

COMMUNITY, HOUSING AND ASSETS OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday 20 January 2021
Report Subject	Welsh Government consultation on the proposed Housing Revenue Manual
Cabinet Member	Cabinet Member for Housing
Report Author	Chief Officer, Housing and Assets
Type of Report	Strategic

EXECUTIVE SUMMARY

To date there has been no up to date guidance on the Housing Revenue Account (HRA) in Wales and practitioners have relied on an amalgam of documents from various sources to provide advice on activities that can be undertaken within the HRA.

Welsh Government identified the need for new, consolidated guidance, particularly in light of removal of borrowing cap and aspirations to build again, and formed a working group with representatives across stock owned authorities to help support this piece of work. The draft guidance document has not been designed to be a specific legal or financial advisory document but a manual for all practitioners.

The main aim of this document is to provide guidance for Local Authorities and seek to bring clarity and consistency around the activities which can be undertaken in the HRA, it had been designed to help provide flexibility and freedom for local stock owned authorities to make decisions which reflect their local circumstances during a time of many changes, particularly alongside the ongoing Affordable Housing Supply Review.

RECOMMENDATIONS

1	To seek feedback from Scrutiny on the HRA Manual so as to inform our consultation response to Welsh Government.
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REPORT DETAILS

1.00	EXPLAINING THE WELSH GOVERNMENT CONSULTATION ON THE PROPOSED HOUSING REVENUE MANUAL
1.01	<p>Considerations</p> <p>To date there has been no up to date guidance on the Housing Revenue Account (HRA) in Wales and practitioners have relied on an amalgam of documents from various sources to provide advice on activities that can be undertaken within the HRA.</p>
1.02	<p>Welsh Government identified the need for new, consolidated guidance, particularly in light of removal of borrowing cap and aspirations to build again, and formed a working group with representatives across stock owned authorities to help support this piece of work. The draft guidance document has not been designed to be a specific legal or financial advisory document but a manual for all practitioners; it replaces Welsh Office Circular 33/95.</p>
1.03	<p>The Manual (or parts of it) may have relevance to the following:</p> <ul style="list-style-type: none">• Welsh Government officials;• Welsh Local Government Association (WLGA) officers; and• audit officers (internal and external), by providing a readily available and up-to-date policy basis for internal and external auditors to carry out their auditing duties in relation to local authority accounts.
1.04	<p>The main aim of this document is to provide guidance for Local Authorities and seek to bring clarity and consistency around the activities which can be undertaken in the HRA, it had been designed to help provide flexibility and freedom for local stock owned authorities to make decisions which reflect their local circumstances during a time of many changes, particularly alongside the Affordable Housing Supply Review.</p>
1.05	<p>Welsh Government recognise the importance of increasing the supply of council housing across Wales and the part the 11 stock owned Councils play to help deliver new, high quality homes at scale and pace and bring investment into our local economies. The manual has been developed as one of the tools to support Councils in this aim.</p>
1.06	<p>“Beautiful Homes and Spaces” (BHS) is the proposed new housing quality standard that replaces Development Quality Requirements (DQR). The standard and associated guidance sets out minimum functional quality requirements for new and rehabilitated general needs homes and encourages housing providers and their consultants to look at other sources of best practice and guidance. All new council homes in Wales, developed using Welsh Government subsidy will have to comply with the standard and the grant framework.</p> <p>BHS focuses on quality, calling for homes and their environs to be visually attractive as a result of good space planning and architectural design, be of high quality and meet family and individual needs recognising that housing quality is as much about the value of the external spaces created</p>

