which will be presented to Board in due course. <p>Board members commented that they believe there is always an underlying cause – and if a customer is reporting issues every few months, investigation needs to be carried out to determine this. It was confirmed that investigation does take place, and the initial visit will support the customer to develop awareness of the causes of DMC and to support them to remedy. Where there are structural causes, WH will repair.</p> <p>Board members commented that if WH is giving out sensors to customers, then the onus to monitor this should not be on the customer, but on WH. It was confirmed this was not the case and the customer is responsible should they wish to use the sensors. It is not mandatory.</p> <p>Board members gave their thanks for the work that has been going on so far.</p> <p>Resolved: Board members noted the verbal update.</p>	
13.0	A.O.B.	
13.1	No other items of business were raised.	
14.0	Date of next meeting – To be confirmed following Board Strategy Away Day in February 2024.	

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Wolverhampton Homes

2024 - 2025 Internal Audit Plan



1.	Introduction
2.	Assessing the effectiveness of risk management and governance
3.	Assessing the effectiveness of the system of control
4.	Wolverhampton Homes, Mission, Vision and Values
5.	The framework of assurance
6.	Developing an internal audit plan
7.	Considerations required of the Audit and Business Assurance Committee and senior management
8.	How the internal audit service will be delivered
9.	The internal audit plan
10.	Glossary

1. Introduction

- 1.1 The purpose of Internal Audit is to provide the Board, Chief Executive and the Audit and Business Assurance Committee with an independent and objective opinion on risk management, control and governance, and the effectiveness of these, in achieving the company's agreed objectives. In order to provide this opinion, we are required to consider annually the risk management and governance processes within the company. We also need to review on a cyclical basis, the operation of the internal control systems. It should be pointed out that internal audit is not a substitute for effective internal control. The true role of Internal Audit is to contribute to control by examining, evaluating, and reporting to management on its adequacy and effectiveness.
- 1.2 The purpose of this document is to provide the company with an internal audit plan for the 2024 - 2025 financial year. This plan has been approved by the Senior Management Team, Individual audit timings and terms of reference will be agreed with the appropriate managers during the year.

2. Assessing the effectiveness of risk management and governance

- 2.1 The effectiveness of risk management and governance will be reviewed, where appropriate, annually, to gather evidence to support our opinion to the Board, Chief Executive and the Audit and Business Assurance Committee. This opinion is reflected in the general level of assurance given in our annual report and where appropriate within separate reports in areas that will touch upon risk management and governance.

3. Assessing the effectiveness of the system of control

- 3.1 In order to be adequate and effective, management should:
 - Establish and monitor the achievement of the company's objectives and facilitate policy and decision making.
 - Identify, assess and manage the risks to achieving the company's objectives.
 - Ensure the economical, effective, and efficient use of resources.
 - Ensure compliance with established policies, procedures, laws and regulations.
 - Safeguard the company's assets and interests from losses of all kinds, including those arising from fraud, irregularity, or corruption.
 - Ensure the integrity and reliability of information, accounts, and data.

These objectives are achieved by the implementation of effective management processes and through the operation of a sound system of internal control.

4. Wolverhampton Homes Mission, Vision and Values

Contained within Wolverhampton Home's Business Plan are the company's mission, vision and values as illustrated below:

Our mission, vision and values

We want to help make Wolverhampton an even better place to live. We want to provide great homes in clean, safe neighbourhoods where our customers can access training, skills and job opportunities.

Our company values



Working
together



Open to
new ideas



Respecting
differences



Delivering
our promises

Our mission:

To help
people get
on in life

Our vision:

Unlocking
people's
potential
through
housing, skills & technology

5. The framework of assurance

- 5.1 The framework of assurance available to satisfy an organisation that the risks to its objectives, and the risks inherent in undertaking its work, have been properly identified and are being managed by controls that are adequately designed and effective in operation, will comprise a variety of sources and not only the work of internal audit.

Assessing the risk of auditable areas within the assurance framework

- 5.2 Risk is defined as “The threat that an event or action will adversely affect an organisation's ability to achieve its business objectives and execute its strategies.”

Source: Economist Intelligence Unit - Executive Briefing.

- 5.3 There are a number of key factors for assessing the degree of assurance need within the auditable area. These have been used in our assessment of each auditable area and are based on the following factors:

- Materiality
- Business impact
- Audit experience
- Risk
- Potential for fraud

6. Developing the internal audit plan

- 6.1 The internal audit plan is based, wherever possible, on management's risk priorities, as set out in the company's own risk analysis/assessment. The plan has been designed to, wherever possible, cover the key risks identified by such risk analysis. In particular, where management have specifically requested that audits are linked to key risks, challenges and performance issues.
- 6.2 In establishing the plan, the relationship between risk and frequency of audit remains absolute. The level of risk will always determine the frequency by which auditable themes and areas will be subject to audit. This ensures that key risk themes and areas are looked at on a frequent basis. The aim of this approach is to ensure the maximum level of assurance can be provided with the minimum level of audit coverage.

It is recognised that a good internal audit plan should achieve a balance between clearly setting out the planned audit work and retaining flexibility to respond to changing risks and priorities during the year.

Auditors' judgement will be applied in assessing the resources required for each audit identified in the plan.

- 6.3 Included within the plan, in addition to audit days for field assignments are:
- a small contingency allocation, which will be utilised when the need arises, for example, special projects, investigations, advice and assistance, or where unplanned and ad-hoc work is requested. This allocation may be increased at the request and approval of company management.
 - a follow-up allocation, which will be utilised to assess the degree of implementation achieved in relation to key recommendations agreed by management during the prior year.
 - an audit management allocation, which is used for management, quality control, client and external audit liaison and for preparation for, and attendance at various management meetings and committees etc.

7. Considerations required of the Audit and Business Assurance Committee and Senior Management

Does the plan include all the areas which would be expected to be subject to internal audit?

Does the plan cover the key risks as they are recognised?

Is the allocation of audit resource accepted, and agreed as appropriate, given the level of risk identified?

8. How the internal audit service will be delivered

Resources required

The City of Wolverhampton Council's Internal Audit team will deliver the audit plan.

Communication of results

The outcome of internal audit reviews is communicated by way of written reports and where appropriate direct feedback or action plans. However, should a serious matter come to light, this will be reported to the appropriate level of management without delay.

Staffing

Employees are recruited, trained, provided with opportunities for continuing professional development, and are sponsored to undertake relevant professional qualifications. All employees are subject to the company's professional conversation process, which leads to an identification of training needs. In this way, we ensure that employees are suitably skilled to deliver the internal audit service. This includes the delivery of specialist skills which are provided by staff within the service with the relevant knowledge, skills, and experience.

Quality assurance

All audit work undertaken by the team is carried out in accordance with the Public Sector Internal Audit Standards. The team have quality assurance procedures in place to ensure conformance with the standards.

Combined assurance

Where appropriate we will work in conjunction with the company's external auditors to ensure that the assurance both internal and external audit can provide, is focussed in the most efficient manner and that any duplication is eliminated.

9. Internal Audit plan – 2024 - 2025

Key Financial Systems / Governance		
Annual review of each high risk / priority area of the Company – giving assurance that controls within the main systems are operating effectively		
Audit Area / timing	Initial scope	Assessment of assurance need
Payroll: Leavers Arrangements Q1	Controls to remove employees from the payroll, return of equipment and cancellation of system access controls/ updating delegations and authorisations.	High
Debtors: Debt Management Q2	Rent collection arrangements - targeted review	High
Creditors Q3	Contract monitoring arrangements for strategic partners	High
Budgetary Control Q4	Budgets in place are robust, challenged and reviewed	High
Governance (ongoing assurance)	Inspection Ready -Ongoing assurance in relation to regulatory inspections	High

Specific Systems Reviews		
Based on risk / new or business change / specific requests		
Audit Area / timing	Initial scope	Assessment of assurance need
Customer Services – Contact and Engagement Q2	Assurance that appropriate contact and engagement routes have been established, meet company objectives – (See it Report it policy, customer involvement panel, community development) and are in accordance with regulatory compliance.	High
Home Improvement Agency - minor adaptations Q2	Review of arrangements to progress minor property adaptations undertaken in house	medium

Materials Management Q3	Review of active assets management system	Medium
Housing Disrepair Q2	Review of assurance monitoring that the company complies with statutory regulations	High
Housing Options Q3	Assurance the Housing Allocations policy is applied to all applications	High
Fleet Management Q4	Review of vehicle management following implementation and embedding of revised arrangements	Medium
Manager Led Requests	Ad-hoc requests to be agreed in year	N/A

Other audit work	
Follow up Reviews	To review the implementation of agreed key actions from the previous financial year
Counter Fraud	The provision of the Cabinet Office's National Fraud Initiative data matching exercise and any other work relating to counter fraud as requested by management. Ongoing throughout the year.
Housing Tenancy Fraud Service	The provision of an investigation and reporting service for all types of potential housing and tenancy related frauds.
Contingency and Consultancy	Special projects, advice, and assistance as and when required
Audit and Business Assurance Committee	The preparation of committee reports and attendance at committee
Management	The management of the internal audit function

10. Glossary of terms

Definition of internal auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Governance

The arrangements in place to ensure Wolverhampton Homes fulfils its overall purpose, achieves its intended outcomes for customers and operates in an economical, effective, efficient and ethical manner.

Control environment

Comprises the systems of governance, risk management and internal control. The key elements include:

- establishing and monitoring the achievement of the Wolverhampton Home's objectives
- the facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded
- ensuring the economical, effective and efficient use of resources and for securing continuous improvement
- the financial management of the Wolverhampton Homes and the reporting of financial management
- the performance management of the Wolverhampton Homes and the reporting of performance management.

System of internal control

The totality of the way an organisation designs, implements, tests and modifies controls in specific systems, to provide assurance at the corporate level that the organisation is operating efficiently and effectively.

Risk Management

A logical and systematic method of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating the risks associated with any activity, function or process in a way that will enable the organisation to minimise losses and maximise opportunities.

Risk based audit and assurance reviews

A review that:

- identifies and records the objectives, risks and controls
- establishes the extent to which the objectives of the system are consistent with higher-level corporate objectives
- evaluates the controls in principle to decide whether or not they are appropriate and can be reasonably relied upon to achieve their purpose, addressing the organisation's risks identifies any instances of over and under control and provides management with a clear articulation of residual risks where existing controls are inadequate
- tests the effectiveness of controls i.e. through compliance and/or substantive testing

- arrives at conclusions and produces a report, leading to management actions as necessary and providing an opinion on the effectiveness of the control environment.

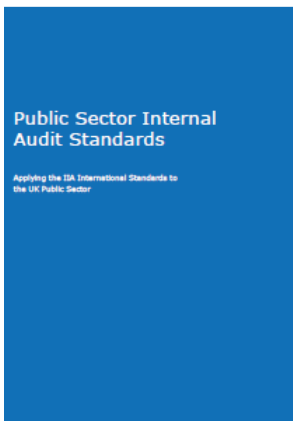
Audit & Business Assurance Committee

The governance group charged with independent assurance of the adequacy of the internal control environment and the integrity of financial reporting.

Assurance

A confident assertion, based on sufficient, relevant and reliable evidence, that something is satisfactory, with the aim of giving comfort to the recipient. The basis of the assurance will be set out and it may be qualified if full comfort cannot be given. The Head of Internal Audit may be unable to give an assurance opinion if arrangements are unsatisfactory. Assurance can come from a variety of sources and internal audit can be seen as the 'third line of defence' with the first line being the Wolverhampton Home's policies, processes and controls and the second being managers' own checks of this first line.

Internal Audit standards



The Internal Audit team have adopted and comply with the standards as laid out in the Public Sector Internal Audit Standards.

Business Assurance and Risk Management Framework

2024 to 2027

Monitoring and review

Document owner	Approved by	Authorised by	Effective date	Review date
Title: Head of Business Services	Title: Director – Corporate Services	Wolverhampton Homes Board	TBC	TBC
Name: Nicky Devey	Name: Julie Haydon			

Document History

Version	Summary of changes	Document Status	Date
V1.0	New document	Draft	TBC

Contents Page

- 1.0** Background
- 2.0** Purpose and scope
- 3.0** Statement of intent
- 4.0** Policy definitions
- 5.0** Roles and responsibilities
- 6.0** Monitoring
- 7.0** Interdependencies and related policy
- 8.0** Equality impact assessment
- 9.0** Associated procedures
- 10.0** Glossary of Terms

1.0 Background

Wolverhampton Homes understands that its approach to managing risk and deploying effective business assurance processes are critical to the effective management of the company and the services it delivers.

The company has a proactive approach to monitoring and anticipating emerging risks and how to set about dealing with them through our planning framework and governance control. It is critical that there is a clear golden thread throughout the organisation in relation to corporate risk and the links to operational risk while incorporating the impact of any local and national situations.

Regulation, and mitigating and exacerbating circumstances

Identifying exacerbating circumstances provides an understanding of factors that may amplify risks and guide the company to develop effective strategies to address them. Consideration of both mitigating and exacerbating circumstances allows a holistic approach to risk management and enhances resilience to potential challenges.

2.0 Purpose and scope

Wolverhampton Homes is required to comply with the Regulatory Standards of Governance and Financial Management as set out by the Regulator of Social Housing.

The Business Assurance and Risk Management Framework (the Framework) explains the Company's underlying approach to Risk Management.

It outlines key elements of the Risk Management process including the scoring methodology, and reporting procedures.

3.0 Statement of intent

The WH Business Assurance and Risk Management Framework forms part of the internal control and corporate governance arrangements. This is not solely about mitigating all risks to safeguard assets, but to also be able to take calculated opportunity based risk to achieve strategic objectives – “intelligent risk taking”.

4.0 Policy definitions

Risk can be defined as uncertainty of outcome (whether positive opportunity or negative threat). Risk is ever present and some amount of risk taking is inevitable for the Company to achieve its objectives. The aim of risk management is to ensure that the company make cost-effective use of a risk process that has a series of well-defined steps to support better decision making through a good understanding of risks and their likely impact.

Risk appetite

Risk appetite is defined as the level of risk that the company is prepared to tolerate to achieve its strategic objectives.

Board members approve the overall risk appetite which is reviewed regularly.

Direction of travel

The direction of travel refers to the anticipated trend or movement of each identified risk, over time. The company will review this to understand whether a particular risk is expected to increase, decrease, or remain stable in terms of its potential impact or likelihood of occurrence.

By tracking the direction of travel, WH can identify risks that are trending upwards that may have the potential to become more severe or likely in the future – particularly in relation to the current economic pressures, the tight labour market and the regulation around tenant voice and safety.

Risk Management Process

Risk Management incorporates several elements that facilitate an effective operation, enabling the response several corporate, operational and financial risks.

The hierarchy of risks:

- **Strategic** – considering those risks which could affect the achievement of strategic business objectives – the Senior Management Team and Board
- **Programme / Project** – considering those risks which could affect the development and delivery of programme / project objectives – Senior Leadership Team
- **Operational** (business as usual) – considering those risks which could affect the normal running of the day-to-day operation of the organisation – Senior Leadership Team, Management tiers.
- **Emerging issues** – risks with a sudden profile shift that need to be brought to the attention of the Senior Management Team and Board.

5.0 Roles and responsibilities

Board

The Board is responsible for overseeing risk management across the organisation, specifically:

- Setting the risk appetite and tolerance
- Agreeing the risk management framework for Wolverhampton Homes
- Directing the risk strategy
- Reviewing reports and requesting action where appropriate
- Reviewing assurance providing mechanisms to ensure that actions to mitigate risks are operating effectively
- Annual review of the company's approach to Risk Management, approving any changes

Senior Management Team

The Chief Executive and Senior Management Team has responsibility for:

- Implementing policies on Risk Management and internal controls.
- Identifying and evaluating the key inherent risks faced by the Company. The risks are set out in a Corporate Risk Register which is regularly presented to the Board for review and comment.
- Providing adequate, timely information to Board and Committee on the status of risk and controls, providing assurance that risks are being effectively controlled and mitigated.
- Undertaking an annual review of the effectiveness of the system of internal control and the provision of a report to Board.
- Providing technical support to leadership teams in the management of risks.

