



Wolverhampton Homes

Open Board Meeting

24 March 2023

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

Membership

Parveen Brigue
Victor Browne
Councillor Jonathan Crofts
Hajrija Dergic
Steve Finegan
Councillor Asha Mattu
Joy McLaren
Councillor Rita Potter
Councillor Zee Russell

Information

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

Contact The Business Assurance Team
Tel/Email 01902 552956; WHSBusinessAssurance@wolverhamptonhomes.org.uk
Address Wednesfield 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

<i>Item No.</i>	<i>Title</i>
1	Apologies
2	Declarations of interest
3	Remembering Angela (Chair of Wolverhampton Homes)
4	Confirmation of Acting Chair
5	Minutes of previous Open Board Meeting - 09 December 2022 (Pages 3 - 8)
6	Matters arising

FOR DECISION

7	Modern Slavery Statement - Emma Rolinson, Head of People (Pages 9 - 18)
8	Capital Programme 2023 - 2024 - Simon Bamfield, Head of Assets and Stock Investment (Pages 19 - 24)
9	Medium-Term Capital Investment Plan 2023 - 2024 to 2027 - 2028 (5 years) - Simon Bamfield, Head of Assets and Stock Investment (Pages 25 - 34)
10	Revenue Budget 2023 - 2024 and Medium-Term Financial Strategy update 2023 - 2024 to 2027 - 2028 - Julie Haydon, Director - Corporate Services (Pages 35 - 44)
11	Rents and Service Charge Annual update - Wolverhampton Homes owned properties - Angela Barnes, Director - Homes and Communities (Pages 45 - 52)

FOR INFORMATION

12	Rents and Service Charge Annual update (presentation) - impact and support mechanisms - Angela Barnes, Director - Homes and Communities (Pages 53 - 66)
13	Revenue Forecast for 2022 - 2023 - Quarter 3 - Julie Haydon, Director - Corporate Services (Pages 67 - 72)

M INUTES



Meeting: Open Board Meeting
Date: Friday 09 December 2022
Venue: Novotel Hotel, Union Street, Wolverhampton, WV1 3JN
Time: 09:30

MEMBERS IN ATTENDANCE: -

Angela Davies	-	Chair – Tenant Board Member
Hajrija Dergic	-	Board Member – Independent
Councillor Jonathon Crofts	-	Board Member – Councillor
Joy McLaren	-	Board Member – Tenant
Parveen Brigue	-	Board Member – Independent
Councillor Rita Potter	-	Board Member – Councillor
Steve Finegan	-	Vice Chair – Independent Board Member

STAFF IN ATTENDANCE – WOLVERHAMPTON HOMES (WH): -

Shaun Aldis	-	Chief Executive
Julie Haydon	-	Director Corporate Services
Angela Barnes	-	Director Property Services
Darren Baggs	-	Assistant Director Housing
Kevin Manning	-	Assistant Director Housing Strategy
Nicky Devey	-	Head of Business Services
Simon Bamfield	-	Head of Assets and Stock Investment
Sarah Butcher	-	Head of Organisational Development & Staff Engagement
Rebecca Clarke	-	Head of Customer Experience
Jackie Wilkinson	-	Executive Assistant – minutes

STAFF IN ATTENDANCE – CITY OF WOLVERHAMPTON COUNCIL (CWC): -

Jo McCoy	-	Finance Business Partner
Lynda Eyton	-	Client Relationship Manager - Housing Management Agents

1.0	Apologies	
1.1	<ul style="list-style-type: none"> - Councillor Asha Mattu, Councillor Board Member - Councillor Zareena Russell, Councillor Board Member - Derek Allen, Independent Board Member - Mike Porter, Tenant Board Member - Victor Browne, Tenant Board Member 	
2.0	Declaration of Interest	
2.1	<ul style="list-style-type: none"> - Angela Davies, Tenant Member - Joy McLaren, Tenant Member 	
2.2	Noted with interest and allowed to remain and join in with the debate.	
3.0	Minutes of previous AGM - 10 October 2022	
3.1	The minutes from the previous AGM meeting on 10 October 2022 were agreed as a true record.	
4.0	Matters arising	
4.1	9.5.1 – Grant Thornton to review and amend figures as required relating to 9.3 – Complete. Wolverhampton Homes should be in receipt of the final accounts by Tuesday 13 December 2022 for sign off.	
5.0	Minutes of previous Open Board meeting - 10 October 2022	
5.1	The minutes from the previous Open Board meeting on 10 October 2022 were agreed as a true record.	
6.0	Matters arising	
6.1	There were no matters arising.	
For Information		
7.0	Revenue Forecast for 2022 - 2023 - Quarter 2 - Jo McCoy, Finance Business Partner, City of Wolverhampton Council	
7.1	<p>Further areas of detail were shared with board members in relation to:</p> <ul style="list-style-type: none"> - Forecast contribution of £1m from reserves - Pay award impact was 2% higher than allowed for - Impact of demand and inflation on repairs, maintenance, and communal fuel - Management fee increase of £2m requested via CWC - Vacancy management - Accommodation and termination of leases versus the efficiencies realised 	


<p>7.2</p> <p>7.3</p>	<ul style="list-style-type: none"> - Impact of damp, mould, and condensation work <p>Board queried whether the request for additional financial support has been approved through Board. It was confirmed that WH met with the CWC Financial Issues Group (FIG) to discuss this, and it will be reported back to Board as a notification within the next financial report when the confirmation is received.</p> <p>It was reiterated that given the current economic climate, it is key that Wolverhampton Homes are operating to ensure that any budgets when set are adhered to. The pressure on services and contracts as a result of the economic crisis means that customers are also facing some very real challenges and Wolverhampton Homes are working to realise any savings, and ensure efficiencies are made where possible.</p> <p>Resolved: Board members noted the Revenue outturn forecast for 2022 - 2023 as at Quarter 2.</p>	
<p>8.0</p> <p>8.1</p> <p>8.2</p>	<p>Capital Programme Delivery update - Quarter 2, 2022 - 2023 - Simon Bamfield, Head of Assets and Stock Investment</p> <p>Areas of note were shared in more detail with board members in relation to the:</p> <ul style="list-style-type: none"> - Total combined value of the programme is £56.04m - Challenges faced by the construction sector with shortages of materials, timber, plaster, steel etc, and have experienced 12 months of between 20 to 30% inflation, compounded by wage rises and labour shortages - High value voids with costs circa £20k per unit - Heath Town tower block refurb commenced with interior work due to start early 2023 - Merry Hill – infrastructure works progressing well to communal areas and customers’ homes - Graisely Estate - Phase 5 commencing early 2023 with alterations to the road completed, which provides improved access for the Fire Service - Medium and low-rise blocks – work to replace flat entrance doors on schedule for completion in summer 2023 - Warstone and Castlebridge Gardens – roof replacement works completed - Bond House – completion work on target for February 2023. <p>Voids were raised as an area of concern in relation to costs and the ageing stock.</p> <p>Action: A detailed report to be presented to Board in due course regarding the void process, to include case studies and turnaround times.</p>	<p>IG</p>

