

SLOUGH BOROUGH COUNCIL

REPORT TO: Neighbourhood and Community Services Scrutiny Panel

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PART I **FOR COMMENT AND CONSIDERATION**

HOUSING REVENUE ACCOUNT BUSINESS PLAN 2016-2046

1 Purpose of Report

Council housing in the Borough is managed through a separate financial account – the Housing Revenue Account (HRA). This report presents the draft HRA Business Plan. It is a requirement for local authority landlords to publish a HRA Business Plan setting out its financial commitments and spend priorities for the following 30 years. It is proposed that this draft, if approved by Cabinet, be issued for consultation with residents before being finalised.

2 Recommendations

The Panel is requested to consider the following matters;

- a) The draft Housing Revenue Account Business Plan and its suitability for consideration by the Residents Board and other residents groups.
- b) The development programme set out on Section 8 of the Business Plan.
- c) The policy on rents to be charged on new build homes as set out in Paragraphs 8.11 and 8.12 of the Business Plan.

3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

Good quality homes are integral to the wellbeing of everyone. The provision of low cost, affordable social (Council) housing therefore plays a fundamental role in supporting the delivery of Slough's Joint Wellbeing Strategy. The forthcoming Housing Strategy will set out how the Council sees its role in improving housing conditions and opportunities in the borough, including in social housing.

Housing and Neighbourhood Services have a wide range of skills, knowledge and legal powers available to officers to take action to address anti-social behaviour and work in partnership with Thames Valley Police to tackle crime and domestic abuse. The Tenancy Sustainment Team work closely with council colleagues to support vulnerable residents, offering a free handyperson service aimed at carryout DIY work to prevent falls and other risks of injury within residents' homes. The service takes a

holistic approach to responding to the needs of the borough's neighbourhoods and the communities that live in them. Access and customer care are key principles underpinning the Regulatory Framework which applies to the Council's landlord services, requiring Neighbourhood Services to ensure that services are open and accessible to all.

3a. **Slough Joint Wellbeing Strategy Priorities**

The HRA Business Plan links to the following Slough Joint Wellbeing Strategy priorities:

- Health – the links between decent housing and health are well documented.
- Regeneration and Environment – the HRA Business Plan sets out how the service will contribute to regenerating and investing in improvements to the built environment.
- Housing – The repair, maintenance and investment in the Council's housing assets is funded directly by the HRA.
- Safer Communities – The HRA funds the Council's anti-social behaviour service to manage problems that is caused or suffered by the Council's tenants or leaseholders

Cross-Cutting themes:

The Council's approach to managing its housing assets is based on encouraging and supporting its tenants and leaseholders to be accountable and responsible for their actions and take civic responsibility for their homes, their neighbourhoods and the communities they live in. Residents are supported and encouraged to maintain their neighbourhood and their home which, in turn, contributes towards improving the image of the town.

3b **Five Year Plan Outcomes**

The HRA Business Plan will help to deliver the following Five Year Plan outcomes:

- There will more homes in the borough, with quality improving across all tenures to support our ambition for Slough
- Slough will be one of the safest places in the Thames Valley
- More people will take responsibility and manage their own health, care and support needs
- Children and young people in Slough will be healthy, resilient and have positive life chances
- The Council's income and the value of its assets will be maximised

4 **Other Implications**

a) **Financial**

At the core of the HRA Business Plan is a series of 30 year financial projections. The key financial issues are therefore dealt with in the Business Plan itself.

b) **Risk Management**

Risk management issues are set out in Section 11 of the Business Plan.

c) Human Rights Act and Other Legal Implications

There are no Human Rights Act implications relating to this Business Plan. There may be legal implications as the details of emerging Government policy are made clear. For this reason the Business Plan will be reviewed in March 2017 to fully understand any legal implications.

d) Equalities Impact Assessment

Equality Impact Assessments are routinely carried out as part of operational service delivery and reviews. There are no equality related issues in relation to the Housing Revenue Account Business Plan.

e) Property

The HRA Business Plan supports the Council's ambition to maintain and invest in its current housing assets whilst continuing to deliver a development programme to build new, affordable homes in Slough. Detailed descriptions of the implications on property are included in the body of the Plan.

f) Carbon Emissions and Energy Costs

The re-commissioning of the repairs, maintenance and investment contract will provide opportunities to reduce carbon emissions in Council owned homes.