Senior Leadership Team

The Senior Leadership Team own the management of risks, working with operational management. They, along with managers will ensure that:

- Risk assessments are conducted on a regular basis and when any new situations require them.
- Effective and timely risk mitigation is identified, and action taken.
- Risk registers and plans are monitored and updated.
- Risks are reported and escalated.
- Risk management is part of what they and their team do.

Board and Audit and Business Assurance Committee should ensure that:

- Risk is managed in the most appropriate way and reviews the mechanism for the assessment and management of risk.
- Assurance is sought on the effectiveness of the internal control system, including the management of risk, from the Senior Management Team and the internal and external auditors.
- It challenges the cost of mitigation against the potential impact of the risk and the return at risk.
- It acts as “critical friend” to the Senior Management Team and contributes to the risk debate.
- It helps to establish a positive tone and culture of risk management within Wolverhampton Homes and proactively champions risk management.

6.0 Monitoring

The Business Assurance and Risk Management Framework will be reviewed in three years and following any prolonged disruptive challenge.

It should be noted that the Senior Management team regularly review risks and horizon scan to ensure that Board members are aware of the Company’s principal and emerging risks.

7.0 Interdependencies and related policy

The Government publishes an annual Sector risk profile which sets out their view of the most significant sources of risk to providers' ongoing compliance with their regulatory standards. The publication draws on submitted regulatory returns and other data provided to us as the regulator where applicable.

The risks set out in the most recent profile have the potential to threaten the successful delivery of providers' strategic objectives, providers' viability, or the safety and well-being of tenants. Board members of private registered providers and, where applicable, councillors forming the governing bodies of local authority registered providers (henceforward 'Boards') should be alert and responsive to these risks.

The Sector Risk Profile sets out the regulator's view of the most significant sources of risk to providers' ongoing delivery of the outcomes required of standards – further information is available via the following link:

[Sector risk profiles - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

8.0 Equality impact assessment

In terms of risk, WH has a responsibility to make it easier for customers to raise their concerns as well as ensuring our communication is clear and well understood. Through the Tenant Satisfaction Measures, WH must understand the feedback and use it as an opportunity to listen, learn and improve.

An Equality Impact Assessment will be presented to the Equality Circle Forum as required.

9.0 Associated procedures

Wolverhampton Homes Corporate and Operational Risk Registers.
Fraud Risk Register.
Business Continuity Planning Strategy.

10.0 Glossary of Terms

Terms	Detail
External risks	External risks arise when there are external forces that could affect the delivery of the business.
Financial risks	Risks related specifically to the financial aspects of the business and the underlying financial processes.
Information risks	Risks arising from the association making decisions based on information which is in some way flawed.
Inherent Risk	Risk that arises from engaging in any activity. It is the risk that exists before any mitigation action is taken or controls are put in place.
Operational risks	Risks that are associated with day to day management of the business processes in place to meet the Company priorities.
People risks	Risks arising from the fact that people can make both inadvertent and deliberate errors in carrying out their day to day tasks.

Residual Risk	The remaining levels of risk after controls have been taken. If it falls within the company's risk tolerance, then residual risk is acceptable. If it falls outside, then other actions may be needed.
Risk	The threat that an event or action will adversely affect the Company's ability to maximise stakeholder value and to achieve its business priorities. Risk arises as much from the possibility that opportunities will not be realised as it does from the possibility that threats will materialise or that errors will be made.
Risk Management	A logical and systematic method of identifying, analysing, assessing, treating, monitoring and communicating in a way that will support to minimise losses and maximise opportunities.
Risk treatment	The selection and implementation of appropriate options for dealing with risks may include: <ul style="list-style-type: none"> • Acceptance • Avoid • Enhance – where the risk leads to a positive outcome. • Reduce • Reject • Share • Transfer (i.e. insurance)
Risk tolerance	The approach towards risk taking, which in turn dictates the amount of risk that is considered acceptable.
Strategic risks	Those which affect the Company's ability to meet its strategy, or which derive from the strategy.

Business Continuity Planning Strategy (DRAFT)

2024 - 2027

Monitoring and review

Document owner	Approved by	Authorised by	Effective date	Review date
Head of Business Services	Director – Corporate Services	Wolverhampton Homes Board	2024	2027
Name: Nicky Devey	Name: Julie Haydon			

Document History

Version	Summary of changes	Document Status	Date
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Contents Page

- 1.0** Background
- 2.0** Purpose and scope
- 3.0** Statement of intent
- 4.0** Policy definitions
- 5.0** Roles and responsibilities
- 6.0** Monitoring
- 7.0** Interdependencies and related policy
- 8.0** Equality impact assessment
- 9.0** Associated procedures

1.0 Background

Business continuity management can best be defined as:

‘A holistic management process that identifies potential impacts that threaten an organisation and provides a framework for building resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities.’ (Business Continuity Institute, 2001.)

Business Continuity Planning (BCP) is a fundamental part of Wolverhampton Homes incident and response planning. It formulates how the business will function during periods of disruptive challenge or in the event of a major incident, and its recovery phase to return to ‘business as usual’ within the quickest possible time.

At Wolverhampton Homes we must ensure that arrangements are in place for bringing events under control, maintaining critical business functions and the availability of appropriate resources to coordinate such proceedings. Our Business Continuity Strategy and Plans have been structured in a way that staff can quickly find and understand what is expected from them.

The objectives of this strategy are to ensure that Wolverhampton Homes is able to:

- understand the business, identify, and manage varied operational risks inherent in the delivery of our services.
- efficiently maximize the use of key organisational resources during periods of disruptive challenge or a major incident.
- demonstrate organisational commitment to monitor and review its BCP arrangements to reflect operational needs.
- To work in conjunction with City of Wolverhampton Council to provide a Business Continuity framework detailing how Wolverhampton Homes will review, update, and detail its response to any incident including longer term implications and measures.

The Home Office definition of “Emergency”

“Emergency” is defined in Part 1 of the Act as: an event or situation which threatens serious damage to human welfare in a place in the UK, the environment of a place in the UK, or war or terrorism which threatens serious damage to the security of the **UK**¹:

Not all situations are determined as emergencies, however any period of disruptive challenge or incident can be a situation which:

- Requires WH to respond in a manner outside its normal, day to day procedures and methods of work
- Is limited in scale or area enabling a local response
- Involves one or more service area

¹ Emergency Preparedness Part 1

2.0 Purpose and scope

This strategy outlines why, how and to what standard Wolverhampton Homes will undertake Business Continuity across its services. By working closely with the City of Wolverhampton Council and relevant partners provides a greater chance of recovery to prevent, respond and mitigate emergencies that occur within Wolverhampton where it:

- Arises with or without warning
- Causes or threatens death, injury or disruption to normal life
- Affects more people than can be dealt with under normal circumstances
- Requires special mobilisation and organisations of resources

It is vital that Wolverhampton Homes can maintain its core services with minimal disruption. The company's services, strategies and decisions are dependent on the fundamental concept of continuity of service. Business Continuity Planning seeks to ensure the continuity and/or early restoration of all key services across the business, during and following any disruption.

There is a need to ensure that adequate contingency and recovery measures are in place to protect the assets of the company to enable continued delivery of its business-critical services.

Business Continuity Plans are in place to minimise the effects of disruption to business-critical services and cover key assets, buildings, equipment, systems, staff and information.

The Chief Executive has the ultimate responsibility for the implementation of business continuity planning with the Senior Management team ensuring that the requirements of this strategy and business continuity plans are embedded.

3.0 Statement of intent

The Business Continuity Planning Strategy aims to promote business continuity into the culture of the company. Each Directorate will hold a number of service specific Business Continuity Plans with regular monitoring and review.

4.0 Policy definitions

Business Continuity Planning Strategy Context

Business Continuity arrangements are in place to maintain essential services and critical processes; to protect the company from loss of reputation, and to ensure continued delivery of services during periods of disruptive challenge by way of:

- Business Continuity plans support the response to and resilience against disruption; be better prepared to effectively respond to emergency situations, and to support the recovery period.
- Business Continuity Management arrangements to ensure building, staff and

resources are available during a disruption is vital and the close working relationships with the City of Wolverhampton Council and other partner organisations ensures reciprocal support is available during disruption.

5.0 Roles and responsibilities

Business Continuity Planning Standard

Business Continuity Management within Wolverhampton Homes follows the principles of the Civil Contingencies Act 2004 Regulations and Guidance whilst working in consultation with the City of Wolverhampton Council's Resilience Unit and utilising the corporate and operational risk registers to effectively assess risk.

Each service area is required to maintain a Business Continuity Plan, to identify and prioritise their functions and resource requirements.

- **Plan Owners** - Heads of Service / Managers responsible for ensuring the plans completion;
- **Plan Owners** may appoint a **Plan Author** to complete the plan on their behalf, however, the responsibility does not transfer;
- **Plan Author** - takes on the task of collecting, collating and completing detail within the plan;
- **Plan Owners** are responsible for ensuring staff are familiarised with the Business Continuity planning process
- **Business Continuity Plans** - contain generic roles and responsibilities as well as incident specific roles.

Incident Notification

In the event of any disruptive challenge or in the event of a major incident Wolverhampton Homes will notify the City of Wolverhampton Council Resilience Team:

- **Out of Hours (24hrs):** 01902 652999

Should the incident include matters in regard to; buildings, liability, fleet and contents, or indemnity Insurance matters then notification to the City of Wolverhampton Council Corporate Insurance will be made immediately:

- **Insurance Manager** – City of Wolverhampton Council 01902 554475

Should the incident require Health and Safety advice and support, then notification to the City of Wolverhampton Council will be made immediately:

- **Health and Safety Lead** – City of Wolverhampton Council 07976 751442

Emergency Management Structure

In line with the City of Wolverhampton Council, Wolverhampton Homes have adopted an emergency management structure divided into three levels.

Emergency Management Structure	
Strategic (Gold)	<p>Senior management structure responsible for strategic oversight of the emergency response.</p> <p>Required for serious and protracted major emergencies deciding on the long-term direction and levels of resource allocated to response.</p>
Tactical (Silver)	<p>Coordinate the response across the organisation, perform tactical management of an incident, understanding of events at the scene, anticipating future requirements and deploying necessary resources.</p>
Operational (Bronze)	<p>Designates those who are at the operational end of the response who physically undertake the actions required to prevent, reduce, control and mitigate the effects of an emergency.</p>

Incident response levels, roles and responsibilities

Response Levels:		
All of the above main scenarios could be categorised into the three levels below:		
Level	Detail	Notification
Level 1	<p>Normal Out of Hours Emergency Response</p> <p>(e.g. where the Concierge Service / 24hr Call Centre can manage the response)</p>	<ul style="list-style-type: none"> - Out of hours manager - Senior Management Team will be contacted immediately upon notification of the incident or event occurring - Heads of Service as required - Communications and Health & Safety leads - Senior Management team to determine if other members of staff should be notified and where required this will be completed using the Wolverhampton Homes communication cascading principles.
Level 2	<p>Moderate Incident</p> <p>(e.g. Fire damage/service disruption)</p>	
Level 3	<p>Major Emergency</p> <p>(e.g. significant disturbance or suffering to residents)</p>	

Roles and Responsibilities

Chief Executive and Director - Corporate Services

To remain as Gold Command Leads in all matters relating to:

- Public Announcements, press and television interviews
- Agree strategic decision making
- Ensure the company is acting within the parameters of its management agreement, regulatory and legal requirements throughout the duration of any period of disruptive challenge or major emergency
- Providing high level liaison with the City of Wolverhampton Chief Executive as the lead strategic command structure (Gold Command)

Senior Management Team (SMT)

Lead in all matters relating to Strategic Response:

- First point of contact and then responsible for the cascade of information
- Key strategic decision makers including:
 - Forming of the Rapid Response Team
 - High level liaison – with emergency services, the council and partners
 - Sign off of all external media communications
- Liaison with the Board members, and elected members as appropriate

Specialist lead for all matters relating to tenants and residents:

- Evacuation of residents and operation for rest centres
- Liaison with a range of key operational partners including emergency services, the council, Rapid Response team and partners
- Oversight of the tactical and operational response including deployment of appropriate resources to deliver emergency, medium, and longer-term requirements
- Directing staff to support interim rest centre responses; decant procedures; and the arrangement of Temporary Accommodation
- Medium and longer term tenancy and rehousing support
- Ensuring an effective response from contractors to deliver appropriate health and safety work including making safe works
- Arrangements for the provision of appropriate equipment to support an emergency response such as sandbags; generators and access to suitably qualified trades operatives to deliver emergency works
- Direct the requirements of the City of Wolverhampton Council's Health and Safety Lead in specialist Health & Safety support and advice for all staffing matters
- Support to the Senior Management Team in respect of any staffing matters including notification to next of kin
- Welfare of staff involved in or dealing with an incident response
- Activation of the Crisis Communication Plan

Senior Leadership Team

Responsible for communications and direct support to the Response / Recovery Team:

- First point of contact for any media enquiries and for developing suitable external communications including liaison with the Council's Communications team
- Provision of appropriate administrative support to SMT and the Rapid Response team
- Situation Reports - regular and timely reporting
- Deployment of resources, and reporting additional resource requirements to Senior Management Team
- Supporting the Chief Executive, the Chair of the Board and SMT in coordination and delivery of emergency response procedures
- Facilitation of Incident Debrief following any activation of this strategy or associated Business Continuity Plans
- Direct the requirements of the required Health & Safety support
- Identify medium, and longer-term requirements for recovery and response
- ICT infrastructure; operational implementation of disaster recovery procedures and support for efficacy of mobile working
- Direct reporting and liaison with Wolverhampton Homes insurers
- Monitoring of all spend associated with the incident
- Collating information for production of regular and timely Situation Reports
- Overseeing procurement requirements in the event of disruptive challenge or a major emergency

Response and Recovery Team (RRT)

Overseen by SMT the RRT will:

- Liaise on site with a range of key operational partners including; NHS; City of Wolverhampton Council's Emergency Response Management Team, Rest Centre Manager, Housing Manager and Social Care Services as appropriate
- Provide communication and progress updates on all events and actions undertaken during the incident
- Provide instruction as to the way forward
- Carry out actions to support the incident response and recovery

6.0 Monitoring

To effectively meet the changing needs of the company, business continuity arrangements will be regularly audited and reviewed.

7.0 Interdependencies and related policy

City of Wolverhampton Council Resilience Unit.
Civil Contingencies Act 2004.
Crisis Communications Plan

8.0 Equality impact assessment

Scheduled to be presented at the Equalities Circle Forum (ECF).

9.0 Associated procedures

Business Continuity Plans (Individual Service Areas)

Copies of individual service area Business Continuity Plans are kept in both electronic and hard copy form by the Business Assurance Team.

All key managers will hold a separate copy of the plan for their individual service areas.

Value for Money Strategy

2024 - 2027

Monitoring and review

Document owner	Approved by	Authorised by	Effective date	Review date
Title: Head of Business Services	Title: Director – Corporate Services	Wolverhampton Homes Board	TBC	TBC
Name:	Name:			

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Contents Page

- 1.0 Strategic Context
- 2.0 Drivers for Value for Money
- 3.0 Effective Governance
- 4.0 Regulation
- 5.0 Social Value
- 6.0 Value for Money objectives
- 7.0 Delivering the strategy
- 8.0 Action plan
- 9.0 Monitoring and review

1.0 Strategic context

Wolverhampton Homes aims to deliver the best possible outcomes for the resources available and does so, by maintaining a focus on value for money and efficiency savings, ensuring that the highest level of service is delivered to our customers.

Our VfM Strategy is integral to delivering on our vision, mission, values and our strategic priorities as detailed in our Business Plan 2024 - 2025.

With a long track record of careful financial management and good governance, we build upon on a strong culture of performance management linked to insight that drives continuous improvement. The company continues to deliver commercial activity in line with core business priorities to generate additional income.

