

CABINET

4 FEBRUARY 2020

HOUSING REVENUE ACCOUNT CAPITAL AND REVENUE BUDGETS 20/21 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
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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 2020/2021 report on 30 January 2019.

1. Background

- 1.1 Members considered a report regarding the Housing Revenue Account (HRA) capital and revenue budgets for 2020/21, including details of proposed rent and service charge levels for 2020/21 and the latest revised forecasts of the HRA Business Plan.
- 1.2 The following issues were discussed:
 - 1.2.1 **Universal Credit (UC)** – concern was expressed that 53% of all current rent arrears were attributable to the 13% of council tenants on UC. In response to whether this situation might worsen, the Head of Housing acknowledged UC was a significant challenge and the situation would probably worsen to an extent. Residents were supported by the Council to ensure they received as much income as possible but certain things, such as the lead in time for UC,

were outside its control. The Council's performance on rent arrears was good in comparison with others.

- 1.2.2 **Housing Building Development Programme** – the Head of Housing advised that he did not have any data on performance in comparable authorities but would look at whether some comparative data could be obtained.
- 1.2.3 **Lifting of HRA Cap** – regarding the lifting of the HRA borrowing cap it was queried when the work mentioned to analyse and understand the sustainability and level of borrowing the Council could afford to undertake further new house building programme in the future would be completed. The Head of Housing advised that specialist advice was being sought on this, which should be received within the next three months.
- 1.2.4 **Business Plan** – the levels of discount available under the right to buy scheme was queried and also how these properties were being replaced. Why the loss of properties was projected over 30 years while the figures for new builds only covered the next two years was also questioned. Members were advised that the maximum discount under Right to Buy was 70% of the property's value or £82,000, whichever was the lower. The Plan factored in a loss of 10 homes per year and a further 32 new homes in 2021/22, representing what was in the pipeline now. More analysis would be done to see what more could be afforded over the period of the Business Plan, which would then be amended accordingly.
- 1.2.5 **Government policy on rent charges** – as to whether any new Government policies on rent charges were expected, the Head of Housing commented that there was no certainty in the long term but over the next 5 years rents could be increased by CPI plus 1% per annum.

2. Recommendation

- 2.1 The Committee agreed to recommend the following to Cabinet:
- a) a proposed rent increase of CPI plus 1% for the housing stock as set out in Appendix A to the report (based on 52 collection weeks) with effect from 6 April 2020
 - b) the baseline garage rent for Council tenants be increased by 30 pence per week to bring in line with non council tenants garage rent with effect from 6 April 2020.
 - c) that a rent increase of 5% to be applied to all garage tenure types with effect from 6 April 2020.
 - d) that the service charges increases/decreases as set out in Appendix B of the report for 2020/21 be approved.
 - e) that the revenue budget for the HRA Service for 2020/21 as per Appendix C to the report be approved.
 - f) that the proposed capital budget of £0.3m be approved for buying ex

council or/and acquiring properties from the open market to be funded from the HRA revenue reserves and 1-4-1 capital receipts as set out in section 8.6 of the report.

- g) that the provision for the repayment of debt based on annuity based payment on the HRA's outstanding debt to be £0.340m for 2020/21 be approved.
- h) That the revised 30 year HRA Business Plan model as attached at Appendix D to the report be approved.

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