



# **High Peak Borough Council**

## **Housing Revenue Account (HRA)**

### **Business Plan**

## **Financial Improvement Plan**

**2017/18 to 2020/21**

## **1 Background and Introduction**

- 1.1 In 2014, the Council made a commitment in its Corporate Plan to undertake a fundamental review of the Housing Revenue Account (HRA) Business Plan. Consequently the Executive agreed to adopt the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Housing (CIH) Voluntary Code for Self-Financed HRAs with a commitment to perform a full self-assessment against the code, the outcome of which will provide the agenda for the development of the HRA Business Plan.
- 1.2 The development of the business plan is being undertaken through a sub-committee established by the Corporate Select Committee. The work commenced in June 2016 and is expected to be complete by June 2017 when a new business plan will be agreed.
- 1.3 The business plan is being developed in the context of significant financial constraints. In 2015, government announced far reaching legislative and financial changes for the social housing sector, which will have significant implications for the Council and in particular a negative financial impact on the HRA. The expected financial impact of these changes, the most significant being the 1% rent reduction imposed over 4 financial years, is approximately £2.2 million per annum by 2020/21.
- 1.4 The current MTFP (February 2017) summarises the latest financial forecasts for the HRA Business Plan and provides a detailed summary of the financial position from 2017/18 to 2020/21. At this stage the HRA still shows an overall deficit, as the review is not yet complete. The purpose of this document is to set out the areas where savings will be focused in order to provide for a balanced HRA.

## **2 Scope of the Review of the HRA Business Plan**

2.1 Attached at Annex A is a document that summarises the scope of the review. The plan includes the six areas of the CIPFA / CIH Code of Practice:

- Co-Regulation (extended to include the new regulatory requirement of the Housing & Planning Act 2016)
- Risk Management
- Financial Viability
- Financial & Treasury Management
- Asset Management
- Communications and Governance

2.2 The scope has been extended to include the following categories to reflect the broader remit of the Council's review:

- Strategic Management / Housing Strategy
- Housing Advice
- Responsive Repairs
- Tenancy Management
- Tenancy Support (including sheltered accommodation and carelink)
- Leaseholders & RTBs
- Income
- Systems Review

2.3 In determining the relative priorities for the review, the following issues dictated a higher priority:

- Financial pressure - the significance of the financial position meant that there needed to be focus on areas where reductions in financial provisions in the HRA could be made in order to ensure that the longer term financial position can be brought into balance
- Financing transactions – transactions such as the repayment of debt and that have a large impact on the financial position
- Staffing structures and roles – there was a requirement to finalise the staffing structure
- Channel shift / process change – this was essential for improving the services to the customer and maximising efficiency

### 3 HRA Business Plan Sub-Committee

3.1 The sub-committee commenced its work in June 2016 with an early focus on the policy issues that needed to be considered during the review.

3.2 The sub-committee review schedule and the progress made to date is summarised in the table below:

Meeting Date	Agenda Items	Actions
June 2016	Stock Condition	<ul style="list-style-type: none"> <li>• Full stock condition survey underway, majority completed in 2017/18</li> <li>• Option to vary annual debt repayment – further comparative work to be carried out</li> </ul>
	Financing Transactions	
	Housing & Planning Bill Implications	
August 2016	Capital Programme	<ul style="list-style-type: none"> <li>• 2017/18 capital programme reviewed with schemes included on a priority basis using internal information pending stock data</li> <li>• Rent Policy currently being written with an implementation plan to start during 2017/18, which focuses on raising additional income streams</li> </ul>
	Rent Policy	
	Carelink / Other Support	
November 2016	Lettings	<ul style="list-style-type: none"> <li>• Review of voids/tenancies underway to reduce loss of income and streamline processes</li> <li>• Options analysis for the operation of sheltered accommodation to ensure service is affordable – stock condition information to be incorporated when available</li> </ul>
	Voids	
	Sheltered Accommodation	
January 2017	Tenancy & Neighbourhood Management	<ul style="list-style-type: none"> <li>• Emerging findings presented of Tenancy &amp; Neighbourhood process and service review operational changes and enhancements to the allocations process. Further review/consideration required for some aspects</li> <li>• Emerging findings presented from the review of void and responsive repairs. Business case for rationalisation of systems and integration in development. Revised policy for repairs recharges and void repairs required.</li> </ul>
	Repairs	
March 2017	Revised HRA Business Plan	
	Tenant Engagement	
April/May 2017	Housing Need & Supply	
	Future Development	