	Resolved: Board noted the performance achieved and the financial position of the delivery of the Housing Revenue Account (HRA) Capital Programme.	
9.0	Damp, Mould, and Condensation – progress update to mitigate associated risks – Ian Gardner, Director of Property Services	
9.1	Background information was provided in respect of national media coverage, disrepair claims, Housing Ombudsman spotlight report, and Wolverhampton Homes activity in relation to work undertaken and self-assessment against damp, mould, and condensation (DMC).	
9.2	It was confirmed that reports of DMC have increased from circa 40 per week to over 100 following the media publications, with dedicated scheduling appointments to complete inspections. The task force reports weekly to SMT and is focusing on accessing all identified properties in a joined-up approach. The DMC training programme was confirmed as being delivered to schedule.	
9.3	Spend on remediation works is expected to increase from around £300k to in excess of £500k with WH looking at new technology and invest to save options for harder to treat properties.	
9.4	Board members thanked all involved and commented on the amount of work completed in a short space of time. Information is also available via WH website and information leaflets. Resolved: Board noted the current DMC activity and Wolverhampton Homes proposals.	
10.0	Employment opportunities for young people - Sarah Butcher, Head of Organisational Development and Staff Engagement	
10.1	Highlights were shared with board members in relation to the following: <ul style="list-style-type: none"> - Apprenticeship / management trainee / 18 – 24 youth employment - Funding and budget provision - Impact of Covid-19 on 2022 numbers relating to office apprenticeships - REACH programme – with the first cohort being piloted within Business Services with ongoing quarterly recruitment - Work being undertaken with schools to engage in apprenticeship and career choices - Apprentice mentoring programme within WH - WH apprentice award winner – young apprentice of the year 	

10.2	Board noted the positive and inspiring work in engaging with young people and those looking to get into the workplace. Query was made to expanding this to include those who have committed offences.	
10.2.1	<p>Action: Board member to share details of contact for review of the pathway for offenders.</p> <p>Resolved: Board noted the contents of the report.</p>	PB
11.0	A.O.B.	
11.1	<p>Awards submission – WH submission for the award for Regeneration Works at Heath Town which has won with the judges commenting on how WH have shown commitment our vulnerable customers.</p> <p>Board members passed on their thanks to all involved.</p>	
12.0	<p>Date of Next Meeting</p> <p>Friday 24 March 2023 – 09:30hrs Wednesfield Housing office - Boardroom</p>	

This page is intentionally left blank

Board Report

	Agenda Item 7
	24 March 2023 Modern Slavery Statement
	Open Report
Status:	For Decision
Author and job title:	Emma Rolinson, Head of People
Contact No:	07964 121484
Recommendations:	Board Members are asked to approve the Modern Slavery Statement for Wolverhampton Homes.
Key risks and contentious issues:	<p>Key risks can arise through the commissioning of services through the supply chain. These risks should be mitigated by the presence of a robust procurement process.</p> <p>Large businesses are required to carry out due diligence to combat modern slavery and human trafficking.</p> <p>Without the appropriate statement in place, as detailed under the Act, Wolverhampton Homes may suffer reputational damage and put individuals at risk of exploitation.</p>

Management Summary

1.0 Purpose

1.1 Board members are asked to approve the Modern Slavery Statement in accordance with the Modern Slavery Act 2015, as it applies to Wolverhampton Homes (WH).

2.0 Background

2.1 The Modern Slavery Act 2015 is designed to address slavery, service trade, forced or compulsory labour and human trafficking. Section 54 of the Modern Slavery Act 2015 requires specified organisations to prepare a slavery and human trafficking statement for each financial year to include information on:

- its structure, business, and supply chains.
- its policies in relation to slavery and human trafficking.
- its due diligence processes in relation to slavery and human trafficking in its business and supply chains.
- parts of its business and supply chains where there is a risk of slavery and human trafficking taking place.
- the steps that it has taken to assess and manage that risk.
- the training about slavery and human trafficking available to its employees.

2.2 The slavery and human trafficking statement must be approved at the highest level of an organisation, and WH must publish the slavery and human trafficking statement on its website.

2.3 In March 2021, the Government introduced a new Modern Slavery Register online, to provide a platform for organisations to voluntarily share the positive steps they have taken to tackle and prevent modern slavery. WH registered last year's statement following Board approval in March 2022.

2.4 By bringing modern slavery statements together in one place the register will make it easier to find and compare them allowing users to search for statements and scrutinise the action organisations are taking to identify and address modern slavery risks in their operations and supply chains.

2.5 Wolverhampton Homes Modern Slavery Policy Statement for 2022 - 2023 is located at Appendix 1. This document outlines all the above as well as WHs commitment to ensure that there is no modern slavery or human trafficking in the supply chains, partner organisations or in any part of the business.

2.6 Following approval by Board, this statement will be published on WH website and on the Governments Modern Slavery Register.

3.0 Financial and value for money implications

3.1 There are no financial and value for money implications identified within this report, but failure to ensure its compliance with the Modern Slavery Act could impact on the costs associated within the supply chain.

4.0 Legal and regulatory implications

4.1 Statement to be published on WH website to meet the requirements of the Modern Slavery Act 2015.

5.0 Human resources implications

5.1 To ensure all employees are aware of modern slavery and human trafficking, provision is made through various routes to provide information and awareness raising including:

- Publication of the policy and details on WH Intranet
- Publication of the policy and details on WH SharePoint sites.
- My Learning Hub (MLH) – the online staff development portal (launch date April 2023)

5.2 Managers are notified of the statement that is published on the WH website and asked to discuss with staff in 121 meetings or in team meetings, to ensure awareness and understanding.

5.3 The internal See it Report it (SIRI) processes also provides an escalation route for concerns to be raised.

6.0 Health and safety implications

6.1 There are no health and safety implications identified within this report, however, indirect implications relate to ongoing responsibility as an employer.

7.0 Equalities implications

7.1 Members of the LGBTQ+, females, minority ethnic groups, elderly and employees with a disability may be perceived to be more vulnerable to modern slavery and human trafficking, therefore having a policy statement that protects against such acts may have a positive impact for these groups.

8.0 Impact on the environment and community

8.1 Through the services it provides, WH staff will raise through the appropriate mechanisms, any concerns regarding modern slavery.

9.0 Long term consequences for the company

9.1 To continue to publish a statement on modern slavery on an annual basis.

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

10.1 To ensure through the procurement process that any partners and supply chain adhere to the Modern Slavery Act 2015.

11.0 Impact of Covid-19

11.1 There is no impact of Covid-19 identified within this report.

12.0 Impact on Wolverhampton Homes' Management System

12.1 Will any new policy or policy updates have an impact on the management system? **Yes.**

12.2 If yes and approved by board members, update to go on the management system by:

Date: March 2023, Officer responsible: Emma Rolinson.

13.0 List of Appendices

13.1 Appendix 1: Modern Slavery Policy Statement 2022 - 2023

Appendix 1 Modern Slavery Policy Statement 2022 - 2023

March 2023 – V4.0

Monitoring and review

Document owner	Approved by	Authorised by	Effective date	Review date
Head of People	Director of Corporate Services	Board Members	24 March 2023	Annually
Emma Rolinson	Julie Haydon	WH Board		

Document History

Version	Summary of changes	Document Status	Date
V2.0	Rebranded document, links to further information on Modern Slavery and associated guidance, defined roles and responsibilities, reference to the government modern slavery statement registry.	Live	June 2021
V3.0	Reviewed to ensure fit for purpose and compliant with regulatory and statutory obligations.	Live	March 2022
V4.0	Reviewed to ensure fit for purpose and compliant with regulatory and statutory obligations.	Draft	March 2023

Contents Page

- 1.0** Introduction
- 2.0** Structure and supply chain
- 3.0** Due diligence processes
- 4.0** Monitoring
- 5.0** Modern slavery policies

1.0 Introduction

Wolverhampton Homes (WH) must ensure that all potential modern slavery risks related to its business are understood and that steps are in place that aim to ensure there is no slavery or human trafficking in its own business and, its partners and supply chains. WH is further committed to making sure that properties are not used to accommodate the work of human traffickers or to detain others against their will.

