

## STROUD DISTRICT COUNCIL

AGENDA

## HOUSING COMMITTEE

ITEM NO

11 JUNE 2019

8

<b>Report Title</b>	<b>HRA DELIVERY PLAN REVIEW</b>
<b>Purpose of Report</b>	To present to Committee proposed areas for change to the HRA Delivery Plan
<b>Decisions</b>	<b>Housing Committee RESOLVES that the approach to review and update the HRA delivery plan is approved.</b>
<b>Consultation and Feedback</b>	Housing Committee Tenant Representatives Management team
<b>Financial Implications and Risk Assessment</b>	<p>The HRA Delivery Plan should be affordable and sustainable, and reviewed regularly to ensure that it remains as such.</p> <p>The current position, as included in the report, allows the HRA to maintain its reserves above the minimum recommended level over the long term.</p> <p>All reviews of the Delivery Plan should continue to be fully costed, complete with sensitivity analysis.</p> <p>Lucy Clothier, Principal Accountant Tel: 01453 754343 Email: <a href="mailto:lucy.clothier@stroud.gov.uk">lucy.clothier@stroud.gov.uk</a></p> <p><b>Risk assessment by the report author</b> It is crucial we have a delivery plan that is not only financially viable but must meet the needs and aspirations of our tenants and ourselves as a local authority linking clearly to the CDP and associated strategies</p>
<b>Legal Implications</b>	<p>The report seeks approval for an approach to the preparation of a new HRA delivery plan; as such there are no legal implications arising at this stage. The legal implications, if any, of the forthcoming draft plan will be considered as part of its preparation.</p> <p>Mike Wallbank, Solicitor Email: <a href="mailto:Mike.Wallbank@stroud.gov.uk">Mike.Wallbank@stroud.gov.uk</a></p>
<b>Report Author (s)</b>	<p>Kevin Topping, Head of Housing Services Tel: 01453 754196 Email: <a href="mailto:Kevin.topping@stroud.gov.uk">Kevin.topping@stroud.gov.uk</a></p>
<b>Options</b>	Continue with the current delivery plan
<b>Performance Management Follow Up</b>	Bi-annual updates to Housing Committee on progress by the Head of Housing Services

## **1.0. Background**

1.1. The HRA delivery plan was commissioned in 2016 and supported by a Task and Finish group. The plan was agreed by Housing Committee on 24 January 2017 based on the following:

1. *To approve and implement the HRA delivery plan presented to this committee*
2. *To note that this plan will be reviewed every 6 months, to analyse and update it with new or obsolete: strengths, weaknesses, opportunities and threats, develop responses to these, model their financial impact and update the projected financial position as a result, making recommendations to this committee on any budget changes +/-*

## **2.0. Introduction**

2.1. The delivery plan in its original format is 51 pages long with a huge amount of detail and analysis and an action plan containing no less than 28 actions. Due to the timescales for this report coming back to Housing Committee, a number of factors – financially (1% rent reduction ending, borrowing cap being lifted), legislatively (change in regulator and Housing Green paper) and operationally (de-pooling project, service 2020 project) have had influence on this delivery plan, including new and emerging strategies for the organisation such as:

- Finance Strategy
- Housing Strategy
- Corporate Asset Management Strategy review
- Older Persons Vision Strategy
- Corporate Delivery Plan Review
- Sheltered Modernisation Programme
- IT Strategies

2.2. Further concerns regarding Brexit and the impact it brings create some uncertainty not only for our tenants and leaseholders but also for our contractors, suppliers and stakeholder partners.

## **3.0. Areas for review**

3.1. The priorities set for the delivery plan are currently:

**a) Meeting the need for new affordably rented homes within the district**

The SHMA has calculated the need for additional new affordable homes to be 464 units per year, to meet housing need. We wish to make use of our status as a social landlord to contribute to the delivery of new homes beyond the end of our current funded new build programme, which ends in 2017.

**b) Sheltered Housing**

Delivery of a sheltered housing asset improvement plan to modernise our sheltered stock and the quality of the 'sheltered housing offer' we can make to current and prospective new sheltered tenants. We will also redevelop a small number of schemes, either directly or via sale to a developer, which have been identified as no longer viable, where new homes will be built, either for sale, shared ownership or rental.

