

CABINET

5 FEBRUARY 2019

HOUSING REVENUE ACCOUNT CAPITAL AND REVENUE BUDGETS 2019/20 ADDENDUM REPORT

Portfolio Holder:	Councillor Howard Doe, Deputy Leader and Portfolio Holder for Housing and Community Services
Report from:	Richard Hicks, Director Regeneration, Culture, Environment and Transformation and Deputy Chief Executive
Author:	Phil Watts, Chief Finance Officer Mark Breathwick Head of Strategic Housing Michael Turner, Democratic Services Officer

Summary

This addendum report sets out the comments of the Business Support Overview and Scrutiny Committee which considered the Housing Revenue Account Capital and Revenue Budgets 2019/2020 report on 31 January 2019.

1. Background

- 1.1 Members considered a report which presented the Housing Revenue Account (HRA) capital and revenue budgets for 2019/20 and provided details of proposed rent and service charge levels for 2019/20.
- 1.2 With regard to the how the extended five year contract with Mears would be monitored, the Head of Strategic Housing advised that performance was measured and discussed monthly with Mears. A request for information on any break clauses in the contract would be provided to Members.
- 1.3 A Member asked if the Government had indicated what the position would be after the final year of the rent reductions the Council had been required to make. The Head of Strategic Housing responded that his assumption, based

on indications from the Government, was for rent increases of consumer price inflation plus 1%.

- 1.4 Clarification was requested on what contingencies were in place in the 2019/20 financial year for the impact of Universal Credit (UC) arrears on the HRA account and also council tax arrears. The Committee was advised that, as well as bad debt provision, the welfare reform team would look to mitigate any impacts of UC. However, this still presented a significant risk for the HRA account. The Council was actively working with tenants to provide support to ensure rent continued to be paid and tenancies were sustained.
- 1.5 A Member queried the loss of income from the 225 properties expected to be lost as a result of Right to Buy. The Head of Strategic Housing clarified this loss was over a 30 year period and details of Right to Buy discounts would be clarified. A Member queried how Right to Buy receipts could be used and was advised that the formula for determining this was quite complex but broadly, after allowances which the Council could deduct from the receipt, the Government received 70% and the Council's share was 30%.
- 1.6 Following a query about garage voids, the Head of Strategic Housing commented these were advertised locally and undertook to provide details of the number of voids.
- 1.7 A Member referred to the HRA working balances and, noting that the actual balance exceeded the recommended best practice guideline, queried whether this was appropriate given the need for more affordable housing. Officers responded that a prudent approach had been taken in the light of government policies, such as the high value asset levy) and the risk of future changes in Government policy which could impact on the HRA.

2. Recommendation

- 2.1 The Committee recommended to Cabinet approval of the recommendations set out in section 17.2 of the main report.

Lead officer contacts

Phil Watts, Chief Finance Officer

Telephone 01634 332220 Email: phil.watts@medway.gov.uk

Dawn Hudd, Assistant Director, Physical and Cultural Regeneration

Telephone (01634) 331192 Email: dawn.hudd@medway.gov.uk

Mark Breathwick, Head of Strategic Housing

Telephone (01634) 334382 Email: mark.breathwick@medway.gov.uk

Michael Turner, Democratic Services Officer

Telephone (01634)332817 Email: michael.turner@medway.gov.uk