



Housing Overview and Scrutiny Committee



www.dacorum.gov.uk

Report for:	Housing Overview and Scrutiny Committee
Title of report:	Dacorum Borough Council Housing Revenue Account 2024/25 Update
Date:	17 th January 2024
Report on behalf of:	Councillor Simy Dhyani, Portfolio Holder for Housing
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A HRA Business Plan 2024 Update Appendix B Acquisitions & Disposals Policy Appendix C Rent Policy
Background papers:	None
Glossary of acronyms and any other abbreviations used in this report:	HRA - Housing Revenue Account

Report Authors

Simon Walton, Head of Strategy, Quality and Assurance

Simon.walton@dacorum.gov.uk

Fiona Jump, Head of Financial Services

Fiona.jump@dacorum.gov.uk / 01442 228162 (ext. 2162)



Responsible Officer

Darren Welsh, Strategic Director (Housing and Property Services)

Darren.welsh@dacorum.gov.uk / 01442 228823 (ext. 2823)

--

Corporate Priorities	<p>The business plan supports all of the activities within the HRA leading to:</p> <ul style="list-style-type: none"> • A clean, safe and enjoyable environment • Building strong and vibrant communities • Ensuring economic growth and prosperity • Providing good quality affordable homes, in particular for those most in need • Ensuring efficient, effective and modern service delivery • Climate and ecological emergency
Wards affected	ALL
Consultation	<p>The updated Business Plan has been consulted upon with:</p> <ul style="list-style-type: none"> • Housing Senior Leadership Team • The Strategic Leadership Team • Housing Finance Associates Ltd (consultants supporting on financial modelling). • Portfolio Holder for Housing • Tenants & Leaseholders Forum (due to be discussed on 24th January 2024)
Purpose of the report:	<ol style="list-style-type: none"> 1. To present the proposed update of the HRA Business Plan. The Plan provides the financial context of the Council's HRA service over a 30 year period with a focus on the medium term (first five years). 2. To present the proposed Acquisitions and Disposals policy associated with the Business Plan. 3. To present the proposed Rent Policy. 4. To present proposed actions to allow the objectives of the Business Plan to be delivered.
Recommendation (s) to the decision maker (s):	<ol style="list-style-type: none"> 1. To provide feedback on the Business Plan prior to its presentation for approval at Cabinet and Full Council in February 2024.

	<ol style="list-style-type: none"> 2. To provide feedback on the proposed actions to deliver the objectives of the Business Plan set out in section 11 of this report. 3. To provided feedback on the proposed Acquisitions and Disposals policy and Rent policy prior to their presentation for approval at Cabinet.
Period for post policy/project review:	The Business Plan is refreshed on an annual basis.

1 Introduction

1.1 This report presents an update to the Council's HRA Business Plan (Appendix A), setting out the financial implications of plans for new and existing Council homes contained in the Council's Housing Strategy 2024-29.

1.2 The Business Plan covers a 30 year period, with a focus on the medium-term (the first five years) where there is greater certainty on costs, demands, resources and pressures.

1.3 The Business Plan demonstrates that the HRA can deliver its key priorities whilst remaining financially sustainable. It identifies the risks associated with maintaining this position and where these can be mitigated.

1.4 The HRA Business Plan sets a broad context for financial planning and investment decisions to support delivery of the Council's strategies for housing. The plan takes account of the known financial information and issues, as well as assumptions made about variable elements impacting on the plan (e.g. inflation and interest rates). The financial model used helps to support the analysis of the impact of changes to the information used and the assumptions made.

2 Overview

2.1 This HRA Business Plan sets out our strategic plan for managing and maintaining our social housing stock.

2.2 It details our short to medium term plans and priorities for the housing and asset management services and provides a long term forecast on stock investment and financial planning.

2.3 It gives an economically sustainable strategy from which to go forward, meeting the statutory health and safety requirements, improving the decency of homes, providing more homes, and starting the journey towards carbon neutrality.

2.4 It is a good framework from which to make decisions on a daily basis moving forwards, aligned with Council corporate priorities.

2.5 It sets out how the housing service is delivered, including what it will cost and how the resources will be used.

2.6 It defines priorities for investment and summarises the key risks with actions to mitigate these risks.

2.7 It provides a framework for prioritising the delivery of new health and safety measures, the need for meeting demand for more social housing, keeping homes decent, and addressing the challenges of energy efficiency and climate emergency.

2.8 The plan supports improvement of the energy efficiency of our properties, tackling fuel poverty and inequality in our stock so that tenants benefit from warmer homes at the lowest cost where possible.

2.9 The plan will support the delivery of our Asset Management Strategy, meeting the requirements to keep the stock decent and affordable considering future changes to the Government's Decent Home Standard.

2.10 The plan will also promote the delivery of new social homes through new build or acquisition to ensure the Council continues to provide as many affordable homes as it can.

3 Acquisitions and Disposals Policy

3.1 The development of the Business Plan is an essential tool for delivering excellent Housing Services. All policy options have been considered in developing the plan.

