

2015-16 Council Fund and HRA Revenue Budget: Position Statement

Housing Scrutiny: 23 January 2015



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National Position

- » Final Local Government Settlement published with a marginal reduction in Council funding through the Revenue Support Grant (-£0.065M)
- » Continuing risk of further reductions in specific grants
- » The 'consequential' revenue provision for Wales from the Chancellor's recent budget statement now allocated by Welsh Government with no additional funding for local government for service protection



Revised Local Position

- » Original Council Fund budget gap for 2015-16 at £16.4M based on the Settlement
- » Following the first draft budget report to Cabinet in December a 'gap' of £1.76M remained
- » Following a final assessment of the under-achievement of the in-year workforce efficiency targets and the reduction of funding in the Settlement the extended gap stands at £3.625M

Strategy to Close the Extended Gap

- » Corporate financing options (specifically inflation provision, reserves and balances and central loans and investments)
- » Workforce efficiency projects
- » Income opportunities
- » Reserve further service change options



Member Involvement

- » Budget planning workshops (end October/early November)
- » Group Leaders and Overview and Scrutiny Chair Briefings
- » Drop-in sessions 19 December and 16 January and individual enquiries and follow-ups
- » Staged Cabinet and Corporate Resources Overview and Scrutiny Committee updates



Medium Term Financial Plan Review

- » Full review led by Cabinet with Corporate Resources Overview and Scrutiny input from February – May with a republished MTFP for 2015/16 to 2017/18
- » MTFP to combine full forecast of predictive income and expenditure with a more advanced organisational change and efficiencies plan
- » Organisational change and efficiencies plan to combine corporate financing options with an efficiencies programme which builds on the new chief officer portfolio business plans

Final Steps in the Budget

- » Complete work on gap closure options
- » Overview and Scrutiny special budget meetings through January
- » Cabinet finalises the budget – 17th February
- » Full Council sets budget – 17th February
- » Full Council sets Council Tax – 3rd March



Housing Council Fund

Medium Term Financial Plan

Council Fund

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Up to Date Strategy Position

Option	£M
Procurement Supplier Charging	0.116
Non Standard Inflation Provision Review	0.348
Reduction in Fire and Rescue Authority Levy Provision	0.124
Council Tax Reduction Scheme Projected Provision	0.130
Central Loans and Investments Reviews	1.830
Workforce Efficiency Projects	0.300
Running Total	2.848
Remaining Gap	0.777



Remaining Strategy Actions

- » Review the rigour of method of calculation, the reliability of the figures and the risks
- » Complete review of any further options
- » Revisit income options including Council Tax
- » Assess options for use of 'bridging' reserves and carry forward of efficiency target risk into the new financial year

Big Budget Conversation

- » Big Budget Conversation run in August and September
- » Outcomes from the first stage feedback:
 - » Increased public awareness and concern
 - » Social services for the young and vulnerable particularly valued
 - » Support for charging if it protects services
 - » General support for alternative delivery models, merging services with other councils, and considering increasing Council Tax above 3%



Big Budget Conversation

- » Draft Budget Proposals published mid December
- » Website and Your Council Electronic Newsletter Circulation (9200 newsletter circulation)
- » Public information with the option for feedback (3000 budget website pages 'hits' with 90+ feedback forms received)
- » Equal Impact Assessment work ongoing with consultation with local representative organisations
- » Public feedback to be provided to Overview and Scrutiny Committees to inform budget scrutiny
- » Specific engagement with town and community councils and other local organisations on community assets ongoing



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Context for efficiencies 2015/16

- » **Protect and sustain service delivery where possible**
- » **Plan for new legislative responsibilities**
- » **Partnership working and cost sharing**
- » **Implement equity in service charging**
- » **Introduce managed charging for services traditionally provided at nil customer cost**

Housing Council Fund Efficiency Proposals 2015/16

1	Senior Management Restructure	0.122	A
		0.122	
	COMMUNITY SUPPORT SERVICES		
1	Welfare Rights Team Review	0.020	A
2	Housing Register and Allocations Project	0.030	G
3	Community Support Services - Management Restructure	0.040	A
4	Community Centres	0.048	G
5	Community Based Accommodation Support Service	0.030	A
6	Housing Benefit from leasing	0.040	G
7	Response Service for Older People	0.020	A
8	Telecare Charging	0.200	A
9	Training	0.005	G
10	Bed & Breakfast Charging	0.010	G
	Total Community Support Services	0.443	
Total	Community Support Services	0.565	



HOUSING REVENUE ACCOUNT

30 Year Business Plan

HRA 2015/18

- » **Self Financing**
- » **30 year business plan**

- » **2015/16 budget**

Income- WG Rent policy and service charging

Efficiencies

WHQS programme

Council house building

Self Financing

Current approach

- » Negative subsidy system, £6m of rents “lost” each year
- » Control of rent levels

Self Financing

- » Council keeps all rent collected but..
- » Borrowing of c£93m assumed in plan to buy out of subsidy
- » Ability to borrow for WHQS and New Build
 - » £25m for WHQS
 - » £15M for new build
- » Rent controls still in place
- » Continued single debt pool
- » Improved local control
- » HRA better off



30 year business plan

- » **Completion of WHQS by 2020**
and WHQS maintained
- **Meeting Choices Document promises**
- **200 homes built**
- » **Significant surpluses after 2020 providing for**
 - » estate remodelling
 - » further new build
 - » service improvements

Housing Revenue Account

Key assumptions 2015/16

- » New rent policy agreed by cabinet
 - » Target rents- 7 years to achieve (for most tenancies)
 - » Formula is based on CPI, plus 1.5%, plus up to £2 (if below target rent).
 - » CPI for 2015/16 is 1.2%

- » Average Rent £79.28 based on 52 weeks. (Target rent £85.97)
 - » Average increase of 2.7% plus up to £2

- » Total Rental Income £29.7m

Other Income

Income	
Garages (net of empties)	(385,707)
Leased Charges (Sold Flats)	(22,200)
Insurance Commission	(34,628)
Service Charges	(126,000)
Water Commission	(531,420)
Other	(19,995)
Total	(1,119,950)

» Phased Service Charges

- » Year 1 - New Tenancies only.
- » Year 2 – Aerials, Individual Gardens and communal cleaning
- » Year 3 – Laundry and Janitor services
- » Year 4 – Caretaking and Communal garden services.



