

CABINET MINUTES

9 FEBRUARY 2012

Chairman: * Councillor Bill Stephenson

Councillors:

* Bob Currie	* Graham Henson
* Margaret Davine	* Thaya Idaikkadar
* Keith Ferry	* Phillip O'Dell
* Brian Gate	* David Perry
* Mitzi Green	

In attendance: Susan Hall Minute 360
(Councillors) Barry Macleod-Cullinane Minute 360

* Denotes Member present

RECOMMENDED ITEMS

365. **Key Decision: Housing Revenue Account Budget 2012/13 and MTFS 2013/14 to 2014/15**

Cabinet received a joint report of the Interim Corporate Director of Resources and the Corporate Director Community Health and Wellbeing, setting out the Housing Revenue Account (HRA) Budget for 2012/13 and Medium Term Financial Strategy (MTFS) to 2014/15.

The Portfolio Holder for Housing reported that the Council had a statutory obligation to agree and publish the HRA Budget for 2012/13. The Medium Term Financial Strategy for 2013/14 and 2014/15 set out the indicative income and expenditure for the HRA for the period and showed how the income collected would be spent in the management and maintenance of the Council's stock and in meeting its obligations as a landlord. He added that the HRA budget for 2012/13 was for a year only in order to enable the Council to analyse, consult and quantify the financial benefits of HRA reform, policy

and financial implications, including changes that the government might make as part of its consultation exercise. Thereafter, it was intended to present a 30-year HRA Business Plan to Cabinet in May 2012 that took all eventualities on board.

The Portfolio Holder added the HRA budget and the MTFs showed a significant improved position to that reported last year, the majority of which were attributable to the updated Rental Strategy and the freeing up of additional resources as a result of the reforms. Moreover, the benefits associated with the HRA reforms were in the region of £2m per annum and provided an opportunity to invest in repairs, resident engagement, reducing pressures in temporary accommodation and providing new affordable housing, to name a few.

The Portfolio Holder outlined the consultation that had taken place, including with the Tenants', Leaseholders' and Residents' Consultative Forum and he outlined their aspirations. In summing up, the Portfolio Holder thanked the work done by the Housing Policy Task Group and officers, including the Portfolio Holders that had supported the work, particularly the Leader of the Council. He commended the report to Cabinet.

The Leader of the Council welcomed the changes to the HRA budget and was pleased that the changes would benefit Harrow. The benefits to Harrow of £2m per annum would help the Council move service issues forward. In addition, the preferential rates offered by the Public Works Loans Board (PWLb) to fund additional debt for up to 50 years was welcomed and would help the Council fulfill a range of objectives that the tenants had asked for such as stock improvement through investment, an ongoing repairs service and payment of HRA debt. He would also welcome the provision of additional affordable housing. He was pleased with the positive overall situation on the HRA, particularly as the administration had inherited a dysfunctional HRA.

The Portfolio Holder for Housing was commended for his work in the Housing field, include his extensive knowledge of this area.

Resolved to RECOMMEND: (to Council) That

- (1) the borrowing of additional debt as a consequence of the Housing Revenue Account (HRA) reform for a fixed rate over 50 years with the continuation of a single pooled approach to the management of debt be approved;
- (2) it be noted that the Tenants' Leaseholders' and Residents' Consultative Forum had given conditional support to a 50 year loan and single pool arrangement provided there was some form of "guarantee" that the Council would deliver the total package of measures to address housing service pressures;
- (3) the HRA budget for 2012/13, set out at appendix II to the minutes to the report, be approved;

- (4) the HRA Capital Programme, as detailed in Appendix III to the minutes, be approved and the balance of the £500k Section 106 monies allocated to extensions for Council homes approved in March 2008 for the financial years 2008/2010 be extended to 31 March 2013.

Reason for Decision: To publish the final HRA budget and set Council rents and other charges for 2012/13.

[Call-in does not apply to the Recommendation].