	<p>as it is about the design of the homes.</p> <p>BHS puts the responsibility for producing well designed homes in the hands of housing providers and the consultants they employ, requiring them to exercise their responsibility and take a critical interest.</p>
1.07	<p>Changes connected to this manual are likely to have a significant and positive impact on the Councils new build programme. Currently the Housing Revenue Account has not received specific grant from Welsh Government for its new build housing programme and this has meant that the viability of some schemes have been compromised, the proposal, which is now in the final stages of consultation will see specific grant being provided to support new build activity and issued on a sliding scale based on the robustness of a viability report and supporting business case.</p> <p>In addition discussions are ongoing in connection with the potential for grant availability for NEW Homes as well as it would be a significant positive contribution to their new build plans.</p>
1.08	<p>Consultation</p> <p>Welsh Government have now released the draft document for consultation, all responses are due by the 22nd February 2021 (HRA Manual and consultation questions attached as appendix 1 and 2 respectively).</p> <p>The Manual and consultation questions have also been shared with colleagues across Housing, Legal and Finance to gain feedback and to inform our responses. A meeting has also been arranged in January 2021 with the Tenants Federation to gain their views and feedback on the proposed document.</p>

2.00	RESOURCE IMPLICATIONS
2.01	None envisaged

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT		
3.01	The Manual sets out a common set of guidelines for the operation of the HRA about what LHA's must and must not credit and debit to the HRA to ensure a consistent approach across Wales, a full understanding of this document is necessary for housing colleagues to ensure appropriate use of HRA resources.		
3.02	<p>Ways of Working (Sustainable Development) Principles Impact</p> <table border="1" data-bbox="284 1966 1348 2078"> <tr> <td>Long-term</td> <td>Positive – There is a commitment to increase supply to provide the right types of homes in the right location.</td> </tr> </table>	Long-term	Positive – There is a commitment to increase supply to provide the right types of homes in the right location.
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	Prevention	Positive – It is our aim to provide support to ensure people live and remain in the right type of home.
	Integration	Positive - Achieving WHQS for all existing council houses and delivering new social housing will contribute to the integration within communities.
	Collaboration	Positive - To deliver in partnership with stakeholders to support positive impacts for all our tenants.
	Involvement	Positive - Communication with tenants, Members and other stakeholders.
Well-being Goals Impact		
	Prosperous Wales	Positive – Existing social homes are WHQS compliant and meet the changing housing needs. Also Providing good quality new social homes aiming for low/zero carbon. Maximising local employment and training opportunities for local people.
	Resilient Wales	Positive – Developing low / zero carbon homes through modern methods of construction and technologies. Ensuring that all statutory compliance requirements are adhered to.
	Healthier Wales	Positive – Ensuring all existing homes and new homes are fit for purpose and meet the needs of all people.
	More equal Wales	Positive - Provide good quality homes for the most vulnerable people in society.
	Cohesive Wales	Positive – Contributing to attractive, viable and safe communities
	Vibrant Wales	Positive – Ensuring all communities housing needs are supported
	Globally responsible Wales	Positive – The HRA investment will contribute to the improvement of the economic, social, environmental and cultural wellbeing of Wales.

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	Detailed consultation is being undertaken across portfolios in the Council, with tenants and elected members to inform our responses to the consultation

5.00	APPENDICES
5.01	Appendix A – Draft HRA Manual https://gov.wales/sites/default/files/consultations/2020-11/housing-revenue-account-manual.pdf
5.02	Appendix B – Welsh Government Consultation questions https://gov.wales/sites/default/files/consultations/2020-11/consultation-document_3.pdf

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None.

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Neal Cockerton, Chief Officer (Housing & Assets) Telephone: 01352 702500 E-mail: neal.cockerton@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	<p>Revenue: a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p>Capital expenditure: money spent by the organisation on acquiring or maintaining fixed assets, such as land, buildings, and equipment.</p> <p>Treasury Management: the Council has adopted the Chartered Institute of Public Finance Accountants (CIPFA) Treasury Management in the Public Services: Code of Practice. Treasury Management is conducted in accordance with the Council’s Treasury Management Policy and Strategy Statement and Treasury Management Practices which are both reviewed annually. All borrowing and long term financing is made in accordance with CIPFA’s Prudential Code.</p> <p>Housing Act 1985 The basic powers to which Councils provide housing accommodation to those in need.</p>