

Meeting of the Council – 12th October, 2009

Report of the Cabinet

Review of Housing Finance

Purpose of Report

1. To consider the recommendation of the Cabinet regarding the Housing Revenue Account budget for 2009/10.

Background

2. A joint report of the Director of Adult, Community and Housing Services and the Interim Director of Finance was submitted to the meeting of the Cabinet held on 9th September, 2009 proposing revisions to the Housing Revenue Account (HRA) budgets to reflect latest financial forecast, and to confirm revised rents for Council homes. The report also updated the Cabinet on developments in Housing Revenue Account finance.
3. Except for the issue of the revised budget, the recommendations in the report to the Cabinet meeting were determined under delegated powers. A copy of the report is available from Democratic Services in the Directorate of Law, Property and Human Resources (telephone 01384 815236) or by e-mail to Richard.Sanders@dudley.gov.uk or on the Council's website www.dudley.gov.uk (follow the links to Council Decisions/Committee Information).
4. The decisions taken under delegated powers were as follows:
 - To note the amended rent increase for Housing Revenue Accounts dwellings backdated to 6th April, 2009 with an average increase of £1.92 (3%) and a maximum increase of £3.06 in line with the Government's proposal on reducing rent levels, details on which are provided in the report submitted to the Cabinet.
 - To note the outcome of the National Housing Revenue Account subsidy review, as set out in detail in the report to the Cabinet.
 - To note new arrangements regarding the Council's position in respect of new Council House building, brief details of which were provided in the report to the Cabinet, and authorise the Director of Adult, Community and Housing Services and Interim Director of Finance, in consultation with the Cabinet Members for Housing and Finance, to respond to a consultation paper on measures to encourage Councils to start building new Council Houses given the high demand for Social Housing and the current economic climate that was restricting private sector supply.

5. In relation to the Housing Revenue Account budget, this is a ring-fenced revenue account and deals with landlord functions associated with public sector housing. The costs of improvement and programmed maintenance of the Council's housing stock are treated as capital expenditure and are accounted for separately.
6. A report was approved by the Cabinet in February 2009 on the deployment of resources for 2009/10 for the HRA and public sector housing capital. This report covered
 - the setting of the rent increase for Council homes from 6 April 2009,
 - the review of rents for garages, garage plots and access agreements,
 - the setting of the HRA budget for 2009-10,
 - the setting of a capital expenditure budget for the improvement and programmed maintenance of the Council's housing stock from 2009-10 to 2013-14.the review of the medium-term financial strategy for the HRA and Public Sector Housing Capital.
7. The current budget for 2009-10, approved by Cabinet on 11th February 2009, shows a surplus on the HRA of £0.894m at 31st March 2010. This budget takes account of the average rent increase of £3.91 approved by the February Cabinet and implemented from 6th April, 2009.
8. There are now a number of variations to the original budget, arising mainly from
 - the Government's proposal to reduce the national guideline rent increase and to make additional subsidy available for councils that choose to revisit the level of rents set and reduce them accordingly (reported to Cabinet on 18th March 2009)
 - the Government's offer to allow Councils to bring forward a proportion of Major Repairs Allowance (MRA) from 2010-11 to 2009-10 to accelerate capital works in order to stimulate the economy in particular regarding Decent Homes,
 - resources brought forward from 2008-09 including earmarked reserves.

The original 2009-10 budget and the proposed revised 2009-10 budget are shown in Appendix 1.

9. On consideration of the above information, the Cabinet, at its meeting held on 9th September, 2009, resolved to recommend the Council to approve the revised Housing Revenue Account budget for 2009/10 set out in Appendix 1 to this report.

Finance

10. Section 76 of the Local Government and Housing Act 1989 places a duty on the Council to ensure that no action will be taken that may cause a deficit to arise on the HRA at 31st March, 2010. A duty is also placed on the Council to review the financial prospects of the HRA from time to time. Reviews and regular monitoring carried out confirm that the HRA will be in surplus at 31st March 2010 and therefore complies with the requirements of the Act.

Law

11. The housing finance regime is governed by Sections 74-88 in Part VI of the Local Government and Housing Act 1989.

Equality Impact

12. The report submitted to Cabinet was primarily a financial report concerned with forecasting of income and application of resources. Some areas of proposed expenditure are intended to promote independence and improve the quality of life for disadvantaged groups.

Recommendation

13. That the revised Housing Revenue Account budget for 2009/10, as set out in Appendix 1 to this report, be approved.

A handwritten signature in black ink that reads "J. E. Millward". The signature is written in a cursive style with a large initial 'J' and a loop at the end.

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Leader of the Council