This strategy supports driving Value for Money through the delivery of the Business Plan 2024 - 2025 with the aim of providing high quality, cost effective services by:

- Promoting and embedding a VfM culture that staff have an understanding of.
- Delivering the Our Future programme - driving efficiencies across the business with the use of direct resources to achieve the right balance between frontline services, while maintaining existing service delivery.
- Achieving year on year efficiency savings to ensure sustainability.
- Optimising the future returns on WH assets.
- Regularly reviewing company finances, budgets and forecasts, to ensure delivery against a balanced budget.
- Transforming the digital agenda to provide efficiencies in transactional interactions with our customers and via internal processes.
- Providing customers with information in how value for money gains are realised but the company.
- Giving consideration to short, medium and long-term financial implications across all areas of the business which are subject to regular review.

2.0 Drivers for Value for Money

Wolverhampton Homes continues to face significant financial challenge to continue to deliver services within the uplifted management fee due to pressures of the volatile economic environment. The use of company reserves is not sustainable in the long term, and it has been agreed that these should be maintained to support spend to save initiatives in line with the Medium-Term Financial Strategy as well as providing an element of contingency. This also allows WH to hold sufficient reserves as part of accounting good practice.

Key drivers for VfM which continually focus on internal and external business deliverables are as follows:

- Business Planning and associated Annual Action.
- Medium Term Financial Planning (MTFP).
- Benchmarking and performance.
- Governance and risk management.

- The economic climate versus ensuring optimal benefit is derived from resources and assets to optimise economy, efficiency and effectiveness in the delivery of our strategic objectives.
- Compliance with Regulatory Standards and perform well in proactive regulation of the consumer standards.
- Effective delivery of our strategy, finance, property and innovation for the benefit of our staff and customers.
- Economic climate – the impact of revisions to Right to Buy will continue to reduce income further.

In the main, VfM is achieved through effective budget management, redesign of services and cost-benefit decision making to improve outcomes.

3.0 Effective Governance

VfM is an organisational wide responsibility and our approach to this aim is embedded throughout our finance and governance processes.

Good governance is crucial to achieving VfM, including the Company's Standing Orders, Financial Regulations, Codes of Conduct, Counter-fraud policies, Risk Management processes that contribute to this, not least by helping to minimise loss and waste.

VfM is a key item in our Corporate Risk Register. The progress made in improving VfM to date has resulted in a low net likelihood of the of the risk occurring but with a high net impact on reserves.

4.0 Regulation

Value for money is the act of achieving the best balance of cost, quality, digital and service delivery to meet the needs of customers and our local communities. The Regulator of Social Housing states that value for money should include reference to following:

- Economy – minimising the cost of resources used whilst having due regard to quality
- Efficiency – the relationship between the output from services and the resources used to deliver them.
- Effectiveness – the extent to which objectives are achieved and the relationship between intended and actual impacts

What this means is that Wolverhampton Homes delivers the right service at the right time at the right cost, to achieve the best possible outcomes.

5.0 Social Value

Social value represents a form of value for money, from the generation of additional outcomes for the communities in terms of support or investment, that may otherwise not have happened.

Wolverhampton Homes incorporates social value in its partnership and procurement arrangements.

6.0 Value for Money objectives

For Wolverhampton Homes to continue to operate as a going concern, while delivery cost effective services to its customers.

7.0 Delivering the strategy

This strategy supports the vision of the Board and ensures that staff and customers are able to understand what Value for Money means to the company. It will enable the business to deliver more and better services for the same or lower level of investment, and how we embed continuous improvement into the culture of the company.

An associated Action Plan will provide key measures for monitoring against.

8.0 Action plan

Wolverhampton Homes have a strong track record of driving efficiencies through its service delivery which has resulted in accrual of reserves. The delivery of the associated action plan will support the company to deliver against a balanced budget by:

- Delivering against the business plan while achieving year on year efficiency gains on operating costs,
- Redesign services to use resources effectively to achieve the right balance between frontline services and maintaining existing assets.
- Embed a VfM culture throughout the organisation.
- Maximising the social value achieved.
- Maintain and improve customer satisfaction levels and include our customer feedback in influencing changes to our services.
- Maintain a return on investment with a cost versus performance approach.

9.0 Monitoring and review

Assumptions and risks to this strategy will be reported as part of the financial reporting to our Board and Senior Management Team with regular review of the associated action plan.

Rents and Service Charge annual update – Impact and support mechanisms

22 March 2024



Legal and Governance Framework

The framework for rents and service charges:

- Direction on the Rent Standard 2020.
- Welfare Reform and Work Act 2016.
- Cabinet approval required in relation to social rents, garage rents and service charges for tenants, leaseholders and occupiers of shared ownership property.
- Must give 28 days' notice of any increase.

Cabinet Decision for 2024 - 2025

City of Wolverhampton Council Cabinet 17 January 2024 agreed that for the financial year 2024 - 2025 there would be:

- an increase of 7.7% (capped amount) for social rents.
- an increase of 7.7% for shared ownership property.
- an increase of 6.7% for service charges.
- the continuation of an assistance scheme for tenants experiencing financial hardship for a further 12 months, and an additional £300k available.

Rationale for rent increase

Page 50

From 1 April 2020 the Regulator of Social Housing has regulated social rents charged by Local Authorities as set out in the Rent Standard 2020.

Local authorities can apply a rent increase below the maximum set out in the standard, but the decision would be taken in the context of the affordability in terms of a balanced HRA business plan that ensures service delivery and investment can be maintained over the lifetime of the business plan.

That, in the opinion of the Director of Finance (Section 151 Officer) the current levels of reserves and provisions is appropriate and adequate for the forthcoming financial year.

The increasing cost pressures from policy and legislative changes; Building Safety Act (2022), Fire Safety (England) Regulations 2023, the Regulator and the Social Housing Ombudsman, and a shift from reactive to a proactive regulatory regime.

What does the increase mean for tenants?

Property type	Average rent 2023/2024	Weekly increase
Bedsitter	£76.83	£5.88
Bungalow	£87.59	£6.74
Flat	£79.77	£6.14
House	£97.77	£7.53
Maisonette	£85.13	£6.55

Rent payment methods

		2021 – 2022	2022 – 2023	2023 – 2024 (end December 2023)
Universal Credit	No. of cases	8025	8665	9226
	No. of cases on direct payments	1566	2179	2437
	% of cases on direct payments	19.51%	25.15%	26.41%
Housing Benefit	% of customers in receipt of HB	33.52%	30.35%	29.08%
	% of customers of full HB	21.30%	19.34%	18.71%
	% of customers on partial HB	12.22%	11.01%	10.37%

Rent payment methods and average level of arrears

Payment Method	Number of Accounts	Average Arrears
Arrears Direct DWP	1	156.95
Cash Receipting	9905	9.41
Direct Debit	4055	-56.73
Direct Payment From DWP	2437	339.22
Monthly Payer	2736	93.85
Salary Deduction	4	9.31
Misc. payments methods (usually Post Office)	11	338.55
Total:	19149	50.46

Arrears / legal action

Financial year	2021 – 2022	2022 - 2023	2023 - 2024 (end Q3)
No. of customers in arrears	3651	5612	6839
Total arrears owed (rent roll)	£1.5m 2.24%	£1.96m 2.13%	£2.46m 2.53%
No. of customers 7+ weeks in arrears	958	973	1266
No. of court entries	166	332	178
No. of Evictions	22	21	23

Support Mechanisms - Money Smart

Financial year	2021 – 2022	2022 - 2023	2023 - 24 (end Q3)
No. of Money Smart referrals	4875	4819	3116
No. of Food Bank referrals	944	1104	424
No. of customers supported with Household Support fund (via CWC)	1562	2825	635
Value of Household Support fund	£293,582.05	£320,035.51	£91,617.36

Support Mechanisms – WH Hardship Fund administered by Money Smart

Financial year	2021 – 2022	2022 – 2023	2023 - 2024 (end Q3)
No. Hardship Fund cases	205	969	658
Total Hardship Fund spend	£75,966	£120,028	£60,681
Average amount per household	£370.00	£123.87	£92.22

Additional Support Mechanisms

WH targeted support:

- 28-day Home Checks for all new tenants - support needs and benefit checks made.
- Contact with all new UC claimants - support provided for transition period.
- Income team have increased contact by hand delivering all arrears letters - complies with pre-court protocol.
 - Enables Income Officers to support appropriately.
 - Helps with the identification of other issues e.g. damp, mould and condensation.
 - Identification of other issues which are reportable via See It, Report It.
 - Visibility of Income officers.

Referrals made to other agencies include:

HRA Financial Inclusion Fund (extension)

- Cabinet report January 2024 – agreed an extension to the financial assistance scheme for tenants experiencing financial hardship - £300k with funding available for additional staff to sit in Money Smart and complements other sources of financial support.
- The HRA (Housing Revenue account) Financial Inclusion fund supports CWC Financial Well-Being strategy - building resilience, not reliance for our customers and delivering restorative practice

HRA Financial Inclusion Fund (extension) continued

CWC asking WH to deliver for all Council tenancies across the City as a targeted approach with emphasis on:

- Support for tenants transitioning into work.
- Young people aged 18 - 24.
- Households experiencing higher than average utility cost increases.
- Households who are under occupying and wish to downsize – plays into key agenda of making best use of stock.
- Supporting customers affected by shortfall on Universal Credit housing cost payments, due to the 53 financial year 2024-25.
- Households experiencing higher than average utility cost increases.

To date - 110 customers have been supported. Total spend £34,830

Any questions?



Name
Address

Alfred Squire Road
Wolverhampton
WV11 1XU
Homes.direct@wolverhamptonhomes.org.uk

Dear **Name**

Date:

Account Payment Reference:

Notice of Tidy Garden Service charges review from 01 April 2024

The Board of Wolverhampton Homes has completed a review the Tidy Garden charges. It has been agreed that the charges will increase by 6.7%.

As of Monday 01 April 2024, your total weekly charge will be increased to £.....

Your Tidy Garden charges should be paid by Direct Debit. Your direct debit will be automatically updated, and you will receive a letter to confirm the dates and amounts being collected from 01 April 2024.

If you have any questions about the increase or any other aspect of the Tidy Garden Service please contact Wolverhampton Homes and we will be pleased to help you.

Yours sincerely



Shaun Aldis
Chief Executive, Wolverhampton Homes



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Name
Address

Alfred Squire Road
Wolverhampton
WV11 1XU
Homes.direct@wolverhamptonhomes.org.uk

Date:

Dear **Name**

Account Payment Reference:

Notice of weekly rent increase review from 01 April 2024

The Board of Wolverhampton Homes has completed a review of rent and service charges associated with your tenancy. It has been agreed that your rent charges will increase by 7.7%.

This letter serves as your four weeks' notice of rent increase for the tenancy at the above address.

As of 01 April 2024, your total weekly rent will be **£0.00** per week.

This is your full rent and does not take into account any local housing allowance (LHA) you may be entitled to.

If you have any rent arrears, you must continue to pay these as well as your new rent. If you are not sure how much to pay, please contact us.

Chief Executive: Shaun Aldis

Registered Office: Wolverhampton Homes Limited, Wednesfield Housing Office,
Alfred Squire Road, Wolverhampton, West Midlands, England, WV11 1XU

Wolverhampton Homes Limited, a company controlled by City of Wolverhampton Council
and limited by guarantee, registered in England and Wales no.5441967



If you are in receipt of Local Housing Allowance (LHA), you need to contact City of Wolverhampton Council and tell them about the change in rent - [Housing Benefit and Council Tax Support](#) | [City Of Wolverhampton Council](#)

If you want to apply for local housing allowance, then please call the council on 01902 551166 to get an application form.

If you receive Universal Credit you will need to provide the Department for Works and Pensions (DWP) with this information by updating your Universal Credit claim journal. You should complete the 'confirm your housing costs' to-do, on the 'date of change' i.e. 01 April 2024.

This year is what's known as a 53-Monday or 53-week year. Due to the way the calendar falls, your rent will be charged 53 times instead of the usual 52. This occurrence happens every six or seven years.

Do you already claim benefits to help pay your rent?

- If you receive Housing Benefit, the team will write to you.
- If you receive Universal Credit, you will need to provide the Department for Work and Pensions (DWP) with the information below so that they can update your claim.
- You can do this yourself online by updating your Universal Credit claim journal. You should complete the 'Confirm your housing costs' to-do, on the 'date of change' or as soon after 03 April 2023.
- The 53-Monday or 53-week year **particularly affects customers who claim Universal Credit** as the Department of Work and Pensions (DWP) only ever work on 52-week year basis.
- This means UC claimants will receive slightly less in benefits than their rent amount. This particularly impacts those customers on Alternative Pay Arrangements (APAs), which sees their UC benefit coming straight to us, as they will be one week short over the course of the year and arrangements will have to be made to pay for the shortfall.

This will have no effect on customers who pay their rent weekly. As always, we charge rent every Monday so this doesn't change.

If you do not accept the above changes to your rent or service charges, you have the right to give up your tenancy, in which case you must give four weeks' written notice before Monday 01 April 2024.

If you pay by Bank Standing Order you will need to update your instruction with your Bank to ensure the correct amount of rent (and any arrears) are paid.

The easiest way to pay your rent is by Standing Order

Bank: HSBC

Account Name: Wolverhampton Homes

Account No: 32779617

Sort Code: 40-47-11

Please ensure you quote your payment reference number.

Do you need help and support with your finances?

If you're having difficulty paying your rent, please speak to us as soon as you are able. You can find lots more information about the support available on the following websites:

- Wolverhampton City Council: www.wolverhampton.gov.uk/cost-of-living-support
- Wolverhampton Homes: www.wolverhamptonhomes.org.uk/money-advice.

There are other organisations who can help, like Citizens' Advice, Money Advice Service and National Debt line.

If you have any questions about this letter, please contact Wolverhampton Homes and we will be pleased to help you.

Yours sincerely



Shaun Aldis

Chief Executive, Wolverhampton Homes


Chief Executive: Shaun Aldis

Registered Office: Wolverhampton Homes Limited, Wednesfield Housing Office,
Alfred Squire Road, Wolverhampton, West Midlands, England, WV11 1XU

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Board Report

	Agenda Item 10
	22 March 2024 Capital Programme 2024 - 2025
	Open Report
Status:	For Decision
Author and job title:	Simon Bamfield, Head of Assets and Stock Investment
Contact No:	07717 732984
Recommendations:	Board Members are asked to endorse the investment priorities identified within this report for the Capital Programme 2024 - 2025.
Key risks and contentious issues:	<p>The key risks are:</p> <ul style="list-style-type: none"> • Failure to deliver the Capital Programme will lead to reputational damage. • Failure to invest wisely will have a detrimental effect on the viability of the Housing Revenue Account (HRA), leaving less funds for vital future refurbishment activity and new build housing.

Management Summary

1.0 Purpose

- 1.1 To provide the Board with the priorities for investment during the financial year 2024 - 2025, which balance stock investment needs against safety, affordability, sustainability objectives and tenants' aspirations, to determine the most appropriate investment programme.

