

PEOPLE SCRUTINY COMMITTEE

Date: Thursday 10 January 2019

Time: 5.30 pm

Venue: Rennes Room, Civic Centre, Paris Street, Exeter

Members are invited to attend the above meeting to consider the items of business.

If you have an enquiry regarding any items on this agenda, please contact Howard Bassett, Democratic Services Officer (Committees) on 01392 265107.

Entry to the Civic Centre can be gained through the Customer Service Centre, Paris Street.

Membership -

Councillors Wardle (Chair), Foale (Deputy Chair), Foggin, Holland, Owen, Pattison, Pierce, Robson and Vizard N

Agenda

Part I: Items suggested for discussion with the press and public present

1 Apologies

To receive apologies for absence from Committee members.

2 Minutes

To approve and sign the minutes of the meeting held on 1 November 2018.

(Pages 5 -
10)

3 Declaration of Interests

Councillors are reminded of the need to declare any disclosable pecuniary interests that relate to business on the agenda and which have not already been included in the register of interests, before any discussion takes place on the item. Unless the interest is sensitive, you must also disclose the nature of the interest. In accordance with the Council's Code of Conduct, you must then leave the room and must not participate in any further discussion of the item.

Councillors requiring clarification should seek the advice of the Monitoring Officer prior to the day of the meeting.

4 **Local Government (Access to Information) Act 1985 - Exclusion of Press and Public**

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of item 10 on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1, Schedule 12A of the Act.

5 **Questions from the Public under Standing Order 19**

Details of questions should be notified to the Corporate Manager Democratic and Civic Support at least three working days prior to the meeting. Further information and a copy of the procedure are available from Democratic Services (Committees) (Tel: 01392 265115) and also on the Council web site - <https://exeter.gov.uk/councillorsfaq/>

6 **Questions from Members of the Council under Standing Order 20**

To receive questions from Members of the Council to appropriate Portfolio Holders.

ITEM FOR CONSIDERATION BY THE EXECUTIVE

7 **Housing Rents and Service Charges : 2019/20**

To consider the joint report of the Chief Finance Officer and the Director (BA) (Pages 11 - 14)

ESTIMATES, CAPITAL PROGRAMME AND FEES AND CHARGES

8 **Housing Revenue Account - Estimates/New Capital Bids/Fees : 2019/20**

To consider the report of the Chief Finance Officer. (Pages 15 - 32)

9 **People -General Fund - Estimates/New Capital Bids/Fees and Charges : 2019/20**

To consider the report of the Chief Finance Officer. (Pages 33 - 44)

ITEM FOR CONSIDERATION BY THE EXECUTIVE

Part II : Item suggested for discussion with the press and public excluded

10 **Management arrangements for Exeter's Extra Care Scheme**

To consider the report of the Director (BA). (Pages 45 - 52)

Date of Next Meeting

The next scheduled meeting of the People Scrutiny Committee will be held on **Thursday** 7 March 2019 at 5.30 pm in the Civic Centre.

Find out more about Exeter City Council services by looking at our web site <http://www.exeter.gov.uk>. This will give you the dates of all future Committee meetings and tell you how you can ask a question at a Scrutiny Committee meeting. Alternatively, contact the Democratic Services Officer (Committees) on (01392) 265107 for further information.

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PEOPLE SCRUTINY COMMITTEE

Thursday 1 November 2018

Present:

Councillor Wardle (Chair)
Councillors Foale, Holland, Owen, Pattison, Pierce, Robson and Vizard N

Apologies:

Councillor Foggin

Also present:

Director (BA), Corporate Manager Democratic and Civic Support, Housing Solutions Lead, Principal Accountant Corporate, Technical Accounting Manager and Democratic Services Officer (Committees) (HB)

In attendance

Councillor Wright Portfolio Holder for Housing Revenue Account

39

MINUTES

The minutes of the meeting of People Scrutiny Committee held on 6 September 2018 were taken as read, approved and signed by the Chair as correct.

40

DECLARATION OF INTERESTS

No declarations of disclosable pecuniary interest were made.

41

QUESTIONS FROM THE PUBLIC UNDER STANDING ORDER 19

None.

42

QUESTIONS FROM MEMBERS OF THE COUNCIL UNDER STANDING ORDER 20

None.

43

ANNUAL SCRUTINY REPORT : 2017/18

The Corporate Manager Democratic and Civic Support presented the report providing an annual update on the Scrutiny work achieved during the Municipal Year 2017/18.

Following the resignation of the Scrutiny Programme Officer to take up another post within the Council the decision had been taken not to fill the vacant post. Members expressed their concern at the loss of this valuable service as they believed that it would compromise their ability to carry out the Council's scrutiny function effectively. Noting that future Task and Finish Groups would be led by respective service leads they sought further information on the future operation of scrutiny.

Responding to Members, the Corporate Manager Democratic and Civic Support advised that the decision not to fill the post had been taken because of ever increasing budget pressures on the Council. He however highlighted that all three Scrutiny Committees would have the opportunity to input into the 2019/20 budget process prior to submission to Council. He confirmed that there would continue to be annual scrutiny reports and, in response to a suggestion from a Member, acknowledged that this would be an appropriate time for the Committee to further assess the implications of the decision.

Members asked that their appreciation for the comprehensive and hard work undertaken by Anne Marie Hawley in her role as the Scrutiny Programme Officer be recorded and their thanks passed on.

Members indicated that they would like to review the decision not to fill the Scrutiny Programme Officer post in two years' time.

People Scrutiny Committee noted and approved the Annual Scrutiny report.

44 **ACCESSIBILITY AND INCLUSION TASK AND FINISH WORKING GROUP**

Councillor Lyons presented the report on the findings and recommendations of the Accessibility and Inclusion Task and Finish Group.

People Scrutiny Committee supported further investigations as to whether:-

- (1) to incorporate an "Access to Support" page into a prominent place on the Council's website;
- (2) to advertise Council Services and accessibility support on the internal screens in the Customer Service Centre;
- (3) to advertise Council Services and accessibility support on screens at local doctors' surgeries and whether there is an associated cost;
- (4) provide an A-Z page of Council services with general departmental contact details on the website and in paper form in various formats;
- (5) icons should be added to menu options on the website to provide better prompts and signposting to Council services;
- (6) direct links for key services should be introduced under the area headings which appear on the initial front page of the website;
- (7) to adapt the website to provide options to change the magnification, background colour and font size and colour; and
- (9) to ensure the website in general is compatible with the screen reading software often used by partially sighted customers.

45 **HOUSING REVENUE ACCOUNT - BUDGET MONITORING TO SEPTEMBER 2018**

The Technical Accounting Manager advised Members of any major differences by management unit between the approved budget and the outturn forecast for the second quarter in respect of the Housing Revenue Account (HRA) and the Council's new build schemes. An outturn update in respect of the HRA Capital Programme

was also incorporated in the report in order to help provide a comprehensive financial update in respect of the Housing Revenue Account.

During this period, the total budget variances indicated that there would be a net surplus of £3,868,032 in 2018/19. This represented a movement of £229,113 compared to the revised budgeted deficit of £4,097,145 for 2018/19.

The total amount of HRA capital expenditure for 2018/19 showed a total forecast deficit of £3,868,032.

The Technical Accounting Manager reported that the Government, as part of the recent budget announcement, had removed the borrowing cap so that local authorities were now able to borrow for new housebuilding in accordance with the Prudential Code.