## 4 Current Financial Projections

4.1 The financial projections for the next four financial years are summarised in the table below:

Budget Heading	2017/18 Projection	2018/19 Projection	2019/20 Projection	2020/21 Projection
	£	£	£	£
Repairs & Maintenance	3,932,800	4,013,570	4,098,170	4,182,280
Supervision & Management	2,695,930	2,739,130	2,783,760	2,825,140
Rates, Rents, Taxes, Charges	115,320	115,320	115,320	115,320
Other Operating Expenditure	1,383,590	1,403,810	1,428,770	1,452,850
Depreciation & Impairment Charges	1,550,000	1,550,000	1,550,000	1,550,000
Interest & Debt Management Charges	3,381,630	3,244,060	3,157,770	3,099,750
HRA Contribution to Capital Programme	1,997,000	2,078,640	2,325,000	2,386,000
<b>Total Expenditure</b>	<b>15,056,270</b>	<b>15,144,530</b>	<b>15,458,790</b>	<b>15,611,340</b>
Dwellings Rents	(14,495,540)	(14,277,940)	(14,334,290)	(14,202,380)
Non - Dwelling Rents & Other Income	(617,730)	(622,750)	(627,820)	(638,530)
<b>Total Income</b>	<b>(15,113,270)</b>	<b>(14,900,690)</b>	<b>(14,962,110)</b>	<b>(14,840,910)</b>
<b>(Surplus) / Deficit for year</b>	<b>(57,000)</b>	<b>243,840</b>	<b>496,680</b>	<b>770,430</b>

4.2 The above analysis shows an annual deficit position of some £770,000 by 2020/21.

## 5 Savings Requirements and Planned Focus

5.1 The original forecast annual deficit upon the announcement of the social sector rent reduction was some £2.2 million. The table in 4.1 above shows that this position has improved by some £1.4 million.

5.2 The £1.4 million reduction in the deficit is made up as follows:

Budget Heading	Savings	Annual Reduction
		£
Rent Income	Reduction to bad debt provision based on recent collection rates	80,000
Various Expenditure Headings	Reduction to general inflation assumptions	60,000
Employee Costs	Reduction to pensions contribution to deficit based on recent valuation	200,000
Capital Financing	Reduction in interest costs in respect of the refinancing of debt at lower levels and the removal of loan premiums	320,000
Accommodation	Reduction in accommodation charges following move from Furness Vale to Buxton Town Hall	40,000
<b>Total Annual Saving before reduction in Capital Contribution</b>		<b>700,000</b>
HRA Contribution to Capital	Annual reduction in capital contribution (to be confirmed upon completion of the stock condition survey)	700,000
<b>Total Annual Saving</b>		<b>1,400,000</b>

5.3 Savings that will more than cover the remaining £770,000 deficit will be realised from the following areas:

Budget Heading	Savings	Potential Annual Reduction
		£
Capital Financing	Reduction in voluntary repayment of debt (currently £1.2 million per annum) – to be benchmarked – maximum annual reduction	500,000
Rent Income	Introduction of new rent policy	150,000
Repairs and Maintenance	Reduction in repairs and maintenance expenditure due to implementation of an alternative service delivery model and / or improvements in productivity	250,000
ICT Costs	Reduction in costs of ICT systems	50,000
Rent Income / Repairs & Maintenance Expenditure	Savings from improvements in voids turn around times	100,000
Various headings	Disposal of surplus stock after consideration of net present value assessment following completion of stock condition survey	150,000
<b>Total Annual Saving</b>		<b>1,200,000</b>

