Hackney

TITLE OF REPORT	HOUSING REVENUE ACCOUNT BUDGET 2020/21 INCLUDING TENANTS RENTS AND SERVICE CHARGES
Key Decision No.	FCR Q41

CABINET MEETING DATE (2019/20) **20th January 2020**	**CLASSIFICATION:** **Open** **If exempt, the reason will be listed in the main body of this report.**
WARD(S) AFFECTED **All Wards**	
CABINET MEMBER **Councillor Clayeon McKenzie** **Housing Services**	
KEY DECISION **Yes** **REASON** **Affect two or more wards**	
GROUP DIRECTOR **Ian Williams Group Director of Finance and Corporate Resources**	

1. CABINET MEMBER'S INTRODUCTION

1.1 There were significant changes to the financing regime for the Housing Revenue Account (HRA) in 2018, the most significant being the removal of the HRA Debt cap. The Council lobbied for the removal of the debt cap for a number of years and we recognise that, whilst the debt cap has been removed this does not allow unconditional borrowing to either build affordable housing or to invest in our housing stock; the HRA has to remain financially viable and borrowing costs will quickly impact on the ability of the HRA to remain a viable going concern. We will proceed with our ambitious housing regeneration programmes and invest in our housing stock prudently as set out in the Asset Management Strategy approved by Cabinet in March last year. We will use the flexibility that the removal of the debt cap gives us, in order to maintain a robust HRA so that good quality, well maintained affordable homes are secured for Hackney residents for many years to come.

1.2 The Government's plan to set a long term rent deal, which permits annual rent increases of up to CPI + 1% for a period of at least five years, comes into effect from April 2020. The policy will help to provide a stable financial platform to better plan the Council's financial resources to manage and maintain its assets.

1.3 The budget proposals set a balanced HRA budget in line with the approved HRA business plan. It is worth reiterating that the savings achieved and the rent increase within the HRA will be used to invest in the Council's housing stock, and deliver improvements to services. They do not financially support the Council's ambitious housing regeneration programmes which are self funding. We are planning to invest £75m in our existing housing stock in 2020/21 and £80m in our regeneration programmes, which will be funded from sales, subsidy and future rental income.

1.4 I am pleased to announce that we will be holding tenant service charges for another year; we are able to do this as we are making savings whilst maintaining and/or improving services to our residents. We are continuing to manage inflation and cost pressures in service charges because our savings strategy continues to deliver improved value for money for our residents through service modernisation and integration of services. We will continue this strategy going forward.

1.5 I commend this report to Cabinet.

2. GROUP DIRECTOR'S INTRODUCTION

2.1 This report sets out the proposed budget and rent levels for the forthcoming financial year. The rent will be increased by CPI + 1% which is in line with Government policy.

2.2 The HRA Business Plan, approved by Cabinet in March 2019 as part of the Asset Management Strategy sets out the savings requirements to ensure that the investment in the existing housing stock can be maintained to ensure the housing stock is sustainable in the long term. The necessary savings have been identified for 2020/21 and are included in this proposed budget.

3. RECOMMENDATION(S)

3.1 To approve the HRA budget proposals as set out in section 11 and Appendix A.

3.2 To approve the increase in rent of 2.7% (CPI + 1%) in line with The Social Housing Regulator's rent standard and agree that rents will increase on average by £2.67 from £98.97 per week to £101.64 per week with effect from Monday 1st April 2020.

3.3 To approve the increase in HRA fees and charges in line with inflation 1.7% as set out in Appendix B.

3.4 To agree the level of tenant service charges as set out in paragraph 12.6; and the service charges for the Concierge service as set out in paragraph 12.7.

3.5 To delegate to the Group Director of Finance and Corporate Resources in consultation with the Lead Member for Housing the setting of communal heating charges to reflect the unit costs of utilities.

3.6 To agree the Housing Capital Programme budget and spend approval as set out in Section 16.

4. REASONS FOR DECISION

4.1 The Local Government and Housing Act 1989 Section 76 requires local authorities with a Housing Revenue Account (HRA) to set a budget for the account, which is based on best assumptions, that avoids a deficit and furthermore to keep the HRA under review.

4.2 Local authority rent setting powers are set out in section 24 of the Housing Act 1985, this provides that:

(1) A local housing authority may make such reasonable charges as they may determine for the tenancy or occupation of their houses.