The following responses were given to Members' queries:-

- 11 sites had been identified for potential new Council house build, subject to further financial viability work. Sites referred to areas not individual units;
- the Zebcat project was a zero carbon energy improvement pilot in conjunction with partners to improve energy efficiency. It included the installation of wall panels which include windows and doors and solar panel on roofs and would involve minimal disruption to tenants due to the pre fabrication of the panels off-site and the reduced installation timescales;
- the kitchen and bathroom replacement programmes were factored over 20 and 30 year periods respectively. Works undertaken separately outside these timetables were always assessed and could result in a recharge to the tenant for the early component renewal costs;
- to address the backlog of repairs in a contract with just under 24 months to run, regular meetings were being held at a high level and on site with the Mears Management Team to ensure the continued effective delivery of all contract requirements. Members were informed that the outstanding response repairs had reduced from 420 jobs at the end of August 2018 to 337 jobs at the end of October 2018 and that further assurance was being sought from the contractor to ensure that all backlog repairs were addressed as soon as possible.

People Scrutiny Committee noted the report.

46

PEOPLE - BUDGET MONITORING TO SEPTEMBER 2018

The Principal Accountant advised Members of any material differences, by management unit between the approved budget and the outturn forecast for the second quarter in respect of People Services. An outturn update in respect of the People Capital Programme was also incorporated in the report in order to help provide a comprehensive financial update in respect of the People Services budget.

The current forecast suggested that net expenditure would decrease from the approved budget by a total of £92,740 after transfers from reserves and revenue contributions to capital. This represented a variation of 2.64% from the revised budget and included a supplementary budget of £580,300.

The 2018/19 Capital Programme showed a total spend of £174,646.

People Scrutiny Committee noted the report.

ROUGH SLEEPING INITIATIVE 2018-2020

The Interim System Lead, Housing Needs presented the report updating Members on progress with the Exeter City Council Rough Sleeping Initiative (RSI) including the bidding process, income received and project work streams and timescales.

The Government had announced a £30 million fund for 2018 to 2019 with further funding provisionally agreed for 2019 to 2020 targeted at local authorities with high numbers of people sleeping rough was also released. Exeter, with 35 Rough Sleepers the previous autumn, had been one of the 83 Local Authorities in England who had been able to bid for funds through Round 1 of RSI funding and its eight work stream bid had succeeded with an award of £481,600. Exeter had also been awarded a provisional allocation of £444,260 for the 2019/20 period subject to meeting certain criteria which it was believed could be achieved, one benchmark being a reduction in the homeless figures to be obtained through the official count figure to be determined in November 2018 with a further figure to follow in January.

The Interim System Lead, Housing Needs reported that the most recent count had returned a figure of 27 rough sleepers however an unverified estimate from Outreach and St Petrocks reported a figure closer to 40. Whilst a sudden increase of rough sleepers had recently occurred in London and, nationwide a 16% increase reported in the last 12 months, figures for Exeter showed a small reduction but had generally remained stable over recent years. He confirmed that priority for services was given to those with an Exeter background and the numbers incoming from other Devon origins was small.

Members welcomed the report, praising the new homeless shelter at the former restaurant on Magdalen Street many having attended the opening on 31 October 2018. The facility included CCTV coverage including the exterior and because of the location near busy roads it was the intention to provide suitable advice to users of the service. The shelter had four separate bedrooms plus ground floor areas to meet different needs and the service was mindful of clients who wished to be segregated for various reasons including drink and drug issues.

The Housing Solutions Needs lead advised that it was the intention to create Homelessness Mental Health Champions across the main Homelessness Services including Assertive Homelessness Outreach Service; Gabriel House; St Petrocks; Housing Options Service; ICE team and their partners. Ongoing training would be provided for the Champions, training them in brief interventions and Cognitive Behavioural Therapy (CBT) and this could be rolled out to other parties including Members and officers, as appropriate.

Support for ex-offenders was a further strand and the prison service now had a duty to refer released prisoners to local authorities. A meeting had been held with the Ministry of Housing, Communities and Local Government lead Prison and Probation Advisor. There were regular cases of ex-offenders leaving prison without accommodation with a small number turning to rough sleeping on the streets of Exeter as well as other cities. One of the most significant challenges was assessing housing need and accessing accommodation for those who were in and out of prison on short term sentences and did not meet the threshold for accommodating by local authorities as they were often deemed as "non-priority". Because of this a Prison Release Property had been included as one of the projects in the bid.

People Scrutiny Committee noted the contents of the Rough Sleeping Initiative report and the actions that would be used to inform future service delivery. They also thanked those staff involved in securing the award and their on-going hard work in this area.

48

**PERFORMANCE SCRUTINY PARTNERSHIP - MINUTES OF THE MEETINGS
HELD ON 13 AUGUST 2018**

The Director (BA) reported that, following the resignation of one of the tenant representatives, the Partnership was no longer quorate and therefore the meetings had been suspended. In any event, a review was being undertaken of the department's approach to resident involvement and community development and the resources needed to deliver a revised approach. As part of the Survey of Residents and Tenants (STAR), tenants' views would be sought as to how they would like to work with the Council and the community connectors would also provide valuable insight. In due course, the agreed task and finish group would be convened to present initial findings to Members to gauge their views.

People - Scrutiny Committee noted the minutes of the meeting of the Performance Scrutiny Partnership of 13 August 2018.

(The meeting commenced at 5.30 pm and closed at 6.37 pm)

Chair

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REPORT TO: PEOPLE SCRUTINY COMMITTEE AND EXECUTIVE
DATE OF MEETING: 10 January 2019 and 15 January 2019
REPORT OF: Chief Finance Officer & Director
TITLE: Housing Rents and Service Charges 2019-20

Is this a key decision?

Yes

Is this an Executive or Council Function?

Executive

1. What is the report about?

This report sets out the proposed changes to council dwelling rents, garage rents and service charges with effect from 1 April 2019.

2. Recommendations:

That Members of Scrutiny Committee - People support and Executive approves:

2.1 Rents of Council dwellings are reduced by 1% from 1 April 2019

2.2 Garage rents are increased by 3% from 1 April 2019

2.3 Service Charges will remain at their existing levels, with the exception of charges specified in paragraph 12.3, from 1 April 2019

3. Reasons for the recommendations:

With effect from 1 April 2016, the Welfare Reform and Work Act 2016 requires social housing landlords to reduce rents by 1% a year for 4 years from a 2015-16 baseline.

The financial year 2019-20 represents the fourth and final year of implementing the 1% rent cut.

Rents of garages and service charges fall outside the scope of the 1% reductions. Authorities are expected to set reasonable and transparent charges which reflect the service being provided to tenants.

4. What are the resource implications including non financial resources

The proposed changes in housing rents, garage rents and service charges are reflected in the proposed 2019-20 estimates for the Housing Revenue Account, which are also presented to this committee.

As previously reported, the 1% reduction in rents over the four financial years is expected to result in a loss of £7.9 million compared to previous income projections for this period.

The Government's previous social rent policy was intended to give social landlords certainty over the 10 year period, 2015-16 to 2024-25, with rents expected to rise by Consumer Price Index inflation (CPI) + 1%. The policy change has resulted in a significant reduction in the level of financial resources available for housing investment.

5. Section 151 Officer comments:

The report contains details of the final year of the Government's rent reduction policy. This will offer a small reduction in the weekly rent payable by tenants and is a legal requirement. Council will note the changes in other charges as set out in the report.

6. What are the legal aspects?

Section 23 of the Welfare Reform and Work Act 2016 requires registered providers of social housing in England to reduce social housing rents by 1% a year for 4 years from a frozen 2015-16 baseline.

7. Monitoring Officers comments:

The report raises no issues for the Monitoring Officer.

8. Report Details:

RENT SETTING BACKGROUND

8.1 Despite applying a 1% reduction to rents, the underlying rent for each council property is based upon a national rent formula.

8.2 The rent formula was established to ensure that social rents take account of:

- The condition and location of a property – reflected in its value
- Local earnings
- Property size (specifically, the number of bedrooms in a property)

8.3 The rent formula for each council dwelling is set, based upon January 1999 levels, and up until 2015-16 was uplifted for inflation each year.

