

## **Housing Revenue Account Business Plan**

### **SUMMARY**

- 1.1 David Enticott – Finance Director and Company Secretary for Derby Homes and Amanda Fletcher, Head of Finance, DCC will be present and give a short presentation on the impact on the HRA business plan of various changes over recent years.

### **RECOMMENDATION**

- 2.1 To note the impact that policies have had on the HRA business plan
- 2.2 To ask any questions that the committee wishes on the plan

### **REASONS FOR RECOMMENDATION**

- 3.1 Part of the work programme for the Committee was to have this presentation at the July meeting, but this item was held over to this meeting.
- 3.2 To place the current HRA business plan in the context of national policies on housing.

### **SUPPORTING INFORMATION**

- 4.1 The presentation will cover the following issues – a brief recap of the change made in 2012 when ‘self financing’ for HRA Business Plans came in; the changes made in the 2015 budget and the impact that those changes had and the recent changed emphasis in government policy and potential impacts that these might have.
- 4.2 The HRA Business Plan is set over a future 30 year period and has to have a positive reserve and stay within the Debt Cap of £238.6m established in 2012. The account is in essence a simple one with rent and service charge income having to meet the costs of providing Council housing which include management, maintenance, major repairs, new homes and debt charges (interest on loans) incurred in providing those homes.

- 4.3 The 2012 'self financing' regime was set up with sufficient funding to enable existing properties to be maintained into the future and the options to repay debt or to replace homes lost to the Right to Buy, and effectively enabled this for the first three years 2012-2015. Major changes to policy in 2015 restricted rents which had the previous year been set for ten years at CPI plus 1% a year to -1% a year for 2016-2020, making the task of balancing the plan much more difficult than it had been previously.
- 4.4 The presentation will be about 10 minutes and will cover how this has been tackled, the impact it has had and prospects for further policy change in the immediate future.

<b>OTHER OPTIONS CONSIDERED</b>
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- 5.1 To tackle these issues in a written report, or in more detail.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	David Enticott 01332 888523 david.enticott@derbyhomes.org None Appendix 1 – Implications

<b>IMPLICATIONS</b>
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**Financial and Value for Money**

- 1.1 Council rents remain considerably lower than market rents offering excellent value for money. Derby Homes benchmarks its costs against similar providers using independent providers (Housemark) and is upper quartile in many cost areas. Copies of those reports can be obtained from Derby Homes or accessed on their website.

**Legal**

- 2.1 The HRA is legally ring fenced and only specified costs of operating Council housing can be charged to it. The HRA has to remain in positive balance and with debt not exceeding the debt cap for the authority.

**Personnel**

- 3.1 None

**IT**

- 4.1 Derby Homes has recently changed its core housing management system in order to reduce costs and works closely with the Council on all IT platforms.

**Equalities Impact**

- 5.1 The reduction in rents has reduced costs for those tenants meeting their own rent and service charges, but has reduced the availability of funding for services to support those tenants including new homes by more as the majority of the reduced income goes to reducing the overall amount of housing benefit claimed.

**Health and Safety**

- 6.1 None

**Environmental Sustainability**

- 7.1 None

## **Property and Asset Management**

- 8.1 The current HRABP does not plan for any sales beyond the statutory requirement to sell under the Right to Buy, which is currently running at 1.3% a year. Total stock now stands at around 13,000 compared to the peak of 26,000.

## **Risk Management and Safeguarding**

- 9.1 The HRA has its own risk register which is scrutinised between the Council and Derby Homes twice a year. The highest risks currently relate to Higher Value Sales and Rent policy beyond 2025. The recent announcement of CPI plus 1% increases in rents from 2020 to 2025 has helped to give reassurance about future rent increases after the rent cuts until 2020.

## **Corporate objectives and priorities for change**

- 10.1 One of the Council pledges is to deliver 500 affordable homes over three years. The Council and Derby Homes are planning to contribute around 180 of those homes with the balance coming from other Registered Providers.