8 February 2017	ITEM: 14 (Decision 01104407)
Cabinet	
HRA Business Plan and Budgets 2017/18	
Wards and communities affected: All	**Key Decision:** Key
Report of: Councillor Robert Gledhill, Leader and Portfolio Holder for Housing	
Accountable Head of Service: John Knight, Head of Housing	
Accountable Director: Roger Harris, Corporate Director of Adults, Housing and Health	
The Report is Public	

Executive Summary

This report sets out the base position after developing a new HRA Business Plan for 2017/18 onwards and in turn the HRA Budgets for 2017/18. The HRA needs to be financially viable whilst being able to continue to deliver the Council's housing priorities. We are still awaiting clarity around previously announced government proposals and the Housing White paper due shortly should give greater clarity that will allow the HRA Business Plan and budgets to be further developed and refined.

The continuation of the government's rent reduction policy reduces the resources available in the HRA and as a result other ways of generating additional resources have been explored. The introduction of service charges for tenants will ensure more tenants are contributing correctly for the services they directly receive.

A review of the housing service, including all activities funded by the HRA, is currently underway. It is anticipated that the review will identify areas where efficiencies and improvements can be made in HRA activities thereby freeing up resources for reinvestment in the service. These will be reflected in further updates to the Business Plan.

Recommendations need to be made to Cabinet regarding the assumptions in the HRA Business Plan and the setting of the 2017/18 Budgets.

1. Recommendations:

1.1 That the assumptions included in the HRA Business Plan be noted.

1.2 That the budgets for 2017/18 be agreed.

1.3 That the HRA New Build programme maximises the use of Right to Buy (RTB) Receipts in place of Homes and Communities Agency funding.

1.4 That growth for revenue repairs and capital investment is agreed.

1.5 That a 3% increase to all existing tenant charges is agreed in line with the Council's increases to Fees and Charges.

1.6 That tenants receiving certain housing management services be consulted on the phased introduction of service charges, which are currently only levied on leaseholders, with a final report back to Cabinet in April.

1.7 That tenants are consulted on the phased extension of the inclusive Sheltered Support Charge to all tenants with a final report back to Cabinet in April.

2. Issues, Options and Analysis of Options

2.1 This report sets out the 2017/18 Budgets for the Housing Revenue Account (HRA) along with the proposals for rent and service charges. The main changes are discussed within the report. The report identifies the changes within the budgets between 2016/17 and 2017/18.

2.2 The HRA 2017/18 budgets have been compiled in accordance with the 30 Year HRA Business Plan. This takes into account the long term strategy for the financial viability of the service. The Business Plan sets out how the Council will manage all aspects of its HRA services using the income raised locally through council rents and other sources of HRA income for revenue and capital purposes. The Business Plan:

- Sets out how the Council will deliver its housing commitments financially via a Self-Financing HRA as required
- Lists the main financial assumptions in the plan
- Sets out the main risks and how they will be managed

2.3 Base Model – Assumptions and Factors

The HRA Business Plan current Base Model reconciles to the 2016/17 HRA budget. The following assumptions are included in the Base Model in order to ensure the Business Plan is fit for purpose.

2.4 Revenue Budgets and Base Position

The current 2016/17 budgets are included as the base year in the plan. These reconcile to the Budget outlined in the Cabinet Report of February 2016.

2.5 Inflation

Inflation has been included at 1% for salaries, 1.5% for repairs linked to contractual uplifts and 0% for all other costs across the life of the Business Plan.

2.6 **Rents**

In line with the governments rent policy a 1% reduction has been applied to all rents for 2017/18 and the following two years (2018/19 and 2019/20) with a 1% increase thereafter. Affordable rents inclusive of service charges being applied to all New Build properties are capped at 70% of market value which was agreed by Cabinet in December 2015 with new lettings post April 2017 limited to Local Housing Allowance levels. The average weekly rents for 2017/18 by bedroom size are set out below.

