

TANDRIDGE DISTRICT COUNCIL

HOUSING COMMITTEE

Minutes and report to Council of the virtual meeting of the Committee held on the 19 January 2021 at 7.30 p.m.

PRESENT: Councillors Parker (Chair), Fitzgerald (Vice-Chair), Morrow (Vice-Chair), Blackwell (Substitute) (In place of Wren), Gray, Jones, Langton, Mills, Ridge, Steeds and C.White

ALSO PRESENT: Councillors Allen, Elias, Farr and Lockwood

APOLOGIES FOR ABSENCE: Councillor Wren

239. MINUTES OF THE MEETING HELD ON THE 19TH NOVEMBER 2020

These minutes were approved as a correct record.

240. HOUSING FINANCE REPORT – MONTH 8

A report concerning the Committee's revenue budget and capital programme as at the end of November 2020 (month 8) was presented. This covered both the Housing General Fund (HGF) and Housing Revenue Account (HRA).

Regarding the HGF, a revenue underspend of £123,000 against the budget baseline of £459,000 was projected. This was primarily due to an underspend on salaries, partly offset by additional Covid-19 costs. A revenue surplus of £154,950 was forecast for the HRA.

The combined HGF / HRA capital programme had been reduced to £9.8 million and was forecast to be £33,000 overspent, mainly due to the Council house building scheme at Uplands, Warlingham being brought forward.

Officers explained that the uncertainties underlying current budget forecasts related to the potential for additional, unforeseen costs and income reductions due to Covid restrictions. It was also confirmed that a bad debt provision would be established to account for unpaid housing rents, although arrears would still be pursued in accordance with debt recovery procedures.

RESOLVED – that the Housing Committee's forecast revenue and capital budget position be noted.

241. HOUSING REVENUE ACCOUNT 2021/22 DRAFT BUDGET

Jeremy Cookson, the Council's HRA Consultant, gave a presentation which:

- explained the nature of the HRA (a separate, ring-fenced account, paid for entirely from tenants' rents and service charges and based on the national system of self-financing)
- explained the Government regulations regarding the use of right to buy receipts and the fact that the increases in council housing rents for existing properties were capped at CPI + 1% until 2024/25
- summarised the HRA business plan in terms of major works and new build costs to 2023/24; the new build programme; and debt profile
- identified new build modelling assumptions (e.g. unit costs; maintenance costs; and affordable and social rent levels)
- summarised the impact of alternative new development scenarios (i.e. 30 or 40 units per annum with alternative proportions of affordable and social rentals)
- concluded that there is already significant new build in the HRA with a further 65 homes to be delivered in the next three years, and scope for sustaining a longer term new build programme (although long term grant funding would be needed to offset limitations in the availability of Right to Buy receipts).

Jeremy Cookson responded to Members' questions following the presentation.

An officer report was also submitted to enable the Committee to consider a draft HRA capital programme and revenue budget for 2021/22. A corrected version of the report had been circulated prior to the meeting, based on the fact that the applicable rate of CPI was 0.5% (as opposed to 0.7%).

The proposed revenue budget for the HRA reflected the maximum permitted housing rent increase of 1.5%, i.e. CPI (0.5%) + 1%. The HRA business plan financial model had been updated to take account of the proposed 2021/22 HRA budget and capital programme.

At the Committee's corresponding meeting on 20th January 2020, it was agreed that the scheduled £4.25m loan repayment for 2020/21 would be refinanced to allow sufficient resources to be available for funding the HRA's Council house building programme. The business plan assumed further refinancing of approximately £2.3m in 2021/22. A minimum working balance of £800,000 was considered sufficient to allow for any unforeseen HRA costs throughout 2021/22. Opening HRA balances were estimated to be c.£5 million, £3.59m of which would be earmarked to support new build schemes. Any HRA surpluses in 2021/22 would be apportioned between the new build and repairs reserve on the previously agreed two-thirds: one-third basis.