8.4 During the 4 year rent reduction period, the baseline 2015-16 'formula rent' will be incrementally reduced by 1% in 2016-17, 2017-18, 2018-19 and 2019-20.

8.5 On 4 October 2017, DCLG announced that increases to social housing rents, after the 4 year rent reduction period, will be limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020.

Social Rent Decreases for 2019-20

8.6 In accordance with the Welfare Reform and Work Act 2016, it will be necessary to reduce rents by 1%. For 2019-20 this will result in an average reduction of £0.75 per week, over 52 weeks, per property.

8.7 Rents are collected over 48 weeks, resulting in an average reduction of £0.81 per collection week for 2019-20.

8.8 On a typical 2 bedroom flat the weekly rent for 2019-20 will be £74.35 (over 52 weeks). For comparative purposes, the average weekly rents for a 2 bedroom flat in Exeter are:

- £89.42 per week with a housing association
- £173.08 per week rented in the private sector

9. Universal Credit

- 9.1 Universal Credit has been introduced in Exeter. It replaces Housing Benefit and a range of other welfare benefits for most working age people. Universal Credit is paid monthly and is designed to match the way that most salaries are paid. Universal Credit may include an amount towards rent and the claimant will be responsible for using this money to pay their landlord themselves. It is recognised that adapting to this new way of receiving benefits may be difficult for claimants.
- 9.2 As reported to People Scrutiny Committee on 4 January 2018, areas in which Universal Credit has been rolled out have reported a rise in the level of rent arrears. In order to help mitigate this risk the Council are working with DWP, under a funded partnership arrangement, to offer advice and assistance in the use of on-line services, budgeting and managing finances to claimants. In April 2019, the responsibility for delivering Universal Support moves to the Citizen Advice Bureau.
- 9.3 It is too early to forecast with accuracy the impact on HRA rent arrears, the proposed budget for rental income in 2019/20 has therefore made an estimated £200k provision for an increase in arrears, specifically related to tenants owing more than £500. As a guide, rent arrears were £398,758 as at 31 March 2018 in respect of current tenants.

10. Affordable Rents for Newly Built Council Housing

- 10.1 Affordable rent allows local authorities to set rents at levels that are typically higher than social rents, at up to 80% of local market rent inclusive of service charges. The intention behind this is to maximise returns and generate capacity for further investment in new affordable housing.
- 10.2 The requirement to reduce rents by 1% for four years also applies to properties let at affordable rents. For Exeter, this applies to the Council Own Build sites; Knights Place, Rowan House, Silverberry Close, Barberry Close, Reed Walk and Chester Long Court.

11. Garage Rent Increase

- 11.1 Rentals of non-dwellings, such as garages, are outside the scope of the Government's social rent policy. However, previous annual increases to garage rents have been in-line with rises in social rents at CPI + 1%.
- 11.2 Under self-financing local authorities are encouraged to review the rents of non-dwellings in order to ensure associated costs are fully recovered. In light of the proposed capital investment in garages over the next 4 years, it is considered appropriate to recover the costs over a period from a higher rental.
- 11.3 A 3% increase in garage rents and parking spaces is proposed, in line with inflationary increases to general fees and charges of the Council.

12. Service Charge Increase

- 12.1 These charges cover services and facilities provided by the authority to tenants which are not covered by their rent. Service charges reflect additional services which may not be provided to every tenant, or which may be connected with communal facilities. Different tenants receive different types of service reflecting their housing circumstances.

- 12.2 Service charges are limited to covering the cost of providing the services. Previous Government guidelines advised that authorities should endeavour to keep increases in-line with rent changes, at CPI + 1%, to help keep charges affordable. Increases above this may be made on rare occasions when an authority has increases in costs outside its control, such as increases in fuel costs.
- 12.3 With rents reducing it is proposed that service charges are maintained at their existing levels for 2019-20, with the following exceptions:
- 10% increase in emergency light testing in line with routine testing costs and additional installations
 - 20% decrease in respect of the Older Persons' property service charge reflecting a frozen post
 - 5% reduction in respect of door entry systems in line with system maintenance costs

13. How does the decision contribute to the Council's Corporate Plan?

The Housing Revenue Account contributes to three key priorities, as set out in the Corporate Plan; providing value-for-money services, leading a well-run council and building great neighbourhoods.

14. What risks are there and how can they be reduced?

In addition to the 1% reduction in rental income over the four years; 2016-17 to 2019-20, the main risk to council dwelling rents relates to the impact of welfare reforms, in particular the move to Universal Credit.

Officers are already planning for the implementation including management techniques to support and encourage customer behaviour towards rent payment in order to help mitigate this risk.

15. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

Rents and service charges represent the main sources of income to the HRA, which in turn provides the financial resources to deliver housing services and maintain the condition of council dwellings, which has a positive impact on the health and well-being of Council tenants. In the delivery of services, housing officers are able to identify and manage issues relating to safe-guarding, vulnerabilities and community safety.

16. Are there any other options?

No other options.

**Chief Finance Officer
Director**

Author:
Michelle White

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:

REPORT TO: PEOPLE SCRUTINY COMMITTEE
DATE OF MEETING: 10 January 2019
REPORT OF: Chief Finance Officer
TITLE: Housing Revenue Account Estimates 2019-20

Is this a Key Decision?

Yes

Is this an Executive or Council Function?

Council

1. What is the report about?

This report sets out the proposed revenue and capital estimates for 2019-20 in respect of the Housing Revenue Account (HRA) and Council Own Build Sites.

2. Recommendations:

That Members of People Scrutiny Committee support the estimates for 2019-20 and recommends their approval at the Special Meeting of the Council on 26 February 2019.

3. Reasons for the recommendation:

The HRA is a record of income and expenditure relating to an authority's own housing stock. Local housing authorities have a statutory duty to keep an HRA in accordance with proper accounting practices, to set an annual budget and to review the account throughout the year.

4. What are the resource implications including non-financial resources

The financial resources required to deliver both housing services to Council tenants and to invest in new and existing housing stock during 2019-20 are set out in the body of this report. The budgets have been set within the confines of implementing the fourth and final year of social housing rent cuts, in accordance with the Welfare Reform and Work Act 2016.

5. Section 151 Officer comments:

The report sets out the proposed income and expenditure for 2019-20. There is a small budgeted deficit, which is in line with the HRA's medium Term Financial Plan. The budgeted deficit is substantially lower than 2018-19, when a planned, large contribution has been made to the construction of the Extra Care facility.

6. What are the legal aspects?

The Local Government Act 2003 places a duty on authorities to set robust estimates, maintain adequate reserves and to monitor the budgets and this applies equally to the HRA as to the General Fund.

The Housing Revenue Account is also framed by the Local Government and Housing Act 1989. This Act created the ring-fence and the structure within which the HRA operates and covers the detailed operation of the HRA, including the credits (income) and debits (expenditure) which make up the account.

7. Monitoring Officer Comments:

The report raises no issues for the Monitoring Officer.

8. Report Details:

BUDGET FRAMEWORK FOR THE HRA

8.1 SELF-FINANCING

Since April 2012, the Council's HRA is expected to be self-financing. Thus all income collected locally from rents, service charges and other sources are kept at a local level to deliver housing services to tenants and to maintain the housing stock.

8.2 ANNUAL BUDGET SETTING

Budgets are revisited each year to make amendments for assumptions made on stock levels, interest rates, inflation and other changed circumstances.

8.3 INFLATION

An overall allowance of £247,920 has been set aside for inflation within the HRA. The inflationary increases allowed in the budgets are:

Pay award	2.0%
Pay – Increments	0.5%
Electricity	25%
Gas	6%
Water	0%
Insurance	8%
Fuel	3%
General Inflation	0%
Income (except dwelling rents)	3%

General inflation has again been held at zero; however, where there are contracts in place, inflation at around the Consumer Price Index (CPI) has been added.

