

Report of the Strategic Director of Place to the meeting of The Executive be held on March 7, 2023

BG

Subject: Housing Revenue Account Business Plan 2023-2028

Summary statement:

This HRA Business Plan sets out the strategic plan for managing and maintaining the council's affordable housing stock. It sets out in detail the short to medium term plans and priorities for housing and asset management services (5 years) and provides a long term (30 year) forecast on stock investment and financial planning.

'This report has not been included on the published forward plan as an issue for consideration, as the plan has been completed following approval of rent increases, agreed at the meeting of Executive on January 31, 2023. To open the Housing Revenue Account on April 1, 2023, the issue must be agreed before that date. This matter only became known following publication of the forward plan, and it is impractical to defer the decision until it has been included in the published Forward Plan for the reasons described, therefore the report is submitted in accordance with paragraph 10 of the Executive Procedure Rules set out in the Council's Constitution.'

EQUALITY & DIVERSITY:

The HRA Business Plan sets out how the council's supply of affordable housing is to be effectively managed and maintained to provide high quality and well-maintained housing accommodation for those on low incomes. The report therefore impacts particularly positively on those on low incomes with health or disability related conditions that require appropriate housing conditions.

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Portfolio:
Cllr. Alex Ross-Shaw - Portfolio Holder for
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Overview & Scrutiny Area:
Regeneration & Environment

1. SUMMARY

- 1.1 This report seeks approval to the draft Housing Revenue Account (HRA) Business Plan which sets out the council's strategic approach to the future maintenance, repair and refurbishment of the council's affordable housing stock. The plan also establishes the objective of increasing the number of dwellings in ownership by 431 over the first five years operation of HRA. The purpose of this is to ensure that the council plays an increasingly key role in the provision of affordable housing within the district, delivery of regeneration aspirations and to deliver new housing on vacant council owned sites across the District.

2. BACKGROUND

- 2.1 Executive of January 31, 2023, resolved to open a HRA with effect from April 1, 2023. The report referred to the requirement for the council to adopt a HRA Business Plan as part of this process, to be presented to Executive on this agenda.
- 2.2 The draft Business Plan is attached to this report at Appendix 1. The key elements of the plan are as follows.

Vision For Housing in Bradford District

- 2.3 The report sets out the council's vision for housing overall. It sets out the context of the Council Plan priorities generally and the three priorities that are specifically related to housing, namely.
- More homes
 - Quality Homes and Neighbourhoods
 - Homes for all
- 2.4 The Plan gives an overview of key facts about Bradford District, such as population, demographics and economic position and a summary is provided of the council's housing stock in terms of type, size and location.

Risks and Opportunities

- 2.5 The Plan sets out the key risks and opportunities that present themselves in relation to the HRA. For example.

Government Rent Policy

- 2.6 In normal circumstances, government policy allows rent increases to CPI plus 1%. Due to the current level of inflation, that increase has been limited to 7% for 2023/24. If this restriction were to continue in future years, restricting rent increases to below inflation increases, additional pressure would be placed on the viability of HRA.

Right To Buy

- 2.7 Excessive purchases of council owned properties would reduce the rental stream and thus affect viability of HRA.

Building Standards and Fire Safety

- 2.8 The imposition of additional fire safety measures because of the Grenfell Tower tragedy has been considered and appropriate contingencies built into the financial plan for HRA.

Housing Services

- 2.9 The Plan sets out the range of services that the council and its partners provide, such as management, maintenance, tenancy support, policies to address anti-social behaviour and resident engagement.

Future Development and Acquisitions

- 2.10 The report sets out the council's ambition to grow its housing stock. The target is to deliver circa 431 dwellings via acquisitions and building over the first 5 years of the plan. This will significantly increase stock holdings and deliver new housing on sites in council ownership that have proved difficult to secure external investment interest in recent years. In doing so, the council can play an increasingly influential role in meeting housing need within the District. For example, ensuring that young people leaving care have appropriate tenancies as part of the council's corporate parenting responsibilities for care leavers.
- 2.11 Elsewhere in this agenda, approval is sought to participation in the Governments Local Authority Housing Fund scheme, intended to provide settled, medium term accommodation for those fleeing war and persecution as part of the Afghan and Ukrainian re-settlement schemes. In the longer term, these homes will be added to the council's housing stock and help meet the needs of local people. This enables the council to swiftly commence the aspiration of growing its housing stock in the early years of operation of the new Housing Revenue Account.

