

IMPLEMENTATION EXECUTIVE
13 JANUARY 2009

HOUSING REVENUE ACCOUNT 30 YEAR BUSINESS PLAN

Executive Summary

The Housing Revenue Account Business Plan is a strategic planning document produced to assist the officers and members of the council, working together with tenants and leaseholders, in the management and maintenance of the council housing stock over the next thirty years. It demonstrates how the council intends to resource and achieve the government's Decent Homes Standard target by 2010 and sets service standards. This report is submitted to the Implementation Executive for approval prior to being sent to the Government Office for the South West (GOSW) for a fit for purpose assessment.

Proposal

That the Implementation Executive:

- a) approve the Business Plan as set out in Appendix A;
- b) request an annual update report on the Business Plan;
- c) request a reassessment of the Plan following the governments national review.

Reason for Proposal

As a housing stock holding authority we re required to submit a 30 year Housing Revenue Account Business Plan to our local government office for a "fit for purpose" assessment. The Business Plan as set out in Appendix 1 has been approved by Salisbury District Council Cabinet following extensive work by a Project Board consisting of members from all parties, officers and tenants following the tenants vote to reject transfer to a newly formed Housing Association which had been the recommendation of a stock option appraisal undertaken in 2005.

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HOUSING REVENUE ACCOUNT 30 YEAR BUSINESS PLAN

Purpose of Report

1. To seek approval of the 30 year business plan as set in Appendix A.

Background

2. A stock option appraisal looking at the advantages and disadvantages of all the options open for the future management of the housing stock in Salisbury recommended to pursue the transfer of the stock to a newly formed locally based registered social landlord. This proposal was overwhelmingly rejected by tenants in a secret ballot.
3. The business plan has therefore sought to address the capital and revenue challenges facing the housing stock over the 30 year period based on current assumptions and projections.

Main Considerations for the Implementation Executive

4. The business plan highlights a number of measures, the most significant of which are a staff restructure and an increase in garage rents, which have been introduced and have improved the revenue position by more than £250k per annum.
5. These measures, coupled with a change in the rent restructuring calculation for 2008/09, has meant that the point at which the HRA makes in year deficits has moved on from 2009/10 to 2011/12 with HRA balances peaking in year 2010/11 at £10.8m. The HRA will use up all its surplus by year 2019/20. On current assumptions, to balance the HRA over 30 years will require efficiencies of £300k per year from 2012/13 equivalent to 3% per annum or cost freeze, i.e. no inflation on budgets.
6. On the capital side the housing stock will meet the governments Decent Home Standard by 2010 as is required and maintain it for some years afterwards but the Decent Homes Standard does not cover all investment requirements and it is predicted that resources will fall short of the investment required from 2013/14.
7. However the Business plan recognises that there is a national review of the HRA being undertaken by DCLG at the moment which will include rent restructuring, the distribution of resources (the HRA nationally is in surplus) and is looking at the self funding of HRAs, i.e. being taken out of the subsidy system. Whilst we do not know the outcome of the review as yet we can be reasonably confident that at the very least the amount of negative subsidy paid the government will be reduced.

Environmental Impact of the Proposal

8. The proposals in the Business Plan are aimed at maintaining the housing stock to Decent Homes Standard and our current planned maintenance standards provide for high energy efficiency heating systems and insulation.

Equality and Diversity Impact of the Proposal

9. The proposals contained in the Plan aim to treat all tenants equally. Special provision is made for the elderly in the form of providing sheltered housing and the disabled with budget provision for Disabled Facilities Grants.

Risk Assessment

10. Whilst the report highlights that significant efficiency savings will be required on the revenue side from 2012/13 and there is a gap in capital resources from 2013/14 there is reasonable confidence that the financial situation will improve following the governments national review. It is proposed that the Plan is annually reviewed and reassessed when the outcome of the governments review is announced.

Financial Implications

11. Contained in the report.

Legal Implications

12. None.

Options Considered

13. A stock option appraisal was undertaken in 2005. The proposed business plan represents the best way forward in the current circumstances.

Conclusion

14. That the 30 Year Housing Revenue Account Business Plan contained in Appendix 1 be approved and that it is reviewed annually and reassessed following the governments national review of the HRA.

Background Papers

The following unpublished documents have been relied on in the preparation of this report: Stock Option Appraisal 2005

Appendices

Appendix A: 30 Year Housing Revenue Account (HRA) Business Plan
Annex A: Salisbury Council 30 Year Housing Revenue Account Projections