8.4 INTEREST RATES

In respect of interest rates, next year's budget reflects the likelihood that whilst base rate may remain low, borrowing for cash-flow purposes will increase and the Council may begin to take out borrowing over a longer timeframe as a result.

However, this only affects the borrowing attributable to the original Council Own Build sites; Rowan House and Knights Place, as the HRA has fixed the interest rate payable on its 50 year maturity loan with the Public Works Loan Board (PWLb).

8.5 SOCIAL RENT POLICY

With effect from 1st April 2016, the Welfare Reform and Work Act 2016 requires social housing landlords to reduce social housing rents by 1% a year for 4 years from a 2015/16 baseline.

The financial year 2019/20 represents the final year of implementing the 1% rent cut.

As previously reported, local authorities had previously been given assurance that rents would rise by Consumer Price Index inflation (CPI) + 1% for the ten years; 2015-16 to

2024-25. The statutory 1% rent cut has therefore significantly reduced the resources available to the HRA with approximately £7.9 million less rental income over the 4 year period compared to previous income projections.

For 2019-20 this will result in an average reduction of £0.75 per week, over 52 weeks, per property.

A separate report is being presented to this committee in respect of setting council dwelling rents for 2019-20, which provides more detail.

8.6 HIGHER VALUE ASSETS LEVY

Since 2016-17 the HRA has been reporting a financial risk in respect of the High Value Assets Levy with provisions contained within the Housing and Planning Act 2016 to allow for its introduction. The Act enabled the government to define 'higher value' homes and place a duty on local authorities to make a payment to the Government in respect of its 'high value' homes.

In August 2018, the Government announced that it will not bring the Higher Value Assets Levy into effect and will repeal the legislation.

8.7 LIFTING OF HRA BORROWING CAP

Since April 2012 each local authority had a limit on the amount of borrowing it could have for the purposes of the HRA, called the 'debt cap'. For Exeter City Council, the debt cap was £57,882,413.

The HRA debt cap was formally removed on 29 October 2018, as a result local authorities are now able to borrow for housebuilding in accordance with the Prudential Code.

Officers are currently investigating sites for the development of new council housing in order to make use of this new flexibility and to contribute to local housing delivery.

8.8 KEY HOUSING REVENUE ACCOUNT BUDGET CHANGES PROPOSED FOR 2019-20

The table below sets out the key changes between the budgets for the current financial year and the draft estimates for 2019-20. Please also refer to Appendix 1.

Movement	£
Budgeted Deficit for 2018-19	3,762,145
Inflationary increases	247,920
As explained in paragraph 8.3	
Decreased budget for Management	(42,830)
Officer Responsible: Housing Lead – Tenancy Services, Service Lead – Housing Assets, Service Lead Performance, Strategy & Resources	
<ul style="list-style-type: none"> Reflects a reduced support service recharge from the former Housing Development Team. Instead, members of the team have been transferred directly into Planning Services, Environmental Health and the HRA according to the work they perform in respect of building neighbourhoods, empty homes and social housing respectively. <p>Officers transferred into the HRA are now budgeted as employees within the Housing Assets team.</p>	
Decreased budget for Housing Customers	(12,660)
Officer Responsible: Housing Lead – Tenancy Services	

- Reduced employee costs reflect the re-allocation of costs to the Health & Safety Compliance Team, within Housing Assets, in recognition of the regular inspections of communal areas by the Housing Customer Relations Officers. Inspections are undertaken to help ensure escape routes are maintained free from all obstacles in accordance with the new Fire Safety Management Policy, as adopted by Council on 17 October 2017.

Increased budget for Sundry Land Maintenance	65,010
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Officer Responsible: Housing Lead – Tenancy Services

- A 5 year programme to tackle at risk trees on HRA communal land, as identified by Public Realm, started in 2017-18. Next year will be the third year of the programme to deal with trees in decline, unsuitable locations, ash dieback and elm disease.

The HRA's medium term financial plan had already factored in a £70k year-on-year increase for dealing with its trees and the proposed budget increase for 2019-20 reflects this.

Increased budget for Repairs and Maintenance Programme	100,830
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Officer Responsible: Service Lead – Housing Assets

Overall, a minor increase in the budgets required for the Repairs and Maintenance Programme in 2019-20 (equating to 1.6% after inflation), which reflects;

- A new general maintenance contract is due to be awarded from September 2020. In the mean-time the proposed 2019-20 budget has been maintained at 2018-19 levels plus inflation, until the outcomes of a procurement process are known.
- The budget for repairs to void properties based upon last 4 year average spend levels plus an inflationary allowance.
- The budgets for both external painting to council dwellings and communal area decorations provides for works to be undertaken on a 7 year cyclical programme.
- Service and maintenance budgets reflect contract arrangements and allow for inflationary rises, where appropriate.
- The budget for asbestos removal has been increased to allow for asbestos removal works to void properties. The budget also reflects planned capital works (such as kitchen and bathroom replacements), in order to ensure safely removed prior to major works being undertaken.
- A higher than inflation increase has been applied to the Decoration Assistance Scheme in order to help manage the waiting list and planned cycle.

Reduced Revenue Contribution to Capital	(4,696,550)
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Officer Responsible: Housing Lead – Tenancy Services, Service Lead – Housing Assets, Service Lead Performance, Strategy & Resources

- The budget reflects the amount of revenue monies required towards financing the HRA capital programme in 2019-20. This is a significant reduction compared to 2018-19, which is most notably due to a one-off £2.7m contribution to financing the Extra Care scheme at St Loyes.

Increased budget for Capital Charges	217,760
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Officer Responsible: not applicable (statutory accounting charge)	
<ul style="list-style-type: none"> This represents an increased depreciation charge in respect of HRA assets including; dwellings, garages, IT, vehicles and plant and equipment. It is calculated in accordance with the latest Stock Valuation guidance issued by the Department for Communities and Local Government in November 2016. <p>Depreciation is a real cost to the HRA as it represents the minimum amount of revenue monies to be set aside in the Major Repairs Reserve in order to provide for future capital works and help maintain assets in a stable condition.</p>	
Increased budget for Housing Assets	351,280
Officer Responsible: Service Lead – Housing Assets	
<ul style="list-style-type: none"> Following the removal of the HRA borrowing cap from 29 October 2018, local authorities are able to take on new borrowing for housebuilding. Budget provision of £250k has been made for the investigation of new build sites, including viability assessments, scheme modelling and project planning, in order to inform a new build capital programme. Employee costs reflect the transfer of two officers from the former Housing Development Team directly into the HRA to reflect new line management arrangements. The allocation of health and safety related duties performed by Housing Customer Relations Officers are also reflected in this budget area, as explained above. 	
Decreased income budget in respect of Rents	408,390
Officer Responsible: Service Lead – Tenancy Services	
<ul style="list-style-type: none"> The budget for rental income from council dwellings has decreased in accordance with the Welfare Reform and Work Act 2016, which requires social landlords to reduce rents by 1% each year for 4 years, between 2016-17 and 2019-20. The budgets also reflect a greater void allowance for rent lost whilst major works are undertaken (e.g. LAINGS and Rennes House) and takes into consideration the introduction of Universal Credit. Please also refer to the Housing Rent and Service Charge report, for more details. The budgets also reflect the disposal of garage sites to Exeter City Living Ltd and the associated loss of rental income. 	
Increased income budget in respect of Interest	(14,480)
Officer Responsible: Housing Lead – Tenancy Services, Service Lead – Housing Assets, Service Lead Performance, Strategy & Resources	
<ul style="list-style-type: none"> Additional interest receivable in respect of HRA balances (working balance, capital receipts and major repairs reserve). 	
Budgeted Deficit for 2019-20	386,815

8.9 MOVEMENT IN HRA WORKING BALANCE

The proposed budgets for 2019-20 indicate that a total of £386,815 will need to be taken out of the HRA Working Balance in order to meet the budgeted deficit. The impact on the HRA Working Balance is set out below.

