



Hinckley & Bosworth Borough Council

FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

Scrutiny Commission
Council

8 November 2018
27 November 2018

WARDS AFFECTED: ALL WARDS

HRA INVESTMENT PLAN

Report of Head of Finance

1. PURPOSE OF REPORT

- 1.1 To seek Council approval for the:
- a) HRA Investment Plan, as detailed in appendix 1, and
 - b) Purchase of 11 two-bedroom properties on the Middlefield development.

2. RECOMMENDATION

- 2.1 That Council approves the:
- a) HRA Investment Plan, and
 - b) Purchase of 11 two-bedroom properties on the Middlefield development for up to £1.2m.
 - c) Delegation of the decision on variation in final cost of purchase, if needed, to the S151 officer, Lead Member and Member for Finance to a maximum of £200,000.

3. BACKGROUND TO THE REPORT

- 3.1 The Housing Revenue Account (HRA) Investment Plan 2018/19 -2022/23 provides an overview of the financial information, sets out the priorities for spending within the council housing service for the next five years, updates the capital programme approved in February 2018 and details the long term forecast for investment in housing stock for the next 30 years. The housing stock as at the 1 April 2018 was 3,307 dwelling per our audit accounts.
- 3.2 The HRA business plan has been reviewed and a revised 30-year financial model produced. This review takes into account changes that have occurred since the last HRA Business Plan was approved.

- 3.3 Key financial details are set out in the HRA Investment Strategy. The revised capital programme over the next 5 years is summarised in the table below. Over the terms of the investment plan it is estimated that £115.4 million will be spent on repairs and adaptations, when affordable housing and service improvements are added this gives a total of £118.5m. Note, this does not include expected revenue expenditure in responsive repairs of £1.2m a year.

Programme	18/19	19/20	20/21	21/22	22/23	24-47	Total
	£000	£000	£000	£000	£000	£000	£000
Cyclical Works	4,089	5,372	3,936	2,665	2,493	65,899	84,454
Adaptations	487	405	405	405	405	10,136	12,243
Voids	646	624	624	624	624	15,600	18,742
Sub Total	5,222	6,401	4,965	3,694	3,522	91,635	115,439
Affordable Housing	2,657	200	0	0	0	0	2,857
Service Improvement	169	0	0	0	0	0	169
Total	8,048	6,601	4,965	3,694	3,522	91,635	118,465
Borrowing *	70,613	68,299	65,946	63,424	60,750	12,642	

* The maximum amount of borrowing allowed for Hinckley and Bosworth is £71,815k. This is commonly referred to as the debt cap

- 3.4 The Plan assumes £2.8 million is set aside in balances and reserves to meet future service changes and contingencies and assumes rents will increase by CPI plus 1 percent from 2020/21. The plan allows for inflationary increases for 30 years based on the Bank of England's rate forecast.
- 3.5 The model has been produced to achieve decent homes requirements for all our housing stock by 2020/21 and ensure that any borrowing is kept to a minimum in terms of coping with any further investment in our existing housing stock. Loans of £12.6m may be required, but no new loan will be needed until 2023/24. The plan does outline the ambition to use the annual increase in head room of £2.9m as debt is paid off to put forward options for increasing council housing supply for the Hinckley and Bosworth area. The recent announcement for lifting the HRA borrowing cap will also be assessed. This would be subject to member approval at the time. The Graph below shows the debt profile against the debt cap.



- 3.6 There is a potential for the purchase of 11 two-bedroom houses at the Middlefield site development as new HRA stock. This is not included in the attached plan, but if approved will be included as an amendment to the plan. The cost of the 11 properties is still being finalised, but current negotiations indicate the final deal will be in the region of £1.2m. The mechanism for affording these properties would be to use the capital reserve of the HRA for funding them. This would enable the need to borrow to be put off until headroom is made available as old debt was paid off, but would add to future borrowing requirements. The new loan, subject to confirmation of the final date of purchase, is likely to be 2022/23. The confirmation of the details of the proposed deal on the properties are likely to be available by the end of December 2018. The table below gives details of the impact on the plan attached.

Years 1 to 5	2018.19 £000	2019.20 £000	2020.21 £000	2021.22 £000	2022.23 £000
HRA investment as planned					
Capital Reserves	£4,331	£2,875	£2,089	£158	£0
Borrowing	£0	£0	£0	£612	£609
Including Middlefield properties at £1.2m cost					
Capital Reserves	£4,331	£1,645	£2,092	£764	£604
Borrowing	£0	£0	£0	£0	£0
Impact on reserves and borrowing requirement- most likely the loan of £1.2m would be needed 2022/23 out of head room made available					
Reserves	£0	-£1,230	£4	£606	£604
Borrowing need	£0	£0	£0	-£612	-£609

4. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION PROCEDURE RULES

- 4.1 Report to be taken in open session.

5. FINANCIAL IMPLICATIONS [IB]

5.1 Contained within appended HRA Investment Plan.

6. LEGAL IMPLICATIONS [MR]

6.1 None directly arising from the report.

7. CORPORATE PLAN IMPLICATIONS

7.1 This report supports the following Corporate Aims

- Thriving Economy

8. CONSULTATION

8.1 None

9. RISK IMPLICATIONS

9.1

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Affordable housing delivery is dependable on a number of factors, including available land and capacity of development partners.	Develop a detailed delivery plan.	Valerie Bunting.
Further welfare reforms could impact on income collection and bad debt, further impacting on resourcing of the HRA Investment Plan.	Review service to ensure income collection is maximised.	Sharon Stacey
Changes to rent formula announced by Government.	Contribute to Government consultation and incorporate changes into the Business Plan.	Ilyas Bham.

10. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

10.1 The provision of well maintained council housing meets the needs of lower income residents and those unable to access other types of accommodation.

11. CORPORATE IMPLICATIONS

11.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: HRA Investment Model

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