

## RECOMMENDATION IV

# CABINET MINUTES

## 14 FEBRUARY 2013

**Chairman:** \* Councillor Thaya Idaikkadar

**Councillors:**

* Bob Currie	* Phillip O'Dell
* Margaret Davine	* David Perry
* Keith Ferry	* Sachin Shah
* Mitzi Green	† Bill Stephenson
* Graham Henson	

<b>In attendance:</b>	James Bond	Minute 583
<b>(Councillors)</b>	Susan Hall	Minute 583
	Barry Macleod-Cullinane	Minute 583

\* Denotes Member present

† Denotes apologies received

## RECOMMENDED ITEMS

### 589. Key Decision - Housing Revenue Account Budget 2013/14 and Medium Term Financial Strategy 2014/15 to 2016/17

The Portfolio Holder for Housing introduced the report, which set out the Housing Revenue Account (HRA) Budget for 2013/14 and the Medium Term Financial Strategy (MTFS) for 2014/15 to 2017/17.

The Portfolio Holder was proud to report on a healthy position in relation to the Council's Housing Revenue Account (HRA), which was being presented to Cabinet following consultation with the Tenants', Leaseholders' and Residents' Consultative Forum, particularly in respect of the proposed rent increase to reflect increased property valuations following the investment in the stock since 1999 and to provide flexibility to develop measures to help those most affected by the government's welfare reform, such as a hardship fund.

The Portfolio Holder summarised the report as follows:

- the overall HRA presented balances of £3.5m over the next four years of the MTFs. The proposed increase in rents would increase balances in the short term allowing the Council to develop a framework for the hardship fund;
- rents and service charges were subject to change if the proposal to increase property values was approved, whilst garage rents would be frozen until the completion of the Garage Strategy review;
- it was intended to increase facility charges to reflect the increase in costs;
- water charges would be based on notified amounts by the provider;
- community centre charges would be increased by 2%;
- the capital programme highlighted the scale of investment and works that would be included in the final programme.

The Portfolio Holder highlighted that a full Business Plan would be presented to Cabinet in April 2013, which would be guided by the decision on rents, the impact of welfare reform, proposals on new affordable housing and the use of capital receipts. He added that having received a clear steer for the provision of additional affordable housing, tangible proposals were being worked on, and he commended the report to Cabinet.

The Corporate Director of Community, Health and Wellbeing referred to the consultation undertaken through the Tenants', Leaseholders' and Residents' Consultative Forum (TLRCF). He was pleased to report on the extra investment secured to help improve customer services and make a contribution to the Harrow Help Scheme, which would help those affected by the government's welfare cuts.

**Resolved to RECOMMEND:** (to Council) That

- (1) the Housing Revenue Account (HRA) Budget for 2013/14, including the additional rent to be generated by the proposed Rental Strategy, be approved;
- (2) the HRA Capital Programme, as detailed in Appendix 7 to the report, be approved;
- (3) the Portfolio Holders for Housing and Finance, in conjunction with the Corporate Directors of Community, Health and Wellbeing and Resources, be delegated authority to adjust the Capital Programme, within the overall capital envelope for 2013/14, without seeking approval from Cabinet to ensure delivery of works.

**Reason for Decision:** To publish the final HRA budget and set Council rents and other charges for 2013/14.

**Alternative Options considered and rejected:** As set out in the report.

**Conflict of Interest relating to the matter declared by Cabinet Member/Dispensation granted:** None.

## APPENDIX III

### HRA Budget 2013-14 and MTFS 2014-15 to 2016-17- Expenditure

All figures in £s	Budget 2013-14 (proposed)	Budget 2014-15 (proposed)	Budget 2015-16 (proposed)	Budget 2016-17 (proposed)
<b>Operating Expenditure:</b>				
Employee Costs	2,428,020	2,448,510	2,489,040	2,530,360
Supplies & Services	904,260	821,710	822,680	823,670
Utility cost (Water & Gas)	594,460	624,180	655,390	688,160
Estate & Sheltered Services	2,648,200	2,685,240	2,772,020	2,815,620
Central Recharges	3,534,170	3,604,860	3,676,960	3,750,490
<b>Operating Expenditure</b>	<b>10,109,110</b>	<b>10,184,500</b>	<b>10,416,090</b>	<b>10,608,300</b>
<b>Repairs Expenditure:</b>				
Repairs – Voids	943,230	974,390	983,770	982,330
Repairs - Responsive	3,026,110	3,132,290	3,196,190	3,235,210
Repairs – Other	2,292,040	2,322,710	2,363,720	2,405,540
<b>Repairs Expenditure</b>	<b>6,261,380</b>	<b>6,429,390</b>	<b>6,543,680</b>	<b>6,623,080</b>
<b>Other Expenditure:</b>				
Contingency - General	200,000	200,000	200,000	200,000
Investment in Services	571,740	473,750	458,780	443,560
Impairment allowance	300,000	400,000	300,000	300,000
RCCO	-	1,179,980	1,719,720	2,304,240
Charges for Capital	6,387,890	6,358,500	6,346,560	6,346,620
Depreciation	6,103,330	6,103,330	6,103,330	6,103,330
<b>Other Expenditure</b>	<b>13,562,960</b>	<b>14,715,560</b>	<b>15,128,390</b>	<b>15,697,750</b>
<b>Total Expenditure</b>	<b>29,933,450</b>	<b>31,329,450</b>	<b>32,088,160</b>	<b>32,929,130</b>