Bedroom Size	No of Properties	2017/18 Average Rent
Bedsits	241	£58.60
1	2,832	£72.51
2	2,308	£79.18
3	4,367	£98.67
4	201	£110.96
5	6	£112.96
6	2	£120.51
Grand Total/average rent	**9,957**	**£86.00**

2.7 **Tenants Service Charges**

In addition to the general services provided to all tenants and leaseholders councils provide a range of specific services for particular groups of dwellings, i.e. high, medium and low rise flats and other dwellings with communal facilities. These services include communal lighting (and in some cases communal heating), door entry systems, lift maintenance and maintenance for the grounds within the curtilage of the block or group of dwellings. Councils are entitled to recover the costs of these services from all users but at present we only recover the charges for these services from leaseholders and not from tenants. The costs of providing these services is considerable, over £2m in the current financial year of which only £60k is currently recovered from leaseholders , and the pressures on the HRA, has brought the question of charging tenants into focus. The council should also consider the equity of charging leaseholders for these services but not charging tenants living in the same group of dwellings and getting the same services.

Other Councils charge tenants for the costs of a range of services depending on locally delivered services via the HRA. Basildon, Havering, Barking and Dagenham and Medway all charge their tenants and leaseholders for a range of services in order to recover costs.

Service	Basildon	Havering	B&D	Medway
Existing Service Charges				
Caretaking	Yes	Yes	Yes	Yes

Concierge	No	Yes	Yes	No
Proposed Service Charges				
Lift Maintenance	No	No	No	No
Door Entry	No	Yes	No	No
Communal Electricity	Yes	No	Yes	Yes
Grounds Maintenance	No	Yes	Yes	Yes

The council has two main options; i) continue with the current arrangements and only charge leaseholders the actual costs of the services provided, and ii) introduce service charges for tenants as well. If introducing charges for tenants the council can do so immediately or on a phased cost or time basis.

Option 1 – continue with the current arrangements

This option perpetuates the differential between leaseholders and tenants and accepts that the wider tenant body subsidises those living in homes with communal facilities, at a time when the overall level of resources is reducing with the commensurate effect on service delivery and investment.

Option 2 – introduce service charges for tenants in one go

This option is the most fair and transparent in that all service users will pay the same charge for the same service. Service charges are eligible for Housing Benefit and the housing element of Universal Credit and those households with limited income and in receipt of benefit will be helped with the additional cost. Applying the service charges to all services users immediately will bring in an additional £1.9m p.a.into the Housing Revenue Account to cover costs currently borne by all HRA rents. The impact on tenants would however be potentially severe without some phasing of these extra costs for which they have not previously been charged, and the HRA budget can be modelled against an increasing amount per year, with full charges then remaining in place over the longer term, rather than it being necessary to apply the full levy immediately.

Option 3 – introduce service charges on a phased basis

This option addresses the inequity of leaseholders paying for services that tenants do not, but balances this with recognition that the new charges are significant and that tenants need time to adjust their budgeting for these additional liabilities. Option 3 is the recommended option.

Service Charges for 2017/18

The table below shows the total cost of providing lift maintenance, door entry, communal electricity and grounds maintenance services to tenants and leaseholders in 2016/17. Of the total of just over £2.025m costs this year £60k is recovered from the Council's 823 Leaseholders but the remaining

£1.9m is not currently recovered from the tenants who receive these additional services.

Service	**2015/16 Actuals**	**Leaseholder Charges**	**Residual (Potential Income)**
	£	**£**	**£**
Lift Maintenance	118,453	4,149	114,304
Door Entry	483,625	5,967	477,658
Communal Electricity	366,796	31,038	335,758
Sub- total	**968,874**	**41,154**	**927,490**
Grounds Maintenance	1,056,811	19,321	1,037,720
Grand Total	**2,025,685**	**60,475**	**1,965,210**

The service charges described above are all currently eligible for Housing Benefit and for the housing Element of Universal Credit. At the beginning of this financial year 48% of tenants were in receipt of full or partial housing benefit. There are currently 9,800 tenancies.

