

REPORT TO RESOURCES PDG

REPORT OF: *Head of Housing & Neighbourhoods*

REPORT NO: H&N05/14

DATE: 24th July 2014

TITLE:	<i>Housing Revenue Account Business Plan</i>	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	<i>Policy framework proposal</i>	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	<i>Cllr. Terl Bryant Support good housing for all</i>	
CONTACT OFFICER:	<i>Ian Richardson/Tracey Blackwell</i>	
INITIAL IMPACT ASSESSMENT:	Carried out and Referred to in paragraph (7) below	Full impact assessment Required: No
Equality and Diversity		
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Your Council and Democracy link on the Council's website: www.southkesteven.gov.uk	
BACKGROUND PAPERS	<i>None</i>	

1. RECOMMENDATIONS

The Resources PDG is recommended to:

- i. Consider the draft Housing Revenue Account Business Plan, and;
- ii. Make comments and/or recommendations to assist Cabinet in determining the Plan at its 1st September meeting.

2. PURPOSE OF THE REPORT

This report presents to the Resources PDG the draft Business Plan for the Housing Revenue Account. The PDG is recommended to consider the draft Business Plan and to make comments and/or recommendations for the consideration of Cabinet which will be invited to approve the Business Plan at its meeting on 1st September

3. DETAILS OF REPORT

- 3.1 The Housing Revenue Account (HRA) Business Plan sets out the Council's priorities for housing and how the delivery of those priorities will be financed over a thirty year period. A number of assumptions are made in undertaking the financial modelling of the Plan and these are set out in an appendix to the Plan.
- 3.2 Because it is difficult to predict with any certainty many years into the future, the Plan is intended to be thoroughly reviewed at intervals of five years; however, appropriately authorised changes to the Plan can be made at any point if circumstances dictate.
- 3.3 The current draft Plan is the first to be prepared since the HRA became 'self-financing'. Essentially, this has involved the Council taking on borrowing to make a payment to the government of £121.65m in order to be released from the previous subsidy system which had resulted in SKDC being in 'negative subsidy' and a resultant requirement to hand over a significant proportion of HRA income. The net effect of the self-financing arrangement is beneficial and is referred to in more detail in the draft Business Plan.
- 3.4 The Resources PDG has previously, in 'workshop' sessions, discussed the priorities for the Plan, the financial assumptions and the scope for investment, the latter being illustrated in the draft Plan with 'options' for investment. The draft Plan contains three options with respect to differing levels of investment. The options range from investment utilising existing resources with no further borrowing through to maximising the borrowing headroom available to the HRA. It would be helpful if the PDG would indicate the level of investment it would prefer to be made in further housing provision over the medium term beyond the current 33 new homes.
- 3.5 The PDG is invited to make comments and/or recommendations to Cabinet to assist Cabinet in determining the Plan. In considering the draft Plan the PDG is reminded that the HRA is a 'ring-fenced' account operating independently of the Council's General Fund.

4. OTHER OPTIONS CONSIDERED

None

5. RESOURCE IMPLICATIONS

Once approved, the Business Plan will provide the framework for the full range of Housing Revenue Account activity, including income and expenditure, capital and revenue.

6. RISK AND MITIGATION

The Business Plan is integral to the financial integrity and effective management of Housing Revenue Account activities. A range of risk

management and mitigation arrangements are in place to ensure the continuing viability of the business plan.

7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT

An initial EIA has been undertaken and there are no issues arising which require further assessment or restrict the adoption of the Business Plan.

8. CRIME AND DISORDER IMPLICATIONS

No specific implications arising from preparation of the Business Plan.

9. COMMENTS OF FINANCIAL SERVICES

The HRA currently has a 30 year financial business plan that demonstrates the financial viability over the period. The proposed business plan introduces a number of opportunities that will include investment in new homes. The implications of these proposals will require careful modelling to determine the longer term financial implications of the decisions made.

10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

The Localism Act 2011 gives the statutory basis for the HRA self-financing arrangements for local authority social housing set out in this paper. The self financing system has been effective as from April 2012.

11. COMMENTS OF OTHER RELEVANT SERVICES

None provided.

12. APPENDICES:

The draft Housing Revenue Account Business Plan