(2) The authority shall from time to time review rents and make such changes, either of rents generally or of particular rents, as circumstances may require.

5. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5.1 The budget has been built from reviewing the base budget and includes current experience with items of essential expenditure, maintenance and investment to preserve the housing service and its assets.

5.2 The budget setting for the HRA continues to be challenging due to the previous Government policy to reduce rents by 1% for four years ending 2019/20. Although rents are now increasing by CPI + 1% the effects of the rent reduction policy are still being managed.

5.3 Alternative rent increases were considered in setting the budget, but any reduction to the rent standard set by the Regulator of Social Housing would result in additional savings that would impact on services to tenants, and substantial savings for Central Government in the subsidy of Housing Benefit. This reduction would also have a long term impact on future rent levels and income.

6. BACKGROUND

6.1 Policy Context

6.1.1 The HRA budget has been set in line with the HRA Business Plan and the Council's budget setting process. The HRA Business Plan sets out the Council's plans for managing and maintaining its housing stock (including leasehold properties) and other assets held in the HRA. The HRA Business Plan financial model informs the budget setting and capital programme over the Business Plan period. Its fundamental purpose is to set out the resources required to ensure the effective and sustainable management of these housing assets.

6.1.2 The Social Housing Regulator set a new rent standard effective from 1st April 2020. The direction is to revert to a rent increase of CPI +1% over the next 5 years, in line with the rent policy before the recent rent reduction policy. This policy is intended to reestablish a stable financial platform for councils and registered providers to plan ahead.

6.1.3 The first HRA Business Plan was approved by Cabinet in December 2013. As a result of substantial changes to the capital investment profile, updates were approved by Cabinet in December 2014 and 2016. In order to reflect the Asset Management Strategy, approved by Cabinet in March 2019, a revised HRA business plan was included setting out the financial plan to manage and maintain the Council's Housing stock and other assets held in the HRA.

6.1.4 In addition, there has been a significant change to housing finance as a result of the removal by the Government of the HRA debt cap. This means the Council now has the freedom to manage its investment in new and existing housing stock without an artificial barrier hampering good business planning.

6.1.5 The Council has been lobbying for the removal of the debt cap for a number of years and whilst the debt cap is removed, this does not allow unconditional borrowing to build affordable housing or to invest in our housing stock; the HRA has to remain financially viable and borrowing costs will quickly impact on the ability of the HRA to remain a viable going concern.

6.1.6 Whilst the HRA business plan is for a period of 30 years, more focus is on the medium-term (five years) as there is more certainty on costs, demands, resources and pressures, which will enable the prioritisation of housing investment. However, the view of the medium term is also considered in the light of the strategic objectives of the Council and the impact of Government policies on rents, disposals and regeneration.

6.1.7 The Council wishes to sustain its investment in its housing assets by ensuring all homes are maintained to a high standard, through a wide range of works and cyclical programmes that ensure compliance with legal and safety regulations and that protect against, and prevent deterioration of its buildings. Stock condition information is primarily based on historic works programmes and periodic survey data. An extensive stock condition survey was undertaken during 2018 in order to update information in the stock database and this has been used to inform the Asset Management Strategy and delivery plan.

6.1.8 In addition to investment in existing properties, the Council continues to progress three extensive regeneration programmes within the borough: Woodberry Down, the Estate Regeneration Programme (ERP), and the Housing Supply Programme (HSP). The removal of the HRA debt cap provided an opportunity to review the business planning of the HRA, and so the financial plan for the existing HRA stock and the regeneration programmes are presented and monitored separately to ensure the viability of both investment in existing stock and housing regeneration programmes.

6.1.9 Under the self-financing system, introduced in April 2012, the Government calculated that Hackney's HRA could sustain £168m of debt. Whilst the debt cap has been removed, this figure is still a relevant measure of viability and so will be used as a guide. However, resources and delivery plans will be profiled to deliver effective investment plans and respond to issues, and so this benchmark may be exceeded for short periods provided prudent assumptions and forecasts are made on medium-term resources.

6.1.10 The HRA Business Plan financial model requires savings of £2.5m over the period 2021/22 to 2023/24. However due to additional cost pressures the savings requirement increased to £4.5m. The development of savings proposals is being undertaken in the context of the strategic objectives for housing services and the housing improvement plan and also to need to balance the competing priorities of

- Maintaining and improving the service we deliver to our tenants and leaseholders
- Maintaining the investment in our housing stock;
- The delivery of our housing regeneration programmes; and

- Sustainable borrowing for the HRA now that the Government has removed the HRA debt cap.