5 **Supporting Information**

Background to the HRA Business Plan

- 5.1 Slough Borough Council owns and manages over 7,100 rented and leasehold homes. This is the Council's most valuable physical asset. A wide and diverse range of residents are accommodated in council homes across a range of income groups. However, they are a particularly important resource for households on low or modest incomes who cannot afford to house themselves in homes available on the private market. Its significance is increasing as house prices and private sector rents escalate. Demand for council homes is high and far outstrips supply. Council housing is also vital for the economic future of Slough in that it provides affordable accommodation for people who work in the borough.
- 5.2 The Council's ambition is to retain ownership of its good quality housing stock, regenerate areas where this is necessary, build new homes and offer homes to residents at affordable rents. The Your Homes, Our Homes Project will see the re-commissioning of repairs, maintenance and investment services which will offer opportunities to invest in Slough's neighbourhoods and communities further and to provide truly customer focussed services to residents. It will also provide the opportunity to build a local, in-house capacity to undertake maintenance work. The Council remains committed to realising its vision of ensuring that neighbourhoods provide a safe and healthy environment for all residents and visitors.

- 5.3 The management and maintenance of council homes is funded through the Housing Revenue Account (HRA.) It is a requirement for local authority landlords to publish a HRA Business Plan setting out its financial commitments and spend priorities for the following 30 years. Slough's draft HRA Business Plan 2016- 2046 can be found at the Appendix to this report.

Key Points from the Business Plan

- 5.4 In the short term the HRA is strong and this will allow the Council to continue to invest £100 million over the next 7 years to repair, maintain and invest in its current stock, whilst realising its ambition to invest £40 million in developing new, affordable, homes over the next 4 years. However, there are significant uncertainties and threats in the near future, including:
- The long term impact on income of the Government taking control of rent setting. Council rents will fall by 1% in each of the 4 years from 2016/17 and the Government's intentions beyond this are unknown.
 - The effect of 'Pay to Stay' proposals which will require tenants with a combined household income over £31,000 to pay more.
 - The impact of the forced sale of some 'higher value' Council homes as they become empty to fund the discounts offered to housing association tenants under the Voluntary Right to Buy.
 - The effect on HRA income of welfare reforms and, in particular, the introduction of Universal Credit and further caps on the total amount of benefits that a household can receive.
 - The results of the Stock Condition Survey (due in January 2017) which will reveal precisely how much needs to be invested together with the viability of the Council's housing assets over the next 30 years.
- 5.5 The plan shows that if the impact of these, operating either singly or in combination, is significant, this could threaten existing investment plans and lead to the Council being faced with difficult choices on how to prioritise investment.

Further Review of the Business Plan and Proposal for an Option Appraisal

- 5.6 Taken together, these developments mark the endpoint of the agreement that the Council believed it had made with the Government when the HRA "Self-Financing" arrangements were put in place in 2012. This Business Plan has therefore been produced at a time of unprecedented uncertainty for the HRA. It is anticipated that the impact of the various Government changes described above will be known by early 2017. The results of the Council's stock condition survey will be available in January 2017. It is therefore proposed that a major review of the Business Plan takes place in March 2017.
- 5.7 In addition to this, it is proposed that now is the time for the Council, in open and transparent partnership with residents, to undertake a comprehensive Options Appraisal to look at the future of the housing stock over the next 15 to 20 years. This Options Appraisal would commence immediately, would be informed by the revised Business Plan in March 2017 and would be completed by December 2017.

Development Programme

- 5.8 Section 8 of the Business Plan brings together the indicative HRA programme for the building of new council homes. Cabinet is asked to confirm and approve the programme.

Rents for New Build Homes

- 5.9 Paragraphs 8.11 and 8.12 of the Business Plan set out a proposal for charging rents on newly-built homes that are higher than existing council rents. They also set out the rationale for doing so, which relates primarily to the impact on the Business Plan of changes and policies introduced recently by the Government. It is proposed that this be reviewed alongside the review of the HRA Business Plan in March 2017. Cabinet is requested to approve this proposal.

6 Comments of Other Committees

This report was considered by Cabinet on 17 October 2016 and may be subject to call-in.

7 Conclusion

- 7.1 In the medium and longer term the Council may need to make some tough decisions about priorities for investment and how to mitigate risks to the HRA. Careful management of the HRA up to this point means that the Council is in a position to manage this change successfully and to ensure the Council's housing finances are sustainable in the long-term. The challenge will be to establish whether it can do this without losing its ambition both to maintain existing homes to a high standard and to build new affordable homes for the residents of Slough.
- 7.2 Emerging Government policy, legislative changes, a crucial upgrading in the Council's data around the condition of its housing stock and the potentially transformational impact of a new repairs, maintenance and investment contract, will all take their course during the year following the publication of this Plan. For this reason this Plan should be seen as providing a baseline against which a further review of the Business Plan will be completed in March 2017.
- 7.3 In addition to this, it is proposed that the Council, in partnership with residents, undertake a comprehensive Asset Management Review/Options Appraisal looking at the future of its housing stock and at how the Council can best achieve its ambition to provide more and better homes for the benefit of the people of Slough. It is further recommended that the draft Business Plan be issued for consultation to the Residents Board and other residents' groups.

8 Appendices Attached

'A' - Housing Revenue Account Business Plan 2016-2046

9 Background Papers

Budget papers to Full Council – 25 February 2016