The proposed HRA capital programme to 2023/24 incorporated provision for £16.6m of new build expenditure, sufficient for approximately 77 new homes. The additional borrowing of £7.1m could be financed from within the HRA.

The report also included coverage of salary costs; the impact of the proposed 1.5% housing rent increase; and proposals for garage rents, service charges and support charges for tenants in sheltered and older persons' designated accommodation.

In response to Members' questions, officers:

- explained the strategy aimed at generating an additional £100,000 from garage rentals;
- confirmed that the budget reduction in the 'providing people with homes' service area did not involve service reductions; and
- advised that they would be liaising with Homes England in the near future with a view to becoming an investment partner, although there was little prospect of accessing unused right to buy receipts from other local authorities.

Councillor Morrow, seconded by Councillor Jones, proposed an additional resolution whereby the Committee would confirm its preference for 'new development scenario 5' as referred to in Jeremy Cookson's presentation and in section 9.8 of the report, namely an additional 40 units each year for 5 years from 2022/23, comprising 30 affordable and 10 social rentals per annum. Upon being put to the vote, this amendment was carried. However, concern was expressed about the risk of adverse external economic impacts, particularly interest rate rises. Officers confirmed they would assess the financial implications of the Committee's 'preferred scenario' before the housebuilding programme was expanded and that, in any event, Members would be asked to review the programme in light of any significant increase in borrowing costs.

RESOLVED – that the following be approved:

- A. social rents (excluding service charges) and affordable rents (including service charges) for 2021/22 be increased by 1.5% in accordance with government social rent policy guidance;
- B. the draft capital programme for 2021/22 in the sum of £16,553,700 and the subsequent years, as shown at Appendix A, be approved;
- C. the draft revenue budget for 2021/22 with a net operating surplus of £2,548,700, before allowing for revenue contributions to capital expenditure and interest charges, as shown at Appendix B, be approved;
- D. the rent for garages to be increased by 2.5% for 2021/22 to produce a standard weekly rent of £13.00 to tenants, or £15.61 (including VAT) for let to private tenants;
- E. service charges be increased by 1.5% for 2021/22 to produce an average weekly charge of £6.84;
- F. sheltered and older persons service charges be increased by 1.5% for 2021/22 to £13.77 and £3.01;
- G. the Public Works Loan Board loan of £2.35m, due for repayment in 2021/22, be refinanced; and
- H. regarding the Council house building programme, the Committee's preferred 'new development scenario' for the five years from 2022/23 be for an additional 40 units each year, comprising 30 affordable and 10 social rentals per annum.

242. HOUSING GENERAL FUND 2021/22 DRAFT BUDGET

A report was presented to enable the Committee to consider a draft revenue budget, a rental increase for plots and garages at the Meadowside mobile homes park (Lingfield), and a capital programme for the 2021/22 housing general fund. This had been informed by the Member workshops during the previous autumn and the current medium term financial plan. The report outlined key budget principals; headline savings proposals; and details of salary costs relevant to the committee.

The report recommended a 2% rental increase for Meadowside plots and garages. This was consistent with the recommended level of increase for all fees and charges throughout the Council's General Fund. Councillor Ridge, seconded by Councillor Morrow, proposed that the Meadowside rent increases for 2021/22 be reduced to 1.5%, in line with those agreed for Housing Revenue Account rents and services. Upon being put to the vote, the amendment was carried.

RESOLVED – that

- A. subject to further consideration by the Strategy & Resources Committee on the 2nd February 2021 as part of the Council wide budget setting process (to be ratified by Full Council on 11th February 2021):
 - (i) the Housing Committee's draft Revenue Budget for 2021/22 be in the sum of £491,000, as shown in Appendix C; and
 - (ii) the Housing General Fund's draft capital programme for 2021/22 to 2023/24 be in the sum of £460,000 for 2121/22, as shown in Appendix D; and
- B. rents for plots and garages at the Meadowside mobile homes park be increased by 1.5% for 2021/22.