6.2 Equality Impact Assessment

6.2.1 Under Section 149 of the Equality Act, the Public Sector Equality Duty, the Council has a duty to eliminate unlawful discrimination, harassment and victimisation and advance equality of opportunity between people who share a protected characteristic and those who do not. The protected characteristics cover age, disability, sex, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation. The Cabinet is required to consciously consider this duty at every stage of the decision making process.

6.2.2 Work has been undertaken to ensure that all savings proposals have had the appropriate Equality Impact Assessments undertaken, where applicable. The savings proposals protect frontline housing services and are therefore intended where possible to have either a neutral or beneficial impact on services, including for groups who share the protected characteristics under the Equality Act. A number of the proposals, in particular those relating to savings through negotiating better prices or limiting inflation, ultimately mean the same service at less price.

6.2.3 In terms of the equalities impact of the proposed rent increase we are relying on the Government's impact assessment of September 2018. It concluded that they did not consider that any specific equalities impacts will arise.

6.2.4 The recommended budget will allow for capital resources as required by the HRA Business Plan to improve and maintain the quality of the Council's housing stock. Good quality housing is a generally accepted key determinate of health and general well-being and investment in the housing stock will have a positive impact on tenants including some of the most deprived people in the borough.

6.3 Sustainability

6.3.1 This report sets the overall HRA budget for 2020/21. The budget includes a significant contribution to capital which will enable the delivery of the 2020/21 capital programme. The capital planned maintenance budget will continue to include provision for sustainability. We will continue to explore external funding opportunities to invest in programmes to increase energy efficiency in the Council's housing stock.

6.4 Consultations

6.4.1 The Council consults with tenants on the levels of rent increases every year. This year, consultation has taken place via the Residents Liaison Group (RLG) and an article in Our Homes. The consultation runs until early January 2020 and any feedback will be reported at the cabinet meeting.

6.5 Risk Assessment

6.5.1 There have been a number of significant announcements from the Government which impact upon the HRA budget and Business Plan. These are not always joined up to the extent that they often appear contradictory. While welfare reform remains a significant risk it is one that we have managed reasonably well for the last couple of years. Universal Credit was rolled out in Hackney in October last year on a full service basis which means that claimants with a change in circumstances or making a new claim are migrated onto Universal Credit. Claimants are expected to be digitally ready as they are required to manage their claim online and complete online tasks e.g. Job search activities.

6.5.2 The impact on arrears in 2019/20 is likely to be approximately £1.5m, however this should not fully translate into bad debt. Total Universal Credit arrears currently amount to 30% of total rent arrears. The budget for bad debt reflects this latest trend and the impact is being closely monitored as part of the budget monitoring process.

6.5.3 The tragedy at Grenfell has changed the focus of housing investment and could potentially increase or divert investment to ensure all Council properties meet any additional fire safety requirements arising from the public enquiry. In response to the tragedy, the Council continues to source independent advice on fire safety and, this advice, together with the recommendations of the public enquiry will be incorporated into the HRA Business Plan.

6.5.5 The Asset Management Strategy, approved by Cabinet in March, set out the Council's long-term objectives for, investing in the Council's housing stock, ensuring we build on recent successes, and demonstrating continuous improvement. The strategy provides an overarching framework for investment decision-making across the Council's homes and estates. The finances from the strategy have been used to inform the HRA Business Plan financial model. In addition to managing the costs/borrowing, there are operational risks to increasing the investment that need to be considered:

- Capacity and technical skills of the staff required to deliver an increased and complex capital programme.
- Appropriate governance is required to ensure efficient investment, value for money is delivered and, that the programme does not overcommit resources.
- Expectation that there will be a need to manage on what can be delivered in the transition period until appropriate contracts and processes are in place.
- The backlog of planned capital investment in recent years has increased the cost of reactive maintenance. Reactive repairs are inefficient and capital investment would not only be more cost effective, but also improve tenant satisfaction.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.1 Finance comments are set out in the report.

