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## **Place Scrutiny Committee – 31<sup>st</sup> March 2021**

### **Report of the Director of Housing and Community Services**

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

#### **Purpose**

1. This report is to update Scrutiny Committee Members on the work to create an implementation plan for the approved asset strategy. This is being facilitated by the Housing specialists Ark and has involved tenant representatives to date to develop ways to consult tenants. The work will then be widened to include ward level consultation with Members over the summer so that an implementation plan from 2022 to 2030 can be developed.

#### **Recommendation**

2. It is recommended that the contents of the report are noted.

#### **Background**

3. The Asset Strategy is a good technical analysis of the condition of the Dudley MBC stock, comprising mainly stock condition and financial modelling. The Strategy was developed before the HRA borrowing cap was removed, and when the previous national rent reduction restrictions were in place. The Strategy is therefore being updated to include the latest analysis, and the opportunity to borrow prudentially a further £100m to invest in the stock.

Importantly as part of this update it is necessary to involve a greater variety of stakeholders, particularly tenants and their representatives. The company Ark were therefore engaged in August 2020 to develop mechanisms to consult and receive feedback on investment options, and ways that could be carried out at a local, neighbourhood level. Covid restrictions have cut heavily across the planned work, which to date has been carried out through virtual workshops, but as circumstances permit this will be widened to include techniques such as “planning for real” and surveys.

4. The results from this will then be shared and considered at Ward level with local Members, and combined with the technical analysis it will be used to develop an overall Asset Investment Plan (Implementation Plan for the Strategy) to be approved by Cabinet. This will be further developed so there are rolling three-year plans for each neighbourhood that are visible to Members, residents, and partners.
5. Since introducing the “Red Amber Green” grading in the Asset Strategy, there has been some concern and queries that red means demolition and green means investment. That could never be the case, it is a stock condition and financial analysis “can opener” to inform strategy, which needs to be balanced with housing need, demographics and tenants aims for their homes.

### **Information**

6. A revised £296m five-year HRA outline capital programme has been agreed (March 2021) to reflect latest forecasts. The implementation plan for this will need to be arrived at through a detailed appraisal of the options against an agreed set of evaluation and decision-making criteria. That will support the neighbourhood plans that will include housing services in the round not just physical investment. Aims can include
  - Works to ensure there is a sustainable stock aligned to changing demographics and local housing need.
  - Additional new build on currently vacant sites, which will increase rental income and provide sustainable and popular homes.
  - Significant remodelling and refurbishment of existing stock, which may reduce rental income at least in the short term whilst major works are on site but will also reduce repair and maintenance costs.
7. Given the scale of the challenge and the need to make some major investment decisions, working with Members, residents and service users’ needs to be at the heart of this approach to planning and delivering the works needed. This will mean involving and consulting with people through an ongoing process of engagement on decision making around options and plans for their area or estate. This process of engagement has already been piloted, with ARK issuing a questionnaire and holding on-line workshops with the main groups of involved residents in late 2020. A Phase 2 consultation is now being planned by ARK between May and July 2021.

### **Finance**

8. Section 76 of the Local Government and Housing Act places a duty on the Council to ensure that no action will be taken that may cause a deficit to arise on the HRA at 31 March 2022. A duty is also placed on the Council to review the financial prospects of the HRA from time to time.



## **Law**

9. HRA finances are governed by Section 74-78B and 85-88 in Part IV of the Local Government and Housing Act 1989. Sections 167-175 in Part VII of the Localism Act 2011 abolish the HRA Subsidy system (Sections 79-84 in Part IV of the Local Government and Housing Act 1989) and introduce self-financing. The HRA is also governed by Ministry of Housing, Communities and Local Government guidance on the operation of the HRA ring-fence published in November 2020.

The Localism Act 2011 gives any local authority in England the general power of competence to do 'anything that individuals may do.' This is if it is not prohibited by any other legislation.

## **Equality Impact**

10. The implementation plan will have a detailed impact analysis as part of the decision-making process.

The Public Sector Equality Duty under s.149 Equality Act 2010 places positive duties on the Council not just to eliminate such discrimination, but also to advance equality of opportunity and foster good relations between groups.

## **Human Resources/Organisational Development**

11. This report has no current direct implications for Human Resources or Organisational Development.

## **Commercial/Procurement**

12. This report has no direct procurement or commercial implications at this stage as it is for information and discussion.

## **Health, Wellbeing and Safety**

13. The provision of good quality, affordable homes have an important role in delivering health, well-being and safety outcomes as there are identified links between poor housing conditions, and poor health and adverse education and economic impacts.



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