Rising 9.33 pm

CAPITAL PROGRAMME 2020/21 TO 2023/24 - Housing Revenue Account

COMMITTEE SCHEMES	Revised Programme 2020/21 £	Estimated Programme 2021/22 £	Estimated Programme 2022/23 £	Estimated Programme 2023/24 £	Total Programme 2020-24 £
Housing Revenue Account					
Current Continuing Programme					
Structural Works	650,000	835,000	855,000		2,340,000
Modernisation & Improvements	646,000	439,000	752,000		1,837,000
Energy Efficiency Works	452,500	670,500	679,500		1,802,500
Service Renewals	571,000	725,000	712,500		2,008,500
Void Works	375,000	425,000	425,000		1,225,000
Health & Safety	75,000	95,000	95,000		265,000
Adaptations for the Disabled	225,000	225,000	225,000		675,000
Essential Structural Works	20,000	60,000	60,000		140,000
Communal Services	150,000	185,000	185,000		520,000
Council House Building	5,900,000	15,749,600	447,200		22,096,800
Housing Management Software	70,000	20,000	0		90,000
HRA IT - Hardware/infrastructure/Projects	140,800	156,000	0		296,800
Total Current Continuing Programme	9,275,300	19,585,100	4,436,200	0	33,296,600
Revisions and New Bids					
Structural Works	0			830,000	830,000
Modernisation & Improvements	0		(20,000)	511,000	491,000
Energy Efficiency Works	0	(120,000)	(120,000)	546,000	306,000
Service Renewals	0	(40,000)		695,000	655,000
Void Works	0			425,000	425,000
Health & Safety	0	95,000	95,000	180,000	370,000
Adaptations for the Disabled	0	25,000	25,000	250,000	300,000
Essential Structural Works	0	125,000	125,000	185,000	435,000
Communal Services	0	(155,000)	(155,000)	30,000	(280,000)
Council House Building	0	(3,049,600)	3,258,000	301,200	509,600
Housing Management Software	0	(20,000)			(20,000)
HRA IT - Hardware/infrastructure/Projects	0	108,200	60,600	72,200	241,000
Total Revisions and New Bids	0	(3,031,400)	3,268,600	4,025,400	4,262,600
Proposed Programme					
Structural Works	650,000	835,000	855,000	830,000	3,170,000
Modernisation & Improvements	646,000	439,000	732,000	511,000	2,328,000
Energy Efficiency Works	452,500	550,500	559,500	546,000	2,108,500
Service Renewals	571,000	685,000	712,500	695,000	2,663,500
Void Works	375,000	425,000	425,000	425,000	1,650,000
Health & Safety	75,000	190,000	190,000	180,000	635,000
Adaptations for the Disabled	225,000	250,000	250,000	250,000	975,000
Essential Structural Works	20,000	185,000	185,000	185,000	575,000
Communal Services	150,000	30,000	30,000	30,000	240,000
Council House Building	5,900,000	12,700,000	3,705,200	301,200	22,606,400
Housing Management Software	70,000	0	0	0	70,000
HRA IT - Hardware/infrastructure/Projects	140,800	264,200	60,600	72,200	537,800
Total Proposed Programme	9,275,300	16,553,700	7,704,800	4,025,400	37,559,200
FUNDING					
	2020/21 £	2021/22 £	2022/23 £	2023/24 £	Total £
Major Repairs Reserve	5,000,000	5,000,000	5,000,000	4,025,400	19,025,400
RTB Receipts	1,463,400	620,000	620,000	0	2,703,400
Contribution from Developer (s106)	600,000	0	0	0	600,000
HRA Reserves (including New Build Reserve)	2,211,900	5,273,700	593,700	0	8,079,300
Borrowing	0	5,660,000	1,491,100	0	7,151,100
TOTAL	9,275,300	16,553,700	7,704,800	4,025,400	37,559,200