APPENDIX II

HRA Budget 2012-13 and MTFS 2013-14 to 2014-15- Expenditure

	Budget 2012-13 (Feb 2011) £	Budget 2012-13 (latest) £	Budget 2013-14 (proposed) £	Budget 2014-15 (proposed) £
Operating Expenditure:				
Employee Costs	1,466,670	2,094,741	2,014,747	2,013,620
Supplies & Services	639,260	707,360	711,460	713,347
Utility cost (Water & Gas)	679,000	551,007	594,438	641,980
Estate & Sheltered Services	2,774,510	2,207,096	2,345,300	2,513,044
Central Recharges	3,088,770	3,345,714	3,412,628	3,480,880
Operating Expenditure	8,648,210	8,905,918	9,078,573	9,362,871
Repairs Expenditure:				
Repairs - Voids	636,410	689,250	730,000	700,000
Repairs - Responsive	2,744,430	2,436,612	2,578,289	2,747,751
Repairs – Other	2,091,140	2,365,521	2,341,412	2,367,105
Total Repairs Expenditure	5,471,980	5,491,383	5,649,701	5,814,856
Other Expenditure:				
Contingency - General	200,000	200,000	200,000	200,000
Investment in Services	0	900,000	1,400,000	1,300,000
Bad or Doubtful Debts	200,000	200,000	200,000	200,000
RCCO	0	0	440,372	1,979,800
Charges for Capital	2,770,420	6,420,024	6,397,124	6,349,444
Depreciation	4,148,000	5,991,190	6,111,000	6,233,200
HRA Subsidy	6,988,350	0	0	0
Total Other Expenditure	14,306,770	13,711,214	14,748,496	16,262,444
Total Expenditure	28,426,960	28,108,515	29,476,770	31,440,171

HRA Budget 2012-13 and MTFS 2013-14 to 2014-15 - Income

	Budget 2012-13 (Feb 2011) £	Budget 2012-13 (latest) £	Budget 2013- 14 (proposed) £	Budget 2014- 15 (proposed) £
Income				
Rent Income – Dwellings	-25,397,420	-26,205,980	-27,151,130	-28,129,310
Rent Income – Non Dwellings	-761,970	-684,491	-686,101	-687,706
Service Charges - Tenants	-665,540	-686,121	-703,203	-720,709
Service Charges – Leaseholders	-760,410	-548,550	-556,868	-565,589
Facility Charges (Water & Gas)	-517,320	-515,960	-526,279	-536,805
Interest	-6,120	-4,000	-4,000	-4,000
Other Income	-183,010	-83,000	-83,000	-83,000
Transfer from General Fund	-163,000	-163,000	-163,000	-163,000
Total Income	-28,454,790	-28,891,102	-29,873,581	-30,890,119
In Year Deficit / (Surplus)	-27,830	-782,587	-396,811	550,052
BALANCE brought forward	-2,681,730	-2,422,353	-3,204,940	-3,601,751
BALANCE carried forward	-2,709,560	-3,204,940	-3,601,751	-3,051,699

APPENDIX III

HRA Capital Programme

	2012-13 No. of properties	2011-12 £	2012-13 £	2013-14 £	2014-15 £
Capitalised salaries	-	310,000	310,000	317,750	326,000
Contingency	-	50,000	-	-	-
Major voids	30	50,000	75,000	76,870	78,800
Kitchens including rewiring	200 300	625,000 500,000	800,000 700,000	820,000 717,500	842,000 736,000
Bathroom including rewiring	1,000 100	625,000 500,000	500,000 250,000	512,500 256,250	525,000 263,000
Health & Safety programme	300 40	900,000 480,000	2,352,350 400,000	2,411,160 512,500	2,672,000 525,320
Gas heating programme	120 200	300,000 700,000	300,000 50,000	307,500 51,250	315,220 52,550
Enveloping programme	70	500,000	200,000	205,000	210,130
Door entry upgrade/renewal	5 7	25,000 -	25,000 50,000	25,630 51,250	26,300 52,530
Lifts	5	250,000	350,000	256,250	262,660
Digital TV aerials	120	250,000	275,000	281,880	288,920
Electric night storage heating	60 120	100,000 30,000	125,000 60,000	128,100 61,500	131,330 63,040
Water tank replacement	100	600,000	600,000	615,000	630,400
Sheltered warden voids	-	-	75,000	76,870	78,800
Structural issues / drainage	- 300	- -	- 1,500,000	256,240 -	262,000 -
Boiler replacement programme	-	(635,000)	-	-	-
Partial heating upgrade Garages Aids & Adaptations Capitalisation – response repairs Develop wider Housing initiatives Carried Forward Less : overprogramming					
Council Funded expenditure	3,175	6,160,000	8,997,350	7,941,000	8,342,000
Grant funded Extensions	3	200,000	200,000	-	-
Total HRA Capital Programme	3,175	6,360,000	9,197,350	7,941,000	8,342,000