It is considered prudent to maintain a HRA Working Balance at no less than £4m over the medium term, whilst plans to embark on an ambitious programme of new build schemes are considered.

Please also refer to Appendix 2 which sets out the total forecast HRA capital resources over the next 3 years, of which the HRA working balance forms a significant part.

Movement on HRA Working Balance	£
Estimated HRA Working Balance, as at 1/4/19	6,344,212
Supplementary budget to be requested at 31/3/19	(200,000)
Budgeted Deficit for 2019-20	(386,815)
Balance resolved to be retained (HRA contingency)	(4,000,000)
Total Forecast Balance Available, as at 31/3/20	1,757,397

8.10 HRA CAPITAL PROGRAMME

The HRA Capital Programme for 2019-20 is £20.591m, which comprises:

HRA Capital Investment	£
Capital investment in existing stock	11,388,670
Capital investment in the provision of new council homes	9,201,840
Total HRA Capital Programme 2019-20	20,590,510

In terms of investment in existing stock the proposed budgets for 2019-20 provide for the following:

- 245 kitchen replacements
- 245 bathroom replacements
- Refurbishment of 17 LAINGS properties
- 480 boiler replacements
- Year 2 of storage facility improvements in accordance with the Fire Safety Management Policy
- Refurbishment of Rennes House to commence following replacement of the lifts
- 200 properties to have window replacements
- Re-roofing to 142 houses

A detailed list of the proposed new schemes for this Committee is attached at Appendix 3.

8.11 HRA CAPITAL FINANCING

The proposed HRA Capital Programme for 2019-20 will be financed as follows. Please also refer to Appendix 2 which sets out the impact on capital resources available to the HRA over the next 3 years.

HRA Capital Financing	£
Major Repairs Reserve	8,432,086
Revenue Contribution to Capital	2,500,000
Capital Receipts	4,030,000
Commutated sums	5,320,000
External contributions	308,424

Total HRA Capital Financing 2019-20	20,590,510
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8.12 FEES AND CHARGES

The proposed Fees and Charges for Housing in 2019-20 are included at Appendix 4.

9. BUDGET FRAMEWORK FOR THE COUNCIL'S OWN BUILD SCHEMES

The Council's own build properties at Rowan House and Knights Place form part of the overall Housing Revenue Account, but separate income and expenditure budgets are maintained in order to ensure that they are self-financing.

There are no significant budget variations for 2019-20. A surplus of £15,470 is budgeted for 2019/20 compared to a budgeted surplus of £16,630 for 2018/19. The difference predominantly relates to inflationary increases in costs. Please also refer to Appendix 5.

10. How does the decision contribute to the Council's Corporate Plan?

The Housing Revenue Account contributes to three key priorities, as set out in the Corporate Plan; providing value-for-money services, leading a well-run council and building great neighbourhoods.

11. What risks are there and how can they be reduced?

It is not permissible for the HRA to go into an overall financial deficit position. In setting the annual budget it is important to ensure that an adequate level of HRA balances is maintained as a contingency against risks.

12. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

The proposed revenue budgets for the year will help the HRA provide tenancy management services and maintain the condition of council dwellings, which has a positive impact on the health and well-being of Council tenants. In the delivery of services, housing officers are able to identify and manage issues relating to safe-guarding, vulnerabilities and community safety.

In terms of capital expenditure, the 2019-20 capital programme will enable enhancements to existing dwelling stock to be undertaken and help support the provision of new housing, both of which will have a positive impact on those in housing need.

13. Are there any other options?

No

DAVE HODGSON
Chief Finance Officer

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Local Government (Access to Information) Act 1972 (as amended)
Background papers used in compiling this report:
None

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SCRUTINY COMMITTEE - PEOPLE (HRA)

HOUSING REVENUE ACCOUNT

Subjective Analysis	BASE ESTIMATE 2018/2019	INFLATION	NEW PROPOSALS RECURRING	NEW PROPOSALS NON-RECURRING	OTHER ADJUSTMENTS	NEW ESTIMATE 2019/2020
PAY	2,520,430	61,550	0	0	100,020	2,682,000
PREMISES	14,546,870	219,160	70,000	(11,200)	(4,604,820)	10,220,010
SUPPLIES & SERVICES	537,100	1,560	0	(10,300)	176,020	704,380
TRANSPORT	74,925	860	0	0	(3,480)	72,305
SUPPORT SERVICES	1,642,130	0	0	0	45,370	1,687,500
CAPITAL CHARGES	4,986,010	0	0	0	217,760	5,203,770
Total Expenditure	24,307,465	283,130	70,000	(21,500)	(4,069,130)	20,569,965

INCOME	(24,307,465)	(35,210)	62,000	0	3,710,710	(20,569,965)
Total Income	(24,307,465)	(35,210)	62,000	0	3,710,710	(20,569,965)

Net Expenditure	0	247,920	132,000	(21,500)	(358,420)	0
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Represented By						
85A1 MANAGEMENT	1,260,275	19,560	0	(10,300)	(32,530)	1,237,005
85A2 HOUSING CUSTOMERS	1,353,120	31,210	0	0	(12,660)	1,371,670
85A3 SUNDRY LANDS MAINTENANCE	561,710	7,710	70,000	0	(4,990)	634,430
85A4 REPAIR & MAINTENANCE PROGRAMME	6,072,360	158,780	0	0	100,830	6,331,970
85A5 REVENUE CONTRIB TO CAPITAL	7,196,550	0	0	0	(4,696,550)	2,500,000
85A6 CAPITAL CHARGES	3,006,450	0	0	0	217,760	3,224,210
85A7 HOUSING ASSETS	1,608,960	30,660	0	(11,200)	362,480	1,990,900
85A8 RENTS	(19,127,090)	0	62,000	0	346,390	(18,718,700)
85B2 INTEREST	1,829,810	0	0	0	(14,480)	1,815,330
85B4 MOVEMENT IN WORKING BALANCE	(3,762,145)	0	0	0	3,375,330	(386,815)
Net Cost	0	247,920	132,000	(21,500)	(358,420)	0

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HRA AVAILABLE RESOURCES

HOUSING REVENUE ACCOUNT	2018-19	2019-20	2020-21	2021-22	2022-23	TOTAL
	£	£	£	£	£	£
CAPITAL RESOURCES AVAILABLE						
Usable Receipts Brought Forward						7,704,749
Major Repairs Reserve Brought Forward						11,169,004
Other HRA Sales	1,904,500	150,000	0	0	0	2,054,500
RTB sales	1,306,552	650,000	500,000	500,000	400,000	3,356,552
Surrender back to DCLG - pending investment in replacement affordable housing	0	(965,712)	0	0	0	(965,712)
Major Repairs Reserve	3,180,337	3,224,210	3,224,210	3,224,210	3,224,210	16,077,177
Revenue Contributions to Capital	7,196,555	2,500,000	3,100,000	4,500,000	3,400,000	20,696,555
External contributions	284,000	308,424	0	0	0	592,424
Grant funding - Estate Regeneration Funding	756,257	0	0	0	0	756,257
Grant funding - Zero Energy Buildings Project	216,000	0	0	0	0	216,000
Commuted sums	471,107	5,320,000	949,432	0	0	6,740,539
Total Resources available	15,315,308	11,186,922	7,773,642	8,224,210	7,024,210	68,398,045
CAPITAL PROGRAMME						
HRA Capital Programme	14,871,217	20,590,510	12,419,250	10,368,585	8,895,408	67,144,970
Total Housing Revenue Account	14,871,217	20,590,510	12,419,250	10,368,585	8,895,408	67,144,970
UNCOMMITTED CAPITAL RESOURCES:						
Usable Receipts Brought Forward	7,704,749	8,760,801	4,565,089	2,615,089	2,365,089	7,704,749
Major Repairs Reserve Brought Forward	11,169,004	10,557,043	5,349,167	2,653,559	759,184	11,169,004
Resources in Year	15,315,308	11,186,922	7,773,642	8,224,210	7,024,210	49,524,292
Less Estimated Spend	(14,871,217)	(20,590,510)	(12,419,250)	(10,368,585)	(8,895,408)	(67,144,970)
Uncommitted Capital Resources	19,317,844	9,914,256	5,268,648	3,124,273	1,253,075	1,253,075
WORKING BALANCE RESOURCES:						
Balance Brought Forward	10,212,244	6,344,212	5,757,397	5,534,683	4,301,654	10,212,244
HRA Balance Transfer - Surplus/(Deficit)	(3,868,032)	(386,815)	(222,714)	(1,233,029)	25,674	(5,684,916)
Supplementary budget to be requested		(200,000)				(200,000)
Balance Carried Forward	6,344,212	5,757,397	5,534,683	4,301,654	4,327,328	4,327,328
Balance Resolved to be Retained	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Uncommitted HRA Working Balance	2,344,212	1,757,397	1,534,683	301,654	327,328	327,328
TOTAL AVAILABLE CAPITAL RESOURCES	21,662,056	11,671,653	6,803,331	3,425,927	1,580,403	1,580,403