HRA DRAFT REVENUE BUDGET FOR 2021/22

Actual 2019/20	Original Budget 2020/21	Programme Areas	Employee Costs	Other Running Expenses	Total Gross Expenditure	Income	Net Direct Budget	Support Service Recharge	Charges for Capital	Original Budget 2021/22	Changes from 2020/21 to 2021/22
5,826	3,300	Right to Buy	24,300	2,300	26,600	(9,600)	17,000	10,900	0	27,900	24,600
237,456	247,400	Allocations Administration	119,200	15,400	134,600	(31,600)	103,000	103,000	0	206,000	(41,400)
82,812	89,900	Void Properties Management	5,900	26,100	32,000	0	32,000	26,200	0	58,200	(31,700)
326,094	340,600	PROVIDING PEOPLE WITH HOMES	149,400	43,800	193,200	(41,200)	152,000	140,100	0	292,100	(48,500)
2,564,418	2,640,500	Housing Repairs - Dwellings	665,200	2,910,300	3,575,500	(236,500)	3,339,000	0	0	3,339,000	698,500
578,579	450,900	Housing Repairs - Administration	235,500	14,100	249,600	0	249,600	396,400	0	646,000	195,100
3,142,997	3,091,400	IMPROVING THE QUALITY OF HOUSING	900,700	2,924,400	3,825,100	(236,500)	3,588,600	396,400	0	3,985,000	893,600
6,213,663	6,387,900	Housing Administration	715,600	921,600	1,637,200	(49,700)	1,587,500	149,200	4,788,400	6,525,100	137,200
337,224	111,900	Hostel Management	5,600	800	6,400	0	6,400	48,400	0	54,800	(57,100)
334,644	355,200	Rent Collection & Accounting	169,100	32,700	201,800	(5,900)	195,900	130,300	0	326,200	(29,000)
333,366	318,000	Estate Management	155,100	30,500	185,600	0	185,600	94,800	0	280,400	(37,600)
660	6,100	Tenant Participation	0	3,400	3,400	0	3,400	0	0	3,400	(2,700)
74,410	100,700	Other Expenses	0	57,600	57,600	0	57,600	17,700	0	75,300	(25,400)
39,784	42,700	Estate Regeneration Schemes	0	42,700	42,700	0	42,700	0	0	42,700	0
61,189	63,000	Debt Management Costs	0	0	0	0	0	0	67,700	67,700	4,700
7,394,940	7,385,500	MANAGING THE SERVICES EFFECTIVELY	1,045,400	1,089,300	2,134,700	(61,558)	2,079,100	440,400	4,856,100	7,375,600	(9,900)
388,300	419,100	Elderly Persons Dwellings	318,300	8,900	327,200	(143,400)	183,800	252,200	0	436,000	16,900
39,810	80,300	Alarm Systems	43,200	39,000	82,200	0	82,200	7,400	0	89,600	9,300
(1,685)	(20,900)	Leasehold Properties	42,600	88,700	131,300	(193,400)	(62,100)	39,000	0	(23,100)	(2,200)
426,425	478,500	COMMUNITY SERVICES	404,100	136,600	540,700	(192,630)	203,900	298,600	0	502,500	24,000
(13,081,593)	(13,587,000)	Dwelling Rent Income	0	0	0	(13,938,600)	(13,938,600)	0	0	(13,938,600)	(351,600)
(471,677)	(482,100)	Garage Rents	0	0	0	(582,100)	(582,100)	0	0	(582,100)	(100,000)
(663,399)	(657,700)	Service Charges	0	0	0	(659,100)	(659,100)	0	0	(659,100)	(1,400)
474,313	480,900	Rent Loss from Voids and Bad Debts	0	0	0	475,900	475,900	0	0	475,900	(5,000)
(13,742,356)	(14,245,900)	RENT INCOME	0	0	0	(14,703,900)	(14,703,900)	0	0	(14,703,900)	(458,000)
(2,451,900)	(2,949,900)	NET COST OF SERVICES	2,499,600	4,194,100	6,693,700	(15,235,789)	(8,680,300)	1,275,500	4,856,100	(2,548,700)	401,200
1,688,757	1,926,500	Interest Payable on outstanding loans	0	1,662,500	1,662,500	0	1,662,500	0	0	1,662,500	(264,000)
(32,177)	(14,400)	Interest and Investment Income	0	0	0	(7,100)	(7,100)	0	0	(7,100)	7,300
795,320	1,037,800	Revenue Contributions to support HRA Capital	0	0	0	(1,026,900)	(1,026,900)	0	1,920,200	893,300	(144,500)
2,451,900	2,949,900	Capital Charges and HRA support for capita	0	1,662,500	1,662,500	(1,034,000)	628,500	0	1,920,200	2,548,700	(401,200)
0	0	SURPLUS / DEFICIT FOR THE YEAR	2,499,600	5,856,600	8,356,200	(16,269,789)	(8,051,800)	1,275,500	6,776,300	0	0
0	0	Transfer to HRA Working Balance	0	0	0	0	0	0	0	0	0
0	0	HRA Budget	2,499,600	5,856,600	8,356,200	(16,269,789)	(8,051,800)	1,275,500	6,776,300	0	0