8. VAT IMPLICATIONS ON LAND & PROPERTY TRANSACTIONS

Not Applicable

9. COMMENTS OF THE DIRECTOR, LEGAL & GOVERNANCE SERVICES

9.1 Section 74 Local Government and Housing Act 1989 requires the Council to keep a separate ring fenced Housing Revenue Account. Section 75 and Schedule 4 of that Act deal with the items to be credited and debited to the Account, which by virtue of Section 76 must not go into deficit. Subsection 76(2) requires the Council during January or February of each year to formulate proposals in relation to the likely income and expenditure to the Account to secure that the Account for the year does not show a deficit.

9.2 Section 24 of the Housing Act 1985 provides that a local housing authority may make such reasonable charges as they may determine for the tenancy or occupation of their houses and that the authority shall from time to time review rents and make such changes, either of rents generally or of particular rents, as circumstances may require. Under subsection 24(5) a local housing authority must have regard in particular to any relevant standards set out for them under Section 193 of the Housing and Regeneration Act 2008. Section 193 gives the Regulator of Social Housing (RSH) the power to set standards concerning amongst other things rent levels. To date the RSH has not set a rent level standard for the Council.

9.3 Section 23 of the Welfare Reform and Work Act 2016 provides that in relation to each relevant year, registered providers of social housing must secure that the amount of rent payable in respect of that relevant year by a tenant of their social housing in England is at least 1% less than the amount of rent that was payable by the tenant in respect of the preceding 12 months.

9.4 Section 102 of the Housing Act 1985 provides that a variation of tenancy conditions that relates to rent or to payments in respect of services provided by the landlord may be varied in accordance with a provision in the tenancy agreement. Condition 3.7 of the tenancy agreement provides that at least 4 weeks' notice of a rent and/or service charge increase will be given to tenants.

9.5 This report makes recommendations which are designed to fulfil the Council's duties as set out above and the Cabinet must be satisfied that the proposals recommended are reasonable and achievable and will not result in a deficit to the HRA.

10. HRA PROJECTED POSITION FOR 2019/20

10.1 The HRA budget is monitored monthly and reported to Cabinet in the Overall Financial Position reports. As at November 2019 the HRA is forecast to break even. Any underspend will provide additional Revenue Contributions to Capital Outlay (RCCO).

10.2 At the start of the year the HRA had £15m of revenue balances and £10.1m of earmarked reserves. It is proposed to broadly maintain the overall quantum of reserves at this level over the medium term, which gives us flexibility in ensuring a sustainable level of borrowing in line with the HRA Business Plan assumptions.

11 2020/21 HRA BUDGET

11.1 The proposed 2020/21 HRA budget is shown in the table below and detailed in Appendix A.

HRA BUDGET SUMMARY 2020/21	
	£'000
Income	
Dwellings rent gross	(113,503)
Non dwellings rents gross	(4,555)
Tenant charges for services and facilities	(12,450)
Leaseholder charges for services and facilities	(11,134)
Other Charges for services and facilities	(2,935)
Gross income	**(144,577)**
Expenditure	
Repairs and maintenance	25,793
Services to Estates	15,876
Supervision and Management	46,686
Rents, Rates and Other Charges	1,536
Increase in provision for bad debts	1,754
Cost of Capital Charges	1,593
Depreciation	44,127
Gross Expenditure	**137,365**
Net Cost of Service	(7,212)
Revenue Contribution to Capital Outlay	8,712
Contribution from Reserves	(1,500)
Net HRA (SURPLUS) / DEFICIT FOR YEAR	**-**

12. INCOME

12.1 The HRA self-financing regime aim was to give the local authority financial certainty to develop longer term plans for the HRA. The assumptions in the self-financing settlement, set by the Government, were based on local authorities continuing to implement rent restructuring and setting rent increases at RPI plus ½%. Following consultation in 2013 the DCLG amended the rent restructuring arrangements to allow for full convergence to take place in 2014/15 and to fix future rent increases to 1% above the Consumer Prices Index (CPI) for a period of ten years. Then the summer 2015 budget required a 1% rent reduction to be delivered for four years from 2016/17. It is estimated that the 1% rent reduction will have a cumulative impact on the HRA Business Plan of a £142m reduction in revenue over ten years, and £644m over the 30 year life of the HRA Business Plan.

12.2 Following the 1% rent reduction, it is proposed that rent increases revert to CPI+1% in line with the rent standard. This will result in an average rent increase of £2.67 from £98.97 per week to £101.64 per week. The rent direction has been set to increase by CPI + 1% for 5 years from April 2020.

