

## For publication

### Housing Repairs Budget 2019/20 (HC000)

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Meeting:	Cabinet
Date:	26 February, 2019
Cabinet portfolio:	Cabinet Member for Homes and Customers
Report by:	Director of Finance & Resources Assistant Director - Commercial Services

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## **For publication**

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### 1.0 **Purpose of report**

1.1 To agree and set the Housing Repairs Budget for 2019/20.

### 2.0 **Recommendations**

2.1 That the Housing Repairs Budget of £8.355 million for 2019/20 as set out at **Appendix 1** be approved.

2.2 That the Assistant Director - Commercial Services be authorised to vire between responsive repairs budget heads in order to effectively manage and respond to fluctuations in tenant-led or weather dependent repairs.

### 3.0 **Report details**

#### Background

- 3.1 The Housing Repairs Budget finances day-to-day and planned revenue expenditure to the council's Housing Stock.
- 3.2 The base position has, traditionally, been arrived at by applying the financial effect of any approved budget growth, inflation (indexation) and stock reduction through Right to Buy.
- 3.3 However, during 2016/17 a detailed review of the way in which Chesterfield Borough Council deliver future repairs and maintenance programmes was undertaken. As a result of this review and a review of the Housing Revenue Account (HRA) Business Plan which took place at the same time, a series of mitigating actions were put in place to ensure the long term financial viability of the HRA in light of national housing and welfare policy changes. These actions included;
- Reducing the Housing Repairs Budget by £500,000 in 2017/18 and again in 2018/19
  - Making changes to the Tenant Repairing Obligations and Repair Response times – agreed by Cabinet on and implemented from 2<sup>nd</sup> April 2018
- 3.4 This and other actions were built into the accounts and the HRA Business Plan resulting in the healthier forecasts which will be reported to Cabinet at a future date. Actual savings achieved in housing repair budgets have exceeded the £500,000 target set within both financial years. It is important to note that the budget projections contained within that report assume that all the actions identified are successful. Therefore there is still the risk that the HRA balances may be lower than forecast if any of the actions are not as successful as hoped.

Proposed Budget for 2019/20

- 3.5 The repairs budget is entirely financed from rental income and is one of the largest budget heads within the Housing Revenue Account.
- 3.6 The total budget for 2019/20 is £8.355 million. This is £100,000 lower than the 2018/19 budget.
- 3.7 The table at **Appendix 1** shows the proposed budget analysis for 2019/20.
- 3.8 Performance and efficiency will still remain key drivers for the service and opportunities for savings or other efficiencies will be taken in year wherever possible.

3.9 *Tenant Participation*

The Tenant Steering Group and the Tenant Challenge Panel and individual focus groups have and will continue to be involved in carrying out in-depth reviews of the repairs policy, including reviewing the changes to the Tenant Repairing Obligations made in April 2018, the Void Lettable Standard, under which they carry out ongoing 'spot checks' on randomly selected properties to assess them against the standard and reviewing and assessing the Repairs Service to ensure continuous improvement.

4.0 **Human resources/people management implications**

- 4.1 The reduced responsive repairs budget in 2017/18 and 2018/19 and the changes to the Tenant Repairing Obligations have had a greater implication for the income of OSD than anticipated.
- 4.2 When these changes were agreed by Cabinet on 21 February 2017, it was anticipated that the reduction in 'jobs' by changing the tenant repairing obligations and the timescales that work will be undertaken in, could reduce the staffing requirement for responsive repairs.

- 4.3 However it was also anticipated that these staff could usefully be re-deployed elsewhere in the Building Service, undertaking capital or contractual work as part of the Council's commercial ambition for OSD to 'trade' externally.
- 4.4 This was based on the anticipated budget reduction of £500,000. However, the actual reduction has been around £1million higher than this figure. This has been offset to a certain degree by the application of inflation increases for 2017/18 and 2018/19 (not previously applied) as approved by Cabinet on 23 October 2018. The projected underspend for 2018/19 is £385,000 after the application of the inflation.
- 4.5 This has impacted on the Operational Services Department (OSD) in 2 ways:
- A reduction in workload meaning a transfer of some operatives to other work as anticipated at para 4.3.
  - An under-recovery of fixed overheads. The Repairs contract currently recovers a significant proportion of overheads and the reduction has significantly impacted on the "bottom line" of OSD's trading account.

## 5.0 **Financial implications**

- 5.1 The reduction of the Responsive Repairs Budget by £500,000 in 2017/18 and 2018/19 predicted a saving of £1million to the Housing Revenue Account. The actual saving achieved has exceeded the forecast.
- 5.2 This saving has provided some mitigation to the HRA against changes in national housing policy affecting its financial viability and will contribute to ensuring that the HRA Business Plan remains balanced, sustainable and self-financing in the longer term.

5.3 In order to mitigate the financial risk to OSD, there has been an increased share and / cash value of the Housing Capital Investment Programme for OSD from 2018/19 onwards, subject to value for money considerations, which will contribute to OSD's 5 year growth Strategy and the re-deployment of existing staff from responsive repair work to capital.

## 6.0 Risk management

Description of Risk	Likelihood	Impact	Mitigating Action	Resultant Likelihood	Resultant Impact
Repairs costs exceed budget	Low	Medium	Monthly budget monitoring in place to rectify departures from profiled spend. Budget virement smooths out individual budget issues	Low	Low
Serious financial impact from severe weather or other disaster	Medium	Medium	Budgets would be varied as necessary and/or use HRA reserves	Medium	Low
Service disruption due to adverse weather	Medium	Medium	Work re-prioritised staff work additional hours/weekends Fleet includes 4x4 vehicles	Medium	Low
Disrepair legal claims	Medium	Medium	Repair process tracks repairs to minimise exposure to risk	Medium	Low

Unforeseen expenditure	Low	Medium	Budgets would be varied as necessary and/or use HRA reserves	Low	Low
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## 7.0 **Legal and data protection implications**

7.1 The Housing Repairs Budget and changes to the Repairing Obligations have been set in order to ensure that the Council's obligations under the 1985 Landlord and Tenant Act and 1985 Housing Act and other relevant legislative and regulatory requirements are fully met.

## 8.0 **Equalities Impact Assessment (EIA)**

8.1 A full Equalities Impact Assessment has been carried out and is attached at **Appendix 2**.

## 9.0 **Recommendations**

9.1 That the Housing Repairs Budget of £8.355 million for 2019/20 as set out at **Appendix 1** be approved.

9.2 That the Assistant Director - Commercial Services be authorised to vire between responsive repairs budget heads in order to effectively manage and respond to fluctuations in tenant-led or weather dependent repairs.

## 10.0 **Reasons for recommendations**

10.1 To permit the required maintenance of the Housing Stock.

10.2 To contribute to the delivery of a balanced and sustainable Housing Revenue Account, which is self-financing in the longer term

- 10.3 To support the Council's Vision and priorities within the Council Plan.

<b>Glossary of Terms</b>	
HRA	Housing Revenue Account

### **Decision information**

<b>Key decision number</b>	<b>849</b>
<b>Wards affected</b>	ALL
<b>Links to Council Plan priorities</b>	To improve the quality of life for local people and to deliver value for money services

### **Document information**

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<b>Background documents</b>	
<i>none</i>	
<b>Appendices to the report</b>	
Appendix 1	Proposed Housing Repairs Budget 2019/20
Appendix 2	EIA