



COUNCIL CABINET
20 FEBRUARY 2007

Report of the Community Commission

Housing Revenue Account Business Plan and Budget

RECOMMENDATION

1. That Council Cabinet:
 - a) agree the key need for the short, medium and long term is to fund maintenance of the stock at a scale that ensures it remains at the newly achieved high standard and not allowed to deteriorate so as to require another Homes Pride-level regeneration in twenty years
 - b) through lobbying seek to influence the national funding formula in order to achieve a) *and*
 - c) ensure under the current rules that the HRA budget is constructed in ways which maximise maintenance and renewals

REASONS FOR RECOMMENDATION

- 2.1 The approved repairs budget had been exceeded in 2005/06 and the Director's report [3.1] says "it is critical for the repairs account to be brought into balance before committing the next tranche of Estates Pride funding". In the consultation document para 4 explains "the repairs account was overspent in 2005/06 by a total of £1.2 m of which £0.8m related to the 2005/06 financial year and the balance from previous years". There is a cautious optimism that the budget will be in balance at year end for 2006/07, despite the pressures which traditionally show in the second half of the year. Paragraph 13 refers to the action plan designed to eliminate this overspend and that the business plan is predicated on this reducing spending back to the planned level by 2007/08. This is clearly needed to allow the business plan to balance in the longer term. However, the consequence of this short term success is that "One of the larger risks in the budget remains the ability to manage to maintain the existing stock within the anticipated funding from the Major Repairs Allowance, MRA, and the existing repairs account".
- 2.2 This would suggest that the sums in the repair fund to mend/replace things that get broken, lost or damaged, like roof tiles, or need modest care to stay in good repair, like fences or window frames, are not sufficient. The risk is also that planned maintenance gets put back with the gradual but cumulative deterioration in asset quality.

- 2.3 Although it was explained that *in theory* the central formula for the MRA should be sufficient to maintain the stock in good repair, the Commission is concerned that sufficient funds are available *in practice* to maintain the housing stock in a steady state condition.
- 2.4 Over the 2007/08 revenue budget the Commission has made separate representations to Council Cabinet about the proposed reductions in the repairs and maintenance budget, as that would further worsen the condition of the Council's operational and public buildings. HRA budget planning is done on a thirty year time horizon and good asset stewardship is a good principle to adopt.

| | |
|--------------------------------------|--|
| For more information contact: | 01322 255596 e-mail rob.davison@derby.gov.uk |
| Background papers: | None |
| List of appendices: | Appendix 1 – Implications |

| |
|---------------------|
| IMPLICATIONS |
|---------------------|

Financial

- 1 As discussed above and in the main report.

Legal

- 2 The Council is required to set a budget for its Housing Revenue Account that balances and that charges costs to either the HRA or to the General Account, as appropriate.

Personnel

- 3 None directly arise.

Equalities impact

- 4 Many of the Council's tenants belong to the Council's equality target groups and have benefited from the measures set out at 5.

Corporate Priorities

- 5 The objectives of **strong and positive neighbourhoods, protecting and supporting people**, and a **healthy environment** are all enhanced by the improvements in council house standards as a result of Decent Homes, and by any improvements possible through the Estates Pride programme. The Business Plan helps to **deliver excellent services, performance and value for money**.