**c) Estates/Stock investment**

We will invest in our existing housing stock, to ensure that works to maintain and modernise it continue, with replacement of components, such as kitchens, bathrooms, boilers, etc., being undertaken on a systematic basis, and ensuring that our stock remains fit for the long term future.

**d) Service to our customers**

We will make all reasonable efforts to have a detailed understanding of the needs of our current and future tenants and through this, ensure that our services are influenced by this insight and can be effectively tailored, where appropriate to meet these needs.

- 3.2. The action plan needs to be updated and brought in line with the current position financially and our stock position both short term (responsive repairs) and long term (planned and cyclical maintenance), also to support other means of new homes delivery, through use of HRA sites where possible. A new development strategy is needed to steer this. Furthermore, we aim to deliver our Older Person's Strategy (agreed at Housing Committee in April 2019) and our Independent Living Model, and complete the modernisation programme.
- 3.3. The delivery plan requires an element of future scoping which includes commercial opportunities, energy efficiency and a focus on things that matter to residents that we can influence such as enviro-crime (fly-tipping, graffiti), again linking to other emerging strategies outlined at 2.0.
- 3.4. The Corporate Delivery Plan (CDP) sets out the authorities objectives listing the five main priorities of the Council as:

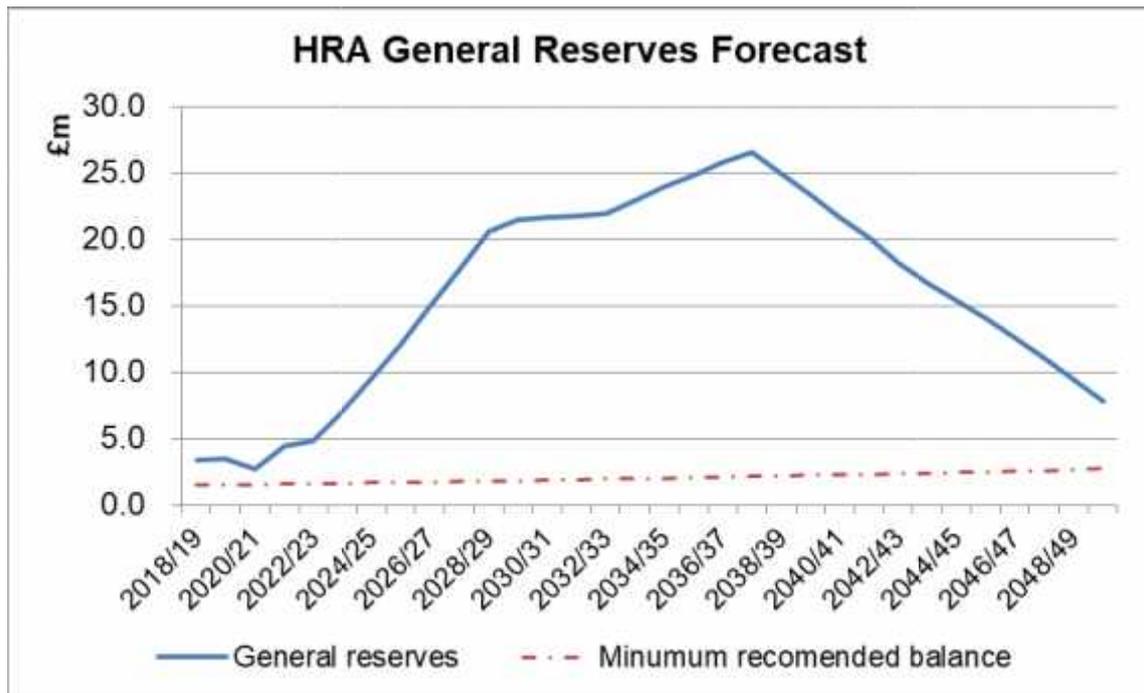
- Help create a sustainable and vibrant economy that works for all
- Provide affordable, energy efficient homes for our diverse and changing population
- Help the community minimise its carbon footprint, adapt to climate change and recycle more
- Promote the health and wellbeing of our communities and work with others to deliver the public health agenda
- Provide value for money to our taxpayers and high quality services to our customers

We must ensure that the housing delivery plan links to the other strategies mentioned above but crucially works alongside the forthcoming review of the CDP and aligned with recommendations of the peer review which will help shape services moving forward.