12.3 Year on year the increase in income in 2020/21 arising from the 2.7% rent increase is £2.97m. In addition there is increased income from the renegotiation of leased HA properties, the completion of new build properties and the improved void turnaround included in savings, the total increase in rent income is £3.7m.

12.4 The proposed fees and charges are shown in Appendix B. Service charges for tenants are based on a pooled cost approach, where all tenants receiving a service are charged the same amount.

12.5 We are proposing to hold service charges for a further year. This is possible because the increase in the cost of the service from the pay award and other inflationary cost pressures can be contained due to the savings we have delivered and continue to deliver.

The proposed service charges for 2020/21 are as follows:

	2020/21 Proposed Charge £ per week
Block Cleaning	5.63
Estate Cleaning	2.45
Grounds Maintenance	2.01
Landlord Lighting	1.36

12.6 For those blocks with a concierge service, Cabinet approved the ending of the subsidy for tenants and leaseholders in January 2016. Cabinet further approved in January 2018 that increases to charges for the concierge service, which now includes a requirement for the service provider to pay London Living Wage, will be phased over four years from 2018/19.

There are 823 households across 13 blocks receiving a concierge service and the proposed charges for 2020/21 are as follows:

Block	**2019/20 Charge £ per week**	**2020/21 Proposed Charge £ per week**
Angrave Court	21.93	23.62
Bryant Court	21.93	23.33
Fellows Court	28.38	30.41
Gooch House	22.60	23.96
Granard House	27.19	28.78
Hugh Gaitskell House - Pathmeads	21.43	22.80
Laburnum Court	21.93	23.33
Regents Court	21.93	23.33
Seaton Point	32.34	35.16
The Beckers One	22.45	23.88
The Beckers Two	22.45	23.88
Vaine House	27.19	28.78
Welshpool House	22.80	23.30

12.7 The methodology for calculating communal heating charges for tenants was approved by Cabinet in December 2011. The energy purchasing consortium that the Council is a member of has a contract year running from April to March. Therefore the unit prices for utilities will not be available until March. We are also currently undertaking a review of communal heating charges as the cost of providing communal heating is not being fully recovered. The charges to tenants and leaseholders will be reviewed once all data has been analysed. It is recommended to delegate authority to the Group Director of Finance and Corporate Resources, in consultation with the Lead Member for Housing Services, to approve the 2020/21 charges, calculated in line with the approved methodology.

12.8 Leaseholders' service charges reflect actual costs incurred for their block/estate. So their service charge will be different to that of a neighbour who is a tenant. The increase in income arising from Leaseholder service charges reflects the increase in the number of Right to Buys over the last year and the sale of private and shared ownership properties on completed regeneration estates. Leaseholder' service charges reflect actual cost incurred for the service to the block/estate. Therefore the savings included in the 2020/21 budget that impact on the service to leaseholders i.e. cleaning, will be passed on to leaseholders when calculating the actual service charge after year end.

12.9 It is proposed to increase fees and charges in line with inflation of 1.7%. It is proposed to increase garage rents by £1 per week to reflect the cost of maintaining them at a lettable standard and to bring them more in line with the local rental market.

12.10 Charges for Travellers sites are set in line with rent policy within the HRA Business Plan, so charges are proposed to be increased by CPI plus 1%. For 2020/21 this would be a 2.7% increase which would equate to an average increase of £3.25 per week.

13. EXPENDITURE

13.1 The budget setting assumptions are based on 1.7% inflation except in contractual cases. Budgetary provision has been made for the pay award.

13.2 Energy costs have stabilised but are sensitive to volatility and the direction of price movements remains difficult to predict. Significant savings in energy costs have been made in previous years and with the introduction of an improved process for meter readings we have more accurate billing and are therefore able to hold the current budget for energy. These savings have been offset by a reduction in recharges to tenants.

13.3 The number of Right to Buy sales following the increase in discount and the reduction in the qualifying period to three years has reduced significantly from 2016/17 with an estimated 56 sales this year. The impact on the HRA income is noted in paragraph 12.3, there are a number of budget adjustments made on the expenditure side of the budget to reflect the number of sales, and these are in line with the HRA Business Plan assumptions.

13.4 The budget proposed has been set to reflect the additional cost pressure on repairs and maintenance of £1m for reactive repairs and £0.5m for legal disrepair costs. The budget also includes £0.2m contribution to reserves for the repayment of debt relating to the acquisition of Sherry's Wharf.

