

MID SUFFOLK DISTRICT COUNCIL

COMMITTEE: Cabinet	REPORT NUMBER: XXXX
FROM: Councillor John Whitehead, Cabinet Member for Finance	DATE OF MEETING: 10 February 2020
OFFICER: Katherine Steel, Assistant Director, Corporate Resources Gavin Fisk, Assistant Director, Housing Melissa Evans, Corporate Manager, Finance and Commissioning & Procurement	KEY DECISION REF NO. Item No.

HOUSING REVENUE ACCOUNT (HRA) BUDGET 2020/21 AND LONGER-TERM OUTLOOK

1. PURPOSE OF REPORT

- 1.1 The report contains details of the revenue and capital budgets and the Council's strategic financial aim. The purpose of this report is to present the HRA Budget for 2020/21 and longer-term outlook.
- 1.2 To enable Members to consider key aspects of the 2020/21 HRA Budget, including Council House rent levels.

2. OPTIONS CONSIDERED

- 2.1 The Housing Revenue Account Budget for 2020/21 and longer-term outlook is an essential element in achieving a balanced budget and sustainable medium-term position, therefore no other options are appropriate in respect of this.

3 RECOMMENDATIONS

- 3.1 That the HRA revenue budget proposals for 2020/21 and the longer-term outlook set out in the report and the updates tabled at the meeting be endorsed for recommendation to Council on 27 February 2020.
- 3.2 That the HRA capital budget proposals for 2020/21 set out in Appendix A in the report be endorsed for recommendation to Council on 27 February 2020.
- 3.3 That the CPI + 1% increase of 2.7% in Council House rents, equivalent to an average rent increase of £2.19 a week be implemented.
- 3.4 That garage rents are kept at the same level as 2019/20.

- 3.5 That Sheltered Housing Service charges be increased by £2 per week to reduce the subsidy by £30k.
- 3.6 That Sheltered Housing utility charges be increased by 5% (average £0.62 increase per week).
- 3.7 That the budgeted deficit of £564k be transferred from the HRA Reserves in 2020/21.
- 3.8 That in principle, Right to Buy (RTB) receipts should be retained to enable continued development and acquisition of new council dwellings.
- 3.9 That the revised 30-year HRA Business Plan in Appendix B be noted.

10 HRA REVENUE BUDGET 2020/21

- 10.1 The HRA Revenue Budget has **improved by £41k** as a result of changes to employee costs. The deficit position is now £564k as outlined below.

	Budget 2019/20	Budget 2020/21	Movement Adverse/ (Favourable)	Comments
	£'000	£'000	£'000	
Dwelling Rents	(14,154)	(14,258)	(104)	Although rents have increased by 2.7% for 2020/21 generating £375k, a cost pressure of £267k has resulted due to 2019/20 being 53 rent weeks, compared to 52 weeks in 2020/21. Also delays in anticipated new build developments budgeted for in 2019/20 have impacted the anticipated income by £4k.
Service Charges	(671)	(689)	(18)	Reflects £2 increase per week
Non-Dwelling Income	(389)	(355)	34	Assumed increase in rental of void garages did not materialise This will be reviewed in 2020/21.
Other Income	(8)	(23)	(15)	Commercial rent income previously categorised as dwelling rent income.
Interest Received	(8)	(9)	(1)	
Income	(15,230)	(15,334)	(104)	
General Management	2,162	2,437	275	£124k due to staffing cost changes which includes pay award/increments of £23k. IT maintenance costs of £40k due to the budget moving from the central ICT budget within the General Fund to the HRA. Overheads have increased by £40k due to additional customer services costs (% increased), £55k holiday accrual cost pressure not included in the budget last year, utilities cost pressure of £13k due to de-sheltered properties and other minor variances totalling a cost pressure of £10k.
Special Management	833	826	(7)	Reduction in community alarms due to de-sheltering of schemes £14k, partly offset by increment and pay award on staffing costs £7k.
Repairs and Maintenance	1,836	2,010	174	Salary savings of £111k as a result of the restructure (net of pay award/increments of £37k) £73k increase in recharge income, offset by increase in repairs, £24k saving on vehicle fuel based on 3-year average costs, £18k net saving on external contractors and tools and equipment. Increase in voids repairs £200k, and an increase of £200k for general repairs based on 3-year trend.
Property Services	1,284	1,255	(29)	Planned heating maintenance saving £100k due to closer scrutiny of the contract, planned maintenance painting increase of £95k due to backlog of work, asbestos survey £25k saving due to the Trades team now monitoring the arrangements.
Depreciation	3,709	3,709	0	
Interest payable	2,912	2,968	56	Increase due to higher borrowing costs
Revenue Contribution to Capital	2,827	2,604	(223)	Revised capital programme therefore funding required in year is reduced
Bad Debt Provision	86	89	3	Minor increase per the business model
Deficit for Year	419	564	145	