2.0 Background

- 2.1 A large portion of the Housing Revenue Account (HRA) Capital Programme is allocated to Wolverhampton Homes (WH) to manage and in recent years, there have been numerous challenges with its delivery, including the impact of Covid-19, skills shortages in the construction sector, the impact of the war in Ukraine and significant changes in legislation, particularly around fire safety.
- 2.2 The priorities for the 2024 - 2025 Capital Programme were identified using stock condition information and through consultation with a range of stakeholders within Wolverhampton Homes and colleagues within the City of Wolverhampton Council (CWC) and the other managing agents.
- 2.3 Consultation has been undertaken with residents in advance of the various projects and programmes commencing. We always seek views from the people living in the homes that will be in receipt of the improvements, at an early stage, so there is a genuine opportunity for their views to influence the design. For example, on the Vauxhall's high-rise project the feedback helped to ensure the balconies were retained (as we learnt how important this outside space was to residents during lockdown). Their feedback has also led to the creation of additional car parking.
- 2.4 There continues to be a significant building safety theme within next year's programme, with improvements being made to passive fire protection measures (fire doors and screens etc.), in conjunction with the delivery of active fire protection measures (sprinklers and enhanced fire detection). This work will continue to be delivered to the tower-blocks on the Merry Hill and Heath Town estates, with a new project commencing at the Vauxhall Estate.
- 2.5 The delivery of energy efficiency measures has been accelerated where possible, as we recognise these improvements will reduce the amount customers are having to pay to heat their homes. These projects include the installation of external wall insulation, improvements to ventilation, and the provision of new heating, so will significantly reduce the risk of damp and mould to occurring in these dwellings. This work will continue to be delivered at Heath Town, with new projects being delivered to the tower-blocks on the Boscobel and Vauxhall estates.
- 2.6 We will also be delivering a retrofit programme that targets the worst performing properties (from a thermal performance perspective). The improvements include the installation of external wall insulation, improved ventilation, new windows, and external doors. The package of energy efficiency measures will be delivered to the worst of the

system-built properties namely the BISF, Bryant, Cornish, Dennis-Wild, Orlit and Wimpey No-fines archetypes, as well as some of the worst of the solid wall properties.

- 2.7 There is also an increased provision for the delivery of improvements to bring properties back up to the Decent Homes Standard. This is required as we have now reached the period where components that were not replaced as part of the Decent Homes Programme are failing, plus some components that were replaced in the earlier years of the Decent Homes programme are also now starting to fail.
- 2.8 Wolverhampton Homes continues to support the City of Wolverhampton Council with the delivery of high-profile schemes, such as the Non-Traditional Housing (Tarran) Replacement Programme.
- 2.9 The proposed schemes forming part of the 2024 - 2025 Capital Programme are:

Refurbishment works

Heath Town Estate: refurbishment of the retained blocks	£16.500m
High-rise estate improvements	£17.900m
Renewal of High-Rise M&E Infrastructure (City-wide) (incorporating the retrofitting sprinklers and fire safety improvements)	£12.000m
Improvements to low and medium-rise properties	£10.500m
Retrofit works to system-built properties	£13.600m
Lift & DDA Improvements	£0.460m
Door Entry / CCTV Security Programme	£0.410m
Sustainable Estates Programme	£0.300m
Roof Replacement Programme (City-wide)	£3.916m
Structural Repair Works (Ad-Hoc, City-wide)	£1.114m
Pathway Improvement and Safety Programme	£0.220m

Internal improvements

Refurbishment of void dwellings	£15.000m
Boiler Replacement Programme (ad-hoc)	£0.820m
Internal Improvements to the Decent Homes Standard	£10.600m

Miscellaneous items

Capital Programme Management (Wolverhampton Homes salaries)	£2.100m
Sale of Council Houses Administration (RTB)	£0.060m

Work managed and delivered on behalf of Council budget holders

Disabled Adaptations	£2.600m
Non-Traditional (Tarran) Replacement Programme	£8.000m

3.0 Financial and value for money implications

- 3.1 The total value of the Capital Programme that is proposed to be delivered in 2024 - 2025 by Wolverhampton Homes is £116,100m. This is a significant increase in historic project delivery, so will not be without risk (although WH is on target to achieve £106m for the current financial year). We are working closely with the Strategic Construction Partners to

engage with local suppliers for each project being delivered, and to maximise the level of value for money achieved.

4.0 Legal and regulatory implications

4.1 There continues to be a plethora of new legislation being implemented, either as secondary legislation to the Building Safety Act, or as separate pieces of regulation (such as the revisions to the Building Regulations), which are having a direct impact on project costs.

5.0 Human resources implications

5.1 There are challenges facing the team at present due to shortages in suitably skilled people across the industry and difficulties in recruiting and retaining competent people. Alternative approaches are considered in the way in which we recruit, and also investment into growing our own.

5.2 With the scale of the Capital Programme, some of the additional commercial and project management expertise is being provided by consultants. The medium-term aspiration is to create development pathways to help people maximise their potential and to ensure Wolverhampton Homes is an attractive proposition for prospective candidates.

6.0 Health and safety implications

6.1 The Capital Programme comprises of many projects, for a varied range of work, and some, such as the Heath Town Refurbishment, are very large undertakings with significant potential risks. However, there are robust processes in place to ensure each project is designed and delivered safely.

7.0 Equalities implications

7.1 Has an Equality Impact Assessment (EIA) been carried out. **Yes.**

7.2 Equalities Impact Assessments (EIAs) are carried out during the pre-construction phase of the relevant projects.

8.0 Impact on the environment and community

8.1 The Capital programme endeavours to ensure it creates a positive impact on the environment and local communities through the employment of local people with 38% of the people employed on the various projects and programmes of work, living in the priority neighbourhoods within Wolverhampton.

9.0 Long term consequences for the company

9.1 Adequate investment into the maintenance of the housing stock portfolio is essential to ensure the properties remain decent (and thereby offset the risk of litigation and lost revenue, through being unable to let properties because of their condition). The desire to

invest must be tempered with the need to ensure the investment demands are balanced whilst maintaining the viability of the Housing Revenue Account (HRA).

10.0 Impact on business relationships with suppliers, customers, and others

- 10.1 Having a robust Capital programme and the ability to deliver against promises, will help to strengthen business relationships with the Strategic Construction Partners, their sub-contractors, and key suppliers.
- 10.2 The Capital programme is investing to improve the quality and safety of the housing we provide, so the projects enjoy a positive relationship with customers. There is regular engagement with customers throughout the design-phase on each new capital project, to ensure that their views and concerns are understood and can be addressed as the designs develop.

11.0 Impact of Covid-19


- 11.1 Although severe disruption was witnessed with the first national lockdown to combat the threat from Covid-19 (in March 2020), since then, construction output has returned to pre-Covid levels, without incident. This has been achieved through the adoption of Covid-19 safe working practices; therefore, it is not anticipated that the legacy of Covid-19 will have a significant impact on the delivery of the Capital Programme.

12.0 Impact on Wolverhampton Homes' Management System

- 12.1 Will any new policy or policy updates have an impact on the management system? **No.**
- 12.2 There are no changes to policy or new policies proposed as part of this report.

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Board Report

	Agenda Item 11
	22 March 2024 Medium-Term Capital Investment Plan 2024 - 2025 to 2028- 2029 (5 years)
	Open Report
Status:	For Decision
Author and job title:	Simon Bamfield, Head of Assets and Stock Investment
Contact No:	07717 732984
Recommendations:	Board Members are asked to endorse the priorities for investment identified in medium-term capital investment plan.
Key risks and contentious issues:	<p>The key risks are:</p> <ul style="list-style-type: none"> • Failure to deliver the Capital Programme will lead to reputational damage. • Failure to invest wisely will have a detrimental effect on the viability of the Housing Revenue Account (HRA), leaving less funds for vital future refurbishment activity and new build housing.

Management Summary

1.0 Purpose

- 1.1 To provide Board members with the priorities for investment in the housing stock over the medium-term, which balance stock investment needs against safety, affordability, sustainability objectives and tenants' aspirations, to determine the most appropriate investment programme.

2.0 Background

- 2.1 The Housing Revenue Account (HRA) Capital Programme for the five-year period from 2024 - 2025 to 2028 - 2029 was presented to the City of Wolverhampton Council (CWC) for approval in January 2024.
- 2.2 The following key principals drive the medium-term investment plan:
 - 2.2.1 Implementing the "Building Safety" agenda (the government's response to the Grenfell tragedy), to enhance the fire and structural safety of the purpose-built blocks of flats across the housing portfolio.
 - 2.2.2 Improvements to the mechanical and electrical infrastructure and the external fabric of properties, to prolong their functional life and protect the structures from further deterioration.
 - 2.2.3 Maintaining dwellings to the Government's Decent Homes Standard.
 - 2.2.4 Improving the sustainability of the housing stock to advance the climate change agenda and move closer to achieving the 2050 "net zero" carbon target.
- 2.3 The Capital programmes are developed in accordance with these key principals, and this helps to ensure that the requirements of the Safety and Quality Homes standard are met.
- 2.4 The significant increases in the cost of energy over recent years helped to create the "Cost of Living Crisis". In response, the delivery of projects that target the buildings with the greatest heat losses have been accelerated, to deliver improvements to their thermal efficiency and the installation of more efficient forms of heating. This will provide the twin benefits of reducing the cost of heating for the residents and move us towards the "net zero" carbon target.
- 2.5 The other priorities for the medium-term capital investment plan were identified using stock condition information and informed through consultation with a range of stakeholders including colleagues within Wolverhampton Homes and the City of Wolverhampton Council.
- 2.6 The importance of funding these priorities was the cornerstone of the consultation undertaken with residents that informed the annual rent setting and service charge review, which was led by the City of Wolverhampton Council.

2.7 The medium-term capital investment plan is attached at Appendix 1 - Wolverhampton Homes Stock Maintenance and Improvement Programme for period 2024-25 to 2028-29 and includes:

- increased investment in the renewal of kitchens, and bathrooms, electrical installations, and heating systems to ensure properties can continue to meet the Decent Homes Standard.
- completion of the refurbishment of the Heath Town estate.
- delivery of improvements to the tower-blocks on the Chetton Green, Boscobel and Vauxhalls estates, which will include replacing window and balcony doors, renewing the roof coverings, installing external wall insulation and new communal heat networks with radiators linked to heat interface units within each flat.
- delivery of the remaining phases of the fire safety improvements to the tower-blocks within the city, along with the replacement of the mechanical and electrical infrastructure serving these blocks.
- introduction of a new programme of work to low and medium rise blocks of flats, to deliver improvements to the building envelope, fire safety, and the mechanical and electrical infrastructure. The scope will include installing external wall insulation, improving ventilation, and the replacement of key components including roofs, windows, flat entrance doors, communal and block entrance doors, and installing new heating solutions (favouring low carbon alternatives), along with other estate-wide improvement work (renewing balconies, walkways, staircases, paths, drying areas, garages, and general landscaping).
- continuation of a programme to improve the system-built houses and flats across the city. This will include the works to significantly improve their thermal performance and ventilation of these homes, along with any necessary improvements to their structural components.
- continuation of the programme to replace defective roofing across the city.
- ongoing provision of disabled adaptations for people living within the Council's social housing.
- introduction of a programme to replace defective system-built housing, commencing with the demolition of the Tarran bungalows and provision of new bungalows built using Modern Methods of Construction (MMC).
- continuation of the delivery of the small sites new build programme, creating new homes on former garage sites and other such plots of unused land.

3.0 Financial and value for money implications

3.1 To deliver the medium-term capital investment plan, we will continue to work closely with the Strategic Construction Partners (SCP) and our design partner (Jacobs), to design effectively and meet all of our legal requirements. The robust design information will then help us to procure effectively, so the best possible value can be obtained through the appointment of local supply-chains, collaborative design, and efficient project programming.

4.0 Legal and regulatory implications

- 4.1 The significant amounts of new legislation being implemented, either as secondary legislation to the Building Safety Act, or as separate pieces of regulation (such as the revisions to the Building Regulations), are enhancing standards (of materials and design solutions). This is having a direct impact on project costs and will ultimately begin to affect revenue expenditure, as the new equipment will be much more expensive to replace.
- 4.2 The delivery of improvements to the system-built properties across the city will be challenging, especially where a tenant has exercised the Right to Buy (RTB) in an adjoining property. There will be a need to consult widely before this programme starts and ensure the required Party Wall Notices are served.
- 4.3 The focus on improving purpose-built blocks of flats, means that leaseholders within them will become liable to pay an equal proportion of the relevant costs of this work through the service charging mechanism. The timing of this will no doubt be unwelcome given the ongoing “cost of living” crisis, but WH are duty-bound to recover these contributions from leaseholders (unless the work falls under the leaseholder protections enshrined within the Building Safety Act). WH will of course continue to work with each leaseholder to agree a payment plan that is affordable.

5.0 Human resources implications

- 5.1 There are challenges facing the team at present due to shortages in suitably skilled staff across the industry and difficulties in recruiting and retaining competent people. The medium-term solution is to create development pathways to help people maximise their potential and to ensure Wolverhampton Homes is an attractive proposition for prospective candidates.
- 5.2 With the significant peak in activity over the next three years, additional surveying, as well as commercial and project management expertise is being provided by consultants.

6.0 Health and safety implications

- 6.1 The Capital programme comprises of many construction projects, for a varied range of work, with each project having significant potential risks. However, there are robust processes in place to ensure each project is designed and delivered safely.

7.0 Equalities implications

- 7.1 Has an Equality Impact Assessment (EIA) been carried out. **No.**
- 7.2 Equalities Impact Assessments (EIAs) are carried out during the pre-construction phase of each of the relevant projects.

8.0 Impact on the environment and community

8.1 The Capital Programme creates a positive impact on the environment and local communities through the employment of local people (with circa 38% of the people employed living in the priority neighbourhoods within Wolverhampton).

9.0 Long term consequences for the company

9.1 Adequate investment into the maintenance of the housing stock portfolio is essential to ensure the properties remain decent (and thereby offset the risk of litigation and lost revenue, through being unable to let properties because of their condition). The desire to invest must be tempered with the need to ensure the investment demands are balanced with the need to maintain the viability of the Housing Revenue Account (HRA).

9.2 It is vital that the long-term business planning is holistic and fully considers the needs of the existing stock, whilst attempting to maximise the opportunities to build new homes across the city. Forecasts are provided of the capital investment needed to maintain / improve the existing housing stock portfolio, and where it is deemed appropriate, to demolish and re-develop elements of the stock. The latter options are considered when it is identified that the homes are in such poor condition that repairs / improvements would no longer be viable, or where the cost of improving the housing stock would not be cost-effective.

10.0 Impact on business relationships with suppliers, customers and others

10.1 Having a strong Capital Programme and the ability to deliver against promises, will help to strengthen business relationships with the Strategic Construction Partners, their sub-contractors and key suppliers.

10.2 The Capital Programme is investing to improve the quality and safety of the housing provided, so the projects enjoy a positive relationship with customers. There is regular engagement with customers throughout the design-phase on each new capital project, to ensure that their views and concerns are understood and can be addressed as the designs develop.

