

WELWYN HATFIELD BOROUGH COUNCIL  
CABINET 6 JANUARY 2020  
REPORT OF THE CORPORATE DIRECTOR (HOUSING AND COMMUNITIES)

HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN

**1 Executive Summary**

- 1.1 The Housing Revenue Account Business Plan sets out the council's strategic plan for managing and maintaining the council's social housing stock.
- 1.2 It sets out in detail the council's short to medium term plans and priorities for its asset management and housing management services and provides a thirty year forecast on stock investment requirements and financial planning.
- 1.3 This report will also be presented to Cabinet Housing Panel on 15 January and any changes will be presented to Special Cabinet on 21 January, in order for it to recommend to Council at its meeting on 3 February 2020.

**2 Recommendation(s)**

- 2.1 Cabinet to approve the Housing Revenue Business Plan 2020-2050 and note that any comments from the Cabinet Housing Panel will be returned to Special Cabinet on 21 January 2020 for consideration, before final recommendations are made to Full Council for adoption.

**3 Explanation**

- 3.1 Since the introduction in 2012 of the Housing Revenue Account self financing arrangement, the council has had a greater degree of control over the use and management of the Housing Revenue Account (HRA)
- 3.2 The HRA Business Plan sets out the vision for the future of council housing in our Borough
- 3.3 The thirty year Business Plan has been developed within the context of longer term strategic and resource planning process.
- 3.4 The plan sets out how we will, through effective management and planning within the HRA, support the council's wider strategic aim to meet housing need and to provide high quality homes.
- 3.5 Council housing is managed by the Housing Operations service, in conjunction with the Property Services team, which oversees the repair, maintenance and investment needs of the homes. The Community and Housing Strategy team supports these teams through developing strategy across all housing services.
- 3.6 As at 31 March 2019, there were 7218 general needs properties, 1690 sheltered properties and 1303 leasehold flats within the HRA.
- 3.7 The HRA also contains three designated homeless hostels – at Howlands House, Hazelgrove House and Inspira House. These sites comprise 21 shared flats (63 individual rooms) and 75 self-contained properties respectively

- 3.8 There are 593 garages let within the HRA
- 3.9 There are also a small number of properties owned within the HRA, but leased to other providers to provide specialist supported housing for adults with learning difficulties.
- 3.10 Due to the Right to Buy, there are on average 40 homes sold annually. However the council is replenishing stock through the Affordable Housing Programme, both through building new homes and acquiring homes on the open market. The council's current target is to maintain a stock of 9000 or more rented units within the HRA
- 3.11 The key aims for the housing management services is to
- maximise rental and other income
  - let properties as quickly as possible
  - ensure tenants have the necessary support and advice to manage their tenancy, and where there are support needs, live as independently as possible
  - robustly manage anti-social behaviour
  - offer tenants and leaseholders opportunities to get involved in the housing service and have their say
- 3.12 The self-financing environment enables a pro-active approach to asset management planning. An update Asset Management Strategy for the HRA is currently being prepared.
- 3.13 In 2016 a stock condition validation exercise was carried out, which underpins the current strategy for investment in homes, to ensure they meet the Decent Homes Standard. The council reports nearly 100% compliance with the Decent Homes Standard. The exceptions being 36 properties which are considered to be non-decent, but due to design are uneconomic to be made decent and 17 refusals (where tenants have said they do not want the improvements)
- 3.14 Page 27 of the draft Business Plan contains a table which sets out the stock investment requirements over the next thirty years. Based on today's values, just under £348 million investment is required over the thirty year plan period.
- 3.15 The responsive repairs and void maintenance, together with the majority of planned investment work, is currently undertaken by Mears under a 15 year partnership contract. The contract ends in October 2022, with no contractual opportunity to extend the term. Re-procurement of the service is underway with a number of key milestones already met. The timescale includes an eight month mobilisation/de-mobilisation period, which will be used to embed new processes and systems and to source and occupy new shared office premises, with the successful contractor.
- 3.16 A Housing Delivery Strategy has been agreed, which sets out the proposals for a five year programme of direct development and property acquisitions.