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HOUSING - CAPITAL PROGRAMME 2019/20 AND FUTURE YEARS

DESCRIPTION	2018/19 B/fwd	2019-20	2019-20 Total	2018/19 B/fwd	2020-21	2020-21 Total	2021-22	2022-23	Total
	£	£	£	£	£	£	£	£	£
INVESTMENT IN EXISTING STOCK									
1 Adaptations	75,000	517,500	592,500		560,820	560,820	560,810	560,000	2,274,130
2 Balcony Walkway Improvements	100,000	135,000	235,000		108,710	108,710	108,720	108,000	560,430
3 Bathroom Replacements (inc. Communal)		918,750	918,750		918,750	918,750	948,750	918,750	3,705,000
4 Boiler Replacement Programme & Central Heating		590,670	590,670		590,500	590,500	590,670	590,500	2,362,340
5 Common Area Footpath & Wall Improvements	100,000	59,360	159,360		95,800	95,800	132,300	159,370	546,830
6 Communal Area Improvements - New Flooring		97,890	97,890		73,840	73,840	49,790	73,840	295,360
7 Communal Door and Screen Replacements	100,000	108,060	208,060		208,070	208,070	185,130	208,070	809,330
8 Door Replacements (inc. Outbuildings)		172,490	172,490		213,490	213,490	213,490	231,000	830,470
9 Electrical Central Heating		15,000	15,000		15,000	15,000	15,760	15,000	60,760
10 Electrical Rewires - Communal		213,200	213,200		213,490	213,490	213,490	213,490	853,670
11 Electrical Rewires - Domestic		354,000	354,000		354,000	354,000	354,000	354,000	1,416,000
12 Energy Conservation	25,000	0	25,000	25,000	0	25,000	0	0	50,000
13 Estate Improvements		50,000	50,000		50,000	50,000	50,000	50,000	200,000
14 Fire Risk Assessment Works	150,000	65,200	215,200		344,830	344,830	344,830	344,830	1,249,690
15 Fire Safety Storage Facilities	90,000	150,000	240,000		150,000	150,000	150,000	150,000	690,000
16 Garage Upgrades		68,400	68,400		68,400	68,400	68,400	68,400	273,600
17 Kitchen Replacements (inc. Communal)		1,347,250	1,347,250		1,347,500	1,347,500	1,347,500	1,347,500	5,389,750
18 LAINGS Refurbishments		1,298,580	1,298,580		0	0	0	0	1,298,580
19 Loft and Cavity Insulation		52,690	52,690		52,690	52,690	52,690	52,690	210,760
20 Reroofing - Flats	81,820	177,590	259,410		250,000	250,000	250,000	250,000	1,009,410
21 Reroofing - Houses (outbuildings, chimney, gutters, downpipes, fascia)	98,180	1,043,610	1,141,790		1,141,790	1,141,790	1,141,790	1,054,500	4,479,870
22 Housing Management System		25,000	25,000		0	0	0	0	25,000
23 Porch Canopies		90,480	90,480		55,810	55,810	54,470	66,920	267,680
24 Rennes House Structural Works	490,000	1,510,000	2,000,000	1,500,000	500,000	2,000,000	1,485,275	0	5,485,275
25 Soil Vent Pipe Replacement	40,000	63,950	103,950		33,740	33,740	49,110	49,110	235,910
26 Structural Repairs		155,250	155,250		160,680	160,680	166,300	194,128	676,358
27 Window Replacements		758,750	758,750		758,750	758,750	785,310	785,310	3,088,120
Sub total - Investment in Existing Stock	1,350,000	10,038,670	11,388,670	1,525,000	8,266,660	9,791,660	9,318,585	7,845,408	38,344,323
PROVISION OF NEW COUNCIL HOMES									
28 Social Housing Acquisitions - Section 106	390,000		390,000		50,000	50,000	50,000	50,000	540,000
29 Social Housing Acquisitions - Open Market		1,000,000	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
30 St Loyes Extracare Scheme	(676,924)	8,488,764	7,811,840	1,400,000	177,590	1,577,590	0	0	9,389,430
Sub total - Investment in the Provision of New Homes	(286,924)	9,488,764	9,201,840	1,400,000	1,227,590	2,627,590	1,050,000	1,050,000	13,929,430
Total HRA Capital Programme	1,063,076	19,527,434	20,590,510	2,925,000	9,494,250	12,419,250	10,368,585	8,895,408	52,273,753

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Housing Revenue Account - Fees and Charges 2019/20

	2018/19 Charges				Proposed Charges 2019/20			
	Fee £ p	VAT @ 20% £ p	Total £ p	VAT Code	Fee £ p	VAT @ 20% £ p	Total £ p	VAT Code
AC <u>LETTING ROOMS</u>								
Sheltered Homes - Community Rooms								
per hour or part thereof -								
- non profit-making bodies	8.20	-	8.20	8	8.50	-	8.50	8
- profit-making bodies	23.70	-	23.70	8	24.40	-	24.40	8
Sheltered Homes guest rooms per night	14.50	-	14.50	8	15.00	-	15.00	8
AD <u>MORTGAGE FEE REFERENCES</u>	39.58	7.92	47.50	3	40.83	8.17	49.00	3
AE <u>LEASEHOLD FLATS</u>								
Legal Fees for leasehold flat transfers	145.83	29.17	175.00	3	150.00	30.00	180.00	3

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SCRUTINY COMMITTEE - PEOPLE (HRA)

85B5 - COUNCIL OWN BUILD

Subjective Analysis	BASE ESTIMATE 2018/2019	INFLATION	NEW PROPOSALS RECURRING	NEW PROPOSALS NON-RECURRING	OTHER ADJUSTMENTS	NEW ESTIMATE 2019/2020
PAY	27,890	710	0	0	70	28,670
PREMISES	17,530	480	0	0	(1,690)	16,320
SUPPLIES & SERVICES	200	0	0	0	0	200
TRANSPORT	370	0	0	0	0	370
SUPPORT SERVICES	4,900	0	0	0	70	4,970
CAPITAL CHARGES	22,370	0	0	0	1,170	23,540
Total Expenditure	73,260	1,190	0	0	(380)	74,070
INCOME	(73,260)	(160)	0	0	(650)	(74,070)
Total Income	(73,260)	(160)	0	0	(650)	(74,070)
Net Expenditure	0	1,030	0	0	(1,030)	0
Represented By						
H005 COB MANAGEMENT	32,670	710	0	0	130	33,510
H006 ROWAN HOUSE	(10,350)	0	0	0	120	(10,230)
H007 KNIGHTS PLACE	(58,400)	320	0	0	(960)	(59,040)
H008 INTEREST	6,070	0	0	0	(330)	5,740
H009 CAPITAL CHARGES	13,380	0	0	0	1,170	14,550
H010 COB MOVEMENT IN WORKING BAL	16,630	0	0	0	(1,160)	15,470
Net Cost	0	1,030	0	0	(1,030)	0

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REPORT TO: PEOPLE SCRUTINY COMMITTEE
DATE OF MEETING: 10 January 2019
REPORT OF: Chief Finance Officer
TITLE: People Scrutiny Committee - Estimates 2019/20

Is this a Key Decision?