11.0 Impact of Covid-19

11.1 It is not anticipated that Covid-19 will continue to have a significant impact on the Capital Programme.

12.0 Impact on Wolverhampton Homes' Management System

12.1 Will any new policy or policy updates have an impact on the management system? **No.**

12.2 There are no changes to policy or new policies proposed as part of this report.

13.0 List of Appendices

13.1 Appendix 1: Wolverhampton Homes Stock Maintenance and Improvement Programme for period 2024 - 2025 to 2028 - 2029.

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Wolverhampton Homes Stock Maintenance and Improvement Programme for period 2024-25 to 2028-29

Item	Name of Project	Budget for current year	Budget for Year-1	Budget for Year-2	Budget for Year-3	Budget for Year-4	Budget for Year-5	Total for Period
		2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2023-34
DELEGATED PROJECTS (DELIVERED & MANAGED BY WOLVERHAMPTON HOMES)								
A	Internal Improvements							
1	Refurbishment of voids	£13,400,000	£15,000,000	£10,500,000	£9,500,000	£8,500,000	£8,500,000	£65,400,000
2	Boiler Replacement Programme	£1,000,000	£820,000	£810,000	£830,000	£860,000	£860,000	£5,180,000
3	Internal Improvements	£12,300,000	£10,600,000	£10,000,000	£9,400,000	£7,500,000	£5,700,000	£55,500,000
B	Refurbishment Works							
	Heath Town Estate Refurbishment							
1	Heath Town Estate: refurbishment of the retained blocks	£14,400,000	£16,500,000	£8,400,000	£2,200,000			£41,500,000
	High-rise estate improvements							
2	High Rise Façade Improvement & Heating Replacement Programme; incorporating window replacement, roof replacement, external wall insulation, and the provision of new heating and associated work.	£1,300,000	£17,900,000	£16,500,000	£17,000,000	£17,000,000	£17,000,000	£86,700,000
3	Renewal of High-Rise Infrastructure (City-wide); incorporating retro-fitting sprinklers and fire safety improvements	£22,700,000	£12,000,000	£9,000,000	£6,500,000	£4,000,000	£0	£54,200,000
	Medium-rise estate improvements							
4	Medium-rise blocks improvement programme The total estimated cost will be circa £262m (although the majority of this is already allowed for within the HRA Business Plan), but there will also be contributions from existing budgets of circa £28m	£2,054,000	£2,850,000	£1,000,000	£3,000,000	£4,000,000	£4,000,000	£16,904,000
	Low-rise estate improvements							
5	Improvement programme to deliver estate-based envelope, fire safety, infrastructure and landscaping improvements. This will be delivered to all flats, houses and bungalows as required, but exclude those properties already included in high-rise, medium-rise or non-traditional properties workstreams).	£1,246,000	£7,650,000	£3,200,000	£1,700,000	£1,500,000	£1,500,000	£16,796,000
	Refurbishment of system-built housing							
6	Surveys of non-traditional housing (including high-rise)	£550,000	£300,000	£50,000	£50,000	£300,000	£300,000	£1,550,000
7	Retrofit works to system-built properties	£16,100,000	£13,600,000	£8,200,000	£3,000,000	£2,800,000	£2,000,000	£45,700,000
	Other							
8	Lift & DDA Improvements	£500,000	£460,000	£460,000	£460,000	£460,000	£400,000	£2,740,000
9	Door Entry / CCTV Security Programme	£910,000	£410,000	£250,000	£250,000	£300,000	£300,000	£2,420,000
10	Fire Safety Improvements - Medium and Low rise	£3,600,000	£0	£0	£0	£0	£0	£3,600,000
11	Infrastructure improvements - Medium and Low rise							
12	Sustainable Estates Programme:	£130,000	£300,000	£300,000	£300,000	£300,000	£300,000	£1,630,000

Wolverhampton Homes Stock Maintenance and Improvement Programme for period 2024-25 to 2028-29

Item	Name of Project	Budget for current year	Budget for Year-1	Budget for Year-2	Budget for Year-3	Budget for Year-4	Budget for Year-5	Total for Period
		2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2023-34
13	Roof Replacement Programme (City-wide)	£7,020,000	£3,916,000	£3,400,000	£3,400,000	£2,900,000	£2,900,000	£23,536,000
14	Structural Repair Works (ad-hoc, City-wide)	£1,851,000	£1,140,000	£1,140,000	£1,140,000	£1,140,000	£1,140,000	£7,551,000
15	Pathway improvement and safety programme	£210,000	£220,000	£220,000	£230,000	£230,000	£230,000	£1,340,000
C	Miscellaneous Items							
1	Capital Programme Management (Wolverhampton Homes salaries)	£2,100,000	£2,100,000	£2,100,000	£2,100,000	£2,100,000	£2,100,000	£12,600,000
2	Sale of Council Houses Administration (RTB)	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000	£360,000
PROJECTS MANAGED & DELIVERED BY WOLVERHAMPTON HOMES ON BEHALF OF THE COUNCIL BUDGET HOLDER								
D	Internal Works							
1	Disabled Adaptations	£2,600,000	£2,600,000	£2,600,000	£2,600,000	£2,600,000	£2,000,000	£15,000,000
2	Bushbury Hill EMB Improvement Programme	£158,000						£158,000
E	Refurbishment Works							
1	Bond House	£200,000						£200,000
F	Other Projects							
1	Replacement of system-built housing (based on £200k per unit inclusive of demolition, ground remediation and construction costs)	£2,484,000	£8,000,000	£8,000,000	£7,200,000	£0	£0	£25,684,000
2	Small sites programme delivered by Wolverhampton Homes	£1,463,000						£1,463,000
3	City Council Capitalised Salaries	£800,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£5,800,000
	Other new build / estate remodelling programmes (delivered by the City of Wolverhampton Council)	£9,555,000	£24,634,000	£41,769,000	£32,000,000	£28,723,000	£12,992,000	£149,673,000
	Estimated Total Value	£118,691,000	£142,060,000	£128,959,000	£103,920,000	£86,273,000	£63,282,000	£643,185,000
	Summary							
	Strategic Construction Partnership:	£96,459,000	£101,456,000	£71,640,000	£57,140,000	£49,640,000	£43,040,000	£419,375,000
	Other capital:	£22,232,000	£40,604,000	£57,319,000	£46,780,000	£36,633,000	£20,242,000	£223,810,000

Board Report

	Agenda Item 12
	<p>22 March 2024 Revenue Budget 2024 - 2025 and Medium-Term Financial Strategy update 2024 - 2025 to 2027 - 2028</p>
	Open Report
Status:	For Decision
Author and job title:	Jo McCoy – Finance Business Partner, City of Wolverhampton Council
Contact No:	01902 554415
Recommendations:	<p>Board Members are asked to approve the:</p> <ul style="list-style-type: none"> • Outline Revenue Budget for 2024 - 2025 • Medium-Term Financial Strategy for the financial year 2024 - 2025 to 2027 - 2028
Key risks and contentious issues:	<p>Effective financial management is a critical part of our business assurance framework.</p> <p>For 2024 - 2025 in setting the draft budget, Board are asked to approve a balanced budget position. There are risks to the budget position which are noted in more detail which will be reported to Board under separate cover.</p> <p>The Board will receive regular updates on the position of this revenue budget during the next financial year.</p>

Management Summary

1.0 Purpose

- 1.1 An annual budget is presented for approval to Wolverhampton Homes Board before 31 March each year in accordance with financial regulations.
- 1.2 The budget is prepared in the context of the Medium-Term Financial Strategy, which is reviewed and updated at least annually.
- 1.3 This strategy and revenue budget is also set within the context of the Council's 30-year Housing Revenue Account (HRA) Business Plan.

2.0 Background

- 2.1 Wolverhampton Homes (WH) continue to deliver housing services against the priorities of the City of Wolverhampton Council (CWC) as part of the requirements of the Management Agreement.
- 2.2 WH continues to face significant financial challenge to continue to deliver services, due to the pressures of the volatile economic environment. WH continue to face ever challenging and unprecedented times due to the impact of inflationary pressures – the cost of living, energy increases and fallout from the conflicts abroad which are envisaged to continue for the foreseeable future.
- 2.3 In addition to the external economic conditions, there are significant risks associated with the influx of regulation and compliance. The Social Housing (Regulation) Act which received Royal Assent in July 2023, includes significant change in holding Landlords to account, placing the needs of the tenants at the heart of government reforms. In relation to these groundbreaking changes and recent publication of the revised consumer standards, there is likely to be further financial pressures with additional increases to costs and resources to ensure that the company can comply with the revised regulations.
- 2.4 The company continues to see an increase in the level of unmet needs of our customers – this is manifested in a number of ways. The links between housing and social care have never been so important and social care has never been in more of a crisis. With the contraction of social care at the lower level, housing providers have picked up increased early intervention activity to stop the gap. Elements of complexity includes families that need to be moved due to affiliation to gangs, new communities etc.
- 2.5 Tenants in Wolverhampton continue to be in the lower income bracket, with some customers with an income of £10,000 or less, and when overlaid with other factors such as disability, this presents more increasing complexity.
- 2.6 The following key issues continue to impact:
 - current wider economic challenges and high levels of inflation.
 - customer needs and expectations with an increased intensity of demands with a number of customers with a range of complex support needs (Stats from the customer consultation indicated around 45% of respondents noting they had some level of vulnerability or need).

- significant increases in salary and energy costs.
- significant increases in supply chain operating and material costs.
- the impact of the employers pay offer.
- additional support requirements for customers to maintain their tenancies
- increased adaptations to housing stock (meaning increased repair, servicing, and maintenance requirements).
- new and emerging regulation requirements including Building Safety Act 2022, Fire Safety Act 2021, and the Charter for Social Housing Residents.
- Additional burden of maintenance of sprinkler systems as the High-Rise capital works programmes progress.
- increased levels of scrutiny by the Housing Ombudsman and the strengthened powers of the Regulator for Social Housing.
- the introduction of Awaab's Law requiring landlords to fix reported health and safety hazards within strict timeframes,
- Social Housing Bill – professional qualification requirements.

2.7 Repairs and maintenance budgets are coming under increasing pressure as Wolverhampton Homes continues to experience high demand for its repairs and maintenance services alongside cost pressures in delivering these services including above inflation increases from contractors due to market forces and availability and increase in costs of materials. The company has seen a 20% in terms of requests for repairs work in the past twelve months.

2.8 Enhanced building safety and regulatory regimes are improving homes for customers, but these also increase maintenance and quality assurance costs in administering repairs and improvements. The company is also directing additional resources to provide more swift responses to reports from customers about damp or mould in their homes. This is currently an area of national focus and demands could increase further as tenants struggle to heat their homes due to rising energy bills.

3.0 Income Forecast for 2024 - 2025

3.1 The annual Management Fee from the Council provides just over 80 percent of Wolverhampton Homes' income.

3.2 The council have agreed a Management Fee for 2024 - 2025 of £47.7 million for the delivery of core landlord services and a further £1.0 million for Homelessness services. The Management fee includes the additional £1.5 million that was approved during 2023 - 2024 so amounts to a total increase of £3.7 million since the start of 2023 - 2024. With this level of Management Fee, the company anticipates that it will not have to use reserves to support the budget in 2024 - 2025.

3.3 The company also receives income for the provision of general fund services, Anti-Social Behaviour, Independent Living, Telecare, Out of Hours Service, Housing Assistance and Affordable Warmth.

3.4 Further income is generated from delivering capital schemes on behalf of the Council's Capital Programme and from third parties for Asbestos removal services. The cost of staff working on Capital Projects is recharged to the Capital Programme. The budgeted income in this report reflects planned work programmes for 2024 - 2025 and estimated demand for services in the next 12 months.

3.5 Additional miscellaneous income streams include fees and charges, grant income and rental income from the 19 owned properties.

3.6 Table 1 below sets out the forecast income for 2024 - 2025.

Table 1 – Income Forecast 2024 - 2025

Funding Source	2024 - 2025 £000
Base Management Fee from Wolverhampton City Council	47,700
Homeless Services Management Fee	1,000
General Fund Services (revenue)	1,587
Capital Recharges	5,830
Fees and Charges	2,769
Income from Owned Properties	164
Grants	500
Total income for the year	59,550

4.0 Expenditure Forecast 2024 - 2025

4.1 Employee costs

4.1.1 Employee costs make up just over half of Wolverhampton Homes' expenditure. As well as direct pay costs, employers National Insurance and Pension contributions the budget includes occupational health, recruitment, and training expenses.

4.1.2 The salaries budget for 2023 - 2024 provided for 83 posts where recruitment was ongoing or planned. The number of staff employed by the company at the time of writing, is 694 compared to 648 in March 2023. The budget for 2024 - 2025 still includes funding for 50 posts that are currently vacant. There are areas where given the national shortage of some skilled roles, WH struggle to recruit, and this has been reflected in salary budget underspends. Filling the posts would be expected to lead to a decrease in contractor costs, particularly in repairs.

4.1.3 To reflect the recruitment challenge and general staff turnover including from retirements, a vacancy factor has been applied to the overall pay budget to reduce it by £0.5 million. This equates to 1.5% of the salaries budget and has been calculated as 4.5% of the cost of posts in the establishment, net of a 3% provision for a pay award. Based on experience of recent years it is felt this that this vacancy factor is achievable. It is being held corporately and will be applied to service budgets during the year to reflect actual budget underspends.

4.1.4 The budget includes £340,000 for training and medical fees including occupational health.

4.2 Non-Pay budgets

4.2.1 For 2024 - 2025, additional resources are in general being allocated to repairs and maintenance budgets. Budgets are being increased by £1.2 million to fund inflation on

contracts and materials, fuel, and waste and also to meet the impact of legislation around building safety.

- 4.2.2 IT costs need to increase by £150,000 to fund the new customer app and compliance software for property services. Offsetting savings of £110,000 across corporate budgets and £40,000 from Homes and Communities have been identified that will fund this cost.

5.0 Budget Summary and Medium-Term Financial Strategy

- 5.1 Table 2 below sets out the forecast budget position 2024 - 2025.

Table 2 – Summary Budget Position

Budget for 2024-25	
Expenditure	£000s
Pay	31,262
Non-pay	28,288
Total expenditure	59,550
Total income	59,550
Contribution from reserves	-

A breakdown of the budget growth at service level is provided at Appendix 1. Budgets by service are included in the Budget Book at Appendix 2.

- 5.2 The updated Medium-Term Financial Strategy is illustrated in Table 3 below. The 2023 - 2024 forecast position is as reported in the Q3 revenue report.

Table 3 – Medium-Term Financial Strategy Summary:

	Outturn 2022- 2023 £003	Q3 2023- 2024 £000	Budget 2024- 2025 £000	Forecast 2025- 2026 £000	Forecast 2026 - 2027 £000
Expenditure		57,490	59,550	61,299	62,773
Income		56,590	59,550	61,468	62,946
Contribution (to)/ from reserves		900	-	384	428
Opening		3,296	2,396	2,396	2,012
Contribution to/ (from) revenue		(900)	-	(384)	(428)
Closing	3,296	2,396	2,396	2,012	1,584

- 5.3 Table 3 illustrates the medium-term forecast as it stands, after applying inflationary increases to the 2023 - 2024 budget. This position reflects the application of a Vacancy factor of 4.5% to the salaries budget.
- 5.4 Efficiencies of around £0.4 million per year will be required if the budget is to be balanced without any contribution from reserves. If costs can be reduced or additional income identified, then this will reduce the use of reserves.
- 5.5 Lower reserve balances create risks in term of operational cashflow – ideally Wolverhampton Homes would aim to hold reserves of a balance that are sufficient to provide contingency and working capital.

4.0 Financial and value for money implications

- 5.1 Wolverhampton Homes is committed to driving efficiencies by implementing new ways of working with a focus on delivering fit for purpose core services to meet customer needs while demonstrating a value for money approach.

7.0 Legal and regulatory implications

- 7.1 Wolverhampton Homes is required to deliver against its legal and regulatory responsibilities.

8.0 Human resources implications

- 8.1 As part of the redesign of services and new ways of working, Wolverhampton Homes continues to learn from experience. The company will continue to look for opportunities to reimagine service delivery ensuring that there are fit for purpose structures, and services that are managed in line with its budget that will deliver first time resolution for customers.
- 8.2 This approach could have an impact on the structure of the organisation and establishment head count.

9.0 Health and safety implications

- 9.1 As part of the company's service delivery, Health and Safety requirements are included in the budget forecasting.

10.0 Equalities implications

- 9.1 Has an equality impact assessment been carried out? **Not applicable.**

Explanation: This is financial budget setting which is required annually.

11.0 Impact on the environment and community

- 11.1 Wolverhampton Homes will continue to work with the City of Wolverhampton Council to provide adequate access to high quality green space for the local community.
- 11.2 Wolverhampton Homes will embed corporate social responsibility as part of its procurement considerations.

12.0 Long term consequences for the company

12.1 Tight control and regular monitoring of budgets and getting the best use of our cash reserves is essential to ensure the company is sustainable and has sufficient resources for the long term.

13.0 Impact on business relationships with suppliers, customers, and others

13.1 Careful financial planning is required to ensure the company can continue to provide more efficient service delivery to its customers, and to support local suppliers.

14.0 Impact of Covid-19

14.1 The residual impact of Covid-19 pandemic continues to shape the services WH offers and ultimately on the company finances in both the short and foreseeable medium term.

