

CABINET

14 March 2012

PORTFOLIO HOLDER QUALITY OF LIFE

COUNCIL HOUSING FINANCE REFORM – HRA Business Plan 2012 - 2042

EXEMPT INFORMATION

None

PURPOSE

- To seek approval for the HRA Business Plan shown at Annex One

RECOMMENDATIONS

- That Cabinet approve the HRA Business Plan

RESOURCE IMPLICATIONS

The implementation of Council Housing Finance Reform has significant resource implications for the Council including:

- A significant increase in available funding within the HRA to support investment in the Housing stock, services and neighbourhoods
- A requirement for additional borrowing as part of a debt settlement

The HRA business plan considers how resources implications will be managed in support of the Council's Corporate Priorities and towards the achievement of a number of key ambitions as set out in the report.

The headline financial figures contained with the Council's final settlement received from CLG are and on which the Business Plan is built are:

- The Council's debt ceiling is £79million
- The Council currently has a HRA debt liability of £23million
- The amount which the Council will be required to pay to Government under the settlement is £45million (equating to a £68million total HRA debt liability)
- The Council will have a further £11million of borrowing headroom available to deliver its ambitions during the life of the plan

The Council's medium term financial planning and budget setting process has captured key headlines emerging from financial expertise received from Sector. These have been reported separately and should be noted in conjunction with this report.

LEGAL/RISK IMPLICATIONS BACKGROUND

Implementation of CHFR is a statutory requirements set out in the Localism Act 2011.

An analysis of key risks and sensitivities are contained within the HRA Business Plan. Key risks include:

- Future changes in issues relating to the financial forecast- the financial forecast is based on a number of assumptions which can be made with varying degrees of certainty. To mitigate this risk the Council has first sought expert advice relating to both the financial forecast and treasury management strategy. Financial sensitivities have been tested and a robust process to review and update the plan is in place.
- A further key risk will be a failure to properly resource delivery of the plan. Resource requirements have been considered within the attached plan and a robust system for performance management is included
- A future failure to ensure proper involvement of tenants in the development of the plan represents a major risk. This risk will be managed through the continued delivery and development of the Council's co-regulatory and tenant involvement approach.

SUSTAINABILITY IMPLICATIONS

CHFR has the potential to provide substantial investment in the Council's Housing asset and local neighbourhoods. The attached robust and balanced business plan will provide the framework for good maintenance and improvement of Council homes, finance for environmental works to improve neighbourhoods, and the potential for renewal and regeneration of neighbourhoods including the building of new Council housing.

The implementation of a self financing system provides the Council with greater ability to plan and predict future resources and to make informed investment decisions over the long term.

CONCLUSIONS

The HRA Business Plan is an ambitious and forward looking plan which sets out how the opportunities presented by changes to housing finance will be used to support the delivery of Corporate Priorities to the benefit of tenants and residents of Tamworth. Over the next four years, the HRA business plan seeks to deliver the investment plan already set out in the medium term financial forecast. Beyond that the plan is intended to set out the ambitions that will be reported on separately as they are serviced and realised. Key risks are also identified and mitigations proposed.

The implementation of the plan will result in improved homes and neighbourhoods and better outcomes for residents.

BACKGROUND INFORMATION

Consultation and Process

On 30 June 2010 members received a report outlining the basis of Government proposals to reform the current system of financing for Council housing. An outline 'offer' was issued in April 2011 providing Councils with an opportunity to consider the impact of reform on their own financial plans.

Guidance was issued by CLG on the 30th July 2011 detailing further the issues for consideration by Local Authorities in implementing CHFR and setting out the timetable for implementation.

The Council has worked within this guidance to:

- Develop a financial forecast over a thirty year timescale
- Review and define its priorities and ambitions in relation to Council housing

- Review its stock investment needs and define its investment plans
- Develop an approach to treasury management as set out in the Council's treasury management strategy
- Develop an HRA Business Plan shown at Annex One

In undertaking each of the above areas of work the Council has consulted widely with its tenants. This consultation culminated in a Tenants conference on the 26th January 2012, attended by over 120 tenants. The HRA Prospectus received over-whelming support and can be found by clicking www.tamworth.gov.uk/hraprospectuspdf. The impact assessment from the conference as been shared with the Tenant Consultative Group and the governance structures will be further strengthened by the development of the HRA sub group of BRG which will inform future policy decisions.

The Council has now received the final financial settlement for implementation of CHFR and is prepared for the commencement of the new financial regime in March 2012. A significant amount of staff time has been dedicated to completing preparations resulting in the Council receiving assurances from its external advisors that its preparation are robust and fit for purpose.

The report was intended for the February 2012 cabinet, but delayed to allow for further member and tenant scrutiny which has now influenced the HRA business plan.