- 3.5. The emerging Stroud Tenants and Residents Survey (STAR) 2019 will inform some of our priorities in addition to other sources of information coming in with current consultation events this summer e.g. de-pooling of rent and service charges. Implementation of the Service 2020 project.

#### **4.0. Financial position**

- 4.1. The Medium Term Financial Plan (MTFP) shows that the Housing Revenue Account (HRA) is in a fairly strong position over the next 4 years.
- 4.2. The latest full budget, as reported to Housing Committee in December 2018, included a balanced position over 30 years. This includes making an annual allowance towards repaying the debt held by the HRA.
- 4.3. This position has now been amended to take into effect the changes relating to the Repairs and Maintenance service from April 2020, as approved by Housing Committee in December 2018 and Council in April 2019, and also the outturn variance for 2018/19. For prudence, the savings expected by the change in repairs delivery are not yet included in the MTFP, but will, of course, be monitored and reported to members.
- 4.4. As the below graph shows, the position remains balanced over the medium and long term, with reserves forecasted to stay above the minimum recommended balance of £1.5m. The forecasted balance at the end of the 30 year period is £7.8m. This isn't intended to be a realistic forecast for 30 years, but indicates that the delivery plan is financially sustainable over the longer term, and is affordable.



4.5. This will need to be updated further in line with any changes to priorities and/or service delivery. The medium and longer term positions will also be reported as part of the budget setting process.

4.6. The updated delivery plan should also include sensitivity analysis of the financial position.

### 5.0. **Risks and Opportunities**

5.1. A number of actions contained within the Housing and Planning Act 2016 and the Government's green paper – A new deal for social housing 2018, have been dropped by central government and this has reduced our risk as follows:

- Introduction of a higher value levy
- Mandatory Fixed Term Tenancies (remains optional as part of the Localism Act 2011)
- LHA rates will not be used to set housing benefit in the social housing sector
- Pay to stay

5.2. Additionally, the lifting of the debt cap has created opportunity for further investment in the new build and sheltered modernisation programmes but this again is a risk as we must be mindful of our debt repayment.

5.3. There is also a potential risk that the receipts may not be sufficient to fund the capital programme. If this were to happen, alternative funding would need to be found.

- 5.4. Interest Rates – the HRA is largely sheltered from interest rate changes in the medium term as all of the current borrowing is at fixed interest rates. As loans become repayable, advice will be sought from our treasury advisors on the most advantageous approach to refinancing.
- 5.5. Stock Condition – the information held on the condition of the stock continues to grow, with data being collected regularly. As more data is collected, the longer term forecasts are revised and could mean that more, or less, spend is required compared to the current forecast.
- 5.6. Internal Council Changes – any major changes to the Council could impact on the HRA medium/long term position.
- 5.7. Political uncertainty – Brexit and local elections in 2020.

## **6.0. Conclusion**

- 6.1. The delivery plan has been reviewed by Tenant Services' management team and it is recommended that it needs to be reduced significantly to ensure it is a targeted, useable document and is used and referenced. Leading officers must take ownership and accountability for the delivery plan rather than it sitting with one individual and it will be redrafted by the management team before coming back to committee, with responsible officers identified in the action plan.
- 6.2. Due to the significant changes mentioned in this report and envisaged for the plan, and to ensure we are compliant with the regulator for social housing's consumer standards, it is proposed that the findings of the consultation are presented to Housing Committee in September 2019 and a revised delivery plan is brought to December's meeting for approval.
- 6.3. The intention of consultation with tenants and leaseholders over the coming months ensures we have as much engagement as possible and that our delivery plan is working for our tenants as well as the Council and will be fit for purpose, financially accurate, compliant with regulator standards and be a plan that meets the needs of our current and future tenants and the Council. It is proposed that delivery of the action plan will then be monitored by Committee on a bi-annual basis.