Yes

Is this an Executive or Council Function?

Council

1. What is the report about?

This report sets out the proposed revenue and capital estimates for 2019/20 in respect of People Services.

2. Recommendations:

That Members of People Scrutiny Committee support the estimates for 2019/20 and recommends their approval at the Special Meeting of the Council on 26 February 2019.

3. Reasons for the recommendation:

Local authorities have a statutory duty to set an annual budget and to monitor the budget throughout the year.

4. What are the resource implications including non financial resources

The financial resources required to deliver People Services during 2019/20 are set out in the body of this report.

5. Section 151 Officer comments:

The budget is in line with the updated medium term financial plan and forms part of a proposed balanced budget for the Council in 2019/20. The budget will ultimately be agreed on 26 February along with the Council Tax for 2019/20.

Members should note that further reductions totalling £2.4 million will have to be identified in order to balance the budget for the following year.

6. What are the legal aspects?

Part 2 of the Local Government Act 2003 provides the legislative framework for the process of setting and managing budgets. The act places a duty on authorities to set robust estimates, maintain adequate reserves.

7. Monitoring Officer Comments:

This report raises no issues for the Monitoring Officer.

8. Report Details:

BUDGET FRAMEWORK FOR PEOPLE SERVICES

8.1 ANNUAL BUDGET SETTING

Budgets are revisited each year to make amendments for assumptions made on interest rates, inflation and other changed circumstances.

8.2 INFLATION

An overall allowance of £102,720 has been set aside for inflation within People Services. The inflationary increases allowed in the budgets are:

Pay award	2%
Pay – Increments	0.5%
Electricity	25%
Gas	6%
Oil	2.5%
Water	0%
Insurance	8%
Rates	2.5%
Fuel	3%
General Inflation	0%
Income (excluding Car Parks)	3%

General inflation has again been held at zero; however, where contractual arrangements are in place, inflation in accordance with the terms of the contract has been added.

8.3 INTEREST RATES

In respect of interest rates, next year's budget reflects the likelihood that whilst base rate may remain low, borrowing for cashflow purposes will increase and the Council may begin to take out borrowing over a longer timeframe as a result.

8.4 LIKELY REVENUE RESOURCES 2018/19 TO 2022/23

Resources remain broadly similar to the medium term financial plan as the Government has agreed the four year settlement, however at the end of the four year settlement a significant reduction is anticipated when the Government implement the business rates reset.

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
RSG	0	365	0	0	0
Council Tax	5,624	5,831	5,979	6,228	6,480
Business Rates	6,804	5,846	4,426	4,515	4,605
Resources	12,428	12,042	10,405	10,743	11,085
Increase/(decrease)		(386)	(1,637)	338	342
Annual % change		(3.1%)	(13.6%)	3.2%	3.2%

The medium term financial plan is based upon an assumption that under the council tax referendum threshold, Shire District councils will be allowed increases of less than 3% or up to and including £5, whichever is higher. Exeter's budget strategy for next year assumes that council tax will increase by £5, which, along with the estimated surplus on the collection fund of £96,331 and increase in the taxbase will raise an extra £208,000.

All authorities in Devon have taken part in the Business Rate pilot for the 100% retention of Business Rates during 2018-19. They have also applied to be a 75% pilot during 2019-20, but unfortunately have been unsuccessful. The aim therefore is to revert to acting as a pool.

Last year, the Government removed £800 million from New Homes Bonus in order to fund Adult Social Care. The Government will reduce the payment to four years from 2018-19 and additionally, no payment will be made on housing growth below 0.4%. This is expected to lead to an award of approximately £2.518 million for 2019-20.

8.5 GENERAL FUND CAPITAL PROGRAMME

The proposed General Fund Capital Programme for the next three years has been established. The total of the current People Services programme is as follows:

	2019/20 £'000	2020/21 £'000	2021/22 £'000
New Bids	0	0	0
Pre-approved	500	500	500
Total	500	500	500

The proposed capital programme for Scrutiny Committee - People is attached at Appendix 1.

8.6 KEY BUDGET CHANGES PROPOSED FOR 2019/20

The table below sets out the key changes between the budgets for the current financial year and the draft estimates for 2019/20, with any significant movements +/- £30k explained. Please also refer to Appendix 2.

LOCAL GOVERNMENT PAY OFFER

In addition to the key changes highlighted below, a significant budgetary pressure in respect of pay has impacted on revenue budgets across Council services.

In April 2018, UNISON accepted the Local Government Association's two-year pay offer, covering the period April 2018 to March 2020 with employees paid at the lower spinal column points receiving increases in excess of 2%. The offer includes a revised pay spine with effect from 1 April 2019, which employers will need to apply to their own grading structure. The LGA have reported that the total increase to the national pay bill resulting from the offer is 5.6% over 2 years. The proposed budgets reflect the impact of the pay offer for this committee, in conjunction with annual increments, re-grades and changes to posts.

81C2 – Housing Needs	£91,490
<p>Officer Responsible: Interim System Lead, Housing Needs</p> <ul style="list-style-type: none"> • £45,000 expenditure has been included for Devon Home Choice to purchase and install a new IT system, this will be funded from the Devon Home Choice reserve. • £46,000 reflects the increase in pay as described above. 	
81C3 – Affordable Housing Development	(£95,400)
<p>Officer Responsible: Housing Development Manager</p> <ul style="list-style-type: none"> • Staff previously employed with the Housing Development Team have transferred directly into Planning Services, Environmental Health and Housing according to the work they perform in respect of building neighbourhoods, empty homes and social housing retrospectively. The associated budgets have therefore been disseminated to these service areas. 	
81E1 – GF Housing – Property	(£53,190)
<p>Officer Responsible: Service Lead – Housing Assets, Housing Officer Team Lead</p> <ul style="list-style-type: none"> • Reflects the planned handback of certain Private Sector Leased properties to landlords as they become void and the associated savings in repairs and service and maintenance costs. 	
86A1 – Revenue Collection/Benefits	£463,780
<p>Officer Responsible: System Lead Finance</p> <ul style="list-style-type: none"> • Two temporary Local Taxation Visiting Officers previously funded from grant income have been made permanent; therefore grant funding of £32,000 has been removed from the budgets • The expenditure budgets have been reduced by £29,000 as access to the online welfare reform impact dashboard previously granted for 12 months has now ceased. • The income budgets have been reduced by £475,000 to reflect the reduction in recoverable overpayments. • Apprenticeship pay budgets across the Council have been adjusted in-line with apprenticeship commitments resulting in a saving of £14,220 for this service area. 	

8.7 FEES AND CHARGES

The proposed Fees and Charges for Scrutiny Committee - People in 2019/20 are included at Appendix 3.

9. How does the decision contribute to the Council's Corporate Plan?

People Services contribute to three key priorities, as set out in the Corporate Plan: providing value-for-money services, leading a well-run council and building great neighbourhoods.

