

CABINET

THURSDAY, 13 MARCH 2014

REPORT OF THE PORTFOLIO HOLDER FOR PUBLIC HOUSING AND VULNERABLE PEOPLE

HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN UPDATE

EXEMPT INFORMATION

PURPOSE

- To approve the update to the HRA Business Plan Update Summary 2014 attached as Appendix One

RECOMMENDATIONS

- **That members approve the HRA Business Plan Update Summary 2014**
- **That a further report is received by July 2014 to agree plans for the delivery of new affordable homes**

EXECUTIVE SUMMARY

The Council's HRA Business Plan was approved in March 2012 in readiness for the implementation of Council Housing Finance Reform. The plan provided the basis for the Council's use of HRA resources to meet the following objectives:

- Deliver customer focused and efficient housing management and repairs services to tenants
- Ensure that the existing stock is maintained effectively, including meeting the decent homes standard and needs for other improvements over time.
- Ensure that the housing debt can be financed over time
- Explore the options and opportunities to develop a programme for new build and regeneration in the borough.

A light touch review has been undertaken to update the HRA Business Plan to update the financial model and test the resilience of the plan to deliver the Council's objectives. A full review of the plan will be undertaken during 2014/2015.

The Council has progressed the plan significantly since its approval including:

- Progressing regeneration of Tinkers Green and Kerria
- Undertaking an updated stock condition survey and investment plan
- Reviewing opportunities for delivery of further regeneration and new build including exploration of alternative delivery models
- Delivery of a comprehensive tenant involvement programme and co-regulatory framework

- Successful delivery of the investment programme including the delivery of environmental improvements

Since the plan was approved a number of factors have changed with potential impact on the delivery of the plan. These include:

- An increase in the level of Right to Buy sales from the housing stock
- The implementation of Welfare Benefit Reform with potential implications for rental income
- Changes to rent convergence arrangements

These issues have been reviewed as part of the update work.

Principal outcomes of the current review are that:

1. There will be sufficient resources over the long term to meet the council's obligations towards its existing stock, the housing debt and towards tenants in terms of service delivery
2. There will be additional resources arising in the short to medium term within the business plan which can be reinvested in meeting more of the council's priorities
3. There will be resources available to commence a new build and regeneration programme and to complete the redevelopment of Tinkers Green and Kerria in the HRA within 5 years
4. The availability of resources to meet the council's obligations should be resilient to changes in financial conditions as far as these can be reasonably predicted.

The updated business plan model provides an opportunity for the Council to develop plans for the development of new affordable housing utilising HRA resources in addition to current plans regarding regeneration of Tinkers Green and Kerria.

The attached Business Plan update provides an outline of these potential opportunities including:

The acquisition of properties on the open market to increase the Council's housing stock
The re-development of Council owned land assets, including HRA garage sites to provide new homes and if developed with the HRA increase the Council housing Stock

The loss of properties through the Right to Buy is an ongoing risk for the Council and the updated business plan provides an opportunity to replenish the Council owned stock ensuring that the asset base retains a necessary critical mass and contributing to the delivery of central Government objectives of a 'one for one' replacement at a National level.

A further report will be submitted to Cabinet by July 2014 to agree the specific programme and delivery of this aim.

RESOURCE IMPLICATIONS

The updated Business Plan has informed the development of the Council's MTFs and Capital Programme.

The HRA Business Plan update confirms that, based on current financial assumptions, the Council's expenditure plans can be met. This includes:

The management and maintenance of the stock
Payment of debt
Investment in the stock

Delivery of regeneration and new affordable housing

The Council therefore has assurance that its HRA is on sound financial footing.

LEGAL/RISK IMPLICATIONS BACKGROUND

The major financial risks have been assessed as part of the update as discussed in the attached report. The delivery of individual schemes and projects within the plan are subject to detailed risk assessment.

SUSTAINABILITY IMPLICATIONS

The Maintenance of the Council's housing stock is of significant benefit in delivering the Corporate Objectives and Sustainability Strategy.

The Business Plan provides an opportunity to increase the supply of affordable housing to meet housing need, regeneration of neighbourhoods and ensuring the best use is made of the Council's assets.

BACKGROUND INFORMATION

Please see the attached HRA Business Plan Summary Documents for further detail.

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS

APPENDICES

Appendix One: Housing Revenue Account Update Summary 2014