

**Meeting of the Executive Members for
Housing & Adult Social Services and
Advisory Panel**

11th December 2006

Report of the Head of Housing Services

Housing Revenue Account Business Plan

Purpose of Report

1. To seek member's approval of the Revised Housing Revenue Account (HRA) Business Plan 2006/7-2008/9. The HRA Business Plan is attached at Annex A (due to its size, hard copies have only been provided to Members, but the document is available on the council's website www.york.gov.uk under Council Meetings.)

Background

2. The council is required to produce a comprehensive business plan for its own housing stock to complement its Housing Strategy (which covers all housing in York). The HRA Business Plan sets out the detailed investment to be made in the housing stock to meet the government's decent homes standard.
3. An option appraisal report was considered by members in March 2005, which outlined the financial projections to enable the authority to meet the government's decent homes standard by 2010/11. The options appraisal report was considered by the Federation of Tenants & Residents Associations and the Tenant Compact Panel. Both groups gave an unanimous view that the council should continue with its' strategy of stock retention with in-house management of the housing service.
4. In previous years there has been a requirement on stock-holding housing authorities to submit the HRA Business Plan to Government Offices for assessment against national 'Fit for Purpose' criteria. However, in a letter dated 25th October 2006 to the Head of Housing Services, Government Office for Yorkshire and the Humber (GOYH) have advised that following discussions between the Department of Communities and Local Government (DCLG) there is no longer to be a requirement for HRA Business Plans to be signed off by Government offices as 'Fit for Purpose', although they will continue to provide advice and support in the preparation for Business plans where requested, and expect to be contacted along with other stakeholders as part of the consultative process attached to the production of the HRA Business Plan.

Consultation

5. An early draft of the plan was shared with GOYH for initial comments in April this year. These comments have been used to inform the attached final draft. In view of the correspondence from GOYH referred to in paragraph 4 above, a copy of the plan will be submitted to GOYH following sign off by members.
6. The draft Business Plan will be discussed in detail with the Chair of the York Federation of Community and Residents Associations (YFCRA) and will be discussed with the wider group at their December meeting. It is also proposed that residents representatives will be invited to be part of a group which monitors progress with the business plan.
7. The Housing Strategy 2006-9 of which the Business Plan is a constituent part was subject to wide consultation with a variety of stakeholders earlier in 2006.

Options

8. **Option 1** - To approve the Business Plan.
9. **Option 2** - To ask for changes to the Business Plan

Analysis

10. The Business Plan has been developed to take account of:
 - the councils strategic objectives and priority improvement statements;
 - the Housing Strategy for the city;
 - the Government 's key priorities:
 - delivering decent homes,
 - E Government,
 - tackling anti social behaviour and the 'Respect' agenda
 - promoting social inclusion
11. The Business Plan sets out the detailed financial plan for investment in council homes to ensure all achieve the decent homes standard by 2010. At present approximately 1,034 (13% of all council homes) do not meet the standard currently. The business plan (figures 17 & 18) sets out our timetable and investment profile to ensure that we achieve zero non-decent homes by 2010/11. This is a key government objective and a priority in the Council's Corporate Strategy 2006-9.
12. The Business Plan also highlights the wider HRA capital investment which as an authority we have made a commitment to. This includes the continuation of the York Standard, which is a higher standard than the Decent Homes standard, environmental & security improvements linked to the York Pride / Safer Cities initiatives.
13. The current financial projection on the HRA up to 2010/11 has enabled a number of proactive decisions to be made. The updated business plan

includes increased funding of £50k for disabled adaptations to City of Council homes, to meet current demand, and the bringing forward of some non-decent homes expenditure. These decisions will be reviewed on an annual basis subject to a review of the financial position.

14. The Business plan includes an overview of the activities of the Housing landlord service and reviews key actions and priorities.

Corporate Priorities

15. The HRA Business Plan sets out in detail how the council can will deliver the council housing element of the corporate priority to ‘Improve the quality and availability of decent, affordable homes in the city’, by reducing the number of homes below the decency standard.
16. The York Pride improvements included in the Business Plan also contribute to the Corporate Priority to ‘Improve the actual and perceived condition and appearance of the city’s streets, housing estates an publicly accessible spaces.’

Implications

Financial

17. **Capital Summary** - The information below details the expenditure required to meet the current priorities as set out in the housing capital programme i.e. Decent Homes Standard, York Standard (Tenants Choice), and York Pride. It also assumes an increase of £50k in the £200k per annum budget for adaptations. See appendix VI of the HRA business plan at Annex A for the breakdown of capital income and expenditure. The information below shows a summary of the capital expenditure on HRA

	Income (£'000)	Expenditure - (£'000)
Decent Homes, including York Standard		£ 43,735
York Pride		£ 3,162
Assistance to Older & Disabled People		£ 1,912
Total Expenditure		£ 48,809
Estimated Available Resource	£ 48,809	

18. **Revenue Summary** - The revenue projections show that ongoing savings will be required to enable the HRA to balance and continue to make a revenue contribution to capital. See Appendix 5 of the HRA business plan at Annex A.
19. HRA assumptions are based on static performance on voids and arrears based on 2006/7 budgets provision. Improved performance will result in cost savings

to the service that can be used to balance the HRA or increase the revenue contribution to capital.

20. In reaching the above financial income projections an assessment of the level of Right To Buy's (RTB's) has been made. In recent years we have seen this number of RTB completions reduce drastically. Predicting the level of RTB's is not an exact science and as such a slight increase or decrease in the level can have a major impact on both the available capital and revenue. The current financial projections are based on an average of 35 RTB's per annum. This is the lowest the projection has ever been and is based on the current levels of sales. An increase of 10 RTB's would have the effect of increasing the available capital receipt by £192k. This equates to an increase in available capital receipt of approximately £750k by 2010.
21. There are no Human Resources (HR), Equalities, Legal, Crime and Disorder, Information Technology (IT), Property or Other implications arising from this report.

Risk Management

22. The Business Plan sets out how the council proposes to meet the Decent Homes Standard by 2010/11 from and the resources required to meet the standard.

Recommendations

23. That the Executive Member approve the business plan (option 1).

Reason

24. A thorough review of the plan took place in consultation with members, residents and Government office in 2005, and this years plan represents only minor amendments to the existing plan projections and an update on progress.

Contact Details

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Report Approved **Date** 20/11/2006

Specialist Implications Officer(s)

Financial
Jayne Pearce Housing Accountant
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Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers:

Letter from Government Office for Yorkshire and the Humber to the Head of Housing Services dated 25th October 2006 regarding HRA Business Plans.

Annexes

Annex A – City of York Council Housing Revenue Account Business Plan 2006-9 including appendices **(These documents are available on the Council's website www.york.gov.uk, under Council Meetings on the homepage or by contacting Tracy Johnson, Democracy Officer on 01904 551031 or email tracy.johnson@york.gov.uk).**