

COMMUNITY AND SOCIAL AFFAIRS COMMITTEE

14 SEPTEMBER 2016

JOINT REPORT OF HEAD OF CENTRAL SERVICES & HEAD OF COMMUNITIES & NEIGHBOURHOODS

REVENUE BUDGET UPDATE 2016-17 - HOUSING REVENUE ACCOUNT (HRA)

1.0 PURPOSE OF REPORT

- 1.1 To update the committee on any effects on the HRA Revenue budget 2016/17 from the Government's announcements as reported to this committee in January 2016.

2.0 RECOMMENDATIONS

It is recommended that:

- 2.1 The Committee note the known effect of the recent Government announcements, the passing of the Housing and Planning Act and the Welfare Reform and Work Act on the HRA Revenue budget for 2016/17 and the working balance for 31 March 2017.

3.0 KEY ISSUES

3.1 Background

The HRA Revenue budget proposals 2016/17 were presented to this committee on 27 January 2016. These proposals included a number of unknowns for which Government announcements and the passing of the Housing and Planning Bill and the Welfare Reform and Work Bill were awaited.

3.2 HRA Estimates and Rent Decrease Options

In the budget in 2015 the Chancellor promised to reduce social rents by 1% for 4 years and this is contained within the Welfare Reform and Work Bill. However, since the budget, a further government announcement has confirmed that Supported Housing properties would not be eligible for the 1% decrease this year, and could instead increase rents by the previous policy of CPI + 1%, so for 2016/17 could increase by 0.90%. This increase has now been applied giving an average rent of £76.49 per week, an increase of £0.33 on the January report amount of £76.16 per week and an average percentage decrease of 0.60% overall.

The increase to the working balance from this update is £23,190 for 2016/17.

3.3 High Value Housing

The Housing & Planning Act has now been passed and has confirmed that the expected determination faced by local housing authorities for their high value vacant properties will be consulted upon before being set. This consultation has not yet been issued, so any change to the working balance from this determination has not yet been made.

3.4 Business Plan Update

Officers have updated the HRA Business Plan to take into account the changes to rent levels for the next 4 years, as stated above the income has increased by

£23,190 for 2016/17, this has a cumulative effect over the 30 years of the plan of £1,259,769. No other changes have been made to date. The estimated deficit for 2016/17 is therefore reduced to £247,980 from £271,170.

3.5 Pay to Stay

The Government has confirmed the key aspects of the Pay to Stay Policy, with full details to be set out in regulation, a draft version to be provided later in the Summer, and that the new provisions will apply to rents from April 2017. Reasonable administrative costs will be able to be retained by local authorities, however if no additional income arises from the change in policy, it is unknown who will then bear the administrative and set-up costs.

The key aspects of the policy include:

- The starting threshold in the first year will be £31,000 nationally and £40,000 in London, these thresholds will be reviewed annually.
- Households in receipt of Housing Benefit or Universal Credit will be exempt from the policy.
- The definition of income will be “taxable income” so excluding payments received from Tax Credits, Child Benefit, Disability Living Allowance and Personal Independence payments.
- A taper of 15% will be built in so for every additional £1 of income above the thresholds an additional 15p rent will be charged.
- The definition of “household” will be tenants, joint tenants and their spouses and partners.

Our costs for set-up and the ongoing administration are not yet known, so no additional costs have been included. Before the 2017/18 rent setting we will be required to write to tenants in order to obtain an income declaration which will be used to set any up-lift to a household’s rent.

4.0 POLICY AND CORPORATE IMPLICATIONS

4.1 There are no further policy and corporate implications arising from this report.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 Full financial and other resource implications are addressed elsewhere in this report.

6.0 LEGAL IMPLICATIONS/POWERS

6.1 There are no legal implications directly arising from this report.

7.0 COMMUNITY SAFETY

7.1 There are no direct links to community safety arising from this report.

8.0 EQUALITIES

8.1 An Equalities Impact Assessment was considered for the budget by the Head of Communities & Neighbourhoods which confirms that there are no specifically adversely affected groups and therefore no action plan is necessary. Rent levels are assessed based on the property and not on the occupants from any particular groups. The tenants are allocated properties in line with the Council’s Allocation Policy and Choice Based lettings scheme, which have previously been assessed and the ability to pay is assessed through Housing Benefits assessments.

9.0 **RISKS**

9.1 Self-financing continues to put new pressures on the Council to continue to provide decent housing for its tenants outside of the subsidy system.

9.2 Risks in regard to the items in this report have been identified as follows:

L I K E L I H O O D	A	Very High				
	B	High		1		
	C	Significant				
	D	Low				
	E	Very Low				
	F	Almost Impossible				
			Negligible 1	Marginal 2	Critical 3	Catastrophic 4
		IMPACT				

Risk No	Risk Description
1	Impact on the business plan of the determination on high value housing properties

10.0 **CLIMATE CHANGE**

10.1 There are no climate change issues directly arising from this report.

11.0 **CONSULTATIONS**

11.1 The Budget Holders and the Head of Communities & Neighbourhoods carried out the review of the original estimates with the assistance of the Service Accountant as required with reference to current budget monitoring protocols.

12.0 **WARDS AFFECTED**

12.1 All wards are affected.

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Date: 9 August 2016

Background Papers: Oracle Financial Reports
HRA Budget Setting Working Papers

Reference: X: Committees/CSA/201516/14-9-16/HRA Revenue Budget Adjustments 2016-17