Principles Underpinning Efficiencies

- » Joint Procurement
 - » Potential stores contract with Wrexham

- » Realising and releasing capacity
 - » Van Stock Management - increasing the number of repairs completed first time
 - » Flexible working for trades staff

- » Improved performance
 - » Mobile working
 - » Reduce rent free offer
 - » Merger of Housing Asset Management and Neighbourhood Management

- » Challenge all costs and managed risk management
 - » Lower support recharges
 - » Increased insurance excess
 - » Empty property alarms

HRA Efficiency Proposals

	HRA Efficiency Proposals	2015/16	2016/17	2017/18	Service Impact RAG
1	Maximise material efficiencies via product mix and pricing 3%	(56.0)	(56.0)	(56.0)	G
2	Fire Alarm Testing in-house	(45.0)	(45.0)	(45.0)	G
3	Mobile Working back office savings	1.1	(21.8)	(21.8)	G
4	Mobile working performance and productivity savings	150.0	(24.6)	(24.6)	G
5	Reduction in PPE and cleaning products	(10.0)	(10.0)	(10.0)	G
6	Remove Tenant Incentive Budget and replace with urgent cases budget	(20.0)	(20.0)	(20.0)	G
7	Review security policy for voids	(100.0)	(100.0)	(100.0)	A
8	Reduced expenditure on rent credits on tenancy commencement.	(27.0)	(27.0)	(27.0)	G
9	Van stock management	(10.0)	(10.0)	(10.0)	G
10	Savings on the stores contract	0.0	(56.0)	(56.0)	G
11	Introduction of flexible working for trades staff	(22.0)	(22.0)	(22.0)	G
12	Introduce a tree management policy	(18.0)	(18.0)	(18.0)	G

HRA Efficiency Proposals – Cont..

	HRA Efficiency Proposals	2015/16	2016/17	2017/18	Service Impact RAG
13	Fleet Management	(10.0)	(10.0)	(10.0)	G
14	Reduced Tenant Group Funding	(2.8)	(2.8)	(2.8)	G
15	Reduce Inspection Team	(42.6)	(96.6)	(96.6)	A
16	Housing Management Restructure	(116.8)	(116.8)	(116.8)	A
17	Business Improvement Officer	(34.4)	(34.4)	(34.4)	G
18	Reduce external conference events for tenant groups	(3.7)	(3.7)	(3.7)	A
19	Reduce postage costs / increase electronic communications	(3.5)	(7.0)	(7.0)	G
20	Increase insurance excess	(46.8)	(46.8)	(46.8)	A
21	One off decant costs	(132.6)	(132.6)	(214.8)	G
22	One year IT post ended	0.0	(30.4)	(30.4)	G
23	One off Redundancy Costs	(183.6)	(183.6)	(183.6)	G
24	Reduce bad debt provision	(20.0)	(20.0)	(20.0)	G
	Total HRA	(753.7)	(1,094.9)	(1,177.1)	



HRA CAPITAL PROGRAMME

205/16



Funding for HRA Capital Programme 2015/16

- » Total Proposed Capital Funding 2015/16 - £20.298m
- » Including:-
 - » Major Repairs Allowance - £5.200m
 - » Revenue Contribution to Capital Expenditure (CERA) - £10.787m
 - » Proposed CERA allocation is an increase of £4.206m on 2014/15 budget provision
 - » Borrowing for WHQS programme - £4.500m

HRA Capital Programme	2015/16
WHQS	£'m
CATCH UP REPAIRS / MAJOR WORKS	
Urgent Capital Works 3% on £95m	0.446
IMPROVEMENTS / COMMUNAL WORKS	
Fire Risk Assessments Work	0.500
General DDA Work	0.050
IMPROVEMENTS / ACCELERATED WORKS	
Asbestos Survey and Removal (Ongoing Programme)	0.350
Off Gas Programme	1.100
ECO Projects	2.800
Welfare Reform / Adaptations	0.100
PROGRAMMED WORK STREAMS	
Internal Works	8.391
Envelope Works	3.915
External Works, Paths, Fences	0.475
Environmental Works - General	-
Capitalised Salaries 6% on £90m	0.670
Vacant Properties	0.500
Total WHQS	19.297
Non WHQS	
Maisonettes	0.900
Disabled Facility Grants (DFG) - Mandatory/ Minor Adaps	1.000
Total Non - WHQS	1.900
Total Spend	21.197

Council house building programme

- » 200 homes over five years from 2016
- » Range of sites identified
 - » **HRA**
 - » **Council Fund**
- » Main focus on 2 bedroom houses and some bungalows
- » Application for Right to Buy Suspension being prepared
- » Developer appointed by May this year
- » £14.5m borrowing projected in business plan
- » £0.9m borrowing planned for 2015/16