This statement is made under section 54 (1) of the Modern Slavery Act 2015 (MSA) and refers to the financial year ending 31 March 2023 and received approval from the Board on 24 March 2023.

WH acknowledges its duty to notify the Secretary of State of suspected victims of slavery or human trafficking as introduced by section 52 of the Modern Slavery Act 2015.

WH considers that modern slavery encompasses sexual and criminal exploitation, human trafficking, forced labour and domestic servitude.

2.0 Structure and supply chain

WH is an Arm's Length Management Organisation (ALMO), responsible for managing the majority of council homes in Wolverhampton.

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

Our partners and supply chain consist mainly of services rather than goods, with the highest risk areas being associated with our repairs and maintenance activities. WH do not have any supply chain outside of the United Kingdom. All suppliers of our services are obtained through a procurement process (via a service level agreement with the City of Wolverhampton Council) that requires all contractors to comply fully with the Modern Slavery Act 2015.

There is an approved list of contractors and suppliers that we work with and our purchase order payment system requires the use of pre-approved suppliers.

The labour supplied and recruited to WH in pursuance of its operation is carried out in the UK.

3.0 Due diligence processes

Board / Chief Executive:

Responsibility for compliance rests at the highest level with our Board, with responsibility delegated to the Chief Executive.

Senior Leadership Team:

The senior leadership team are responsible for assessing risks associated with modern slavery and human trafficking within their areas of responsibility.

First Responder:

WH have a statutory 'Duty to Notify' the Home Office when they come across potential victims of modern slavery. This duty is discharged by either referring a potential victim into the National Referral Mechanism (NRM) where they are a child, or consenting adult, or by notifying the Home Office where an adult does not consent to enter the NRM.

A First Responder Organisation is, in England and Wales, an authority that is authorised to refer a potential victim of modern slavery into the NRM.

For Wolverhampton Homes, the First Responder Organisation is Adult and / or Children's Social Care at the City of Wolverhampton Council (CWC) through a MARF (children) or SA1 (adults) referral.

Supply Chain:

We expect our partners and suppliers to share our values on modern slavery and also carry out their own due diligence on their own supply chains, to limit the risk of modern slavery taking place.

Procurement:

The tendering of new contracts and ongoing contract management includes an obligation for suppliers to comply with the Modern Slavery Act. CWC who are responsible for the procurement of goods and services for WH, is also a signatory to the Charter Against Modern Slavery. This goes further than existing law and guidance, committing councils to proactively vetting their own supply chain to ensure no instances of modern slavery are taking place.

Tenancy Management:

All applications for properties at WH are checked and validated to ensure accuracy of the information supplied by an applicant.

People Services:

The recruitment process ensures that all potential employees are checked to ensure they are eligible to work in the UK – in accordance with the Asylum and Immigration Act 1996 and Immigration Act 2016.

WH safeguarding and modern slavery awareness training is provided to ensure that all staff have an awareness and understanding of their role.

Employees and Line Managers:

All employees are encouraged to report any concerns about a person or property to their line manager. Any suspected instances or concerns on modern slavery or trafficking will be reported to the First Responder through a Multi-Agency Referral Form (MARF) (children) or SA1 (adults) referral alongside the internal See it, Report it (SIRI) processes.

Business Services:

WH maintain a risk management register ensuring the effective identification, monitoring and management of risk across Wolverhampton Homes. Modern Slavery is one of the risks identified.

4.0 Monitoring

The primary method of monitoring effectiveness within the supply chain will be the pre-qualification criteria for suppliers and ongoing contract management, which includes a requirement to have measures in place to minimise the possibility of modern slavery in their business and supply chain.

WH is represented on the Adults and Children's Safeguarding Board so can monitor any referrals that concern WH tenants or their families.

This statement will be reviewed annually in accordance with the Modern Slavery Act 2015 and published on WH's website. It will also be included on the new government modern slavery statement registry.

5.0 Modern slavery policies

Our policies and procedures are reviewed regularly to make sure that they are fit for purpose and compliant with regulatory and statutory obligations. Where required, new policies are agreed through the relevant governance structure and consultation with Trade Unions.


There are a number of policies and procedures in place that contribute to ensuring modern slavery does not occur in our business. These include the following:

- Employee Code of Conduct - a requirement for all staff to adhere to which includes requirements in relation to workplace behaviour and equality and diversity.
- Anti-Fraud and Bribery Policy.
- Recruitment and Selection Policy - which includes the requirement to undertake Disclosure and Barring Service (DBS) and checks for eligibility to work in the UK.
- Health and Safety Policy.
- Whistleblowing Policy and Procedure - which protects staff should they raise concerns about issues such as modern slavery.
- Financial Regulations / Standing Orders.
- Tenancy Management policies - which set out the action to be taken where our properties are used for unlawful purposes.
- Domestic Abuse Policy (for employees and customers).
- Safeguarding procedures.
- Statement on Equality and Diversity.

Further information on Modern Slavery and associated guidance documents can be found on the following Safer Wolverhampton link:

<http://www.saferwolverhampton.org.uk/>

Board Report

	Agenda Item 8
	24 March 2023 Capital Programme 2023 - 2024
	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 2023 - 2024.
Key risks and contentious issues:	<p>The key risks are as follows:</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 Capital Programme priorities for investment during the financial year 2023 - 2024, 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 residual 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 2023 - 2024 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. WH 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 has led to the balconies being replaced (as a key learning point was this outside space was to residents during lockdown), and the creation of new 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 be delivered to the tower-blocks on the Merry Hill, Graiseley, Vauxhall, and Heath Town estates.
- 2.5 In response to the "Cost of Living Crisis", where possible we have sought to accelerate the delivery of energy efficiency measures, 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 new heating, so will significantly reduce the risk of damp and mould to occurring in these dwellings. This work is being delivered to the tower-blocks on the Boscobel, Vauxhall*, and Heath Town* estates.
** N.B. These estates will receive internal and external improvements simultaneously.*
- 2.6 WH will also be delivering a project to retrofit some of the worst performing properties (from an energy efficiency perspective), to deliver a package of energy efficiency measures to some of our system-built properties namely the BISF, Bryant, Cornish,

Dennis-Wild, Frameform, No-fines, and Orlit archetypes (along with some pilot studies for Smith and MHC 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 components that were replaced in the earlier years of the Decent Homes programme are now starting to fail.
- 2.8 WH is continuing to deliver high-profile schemes on behalf of the City of Wolverhampton Council, such as the Small Sites (new build) Programme.
- 2.9 The proposed schemes forming part of the 2023 - 2024 Capital Programme are:

