

## BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

<b>From: Assistant Director, Supported Living</b>	<b>Report Number: JHB/04/17</b>
<b>To: Joint Housing Board</b>	<b>Date of meeting: 16 January 2017</b>

### HOUSING REVENUE ACCOUNT BUSINESS PLANNING

#### 1. Purpose of Report

- 1.1 To seek the views of the Board on the Babergh and Mid Suffolk Housing Revenue Account (HRA) Business Plans before they are presented to Strategy and Executive Committees for approval.

#### 2. Recommendations

- 2.1 That the Councils do not exercise the discretionary power within the Housing and Planning Act to charge higher rents to tenants with a household income exceeding £60,000 per annum
- 2.2 That the Board notes the contents of the Babergh and Mid Suffolk Housing Revenue Account Business Plans and recommends them to the respective committees of the councils

#### 3. Financial Implications

- 3.1 The HRA Business Plan is the cornerstone to the financial sustainability of council housing. The Plan contains a chapter on financial analysis and a programme of work around financial control. A 30-year forecasting model is used to ensure each council remains within its specified financial limits (the debt cap). The model is complex and we have retained the services of the Chartered Institute of Housing Consultancy to support the HRA Accountancy team.
- 3.2 The Business Plan describes a programme of work streams which are either being delivered or in the planning stage. The work stream leads are required to provide a business case, including financial analysis, for each piece of work. Details will be available on the Connect intranet by the end of January.

#### 4. Legal Implications

- 4.1 Over a 5 year time period, while there may be no specific issues currently arising from this report as written, matters may change both legislatively and structurally which will require regular review and potential rewrite of some or all of the Business Plans

## 5. Risk Management

5.1 This report is most closely linked with the Significant Business Risk:

4b Failure to manage our corporate and housing assets effectively

Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Financial Reducing rents regime; Welfare Reforms (including Universal Credit); increased Right to Buy sales; Babergh & Mid Suffolk Building Services; High Value Assets levy			Reduced capital programmes (Mid Suffolk); HRA Business Plan modelling & stress testing; review of sheltered service charges; review of leaseholder service charges; income management strategy; rent policy
Productivity Babergh & Mid Suffolk Building Services			New Corporate Manager appointed; four team leaders to be recruited; mobile technology operational from November 2016; new vans on order; scheduling software to be investigated from April 2017
Health and Safety Babergh & Mid Suffolk Building Services (working at height, operating machinery, hazardous substances); Gas servicing; CDM regulations			New programme of tool box talks and health & safety training; introduction of a corporate health & safety dashboard; inclusion of health & safety measures in performance management measures; recruitment of a CDM specialist health & safety officer
Reputation Sheltered housing review; New ways of working including review of tenant services and Home Ownership review; Babergh and Mid Suffolk Building Services;			Thorough consultation with stakeholders; robust communications strategy and plans

## 6. Consultations

6.1 The outline Business Plan proposals have been presented to:

- Joint Housing Board 14 November 2016
- Portfolio Holder Briefing 13 December 2016

- Mid Suffolk Administration 19 December 2016
- Babergh Administration 20 December 2016

The plans have been amended to reflect these consultations.

## **7. Equality Analysis**

- 7.1 The Business Plans do not require an equality analysis. As the projects within the Plans progress equality analyses will be undertaken as required.

## **8. Shared Service / Partnership Implications**

- 8.1 Babergh and Mid Suffolk remain two sovereign councils and are in very different financial positions. Separate HRA Business Plans are therefore required to reflect the different opportunities available to the councils. Babergh's draft HRA Business Plan is found labelled **Appendix 1**. **Appendix 2** is Mid Suffolk's draft HRA Business Plan.

## **9. Links to Joint Strategic Plan**

- 9.1 The Housing Revenue Account Business Plans will deliver outcomes within four of the five strategic outcomes identified in the Joint Strategic Plan: Housing Delivery; Community Capacity Building and Engagement; Assets and Investments; and Enabled and Efficient Organisation. Further details are provided in the draft Business Plans at **Appendix 1 and 2**.

## **10. Key Information**

- 10.1 The Housing Revenue Account Business Plans are key documents which set out the councils' plans for management, maintenance and investment in their housing stock. Every stock retaining council is required to maintain 30 year forecasts of its financial position.
- 10.2 These Business Plans will replace the previous ones, produced in 2012 when the Councils became 'self-financing'.
- 10.3 The Board will note that the financial position of the Councils' HRAs are very different.
- 10.3.1 Babergh is in a strong position with significant headroom available for investment in new housing and initiatives and to maintain its capital programmes.
- 10.3.2 By contrast, Mid Suffolk faces significant financial difficulty and must make reductions in capital programme expenditure over the next five years to avoid hitting the debt cap. Match funding of Right to Buy receipts should remain the priority for Mid Suffolk's limited investment fund as this does provide 30% of the development capital which would not otherwise be available.
- 10.3.3 Both Councils should aim to transform their Housing Service Delivery in the ways described in the Business Plans to ensure modern, efficient, fit for purpose services that meet the needs of the people who need them.

- 10.4 Section 2.4 of the Business Plans refers to the Housing and Planning Act 2016, including the discretionary power to charge higher rents to tenants with a household income exceeding £60K per annum. There is no benefit to Babergh or Mid Suffolk in exercising this power since the additional income must be paid to the Treasury to support Right to Buy discounts for housing association tenants. Indeed, there would be additional cost to administer the scheme and it is anticipated that Right to Buy sales of council stock would increase as a result. The reports to the Councils will therefore recommend that the discretionary 'Pay to Stay' scheme is not adopted.
- 10.5 The HRA Business Plans at **Appendix 1 and 2** are in draft. Officers would like the Joint Housing Board to consider several key questions before the Plans are presented to the respective Council committees:
- 10.5.1 Do the Business Plans contain the information that the Board would expect to find in the HRA Business Plans?
- 10.5.2 Will the programmes of work proposed within the Business Plans deliver the Strategic Priorities set out in the Councils' Joint Strategic Plan (found in section 1.2 of the Plans)?
- 10.5.3 Does the Board agree with the vision statements, in section 1.3, for each Council?

## 11. Appendices

Title	Location
(1) Draft Babergh HRA Business Plan 2017-2022	Attached
(2) Draft Mid Suffolk HRA Business Plan 2017-2022	Attached
(3)	
(4)	

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