3.2 As part of this work, an updated Acquisitions and Disposals policy for the Council's housing stock has been developed. This is attached at Appendix B to this report for comment, prior to presentation for approval at Cabinet. [Under the Council's Constitution, disposals of the assets valued over £500k and held by the Housing Revenue Account must be approved by Cabinet. A request to increase this limit to £750k will be taken before Full Council for approval.](#)

3.3 The Business Plan at Appendix A applies the principles set out in the Acquisitions and Disposals Policy.

4 Updated Rent Policy

4.1 An updated Rent Policy is presented at Appendix C for comment prior to presentation for approval at Cabinet.

4.2 This policy sets out the Council's position on rent levels and other charges for properties managed under the Housing Revenue Account.

4.3 The Business Plan at Appendix A assumes the approach to rent levels and other charges stated in the Rent Policy are approved and applied.

5 Options and alternatives considered

5.1 The Council is required to produce a business plan for the HRA. As part of the development of the plan, different scenarios have been explored and associated financial modelling undertaken. These are summarised at section 16.3 in Appendix A.

6 Consultation

6.1 Housing tenants and leaseholders are directly involved in decisions regarding service provision, both through the work of the Tenant and Leaseholder Committee and through regular and ongoing engagement with residents. The proposed Business Plan will be presented to Tenant and Leaseholder Committee on 24th January and their feedback has been incorporated within prior to presented to Cabinet in February 2024.

7 Financial and value for money implications:

7.1 The plan covers a 30 year period with a focus on the medium term, where there is greater certainty on costs, demands, resources and pressures, to enable the prioritisation of housing investment.

7.2 The plan remains affordable and viable throughout the life of the 30-year plan, and the Council is able to deliver on the priorities of the HRA, including those linked to the Corporate Plan.

7.3 A robust financial model underpins the Business Plan. It is a tool for testing existing priorities, the impact of changes in Government policies and changes in key business sensitivities to ensure plans remain affordable. Delivery of new build Council housing is achieved using grant funding, HRA cash resources and Right-to-Buy receipts (known as 1-4-1 monies). This ensures the HRA remains able to meet its debt repayment commitments.

8 Legal Implications

8.1 Section 167 of the Localism Act 2011 gave effect to Schedule 15 of that Act and, since the coming into force of Schedule 15, English local authorities have been required to be self-financing in relation to their housing stock, financing their housing stock from their own rents.

8.2 It is not a legal requirement to produce a HRA Business Plan; however, it is good practice and it helps to ensure that HRA-related statutory duties and financial requirements are met; that residents are fully engaged in the key investment and strategic decisions that impact on them; and it provides a good framework for long-term strategic planning and decision-making.

9 Risk implications:

9.1 All aspects of risk have been fully considered and the risk impact analysis and mitigation measures is set out in detail within the plan.

10 Equalities, Community Impact and Human Rights:

10.1 A Community Impact Assessment has been carried out and is set out in Appendix 2. The assessment does not identify any adverse impacts on any protected group.

10.2 Human Rights – There are no Human Rights Implications arising from this report.

11 Sustainability implications (including climate change, health and wellbeing, community safety)

11.1 Carbon reduction measures will be implemented across the Council's existing housing stock and included within the design and construction of new properties.

11.2 A plan to get HRA stock to an EPC 'C' rating is in place. In addition to this retrofitting work, new-build projects are assessed individually to include the potential costs and benefits of strong carbon-friendly design. All new developments are expected to achieve an EPC A, as the aim is to have properties that are zero-carbon.

12 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

12.1 There are no Council infrastructure implications directly arising from this report.

13. Proposed actions to deliver the Business Plan objectives

13.1 The following actions are proposed for implementation in financial year 2024/25 in order for the Council to deliver the objectives of the Business Plan:

- Apply maximum rent increase allowed by government, currently assuming 7.7%
- Transition supported housing charges to full cost recovery over 5 years to limit impact on residents, commencing 2024/25.
- Apply rent flexibility (higher rents on relets) linked to improved energy efficiency.
- Dispose of high cost / high value / management issue voids - Target to be set for 24/25 to achieve a balanced budget and contribute to reserves. Target one disposal per month in line with the attached draft Policy on Acquisitions & Disposals.
- Demand management measures (reducing/removing non-essential expenditure on environmental and neighbourhood works) may also be required to achieve a balanced budget.
- Proceed with improvement work to the Council's housing stock to achieve EPC 'C' by 2035 .
- Longer-term considerations to seek a cost-neutral position on new development schemes

12. Conclusions and Next Steps

12.1 The Business Plan sets out how the HRA will utilise the resources available to it to deliver the plans and objectives set out in the Housing Strategy 2024-29.

12.2 The plan demonstrates that its objectives will be met in a way that is financially sustainable.

12.3 Next steps:

- 24th January 2024 – presentation to Tenants and Leaseholders Committee
- 13th February - presentation to Cabinet to recommend to approve to Full Council
- 28th February – presentation to Full Council for approval.