Charging Proposals for Service Charges

It is suggested that service charges are phased in from 2017/18 and that a service charge of £5.00 per week be levied to tenants from 2017/18 for grounds maintenance. The services directly provided to tenants are continually reviewed and monitored to ensure they offer value for money.

In Year 1 introducing actual costs for three of the proposed service charges will deliver additional income of approximately £470k into the HRA and in Year 2 approximately £1.2m. Based on current costs introducing service charging fully for all the services shown above in Year 3 would bring in additional resources to the HRA of circa £1.9m per annum.

Draft Proposed Charges 2017/18 Year 1

Service	**Phased Charge Year 1 per week**
	£
Lift Maintenance	0.97
Door Entry System	1.11
Communal Electricity	0.71
Sub Total	**2.79**
Grounds Maintenance	5.00
Total	**7.79**

In total it is estimated that 3,210 tenants will be affected by the introduction of the first three new service charges shown above in Year 1 with the majority paying for two of the three service charges proposed. Approximately 58% of these tenants are on full or partial Housing Benefit. The maximum weekly increase for a tenant not in receipt of benefits t would be £7.79 in 2017/18. An analysis of services (Lift Maintenance, Door Entry System, Communal Electricity) provided by location indicates that there are approximately 634 properties where one charge will apply, and approximately 1,816 where two will apply.

Work is still ongoing with regard to establishing who should be paying Grounds Maintenance and how much income the interim charge in 2017/18 would generate along with refinement of the data sets for all service charges. Whilst tenants will see an increase in their weekly service charges this will be partially offset by the 1% rent reduction reducing the overall impact.

All tenants affected by the changes will be consulted in accordance with the requirements of the Housing Act 1985 and the provisions of our own tenancy agreement. It is proposed to send a preliminary notice setting out the reasons for the changes and inviting tenants to give their views, prior to issuing a final variation after the consultation period of 28 days if the decision is to proceed. The preliminary letter will include an assurance that the charges in question can be included in `eligible rents' for both Housing Benefit and the Housing element of Universal Credit. The outcome of the consultation will be referred to Cabinet in April 2017 for final agreement.

Sheltered Service Charges

The Sheltered Housing Service is focused on the provision of enhanced housing management. We have reconsidered the current charging arrangements that were introduced in 2014. Under the current arrangements a weekly "Sheltered Charge" of £8 is applied only to new sheltered housing tenants. The current cost of the sheltered housing service is approximately £1.3m per annum. It is proposed to increase the HRA contribution by charging all Sheltered Housing tenants a weekly Support Charge towards the cost of the service. The support charge will fund the Enhanced Housing Management element of the service provision as Housing Management is covered by rent. A charge in the region of approximately £15 per week would cover costs related to delivering the service in the HRA of £900k per annum and allow the HRA to break even. 71% of Sheltered Tenants are on full or partial Housing Benefit.

Other local authorities and Housing Providers charge between £15 and £25 per week for an enhanced Housing Management Service to Sheltered tenants. Basildon Council charge £17.77 per week to all Sheltered Tenants. It is proposed to introduce a charge to all Sheltered tenants over a phased period of 3 years. The charge in 2017/18 will be £5 per week, in 2018/19 £10 per week and the full charge of £15 will apply from 2019/20.

The Housing Overview and Scrutiny Committee on 13th December 2016 were concerned about the impact of both the extension of Service Charges to some general needs tenants and the extension of Sheltered Service Charges to all Sheltered Residents, and requested that officers go back and look at alternative ways to reduce expenditure and/or generate additional resources in the HRA. Consideration has been given to not applying these charges, but we have concluded, a) that in order to deliver satisfactory services to tenants and leaseholders and to continue to invest both in the current HRA stock and in building new homes, all the expenditure detailed in the budget is required, and b) that the phased extension of service charges is the most appropriate means of generating the required additional revenue. Tenants in both categories will in future pay for all of the services they directly receive, with the costs no longer being met by those not receiving a specific service Rent levels including the charges will still be well below both the Affordable Rents charged by Housing Associations, and rents in the private sector. Help with these additional housing costs is available to those who need it, as the charges can be included in the rent levels used to assess benefits. The service will work intensively with any tenants who may have difficulty paying their rents after the increase to ensure that they access all the support available. Work is in progress to identify which tenants should pay each charge, and factor in any impact of the benefit cap and the introduction of Universal Credit on these tenants – full be reported to Cabinet in April.

