

## WEST DUNBARTONSHIRE COUNCIL

### Report by the Executive Director of Housing, Environmental and Economic Development

Housing, Environment and Economic Development Committee:  
2 November 2011

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**Subject: Housing Maintenance Trading Account - Benefits generated to Housing Revenue Account following setting of 5% operating surplus target**

#### **1. Purpose**

- 1.1** The purpose of this report is to advise the committee of the options and consultation proposed regarding the benefits generated to the Housing Revenue Account following Council decision to set operating surplus target for the Housing Maintenance Trading Account at 5% of turnover with effect from 1 April 2012.

#### **2. Background**

- 2.1** Representatives from West Dunbartonshire Tenants and Residents Association (WDTRO) have in recent times, through a range of forums, consistently raised the issue of the level of surplus being generated by the Housing Maintenance Trading Account (HMTA). Their main concern being that this surplus is returned to the General Services Account as opposed to the Housing Revenue Account.
- 2.2** At the Council meeting of 31 August 2011 a report on this matter by the Council Executive was considered and the Council agreed:-
- (1) to note that any adjustments to current arrangements must be made in the context of current financial regulations applying to both HMTO and the HRA respectively;
  - (2) that an operating surplus target for the HMTO should be established at 5% of turnover with effect from 1 April 2012;
  - (3) that to facilitate this, the HMTO are required to review the percentage discount on the national schedule in this context;
  - (4) that the benefit generated to the Housing Revenue Account be utilised over the next 3 years to increase repair activity and support accelerated capital investment in consultation with WDTRO;
  - (5) that the appropriate adjustments are made to the assumptions contained within the Financial Strategy and 2012/13 budget assumptions to reflect this position;

(6) that the Executive Director would bring an annual report to Council to allow monitoring of the new policy; and

(7) that authority be delegated to the Executive Director of Housing, Environmental and Economic Development and Executive Director of Corporate Services to ensure the effective implementation of these respective changes by 1 April 2012.

**2.3** The 5% surplus target provides a reduction in charge to the HRA revenue account of £437,000 and a reduction in charge to the HRA capital account of £367,000.

### **3. Main Issues**

**3.1** The benefit generated to the Housing Revenue Account and the options available will be scoped and considered in detail with stakeholders and WDTR0 through a series of consultations with to reach a common understanding of future use of the available monies.

**3.2** Options to be considered:-

(1) carry out additional repairs through the annual planned repair programme (schemes);

(2) introduce an annual planned preventative maintenance programme (such as gutter cleaning, paintwork, etc.);

(3) carry out additional capital works funded from revenue (such as additional insulation, environmental upgrades, etc.) to optimise impact on Scottish Housing Quality Standard;

(4) contribute to the new house build programme; and

(5) any other options identified during consultations that meet the requirements of 2.2 (4).

**3.3** Consultations will shortly be arranged to consider the options and reach a common understanding on way forward for financial year 2012/13.

### **4. People Implications**

**4.1** There are no people implications.

### **5. Financial Implications**

**5.1** The report is for noting and any financial implications of proposals arising from consultations will be subject to a future report to committee.

## **6. Risk Analysis**

**6.1** There are no risks identified.

## **7. Equalities, Health & Human Rights Impact Assessment (EIA)**

**7.1** The report is for noting and as such it was not screened for potential equality impact.

## **8. Strategic Assessment**

**8.1** The report is for noting and as such it does not affect any of the strategic priorities.

## **9. Conclusions and Recommendations**

**9.1** The benefit generated to the Housing Revenue Account and the options available will be scoped and considered in detail with stakeholders and WDTR0 through a series of consultations, with a view to reaching a common understanding of the way forward, and a report submitted to committee before next financial year detailing the outcome of the consultations.

**9.2** The Committee is asked to:

(i) note the report; and

(ii) agree that specific proposals on utilisation of the financial benefit form part of the HRA budget proposals (capital and revenue) for 2012/13.

**Elaine Melrose**

**Executive Director of Housing, Environmental and Economic Development**

**Date: 3 October 2011**

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**Appendix:** None

**Background Papers:** Council Report "Housing Maintenance Trading Account - Treatment of Surplus", 31 August 2011

**Wards Affected:** All