

<b>Report Title</b>	<b>DEVELOPMENT OF THE HRA DELIVERY PLAN</b>
<b>Purpose of Report</b>	Following the decision at Housing Committee in June 2016, to set up a T&F Group to review and develop a Business Plan for the Housing Service, this report presents to members the plan (now titled 'delivery plan'), for approval.
<b>Decision(s)</b>	<b>Housing Committee RESOLVES:</b> <b>1. To approve and implement the HRA Delivery Plan presented to this committee</b> <b>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 +/-</b>
<b>Consultation and Feedback</b>	This document has been developed in consultation with relevant internal officers and with the T&F group.
<b>Financial Implications and Risk Assessment</b>	<p>The HRA Delivery Plan sets out the strategic aims and priorities of the Housing Service and the political and financial climate it operates within. A significant part of the delivery plan covers the financial position of the HRA and the resources allocated to support delivery of the plan. The Delivery Plan does provide members with potential income options to increase the financial resilience of the HRA, and these are set out in Sections 5.13 and 5.14 of the Plan.</p> <p>The HRA MTFP is being considered by Housing Committee at this meeting which sets out in detail the financial issues facing the HRA over the next 4 years. The MTFP must ensure that adequate resources are directed towards the priority areas set out in the delivery plan and, therefore, must be reviewed regularly in light of the proposed plan review timescales and the budget monitoring position that may arise during 2017/18.</p> <p>David Stanley, Accountancy Manager  Tel: 01453 754344  Email: <a href="mailto:david.stanley@stroud.gov.uk">david.stanley@stroud.gov.uk</a></p>

<b>Legal Implications</b>	There are no legal implications to highlight; the report itself only outlining the general service management approach. Karen Trickey, Legal Services Manager Email: <a href="mailto:karen.trickey@stroud.gov.uk">karen.trickey@stroud.gov.uk</a>
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## 1. Introduction

- 1.1. The Housing Service, in 2012 became a self financed service, i.e. it was no longer subject to any government subsidy (positive or negative). At this time the HRA took on a share of the national local authority housing debt, which amounted to some £98 million, funded through a loan from the Public Works Loans board. It was rightly required by government that we demonstrate our financial viability in terms of taking on and repaying this level of debt and further borrowing ability, and a HRA financial model was therefore developed with our advisers CAPITA, which showed how, over a 30 year period, we would be able to manage this, ensure its repayment and deliver improvements in our housing stock along with meeting other housing priorities, such as new build.

The housing service has moved on since 2012 and seeks now, to have a more sophisticated approach to its planning and operational management, one aspect of this is to not only use the Plan to manage the repayment of our self financing loan, but to use the Plan as a 'business' tool, i.e. to have a more coordinated link between financial planning and management process and that of our service's prioritising and strategic/operational decision making process, linked to the MTFP.

This will mean that operational service planning could be better financially modelled, certainly over the duration of the MTFP, but also over the full 30 year plan. An example of this could be in looking at planning for periods of significant stock investment or new build (which currently present a challenge as the HRA financial model, i.e. our borrowing, is at the peak of the headroom available, this is because we have now completed our new build programme, with some £19.5 million invested in new build since 2012). However, the 30 year model will repay large instalments of debt at specific points in the future, releasing new headroom, and raising the option to fund new projects. Integrating the above with the analysis and review of options for future stock investment to meet predicted housing need, would enable us to decide better if or how we plan to make best use of these opportunities.

Another and shorter term example is the ability to better link analysis of our operating environment with financial planning, giving us a greater ability to predict rent and other income levels over the MTFP and to

then be able to make stronger and more certain stock investment plans based on a more robust income model, which takes into account predictions regarding rental income, RTB sales, economic and other factors.

It is also worth noting that this approach will also enable us, as we have already been doing, but now to a far greater level, to model the financial impact of options. For example: the financial viability and impact of any investment decision, how a change in income will impact on available funding this year or over the MTFP or over the duration of the 30 year model, thus taking the 30 year financial model from a planned repayment tool and into strategic decision making tool.

## **2. The Plan**

Following completion of the work of the T&F group a copy of the plan is attached.

This is now titled a Delivery Plan, as this was felt to better summarise the purpose of the document. It is important to note that it is not, in itself, a document setting out what, and how we plan to deliver services and how budget will be spent. Its function is instead to coordinate the delivery of existing plans and strategies and to put in place a more effective link between strategic priorities and resources, which at times may compete and may not always balance or match. It is; therefore, a tool to focus, link and manage these issues, creating the best environment for successful delivery, as shown on pages 26-29 of the attached delivery plan.

Key aspects of it are:

- a) The Plan sets out our vision and mission as a landlord, crucially this defines how we see the service and our role as a landlord
- b) It undertakes an analysis of the housing market in which we operate, and our ability to succeed in this, using SWOT and PEST analysis tools, together with identifying areas where we need to improve in order to more effectively respond to challenges and to thrive.
- c) It sets out our strategic objectives for the medium term, these being: meeting the need for new affordable housing, our sheltered housing project, maintaining investment in our stock and estates and service quality.
- d) Whilst the above are not unpredictable priorities, it is important to note that they do focus our service on core priorities and prevent the risk of being diverted onto new or other priorities, which we cannot financially sustain at this time. It is also important to note

that our estates, i.e. communal external areas have not been a funded priority, as investment in our homes and in new homes, has in the past been our over riding target, this plan now moves our focus, albeit to a limited fashion, onto creating better estates and environments.

- e) It sets out our financial priorities, budgets and funding plans over the MTFP, i.e. how can we ensure that we will deliver our targets
- f) It sets out how the plan links with key strategic and other plans for the service and the council and how the delivery of this plan will be monitored
- g) It sets out specific objectives in the form of an action plan, which we believe are important and will support the improvement and progress of the service

### **3. Implementation**

The plan which sets out and creates what we believe to be the best operational circumstance through which we can deliver our key priorities, strategies and service plans will be reviewed every six months, enabling us update it, accounting for new or obsolete risks, SWOT issues and other matters affecting our service, as well as to develop responses to these and thus better manage risk.

It is proposed that this review process, once undertaken is reported to members in the form of a briefing and that any significant issues presenting a significant change the plan or affecting the service are reported to housing committee for decision, ensuring that this committee maintains an ongoing governance role in its delivery.