10. What risks are there and how can they be reduced?

The key risks revolve around ensuring that the Council has sufficient funds to both meet the financial plans set out in the report and to protect itself against any unexpected expenditure that occurs. The risk is mitigated by ensuring that there are sufficient reserves held to offset unexpected expenditure needs. Regular monitoring is undertaken and reported to both the Strategic Management Board and Members.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

The proposed revenue budgets for this Committee will help support the provision of temporary accommodation, housing advice, licensing of houses of multiple occupation, new affordable housing within the City and the administration of housing benefits. All these services have a positive impact on the health and wellbeing of residents, in particular those in housing need.

In terms of capital expenditure, the 2019/20 capital programme will help facilitate disabled adaptations which has a positive impact of the health and wellbeing of residents.

12. Are there any other options?

No

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Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:

None

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PEOPLE - CAPITAL PROGRAMME 2019/20 AND FUTURE YEARS						
SCHEMES LISTED WITHIN COUNCIL PURPOSES	NEW BID	2019/20	2020/21	2021/22	Future Years	What the scheme is trying to achieve
		£	£	£	£	
PEOPLE						
<i>HELP ME FIND SOMEWHERE TO LIVE</i>						
Disabled Facility Grants		500,000	500,000	500,000	500,000	To meet the legal duty to pay grants to enable disabled people to remain in their homes.
Sub-Total - Help Me Find Somewhere Suitable to Live		500,000	500,000	500,000	500,000	
PEOPLE TOTAL		500,000	500,000	500,000	500,000	
New Bids		0	0	0	0	
Pre-Approved		500,000	500,000	500,000	500,000	
TOTAL CAPITAL PROGRAMME		500,000	500,000	500,000	500,000	

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SCRUTINY COMMITTEE - PEOPLE

5PEOP - PEOPLE SERVICES

Subjective Analysis	BASE ESTIMATE 2018/2019	INFLATION	NEW PROPOSALS RECURRING	NEW PROPOSALS NON-RECURRING	OTHER ADJUSTMENTS	NEW ESTIMATE 2019/2020
PAY	4,206,820	109,240	(14,220)	0	13,250	4,315,090
PREMISES	1,997,500	15,350	0	0	(246,920)	1,765,930
SUPPLIES & SERVICES	780,620	330	(29,000)	0	467,810	1,219,760
TRANSPORT	22,330	290	0	0	(180)	22,440
SUPPORT SERVICES	54,870	0	0	0	94,680	149,550
CAPITAL CHARGES	13,080	0	0	0	(1,540)	11,540
TRANSFER PAYMENTS	35,472,280	886,820	0	0	0	36,359,100
Total Expenditure	42,547,500	1,012,030	(43,220)	0	327,100	43,843,410
INCOME	(39,612,460)	(909,310)	507,000	0	(371,750)	(40,386,520)
Total Income	(39,612,460)	(909,310)	507,000	0	(371,750)	(40,386,520)

Net Expenditure	2,935,040	102,720	463,780	0	(44,650)	3,456,890
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Represented By						
81C2 HOUSING NEEDS	975,340	24,050	0	0	91,490	1,090,880
81C3 AFFORDABLE HOUSING DEVELOPMENT	91,270	4,130	0	0	(95,400)	0
81C4 PRIVATE SECTOR HOUSING	116,030	1,390	0	0	25,360	142,780
81C5 SUNDRY LANDS MAINTENANCE	89,980	0	0	0	0	89,980
81E1 GF HOUSING - PROPERTY	235,530	13,000	0	0	(53,190)	195,340
86A1 REVENUE COLLECTION/BENEFITS	1,426,890	60,150	463,780	0	(12,910)	1,937,910
Net Cost	2,935,040	102,720	463,780	0	(44,650)	3,456,890

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SCRUTINY COMMITTEE - PEOPLE

	2018/19 Charges				Proposed Charges 2019/20				
	Fee £ p	VAT @ 20% £ p	Total £ p	VAT Code	Fee £ p	VAT @ 20% £ p	Total £ p	VAT Code	
V HOUSES IN MULTIPLE OCCUPATION									
Licence for Houses in multiple occupation with five or more residents occupying a property more than two storeys high (under the provisions of the Housing Act 2004)									
(1) Licensing									
5 year licence - per property *									
	Part A	760.00	-	760.00	9	210.00	-	210.00	9
	Part B					570.00	-	570.00	9
Processing a shorter term licence		760.00	-	760.00	9	780.00	-	780.00	9
Processing an application for a Temporary Exemption Notice		135.00	-	135.00	9	140.00	-	140.00	9
Fee for officers to draw property plans for application		135.00	-	135.00	9	140.00	-	140.00	9
Variation of licence		135.00	-	135.00	9	140.00	-	140.00	9
Revocation of licence		135.00	-	135.00	9	140.00	-	140.00	9
* A £125 discount on the mandatory HMO licensing fee will apply where landlords are accredited under a nationally recognised accreditation scheme									
(2) Serving of notices and making of orders									
Improvement notice		250.00	-	250.00	9	250.00	-	250.00	9
Hazard awareness notice		250.00	-	250.00	9	250.00	-	250.00	9
Prohibition order / Emergency prohibition order		250.00	-	250.00	9	250.00	-	250.00	9
Emergency remedial action		250.00	-	250.00	9	250.00	-	250.00	9
Demolition order		285.00	-	285.00	9	290.00	-	290.00	9
Reviewing suspended notice or order		140.00	-	140.00	9	140.00	-	140.00	9
Smoke and Carbon Monoxide Alarm Penalty Charge Notice		5,000.00	-	5,000.00	9	5,000.00	-	5,000.00	9
Penalty for housing offences under Section 249A of the Housing Act 2004 (up to maximum of £30,000)		30,000.00	-	30,000.00	9	30,000.00	-	30,000.00	9
(3) Fee reductions									
Full compliance with improvement notice within timescales specified by the notice		250.00	-	250.00	9	250.00	-	250.00	9
Full compliance with prohibition order within timescales specified by the order		250.00	-	250.00	9	250.00	-	250.00	9
Resolution of hazards within 3 months of receipt of Hazard awareness notice		250.00	-	250.00	9	250.00	-	250.00	9
(4) Immigration Visits									
Pre immigration visit to determine the suitability of a premises for occupation including a full HHSRS inspection and production of a letter confirming the outcome of that visit. Payment must be made in full before the inspection is carried out and is non returnable.		175.00	35.00	210.00	3	175.00	35.00	210.00	3
Inspection undertaken following a missed appointment or cancellation. Payment must be made in full before the inspection is carried out and is non returnable.		66.67	13.33	80.00	3	68.67	13.73	82.40	3
(5) Additional Licensing for Certain Types of Houses in Multiple Occupation									
1 Flat* (per flat; in the case of flats in multiple occupation in a mixed used building with up to 5 tenants, additional £100 per tenant thereafter)		740.00	-	740.00	9	740.00	-	740.00	9
2 Flats*		900.00	-	900.00	9	900.00	-	900.00	9
3 Flats*		1,060.00	-	1,060.00	9	1,060.00	-	1,060.00	9
4 Flats*		1,220.00	-	1,220.00	9	1,220.00	-	1,220.00	9
5 to 7 Flats*		1,380.00	-	1,380.00	9	1,380.00	-	1,380.00	9
8 to 10 Flats*		1,540.00	-	1,540.00	9	1,540.00	-	1,540.00	9
10 or more Flats*		As above, plus £150 per additional flat			9	As above, plus £150 per additional flat			
* Discounts available:									
- Single ownership discount (all flats need to be under one ownership for this discount to apply) No discount applied where there are fewer than 2 flats		(100.00)	-	(100.00)	9	(100.00)	0.00	(100.00)	9
- Early registration discount		(50.00)	-	(50.00)	9	(50.00)	0.00	(50.00)	9
- Accreditation / landlord association discount		(125.00)	-	(125.00)	9	(125.00)	0.00	(125.00)	9

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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