Opportunity

The HRA business plan has been developed to support the achievement of Corporate Priorities and the objectives of the Council's Healthier Housing Strategy. This will be accomplished through the pursuit of the following ambitions:

- To regenerate neighbourhoods and eliminate poor housing
- To increase the supply of affordable housing and build new Council owned dwellings to meet targets set out in the Core Strategy
- To improve outcomes for tenants including helping them to be healthier, safer, more prosperous and with increased aspirations
- To support cohesive neighbourhoods
- To invest in the Council owned stock to ensure homes are properly maintained, warm and suitable for the tenants needs
- To place our tenants at the heart of decision making

Form the date of implementation there will be a significant amount of further work to deliver the Plan. The Summary actions included in section 15 of the Business Plan, once approved, will be translated into SMART objectives for team plans and be monitored through a central and co-ordinated action plan linked to the Healthier Housing Strategic Plan. Headline actions :

- Ongoing review of the financial forecast
- Development of a new Asset Management Strategy and updated stock condition data
- Development of detailed proposals for area based renewal and neighbourhood regeneration
- Continued investment in ensuring the highest level of tenant involvement
- Continued development of the skills and knowledge of staff to ensure delivery of the Council's ambitions set out in the plan

To achieve the above there will be a continued need to invest significant officer and member time and a range of other resources. Resource implications will be presented as feasibility modelling evolves and agreement sought to take the ambitions highlighted forward.

REPORT AUTHOR

Robert Barnes: Director Housing and Health Tina Mustafa: Head of Landlord Services

LIST OF BACKGROUND PAPERS**APPENDICES**

Appendix One: Housing Revenue Account Business Plan and Investment Profile



MINUTES OF A MEETING OF THE CABINET HELD ON 14th MARCH 2012

PRESENT: Councillor D Cook (Chair), Councillors R Pritchard, S Claymore, J Garner, M Greatorex and M Oates

The following officers were present: Anthony E Goodwin (Chief Executive), John Wheatley (Deputy Chief Executive and Corporate Director (Resources)), Rob Barnes (Deputy Director (Housing and Health)), Robert Mitchell (Deputy Director (Communities, Planning and Partnerships)), Jane Hackett (Solicitor to the Council and Monitoring Officer), Tina Mustafa (Housing Operations Manager), Steve Pointon (Housing Strategy Manager), James Roberts (Economic Development and Enterprise Manager), Paul Weston (Head of Asset Management - Property Services) and Tracey Yeomans (Head of Customer Services)

135 APOLOGIES FOR ABSENCE

None

136 CORPORATE UPDATE

The Deputy Director for Housing and Health and the District Public Health Lead for Primary Care Trust gave a presentation on Health Reform.

137 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 22 February were approved and signed as a correct record.

(Moved by Councillor R Pritchard and seconded by Councillor J Garner)

138 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

139 MATTERS REFERRED TO THE CABINET IN ACCORDANCE WITH THE OVERVIEW AND SCRUTINY PROCEDURE RULES

The Chair of Corporate Scrutiny proposed five recommendations following the meetings of 8 February 2012 and 1 March 2012:

- (1) Cabinet be asked to increase the budget allocation to Arts and Small Grants to bring them in line with Sports Grants over time. Small Grants to be increased by £1300pa and Arts Grants be increased by £700pa over 10 years (total £2000pa over 10 years), and
- (2) Cabinet be asked to add a condition to the Sports Grants terms and conditions to ask Talented Individuals to contribute in the future if they turn professional by either repaying their grant or giving their time to help future talented individuals,
- (3) Cabinet be asked to actively support the establishment of a Local Education Board and gain a place upon it as a Representative,
- (4) Cabinet be asked to look at the quotation process for Conservation Grants and how they can maximise local content in locally funded procurement, and;
- (5) Cabinet to be asked to look at introducing lasting visual signage, so that Tamworth Borough Council can demonstrate its contribution to the local community through its Conservation Grants scheme.

RESOLVED:

That:

- 1 Cllr Claymore and Cllr Pritchard (Portfolio Holder and Cabinet (Grants) Sub Committee chair) go and analyse options.
- 2 Cllr Claymore and Cllr Pritchard (Portfolio Holder and Cabinet (Grants) Sub Committee chair) go and analyse options.
- 3 Cabinet agree in principle and ask the Chair to take this to the TSP, as they are already prioritising said subject. Tony Goodwin to submit a paper to the TSP.
- 4 Rob Mitchell is charged with looking at how we can weight scoring on grants to meet the scrutiny request.
- 5 Cabinet agrees to look at it as requested. D Cook to champion

(Moved by Councillor D Cook and seconded by Councillor R Pritchard)

140 HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME - VIREMENT OF BUDGETS

The Report of the Portfolio Holder for Quality of Life setting out the outturn forecast for the housing capital programmes and seeking approval for virements

within the budget to address various areas of under and over spends resulting from changes in the programme to meet demands and identifying an overall overspend across the whole capital programme, caused in the main by having to undertake essential works with a higher than anticipated asbestos removal costs predominately due to changes in legislation in year was considered.