Housing General Fund Committee - Draft Revenue Budget for 2021/22

Appendix C

2020-2021 Net Direct Revenue Budget £	Housing Committee - Housing General Fund - Revenue Estimates for Year Ending 31st March 2022					Capital Charges £	Total Net Budget 2021/22 £
	Description	Employee £	Other £	Income £	Net Direct £		
(1,400)	Housing the Homeless	171,000	200,500	(261,500)	110,000		110,000
374,903	Private Sector Enabling	36,900	204,600	(130,700)	110,800		110,800
373,503	Providing People With Homes	207,900	405,100	(392,200)	220,800	0	220,800
29,900	Housing Renovation Grants	12,500	0	(2,600)	9,900		9,900
29,900	Improving the Quality of Housing & the Environment	12,500	0	(2,600)	9,900	0	9,900
(73,900)	Meadowside Mobile Homes	2,900	43,000	(162,500)	(116,600)	1,600	(115,000)
59,900	Non-Landlord Costs	0	55,300	0	55,300		55,300
(33,500)	Other Housing Items	0	15,400	(48,900)	(33,500)		(33,500)
(47,500)	Managing the Services Effectively	2,900	113,700	(211,400)	(94,800)	1,600	(93,200)
1,000	Care In The Community	0	1,000	0	1,000		1,000
117,300	Westway	0	100,000	0	100,000	20,800	120,800
(87,240)	Supporting People						
31,060	Community Services	0	101,000	0	101,000	20,800	121,800
149,400	Rent Allowances to Private Sector Tenants	300,400	11,467,600	(11,459,000)	309,000		309,000
(77,300)	Rent Rebates to Council Tenants		6,573,700	(6,651,000)	(77,300)		(77,300)
72,100	Housing Benefits	300,400	18,041,300	(18,110,000)	231,700	0	231,700
459,063	TOTAL	523,700	18,661,100	(18,716,200)	468,600	22,400	491,000

CAPITAL PROGRAMME 2020/21 TO 2023/24 - Housing General Fund

COMMITTEE SCHEMES	Current Programme 2020/21 £	Estimated Programme 2021/22 £	Estimated Programme 2022/23 £	Estimated Programme 2023/24 £	Total Programme 2020-24 £
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Housing General Fund

Current Continuing Programme					
Disabled Facilities Grant	426,000	426,000	460,000	0	1,312,000
Housing Enabling - General	100,000	100,000	0	0	200,000
Total Current Continuing Programme	526,000	526,000	460,000	0	1,512,000

Revisions and New Bids					
Disabled Facilities Grant	0	34,000	0	460,000	494,000
Housing Enabling - General	0	(100,000)	0	0	(100,000)
Total Revisions and New Bids	0	(66,000)	0	460,000	394,000

Proposed Programme					
Disabled Facilities Grant	426,000	460,000	460,000	460,000	1,806,000
Housing Enabling - General	100,000	0	0	0	100,000
Total Proposed Programme	526,000	460,000	460,000	460,000	1,906,000