



Cabinet

Report for:	Cabinet
Title of report:	Dacorum Borough Council Housing Revenue Account 2024/25 Update
Date:	13 th February 2024
Report on behalf of:	Councillor Simy Dhyani, Portfolio Holder for Housing and Property Services
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 Appendix D Community Impact Assessment
Background papers:	None
Glossary of acronyms and any other abbreviations used in this report:	HRA - Housing Revenue Account

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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 Council's Strategic Leadership Team• Housing Finance Associates Ltd (consultants supporting on financial modelling).• Portfolio Holder for Housing & Property Services• Tenants & Leaseholders Forum
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 for approval.3. To present the proposed Rent Policy for approval.4. To present proposed actions to allow the objectives of the Business Plan to be delivered.

<p>Recommendation (s) to the decision maker (s):</p>	<ol style="list-style-type: none"> 1. To recommend to Full Council the adoption of the HRA Business Plan at Appendix A. 2. To recommend to Full Council to approve the Acquisitions and Disposals policy at Appendix B. 3. To recommend to Full Council to approve the Rent Policy at Appendix C.
<p>Period for post policy/project review:</p>	<p>The Business Plan is refreshed on an annual basis.</p>

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 the Council's strategic plan for managing and maintaining its social housing stock.
- 2.2 It details the 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 provides an economically sustainable strategy and demonstrates how statutory health and safety requirements will be met, how the decency of homes will be improved, how new homes will be provided, and it starts the journey towards carbon neutrality.
- 2.4 It is a good framework from which to make decisions, which are 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 The plan supports improvement of the energy efficiency of the Council's properties, tackling fuel poverty and inequality in the stock so that tenants benefit from warmer homes at the lowest cost where possible.
- 2.9 The plan will support the delivery of the 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 is possible.

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. 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 for Portfolio Holder sign off will be taken before Full Council for approval.
- 3.3 The HRA 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.
- 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 HRA 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

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 has been undertaken. These are summarised at section 16.3 in Appendix A.

6 Consultation

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 was presented to Tenant and Leaseholder Committee on 24th January.

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:

All aspects of risk have been fully considered and the risk impact analysis and mitigation measures are 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 D. 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)

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

13 Statutory Comments

Monitoring Officer:

The HRA business plan will help the Council to plan and profile expenditure to ensure that it can continue to meet its statutory and regulatory requirements and is therefore recommended for approval.

Deputy S151 Officer:

This is a Deputy s151 Officer report.

14. Proposed actions to deliver the Business Plan objectives

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.

15. Conclusions and Next Steps

15.1 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.

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