

CYNGOR SIR POWYS COUNTY COUNCIL

REPORT FOR DELEGATED DECISION

By

County Councillor Graham Brown

Portfolio Holder for Commissioning and Procurement

Date 12th January 2015

REPORT AUTHOR: Interim Head of Housing

SUBJECT: Submission of the Housing Revenue Account business plan to the Welsh Government

REPORT FOR: Decision

1. Summary

- 1.1. This report asks the Portfolio Holder to agree to the submission of the Housing Revenue Account (HRA) business plan to the Welsh Government, by the deadline of the 12th January 2015.

2. Background

- 2.1. The Cabinet agreed a report on the 30th September 2014, which provided delegated authority for the Portfolio Holder for Commissioning and Procurement to sign the voluntary agreement between the local authority and the Welsh Government, in relation to the reform of the HRA subsidy system.
- 2.2. As part of the arrangements in the run up to the signing of the voluntary agreement, the Council is required to provide an HRA business plan to the Welsh Government by the 12th January 2015. Cabinet agreed a report on 16th December which provided the Portfolio Holder with delegated authority to submit the HRA business plan to the Welsh Government.
- 2.3. The business plan is a projection of the housing revenue account over the next 30 years and whilst the Council has been required to submit business plans to the Welsh Government for a number of years, the new financial freedom afforded to the Council by the self-financing regime which is introduced next April, will mean that the business plan produced for the 12th January deadline contains a number of assumptions about the council's policy in respect of the management of the housing stock, for example:
- the estimated total borrowing the HRA will commit to (the actual amount will be identified at the end of March 2015)
 - the total investment in re-configuring homes
 - the total investment in the development and acquisition of new homes
 - the size of the HRA reserves
 - the anticipated rent rises that the council will introduce over the 30 year life of the business plan.

- 2.4. Officers from housing and finance have worked to produce the business plan in the format required by the Welsh Government. A copy of the business plan and the associated documentation is attached at appendix 1.
- 2.6 As there is no time between the completion of the business plan and the date of its submission to the Welsh Government, it is also recommended that the business plan is considered by the full council soon after its submission to the Welsh Government.
- 2.7 The Interim Head of Housing and the Professional Lead Finance provided a presentation on the impact of the introduction of the self-financing regime for the HRA in Powys to a Councillors Development Session on the 8th December 2014, where some of the early thinking in respect of the business plan was shared with councillors.
- 2.8 The business plan assumes that the Council will increase its average weekly rent for an HRA property by the guideline rent increase for 2015-16, recommended by the Welsh Government. This is an increase of 2.7%. Whilst the council is able to increase its rents by less than the guideline rent increase figure, (as its average weekly rent is within the target rent band established for Powys by the Welsh Government's Rent Setting Policy) the impact of a less than guideline figure rent increase is to:
- reduce the amount of revenue available to the HRA
 - increase the HRA's borrowing requirement and
 - delay the growth of reserves which will be used to fund the development of new council housing.
- 2.9 Whilst the council would have wished to have seen a lower rent increase in 2015-16 than 2.7%, the cost of doing so would have been significant and the timescale for the development of the business plan did not provide the opportunity to consider this issue in fine detail. However, as the average weekly rent charged by Powys for an HRA property is one of only two which fall within the Welsh Government's target rent band for their locality, the council can be assured that the increase applied in Powys to the average weekly rent for an HRA property is at the lower end of the rent increases applied by the 11 local authorities which have retained their housing stock.
- 2.10 Finally, the business plan is based on the council's treasury management strategy, i.e. a one pool approach to all council borrowing.

3. Options Considered/Available

- 3.1 There is only one option available to the Council, to meet the Welsh Governments timetable for the production of business plans.

4. Preferred Choice and Reasons

- 4.1 The preferred choice is for the Council to meet the Welsh Government's timetable, which will require the Portfolio Holder for Commissioning and Procurement to approve the business plan on behalf of the Cabinet.

5. Sustainability and Environmental Issues/Equalities/Crime and Disorder,/Welsh Language/Other Policies etc

- 5.1 The submission of the HRA business plan to the Welsh Government is a technical financial matter and will have no impact on the on other policies of the Council.

6. Children and Young People's Impact Statement - Safeguarding and Wellbeing

- 6.1 The submission of the HRA business plan to the Welsh Government is a technical financial matter and will have no impact on the Council's responsibilities to safeguard and ensure the well-being of children and young people.

7. Local Member(s)

- 7.1 The submission of the HRA business plan to the Welsh Government is a technical financial matter and will have no impact on the wards of local councillors.

8. Other Front Line Services

- 8.1 The submission of the HRA business plan to the Welsh Government is a technical financial matter and will have no impact on other frontline services.

9. Support Services (Legal, Finance, Corporate Property, HR, ICT, BPU)

- 9.1 The Capital and Financial Planning Accountant comments that the Business Plan is required in order to secure the Major Repairs Allowance which in 15/6 is expected to be £3.71m. In addition the Business Plan demonstrates that the HRA's capital and revenue expenditure is affordable over the 30 year period of the plan.

- 9.2 Legal – The recommendations can be agreed from a legal point of view.

10. Local Service Board/Partnerships/Stakeholders etc

- 10.1 The submission of the HRA business plan to the Welsh Government is a technical financial matter and will have no impact on other key stakeholders of the Council.

11. Communications

- 11.1 The Housing Service will advise tenants of the voluntary agreement via the Tenant Liaison Forum, the Open House Newsletter and the website.

12. Statutory Officers

- 12.1 The Strategic Director Resources (Section 151 Officer) notes the comments made by finance and supports the approach to meet the timetable.
- 12.2 The Solicitor to the Council (Monitoring Officer) has commented: "I have nothing to add to the report".

13. Members' Interests

- 13.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
That the attached HRA business plan is agreed and it is dispatched to the Welsh Government to ensure compliance with timescales.	To ensure that the HRA is able to exit the HRA subsidy regime & to ensure that the application for Major Repairs Allowance is received within the required timescale.

Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	All members
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Person(s) To Implement Decision:	Interim Head of Housing
Date By When Decision To Be Implemented:	12th January 2015

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To be attached when complete