2.8 **CCTV Admin Charge**

Some limited additional revenue from other sources has also been identified. It is proposed from 1st April 2017 to charge an Admin Fee of £50 for Third Party CCTV requests from Solicitors, Insurance Companies etc but excluding requests from the Police or the Council. This fee will cover investigation, download of footage and burning CCTV evidence including up to 4 hours CCTV Operators time spent.

2.9 **Transforming Homes**

In 2015/16 the Transforming Homes outturn was £19.59m against the overall budget of £58.4m spread across the remaining 6 years of the programme. A mid-term financial review of the programme has highlighted after a review of the financial management of the programme that additional funding will be required in the region of £10.4m, compared to the budgets agreed by Cabinet in December 2015. This is required to achieve the full internal programme by 2019 and the external programme by 2021. This has been reflected in the Business Plan. There are a number of reasons for this which include:

- A number of high cost properties that have required extensive structural works such as underpinning. An example of this is a terrace of 9 properties carried out in year 1 of the programme at a cost in excess of over £500k. The unit rate for remedial works is varied because they differ significantly in scope. In the current financial year the programme will complete 15 such properties at an average unit cost of circa £21k, based on this year’s trend, we estimate that approximately 53 such properties are likely to require works over the remainder of the programme.

- High level of spend on voids requiring major works to bring them up to a lettable standard. The original budget did not consider the additional cost of voids over a standard transforming homes internal refurbishment. Over the last 3 years void refurbishment has required on average £7,800 additional investment per property completed. Whilst the total spend on voids has been reducing both in terms of the number required and the unit costs, there will be a continued requirement, this has been established as an additional budget of £4.042m over the remainder of the programme to year 8.

- Higher than anticipated spend on combatting damp and mould. A £2m allowance was included for these works over the life of the programme. Following detailed surveys of the properties, the programme has exceeded this allowance by £522k to date. We are projecting a further £1.3m over the remaining properties, which represents a budget pressure of £1.8m on the whole programme.

- Funding required for the energy efficiency works. It was not originally anticipated that investment would be required from the Transforming Homes budget. In order to benefit from the energy company contributions available the programme has so far invested £1.6m. This has seen 342 properties benefit from external wall insulation so far. Moving forward the programme makes allowance for further investment of £2m across the life of the programme to enable the Council to take full advantage of further energy company contributions for this type of energy efficiency work.

- Fire Safety Works were not part of the original programme budget. Under the Regulatory Reform (Fire Safety) order 2005, fire risk assessments are undertaken of the communal areas of buildings. Improvements arising as a result of these assessments have been undertaken within the Transforming Homes programme alongside other works for economies of scale.
  in addition to the above a number of improvements to the original specification have been made in the programme to date in order to comply with recent changes in electrical regulations, as well as in response to customer feedback and to reduce ongoing maintenance costs. The proposed transforming homes budgets are as follows:

Year	**Budget £m's**
2017/18	11.8
2018/19	10.0
2019/20	8.2
2020/21	9.2

2.10 **Future Capital Investment**

There a number of Capital requirements outside of the Transforming Homes programme and these have not been considered as part of the £10.4m funding gap detailed above totalling £7.75m that has been included in the budget for 2017/18.

- Refurbishment of the non-traditional constructed properties on the Flowers Estate. An estimated cost of £4.1m is required in 2019/20 to upgrade these properties that have not previously been included in the programme.

- In addition to the above the Council has a further 138 non-traditionally constructed properties which require significant refurbishment to ensure they provide fit for purpose living accommodation for a further 30 years. The estimated total cost for these works is £2.9m which would be spread across 4 years from 2017/18 to 2020/21.