15.0 Impact on Wolverhampton Homes' Management System

15.1 Will any new policy or policy updates have an impact on the management system? **No**

16.0 Appendices

16.1 Appendix 1: Budget breakdown by Directorate and service

16.2 Appendix 2: Budget book 2024 - 2025

Appendix 1: Budget breakdown by Directorate and service

Directorate	Budget 2023-2024 £	Budget 2024-2025 £	Net Change £	Comment on net change
Corporate Services				
Business Improvement	1,675	1,072	(603)	Impact of vacancy factor and unallocated 2022-23 pay award provision
Governance and Executive support	587	662	76	Equipment, subscriptions and conference expenses
Customer Experience	4,517	4,388	(129)	£0.3 m budget transfers between services, IT investment in app £0.15 m
Human Resources	653	597	(56)	Salaries realignment to Skill development
Skill Development	1,376	1,603	227	Salaries, training and support to tenants and residents groups
Total Corporate services	8,808	8,323	(485)	
Homes and Communities				
Homes and Communities directorate	262	267	5	
Income	1,972	1,966	(6)	
tenancy and Communities	6,222	6,161	(61)	salaries
Housing Operations	704	744	40	
Housing Improvements	71	2	(69)	salaries
Housing Outreach	128	117	(11)	
Housing Support	244	285	41	
Homeless Prevention and Assistance	1,068	938	(130)	Additional grant income
Housing Solutions	904	911	7	
Temporary Accommodation	207	230	23	
Total Homes and Communities	11,782	11,621	(161)	
Property				
Building Solutions	4,706	4,325	(381)	Additional income, budget reallocation to repairs
Construction	4,634	5,841	1,207	realignment of salaries budget, contract inflation, increased costs of regulation
Commercial Services	464	262	(202)	realignment of salaries budget
Property Directorate	93	140	47	
Repairs Service	14,256	15,109	853	Salaries, budget reallocation from building solutions, inflation on materials and contracts
Stock Investment	2,757	3,079	322	salaries and increased stock condition surveys and fire risk assessment costs
Total Property	26,910	28,756	1,846	
Total Budget	47,500	48,700	1,200	
Management fee	(46,500)	(48,700)	(2,200)	
Balance (reserves funding)	1,000	0	(1,000)	

Wolverhampton Homes

Budget Summary

	2023-2024	2024-2025
	Revised Budget	Draft Budget
	£000	£000
Expenditure		
Salary and wage costs	30,776	30,922
Other Employee Costs	306	340
Total Employee Costs	<u>31,082</u>	<u>31,262</u>
Other expenditure		
Premises	19,874	20,756
Transport	1,098	1,163
Supplies and Services	3,534	3,863
Third Party Payments	613	520
Support Services	1,986	1,986
Total Other Expenditure	<u>27,105</u>	<u>28,288</u>
Total Expenditure	<u>58,187</u>	<u>59,550</u>
Income		
Fees and Charges	(2,722)	(2,933)
Grants (direct)	(76)	-
Grants (via CWC)	(360)	(500)
Capital recharges (CWC)	(6,077)	(5,830)
CWC income for services	(1,452)	(1,587)
Management Fee	(46,500)	(48,700)
Total Income	<u>(57,187)</u>	<u>(59,550)</u>
Transfer To/(from) Reserves	<u>(1,000)</u>	<u>-</u>
Net Expenditure/Income	<u>-</u>	<u>-</u>

Net Budget by Service

	2023-2024 Revised Budget £000	2024-2025 Draft Budget £000
Directorate		
Corporate Services		
Business Improvement	1,674	1,072
Governance and Executive support	587	663
Customer Experience	4,517	4,388
Human Resources	654	597
Skill Development	1,376	1,603
Total Corporate services	8,808	8,323
Homes and Communities		
Homes and Communities directorate	262	267
Income	1,972	1,966
Tenancy and Communities	6,222	6,161
Housing Operations	704	744
Housing Improvements	71	2
Housing Outreach	128	117
Housing Support	244	285
Homeless Prevention and Assistance	1,068	938
Lettings	904	911
Temporary Accommodation	207	230
Total Homes and Communities	11,782	11,621
Property		
Building Solutions	4,706	4,325
Construction	4,634	5,841
Commercial Services	464	262
Property Directorate	93	140
Repairs Service	14,256	15,109
Stock Investment	2,757	3,079
Total Property	26,910	28,756
Total Budget	47,500	48,700
Management fee	(46,500)	(48,700)
Balance (reserves funding)	(1,000)	-

Corporate

Corporate - Divisional Summary

	2023-2024	2024-2025
	Revised Budget	Draft Budget
	£000	£000
Expenditure		
Salary and wage costs	4,991	4,435
Other Employee Costs	306	340
Total Employee Costs	<u>5,297</u>	<u>4,775</u>
Other expenditure		
Premises	276	51
Transport	12	16
Supplies and Services	1,606	1,790
Third Party Payments	108	108
Support Services	1,986	1,986
Total Other Expenditure	<u>3,988</u>	<u>3,951</u>
Total Expenditure	<u>9,285</u>	<u>8,726</u>
Income		
Fees and Charges	(17)	(19)
Grants (direct)	(76)	-
Grants (via CWC)	-	-
Capital recharges (CWC)	-	-
CWC income for services	(384)	(384)
Management Fee	(46,500)	(48,700)
Total Income	<u>(46,977)</u>	<u>(49,103)</u>
Net Expenditure/Income	<u>(37,692)</u>	<u>(40,377)</u>

Corporate

Business Improvement

	2023-2024 Revised Budget £000	2024-2025 Draft Budget £000
Expenditure		
Salary and wage costs	532	(122)
Other Employee Costs	0	0
Total Employee Costs	<u>532</u>	<u>(122)</u>
Other expenditure		
Premises	-	-
Transport	5	1
Supplies and Services	725	782
Third Party Payments	-	-
Support Services	415	415
Total Other Expenditure	<u>1,145</u>	<u>1,198</u>
Total Expenditure	<u>1,677</u>	<u>1,076</u>
Income		
Fees and Charges	(2)	(4)
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	-	-
CWC income for services	-	-
Management Fee	(46,500)	(48,700)
Total Income	<u>(46,502)</u>	<u>(48,704)</u>
Net Expenditure/Income	<u>(44,825)</u>	<u>(47,628)</u>

Includes vacancy factor held corporately under salaries and wages costs

Corporate

Customer Experience

	2023-2024	2024-2025
	Revised Budget	Draft Budget
	£000	£000
Expenditure		
Salary and wage costs	2,478	2,501
Other Employee Costs	-	-
Total Employee Costs	<u>2,478</u>	<u>2,501</u>
Other expenditure		
Premises	254	-
Transport	-	5
Supplies and Services	650	747
Third Party Payments	-	-
Support Services	1,519	1,519
Total Other Expenditure	<u>2,423</u>	<u>2,271</u>
Total Expenditure	<u>4,901</u>	<u>4,772</u>
Income		
Fees and Charges	-	-
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	-	-
CWC income for services	(384)	(384)
Total Income	<u>(384)</u>	<u>(384)</u>
Net Expenditure/Income	<u>4,517</u>	<u>4,388</u>

Corporate

Governance and Executive Support

	2023-2024	2024-2025
	Revised Budget	Draft Budget
	£000	£000
Expenditure		
Salary and wage costs	510	553
Other Employee Costs	-	-
Total Employee Costs	510	553
Other expenditure		
Premises	-	-
Transport	2	2
Supplies and Services	75	107
Third Party Payments	-	-
Support Services	-	-
Total Other Expenditure	77	109
Total Expenditure	587	662
Income		
Fees and Charges	-	-
Grants (direct)	-	-
Grants (via CWC)	-	-
CWC income for services	-	-
Internal Recharges	-	-
Total Income	-	-
Net Expenditure/Income	587	662

Corporate

Human Resources

	2023-2024	2024-2025
	Revised Budget	Draft Budget
	£000	£000
Expenditure		
Salary and wage costs	417	383
Other Employee Costs	109	94
Total Employee Costs	<u>526</u>	<u>477</u>
Other expenditure		
Premises	-	-
Transport	1	1
Supplies and Services	74	68
Third Party Payments	-	-
Support Services	52	52
Total Other Expenditure	<u>127</u>	<u>121</u>
Total Expenditure	<u>653</u>	<u>598</u>
Income		
Fees and Charges	-	-
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	-	-
CWC income for services	-	-
Total Income	<u>-</u>	<u>-</u>
Net Expenditure/Income	<u>653</u>	<u>598</u>

Corporate

Skill Development

	2023-2024	2024-2025
	Revised Budget	Draft Budget
	£000	£000
Expenditure		
Salary and wage costs	1,054	1,120
Other Employee Costs	197	246
Total Employee Costs	<u>1,251</u>	<u>1,366</u>
Other expenditure		
Premises	22	51
Transport	4	7
Supplies and Services	82	86
Third Party Payments	108	108
Support Services	0	0
Total Other Expenditure	<u>216</u>	<u>252</u>
Total Expenditure	<u>1,467</u>	<u>1,618</u>
Income		
Fees and Charges	(15)	(15)
Grants (direct)	(76)	-
Grants (via CWC)	-	-
Capital recharges (CWC)	-	-
CWC income for services	-	-
Total Income	<u>(91)</u>	<u>(15)</u>
Net Expenditure/Income	<u>1,376</u>	<u>1,603</u>

Homes and Communities

Homes and Communities - Divisional Summary

	2023-2024	2024-2025
	Revised Budget	Draft Budget
	£000	£000
Expenditure		
Salary and wage costs	10,665	10,576
Other Employee Costs	-	-
Total Employee Costs	<u>10,665</u>	<u>10,576</u>
Other expenditure		
		0
Premises	2,625	2,619
Transport	116	116
Supplies and Services	632	703
Third Party Payments	502	405
Support Services	-	-
Total Other Expenditure	<u>3,875</u>	<u>3,843</u>
Total Expenditure	<u>14,540</u>	<u>14,419</u>
Income		
Fees and Charges	(560)	(374)
Grants (direct)	-	-
Grants (via CWC)	(360)	(500)
Capital recharges (CWC)	(770)	(721)
CWC income for services	(1,068)	(1,203)
Total Income	<u>(2,758)</u>	<u>(2,798)</u>
Net Expenditure/Income	<u>11,782</u>	<u>11,621</u>

Homes and Communities

Homes and Communities Directorate

	2023-2024	2024-2025
	Revised Budget	Draft Budget
	£000	£000
Expenditure		
Salary and wage costs	262	267
Other Employee Costs	-	-
Total Employee Costs	<u>262</u>	<u>267</u>
Other expenditure		
Premises	-	-
Transport	-	-
Supplies and Services	-	-
Third Party Payments	-	-
Support Services	-	-
Total Other Expenditure	<u>-</u>	<u>-</u>
Total Expenditure	<u>262</u>	<u>267</u>
Income		
Fees and Charges	-	-
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	-	-
CWC income for services	-	-
Total Income	<u>-</u>	<u>-</u>
Transfer To/From Reserves	<u>-</u>	<u>-</u>
Net Expenditure/Income	<u>262</u>	<u>267</u>

Homes and Communities

Housing Operations

	2023-2024	2024-2025
	Revised Budget	Draft Budget
	£000	£000
Expenditure		
Salary and wage costs	851	893
Other Employee Costs	-	-
Total Employee Costs	<u>851</u>	<u>893</u>
Other expenditure		
Premises	-	-
Transport	4	2
Supplies and Services	123	123
Third Party Payments	-	-
Support Services	-	-
Total Other Expenditure	<u>127</u>	<u>125</u>
Total Expenditure	<u>978</u>	<u>1,018</u>
Income		
Fees and Charges	(52)	(52)
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	-	-
CWC income for services	(222)	(222)
Total Income	<u>(274)</u>	<u>(274)</u>
Net Expenditure/Income	<u>704</u>	<u>744</u>

Homes and Communities

Income

	2023-2024	2024-2025
	Revised Budget	Draft Budget
	£000	£000
Expenditure		
Salary and wage costs	1,938	1,962
Other Employee Costs	-	-
Total Employee Costs	<u>1,938</u>	<u>1,962</u>
Other expenditure		
Premises	169	5
Transport	6	6
Supplies and Services	179	127
Third Party Payments	295	195
Support Services	-	-
Total Other Expenditure	<u>649</u>	<u>333</u>
Total Expenditure	<u>2,587</u>	<u>2,295</u>
Income		
Fees and Charges	(415)	(229)
Grants (direct)	-	-
Grants (via CWC)	(200)	(100)
Capital recharges (CWC)	-	-
CWC income for services	-	-
Total Income	<u>(615)</u>	<u>(329)</u>
Net Expenditure/Income	<u>1,972</u>	<u>1,966</u>

Homes and Communities

Tenancy and Community

	2023-2024	2024-2025
	Revised Budget	Draft Budget
	£000	£000
Expenditure		
Salary and wage costs	3,836	3,604
Other Employee Costs	-	-
Total Employee Costs	3,836	3,604
Other expenditure		
Premises	2,272	2,451
Transport	77	77
Supplies and Services	108	97
Third Party Payments	-	3
Support Services	-	-
Total Other Expenditure	2,457	2,628
Total Expenditure	6,293	6,232
Income		
Fees and Charges	(71)	(71)
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	-	-
CWC income for services	-	-
Total Income	(71)	(71)
Net Expenditure/Income	6,222	6,161

Homes and Communities

Homelessness Prevention & Assistance

	2023-2024	2024-2025
	Revised Budget	Draft Budget
	£000	£000
Expenditure		
Salary and wage costs	1,022	1,132
Other Employee Costs	-	-
Total Employee Costs	<u>1,022</u>	<u>1,132</u>
Other expenditure		
Premises	5	5
Transport	2	2
Supplies and Services	16	16
Third Party Payments	205	205
Support Services	-	-
Total Other Expenditure	<u>228</u>	<u>228</u>
Total Expenditure	<u>1,250</u>	<u>1,360</u>
Income		
Fees and Charges	(22)	(22)
Grants (direct)	-	-
Grants (via CWC)	(160)	(400)
Capital recharges (CWC)	-	-
CWC income for services	-	-
Total Income	<u>(182)</u>	<u>(422)</u>
Net Expenditure/Income	<u>1,068</u>	<u>938</u>

Homes and Communities

Housing Improvements

	2023-2024	2024-2025
	Revised Budget	Draft Budget
	£000	£000
Expenditure		
Salary and wage costs	1,439	1,369
Other Employee Costs	-	-
Total Employee Costs	<u>1,439</u>	<u>1,369</u>
Other expenditure		
Premises	122	108
Transport	22	23
Supplies and Services	104	204
Third Party Payments	-	-
Support Services	-	-
Total Other Expenditure	<u>248</u>	<u>335</u>
Total Expenditure	<u>1,687</u>	<u>1,704</u>
Income		
Fees and Charges	-	-
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	(770)	(721)
CWC income for services	(846)	(981)
Total Income	<u>(1,616)</u>	<u>(1,702)</u>
Net Expenditure/Income	<u>71</u>	<u>2</u>

Homes and Communities

Housing Outreach

	2023-2024 Revised Budget £000	2024-2025 Draft Budget £000
Expenditure		
Salary and wage costs	127	116
Other Employee Costs	-	-
Total Employee Costs	<u>127</u>	<u>116</u>
Other expenditure		
Premises	-	-
Transport	1	1
Supplies and Services	-	-
Third Party Payments	-	-
Support Services	-	-
Total Other Expenditure	<u>1</u>	<u>1</u>
Total Expenditure	<u>128</u>	<u>117</u>
Income		
Fees and Charges	-	-
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	-	-
CWC income for services	-	-
Total Income	<u>-</u>	<u>-</u>
Net Expenditure/Income	<u>128</u>	<u>117</u>

Homes and Communities

Housing Support

	2023-2024 Revised Budget £000	2024-2025 Draft Budget £000
Expenditure		
Salary and wage costs	243	284
Other Employee Costs	-	-
Total Employee Costs	<u>243</u>	<u>284</u>
Other expenditure		
Premises	-	-
Transport	1	1
Supplies and Services	-	-
Third Party Payments	-	-
Support Services	-	-
Total Other Expenditure	<u>1</u>	<u>1</u>
Total Expenditure	<u>244</u>	<u>285</u>
Income		
Fees and Charges	-	-
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	-	-
CWC income for services	-	-
Total Income	<u>-</u>	<u>-</u>
Net Expenditure/Income	<u>244</u>	<u>285</u>