14. ROLL OUT OF UNIVERSAL CREDIT

14.1 Universal Credit (UC) was implemented in Hackney from 3 October 2018 and those authorities that have piloted the scheme have seen a significant increase in rent arrears. Universal Credit moves from direct payment of Housing Benefit to collection from all tenants. Pilots have shown an adverse impact on collection rates and bad debt that need to be factored in to the budgets.

14.2 The roll out of UC on a full service basis means that claimants with a change in circumstances or making a new claim are migrated onto UC and are expected to be digitally ready as they are required to manage their claim online and complete online tasks e.g. Job search activities. The impact on arrears has been significant with £1.5m of arrears relating to UC however in most cases arrears has been related to the increased administrative time in processing claims therefore should not fully translate into bad debt. Total UC arrears currently amount to 30% of total rent arrears. It should be noted that we have a very good collection rate compared to our peers – over 96% - which is an excellent position and we will continually review and refine our strategy to respond to changes as the roll out of UC continues.

14.3 There is sufficient resource for the bad debt provision included in this HRA budget and in addition the Group Director of Finance and Corporate Resources has redirected earmarked reserves to establish a HRA reserve to assist with managing some of the impact of the introduction of UC albeit should be noted that this may not mitigate the substantial impact of policy.

14.4 The full roll out of UC in Hackney has been operational for just over a year and the figures show that there are increased levels of rent arrears which has the potential for increased levels of bad debt. Increasing rent arrears is not sustainable for housing services, therefore we are developing operational and procedural changes that minimise the build-up of arrears into the development of the new housing system and on-line rent accounts. Alongside these service developments, we carry out close monitoring of rent accounts and are in communication with other income services of the Council to support residents at risk of falling into debt.

14.5 We have been planning for the implementation of UC for a number of years and measures we have taken to mitigate the impact on residents are as follows:

- A strong income collection service that supports early intervention and identification of support needs.
- Online rents portal, empowering customers and providing an effective communication channel.
- Investment in in-house customer support services
    - Resident Sustainment team
    - Financial Inclusion team
- A Council-wide welfare reform group drawing together services already supporting affected residents
- Working closely with the local DWP delivery partner
- Strong voice on the DWP local authority welfare steering group

15 SAVINGS STRATEGY

15.1 The 2020/21 savings strategy focuses on the integration of services and the sharing of resources to deliver the savings under the headings of; stop doing something, change how we do it or start doing something.

15.2 Stop doing something is looking at the services we deliver and deciding if all the elements/functions add value and assessing if by not continuing will impact our residents and leaseholders. For example

- Stop paying for extended boiler warranties as we repair them rather than call on the warranty.
- Reduce the use of external contractors by training staff to deliver procured services.

15.3 Change is about changing how we deliver our services in order to make savings not just continuing to do things the way they have always been done. For example reviewing processes to ensure services are delivered more efficiently reducing dissatisfaction amongst our residents.

15.4 Start doing something is looking at things we do well and sharing expertise with other departments in order to replicate success throughout the council such as using our teams of experts to provide services rather than contracting services out.

15.5 For 2020/21 we are proposing savings of £3.99m to deliver the savings requirement per the HRA business plan; these have been achieved without the need for compulsory redundancies and are set out in the table below.

	2020/21 £000
Stop	
Stop sending out quarterly rent statements (to only be sent on request)	33
Stop paying for warranties on boilers	100
Recruit to permanent posts to stop using agency staff.	100
Fire risk assessments completed in house	80
Asbestos analysis completed in house	40
ASB mediation completed in house	20
Stop inspecting servicing done by DLO	40
Change	
Improve Void Turnaround time by 5 days	50
Renegotiate HA leased properties payments	300
Management Review	150
Improve Legal disrepair process	100

Recharge full cost of communal energy	50
Improve payment administration and reduce admin staff	67
Merge repairs and neighbourhood contact centres	100
Improved systems for reactive repairs	1,000
Repairs HUB	163
Service efficiency Savings	400
Start	
Collective enfranchisement	50
Purchase mobile CCTV	50
Recharge leaseholders for all communal works	30
Previously agreed	
Increase garage rent by £1 per week	120
Restructure - management saving	100
Additional Cleansing savings	50
Extension of Thames Water contract	800
TOTAL	**3,993**

15.6 These savings increase the productivity and efficiency of the Housing Service, deliver the business plan requirements and enable us to continue the investment in our stock and regeneration programmes. The savings strategy to ensure a financially sustainable business plan for 2020/2021 onwards is to develop proposals from service modernisation and commercialisation. Savings will be delivered from proposals which will improve our business processes, improve outcomes and deliver value for money.