Asset Management Strategy

- 2.12 The Plan establishes the objective of delivering homes to the Bradford Standard – over and above the required 'decent homes' standard specification, to ensure that the council's stock continues to be an attractive and high-quality housing option to the communities of Bradford moving forward. This includes alarm systems and Electric Vehicle Charging Points to be provided in future. The cost of delivering the standard has been identified as being circa £14.3m over the 30-year life of the plan. This will also include dwellings being built to a high level of sustainability, to at least the standard of the current Part L of Schedule 1 to the Building Regulations and the energy efficiency requirements for dwellings. Plans will be developed as part of the review of future needs, to ensure that the council's housing stock is 'carbon neutral' by the governments target date of 2050.
- 2.13 Positive discussions have been held with colleagues at Homes England in relation to the council's aspiration to become an 'Investment Partner' and secure grant to facilitate delivery of affordable housing across the District.

HRA Financial Projections

- 2.14 The plan sets in in significant detail the financial impact of the plan on the HRA over the 30-year lifecycle. Sensitivity analyses has been undertaken to model the impact of unforeseen negative impacts on the HRA (for instance, excessive RTB's). This demonstrates that HRA is sustainable and debt servicing can be effectively managed throughout the 30-year period.

3. OTHER CONSIDERATIONS

- 3.1 Officers met with colleagues from the Department for Levelling Up, Housing and Communities (DLUHC) on February 8, 2023. They confirmed that upon approval of the attached Business Plan, the council will have put in place all the requirements to successfully discharge its obligations in relation to the direction given by DLUHC under section 74 of the Housing Act 1989 (Duty to Keep a Housing Revenue Account).

4. FINANCIAL & RESOURCE APPRAISAL

- 4.1 The annual rent increase and service charges for 2023/24 were agreed by Executive of January 31, 2023. This report sets out the strategic approach to investment and expenditure in future years.
- 4.2 The financial projections relating to the implementation of the HRA business plan are set out in section 8 of the attached draft plan.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

- 5.1 The risks associated with the HRA Business Plan are captured within the draft plan itself.

6. LEGAL APPRAISAL

- 6.1 The Housing Revenue Account consists of expenditure on Council-owned housing and there is a statutory requirement whereby the Council is obliged to keep its Housing Revenue Account ("HRA") separate from other housing activities in accordance with the Local Government and Housing Act 1989 (as amended) ("the 1989 Act"). In addition, there is a requirement not to allow cross-subsidy to or from, the Council's General Fund Resources.
- 6.2 Statutory requirements as to the keeping of a HRA are contained in the 1989 Act. The 1989 Act includes a duty, under Section 76 of the 1989 Act, to budget to prevent a debit balance on the HRA and to implement and review the budget. The Act places a duty on local housing authorities to: (i) to produce and make available for public inspection, an annual budget for their HRA, which avoids a deficit; (ii) to review and if necessary, revise that budget from time to time and (iii) to take all reasonably practical steps to avoid an end of year deficit.

- 6.3 The HRA Business Plan provides an important mechanism for ensuring that the Council's housing stock is well managed and maintained, and that investment is made to ensure the safety of residents.

7. OTHER IMPLICATIONS

7.1 SUSTAINABILITY IMPLICATIONS

Investment in the housing stock as identified within the HRA Business Plan will improve the environmental standards, efficiency and sustainability of the housing stock concerned.

7.2 GREENHOUSE GAS EMISSIONS IMPACTS

Investment in the housing stock as identified within the HRA Business Plan will reduce the emissions related to the housing stock and associated uses.

7.3 COMMUNITY SAFETY IMPLICATIONS

Improvement of the housing stock and delivery of the 'Bradford Standard' will improve the safety and security of the housing stock and as a result, the tenants of the properties in scope.

7.4 HUMAN RIGHTS ACT

None

7.5 TRADE UNION

None.

7.6 WARD IMPLICATIONS

The council's housing stock is located across the District.

7.7 AREA COMMITTEE ACTION PLAN IMPLICATIONS

N/a

7.8 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE

None as a direct result of this report

7.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

None

8. NOT FOR PUBLICATION DOCUMENTS

None

9. OPTIONS

The requirement for a Business Plan as part of the opening of a Housing Revenue Account is a mandatory requirement and so there are no alternative options available.

10. RECOMMENDATIONS

That the draft HRA Business plan be approved.

11. APPENDICES

Appendix 1 – Draft HRA Business Plan – February 2023.

12. BACKGROUND DOCUMENTS

None