

JOINT DMC – Housing Budget 2019/20



INTRODUCTION

Budget Issues for 2019/20

- Housing Revenue Account position.
 - Better Homes work continuing.
 - Fire Safety Work.
 - Community Safety - CCTV
-
- Fees and Charges recommendations for DMC discussion.

HOUSING REVENUE ACCOUNT

Medium Term Financial Strategy agreed by the Council at beginning of 2017/18. This comes to an end March 2020.

1% rent decreases to continue in April 2019.

From April 2020 return to previous rent guidance of Inflation plus 1%.

LOOKING AHEAD

Rent from April 2020 could be increased by Inflation plus 1%. Additional Rent Income could be used to:

- Meet inflationary pressures in the HRA?
- Replenish reserves?
- Invest in housing services?
- Invest in new social housing?

2019/20 HRA Budget Position

| | £'000 |
|---|--------------|
| <u>Budgetary Pressures:</u> | |
| Inflation, Employee costs, loss of rental Income, repairs. | 3,947 |
| Enhanced resident safety | 2,725 |
| <u>Less:</u> | |
| MTFS Savings Applied (Appendix B) | -5,267 |
| Budget Pressure | 1,405 |
| | |
| | |
| Drawdown from Reserves | -1,405 |
| Net Budget | 0 |

NB: Drawdown on reserves will be reduced if recommended service charges are agreed.

BETTER HOMES



Over the next four years the Council is planning to spend;

£13.2million on Kitchens and Bathrooms

£123.9million on Roofs, Windows and other external work



FIRE SAFETY WORK PROGRAMME



Funding for new standard of Fire Safety - £87.1million over next four years.

Council has secured £80m from Government to Fund the removal and replacement of Cladding.

DMC CONSULTATION

1% RENT DECREASE

| Bedrooms | Average Rent 2018/19 | Average Rent 2019/20 | Average reduction in Rent |
|----------|----------------------|----------------------|---------------------------|
| 0 | £83.38 | £82.55 | -£0.83 |
| 1 | £100.30 | £99.30 | -£1.00 |
| 2 | £113.65 | £112.51 | -£1.14 |
| 3 | £127.22 | £125.95 | -£1.27 |
| 4 | £141.11 | £139.70 | -£1.41 |
| 5+ | £157.16 | £155.59 | -£1.57 |

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Recommended Tenant Service Charges

| Service charge | 18/19 weekly charge | recommended Increase | Service Charge change £ |
|---------------------------|---------------------|----------------------|-------------------------|
| Caretaking | £ 8.95 | 2.4% | £ 0.21 |
| CCTV | £ 0.98 | 0.0% | £ - |
| Communal lighting | £ 1.05 | 2.4% | £ 0.03 |
| Communal M&E maintenance | £ 1.13 | 2.4% | £ 0.03 |
| Grounds maintenance | £ 1.80 | 0.0% | £ - |
| Responsive Housing Patrol | £ 0.61 | 2.9% | £ 0.02 |

- Inflation (CPI) at September 2018 was 2.4%.
- Inflation level increase will mean s/c continues to cover cost of the service.
- CCTV & Grounds Maintenance can be met from existing charges.
- Responsive Housing Patrol is recommended a slightly higher increase to help cover the cost of investment

DMC CONSULTATION: NEW ADVANCED CCTV SYSTEM

Outcome of review and strong feedback from DMCs:
WE NEED TO UPGRADE CCTV SYSTEM.

Option proposed by DMC members during past year to levy a service charge to recover capital costs, similar to IRS.

For consideration:

- Charge of £2.10 to replace existing CCTV charge of 98p?
- Levied from April after CCTV installation for 7 Years (same as IRS).
- CCTV charge to revert to current level of 98p (plus inflation) at end of seven years.



DMC CONSULTATION

HEATING POOL

- **Bulk Gas prices payed by the council expected to increase by 26% over the next year.**
- **Heating Pool surplus at the end of 18/19 estimated to be £1.2m.**
- **2019/20 - Should the surplus be used to keep heating charges at current levels?**

No Change to Heating Pool Charges in 2019/20?

FEEDBACK FROM DMCS

| Recommendation | Yes | No | Other |
|---|-----|----|-------|
| 1% Rent Reduction | | | |
| Increase in Tenant Service Charges? | | | |
| No Changes to Heating Pool Charges? | | | |
| New Service Charge for enhanced CCTV? | | | |
| Any other feedback/Views. Including Rent from April 2020? | | | |