

AGENDA ITEM: 9

SUMMARY



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| Report for: | Housing & Communities Overview & Scrutiny |
| Date of meeting: | 9 th May 2012 |
| PART: | 1 |
| If Part II, reason: | |

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| Title of report: | Dacorum Borough Council Housing Revenue Account Business Plan |
| Contact: | Cllr Margaret Griffiths, Portfolio Holder for Housing Author/Responsible Officer – Elliott Brooks Contributors James Deane – GM Financial Services Fiona Williamson – GM Property & Place Mark Gaynor – Corporate Director Housing & Regeneration |
| Purpose of report: | 1. It is a requirement under 'Self Financing for authorities to publish a Housing Revenue Account Business Plan. This report introduces the Dacorum Borough Council Housing Revenue Account Business Plan |
| Recommendations | 1. To note and provide feedback / comments on the HRA Business Plan |
| Corporate objectives: | Affordable Housing Dacorum Delivers Regeneration |
| Implications: | <u>Financial</u> The Financial Implications of the Housing Revenue Account Business Plan have been considered in the 12/13 Budget Papers 7 TH February 2012 Cabinet & the Self Financing Report 27 th March 2012 Cabinet. |
| 'Value For Money Implications' | <u>Value for Money</u> |

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| | Close monitoring on a monthly and quarterly basis of the Business Plan by both Finance & Housing Officers and a formal annual review will ensure value for money is derived from the Council's HRA Business Plan |
| Risk Implications | Housing Landlord Service Risk Register was reviewed April 12 |
| Equalities Implications | Equality Impact Assessment will be carried out prior to Cabinet 29 th May 2012 |
| Health And Safety Implications | none |
| Consultees: | Dacorum Tenants & Leaseholders Dacorum Borough Council Tenants & Leaseholder Committee Dacorum Borough Council Maintenance Focus Group Chartered Institute of Housing |
| Background papers: | 14/12/10 Cabinet – The Future of the Councils Housing Stock 29/3/11 Cabinet – Housing Services – The Way Forward 13/9/11 Cabinet – Housing Self Financing 13/12/11 Cabinet – Housing Self Financing 7/2/12 Cabinet – 2012/13 Budget Papers 27/3/12 Cabinet – Self Financing , The Loan Portfolio |
| Glossary of acronyms and any other abbreviations used in this report: | HRA – Housing Revenue Account BP – Business Plan DBC – Dacorum Borough Council |

1. Background

In December 2010 Dacorum Borough Council took the decision to retain its housing stock rather than proceed with a potential transfer of stock.

This decision meant that as of April 2012 the way in which Dacorum Council's Housing Revenue account was funded and managed changed from the 'subsidy' system to 'Self Financing'

2. Housing Revenue Account Subsidy System

Until April 2012, the system for financing Council Housing was the national 'subsidy system' whereby a Council in the position of Dacorum Borough Council would pay what it was deemed as excess rent received into a central pot for other councils to be subsidised. In 2011/12 Dacorum Borough Council paid £20million into the pot. It has long been argued by many Council's that the system is unfair and if it were to continue we would not be able to fund the investment programme required to maintain our stock.

3. Self Financing

The Government has introduced a change, referred to as 'Self Financing' and from April 2012 the Council will now keep all of its rental income from Council Housing, will no longer pay negative subsidy to the government, but will have to service its share of national housing debt based on a valuation of the council's housing business. The Government's Self Financing Determination confirmed that the value of Dacorum's housing business is £354,015,000 and the necessary borrowing was arranged as from 28 March 2012 to pay Government and release Dacorum Borough Council from the subsidy system.

The self financing system will allow far greater certainty in financial planning and the ability to plan investment as well as respond to tenant priorities, but also requires greater expertise in Treasury Management.

4. Dacorum Borough Council Housing Revenue Account Business Plan

In preparing the HRA Business Plan over 30 years there has been an opportunity to be strategic for the first time. It has been possible, and essential to not only consider the existing housing stock, but also wider issues such as community development, new build opportunities and the general facilities available and environment in which our tenants and leaseholders live.

The Business Plan and many of the key assumptions have been agreed over several months following work with members of the Council's Cabinet, a sub-group of the Tenants & Leaseholders Committee and taking external advice from the Chartered Institute of Housing and Sector.

The Business Plan encompasses both the financial and service related objectives. The longer term perspective is crucial to ensure that the service and its primary assets, - the housing stock, can be 'fit for purpose' for the whole period (and beyond). Previous reports to Cabinet (March, September and December 2011) have set out key principles and considerations, which have been approved for incorporation into the HRA BP.

The HRA BP presumes the repayment of the initial debt by the end of year 30 as approved by Cabinet 27th March 2012.

Appendix A – Draft Housing Revenue Account Business Plan

