

**WAVERLEY BOROUGH COUNCIL**

**EXECUTIVE - 3 FEBRUARY 2015**

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**Title:**

**HOUSING REVENUE ACCOUNT BUSINESS PLAN 2015/2041 AND REVENUE  
BUDGET 2015/2016**

**[Portfolio Holders: Cllrs Stewart Stennett and Carole King]  
[Wards Affected: All]**

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**Summary and purpose:**

This report presents to the Executive the Housing Revenue Account (HRA) Business Plan and the revenue budget for 2015-16.

It contains the following Annexes:

- Annexe 1 – Business Plan Assumptions
- Annexe 2 – Business Plan
- Annexe 3 – Star Chamber proposals
- Annexe 4 – Draft revenue estimates
- Annexe 5 – Rents Analysis
- Annexe 6 – Housing fees and charges

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**How this report relates to the Council's Corporate Priorities:**

Waverley's landlord service deals with the management and maintenance of existing stock and delivering **affordable housing** which helps to **improve lives** – two of the Council's five corporate priorities. A viable business plan which takes account of these priorities needs to be in place to aid delivery

**Equality and Diversity Implications:**

Providing more and better affordable housing for residents of the Borough in housing need, particularly the more vulnerable in our society.

**Resource/Value for Money Implications:**

Resource implications are contained within the report.

**Legal Implications:**

There are no direct legal implications as a result of this report.

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## **Background**

1. The self-financing regime for the HRA is now well established. The backlog of decent homes work was cleared by the end of the 2013/2014 financial year (partly funded by Government grant) and the focus is now continuing to provide high quality services to our tenants and on maintaining homes to a decent standard. Seven new affordable properties are nearing completion in Farncombe and work is now underway on the Station Road site in Godalming.
2. The staffing structure of the landlord service was refined early in 2014/15 and recruitment to the revised approved structure is ongoing.
3. The next five year projection for the Business Plan, commencing with 2015/16, are attached at Annexe 2 and the assumptions behind the plan (Annexe 1). This illustrates the updated position showing the impact of the latest assumptions and estimates. Despite unavoidable increases in some costs and assumed lower level of rent increases reflecting the low level of inflation, some £33.3m is expected to be available for investment over the next 5 years in new affordable homes and to support stock remodelling. It is proposed that for the next 2 years at least, investment contributions are all targeted at new affordable homes as there is currently sufficient funding in the Stock Remodelling reserve to fund work proposed in the short/medium term. This will be kept under review.

## **REVENUE BUDGET**

### **2015/16 Draft Revenue Estimates**

4. There has been rigorous scrutiny of draft budgets through the Council's 'star chamber' process involving the Directors, Portfolio Holders, and Heads of Service. Proposals for significant additional investment in day to day repairs and void work have been incorporated in the Business Plan base from 2015/16 onwards. It is also proposed to add 2 further posts to the establishment. A complaints officer to ensure more efficient turnaround of complaints received within the landlord service and a data analyst to provide additional detailed Orchard information. These proposals are summarised in Annexe 3. The budget (Annexe 4) and updated Business Plan incorporate the growth items.

## **Rents**

5. The Council has agreed a rent setting policy that supports Waverley's Business Plan objectives with broad adherence to the Government's social rent policy. The proposed increase for 2015-16 of 2.8% (September RPI + ½%) with an addition of up to £2/week for those properties where rent is below their target rent in accordance with the Council's policy and has been included in the draft Business Plan at Annexe 2. In addition, this crucially helps to ensure the necessary investment contributions are available in the Business Plan to improve our tenants' homes. Annexe 5 analyses the numbers of properties that are below target rent.

6. Garage rents are also proposed to increase by 2.8%. During 2014/15, six garage sites were identified for redevelopment and removed from the chargeable base.
7. It is proposed that service charges in sheltered accommodation be increased by 50p/week in 2015/16 and the heating reimbursement charge by the same amount in line with previous energy increases. The position will be reviewed in 2015/16 in the light of current market conditions.
8. It is proposed that rents for Temporary Accommodation (TA) and Bed and Breakfast be increased in line with Local Housing Allowance rates when these are announced in due course.

### **Robustness of Estimates**

9. Full account has been taken of potential costs and adequate provision has been made. A prudent assessment of income has been undertaken and only income that has a high level of certainty of being received is included within the Council's budgets.
10. The Council's Financial Strategy, together with information presented at the Annual Finance Seminar and subsequent reports demonstrate the financial challenges to Waverley Borough Council and Landlord Service in the future.
11. In view of the level of awareness amongst Members and the action taken to produce the Council's budget in 2015/16, the Director of Finance and Resources is satisfied with the robustness of the estimates presented.

### **Adequacy of reserves**

12. Adequate reserves are necessary to meet significant cost that could not reasonably have been foreseen in the preparation of the budget. The levels of the HRA working and repairs fund balances have been reviewed and the working balance maintained at £2m. It is proposed to apply the repairs fund balance to support specific revenue projects leaving a projected balance of some £35k at the end of 2015/16.

### **Increases in Fees and Charges**

13. The schedule of charges for various services to leaseholders and shared owners has been reviewed. This is currently being consulted on and it is proposed to replace the current flat rate leasehold management charge that applies to all. It is seen as a more transparent and fairer way of recovering costs incurred - Annexe 6.

### **Conclusion**

14. Self-financing has opened up significant opportunities within the landlord service to improve the service to its existing tenants and maintain our homes to a high standard and also provide new homes for the future. Waverley has a robust business plan that should ensure that these objectives are achieved.

## **Corporate Overview and Scrutiny Committee**

15. The Corporate Overview and Scrutiny Committee considered this report at its meeting on 20 January 2015. The Committee endorsed the detailed estimates and proposals in the report, including the proposed rent increase which is in line with the Council's rent policy and agreed within the Council's 30 year HRA Business Plan. In particular, the Committee endorsed the growth bid to make permanent the posts of Complaints Officer and Data Analyst, as these would be key to enabling the improvements in service delivery that were being recommended by the Committee as a result of its in-depth scrutiny review of the responsive repairs service.

## **Recommendation**

Having considered the comments from the Corporate Overview and Scrutiny Committee it is recommended that the Executive makes the following recommendations to Council, that:

1. the rent level of Council dwellings be increased by 2.8% from 6<sup>th</sup> April 2015 with an addition of up to £2/week for those properties below their historic target rent;
2. the weekly charge for garages rented by both Council and non-Council tenants be increased by 2.8% from 6<sup>th</sup> April 2015;
3. the service charge in sheltered accommodation be increased by 50p/week from 6<sup>th</sup> April 2015;
4. the recharge for energy costs (as appropriate) be increased by 50p/week from 6<sup>th</sup> April 2015, with a review being carried out in 2015/16 to assess changing energy prices;
5. fees and charges be increased in line with the proposals at Annexe 6;
6. the proposals included on the List of Growth Items be implemented as shown at Annexe 3, including any staffing changes;
7. the resultant HRA Revenue Budget and Business Plan updated for 2015/16, which incorporate the above changes, be approved; and
8. for 2015/16 and 2016/17, 100% of the Business Plan Capital investment contributions be allocated to the New Affordable Homes provision.

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## **Background Papers**

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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