RESOLVED:

That:

- 1 The anticipated housing capital programme outturn be noted, and;
- 2 The following virements be approved:
Increase Bathroom budget by £29,380
Reduce Electrical Budget by £105,980
Increase Kitchen Budget by £154,130
Reduce Roofing Budget by £6,690
Reduce Structural Budget by £27,000
Reduce Lift Installation Budget by £22,120
Reduce External Works Budget by £3,900
Increase Disabled Adaptations Budget by £72,580
Increase Insulation Budget by £3,630
- 3 The anticipated overspend of £94,030 across the whole budget be noted.

(Moved by Councillor M Oates and seconded by Councillor J Garner)

141 HIGH RISE FIRE SAFETY

The Report of the Portfolio Holder Quality of Life setting out the Council's response to the latest guidance commissioned by the DCLG ensuring fire safety in high-rise and flatted accommodation was considered.

RESOLVED:

That:

- 1 The actions taken so far to ensure the continued fire safety for residents of the high-rise and other flatted accommodation as set out in the action plan be supported, and;
- 2 Un-planned expenditure of approximately £135,000 has been met from existing HRA repairs budget, and that the financial fore-cast at this stage is still predicting an under spend on the repairs budget be noted.
- 3 The use of contingency (up to a maximum of £100,000) to meet this unplanned expenditure should there be a risk of an over spend as the final accounts are prepared, and full and final invoices are received at year end for the required works be approved.

(Moved by Councillor M Oates and seconded by Councillor D Cook)

142 HOUSING REVENUE ACCOUNT BUSINESS PLAN

The Report of the Portfolio Holder Quality of Life seeking approval for the HRA Business Plan was considered.

RESOLVED: That the HRA Business Plan be approved.
(Moved by Councillor M Oates and seconded by Councillor R Pritchard)

143 DEVELOPMENT OF THE COUNCIL'S APPROACH TO PRIVATE SECTOR HOUSING

The Report of the Portfolio Holder for Quality of Life seeking to approve changes in the way Tamworth Borough Council engages with and intervenes in the private sector to provide a wider choice of suitable housing options for those wishing to reside in the Tamworth area was considered.

RESOLVED: That:

- 1 The extension of the landlord accreditation scheme to include managing agents be approved, and;
- 2 The development of the advice and assistance service provided to empty home owners to include the provision of lists of approved landlords, managing agents and quality tradesmen be approved, and;
- 3 In principle the development of a social lettings agency to enable the Council to increase access to private sector accommodation be approved and that a further report be submitted during 2012/2013 for final approval for the development of a social lettings agency.

(Moved by Councillor M Oates and seconded by Councillor M Greatorex)

144 THINK LOCAL 4 BUSINESS: PROPOSAL TO INCORPORATE INTO A COMPANY LIMITED BY SHARES AND FOR THE COUNCIL TO BECOME A FOUNDER SHAREHOLDER

The Report of the Portfolio Holder for Economic Development and Enterprise seeking to obtain approval to proceed with the incorporation of Think Local 4 Business and to transfer the current assets of the project which are currently under the legal 'guardianship' of Tamworth Borough Council over to Think Local Limited, the proposed vehicle for the project's incorporation, and to also obtain approval for Tamworth Borough Council to become a Founder Shareholder in Think Local Limited and to take up the option of a seat on the company's Board of Directors was considered.

RESOLVED: That:

- 1 The incorporation and asset transfer (including one-off grant funding of £10,000) to the new company as soon as reasonably practicable be approved, and;
- 2 The Council to become a Founder Shareholder in the company and to take up a seat on the company's Board of Directors be approved.

(Moved by Councillor M Oates and seconded by Councillor M Greatorex)

EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That members of the press and public be now excluded from the meeting during consideration of the following item on the grounds that the business involves the likely disclosure of exempt information as defined in Paragraph 1 and 3, Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

145 REVIEW OF SHOP MOBILITY SERVICE

The Report of the Portfolio Holder for Corporate Services and Assets advising Cabinet of the outcome of the formal review undertaken regarding the external provision of the Shopmobility Service, and seeking approval for the recommendations outlined in the report was considered.

RESOLVED: That the recommendations as contained in the report be approved.

(Moved by Councillor R Pritchard and seconded by Councillor D Cook)

Leader

