



2016-17 HRA Revenue Budget: Position Statement

Housing Scrutiny: 15 January 2016





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Self Financing

Self Financing

- » Introduced in 2015/16, borrowed £79.2m to buy out of subsidy
- » Ability to borrow for WHQS and New Build
 - » £25m for WHQS
 - » £14.5m for new build
- » Rent controls still in place
- » Continued single debt pool
- » Improved local control





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 2016/17

- » Rental Projections
 - » Target rents- 7 years to achieve (for most tenancies)
 - » Formula is based on CPI at Sept, plus 1.5%, plus up to £2 (if below target rent).
 - » CPI for 2016/17 is -0.1%

- » Proposed average Rent for 2016/17 of £81.38 based on 52 weeks. (Target rent £87.84)
- » Average transitional increase of 1.4% plus up to £2

- » Total Rental Income £29.3m



Other Income

| Income | |
|--|---------------------|
| Garages (net of vacants) | -£ 376,243 |
| Leased Charges (sold flats) | -£ 13,000 |
| Insurance Commission | -£ 29,000 |
| Service Charges | -£ 190,531 |
| Water Commission | -£ 545,000 |
| Other | -£ 24,095 |
| Total | -£ 1,177,869 |

- » Proposed garage rent increase for 2016/17 of £0.08 per week
- » Increase of 1.4% in line with rents
- » Taking average garage rent per week to £5.91

Service Charges 2016/17

Existing Tenants

»Aerials

- » Proposed charge £0.88 per week
- » Total Expected Income £0.076m

»Cleaning

- » Proposed charge £2.75 per week
- » Total expected income £0.115m

New Tenants

- » The above plus proposed charges of:-
- » Laundry services £0.75 per week
- » Window cleaning £0.50 per week



Future phasing of service charges

- » 2017/18 – Laundry services , window cleaning and gardening services.
- » 2018/19 – Caretaking and Communal garden services.



Principles Underpinning Efficiencies

- » Procurement and contract management
 - » Managed stores contract
 - » Corporate telephone contract

- » Realising and releasing capacity
 - » Introduction of total mobile and job scheduling

- » Improved performance
 - » Mobile working
 - » Merger of Housing Asset Management and Neighbourhood Management

- » Challenge all costs and managed risk management
 - » Lower support recharges
 - » Reduction in postage costs linked to channel shift

HRA Efficiency Proposals

| No | | Savings Options Model 1 and 2 | Type | 2016/17 PROPOSALS £m | 2016/17 MANDATORY duties | 2016/17 RISK status of ACCEPTABILITY and DELIVERABILITY |
|----|---------------------|---|--------------------|----------------------|--------------------------|---|
| 1 | Housing Asset Mgmnt | Maximise material efficiencies via product mix and pricing 3% | Service Efficiency | (90,000) | NM | Amber |
| 2 | Housing Asset Mgmnt | Job Scheduling | Service Efficiency | (84,941) | NM | Amber |
| 3 | Housing Asset Mgmnt | Reduce Inspection Team | Structural Review | (52,459) | NM | Green |
| 4 | Support | Undertake corporate buildings review | Service Efficiency | (18,000) | NM | Green |
| 5 | Various | Reduce postage costs / increase electronic communications | Service Efficiency | (3,500) | NM | Green |
| 6 | Support | Telephone Recharges | Service Efficiency | (9,000) | NM | Green |
| | | Total HRA | | (257,900) | | |

HRA Pressures

| No | | | Type | 2016/17 PROPOSALS £m | 2016/17 MANDATORY duties | 2016/17 RISK status of ACCEPTABILITY and DELIVERABILITY | Categorisation of financial robustness | Notes |
|----|--------------------|---|---------------------|----------------------|--------------------------|---|--|---|
| 1 | Income | Reduction in income arising from phased implementation of gardens and service charges | Income Pressure | 70,562 | M | Green | 1 | Reduction in garden income in line with phased introduction of Service Charges |
| 2 | Tenancy Management | Health and Safety Officer | Service Improvement | 47,871 | M | Green | 1 | To ensure legislative requirements are being adhered to as part of day to day operations and the increased WHQS Programme |
| 3 | Tenancy Management | Community Centres | Service Pressure | 96,000 | NM | Green | 1 | HRA contribution towards Community Centres |
| 4 | Tenancy Management | Wardens | Service Pressure | 153,000 | NM | Green | 1 | 20% HRA contribution for Accommodation Support Services |
| 5 | Estate Services | Aerials | Service Pressure | 14,000 | NM | Green | 1 | Reflective of increased contract costs |
| 6 | Housing Asset Mgmt | Communications/FOI Officer | Service Improvement | 15,403 | NM | Green | 1 | HRA contribution towards portfolio FOI and Communications Officer |
| | | Total HRA | | 396,836 | | | | |
| | | Grand Total HRA | | 138,936 | | | | |



HRA CAPITAL PROGRAMME

2016/17



Funding for HRA Capital Programme 2016/17

- » Total Proposed Capital Funding 2016/17 - £25.933m
- » Including:-
 - » Major Repairs Allowance - £5.000m
 - » Revenue Contribution to Capital Expenditure (CERA) - £10.500m
 - » Borrowing for WHQS programme - £5.700m
 - » Borrowing for New build - £4.733m

| HRA Capital Programme | 2016/17 |
|---|---------------|
| WHQS | £'m |
| CATCH UP REPAIRS / MAJOR WORKS | |
| Urgent Capital Works 3% on £95m | 0.521 |
| IMPROVEMENTS / COMMUNAL WORKS | |
| Fire Risk Assessments Work | 0.150 |
| General DDA Work | 0.050 |
| IMPROVEMENTS / ACCELERATED WORKS | |
| Asbestos Survey and Removal (Ongoing Programme) | 0.350 |
| Off Gas Programme | 0.750 |
| ECO Projects | 0.550 |
| Welfare Reform / Adaptations | 0.100 |
| PROGRAMMED WORK STREAMS | |
| Internal Works | 11.953 |
| Envelope Works | 2.581 |
| External Works, Paths, Fences | 0.475 |
| Environmental Works - General | 0.950 |
| Capitalised Salaries 6% on £90m | 0.781 |
| Vacant Properties | 0.750 |
| Total WHQS | 19.961 |
| Non WHQS | |
| Disabled Facility Grants (DFG) - Mandatory/ Minor Adaps | 1.000 |
| Total Non - WHQS | 1.000 |
| Total Spend (Excluding Inflation) | 20.961 |
| Inflation | 0.209 |
| Total WHQS Spend (Including Inflation) | 21.170 |
| SHARP Programme | 4.763 |
| Total Spend (Including Inflation) | 25.933 |

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 is being submitted
- » Developer appointed
- » £14.5m borrowing projected in business plan
- » £4.763m borrowing planned for 2016/17