Refurbishment works

Heath Town Estate: refurbishment of the retained blocks	£11.900m
High-rise estate improvements	£10.400m
Renewal of High-Rise M&E Infrastructure (City-wide) (incorporating the retrofitting sprinklers and fire safety improvements)	£19.400m
Retrofit works to system-built properties	£19.200m
Fire Safety Improvements (Low & Medium-Rise Blocks)	£1.600m
Lift & DDA Improvements	£0.430m
Door Entry / CCTV Security Programme	£0.150m
Sustainable Estates Programme	£0.800m
Roof Replacement Programme (City-wide)	£6.300m
Structural Repair Works (Ad-Hoc, City-wide)	£1.650m
Pathway Improvement and Safety Programme	£0.210m

Internal improvements

Refurbishment of void dwellings	£7.105m
Boiler Replacement Programme (ad-hoc)	£1.080m
Internal Improvements to the Decent Homes Standard	£11.600m

Miscellaneous items

Capital Programme Management (Wolverhampton Homes salaries)	£2.000m
Sale of Council Houses Administration (RTB)	£0.060m

Work managed and delivered on behalf of Council budget holders

Disabled Adaptations	£1.900m
Infill New Build: Small Sites - Phase 5	£1.502m

3.0 Financial and value for money implications

- 3.1 The total value of the Capital Programme that is proposed to be delivered in 2023 - 2024 by Wolverhampton Homes is £97.287m. This is a significant increase in project delivery and WH will therefore be working closely with the Strategic Construction Partners to engage with local suppliers for each project being delivered, 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 significant human resources challenges facing the teams at present due to shortages in suitably skilled people across the industry, but despite these challenges, in recent months WH has recruited three Quantity Surveyors and two Assistant Quantity Surveyors.
- 5.2 With the massive increase in the size of the capital programme, some of the additional commercial and project management expertise is being provided by consultants. The peak in workload will start to diminish in 2-3 years' time, and by then we will have increased our own capability and will be able to reduce our reliance on consultants for these activities.

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 circa 40% 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 Covid-19 will have a significant impact on the 2023 - 2024 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.

This page is intentionally left blank

Board Report

	Agenda Item 9
	24 March 2023 Medium-Term Capital Investment Plan 2023 - 2024 to 2027 - 2028 (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 the Board members with the priorities for Capital investment 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 2023 - 2024 to 2027 - 2028 was presented to the City of Wolverhampton Council (CWC) for approval in January 2023.
- 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 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 WH meet the requirements of the Home Standard (especially in relation to improving the quality of the accommodation provided and ensuring the health and safety of the occupants in their homes).
- 2.4 The past 12-months has seen some significant increase in the cost of energy and helped to create a "Cost of Living Crisis". In response we have sought to accelerate the delivery of projects which improve the thermal efficiency of the most inefficient buildings. 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 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.
- the completion of the refurbishment of the Heath Town estate.
- the 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.
- the 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.
- the introduction of a new programme of work to medium rise blocks of flats and low rise properties, 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, 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).
- the introduction 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.
- the completion of the flat entrance fire door replacement programme.
- the continuation of the programme to replace defective roofing across the city, with the renewal of the flat roofs to 21 blocks of flats, in addition to the programme of pitched roofing replacement.
- the ongoing provision of disabled adaptations for people living within the Council's social housing.
- the 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 MMC (Modern Methods of Construction).
- the 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, WH will continue to work closely with the Strategic Construction Partners and our design partner (Jacobs), to procure effectively and obtain the best possible value through the appointment of local supply-chains, collaborative design, and efficient 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 we are duty-bound to recover the contributions from leaseholders. 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 people 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 WH is an attractive proposition for prospective candidates.
- 5.2 With the significant peak in activity over the next three years, additional surveying, 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. **Yes.**
- 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 40% 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. This is 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 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 Whilst severe disruption was witnessed with the first national lockdown (March 2020) to combat the threat from the Covid-19 pandemic, since then, reasonable levels of construction output have been maintained, without incident, by adopting Covid-19 safe working practices. Therefore, it is not anticipated that Covid-19 will continue to have a significant impact on the Capital Programme although it is understood that there are some residual impacts.

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 A: Housing Revenue Account Medium-term Capital Programme (March 2023)

This page is intentionally left blank

Medium-term Capital Programme (March 2023)

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
		2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
DELEGATED PROJECTS (DELIVERED & MANAGED BY WOLVERHAMPTON HOMES)							
A	Internal Improvements						
21/A01	Refurbishment of voids	£7,300,000	£7,105,000	£6,500,000	£4,500,000	£4,500,000	£4,500,000
21/A02	Boiler Replacement Programme	£1,200,000	£1,080,000	£780,000	£810,000	£830,000	£860,000
21/A03	Internal Improvements	£6,870,000	£11,600,000	£12,400,000	£11,800,000	£10,400,000	£9,000,000
B	Refurbishment Works						
	Heath Town Estate Refurbishment						
21/B01	Heath Town Estate: refurbishment of the retained blocks	£8,900,000	£11,900,000	£14,700,000	£9,900,000	£2,200,000	
	High-rise estate improvements						
23/B02/B03/B04	High Rise External Façade Works Programme; incorporating window replacement, roof replacement, external wall insulation and associated work.	£500,000	£10,400,000	£15,700,000	£15,200,000	£10,200,000	£6,400,000
21/B02	Renewal of High-Rise Infrastructure (City-wide); incorporating retro-fitting sprinklers and fire safety improvements	£8,900,000	£19,400,000	£15,000,000	£10,300,000	£6,500,000	£4,400,000
	Medium-rise estate improvements						
	Holistic programme to deliver improvements to the building envelope, fire safety, M&E infrastructure and landscaping. The scope will include installing external wall insulation / cladding / cavity wall insulation and improving ventilation, along with 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).	£250,000	£2,250,000	£2,400,000	£1,000,000	£4,000,000	£4,000,000

Medium-term Capital Programme (March 2023)


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
		2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Low-rise estate improvements						
	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).	£0	£1,250,000	£1,500,000	£0	£0	£0
	Refurbishment of system-built housing						
21/B14	Surveys of non-traditional housing (including high-rise)	£150,000	£400,000	£400,000	£50,000	£50,000	£300,000
23/B/15	Retrofit works to system-built properties	£240,000	£19,200,000	£15,400,000	£0	£2,600,000	£5,648,000
	Other						
21/B07	Lift & DDA Improvements	£400,000	£430,000	£460,000	£460,000	£460,000	£460,000
21/B08	Door Entry / CCTV Security Programme	£150,000	£150,000	£200,000	£250,000	£250,000	£300,000
21/B09	Fire Safety Improvements - Medium and Low rise	£2,600,000	£1,600,000	£1,800,000			
21/B11	Sustainable Estates Programme:	£1,600,000	£800,000	£300,000	£300,000	£300,000	£300,000
21/B06	Roof Replacement Programme (City-wide)	£4,700,000	£6,300,000	£6,300,000	£2,900,000	£2,900,000	£2,900,000
21/B05	Structural Repair Works (ad-hoc, City-wide)	£1,600,000	£1,650,000	£1,140,000	£1,140,000	£1,140,000	£1,140,000
21/B13	Pathway improvement and safety programme	£197,000	£210,000	£220,000	£220,000	£230,000	£230,000
C	Miscellaneous Items						
21/C02	Capital Programme Management (Wolverhampton Homes salaries)	£1,900,000	£2,000,000	£2,000,000	£2,000,000	£2,000,000	£2,000,000
21/C03	Sale of Council Houses Administration (RTB)	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000

Medium-term Capital Programme (March 2023)