- 3.17 As part of the Affordable Housing Programme the council has already built 52 properties, now managed within the HRA and also acquired a total of 212 properties via the Open Market Purchase programme.
- 3.18 We have plans in place to deliver around 340 new homes for the HRA in the next five years, with the team working on other schemes which will add to this programme. Highlights being the redevelopment of Howlands House, Burfield Close and Minster Close – which will deliver over 200 new homes.

### **Implications**

#### **Legal Implication(s)**

- 3.19 The Council has various housing duties and powers, including duties and powers in relation to homelessness under Part VII of the Housing Act 1996.
- 3.20 Section 167 of the Localism Act 2011 gave effect to Schedule 15 of that Act and, since the coming into force of Schedule 15, English local authorities have been required to be self-financing in relation to their housing stock, financing their housing stock from their own rents.
- 3.21 Part 3 of the Business Plan identifies certain of the changes introduced by the Welfare Reform and Work Act 2016 and the Housing and Planning Act 2016.
- 3.22 It is not a legal requirement to produce an HRA Business Plan; however it is good practice and helps provide a good framework for long term strategic planning.

### **4 Financial Implication(s)**

- 4.1 The Housing Revenue account is a ringfenced account funded from dwelling rental income, which must demonstrate sustainability over the longer term.
- 4.2 Part seven of the plan (pages 37-38), sets out the forecasts of the plan over the medium term, and demonstrates that plans will allow the council to maintain its minimum working balance requirements (5% of income).
- 4.3 Also included in the plan (page 41), are key sensitivity tests applied to the business plan model. These tests demonstrate that the plan is resilient in the longer term to changes in market conditions.
- 4.4 Appendix A and B provide a snapshot of the medium term forecasts (years 1-5) and longer term forecasts (year 30).

### **5 Risk Management Implications**

- 5.1 The risks related to this proposal are:
- 5.2 There are no risks related directly to this report. There are strategic and operational risks mapped for all aspects of housing revenue account activities, which are monitored appropriately
- 5.3 The production of the Housing Revenue Account Business Plan document is in itself a risk control, as it is a helpful tool to assist with strategic planning for the service and development of new homes.

## **6 Security and Terrorism Implication(s)**

6.1 There are no security and terrorism implications arising from this report

## **7 Procurement Implication(s)**

7.1 There are no procurement implications arising from this report

## **8 Climate Change Implication(s)**

8.1 There are no climate change implications arising from this report, however the Asset Management Strategy will include measures the council is and plans to take to reduce carbon emissions and to tackle fuel poverty.

## **9 Human Resources Implication(s)**

9.1 There are no human resource implications arising from this report

## **10 Health and Wellbeing Implication(s)**

10.1 Good quality housing is linked to improved health and well being

## **11 Communication and Engagement Implication(s)**

11.1 There are no communication and engagement implications arising from this report.

## **12 Link to Corporate Priorities**

12.1 The HRA Business Plan supports the council's overall vision for the borough 'to make Welwyn Hatfield a great place to live, work and study with a vibrant, growing economy'

12.2 The vision set out in the council's Housing, Homelessness and Rough Sleeping Strategy is 'to provide local people with opportunities to access good quality homes which they can afford to live in and where they can enjoy settled, secure and healthy lives'. The HRA Business Plan objectives help to meet the objectives which underpin these visions.

12.3 Specific priorities are to 'deliver more housing to meet the housing needs of local people' and to 'make the best use of housing in the borough'. Both are key objectives set out in the Business Plan.

## **13 Equality and Diversity**

13.1 An EqIA was not completed because this report does not propose changes to existing service-related policies or the development of new service-related policies.

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Background papers to be listed (if applicable)  
Appendices to be listed  
Draft Housing Revenue Account Business Plan