## HRA Budget 2013-14 and MTFS 2014-15 to 2016-17 – Income

All figures in £s	Budget 2013-14 (proposed)	Budget 2014-15 (proposed)	Budget 2015-16 (proposed)	Budget 2016-17 (proposed)
<b>Income</b>				
Rent Income – Dwellings	(27,086,090)	(27,985,500)	(28,917,890)	(29,688,450)
Rent Income – Non Dwellings	(714,650)	(716,290)	(717,970)	(719,680)
Service Charges - Tenants	(1,135,860)	(1,164,480)	(1,193,940)	(1,223,660)
Service Charges – Leaseholders	(462,890)	(466,080)	(469,340)	(472,660)
Facility Charges (Water & Gas)	(518,870)	(540,350)	(562,820)	(586,310)
Interest	(3,600)	(3,000)	(2,500)	(2,000)
Other Income	(80,000)	(80,000)	(80,000)	(80,000)
Recharge to General Fund	(163,000)	(163,000)	(163,000)	(163,000)
<b>Total Income</b>	<b>(30,164,960)</b>	<b>(31,118,700)</b>	<b>(32,107,460)</b>	<b>(32,935,760)</b>
<b>In Year Deficit / (Surplus)</b>	<b>(231,510)</b>	<b>210,750</b>	<b>(19,300)</b>	<b>(6,630)</b>
<b>BALANCE brought forward</b>	<b>(3,468,590)</b>	<b>(3,700,100)</b>	<b>(3,489,350)</b>	<b>(3,508,650)</b>
<b>BALANCE carried forward</b>	<b>(3,700,100)</b>	<b>(3,489,350)</b>	<b>(3,508,650)</b>	<b>(3,515,280)</b>

The 2013-14 HRA budget reflects updated assumptions as detailed in the main body of the report. The MTFS for 2014-15 to 2016-17 details the likely position for future years and will be updated in subsequent budget rounds.

The figures included in the table above exclude the impact of the increased rents that could arise if the recommendation to increase target rents is approved, as detailed in paragraph 20. It is recommended that these additional rents would assist council tenants under the Harrow Help scheme to complement the General Fund provision

## HRA Capital Programme

	2013-14 No. of properties	2013-14 £	2014-15 £	2015-16 £	2016-17 £
Capitalised Salaries	*	£317,000			
Major Voids	*	£76,870			
Kitchen and Bathrooms	370	£1,542,000			
Health and Safety	3 schemes*	£200,000			
Heating	275	£871,230			
Enveloping	400	£1,523,660			
Enveloping Francis Road	78	£1,000,000			
Door Entry upgrade/renewal	52	£512,500			
Lifts	1 scheme	£207,500			
Sheltered Warden Voids	*	£51,250			
Structural Issues	*	£256,250			
Garages		£61,500			
Aids and Adaptations		£615,000			
Capitalisation Responsive Repairs	*	£142,500			
Develop Wider Housing Initiatives Pot	*	£256,240			
<b>Council Funded expenditure</b>		<b>£7,633,500</b>	<b>£7,526,810</b>	<b>£7,827,330</b>	<b>£8,411,850</b>
Grant funded Extensions		-	-	-	-
<b>Total HRA Capital Programme</b>		<b>£7,633,500</b>	<b>£7,526,810</b>	<b>£7,827,330</b>	<b>£8,411,850</b>

Council are asked to delegate authority to the Portfolio Holder for Housing Services and Portfolio Holder for Finance, in conjunction with the Corporate Director of Community, Health and Wellbeing and the Corporate Director of Resources to adjust the capital programme, within the overall capital envelope for 2013-14, without seeking approval from Cabinet to ensure delivery of works