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
		2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
PROJECTS MANAGED & DELIVERED BY WOLVERHAMPTON HOMES ON BEHALF OF THE COUNCIL BUDGET HOLDER							
D	Internal Works						
21/D01	Disabled Adaptations	£1,700,000	£1,900,000	£1,500,000	£1,400,000	£1,110,000	£1,100,000
21/D02	Bushbury Hill EMB Improvement Programme	£200,000					
E	Refurbishment Works						
21/E01	External improvements to Jericho House	£98,000					
21/E02	Commercial to residential conversions: Bond House	£3,533,000					
F	Other Projects						
	Replacement of system-built housing (based on £200k per unit inclusive of demolition, ground remediation and construction costs)	£500,000	£5,000,000	£10,100,000	£10,100,000	£0	£0
21/F01	Small sites new build programme (delivered by Wolverhampton Homes)	£2,500,000	£1,502,000				
	City Council Capitalised Salaries	£400,000	£400,000	£400,000	£400,000	£400,000	£400,000
	Other new build / estate remodelling programmes (delivered by the City of Wolverhampton Council)	£15,792,000	£24,524,000	£32,857,000	£33,500,000	£27,500,000	£26,500,000
	Estimated Total Value	£72,240,000	£131,111,000	£142,117,000	£106,290,000	£77,630,000	£70,498,000
Wolverhampton Homes responsibility:		£56,048,000	£106,187,000	£108,860,000	£72,390,000	£49,730,000	£43,598,000

This page is intentionally left blank

Board Report

	Agenda Item 10
	<p>24 March 2023 Revenue Budget 2023 - 2024 and Medium-Term Financial Strategy update 2023 - 2024 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 2023 - 2024 • Medium-Term Financial Strategy for the financial year 2023 - 2024 to 2025 - 2026
Key risks and contentious issues:	<p>Effective financial management is a critical part of our business assurance framework.</p> <p>For 2023 - 2024 in setting the draft budget, Board will see that a contribution from reserves of £1 million is required to balance the budget. Various measures are being considered to mitigate the impact.</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 the 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 reflect the four-year Business Plan 2019 - 2023 and 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 With the last two years already having been extraordinary, placing new burdens on both WH as a business and also its customers, many of whom already faced considerable disadvantages, WH now face even more unprecedented and challenging times. This is due to the impact of inflationary pressures – the cost of living, energy increases and fallout from the war in Ukraine which will continue for the foreseeable future.
- 2.3 Post Covid-19 this has shown 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.
- 2.4 In terms of the local picture, the most recent census information is now available, which provides some indication about the changing needs of the city. We are aware that a high percentage of WH tenants will be in the lower income and employment categories and when overlaid with other factors such as disability, we see more increasing complexity.
- 2.5 The following are key issues and will continue to impact during the coming year:
 - 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.
- Social Housing Bill – professional qualification requirements.

2.6 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.

2.7 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 2023 - 2024

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

3.2 The council have agreed a Management Fee for 2023 - 2024 of £45 million for the delivery of core landlord services and Homelessness services. This includes the £2 million uplift agreed in 2022 - 2023, a further 6% increase and funding for two additional Money Smart posts and for the management of Peter Bilson house.

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 2023 - 2024 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 and private sector leasing properties.

3.6 Table 1 below sets out the forecast income for 2023 - 2024.

Table 1 – Income Forecast 2023 - 2024

Funding Source	2023 - 2024 £000
Base Management Fee from Wolverhampton City Council	45,000
General Fund Services (revenue and capital funded)	1,823
Capitalisation of salaries	2,607
Trading Income	5,098
Private Sector Leasing Income	160
Income from Owned Properties	155
Miscellaneous Income	1,834
Total income for the year	56,677

4.0 Expenditure Forecast 2023 – 2024

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. The latest triennial valuation of the West Midlands Pension Fund position has resulted in the employer contribution rate for the next 3 financial years decreasing from 19.2% to 13.4%, reducing the annual cost by around £1.1 million.
- 4.1.2 The average number of staff employed by the company has reduced from around 725 in 2019 - 2020 to around 658 in 2022 - 2023 which is around 9% of the workforce. Although some reduction has been planned as services are redesigned and posts deleted accordingly, there are areas where WH struggle to recruit, and this has been reflected in salary budget underspends. The salaries budget for 2023 - 2024 provides for 83 posts where recruitment is ongoing or planned. This will result in a net increase to the pay budget of around 28 posts costing £1.1 m but filling the posts is expected to lead to a decrease in contractor costs, particularly in repairs.
- 4.1.3 A vacancy factor of 3% has been applied to the overall pay budget to reflect where postholders will not be in place at the start of the year and also general staff turnover. A provision of £1.6 million has been made for a local government pay award in 2023 - 2024. This is a best estimate based on current information on an offer made by the local government employers. It will be held corporately until any pay settlement is agreed.
- 4.1.4 The total employee budget includes £306,000 for training and medical fees including occupational health. The pay budget includes overall growth in pay budgets of £2.5 million.

This is analysed in Table 2 below:

Table 2 – Analysis of Salaries budget growth

Salaries budget	£000
Budget requirement 2023-2024	30,775
Current budget	(28,243)
Budget increase	2,532
Growth analysis	
Impact of 2022-2023 pay award - unbudgeted element	1,018
ERS pension saving	(1,131)
NI increase reversal	(199)
Increase to vacancy factor	(167)
Delete grant funded posts	(153)
Pay award provision 2023-2024	1,676
Increments	283
Additional Money Smart posts (HRA funded)	100
Net growth (around 28 posts)	1,105
Total budget increase	2,532
Funded by	
Capital programme recharges	609
Management fee	1,923
	2,532

4.2 Non-Pay budgets

- 4.2.1 Apart from pay costs, the other main area of significant costs pressure is Response Repairs. Materials and contractor expenditure has increased by £2.6 million since 2020 - 2021. The budgets were increased for 2022 - 2023 but due to inflation and demand costs have increased further, as detailed in the quarter 3 revenue report. The budget for 2023 - 2024 has allowed for contract and material inflation.
- 4.3 Fuel costs have created a further pressure due to the contract price of electricity which created a cost increase of around £500,000 for communal electricity.
- 4.4 The cost of the service level agreement with ICT has increased by £380,000 which is due to the cost of Microsoft licences.

Table 3 – Non-pay budget growth

Non pay budget growth	£000
Repairs maintenance contracts	500
Building materials - inflation	700
Non domestic asset maintenance contracts	500
Stock investment (surveys)	200
Communal electricity	500
Service level Agreements	380
System development (invest to save fund from reserves)	75
Caretaking/Concierge - pest control, waste removal	58
Grounds Maintenance	117
Total non pay budget increase	3,030

5.0 Budget Summary and Medium-Term Financial Strategy

5.1 Table 2 below sets out the forecast budget position 2023 - 2024:

Table 4 – Summary Budget Position

Budget for 2023 - 2024	
Expenditure	£000s
Pay	31,082
Non-pay	26,595
Total expenditure	57,677
Total income	56,677
Contribution from reserves	1,000

A breakdown of the budget by service is provided at Appendix 1.

5.2 The updated Medium-Term Financial Strategy is illustrated in Table 5 below. The 2022 - 2023 forecast position is as reported in the Q3 revenue report.

