Notice of Motion relating to changes to the Housing Revenue Account

Cabinet on 1 December 2014 considered a report by the Director of Transportation, Housing and Environment arising out of a Notice of Motion submitted by Councillor P N Miller which had been referred to Cabinet for consideration and report back to Council for determination; such Motion being in the following terms:

That this Council requires the formation of a politically balanced cross party working group to have oversight of the changes to the Housing Revenue Account and consider, in the first instance, recommendations for projects funded by and re-allocations within, the HRA.

Councillor Miller's written submission in support of his Notice of Motion is attached as an Appendix.

In considering the matter, Cabinet noted the following:

- The changes to the Housing Revenue Account (HRA) would be the most significant changes to Housing Finance in nearly 25 years.

- The changes, arising eventually from the enactment of the Housing (Wales) Act 2014, would result in significant additional funding being made available to spend on Council Housing within the County. The Council would be expected to consolidate its existing HRA Business Plan to incorporate projected spend on management, maintenance and other large scale projects. The additional funding would also assist in the Council achieving some of its broader objectives, such as job growth and economic regeneration.

- The introduction of “self financing” of the HRA and the establishment of where the additional funding could be spent would benefit from Member, tenant and leaseholder oversight.

- At present, scrutiny arrangements for housing matters were primarily within the remit of the Older Person’s Health and Wellbeing Overview and Scrutiny Committee; although, depending upon the presenting issue, the Children and Families and Safeguarding Overview and Scrutiny Committees might also play a scrutiny role.
In England, where “Self Financing” of the HRA had been introduced in 2012, a number of Authorities had chosen to set up a specific arrangement which, in broad terms, mirrored that adopted by Housing Associations namely a “Board of Management”. Such a model could be adapted in Pembrokeshire as follows:

**HRA Working Group**
- **Chair** – Cabinet Member for Housing
- **Membership**: Cross party representation of six Council Members (to include a balance of rural and urban representatives); two Tenant / Leaseholder representatives
- **Facilitation**: Head of Housing
- **Terms of reference**: detail to be agreed by the Group, but to broadly reflect the above tasks (1–7)
- **Accountability**: To Cabinet by way of an Annual Progress Report
- **Frequency of Meetings**: Monthly during 2015; to be revised thereafter.

Councillor Miller addressed Cabinet in support of his Notice of Motion and he stated that the recommendation generally addressed the aim sought by the Notice of Motion.

In response to a question, Councillor Alison Lee, the relevant Cabinet Member, reported that the Model outlined above would be the intended mechanism for progressing the matter.

Cabinet acknowledged that self financing arrangements brought both major changes for the Authority as well as providing opportunities for additional funding. In order to ensure accountability for the process, the importance of having elected Member, tenant and stakeholder engagement was highlighted to move developments forward.

Cabinet’s Decision was to make the recommendation set out below:

**RECOMMENDATION:**

(a) That the Notice of Motion be not adopted in its presented form; but, a Working Group be established, to include tenant and leaseholder representation, for the purpose of ensuring that:

(i) The HRA remains viable and is able to service and repay HRA debt;
(ii) Pembrokeshire homes are maintained at the Welsh Housing Quality Standard (WHQS);
(iii) Services are provided to tenants and leaseholders in an appropriate way and to an agreed standard;
(iv) There is compliance with legislation, including the new rents and service charge standards;
(v) The statutory ring-fencing of the HRA is maintained and that tenants’ rents are not used to support activities that should be funded by the Council’s General Fund and vice versa;
(vi) The HRA Business Plan is developed to reflect the Housing Needs in Pembrokeshire and that implementation of the plan is monitored effectively;
(vii) Risks (financial and other) are identified and managed appropriately.

(b) That the Working Group be convened in January to agree its detailed role and function and the selection of tenant / leaseholder representation.

Background Documents: None
Supporting Submission - Notice of Motion relating to changes to the Housing Revenue Account

The devolution of the HRA presents a significant opportunity for the Authority in terms of providing some additional capital capacity. It also requires a sensitive review of the revenue commitments to both the HRA and General Fund.

This is a significant work area for the Authority in the coming years and Members from across the political divide have expertise and valuable knowledge which should feed into the decision making process.

Councillor P N Miller