



ARTICLE NO: 1E

**CORPORATE OVERVIEW &
SCRUTINY COMMITTEE**

MEMBER UPDATE 2009/10

Article of: Executive Manager Housing and Property Maintenance Services

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Relevant Portfolio Holder: Councillor Mrs V Hopley

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SUBJECT: HRA REFORM

RVL/BC/2.915mud
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1.0 PURPOSE OF THE UPDATE

- 1.1 To advise Members about the next steps in the reform of the Housing Revenue Account (HRA) Subsidy regime.

2.0 BACKGROUND

- 2.1 I attach a Briefing prepared by the CIH (Chartered Institute of Housing).

3.0 CURRENT POSITION

- 3.1 The current position is that work has already started on preparing a 30 year Business Plan for Housing Services.

4.0 THE WAY FORWARD

- 4.1 A Corporate Project Team has been established to oversee this work which consists of myself, the Treasurer and the Council's Secretary and Solicitor or their nominees.

- 4.2 Clearly, the initial offer needs to form the basis of discussion with the Department of Communities and Local Government.
- 4.3 When discussions have been completed the matter will go to Council for decision and Tenant views will be canvassed so that an informed decision can be made.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 5.1 Currently the Council pays the Government £5.3m from rental income which goes to support the National HRA system.
- 5.2 If self-financing was introduced the Council would be allowed to keep the rental income in return for taking on debt.
- 5.3 Providing the debt could be serviced by the £5.3m we would have a sustainable situation financially. Equally, and as importantly, the debt must not exceed the surplus income produced by a robust Business Plan which meets the legal and aspirational needs of its customers.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 6.1 The issue of Prudential Borrowing and the impact on the Council's General Fund need to be resolved.
- 6.2 If we can resolve 6.1 the financial position outlined in paragraph 5 above needs careful consideration. Any debt over £100m would be unsustainable.

7.0 CONCLUSION

- 7.1 The dismantling of the HRA Subsidy System is both a threat and an opportunity. Discussions will be interesting and if the DCLG is flexible and is prepared to look at the Business Plan critically and accept the evidence that greater resources are needed then it is hoped that a negotiated settlement could be recommended to the Council.

Background Documents

There are no background documents (as defined in Section 100D (5) of the Local Government Act 1972) to this report.

Equality Impact Assessment

There is no evidence from an initial assessment of an adverse impact on equality in relation to the equality target groups.

Appendices

Briefing from Chartered Institute of Housing