Table 5 – Medium-Term Financial Strategy Summary:

	Outturn 2021- 2022 £000	Q3 2022- 2023 £000	Budget 2023- 2024 £000	Forecast 2024- 2025 £000	Forecast 2025 - 2026 £000
Expenditure		54,810	57,677	59,123	60,473
Income		53,213	56,677	58,012	58,919
Contribution (to)/ from reserves		1,597	1,000	1,111	1,554
Opening		5,335	3,738	2,738	1,627
Contribution to/ (from) revenue		(1,597)	(1,000)	(1,111)	(1,554)
Closing	5,335	3,738	2,738	1,627	73

- 5.3 Table 5 illustrates the Medium-term forecast as it stands, after applying inflationary increases to the 2023 - 2024 budget.
- 5.4 Reserves will be used up by 31 March 2026 without taking action to reduce costs or increase income. If costs can be reduced or additional income identified, then this will reduce the use of reserves. For example, if £0.5 million of efficiencies for 2024 - 2025 with a further £0.5 million in 2025 - 2026 then the reserve balance would be £1.5 million at the end of 2025 - 2026.
- 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.

6.0 Financial and value for money implications

- 6.1 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, it is imperative that Wolverhampton Homes continues to learn from experience, looking 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 Reimagining the services the company delivers, 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. There are no proposals within this report with health and safety implications.

10.0 Equalities implications

10.1 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

Appendix 1: Budget breakdown by Directorate and service

Directorate	Budget 2022-2023 £	Budget 2023-2024 £	Net Change £	Comment
Corporate Services				
Business Improvement	1,237,800	2,046,500	808,700	Pay award provision net of vacancy factor - held corporately
Governance and Executive support	592,000	580,000	(12,000)	
Customer Experience	4,509,000	5,040,000	531,000	pay and budget realignment
Human Resources	555,500	653,500	98,000	Pay
Skill Development	900,000	1,047,000	147,000	Apprentices
Total Corporate services	7,794,300	9,367,000	1,572,700	
Homes and Communities				
Homes and Communities directorate	353,000	253,000	(100,000)	pay
Income	1,888,700	1,964,000	75,300	pay
tenancy and Communities	5,560,000	6,177,000	617,000	pay, grounds maintenance, waste
Housing Operations	975,000	926,000	(49,000)	pay
Housing Improvements	1,000	47,000	46,000	pay
Housing Outreach	195,300	123,000	(72,300)	pay and budget realignment
Housing Support	1,119,000	930,000	(189,000)	pay and budget realignment
Homeless Prevention and Assistance	200,000	166,000	(34,000)	pay
Lettings	824,000	858,000	34,000	pay
Temporary Accommodation	207,000	203,000	(4,000)	pay
Total Homes and Communities	11,323,000	11,647,000	324,000	
Property				
Building Solutions	5,382,000	4,590,000	(792,000)	reduction of voids budget and resources moved to repairs
Construction	4,953,000	4,805,000	(148,000)	pay and budget realignment
Commercial Services	(179,300)	228,000	407,300	pay and budget realignment
Property Directorate	214,000	80,000	(134,000)	pay and budget realignment
Repairs Service	10,666,000	12,900,000	2,234,000	contractor costs, materials, staffing
Stock Investment	1,529,000	2,605,000	1,076,000	Communal fuel, surveys, staffing
Total Property	22,564,700	25,208,000	2,643,300	
Total Budget	41,682,000	46,222,000	4,540,000	
Management fee	(40,682,000)	(45,222,000)	(4,540,000)	
Balance (reserves funding)	1,000,000	1,000,000	0	

This page is intentionally left blank

Board Report

	Agenda Item 11
	<p>24 March 2023 Rents and Service Charge Annual update – Wolverhampton Homes owned properties</p>
	Open Report
Status:	For Decision
Author and job title:	Angela Barnes, Director Homes & Communities
Contact No:	01902 552956 / 07989 999925
Recommendations:	<p>Board members are asked to ratify the approval for the:</p> <ul style="list-style-type: none"> • increase in rent charges to be applied to property in the ownership of Wolverhampton Homes <p>Board members are asked to note the content of the report in relation to:</p> <ul style="list-style-type: none"> • Maintaining the current level of charges associated with the provision of the Tidy Garden scheme
Key risks and contentious issues:	<p>Wolverhampton Homes annual review of the rental charges levied on the nineteen properties under its ownership has been mindful of several factors:</p> <ul style="list-style-type: none"> • Equity in terms of rent increase applied to tenants in properties owned by the City of Wolverhampton Council – managed by Wolverhampton Homes and other managing agents

	<ul style="list-style-type: none">• The need to ensure there is sufficient funds to:<ul style="list-style-type: none">○ continue to deliver services to residents of those properties and to a standard they expect○ ensure there is sufficient income to fund future capital investment and protect these company assets• The economic challenges and the impact on customers and residents and their ability, if faced with significant increase in rent, to be able to sustain their tenancy <p>These issues have also been considered in relation to the charges applied for the provision of the Tidy Garden scheme, with reference also being made to the decision by the City of Wolverhampton Council not to increase the cost-of-service charges to households which receive services which sit within the Management Agreement.</p>
--	---

Management Summary

1.0 Purpose

- 1.1 To request Board member approval of the increase to be applied to the rental charge to the nineteen properties in the ownership of Wolverhampton Homes.
- 1.2 This increase relates to the financial year 2023 - 2024 and is effective as of 03 April 2023, and is in line with the increase
- 1.3 To inform Board of the decision not to increase the cost to customers who access Wolverhampton Homes' Tidy Garden service.

2.0 Background

- 2.1 It is a requirement that Board undertakes an annual review of the rents charged on the properties in the ownership of Wolverhampton Homes and the services that the company provides which sit outside the management agreement, namely the Tidy Garden scheme.

2.1.1 *Wolverhampton Homes-owned property*

Wolverhampton Homes purchased nineteen properties as a commercial enterprise via WV Living. The properties are let on an assured shorthold tenancy basis (AST) with rent set at market levels (i.e. the amount of rent that can be expected for the use of a property, in comparison with similar properties in the same area).

Assured shorthold tenancies allow for an annual review of the rent, with the requirement to give at least 4 weeks' notice of any increase to occupants of the property.

Wolverhampton Homes' Tidy Garden scheme

Wolverhampton Homes' Tidy Garden service is provided to around 120 customers. It is a scheme available exclusively to Wolverhampton Homes tenants and leaseholders who would like help looking after their garden. Depending on the size of the garden, the fee ranges from just under £4 to just under £8 per week.

3.0 Rent and service charges 2023 - 2024

- 3.1 The City of Wolverhampton Council's review of rent and service charges resulted in the following decisions:
 - To increase social and affordable rents by 7%
 - Not to increase service charges for any service delivered as part of the Management Agreement

3.2 Board are requested to agree the same is applied to the nineteen WH owned properties so that:

- rents on these properties will increase by 7%
- there will be no increase in the cost of the Tidy Garden scheme

3.3 The current weekly rent for each of the properties is £158.17. The application of the 7% increase will see an additional charge of £11.07 per week per property.

3.4 Please see Appendix 1 – letter informing tenants of the rent increase as of 03 April 2023.

4.0 Support for tenants

4.1 Tenants of the properties can access support in the same way and to the same extent as those living in the properties the company manages on behalf of the Council.

5.0 Legal and regulatory implications

5.1 Board members are required to review Wolverhampton Homes rent and service charges in line with the properties under its ownership, and any services provided under commercial activity.

