

CABINET

14 March 2012

PORTFOLIO HOLDER QUALITY OF LIFE

COUNCIL HOUSING FINANCE REFORM – HRA Business Plan 2012 - 2042

EXEMPT INFORMATION

None

PURPOSE

- To seek approval for the HRA Business Plan shown at Annex One

RECOMMENDATIONS

- That Cabinet approve the HRA Business Plan

RESOURCE IMPLICATIONS

The implementation of Council Housing Finance Reform has significant resource implications for the Council including:

- A significant increase in available funding within the HRA to support investment in the Housing stock, services and neighbourhoods
- A requirement for additional borrowing as part of a debt settlement

The HRA business plan considers how resources implications will be managed in support of the Council's Corporate Priorities and towards the achievement of a number of key ambitions as set out in the report.

The headline financial figures contained with the Council's final settlement received from CLG are and on which the Business Plan is built are:

- The Council's debt ceiling is £79million
- The Council currently has a HRA debt liability of £23million
- The amount which the Council will be required to pay to Government under the settlement is £45million (equating to a £68million total HRA debt liability)
- The Council will have a further £11million of borrowing headroom available to deliver its ambitions during the life of the plan

The Councils medium term financial planning and budget setting process has captured key headlines emerging from financial expertise received from Sector. These have been reported separately and should be noted in conjunction with this report.

LEGAL/RISK IMPLICATIONS BACKGROUND

Implementation of CHFR is a statutory requirements set out in the Localism Act 2011.

An analysis of key risks and sensitivities are contained within the HRA Business Plan. Key risks include:

- Future changes in issues relating to the financial forecast- the financial forecast is based on a number of assumptions which can be made with varying degrees of certainty. To mitigate this risk the Council has first sought expert advice relating to both the financial forecast and treasury management strategy. Financial sensitivities have been tested and a robust process to review and update the plan is in place.
- A further key risk will be a failure to properly resource delivery of the plan. Resource requirements have been considered within the attached plan and a robust system for performance management is included
- A future failure to ensure proper involvement of tenants in the development of the plan represents a major risk. This risk will be managed through the continued delivery and development of the Council's co-regulatory and tenant involvement approach.

SUSTAINABILITY IMPLICATIONS

CHFR has the potential to provide substantial investment in the Council's Housing asset and local neighbourhoods. The attached robust and balanced business plan will provide the framework for good maintenance and improvement of Council homes, finance for environmental works to improve neighbourhoods, and the potential for renewal and regeneration of neighbourhoods including the building of new Council housing.

The implementation of a self financing system provides the Council with greater ability to plan and predict future resources and to make informed investment decisions over the long term.

CONCLUSIONS

The HRA Business Plan is an ambitious and forward looking plan which sets out how the opportunities presented by changes to housing finance will be used to support the delivery of Corporate Priorities to the benefit of tenants and residents of Tamworth. Over the next four years, the HRA business plan seeks to deliver the investment plan already set out in the medium term financial forecast. Beyond that the plan is intended to set out the ambitions that will be reported on separately as they are serviced and realised. Key risks are also identified and mitigations proposed.

The implementation of the plan will result in improved homes and neighbourhoods and better outcomes for residents.

BACKGROUND INFORMATION

Consultation and Process

On 30 June 2010 members received a report outlining the basis of Government proposals to reform the current system of financing for Council housing. An outline 'offer' was issued in April 2011 providing Councils with an opportunity to consider the impact of reform on their own financial plans.

Guidance was issued by CLG on the 30th July 2011 detailing further the issues for consideration by Local Authorities in implementing CHFR and setting out the timetable for implementation.

The Council has worked within this guidance to:

- Develop a financial forecast over a thirty year timescale
- Review and define its priorities and ambitions in relation to Council housing

- Review its stock investment needs and define its investment plans
- Develop an approach to treasury management as set out in the Council's treasury management strategy
- Develop an HRA Business Plan shown at Annex One

In undertaking each of the above areas of work the Council has consulted widely with its tenants. This consultation culminated in a Tenants conference on the 26th January 2012, attended by over 120 tenants. The HRA Prospectus received over-whelming support and can be found by clicking www.tamworth.gov.uk/hraprospectuspdf. The impact assessment from the conference as been shared with the Tenant Consultative Group and the governance structures will be further strengthened by the development of the HRA sub group of BRG which will inform future policy decisions.

The Council has now received the final financial settlement for implementation of CHFR and is prepared for the commencement of the new financial regime in March 2012. A significant amount of staff time has been dedicated to completing preparations resulting in the Council receiving assurances from its external advisors that its preparation are robust and fit for purpose.

The report was intended for the February 2012 cabinet, but delayed to allow for further member and tenant scrutiny which has now influenced the HRA business plan.

Opportunity

The HRA business plan has been developed to support the achievement of Corporate Priorities and the objectives of the Council's Healthier Housing Strategy. This will be accomplished through the pursuit of the following ambitions:

- To regenerate neighbourhoods and eliminate poor housing
- To increase the supply of affordable housing and build new Council owned dwellings to meet targets set out in the Core Strategy
- To improve outcomes for tenants including helping them to be healthier, safer, more prosperous and with increased aspirations
- To support cohesive neighbourhoods
- To invest in the Council owned stock to ensure homes are properly maintained, warm and suitable for the tenants needs
- To place our tenants at the heart of decision making

From the date of implementation there will be a significant amount of further work to deliver the Plan. The Summary actions included in section 15 of the Business Plan, once approved, will be translated into SMART objectives for team plans and be monitored through a central and co-ordinated action plan linked to the Healthier Housing Strategic Plan. Headline actions :

- Ongoing review of the financial forecast
- Development of a new Asset Management Strategy and updated stock condition data
- Development of detailed proposals for area based renewal and neighbourhood regeneration
- Continued investment in ensuring the highest level of tenant involvement
- Continued development of the skills and knowledge of staff to ensure delivery of the Council's ambitions set out in the plan

To achieve the above there will be a continued need to invest significant officer and member time and a range of other resources. Resource implications will be presented as feasibility modelling evolves and agreement sought to take the ambitions highlighted forward.

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS**APPENDICES**

Appendix One: Housing Revenue Account Business Plan and Investment Profile