

## For publication

### Housing Repairs Budget 2018/19 (HC000)

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Meeting:	Cabinet
Date:	20 February 2018
Cabinet portfolio:	Cabinet Member for Homes and Customers
Report by:	Assistant Director - Housing Director of Finance & Resources

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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 2018/19 onwards.

### 2.0 **Recommendations**

- 2.1 That the Housing Repairs Budget of £8.473 million for 2018/19 as set out at **Appendix 1** be approved.
- 2.2 That Cabinet note that the Housing Repairs Budget for 2019/20 is currently planned to be decreased by a further £500,000, after which it will be set in accordance with an increase in the rate of inflation (CPI), as per the Cabinet decision taken on 21 February 2017.

2.3 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, amongst other findings, it considered the amount that the council was spending on repairs and maintenance per property per year. The average mean figure was £946 per property in both 2015/16 and 2016/17. As shown in **Appendix 1**, based on the current budget in 2017/18 this is projected to fall to £935 per property and £911 per property in 2018/19 and **in addition** to the circa £20million per annum capital investment programme that has been made to the council housing stock in recent years.

3.4 The Housemark benchmarking report for 2016/17 which has recently been received, identifies that based on our actual costs for responsive repairs and void costs only (excluding programmed repairs which are included in Chesterfield Borough Council's Repairs Budget) were £799.37 compared to

the average median figure of £744.61 per property per year in 2016/17 (for our peer group).

- 3.5 At the same time as this review, extensive work has been carried out in reviewing the Housing Revenue Account (HRA) Business Plan (during 2016/17 and 2017/18) in order to mitigate the implications of changes in national housing and welfare policy on the financial viability of the HRA Business Plan, including the 1% rent reduction for four years from April 2016, welfare reforms and the potential requirement for the 'disposal of high value assets'.
- 3.6 A series of mitigating actions to improve this position were recommended by the HRA Business Planning Steering Group and on the 21 February 2017, Cabinet agreed to reduce the Housing Repairs Budget by £500,000 in 2017/18 and each of the following two financial years (2018/19 and 2019/20), after which it would be set in accordance with an increase in the rate of inflation (CPI).
- 3.7 This and other actions have been built into the accounts and the HRA Business Plan resulting in the healthier forecasts which were reported to Cabinet on 19 December 2017. 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 2018/19

- 3.8 The repairs budget is entirely financed from rental income and is one of the largest budget heads within the Housing Revenue Account.
- 3.9 The total budget for 2018/19 is £8.473 million (decreased by £572,000 from £9.045 million in 2017/18 to account for the

£500,000 budget reduction in accordance with the decision taken on 21 February 2017, as set out at paragraph 3.5 above, and also to account for the £72,000 approved carry forward from 2016/17 to 2017/18 in respect of Scooter Storage).

- 3.10 The table at **Appendix 1** shows the proposed budget analysis for 2018/19.
- 3.11 Performance and efficiency will still remain key drivers for the service and all opportunities for savings or other efficiencies will be taken in year wherever possible.

#### Tenant Participation

- 3.12 In July 2016 a Steering Group was established to consider the implications for the Housing Revenue Account (HRA) Business Plan following national housing and welfare policy changes, including the reduction in rents for 4 years until April 2020 and to make recommendations as to how these implications can be mitigated. The Steering Group comprises of cross party elected members, officers and tenants.
- 3.13 In December 2016, they made a series of recommendations which were endorsed by the Corporate Cabinet and Corporate Management Team and later approved by Cabinet, including the reduction in the responsive repairs budget and a reduced capital investment programme.
- 3.14 The Steering Group has continued to be involved, during 2017/18, in the review of and recommendation of changes to the Housing Tenancy Agreement and the Tenant Repairing Obligations.
- 3.15 These changes were approved by Cabinet on 30 January 2018 (with implementation from April 2018) and it is anticipated that the reduction in 'jobs' by changing the tenant repairing obligations (with more onus on the tenant undertaking work themselves) and the timescales that work will be undertaken

in, will contribute to achieving the overall saving on the Housing Repairs Budget of £1.5 million over the three year period (2017 to 2020)

- 3.16 In order to achieve the £500,000 saving in 2018/19, it is recommended that, in the main, the reduction in budget is taken from that allocated to environmental (fencing, footpaths) works to reflect the increased provision within the Housing Capital Investment Programme and tenants taking more responsibility for their own repairs.
- 3.17 The remaining balance has been taken from budgets which have consistently underspent in recent years or are no longer utilised due to capital improvements e.g. gas heating improvements.
- 3.18 In addition to the above work, the Tenant Challenge Panel and individual focus groups have been involved in carrying out in-depth reviews of the repairs policy. These reviews include the Void Lettable Standard, under which they carry out ongoing 'spot checks' on randomly selected properties to assess them against the standard. Tenants will continue to be involved in 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 2018/19 and in the following financial year (2019/20) will have an implication for the income of the Commercial Services and therefore potentially the workforce.
- 4.2 As identified at paragraph 3.14 above 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 It is anticipated that these staff could usefully be re-deployed elsewhere in the Building Service, undertaking capital or contractual work as part of the Commercial Services ambition to 'trade' externally. This was approved by Cabinet, as part of the Commercial Services 5 year growth Strategy on 25<sup>th</sup> July 2017.

## 5.0 **Financial implications**

5.1 The reduction of the Responsive Repairs Budget by £500,000 per annum in each of the three financial years (2017 – 2020) will result in a saving of £1.5million to the Housing Revenue Account.

5.2 This saving will provide 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 the Commercial Service, where possible, there will be an increased share and / cash value of the Housing Capital Investment Programme for Commercial Services from 2018/19 onwards, subject to value for money considerations, which will contribute to the Commercial Services 5 year growth Strategy and the re-deployment of existing staff from responsive repair work to capital. This is covered in a separate report on this agenda

## 6.0 **Risk management**

<b>Description of Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigating Action</b>	<b>Resultant Likelihood</b>	<b>Resultant Impact</b>
Repairs costs exceed budget	Low	Medium	Monthly budget monitoring in place to rectify departures from	Low	Low

			profiled spend. Budget virement smooths out individual budget issues		
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

## 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 £8.473 million for 2018/19 as set out at **Appendix 1** be approved.

9.2 That Cabinet note that the Housing Repairs Budget for 2019/20 is currently planned to be decreased by a further £500,000, after which it will be set in accordance with an increase in the rate of inflation (CPI), as per the Cabinet decision taken on 21 February 2017.

9.3 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.

### **Decision information**

<b>Key decision number</b>	<b>776</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 2018/19	
Appendix 2	EIA	
Etc.		