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<b>REPORT TO:</b>	<b>HOUSING AND COMMUNITY SERVICES COMMITTEE</b>	<b>AGENDA ITEM: 13</b>
<b>DATE OF MEETING:</b>	<b>9 JUNE 2016</b>	<b>CATEGORY: DELEGATED/</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF HOUSING AND ENVIRONMENTAL SERVICES</b>	<b>RECOMMENDED OPEN/EXEMPT PARAGRAPH NO:</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>SHARON BAXTER (EXT 8758)</b> <a href="mailto:Sharon.baxter@south-derbyshire.gov.uk">Sharon.baxter@south-derbyshire.gov.uk</a>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>HOUSING REVENUE ACCOUNT BUSINESS PLAN 2016 - 2046</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: HCS01</b>

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## **1.0 Recommendations**

- 1.1 Members approve and adopt the Housing Revenue Account (HRA) Business Plan 2016 – 2046.
- 1.2 That authority is given to the Director of Housing and Environmental Services in consultation with the Chair of this Committee, to agree any minor amendments to the Housing Revenue Account Business Plan.
- 1.3 That Committee review the Housing Revenue Account Business Plan every 3 years or more frequently if there are significant changes.

## **2.0 Purpose of Report**

- 2.1 The Housing Revenue Account (HRA) is a ring-fenced budget that is used to manage income and costs associated with managing the Council's Housing Stock and related assets including garages on council housing estates. The Council has developed a 30 year HRA Business Plan which identifies priorities for the HRA including investment in homes and services.
- 2.2 To bring before Committee the draft HRA Business Plan 2016 – 2046, attached as Appendix 1.

## **3.0 Detail**

- 3.1 The Housing Revenue Account (HRA) is a ring fenced budget associated with council housing and other assets such as garages and land on council housing estates, and focuses on the investment of capital and revenue funding. There is a

close link between revenue maintenance budgets and the Capital Programme. Spending on revenue through planned and reactive maintenance programmes will extend the life of a property, therefore minimising the capital spend on major works. It is anticipated that future year's revenue maintenance budgets will reduce as revenue and capital budgets are aligned.

- 3.2 The need for a robust Business Plan has become increasingly important since the introduction of the HRA self-financing regime that shifted the financial control of the HRA from central government to local authorities.
- 3.3 A 30 year HRA Business Plan, attached at Appendix 1, has been developed to set out how the Council will manage and maintain the housing stock and priorities for investment going forward. The HRA's Budget and longer-term financial projection up to 2026/27 is required for the HRA to ensure that future debt repayments and capital expenditure are affordable, and to ensure the longer-term sustainability of the Council's housing stock.
- 3.4 As part of the HRA self-financing process the Council took on an overall debt in April 2012 of £58.723m. In return for taking on the debt, the Council is now able to keep its rental income in full and use it to fund housing stock and estate improvements, as well as providing opportunities to build much needed new council houses. However, the HRA budget and projection is based on the principles that the HRA will carry a minimum unallocated contingency of £1m as a working balance and that sufficient resources are set-aside in order to be able to repay the loans as they become due.
- 3.5 The Business Plan is based upon a set of financial assumptions, including interest rates, void rates, bad debt levels and repair costs. There is a risk that costs assumed in the HRA Business Plan will be higher than anticipated and that changes proposed in the Housing Bill 2016 will have a more significant impact than has been allowed for. However, this will be mitigated through regular monitoring and updating of the plan. It has also taken into account the national policy of reducing rents in the social housing sector by 1% per year from April 2016, for 4 years as per the Welfare Reform and Work Bill 2015/16, and has also been modelled on the assumption that rents will then increase by CPI +1% thereafter in line with current Government policy. For new council homes it is assumed that affordable rents of 80% of the value of market rents in the local area will be charged.
- 3.6 The plan contributes to the Housing Strategy, by maintaining the quality of the existing council housing stock, provides additional housing which will help the Council to tackle homelessness and provide homes for vulnerable people, including older and disabled people. It also informs and complements the Asset Management Strategy which is currently being reviewed and updated. The Asset Management Strategy focusses on how the Council intends to manage its HRA asset base over the next 30 years.
- 3.7 The next stage in finalising this business plan is to ask Members to approve the Housing Revenue Account Business Plan 2016 – 2046.

#### **4.0 Financial Implications**

- 4.1 As detailed in the report.

## **5.0 Corporate Implications**

5.1 The HRA Business Plan is an over-arching document that contributes to the strategic outcomes of the Council, in particular it supports and aligns with the Corporate Plan theme:

- People, and
- Place

The Business Plan also supports the Corporate Plan Strategic Objectives:

- Facilitate and deliver a range of integrated and sustainable housing and community infrastructure
- Connect with our communities, helping them feel safe and secure
- Enable people to live independently
- Protect and help support the most vulnerable, including those affected by financial challenges

## **6.0 Community Implications**

6.1 The proposed budgets within the HRA provide the financial resources to enable many of the on-going services and Council priorities associated with council housing to be delivered to its tenants.