- Enable the scope of works in the Transforming Homes programme to include provision/upgrade of loft insulation for the most inefficient properties. Estimated cost £750k across the next 3 financial years 2017/18 and 2019/20. The Housing Investment team is also pursuing options for external funding contribution, which if secured would be targeted to retrospectively tackle properties that have already had works but will not have benefitted from this extended scope.

New Capital Investment	**2017/18 Budget £m's**	**2018/19 Budget £m's**	**2019/20 Budget £m's**	**2020/21 Budget £m's**	**Total**
Flowers Estate	0.00	0.00	4.10	0.00	4.10
Non Traditional Properties	0.75	0.75	0.75	0.65	2.90
Loft Insulation	0.15	0.25	0.35	0.00	0.75
Total	**0.90**	**1.00**	**5.20**	**0.65**	**7.75**

2.11 **New Build**

There are six HRA funded, affordable Housing schemes within the HRA. Of these three are now complete, Seabrooke Rise, Bruyns Court and Bracelet Close. Three other schemes Calcutta Road, Claudian Way and Tops Club are well advanced with planning applications already submitted for Claudian Way and Tops Club. The original budgets for these were revised during October 2016 and are included in the HRA Business Plan across three financial years 2016/17 to 2018/19 at a total cost of £33.9m. It is proposed that in order to reduce costs to the HRA for the remaining three HRA schemes the funding route is changed to use RTB receipts rather than HCA grant. Under this scenario the amount of HRA funding required on each scheme reduces to 70% of the total scheme cost rather than 89% as at present. It also has the benefit of making use of the RTB receipts which if not fully used within three years of receipt under the government's one-for-one replacement arrangements must be paid to the government together with interest at 4% above base rate. Sufficient unallocated RTB receipts are available.

Scheme	2016/17 Revised £m's	2017/18 Budget £m's	2018/19 Budget £m's	Total £m's
Seabrooke Rise	0.52	0	0	**0.52**
Bracelet	2.00	0	0	**2.00**
Bruyns Court	0.07	0	0	**0.07**
Calcutta	0	8.79	0.77	**9.56**
Claudian Way	0	7.20	6.18	**13.38**
Tops Club	0.65	6.90	0.82	**8.37**
Total	**3.24**	**22.89**	**7.77**	**33.90**

2.12 **Estate Regeneration**

The July 2016 Housing Development Update report to the Housing Overview and Scrutiny Committee set out progress in bringing forward regeneration of housing estates. This would be where the costs of meeting the Transforming Homes standard is very high and where there is potential to bring forward better quality housing alongside enhanced public realm and local services. Work has continued to progress in developing outline proposals and a business case utilising funding and support from the HCA, with the aim of bring forward proposals in 2017. The impact of these proposals on the HRA Business Plan will be incorporated into future reports.

2.13 **Stock**

Assumptions around the movement in HRA stock numbers are included in the Base Model. The number of RTB sales in 2015/16 was 102. A view has been taken on the level of RTB sales based on recent activity and the trend of high sales is forecast to continue over the next few years. On this basis we have assumed 100 sales from 2016/17 to 2018/19 and then 40 each year thereafter. The stock has also been adjusted to include the new build properties when they are due to be let along with a reduction linked to the sale of high value properties.

2.14 **Headlines post 2015/16 year end**

The HRA general reserves stand at £1.7m as at 1st April 2016. The minimum balance included within the Business Plan is £1.7m. There is an earmarked reserve of £634k to be used to fund the New Build capital programme. It is prudent to hold a general HRA balance of between 5% and 10% of HRA Turnover. Based on this the current minimum balance is below this threshold and would need to be £2.7m to £5.4m. The Director of Finance and IT has set a target to increase HRA to £3.0m over three years.

The attributable debt from RTB Sales for the first two quarters of 2016/17 is £663k, in 2015/16 this was £2.7m for the year and was used to fund the overspend on the Transforming Homes Programme. Some of this will be used to fund the completion of a Stock Condition Survey across the HRA Stock.