Homes and Communities

Housing Solutions

	2023-2024	2024-2025
	Revised Budget	Draft Budget
	£000	£000
Expenditure		
Salary and wage costs	865	867
Other Employee Costs	-	-
Total Employee Costs	865	867
Other expenditure		
Premises	3	3
Transport	2	3
Supplies and Services	32	36
Third Party Payments	2	2
Support Services	-	-
Total Other Expenditure	39	44
Total Expenditure	904	911
Income		
Fees and Charges	-	-
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	-	-
CWC income for services	-	-
Total Income	-	-
Net Expenditure/Income	904	911

Homes and Communities

Temporary Accommodation

	2023-2024 Revised Budget £000	2024-2025 Draft Budget £000
Expenditure		
Salary and wage costs	82	82
Other Employee Costs	-	-
Total Employee Costs	<u>82</u>	<u>82</u>
Other expenditure		
Premises	54	47
Transport	1	1
Supplies and Services	70	100
Third Party Payments	-	-
Support Services	-	-
Total Other Expenditure	<u>125</u>	<u>148</u>
Total Expenditure	<u>207</u>	<u>230</u>
Income		
Fees and Charges	-	-
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	-	-
CWC income for services	-	-
Total Income	<u>-</u>	<u>-</u>
Net Expenditure/Income	<u>207</u>	<u>230</u>

Property

Property - Divisional Summary

	2023-2024 Revised Budget £000	2024-2025 Draft Budget £000
Expenditure		
Salary and wage costs	15,120	15,911
Other Employee Costs	-	-
Total Employee Costs	<u>15,120</u>	<u>15,911</u>
Other expenditure		
Premises	16,973	18,086
Transport	970	1,031
Supplies and Services	1,296	1,370
Third Party Payments	3	7
Support Services	-	-
Total Other Expenditure	<u>19,242</u>	<u>20,494</u>
Total Expenditure	<u>34,362</u>	<u>36,405</u>
Income		
Fees and Charges	(2,145)	(2,540)
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	(5,307)	(5,109)
CWC income for services	-	-
Total Income	<u>(7,452)</u>	<u>(7,649)</u>
Net Expenditure/Income	<u>26,910</u>	<u>28,756</u>

Property

Building Solutions

	2023-2024	2024-2025
	Revised Budget	Draft Budget
	£000	£000
Expenditure		
Salary and wage costs	4,073	4,088
Other Employee Costs	-	-
Total Employee Costs	<u>4,073</u>	<u>4,088</u>
Other expenditure		
Premises	3,720	3,511
Transport	302	308
Supplies and Services	229	121
Third Party Payments	2	2
Support Services	-	-
Total Other Expenditure	<u>4,253</u>	<u>3,942</u>
Total Expenditure	<u>8,326</u>	<u>8,030</u>
Income		
Fees and Charges	(920)	(1,080)
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	(2,700)	(2,625)
CWC income for services	-	-
Total Income	<u>(3,620)</u>	<u>(3,705)</u>
Net Expenditure/Income	<u>4,706</u>	<u>4,325</u>

Property

Commercial

	2023-2024 Revised Budget £000	2024-2025 Draft Budget £000
Expenditure		
Salary and wage costs	567	679
Other Employee Costs	-	-
Total Employee Costs	<u>567</u>	<u>679</u>
Other expenditure		
Premises	70	70
Transport	56	56
Supplies and Services	-	-
Third Party Payments	-	-
Support Services	-	-
Total Other Expenditure	<u>126</u>	<u>126</u>
Total Expenditure	<u>693</u>	<u>805</u>
Income		
Fees and Charges	-	-
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	(229)	(543)
CWC income for services	-	-
Total Income	<u>(229)</u>	<u>(543)</u>
Net Expenditure/Income	<u>464</u>	<u>262</u>

Property

Construction

	2023-2024 Revised Budget £000	2024-2025 Draft Budget £000
Expenditure		
Salary and wage costs	1,544	1,581
Other Employee Costs	-	-
Total Employee Costs	<u>1,544</u>	<u>1,581</u>
Other expenditure		
Premises	4,290	5,118
Transport	7	7
Supplies and Services	136	247
Third Party Payments	-	-
Support Services	-	-
Total Other Expenditure	<u>4,433</u>	<u>5,372</u>
Total Expenditure	<u>5,977</u>	<u>6,953</u>
Income		
Fees and Charges	-	-
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	(1,343)	(1,112)
CWC income for services	-	-
Total Income	<u>(1,343)</u>	<u>(1,112)</u>
Net Expenditure/Income	<u>4,634</u>	<u>5,841</u>

Property

Property Directorate

	2023-2024 Revised Budget £000	2024-2025 Draft Budget £000
Expenditure		
Salary and wage costs	350	369
Other Employee Costs	-	-
Total Employee Costs	<u>350</u>	<u>369</u>
Other expenditure		
Premises	-	-
Transport	-	-
Supplies and Services	-	-
Third Party Payments	-	-
Support Services	-	-
Total Other Expenditure	<u>-</u>	<u>-</u>
Total Expenditure	<u>350</u>	<u>369</u>
Income		
Fees and Charges	-	-
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	(257)	(229)
CWC income for services	-	-
Total Income	<u>(257)</u>	<u>(229)</u>
Net Expenditure/Income	<u>93</u>	<u>140</u>

Property

Repairs


	2023-2024 Revised Budget £000	2024-2025 Draft Budget £000
Expenditure		
Salary and wage costs	7,259	7,830
Other Employee Costs	-	-
Total Employee Costs	<u>7,259</u>	<u>7,830</u>
Other expenditure		
Premises	7,368	7,862
Transport	602	657
Supplies and Services	251	215
Third Party Payments	1	5
Support Services	-	-
Total Other Expenditure	<u>8,222</u>	<u>8,739</u>
Total Expenditure	<u>15,481</u>	<u>16,569</u>
Income		
Fees and Charges	(1,225)	(1,460)
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	-	-
CWC income for services	-	-
Total Income	<u>(1,225)</u>	<u>(1,460)</u>
Net Expenditure/Income	<u>14,256</u>	<u>15,109</u>

Property

Stock Investment

	2023-2024 Revised Budget £000	2024-2025 Draft Budget £000
Expenditure		
Salary and wage costs	1,327	1,364
Other Employee Costs	-	-
Total Employee Costs	<u>1,327</u>	<u>1,364</u>
Other expenditure		
Premises	1,525	1,525
Transport	3	3
Supplies and Services	680	787
Third Party Payments	-	-
Support Services	-	-
Total Other Expenditure	<u>2,208</u>	<u>2,315</u>
Total Expenditure	<u>3,535</u>	<u>3,679</u>
Income		
Fees and Charges	-	-
Grants (direct)	-	-
Grants (via CWC)	-	-
Capital recharges (CWC)	(778)	(600)
CWC income for services	-	-
Total Income	<u>(778)</u>	<u>(600)</u>
Net Expenditure/Income	<u>2,757</u>	<u>3,079</u>

Board Report

	Agenda Item 13
	<p>22 March 2024 Capital Programme Delivery update - Quarter 3, 2023 - 2024</p>
	Open Report
Status:	For Information
Author and job title:	Simon Bamfield, Head of Assets and Stock Investment
Contact No:	07717 732984
Recommendations:	Board Members are asked to note the performance achieved and the financial position of the delivery of the Housing Revenue Account (HRA) Capital Programme.
Key risks and contentious issues:	<p>Construction activity, particularly in high-risk buildings, has never been more acutely regulated. The HRA Capital Programme must ensure the work it delivers meets all of the current and proposed legal standards such as the Building Regulations, and the Building Safety Act and the plethora of supporting legislation.</p> <p>Consequently, there is significant time and resource allocated to the design process, to ensure issues are identified and compliant solutions found prior to the construction phase.</p> <p>Additionally, there is a substantial amount of time and effort invested in appointing specialist contractors and material suppliers, with sufficient knowledge and experience to achieve the required competency standards. This is supported by ensuring that higher-risk activities (such as the installation of fire safety features), are delivered by third-party accredited specialists.</p>

Management Summary

1.0 Purpose

- 1.1 To confirm to members of the Board the progress attained with the delivery of the Capital programme, and the level of expenditure achieved during the third quarter of the financial year 2023 - 2024.

2.0 Background

- 2.1 The Housing Revenue Account (HRA) Capital Programme for the financial year 2023 - 2024 was approved by the City of Wolverhampton Council's Cabinet on 18 January 2023. The Council delegated £97.785m of this to Wolverhampton Homes to manage and deliver. In addition, there were also some projects delivered by Wolverhampton Homes on behalf of Council budget holders (disabled adaptations, infill new build etc.); the value of this work was £8.402m, bringing the total to £106.187m.
- 2.2 The HRA Capital budgets are subject to ongoing refinement, through quarterly reviews that are endorsed by the Council's Cabinet Resources Panel, to ensure that the necessary funds are allocated to the relevant budgets and that any public borrowing to support the capital programme is only obtained when appropriate.
- 2.3 Appendix A of this report identifies the current position against the Q2 budgets (with adjustments for any slippages or overspends from the previous financial year), showing the expenditure against and variance to each approved budget.

3.0 Financial and value for money implications

- 3.1 The increase in this year's programme includes:
 - The acceleration of investment projects that will reduce tenants' heating costs through improving the levels of insulation and the efficiency of heating systems, especially on the older and the non-traditional housing stock.
 - Increases in material prices, which are proving to be stubbornly resistant, despite the supply and demand pressures experienced during the pandemic and at the beginning of the Ukraine war having eased.
 - Increases in the cost of labour due to wage inflation fuelled by the economic crisis and ongoing labour shortages, being driven by major regional projects, including HS2, the extension of the West Midlands Metro, Birmingham Airport redevelopment and the significant regeneration projects across the combined authority area.
 - The impact of the increasing age of the properties and the components within them. This is reflected in the increasing numbers of component failures due to wear and tear, obsolescence, and non-compliance to increased regulatory standards.

- 3.2 The expenditure against the straight-line profiles shown in Appendix A, is slightly behind profile, but this is mainly due to several new projects / phases of work starting at various points during the first quarter. The year-end forecast confirms that we are on target to achieve the approved expenditure.
- 3.3 The key delivery issues to note are:
- a. There continues to be a significant up-turn in the numbers of high-cost voids, currently averaging around 35 per month since April 2023, which is double the historic norm. The extent of work that needs to be undertaken has also increased, which is due to age-related deterioration of the properties, with increases in associated work, such as replastering. Often the main components fitted under the Decent Homes Programme, such as kitchens need replacing, along with work to address poorly maintained gardens. Consequently, the average void cost is currently in the region of £30,000 per property.
 - b. The refurbishment of the tower-blocks at Heath Town is progressing well, with window replacements and external wall insulation work underway at Brockfield House, and Campion House. The masonry repairs are now completed at Lincoln House and Tremont House allowing the external wall installation and window replacement work to commence. The internal work to improve the mechanical and electrical infrastructure of the buildings has also commenced within these four blocks. The new telecommunications equipment has been installed on the roof of Brockfield House and the switch over of this equipment is planned in Q4. The redundant equipment will then be removed from Campion House, which will then enable the roofing and cladding work to be completed. Surveys are being carried out on the existing district heating pipework due to several recent leaks and the results of these surveys will be available during Q4. The groundworks are progressing well on the new energy centre and although the weather has affected this element of work, it is still on programme for these works to be completed during the next financial year.
 - c. The Infrastructure Programme, which includes fire safety improvements to the tower-blocks across the city and the replacement of the mechanical and electrical services, is progressing at Merry Hill and Graiseley estates. The project teams are working towards a completion at Graiseley during Q1 (2024 - 2025) and Q3 (2024 - 2025) at Merry Hill. Continued improved communication and customer engagement has increased our access rate into customers' homes and enabled more works to be completed. However, legal action has had to be taken against several customers, to enforce the tenancy conditions and allow works to be carried out, which has caused delays to the programme.
 - d. The System Built Retrofit Programme is delivering replacement roofs, windows, doors, and the installation of external wall insulation and enhanced ventilation to these 'hard to treat' properties. A total of a further 53 properties were handed over in Q3, and customer feedback remains really high across both the Cornish and Wimpey No Fines archetypes. A bid for Social Housing Decarbonisation Fund (SHDF) Wave 2.2 funding has been developed and submitted. If successful, this funding will help support the delivery of future phases of this programme of work.

- e. Design works are progressing on the first phase of the Façade Improvement & Heating Replacement Programme to the tower-blocks on the Vauxhall Estate and the second phase of improvements to the blocks on the Boscobel estate. The projects will include the replacement of windows, roofs, and the installation of external wall insulation. Both projects will be subject to a review by the Building Safety Regulator before any works are able to commence on site. Initial customer consultation at Boscobel was undertaken during Q3.
- f. Steady progress has been maintained on the elemental replacement schemes, with the replacement kitchen and bathroom programme completing a further 107 properties during Q3. The second phase of the flat entrance fire door replacement programme on the low and medium rise blocks, installed 147 doors during the same period. During Q3 an additional 36 pitched roofs were also replaced to low-rise flats and houses, along with the pitched roofs to two medium rise blocks on Lichfield Road, and customer satisfaction remains high across these projects.

4.0 Legal and regulatory implications

- 4.1 Wolverhampton Homes is required to meet the requirements of the Social Housing (Regulation) Act 2023, the Building Safety Act 2022, The Higher-Risk Buildings (Key Building Information etc.) (England) Regulations 2023, The Higher-Risk Buildings (Management of Safety Risks etc) (England) Regulations 2023 and the wide range of other supporting legislation.

5.0 Human resources implications

- 5.1 There are currently vacancies within the teams that deliver the Capital programme. These include vacant posts for Asset Condition Surveyors and Property Supervisors.
- 5.2 There have been several recruitment campaigns to try to fill these vacancies, with limited success due to the lack of qualified candidates available and the challenging salary costs. WH are continuing to recruit to these posts through more targeted advertising or use of consultants, where appropriate. Regular dialogue continues with the University of Wolverhampton to try to attract local students to our graduate trainee programme.
- 5.3 Market forces continue to provide the company with a challenging recruitment environment. We are therefore focusing on our “growing our own” strategy to increase internal capacity, with use of external consultants remaining for the short term and to meet peak periods of demand.

6.0 Health and safety implications

- 6.1 Site health and safety of these complex construction projects is robustly managed through daily site inspections and formal meetings with our partners. Performance is also monitored via WH’s Health and Safety forums and our internal Health and Safety team. Latent building safety risks continue to be managed via our wider compliance and site inspection programmes.

7.0 Equalities implications

- 7.1 Has an equality impact assessment been carried out? No.

7.2 Explanation: Where equality impact assessments are required, they are prepared during the pre-construction phase of each individual project.

8.0 Impact on the environment and community

8.1 The Capital programme continues to provide a significant positive impact on the environment and the local communities through the employment of local people, with circa 38% of the people employed living within Wolverhampton, and by providing safe, efficient, and comfortable homes for our customers.

9.0 Long term consequences for the company

9.1 The Capital programme is focused on ensuring the long-term sustainability of the housing stock portfolio, through timely interventions. These range to the replacement of worn-out components, for example central heating boilers, through to major schemes that enhance the quality of the built assets and surrounding environment.

9.2 Failure to deliver the capital programme effectively will result in insufficient numbers of improvements being undertaken, leading to an increased pressure on the repairs service and a rise in disrepair claims.

9.3 Despite the challenges currently being encountered, the Capital programme continues to be delivered efficiently, provides value for money, and focuses on the key priorities of improving building safety and maintaining the Decent Homes Standard.

10.0 Impact on business relationships with suppliers, customers, and others

10.1 Having a strong capital programme and the ability to deliver against promises helps strengthen the business relationships with the Strategic Construction Partners, their sub-contractors and key suppliers.

