

## **CABINET**

**7 FEBRUARY 2017**

# **HOUSING REVENUE ACCOUNT CAPITAL AND REVENUE BUDGETS 2017/18 ADDENDUM REPORT**

Portfolio Holder: Councillor Howard Doe, Deputy Leader and Housing and Community Services

Report from/Authors: Phil Watts, Chief Finance Officer  
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Michael Turner, Democratic Services Officer

### **Summary**

This addendum report sets out the comments of the Business Support Overview and Scrutiny Committee which discussed this matter on 31 January 2017.

## **1. Background**

- 1.1 The Business Support Overview and Scrutiny Committee considered a report regarding the Housing Revenue Account (HRA) capital and revenue budgets for 2017/18 which also provided details of proposed rent and service charge levels for 2017/18 and the latest revised forecasts of the HRA Business Plan.
- 1.2 Members' attention was drawn to the reference in the Diversity Impact Assessment (DIA) to a review of the charge levied for a licence to allow residents to cross HRA land to park in their front garden. As this review was not now being taken forward, the reference to this in the DIA which would be submitted to Cabinet would be removed.
- 1.3 A Member commented that service standards had noticeably improved in recent years and capital works were also better managed. He queried why there was a difference in garage rents for council tenants as opposed to other residents and suggested that if there were empty garages then the council should look to maximise rental income and not differentiate between council tenants and non tenants.

- 1.4 Some Members welcomed that Government's re-think of the "pay to stay" policy and criticised the Government's decision to impose a 1% reduction in weekly rents from 2016/17 and the next three years.
- 1.5 A Member queried the statement in the HRA Business Plan which suggested there had been no increase in bad debt due to the roll out of Universal Credit. Officers clarified that the previous year's figure had been £105,000 so the current assumption of £75,000 represented a reduction. Officer undertook to clarify the wording in the Business Plan in relation to bad debt provision.
- 1.6 The Committee agreed to:
- a) recommend to the Cabinet:
    - i) a proposed rent decrease of 1% for the housing stock as set out in Appendix A to the report (based upon 52 collection weeks);
    - ii) a rent increase of 5% for garages;
    - iii) that the current policy of charging higher rent where a tenant has a taxable income per annum of £60,000 be retained and no change to the threshold;
    - iv) that the service charges and increases as set out in Appendix B of the report for 2017/18 be approved;
    - v) that the revenue budget for the HRA Service for 2017/18 as per Appendix C to the report be approved;
    - vi) that the future provision for the repayment debt be based on annuity based payment as opposed to minimum revenue payment of 2% on the HRA opening outstanding debt;
    - vii) to use remaining allowable balance of 1-4-1 capital receipts (for the capital receipts received during 2017/18 from RTB sales) to be used to fund towards the 2017/18 HRA planned capital programme, and;
    - viii) that members approve the revised 30 year HRA Business Plan model as attached at appendix E.
  - b) note that officers will explore whether equalising garage rents for council tenants and non-council tenants would lead to an increase in income;
  - c) note that officers will clarify the wording in the HRA business plan about bad debt assumptions due to the roll out of Universal Credit.

## **2. Director's comments**

- 2.1 Following the request from Members to explore equalising garage rents, this will be considered as part of the budget setting process for 2018/19.
- 2.2 Given the views of Overview and Scrutiny Members, officers propose to revise the wording of paragraph 2.5 in the business plan to read as follows:

“Bad debt

No increase in bad debt due to the roll out of Universal Credit has been assumed in the model based on the current expenditure of only £33,000 being estimated to be required for the financial year 2016/17. The proposed budget figure of £75k has been used for 2017/18 which equates to 0.61% of the rental income. This has been assumed to be stable for the years up until 2020/21. After 2020/21 adjustments for inflation and stock changes are included.”

## **3. Recommendation**

- 3.1 The Cabinet is asked to consider the comments and recommendations of the Business Support Overview and Scrutiny Committee.

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