

REPORT FOR: CABINET

Date of Meeting:	22 January 2013
Subject:	Response to Scrutiny Review of Housing Revenue Account Self Financing
Key Decision:	No
Responsible Officer:	Paul Najsarek, Corporate Director of Community, Health and Wellbeing
Portfolio Holder:	Councillor Bob Currie, Portfolio Holder for Housing
Exempt:	No
Decision subject to Call-in:	No
Enclosures:	Appendix 1: Comments and recommendations made by the Overview and Scrutiny Committee - Standing Scrutiny Review of the Budget in the report on the Self Financing of the Housing Revenue Account

Section 1 – Summary and Recommendations

This report responds to the comments and recommendations made by the Overview and Scrutiny Committee - Standing Scrutiny Review of the Budget in the report on the Self Financing of the Housing Revenue Account presented to Cabinet on the 13th December 2012. These are responded to individually in Appendix 1.

Recommendations:

Cabinet is requested to note the report.

Reason: (For recommendation)

To enable the response to the recommendations to be formalised.

Section 2 – Report

1. The final report from the Scrutiny Review of Self Financing in the Housing Revenue Account was reported to Cabinet on the 13 December 2012. It is an important and welcome report investigating the Council's approach to the Self Financing arrangements with a view to ensuring that the interests of both the Council and its residents have been safeguarded as a result of the decisions made.
2. Members of the Standing Review are pleased that the Council now has direct control over all of the revenue generated by its housing stock, although it is acknowledged that this has come at a price, the most significant part of which being the £88.5m paid to the Government to leave the old subsidy system, and the additional interest charges to the HRA as a result of taking on this additional debt.
3. The Standing Review has focused on three key areas in respect of the Self Financing HRA:
 - Implications of 50-year debt
 - Capacity of the stock to support long-term repayment
 - Rent Strategy
4. The Self Financing Housing Revenue Account is still very much in development, and it may be several years before a settled long-term position is achieved. It is, however, in a better financial position than it has probably ever been, with current projections suggesting significant balances being generated over time, and the current investment needs of the housing stock being fully-funded. Whilst there are still decisions to be made in respect of additional expenditure priorities and income strategies that will undoubtedly impact on balances, the improved position we are currently in will enable us to have a degree of flexibility so as to be able to manage risks going forward.
4. Officers have welcomed the opportunity to work with the Standing Review during the period of the review process and to be able to positively respond to the challenging questioning that has formed a key part of the process. The various new initiatives that have been discussed will be the subject of further consultation and scrutiny as they are developed. Appendix 1 sets out our responses to the specific comments and recommendations from the Scrutiny review.

Legal comments

9. There are no specific legal implications of the proposed decision. Each of the initiatives outlined in the responses will be the subject of a separate approval process.

Financial Implications

10. Many of the actions detailed in the responses will have revenue costs, primarily through existing staff resources and budgets. Bids for new proposals where there is no existing budget either have already or will be made through the appropriate commissioning channels.
11. Bids for capital to continue with existing initiatives or commence new ones will be made through the Capital Forum.
12. It is acknowledged that the availability of new resources is very limited and therefore utilising external funding opportunities and partnership working with the private sector will be key to delivering our objectives, particularly in respect of the provision of new affordable housing, where institutional investment, including potentially the use of the Pension Fund providing an appropriate rate of return could be guaranteed, could also be options.

Performance Issues

13. There are no specific performance issues arising directly from the proposed decision.

Environmental Impact

17. There are no specific environmental impact issues arising directly from the proposed decision. The potential impact of each of the initiatives will need to be considered as part of the approval process for that initiative.

Risk Management Implications

18. Risk assessment will be undertaken for specific projects as recommended by Scrutiny Committee and risk registers maintained for major projects.

Equalities implications

19. Outline Equalities impact assessments have been produced for some of the new initiatives outlined in our response as part of Housing's Commissioning Panel submissions. Further detailed assessments will be produced for each of the proposals as they are developed.

Corporate Priorities

20. This report incorporates the following corporate priorities:

- United and involved communities: A Council that listens and leads.
- Supporting and protecting people who are most in need.
- Keeping neighbourhoods clean, green and safe.
- Supporting our town centre, our local shopping centres and businesses.

Section 3 - Statutory Officer Clearance

Name: Roger Hampson on behalf of the
Chief Financial Officer

Date: 7 December 2012

Name: Sarah Wilson on behalf of the
Monitoring Officer

Date: 12 December 2012

Section 4 – Performance Officer Clearance

Name: Martin Randall on behalf of the
Divisional Director,
Strategic
Commissioning

Date: 12 December 2012

Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker on behalf of the
Divisional Director,
Environmental Services

Date: 10 December 2012

Section 6 - Contact Details and Background Papers

Contact: Dave Roberts, Housing Finance Business Partner,
Tel 020 8420 9678 or email: Dave.Roberts@harrow.gov

Background Papers: Standing Scrutiny Review of the Budget –
Report on the Self Financing of the Housing Revenue Account,
presented to Cabinet 13 December 2012

<http://www2.harrow.gov.uk/documents/s102397/Ref%20to%20Cabinet%20-%20Scrutiny%20Review%20Report%20-%20HRA.pdf>

<http://www2.harrow.gov.uk/documents/s102189/SCRUTINY%20-%20Covering%20Report.pdf>

<http://www2.harrow.gov.uk/documents/s102190/SCRUTINY%20-%20HRA%20Report%20final.pdf>

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

*[Call-in does not apply as the
recommendation is for noting only]*