10.2 The approach taken through the pandemic continues to provide a nurturing environment for these companies, safeguarding the wellbeing of their employees and maintaining employment wherever possible, has further strengthened these business relationships.

10.3 There is regular engagement with customers through the design-phase of each new capital project, so WH can ensure that their views and concerns are understood and addressed prior to work starting.

10.4 Further engagement with customers is undertaken prior to work commencing and throughout this process, to ensure the appropriate support is provided.

11.0 Impact on Wolverhampton Homes' Management System

11.1 Will any new policy or policy updates have an impact on the management system? No.

12.0 List of Appendices

12.1 Appendix A: HRA Capital Programme Report 2023 - 2024 (to the end of Quarter 3).

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Appendix A: HRA Capital Programme Report 2023-24 (to the end of Quarter-3).

Item	Name of Project	Approved Budget 2023-24 (Q2) Adjustment	Spend to end of December 2023			Forecast spend to end of March 2024	
			Total Expenditure	Budget Profile	Variance to Budget Profile	Total Expenditure	Variance to overall budget
DELEGATED PROJECTS (DELIVERED & MANAGED BY WOLVERHAMPTON HOMES)							
A	Internal Improvements						
21/A01	Refurbishment of voids	£12,139,000	£11,182,766	£9,104,250	£2,078,516	£13,458,994	£1,319,994
21/A02	Boiler Replacement Programme	£1,029,505	£623,684	£772,129	(£148,445)	£1,069,174	£39,669
21/A03	Internal Improvements	£10,430,686	£8,758,784	£7,823,015	£935,770	£12,209,560	£1,778,874
B	Refurbishment Works						
21/B01	Heath Town Estate: refurbishment of the retained blocks	£13,598,057	£11,930,976	£10,198,543	£1,732,433	£14,607,406	£1,009,349
23/B02/B03/B04	High Rise External Façade Works Programme; incorporating window replacement, roof replacement, external wall insulation and associated work.	£1,652,834	£1,124,546	£1,239,626	(£115,080)	£1,428,358	(£224,476)
21/B02	Renewal of High-Rise Infrastructure (City-wide); incorporating retro-fitting sprinklers and fire safety improvements	£21,918,364	£17,799,015	£16,438,773	£1,360,242	£22,168,948	£250,584
	Medium-rise blocks improvement programme	£2,053,469	£1,161,686	£1,540,102	(£378,416)	£1,440,523	(£612,946)
	Low Rise Estate Improvement programme	£3,125,000	£743,237	£2,343,750	(£1,600,513)	£3,718,106	£593,106
21/B14	Surveys of non-traditional housing (including high-rise)	£449,986	£88,660	£337,490	(£248,830)	£387,619	(£62,367)
23/B/15	Remedial Works to System Built Properties	£19,271,000	£10,979,214	£14,453,250	(£3,474,036)	£16,079,269	(£3,191,731)
21/B07	Lift & DDA Improvements	£394,000	£200,435	£295,500	(£95,065)	£267,247	(£126,753)
21/B08	Door Entry/CCTB Security Programme	£910,000	£122,591	£682,500	(£559,909)	£163,455	(£746,545)
21/B09	Fire Safety Improvements - Medium & Low Rise	£3,077,331	£1,986,545	£2,307,998	(£321,453)	£3,556,930	£479,599
21/B11	Sustainable Estate Programme	£867,000	£51,257	£650,250	(£598,993)	£68,343	(£798,657)
21/B06	Roof Replacement Programme (City Wide)	£6,906,287	£5,293,976	£5,179,715	£114,261	£6,846,205	(£60,082)
21/B05	Structural Repair Works (ad-hoc, City-Wide)	£1,851,045	£1,162,772	£1,388,284	(£225,512)	£1,608,497	(£242,548)
21/B13	Pathway Improvement & Safety Programme	£137,074	£84,593	£102,806	(£18,213)	£137,000	(£74)
C	Miscellaneous Items						
21/C01	Legacy Final Account Close Out		£0	£0	£0	£0	£0
21/C02	Capital Programme Management (Wolverhampton Homes salaries)	£2,100,000	£1,575,000	£1,575,000	£0	£2,100,000	£0
21/C03	Sale of Council Houses Administration (RTB)	£60,000	£45,000	£45,000	£0	£60,000	£0

Appendix A: HRA Capital Programme Report 2023-24 (to the end of Quarter-3).

Item	Name of Project	Approved Budget 2023-24 (Q2) Adjustment	Spend to end of December 2023			Forecast spend to end of March 2024	
			Total Expenditure	Budget Profile	Variance to Budget Profile	Total Expenditure	Variance to overall budget
PROJECTS MANAGED & DELIVERED BY WOLVERHAMPTON HOMES ON BEHALF OF THE COUNCIL BUDGET HOLDER							
D	Internal Works						
21/D01	Disabled Adaptations	£1,649,088	£1,950,000	£1,236,816	£713,184	£2,600,000	£950,912
21/D02	Bushbury Hill EMB Improvement Programme	£158,109	£128,000	£118,582	£9,418	£250,490	£92,381
E	Refurbishment Works						
F	Other Projects						
21/F01	Infill New Build: Small Sites 5	£1,463,720	£581,727	£1,097,790	(£516,063)	£581,000	(£882,720)
	Replacement of system-built housing (based on £200k per unit inclusive of demolition, ground remediation and construction costs)	£500,000	£0	£375,000	(£375,000)	£0	(£500,000)
	Summary						
	Estimated Total Value	£105,741,555	£77,574,464	£79,306,166	(£1,731,702)	£104,807,123	(£934,432)
	Comprising						
	Project budget - delegated	£99,810,638	£73,294,737		(£1,563,242)	£99,215,633	(£595,005)
	Project budgets - delivered on behalf of Budget Holder	£3,770,917	£2,659,727		(£168,461)	£3,431,490	(£339,427)
	Miscellaneous Items	£2,160,000	£1,620,000		£0	£2,160,000	£0
	Non-SCP Projects	£4,569,653	£3,069,963		(£357,277)	£4,624,494	£54,841
	Other Costs	£2,160,000	£1,620,000		£0	£2,160,000	£0
	New Build	£1,963,720	£581,727		(£891,063)	£581,000	(£1,382,720)

Original Budget (from Jan. 2023 HRA Business Plan)


£106,187,000

Budget Variance by year-end

£1,379,877

1.30%

Board Report

	Agenda Item 14
	<p>22 March 2023 Revenue Forecast for 2023 - 2024 as at 31 December 2023</p>
	Open Report
Status:	For Information
Author and job title:	Jo McCoy – Finance Business Partner, City of Wolverhampton Council
Contact No:	01902 554415
Recommendations:	Board members are asked to note the Revenue outturn forecast for 2023 - 2024.
Key risks and contentious issues:	<p>The Management Fee payable by the council for HRA services in 2023 - 2024 is £46.5 million.</p> <p>The budget for 2023 - 2024 was balanced with a planned / forecast contribution from reserves of £1.0 million.</p> <p>The forecast is for an underspend against the budget of around £100,000 which would result in a reserves contribution of £900,000.</p> <p>The current reserves position at 31 March 2023 was £3.2 million, which would leave reserves funding as £2.3 million at 31 March 2024.</p>

Management Summary

1.0 Purpose

1.1 This report is to inform the Board of the revenue outturn forecast position for 2023 - 2024 as at 31 December 2023.

2.0 Revenue Forecast 2023 - 2024

2.1 The budget was set for 2023 - 2024, with a forecast of £1 million contribution from reserves to balance the budget. The management fee from the council for delivery of HRA services was originally £45 million. This included a 6% increase and funding for two additional Money Smart posts and the management of Peter Bilson House. During the year, the management fee was increased by £1.5 million to support repairs and maintenance pressures.

2.2 The company has benefited from a reduction in pension contributions of £1.1 million in 2023 - 2024 but there were considerable cost pressures from cost of living pay awards, inflation, energy costs and demand for services which resulted in a £1 million budget shortfall requiring the £1 million contribution from reserves.

2.3 With the additional management fee of £1.5 million, the pressures are now anticipated to be contained within the budget and the forecast budget position at 31 December 2023 is for a forecast £100,000 underspend against budget. The position is summarised below in Table 1.

Table 1 – Summary Forecast Outturn for 2023 - 2024

	2023-2024 Budget £000	2023-2024 Forecast £000	2023-2024 Variance £000
Expenditure			
Employees	31,082	29,852	(1,230)
Non-Pay Costs	27,225	27,638	413
Total Expenditure	58,307	57,490	(817)
Income			
Management Fee	(46,500)	(46,500)	-
Trading Income	(8,838)	(8,269)	569
Other Income	(1,969)	(1,821)	148
Total Income	(57,307)	(56,590)	717
Net Budget position	1,000	900	(100)

2.4 The employee budget is forecast to underspend by around £1.2 million. The pay award is included in this forecast. The budget included a vacancy factor of 3%, equating to around £0.9 million. Therefore, the real underspend against the budget for established posts would be around £2.2 million. The underspend is due to timing of recruiting to the 83 vacant posts where recruitment was ongoing or planned when the budget was approved in March 2023.

- 2.5 The budget continues to experience particular pressure on repairs and maintenance with costs forecast to be higher than budget by around £505,000. This is due to a combination of increases to materials and contractor costs caused by both inflation and increased demand for emergency repairs which has been previously reported. Despite an increase of £1.3 million approved by the Board in December 2023, the response repairs non-pay budget continues to overspend, by £1.1 million in total. However, there are some offsetting savings from programmed works costs as resources have been realigned to respond to the demand pressures.
- 2.6 The uncertainty of the current economic climate and the continuing upwards trend in repairs obviously creates risks to the 2024 - 2025 budget position. The council have agreed the management fee which will result in an increase of £2.2 million. This increase is planned to cover any pay award while the company's aim is to bring income and expenditure back in line and balance the budget without any contribution from reserves.
- 2.7 Income budgets are forecast to be £717,000 under target, which are generally offset by expenditure reductions within the services, with minimal impact on the overall bottom line. This includes £76,000 grant for Click Start where the project has ended and is offset by salaries saving and Private Sector Leasing rental income of £94,000 where the leases with the owners have ended. Some of the salaries underspend referred to above relates to the cost of posts which would have been recharged to the Capital programme.
- 2.8 Tables that illustrate the budget position by Income and Expenditure and by Service are shown at Appendices 1 and 2 appended to this report.

3.0 Commercial Activities

- 3.1 The company is only continuing with commercial income generation where it complements the activity of in-house teams in core housing management and maintenance activity.
- 3.2 The Asbestos team has been providing services to external organisations since before the existence of WH and continues to generate income of between £400,000 and £600,000 per year, which sustains the in-house team and supports the costs of maintaining the Asbestos license. In 2022 - 2023, external activity contributed a net profit of £22,000 and similar profit levels are expected in 2023 - 2024.
- 3.3 The 19 owned properties will generate £165,000 of rental income in line with the budget and are only expected to incur minimal repairs costs and costs of annual checks. Rent collection services to Help to Own generate £61,000 income per year in return for around the equivalent of 0.2 FTE of staff time and therefore contribute at least £40,000 of net profit.
- 3.4 Private Sector leasing activity has significantly reduced and is expected to have ceased completely by the end of this financial year. A one-off net loss of around £20,000 is forecast which will be offset by the income generated as detailed above.

4.0 Summary of Financial Position

4.1 The position at Q3 is of a small underspend against the budget for 2023 - 2024 of £100,000. This is a slight improvement on the position reported at Quarter 2, where a balanced budget was forecast.

4.2 This would reduce the budgeted £1.0 million contribution from reserves to £900,000 leaving reserves of around £2.3 million. However, cashflow management could still remain a challenge and remains an items for discussion with the council..

5.0 Financial and value for money implications

5.1 Wolverhampton Homes has a long-term record of effective budgetary control; however the current economic environment is making this more and more challenging.

6.0 Legal and regulatory implications

6.1 There are no legal and regulatory implications in the content of this report.

7.0 Human Resources implications

7.1 There are no proposals within this report with Human Resources implications.

8.0 Health and safety implications

8.1 There are no proposals within this report with health and safety implications.

9.0 Equalities implications

9.1 Has an equality impact assessment been carried out? **No.**

9.2 Explanation: There are no proposals within this report.

10.0 Impact on the environment and community

10.1 The report does not contain any proposals that affect the environment or the community.

11.0 Long term consequences for the company

11.1 Tight control of budgets and getting the best use of our cash reserves is essential to ensure we have sufficient resources in the long term.

12.0 Impact on business relationships with suppliers, customers and others

12.1 Careful financial planning is required to ensure WH can continue to provide the same level of service for customers and support local suppliers.

13.0 Impact on the Wolverhampton Homes' Management System

13.1 Will any new policy or policy updates have an impact on the management system? **No**

14.0 Appendices

14.1 Appendix 1: Income and Expenditure Forecast 2023 – 2024 as at 31 December 2023 – Appended to this report

14.2 Appendix 2: Budget Position by Service at 31 December 2023 – appended to this report

Appendix 1

Income and Expenditure Forecast 2023 - 2024 as at 31 December 2023

	2023 - 2024 Budget £000	2023 - 2024 Forecast £000	2023 - 2024 Variance £000	Comment
Expenditure				
Employees	31,082	29,852	(1,230)	Timing of recruitment of vacant posts
Repairs and Maintenance	19,331	19,836	505	Response repairs contractor and materials spend offset by programmed works
PSL payments to landlords	130	70	(60)	Strategy to reduce number of leases
Facilities	629	605	(24)	
Transport	1,097	1,106	9	
Supplies and Services	4,052	3,953	(99)	Survey costs
Support Services	1,986	2,068	82	ICT Service level agreement
Total Expenditure	58,307	57,490	(817)	
Income				
Management Fee	(46,500)	(46,500)	-	
Trading Income	(6,231)	(5,937)	294	Capital programme income offset by cost reductions
Capitalised salaries	(2,607)	(2,332)	275	Funding for new posts – timing of recruitment
PSL rental income	(160)	(66)	94	Strategy to reduce number of leases
Investment Property Income	(155)	(164)	(9)	
Other Income	(1,654)	(1,591)	63	Additional grant income
Total Income	(57,307)	(56,590)	717	
Net contribution from reserves	1,000	900	(100)	

Appendix 2: Budget Position by Service at 31 December 2023

Division	Service	Budget £000	Forecast £000	Variance £000	over/under %	Reasons for Variance
Corporate Services	Business improvement	1,516	1,520	(4)	(0.2)	
	Central provision for pay award	219	-	(219)	(100)	Provision for pay award held centrally net of vacancy factor. Balance remaining after pay award
	Customer experience	4,517	4,484	(33)	(0.7)	Salaries underspend
	Governance and Exec Support	587	589	2	0.3	
	Human Resources	654	688	34	5.2	Legal costs
	Skill Development	1,315	1,323	9	0.7	
Property Services	Building Solutions	4,706	4,527	(180)	(3.8)	Underspends on supplies and additional capital income
	Commercial	464	447	(17)	(3.7)	
	Construction	4,634	4,154	(480)	(10.4)	Programmed works including fencing
	Property Directorate	93	98	5	5.0	
	Repairs	14,256	15,162	906	6.4	Contracts and materials
	Stock Investment	2,757	2,663	(95)	(3.4)	Salaries underspend
Homes and Communities	HM Directorate	262	265	3	1.0	
	Housing Operations	704	679	(25)	(3.5)	
	Income	1,972	1,899	(73)	(3.7)	Salaries underspend
	Tenancy and Community	6,222	6,302	80	1.3	£0.4 m underspend on salaries, £0.2 m overspend on grounds maintenance contract, £0.1 m overspend for waste removal
	Homelessness prevention and Assistance	1,068	986	(82)	7.7	Financial assistance (private rented sector)
	Housing Improvements	71	116	45	63.2	
	Housing Outreach	128	135	7	5.6	
	Housing Support	244	248	4	1.7	
	Lettings	904	905	-	-	
	Temporary Accommodation	207	210	3	1.4	Additional grant funding
	Total	47,500	47,400	(100)	-	

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