2.15 **In year pressures 2016/17**

The Housing Monthly Finance Monitor is forecasting a number of revenue pressures amounting to £486k, whilst the service continues to try and manage these by way of savings across other service areas there may be an impact on the HRA Business Plan. There is also a potential pressure on Transforming Homes due to the number of Capital Voids of £502k.

2.16 **Impact of government proposals**

The Business Plan Model has been updated to reflect the government's rent policy and the potential impact of the proposals of the High Value Voids levy. This will allow us to shape the HRA Business Plan, Budget and Rent Proposals for 2017/18.

Void and Bad Debt Rates

The void rate used in the Business Plan is 1.5% and Bad Debt Rate is 1.6%. The impact of the benefit changes announced as part of the Welfare Reform and Work Bill, and specifically Universal Credit, will have an impact on the level of debt. Although it is difficult to model the predicted impact absolutely it is anticipated that there will be an increase in tenancy turnover with commensurate void expenditure and higher levels of bad debt as tenants' arrears increase. The HRA does not have any provision set aside to mitigate against loss of income from write-off of bad debt. It is proposed that in 2018/19 that we set aside £230k to mitigate against the fall in collection rates following the introduction of Universal Credit.

Pay to Stay

On 21st November 2016 the Minister of State for Housing announced that the government would not be proceeding with a compulsory approach. Local authorities will have local discretion. Guidance on a local approach is not yet available.

The impact of the forced sale of high value properties

The Housing Minister wrote to all Councils on Thursday 24th November 2016 advising them that the government would not be requesting any high value sales payments in 2017/18. The Council is still waiting for the Consultation Paper on the forced sale of high value voids from the DCLG to be published so we can accurately model the likely impact on Thurrock. Initial modelling has been carried out based on the draft valuation thresholds and this indicates that Thurrock will have approximately 55 properties that fall into the category of high value and will have to pay a levy on these properties when they fall void. The council will be required to pay an annual levy to the

Government regardless of whether it chooses to sell these properties or not. There is no policy in place regarding High Value Void sales and this needs to be considered and reflected in the Business Plan. At present we have assumed an additional levy will be paid from existing HRA Resources from 2018/19 onwards.

2.17 **Growth and Savings**

Revenue Repairs

The financial forecast of the Revenue Repairs Team is to require growth in 2017/18 from the current level of expenditure of £950,000 to meet contractual demands. This expenditure relates to the delivery of the responsive repairs contract with our delivery partner Mears and also the delivery of 65 other smaller contracts ensuring the housing department continues to deliver an efficient service to its residents whilst also complying with the legislative requirements on elements such as asbestos management and legionella monitoring. This base growth is forecast for the next three years to ensure the required level of investment is delivered into the asset in a planned way, this will reduce the reactive works under the responsive repairs contract and deliver value for money as well as an effective service. Inflationary uplift is already included within the HRA Business Plan and some work areas will see budgets reprofiled to meet the needs of service delivery. The table below summarises the areas where additional resources are required over and above existing budget reprofiling and inflationary uplift.

Area	**£**
External Maintenance	350,000
Exclusions	450,000
Boiler Replacements	150,000
Total Growth	**950,000**

External Maintenance

One of the major programmes proposed for 2017/18 and the following two years is the delivery a new external maintenance package. Since the development of the Transforming Homes programme in 2013 external works stopped under the planned preventative maintenance delivery work streams. The original scope of the Transforming Homes programme was to include external works year on year across the borough, however with the significant reduction in resources, whilst some external works have been delivered, this has not been to the level first planned with the majority of external refurbishment works being delayed until years 7 & 8 of the programme (2020/2022). This has meant elements such as timber soffits and fascia boards with associated rain water goods and front and rear entrance doors have not had basic painting and maintenance for a minimum of 4 years. These elements are now failing and are having to be dealt with under the response repairs contract, by which time they can no longer be repaired and require wholesale replacement at a greater unit cost than if they were programmed., Ensuring our residential dwellings are maintained externally is essential when addressing one of the key drivers in the authority around damp and mould.