16. HOUSING CAPITAL PROGRAMME

16.1 The Housing Capital Programme 2020/21 has been developed with due regard to the Asset Management Strategy and the Housing Development Strategy approved by Cabinet in March and April 2019. The Asset Management Strategy sets out the Council's long-term objectives for investing in our homes and provides an overarching framework for investment decision-making across the Council's homes and estates. It also considers the values we have as an organisation, the relevant local and national policy context, set out the ambitions that Hackney has for the quality of its homes and the priorities that will be established to ensure that the limited available resources are directed at the greatest need.

16.2 The capital programme for housing covers the investment in HRA stock and assets managed by Housing Services, the housing regeneration programmes, investment in HRA hostels and housing grants managed by Housing Needs and Private Sector Housing.

16.3 The proposals in this budget allow for RCCO of £9.6m and the depreciation charge of £43.9m which will be used along with the relevant grant contributions, contributions from leaseholder for Major Works, and sales receipts from completed Regeneration properties (outright sale and shared ownership).

16.4 These sources of funding will be supplemented with borrowing to support the housing capital programme as reflected in the HRA Business Plan. The borrowing will be funded and repaid with future rental income from HRA and regeneration properties

16.5 The table below summarises the Housing Capital Programme for 2020/21 based on the HRA business plan model.

	2020/21 £'000
Asset Management Plan	71,708
Estate Regeneration Programme	45,149
Housing Supply Programme	20,557
Woodberry Down	15,202
Other	3,329
TOTAL EXPENDITURE	**155,945**

16.6 A main component of the capital programme is the delivery plan for the housing stock. The Asset Management Strategy sets out proposals for a move from a previous component based approach, to an area/zone based approach which takes a holistic view to the improvements of blocks and estates by considering all the elements/components in an area/zone. This approach has been used to develop the capital programme over the life of the HRA business plan.

16.7 The investment in existing stock follows a 7 year cycle, where properties are surveyed and works are consulted on in the preceding year, with the works programme extending to up to 18 month.

16.8 The £71.1m budget reflects year 1 of the cycle. Of this £49m relates to Contract 1 works where surveys and consultation are underway and there are

13 schemes totalling £13m that will commence early in 2020. A summary of these schemes are shown in the table below, with further detail shown in appendix C.

No.	Estate Name	Ward	No. Properties
1	11 Springfield Estate	Springfield	23
2	Beck House Estate	Stoke Newington	20
3	Chatsworth Estate	Kings Park	54
4	Downs Estate	Shacklewell	210
5	Fairholt Close Estate	Stamford Hill West	12
6	Jack Dunning Estate	Homerton	418
7	Lenthall Road Properties	London Fields	9
8	Lushington Terrace Properties	Hackney Central	15
9	Middleton House Estate	London Fields	19
10	Priory Court Estate	Kings Park	48
11	Shacklewell House Estate	Shacklewell	59
12	Sherry's Wharf Estate	Kings Park	144
13	St Johns Estate	Hoxton West	355

16.9 The remaining £36m of works on the other year 1 schemes, as set out in the Asset Management Strategy, will be presented to Cabinet later in the year along with an annual report on the Asset Management Strategy.

16.10 The Council’s response to the Grenfell Fire tragedy has been regularly reported to Cabinet throughout the year and the capital programme makes provision for the financial requirements of the fire safety work that the Council knows of or anticipates will come from the Fire Risk Assessments. In respect of the outcome of the Public Enquiry findings and any recommendations arising from that will be reflected in future iterations of the HRA business plan.

16.11 The budget requirement for the Regeneration programmes reflects the current delivery programme, which is reported and monitored by the Housing Development Board. During the past year, with the uncertainty of Brexit, the cost, sales and programmes have been subject to fluctuation and extension due to the uncertainty. Whilst every effort is made to maintain the delivery and viability of the programme, there are many factors that impact on them and so by following the programme’s governance structure, decisions are made at the appropriate point about the programmes commitments, costs and delivery.

APPENDICES

Appendix A HRA Budget Proposals

Appendix B Fees and Charges Proposals
Appendix C Year 1 Capital Programme

EXEMPT

None

BACKGROUND PAPERS

None

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