5.4 The final programme of financial savings will be developed upon completion of the sub-committee's work in June 2017.

**Housing Review Scope & Prioritisation**

Category	Sub category Function/Process	Priority (1,2,3)	Services	Systems/ Technology	Stream Lead
<b>Co-Regulation / Regulatory requirements</b>	Regulatory Standards	3	<b>Housing (Lead)</b> Communities		Helen Core
	Governance Arrangements	3			
	Housing and Planning Act Implications	3			
<b>Strategic Management / Housing Strategy</b>	Future Plans	3	<b>Housing (Lead)</b> Regeneration		Michelle Costello
	Housing Need & Supply	3			
	Housing Policy	3			
<b>Risk Management</b>	Operational & Strategic Risk Register	3	<b>OD &amp; Transformation</b>		Mary Walker
	Risk Review	3			
<b>Financial Viability</b>	Rent Levels	2	<b>Finance &amp; Procurement (Lead)</b> Housing	Finance Systems	Claire Hazeldene
	Revenue Income & Expenditure	2			
	Interest Rates	2			
	Bad Debts	2			
	Capital Expenditure	1			
	Service Costs	2			
	Service Level Agreements	3			
<b>Financial &amp; Treasury Management</b>	CIPFA Code of Practice	3	<b>Finance</b>		Claire Hazeldene
	Long term investment	1			
	HRA Borrowing Policy	1			
	Depreciation Charge to HRA	1			
<b>Allocations</b>	Lettings	2	<b>Housing (Lead)</b> Customer Services	Home Options OHMS	Helen Core
	Voids Process	2			
	Void Inspections	2			
	Tenancy Offers	2			
	Sign Ups	2			
	Creating Tenancies	2			
	Ceasing Tenancies	2			
	Nominations	2			

Category	Sub category Function/Process	Priority (1,2,3)	Services	Systems / Technology	Stream Lead
<b>Housing Advice</b>	Homelessness	2	<b>Housing (Lead)</b> Customer Services	Home Options OHMS Microsoft Access	Helen Core
	Home Options Verifications	2			
	Maintaining waiting list	2			
<b>Asset Management</b>	Planned Maintenance	1	<b>Assets (Lead)</b> Finance & Procurement Housing	OHMS Liberty System Keystone	Paul Hare
	Cyclical Maintenance	1			
	Statutory Compliance Including Gas	2			
	Disabled Adaptations	2			
	Decent Homes Standard	2			
	Stock Condition	1			
<b>Responsive Repairs</b>	Raising Jobs	2	<b>Operational Services (Lead)</b> Assets Customer Services	OHMS Mobizmo Cloud Dialogs Opti time Locator plus	Nicola Kemp
	Review repair obligations	2			
	Day To Day Repairs	2			
	Reporting Repairs	2			
	Scheduling Repairs	2			
	Inspections i.e. Damp	2			
	Channel Shift/Frontline function	2			
	IT Systems link	2			
<b>Communications and Governance</b>	Consultation with Tenants, Members, Officers, Stakeholders	3	<b>Communities (Lead)</b> OD & Transformation Housing	Website	Mark Forrester
	Performance Indicators	3			
	Benchmarking	3			
	Communication	3			
	Coregulation & Scrutiny	3			
	Tenant Publications	3			
	Website Information	2			



Category	Sub category Function/Process	Priority (1,2,3)	Services	Systems/ Technology	Stream Lead
<b>Tenancy Management</b>	Neighbourhood Teams & Functions	2	<b>Housing (Lead)</b> Customer Services Communities	OHMS E-Cins	Helen Core
	ASB	2			
	Variations & Successions of Tenancies	2			
	Neighbourhood Offices	2			
	Tenancy Support	2			
	Neighbour Nuisance	2			
	New Tenancy Visits	2			
	Tenancy Health Checks	2			
	Access arrangements i.e./e gas	2			
	Court attendance/papers	2			
	Eviction	2			
	Mutual Exchange	2			
	Tenancy Conversions	2			
Garages and intro tenancies	2				
<b>Tenancy Support</b>	Carelink	2	<b>Housing</b>	Mobizmo Cloud Dialogs OHMS	Sandra Webster
	Older Persons Services	2			
	Cat 2s (sheltered schemes)	2			
	Tenancy Support	2			
<b>Leaseholders &amp; RTBs</b>	Service Charges	3	<b>Asset (Lead)</b> Legal Services	OHMS	Paul Hare
	Legal/Lease enquiries	3			
<b>Income</b>	Recharges	3	<b>Finance &amp; Procurement (Lead)</b> Housing		Claire Hazeldene
	Management fees	3			
	Additional income opportunities	3			
<b>Systems Review</b>	Interfaces	3	<b>OD &amp; Transformation</b>	OHMS Mobizmo Cloud Dialogs Opti time Locator plus	Tanya Cooper
	Software	3			
	Hardware	3			