

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – COMMUNITY

16 JANUARY 2007

EXECUTIVE

23 JANUARY 2007

HOUSING REVENUE ACCOUNT BUSINESS PLAN 2006-2036

1. PURPOSE OF THE REPORT

- 1.1 To inform Members of the outcome of the annual review of the Housing Revenue Account Business Plan.

2. INTRODUCTION

- 2.1 All local authorities who have retained their housing stock have a statutory obligation to produce a 30 year Housing Revenue Account (HRA) Business Plan that is passed as ‘fit for purpose’ by their local Government Office. Exeter City Council’s HRA Business Plan achieved fit for purpose status in March 2006.
- 2.2 The current HRA Business Plan has been reviewed to ensure financial models and funding predictions match current levels of subsidy and other income. The current review has been undertaken following receipt of the draft HRA subsidy determinations for 2007/08. The total finance available has been checked against our housing capital programme, including the Decent Homes Programme and the Exeter Standard, to ensure sufficient resources are available to meet these commitments.
- 2.3 A copy of the revised HRA Business Plan, taking the Council up to and including 2036 is available on the website. A copy has also been placed in the Members room for information.

3. OVERALL HIGHLIGHTS

- 3.1 The Business Plan has not been altered drastically from the previous version (2004-2034). However, data tables, financial models and action plans have all been updated to show what progress has been made over the last two years. The Business Plan includes:
- A new mission statement for the housing service
 - Revised overall strategic aims and priorities
 - Updated financial models that show an on-going surplus on the Housing Revenue Account and increased revenue contributions to capital to sustain the Decent Homes Programme and Exeter Standard
 - Evidence that the Council is on target to meet the Decent Homes Standard by 2010 and the Exeter Standard by 2015
 - Performance information for the past two years together with forward targets
 - An updated 2005/06 action plan demonstrating recent achievements
 - An updated 2006/07 action plan highlighting the current years improvement programme
 - Draft action plan for 2007/08 (still under consideration and consultation)

- 3.2 Despite an overall positive picture in terms of finance, performance and service improvements the Business Plan continues to predict an increasing funding gap between available resources and capital programme commitments from 2012 onwards. Whilst there are many variables in the financial model that cannot be accurately predicted (levels of future subsidy for example), the plan will need careful monitoring over the next 4-5 years to ensure resources are not over-committed.
- 3.3 A range of action can be taken to try and close this funding gap and ensure resources meet commitments. This includes:
- Maintaining a value for money housing management service and keeping spending below management and maintenance allowances
 - Increasing income in terms of rent arrears collection and void turnover times
 - Seeking efficiency savings in goods and services
 - Looking at better procurement methods for fixtures and fittings (bathrooms and kitchens for example) to achieve the lowest cost
 - Stretching the capital programme by delaying certain works to later years

4. CONCLUSION

- 4.1 The HRA Business Plan continues to demonstrate improved performance, robust action plans to improve the service and continued financial prudence. Most importantly it clearly demonstrates that the Decent Homes Standard will be met within Government deadlines. Future reviews will continue to monitor potential gaps in funding.

5. RECOMMENDED:

- 1) that Scrutiny Committee – Community supports and Executive approves the 2006-2036 HRA Business Plan.

HEAD OF HOUSING SERVICES

Originator: Steve Warran

H:LP/ Committee/107SCC5
14.12.06

COMMUNITY & ENVIRONMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

None