
REPORT TO:	Housing and Community Services Committee	AGENDA ITEM: 11
DATE OF MEETING:	14th June 2012	CATEGORY: DELEGATED
REPORT FROM:	Mark Alflat - Director of Operations	OPEN
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SUBJECT:	Housing Revenue Account	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HCSO1

1. Recommendations

- 1.1 The Housing Service undertakes a series of workshop sessions with tenants, staff and members re the future of the Housing Revenue Account (HRA) business.
- 1.2 That the Housing and Community Services Committee considers an updated HRA Business Plan incorporating proposals, arising out of the workshops, in the Autumn of 2012.

2. Purpose of Report

- 2.1 To consider an overview of the up to date financial position of the HRA and how the Service moves forward under the new self financing regime.

3. Detail

- 3.1 The Council prepared extensively for the onset of the new HRA self financing regime. This culminated in a new HRA Business Plan, signed off by the Council in June 2011, following 6 months work that involved members, tenants and staff in a joint working group.
- 3.2 In addition the Council carried out a full stock condition survey in 2009 and engaged specialist treasury management advice in late 2011. In short we've arrived at a position where we're prepared for self financing and we are already in the process of delivering a property improvement programme double the value of anything previously done.
- 3.3 Since the HRA Business Plan was written, several potential variables have now been confirmed as actuals. In summary these are:
 - The debt settlement take on is £57.423m giving a total HRA debt of £58.723m
 - The interest rates for that debt are at an average of 2.78% over 30 years – all rates are fixed and the debt is paid back in 6 tranches ranging from year 10 to year 30.

- The actual rent settlement figure for 2012/13 and the outturn on the account for 2011/12
- 3.4 Further to the above an 8 page supplement to the HRA has been drafted as attached at appendix 1. The key messages from this are in line with the original plan and are that;
- The stock condition survey requirement works will be funded in full
 - Additional resources are restricted in the short term given the requirements of the stock condition survey
 - There is though an opportunity to invest in additional services particularly in the medium to long term
 - The HRA will generate significant surpluses in the longer term if income and expenditure profiles are projected forward at current levels plus inflation
- 3.5 To a large extent the issue for the HRA remains the same. It has the capacity especially in the longer term to deliver much more in terms of services to tenants and their communities but resources in the earlier years put a limit on this. However the key significant change in the supplement to the Plan, compared to the original, is that we can now pay the debt off upto eight years earlier than originally projected.
- 3.6 Whether we do want to run the business as debt free is a decision for the future but many councils are taking the view that if business demands require debt to fund services and facilities this is acceptable as long as the debt is serviceable. This is against a backdrop that even the small and medium sized Councils have asset bases running into the hundreds of millions. In reflection of this some Councils are already utilising some of their borrowing headroom to provide new facilities and most significantly to give a commitment to a new build programme.
- 3.7 Elsewhere on the agenda for this Committee meeting members are asked to consider the new build issue.
- 3.8 In our business planning process in late 2010 and 2011 we incorporated, to some degree, tenant aspirations into our programme. In the next couple of years we'll be embarking on estate parking improvements, environmental works, garage site upgrading and bringing Council homes into the 21st century by installing showers in every home. However we could have built in other projects as well and, to some extent, with those projects included we're only going to be scratching the surface of an issue e.g. £150k parking improvements may improve the situation for at best 150 people but we have parking issues far more widespread than that.
- 3.9 Although resources remain restricted in the earlier years of the plan we can perhaps now afford to be bolder with our plans and ambitions for the service i.e. resources will be freed up in the medium term rather than the longer term. However in developing proposals for new and additional services there clearly needs to be a balance drawn especially in the short-term. We do though now have the capacity to raise expectations that we can do more. In the short term this may be more about pilot and targeted projects rather than District wide schemes. Such an approach would in itself be a positive in developing new approaches gradually and learning from that experience rather than trying to launch larger projects from a standing start.
- 3.10 To this end it is proposed to hold a series of visioning workshop sessions with staff, members and tenants, i.e. the key stakeholders, over the next 3/4 months and to report back into the Committee process in the autumn

3.11 The Housing Service staffing structure also needs to be reviewed. Largely it's geared up to run at very low cost but this significantly affects its ability to service new initiatives and programme development. For instance although we've doubled the size of our investment this year we've so far taken on one additional temporary member of staff to help facilitate this. If we are going to provide an enhanced level of service that goes significantly beyond repairing the actual property we need a service that can provide that well.

4. Financial Implications

4.1 The supplement, attached at appendix 1, to the previously approved HRA Business Plan indicates a significantly improved medium to long term financial projection for the HRA. This is primarily down to advantageous interest rates relating to the debt take-on.

5. Corporate and community implications

5.1 It is now proposed to undertake a series of visioning workshop sessions to further develop the plan and direction for the HRA Business. The fact that the HRA now has a sound financial footing presents a significant opportunity for the Council to enhance its tenant services proposed to be developed in conjunction with the tenants themselves.