



# HOUSING REVENUE ACCOUNT

## Revenue and Capital Budget 2015/16





# Content:

## **Housing Revenue Account :**

- Self financing
- 30 year business plan
- 2015/16 budget
- HRA efficiencies proposals

## **HRA Capital Programme**

# HRA

- **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£92m 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	(30,000)
Water Commission	(531,420)
Other	(29,995)
	(1,033,950)

## ■ 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.

# Value for Money tenant services

- **Maintaining value for money important**
  - to meet tenant expectations
  - Minimise borrowing for WHQS work
  - Maximising new build programme



2015/16 efficiencies are 2.5% of total revenue budget





# 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
	<b>Total HRA</b>	<b>(753.7)</b>	<b>(1,094.9)</b>	<b>(1,177.1)</b>	



# HRA CAPITAL PROGRAMME

## 2015/16





# Funding for HRA Capital Programme 2015/16

- Total Proposed Capital Funding 2015/16 - £20.298m
- (no capital receipts assumed)
- 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 - £4.300m

HRA Capital Programme		2015/16
WHQS		£'m
<b>CATCH UP REPAIRS / MAJOR WORKS</b>		
Urgent Capital Works		0.446
<b>IMPROVEMENTS / COMMUNAL WORKS</b>		
Fire Risk Assessments Work		0.500
General DDA Work		0.050
<b>IMPROVEMENTS / ACCELERATED WORKS</b>		
Asbestos Survey and Removal (Ongoing Programme)		0.350
Off Gas Programme		1.100
ECO Funded Projects		2.800
Welfare Reform / Adaptations		0.100
<b>PROGRAMMED WORK STREAMS</b>		
Internal Works		8.391
Envelope Works		3.915
External Works, Paths, Fences		0.475
Environmental Works - General		-
Capitalised Salaries		0.670
Vacant Properties WHQS		0.500
<b>Total WHQS</b>		<b>19.298</b>
<b>Non WHQS</b>		
Disabled Facility Grants (DFG) - Mandatory/ Minor Adaps		1.000
<b>Total Non - WHQS</b>		<b>1.000</b>
<b>Total Spend</b>		<b>20.298</b>
New Build		0.900

# 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

