

## COMMUNITY AND SOCIAL AFFAIRS COMMITTEE

22 JANUARY 2014

### REPORT HEAD OF COMMUNITIES & NEIGHBOURHOODS

#### GOOD PRACTICE PRINCIPLES TO SUPPORT SELF-FINANCED HOUSING REVENUE ACCOUNT

##### 1 PURPOSE OF REPORT

- 1.1 Members to note and comment on the Good Practice Principles outlined in Self-Financed Housing Revenue Account document after considering the councils response to those principles..

##### 2.0 RECOMMENDATIONS

- 2.1 **Members note and Comment on the Good Practice Principles set out in the Document attached as Appendix A.**
- 2.2 **Members note and support the responses outlined in section 3.4 to the Good Practice Principles.**

##### 3. KEY ISSUES

##### 3.1 Background

Housing Revenue Account (HRA) self-financing commended in April 2012. This meant that the first time for many years local housing authorities are able to fully retain the money we receive in rent in order to plan and provide services to their current and future tenants.

- 3.2 However, with this freedom and flexibility comes responsibility. Councils need to show that they are making the most of this opportunity and do so in a prudent, variable and measured way.

- 3.3 In October 2013 the Local Government Association in partnership with the Chartered Institute of Housing and the Chartered Institute of Public Finance & Accountancy produced a document outlining some high level principles to support Elected Members and officers. The full document is attached as Appendix A.

- 3.4 The principles and officers responses are outlined below:

##### Co-Regulation

The new Regulatory Framework for social housing in England from 2012 implements the amendments to the Housing and Regeneration Act 2008 introduced by the Localism Act 2011, and the Secretary of State's directions on specific standards for the Regulator.

It sets out the parameters under which we will carry out our regulatory activity, and has been developed following extensive consultation with our key stakeholders. This new Regulatory Framework replaces the one which came into effect on 1 April 2010.

This council has signed up to the principles of Co-Regulation and the Councils Approved Housing Strategy Statement considered the Framework in its development.

### Financial Viability

This principle covers the arrangement in place to monitor the viability of the housing business and takes appropriate actions to maintain viability.

The Council has an improved Housing Business Plan that is regularly monitored by appropriate financial modeling against future rent levels, expenditure, capital projects and other resource allocations. Members will note elsewhere in the agenda at this committee meeting an agenda item that highlights the HRA financial position.

### Communications and Governance

The principle relating to communications and governance relate to ensuring that in this new operating environment the council needs to ensure that appropriated arrangements are in place for engagement with our tenants and that the governance arrangements enable proper scrutiny and decision making by elected members.

The council in partnership with the Tenant Forum Executive Committee (TFEC) has recently signed the Tenant Participations Compact which outlines a variety of ways that we engage with our tenants and involve them in some key decision making around investment.

Members will note that the rent setting process includes involvement with TFEC and that the tenants forum has regular feedback on services and investment projects.

The Community & Social Affairs Committee receives regular monitoring reports on the HRA and members are advised on all major projects that improve services and have an impact on the HRA Business Plan.

### Risk Management

The Risk Management requires the Housing Authority to have in place an effective system for the on-going monitoring and reporting of risks to the HRA.

The HRA and its related services sit within the Communities & Neighborhoods service, members will note that the annual Communities & Service Plan includes a section on Risk and within that are all the key risks the service has identified which include the Housing Service.

The HRA being a high risk service is closely monitored on a monthly basis and members will note from the report elsewhere on the agenda that an adequate level of balance of reserves is maintained whilst still delivering an effective service.

Specific projects and reports also include a section on risk and members are advised of any risks and appropriate mitigating plans relating to those projects.

### Asset Management

It is vital that Councils have arrangements and plans to maintain its assets and maximise their value and potential into the future.

Members in 2013 approved a comprehensive Housing Asset Management Plan (HAMP) that included a range of projects and initiatives designed to make best use of our assets and meet tenant aspirations.

At their meeting of 13 November 2013 members were provided an update on the HAMP and approved the prioritisation of projects so that a long term plan around

investing and redeveloping our assets was in place. All projects and initiatives were considered against the HRA business Plan.

#### Financial and Treasury Management

The HRA is a ring fenced fund and funding can only be used for housing purposes.

This council complies with proper accounting practices and adopts the CIPFQA's Code of Practice on Local Authority Accounting.

The Head of Central Services in consultation with the Head of Communities & Neighborhoods ensures that appropriate costs relating to housing are being charged to the HRA.

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#### **4.0 POLICY AND CORPORATE IMPLICATIONS**

4.1 Although there are no direct policy and corporate implications arising from this report. It is clear that effective adoption of these principles leads to a supply of affordable and decent homes and services that are efficient, customer focused and value for money.

#### **5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

5.1 There are no direct Implications arising from this report.

#### **6.0 LEGAL IMPLICATIONS/POWERS**

6.1 There are no legal implications directly arising from this report.

#### **7.0 COMMUNITY SAFETY**

7.1 There are no direct links to community safety arising from this report.

#### **8.0 EQUALITIES**

8.1 An Equalities Impact Assessment is not required for this report. Projects and initiatives are subject to their own Equality Analysis..

#### **9.0 RISKS**

9.1 .

9.2 Further risks in regard to the self financed HRA have been identified as follows:

**Probability**



Very High A				
High B				
Significant C				
Low D			1	
Very Low E				
Almost Impossible F				
	IV Neg- ligible	III Marg- inal	II Critical	I Catast- rophic

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**Impact**

Risk No.	Description
1	Council Fails to adopt the principles contained in the Good Practice Document.
2	
3	
4	
5	
6	
7	

**10.0 CLIMATE CHANGE**

10.1 There are no climate change issues directly arising from this report.

**11.0 CONSULTATIONS**

11.1 No direct consultation has been carried out on this report, however, members will note that to ensure adopting of the some of the principle's clearly requires effective consultation with members and tenants..

**12.0 WARDS AFFECTED**

12.1 All wards are affected.

Contact Officer: H Rai  
 Date: 3 January 2014  
 Appendices: Appendix A –Good Practice Principles to support Self- Financed Housing Revenue Account Document  
 Background Papers: None  
 Reference: X: Committees/CSA/201314/22-1-13/HR- Good Practice