Exclusions

Delays and deferments in the Transforming Homes external programme have had a direct impact on the responsive repairs contract where planned works have now become reactive and as this type of work was not included in the Mears' TPC contract are delivered through the exclusions arrangements. While the overall number of exclusion repairs has reduced year on year the nature of these works has meant the level of expenditure has actually increased, primarily as a result of works requiring scaffolding and high-level access, such as roofing, pointing and flashing and rain-water goods.

Boilers

The absence of accurate stock condition data has meant that the number of gas boiler replacements was underestimated. The authority must replace defective boilers when identified and the additional cost must be met. The proposed stock condition survey will provide accurate data for future forecasting from next September.

3. Overall Outlook and Position

3.1 Based on the assumptions included in the Plan HRA Balances increase minimally each year (mainly due to no inflation being assumed on general budgets)

- The HRA Borrowing Capacity in reached in 2018/19
- The HRA New Build programme ceases in 2018/19 on completion of the agreed programme
- Transforming Homes completes in 2020/21
- The Council will then be looking for further investment opportunities across the Business Plan in line with the outcome of the stock condition survey

A summary of the budget movements from 2016/17 to 2017/18 across the HRA Revenue and Capital Budgets is set out in the table below.

2017/18 HRA Revenue Budgets	**Budget Changes £000's**
Loss of income - 1% rent reduction	**710**
Budget Savings/Increased Income	
Existing Service Charges – 3% Increase	**(67)**
Garage Rents – 3% Increase	**(34)**
Heating – 3% Increase	**(1)**
Leaseholder Service Charges	**(221)**
Total Budget Savings/Increased Income	**(323)**

Budget Pressures/Inflation	
Salaries and Pay Award	80
Contractual Uplift on Repairs	170
Increased Recharges to the GF	180
Total Budget Pressures/Inflation	**430**
Sub Total	**817**
Interest Charge	100
Revenue Movement	**917**
Increased Use of RTB Receipts for Capital reducing call on HRA Revenue Contribution	**(1,997)**
New Items	
Repairs Growth	950
Extension of Tenants Service Charges 01/07/17	**(470)**
Extension of Sheltered Service Charges 01/07/17	**(230)**
New Capital Investment	900
Net HRA Position 2017/18	**0**

4. Reasons for Recommendations

4.1 The report sets out the implications for the HRA for 2017/18 onwards. The proposals put forward have been calculated and assessed in line with affordability consideration and regard for reserve levels. It is essential that a balanced budget is set for the HRA. This is a legal and operational requirement.

5. Consultation

5.1 This report has been considered by the Overview and Scrutiny Committee in advance of the February Cabinet Meeting and the recommendations noted.

6. Impact on corporate policies, priorities, performance and community impact

6.1 The Council's Medium Term Financial Strategy (MTFS) recommends that the HRA maintains a minimum level of general reserves of £1.7m up to a maximum of £3.0m.

6.2 The management and operation of the HRA strives to support vulnerable people. The 30 year business plan sets out to ensure there is value for money within the Housing Service.

7. Implications

7.1 Financial

Implications verified by: **Julie Curtis**
HRA and Development Accountant

Financial implications are throughout the report.

7.2 Legal

Implications verified by: **Martin Hall**
Housing Solicitor/Team Leader

The Council has a legal requirement to review the Housing Revenue Account and ensure that it does not go into deficit. In addition, determinations made under the Local government and Housing Act 1989 prescribed what can be charged to the HRA and the calculation of those charges.

7.3 Diversity and Equality

Implications verified by: **Rebecca Price**
Community Development Officer

The HRA Business Plan and budgets for 2017/18 onwards reflect the Council's policy in relation to the provision of social housing with particular regard to the use of its own stock. In addition to the provision of general housing, it incorporates a number of budgetary provisions aimed at providing assistance to disadvantaged groups. This included adaptations to the stock for residents with disabilities.

8. Appendices to the report

Appendix 1 - HRA Business Plan Dashboard 2017/18 Onwards

Report Author:

Julie Curtis

HRA and Development Accountant

Corporate Finance