6.0 Human resources implications

6.1 There are no human resources implications identified within this report.

7.0 Health and safety implications

7.1 There are no health and safety implications identified within this report.

8.0 Financial Implications

8.1 The increase in rent will increase the annual income of Wolverhampton Homes by just under £11,000.

8.2 As these properties have only recently been built, there is no capital investment anticipated for the next 10-15 years. However, the company will assess future capital investment requirement over the next 30 years to ensure reserves are appropriately accrued to meet future liabilities.

9.0 Equalities implications

9.1 The Senior Management Team considered options and implications associated with increased rental and service charges. Senior Management Team agreed to mirror the decision made by the Council in relation to rents and service charges to demonstrate consistency across tenants charged social and affordable rents and those accessing services which form part of the Management Agreement.

10.0 Impact on the environment and community

- 10.1 The increase of rents for market rents will support future investment and capital works needed as the properties age over time. It is prudent financial management to prepare for such investment needs to ensure Wolverhampton Homes can manage and maintain the stock that it owns.
- 10.2 Providing a Tidy Garden scheme supports households to take pride in their environment and shows commitment to maintaining the appearance of their homes and their community.

11.0 Long term consequences for the company

- 11.1 Reviewing rents and service charges is always a challenging decision, more so in the current economic climate and where inflation, cost of living and fuel costs are constantly in the headlines. However, Wolverhampton Homes needs to plan and be able to repair and maintain owned stock.

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

- 12.1 Any increase in costs for customers could impact in some way. WH is committed to supporting customers and where they are facing financial difficulties support is available via contact with the relevant services.

13.0 Impact of Covid-19

- 13.1 All services have been delivered to customers associated with WH owned stock, estate charge services and the tidy garden service.

14.0 Impact on Wolverhampton Homes' Management System

- 14.1 Work has commenced to amend rent accounts on WH's NEC Housing system ahead of 03 April 2023.

15.0 List of appendices

- 15.1 Appendix 1: Template Letter – Wolverhampton Homes Rent Review

This page is intentionally left blank

┌
Name
Address
└

┌
└

Alfred Squire Road
Wolverhampton
WV11 1XU
01902 556789

Date:

Dear **Name**

Account Payment Reference:

Notice of weekly rent increase review from 03 April 2023

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%.

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

As of 03 April 2023, 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.

If you get LHA, you need to contact City of Wolverhampton Council and tell them about the change in rent.

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. 03 April 2023.

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 03 April 2023.

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.

If you have any questions or concerns about this letter, you can contact the Wolverhampton Homes on 01902 556789.

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

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

Rents and Service Charge Annual Update – impact and support mechanisms

24 March 2023



Legal and Governance Framework

The framework for rents and service charges:

- Direction on the Rent Standard 2023.
- 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 to all of any increase.

Cabinet Decision for 2023 - 2024

City of Wolverhampton Council Cabinet 18 January 2023 agreed that for the financial year 2023 - 2024 there would be:

- an increase of 7% (capped amount) for social rents.
- an increase of 7% for shared ownership property.
- no increase to service charges.
- establishment of an assistance scheme for tenants experiencing financial hardship.
- <https://wolverhampton.moderngov.co.uk/ieListDocuments.aspx?CId=130&MId=17983&Ver=4>

Rationale for rent increase

- Decision not to increase rents would impact on the Housing Revenue Account (HRA) Business Plan 2023 – 2024
- Link for HRA business plan - [Agenda for Cabinet on Wednesday, 18th January, 2023, 5.00 pm: Wolverhampton City Council \(moderngov.co.uk\)](#).
- Need to balance the provision of new homes for rent, while continuing to invest in the existing stock and improve and redevelop housing estates
- Not applying an increase would reduce the resources available to fund services and the capital programme
- Decision not taken lightly and provoked debate
- Built in additional support mechanism, recognising impact on tenants who are already facing financial challenges

What does the increase mean for tenants?

Property type	Average rent 2022 / 2023	Weekly increase
Bedsitter	£71.80	£5.03
Bungalow	£81.86	£5.73
Flat	£74.55	£5.22
House	£91.37	£6.40
Maisonette	£79.56	£5.57

Rent payment methods

		2020 - 2021	2021 - 2022	Current (end 2022)
Universal Credit	No. of cases	6944	8025	8766
	No. of cases on direct payments	1288	1566	1987
	% of cases on direct payments	18.55%	19.51%	22.67%
Housing Benefit	% of customers in receipt of HB	37.37%	33.52%	30.62%
	% of customers of full HB	23.63%	21.30%	19.47%
	% of customers on partial HB	13.47%	12.22%	11.15%

Rent payment methods and average level of arrears

Payment Method	Number of Accounts	Average Arrears
Arrears Direct DWP	2	225.52
Cash Receipting	10806	15.73
Direct Debit	3945	-88.09
Direct Payment From DWP	2133	447.08
Monthly Payer	2294	88.94
Salary Deduction	2	101.07
	8	110.98
Total:	19190	51.15

Arrears / legal action

	2020 - 2021	2021 - 2022	2022 - 2023 (end Q3)
No. customers in arrears	3166	3651	4609
Total arrears owed (rent roll)	£1.38m 2.17%	£1.5m 2.24%	£1.95m 2.83%
No. of customers 7+ weeks in arrears	962	958	1257
No. of court entries	178	166	242
No. of Evictions	0 (Covid-19 restrictions)	22	16

Support Mechanisms - Money Smart

	2020 – 2021	2021 – 2022	2022 - 2023 (end Q3)
No. of Money Smart referrals	5549	4875	3803
No. of Food Bank referrals	1546	944	775
No. of customers supported with purchasing school uniforms	N/A	69	N/A
Value of school uniform support	N/A	£9,946.94	N/A

Support Mechanisms – Hardship Fund administered by Money Smart

	2020 – 2021	2021 – 2022	2022 - 2023 (end Q3)
Nos. Hardship Fund cases	479	205	591
Total Hardship Fund spend	£117, 066	£75,966	£80,029
Average amount per household	£244.00	£370.00	£135.41

Support Mechanisms – HPF administered by Homeless Team

	2020 - 2021	2021 - 2022	2022 - 2023 (end Q3)
No. of customers receiving payments due to arrears	44	85	61
Value of payments	£31,230.56	£65,851.75	£36,175.17
Average payment per household	£709.00	£774.00	£593.00
No of customer receiving rent in advance payments	134	76	60
Total Homeless Prevention Fund spend	£27,290.73	£13,922.99	£11,185.32
Average amount per household	£203.00	£183.00	£186.00

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.

Referrals made to other agencies include:

- ACCI – 79 referrals made between April 2022 - December 2023.
- Refugee & Migrant Centre – 144 referrals made between April 2022 - December 2023.
- Referrals also made to:
 - Glasspool
 - Severn Trent Trust Fund
 - Let's Talk
 - Big Difference
 - Smallwood Trust
 - Children In Need
 - Various energy supplier trusts


New support mechanism - Financial Assistance Scheme

- Cabinet report January 2023 – financial assistance scheme for tenants experiencing financial hardship to be established - £300k with funding available for additional staff to sit in Money Smart and complements other sources of financial support.
- CWC asking WH to deliver for all Council tenancies across the City, 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.

Any questions?



Board Report

	Agenda Item 13
	24 March 2023 Revenue Forecast for 2022 - 2023 – Quarter 3
	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 2022 - 2023 as at Quarter 3.
Key risks and contentious issues:	<p>The original budget for 2022 - 2023 was balanced with a planned / forecast contribution from reserves of £1.0 million.</p> <p>The Quarter 3 forecast is currently for an overspend against the budget of around £0.6 million. The budget position is due to the impact of demand and inflation on repairs and maintenance and communal fuel. As currently stands, this would mean a contribution from reserves of £1.6 million which would reduce the balance to £3.7 million at 31 March 2023.</p> <p>The approved Management fee for HRA services for 2022 - 2023 was £40.46 million. The council have approved an increase of £2 million to the Management Fee for 2022 - 2023 in order to help with funding these unprecedented costs along with the pay award – which was around 2% higher than allowed for in the budget.</p>

	<p>In addition, there may still be risks in the budget position from both inflation and demand for services over the remainder of the year.</p> <p>Given the current economic climate, WH continue to ensure a focused scrutiny on the company's finances and in particular vacant posts which currently equate to around £1.0 million that, if filled, would increase the pressures on the net budget position. This supports the necessity for new ways of working to continue to be implemented across the business.</p> <p>This is balanced with the impact of rising energy and fuel costs, the pressures on the cost of living, increased complexity of customer demands and the rise in homelessness.</p>
--	--

Management Summary

1.0 Purpose

1.1 This report is to inform the Board of the Quarter 3 revenue outturn forecast position for 2022 - 2023 at 31 December 2022.

2.0 Revenue Forecast 2022 - 2023

2.1 The budget was set for 2022 - 2023, with a forecast £1.0 million contribution from reserves to meet increased demand and cost pressures on the repairs budget.

2.2 The forecast budget position at 31 December 2022 is for a forecast £0.6 million overspend against budget. The position is summarised below in Table 1.

Table 1 – Summary Forecast Outturn for 2022 - 2023 at Quarter 3 (including forecast pay award):

	2022 - 2023 Budget £000	2022 - 2023 Forecast £000	2022 - 2023 Variance £000
Expenditure			
Employees	28,550	28,339	(211)
Non-Pay Costs	23,670	26,471	2,801
Total Expenditure	52,220	54,810	2,590
Income			
Management Fee (core plus ASB)	(40,682)	(42,682)	(2,000)
Trading Income	(6,884)	(6,716)	168
Other Income	(3,654)	(3,815)	(161)
Total Income	(51,220)	(51,213)	(1,993)
Net Budget position	1,000	1,597	597

2.3 The employee budget is forecast to underspend by around £211,000. This includes payment of the local government pay award which saw a lump sum of £1,925 (pro rata) to all SCP point. The original budget assumed a pay award of 2% (£0.6 million) but the total cost of the pay award was around £1.5 million. The salary budget is under spending because of the number of unfilled posts in the budget.

2.4 Expenditure on repairs and maintenance is forecast to be higher than budget by £2.2 million. This is an increase of over £1million from the position reported at Q2. The Q2 did include a £500,000 pressure from the increase to communal fuel costs which is as a result of global price increases. The increase to the forecast since Q2 is due to an increase in demand for responsive repairs. Repairs and Maintenance budgets were increased for 2022 - 2023 by £1.4 million to reflect demand and cost pressures. However, the response repairs budget is forecast to be £2.2 million over the budget. This is due to a combination of inflation and demand, which has increased over the autumn as tenants have been encouraged to report damp and mould issues. The budget for void repairs is forecast to underspend by around £300,000, as less properties are becoming

void and those that are requiring major works and therefore being picked up by the capital programme.

- 2.5 There still are risks around the assumptions behind the forecasts with the impact of the final quarter of the year. The position will be closely monitored by WH Senior Management team.
- 2.6 There is a forecast overspend against the budget for facilities of just under £600,000. This is for works to office accommodation and dilapidation costs for terminating the lease for Market Street. These costs will be recovered over 2 years through savings in rental payments, business rates and office running costs. These one-off costs were approved as expenditure to be funded from reserves.
- 2.7 The council have approved WH's request for an uplift to the Management Fee payment of £2 million for 2022 - 2023 to help fund the unprecedented costs increases and the local government pay award.
- 2.8 Overall, trading income is largely on target, with a reduction of £200,000 from capital recharges for the Heating Programme which is offset by reductions in expenditure. Heating replacements are being increasingly picked up under the capital programme for Internal Decency delivered by the Strategic Construction Partnership.
- 2.9 Further detail on the income and expenditure forecast for 2022 - 2023 can be seen at Appendix 1.

3.0 Summary of Financial Position

- 3.1 The position at Quarter 3 is of an overall overspend against the expenditure budget for 2022 - 2023 of £1.6 million. This is due to the impact of unprecedented inflation, demand for repairs and the need to allow for a higher pay award than that allowed for in the budget. The council have agreed to uplift the Management Fee from the Housing revenue Account by £2 million.
- 3.2 The anticipated forecast overspend for the year together with the budgeted £1.0 million contribution from reserves, have been well documented. The impact of which will decrease the total reserves to around £3.7 million at 31 March 2023 without any additional funding.
- 3.3 The executive and Board have made commitment to bring costs in line with income through a range of Invest to Save initiatives. By reducing reserves below a reasonable threshold would prevent further initiatives being implemented. WH requested that the council reflect in the management fee for the current year and ahead for 2023 - 2024 the challenges resulting from the current economic climate.
- 3.4 Income from the management of the nineteen WH owned properties continues to perform to predicted expectations.

4.0 Financial and value for money implications

4.1 Wolverhampton Homes has a long-term record of effective budgetary control.

5.0 Legal and regulatory implications

5.1 There are no legal and regulatory implications of the contents of this report.

6.0 Health and safety implications

6.1 There are no proposals within this report with Human Resource implications.

7.0 Equalities implications

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

7.2 Explanation: There are no proposals within this report.

8.0 Impact on the environment and community

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

9.0 Long term consequences for the company

9.1 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.

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

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

11.0 Impact on the Wolverhampton Homes' Management System

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

12.0 Appendices

12.1 Appendix 1: Income and Expenditure Forecast 2022 - 2023 as at Quarter 3

Appendix 1

Income and Expenditure Forecast 2022 -2023 as at Quarter 3

	2022-23 Budget £000	2022-23 Forecast £000	2022-23 Variance £000	Comment
Expenditure				
Employees	28,550	28,339	(211)	Unfilled posts in budget
Repairs and Maintenance	16,116	18,329	2,213	Repairs spend and communal fuel
PSL payments to landlords	210	170	(40)	Strategy to reduce number of leases
Facilities	762	1,355	593	Office accommodation works
Transport	1,074	1,027	(47)	
Supplies and Services	3,802	3,834	32	
Support Services	1,706	1,756	50	
Total Expenditure	52,200	54,810	2,590	
Income				
Management Fee	(40,682)	(42,682)	(2,000)	Uplift to Management fee
Trading Income	(6,884)	(6,716)	168	
Capitalised salaries	(2,217)	(2,159)	58	
PSL rental income	(260)	(211)	49	Strategy to reduce number of leases
Investment Property Income	(150)	(154)	(4)	
Other Income	(1,027)	(1,291)	(264)	
Total Income	(51,220)	(53,213)	(1,993)	
Budget surplus	1,000	1,597	597	