CABINET AND COMMISSIONERS' DECISION MAKING MEETING

Monday, 15 January 2018
10.00 a.m.
Council Chamber, Town Hall, Moorgate Street, Rotherham. S60 2TH

Cabinet Members:-

Leader of the Council	Councillor Chris Read
Deputy Leader of the Council	Councillor Gordon Watson
Adult Social Care and Health Portfolio	Councillor David Roche
Corporate Services and Finance Portfolio	Councillor Saghir Alam
Housing Portfolio	Councillor Dominic Beck
Jobs and the Local Economy Portfolio	Councillor Denise Lelliott
Neighbourhood Working & Cultural Services Portfolio	Councillor Taiba Yasseen
Waste, Roads and Community Safety Portfolio	Councillor Emma Hoddinott

Commissioners:-

Lead Commissioner Mary Ney
Commissioner Patricia Bradwell
Commissioner Julie Kenny

Rotherham
Metropolitan
Borough Council

CABINET AND COMMISSIONERS' DECISION MAKING MEETING

Venue:	**Town Hall, The Crofts, Moorgate Street, Rotherham. S60 2TH**	**Date:**	**Monday, 15th January, 2018**
		Time:	**10.00 a.m.**

A G E N D A

1. Apologies for Absence

To receive apologies of any Member or Commissioner who is unable to attend the meeting.

2. Declarations of Interest

To invite Councillors and Commissioners to declare any disclosable pecuniary interests or personal interests they may have in any matter which is to be considered at this meeting, to confirm the nature of those interests and whether they intend to leave the meeting for the consideration of the item.

3. Questions from Members of the Public

To receive questions from members of the public who wish to ask a general question in respect of matters within the Council's area of responsibility or influence.

Subject to the Chair's discretion, members of the public may ask one question and one supplementary question, which should relate to the original question and answered received.

Councillors are also entitled to ask any questions under this agenda item.

4. Minutes of the previous meeting held on 11 December 2017 (Pages 1 - 16)

To receive the record of proceedings of the Cabinet and Commissioners' Decision Making Meeting held on 11 December 2017.

DECISIONS FOR CABINET

5. Calculation of the Council Tax Base for 2018/19 (Pages 17 - 23)

Report of the Strategic Director of Finance and Customer Services

Cabinet Member: Councillor Alam
Commissioner: Ney (in advisory role)

Recommendations:

That Cabinet recommend to Council:

1. That the amount calculated by Rotherham Metropolitan Borough Council as its Council Tax Base and those of the Parish Councils shown at Appendix A for 2018/19 shall be a total of 69,240.35 Band D Equivalent Properties.

6. Increase in Council Tax Empty Property Premium (Pages 25 - 29)

Report of the Strategic Director of Finance and Customer Services

Cabinet Member: Councillor Alam
Commissioner: Ney (in advisory role)

Recommendations:

That Cabinet recommend to Council:

1. That an increase in the Empty Property Premium from 50% to 100% from the 1 April 2018 or any later date upon which the Autumn Budget 2017 provision to increase the Empty Homes Premium is implemented.

7. Housing Revenue Account Business Plan 2018-19 (Pages 31 - 104)

Report of the Strategic Director of Adult Care and Housing

Cabinet Member: Councillor Beck
Commissioner: Kenny (in advisory role)

Recommendations:

That Cabinet recommends to the Council:

1. That the proposed 2018-19 Base Case for the HRA Business Plan and investment in services detailed within be approved.

2. That the plan be reviewed annually to provide an updated financial position as new government regulations come into force.

8. Housing Revenue Account Rents & Service Charges 2018/19 (Pages 105 - 113)

Report of the Strategic Director of Adult Care and Housing

Cabinet Member: Councillor Beck
Commissioner: Kenny (in advisory role)

Recommendations:

That Cabinet recommend to Council:-

1. That dwelling rents are reduced by 1% for 2018/19 in line with the requirements outlined in the Welfare Reform and Work Act 2016.

2. That there is a 3% increase to charges for garage rents, communal facilities, cooking gas and laundry facilities in 2018/19 in line with the increase in Consumer Price Index as at September 2017.

3. That the unit charge per Kwh for District Heating Schemes remains at the same level as agreed by the Council in December 2017.

4. That the draft Housing Revenue Account budget for 2018/19 be approved.

9. Introduction of a charging scheme for Food Hygiene Rating re-inspection visits (Pages 115 - 120)

Report of the Strategic Director of Regeneration and Environment

Cabinet Member: Councillor Hoddinott
Commissioner: Kenny (in advisory role)

Recommendations:

1. That a charging scheme for re-inspections of food businesses be introduced, when requested, in respect of the Food Hygiene Rating Scheme, with effect from 1 February 2018.

2. That the fee for re-inspections of food business, upon request as part of the Food Hygiene Rating Scheme, be set at £150 per inspection.

10. Recommendations from Overview and Scrutiny Management Board

To receive a report detailing the recommendations of the Overview and Scrutiny Management Board in respect of the following items that were subject to pre-decision scrutiny on 10 January 2018:-

- Increase in Council Tax Empty Property Premium
- Housing Revenue Account Business Plan 2018-19
- Housing Revenue Account Rents & Service Charges 2018/19
- Introduction of a charging scheme for Food Hygiene Rating re-inspection visits

SHARON KEMP,
Chief Executive.

CABINET/COMMISSIONERS' DECISION MAKING MEETING
Monday, 11th December, 2017

Present:- Councillor Read (in the Chair); Commissioner Kenny, Councillors Alam, Beck, Hoddinott, Lelliott, Roche, Watson and Yasseen.

Apologies for absence were received from Commissioner Bradwell and Commissioner Ney.

Also in attendance was Councillor Steele, Chair of the Overview and Scrutiny Management Board and Councillor Cowles.

The webcast of Cabinet and Commissioners' Decision Making Meetings can be viewed at:-
https://rotherham.public-i.tv/core/portal/webcasts/enctag/Executive%252BArea

79. DECLARATIONS OF INTEREST

There were no declarations of interest reported.

80. QUESTIONS FROM MEMBERS OF THE PUBLIC

(1) A member of the public again referred to the review of Standing Orders and his question to the Leader back in 2016 when a Steering Group was allegedly being set up to review the Constitution and Standing Orders. In March this year the Leader was again asked when the review into the fifty word limit for questions from members of the public would be complete. He was advised this was the next area for review and would add to the work programme. The position remained the same when in October this year the Leader was again asked why he had not delivered on what he had promised in March, 2017.

The Leader confirmed a review had been completed and as no Member raised any issue with the 50 word question limit for members of the public the position remained the same. The Constitution Working Group still had some work to complete and whilst the Leader would keep the position under review, was unable to make a wider offer to change at this point.

In a supplementary question the member of the public responded to the comments about adding the fifty word limit for questions to the work programme for review and asked why the Leader had reneged on his promise. He asked that an early review be instigated on Standing Orders and the Constitution in order to fulfil what had been promised.

The Leader was happy to reflect on the question word limit element as part of the ongoing review with other Members as to the appropriateness of revisiting this area. He apologised if he had misled the member of the public, but was unable to give any commitment to change the word limit today.

(2) A member of the public had previously asked the Commissioners to ask the Civil Servants why other areas like Newcastle, Bradford and Rochdale had not had called for independent enquiries like Rotherham into child sexual exploitation when these areas had prosecuted umpteen offenders for their crimes. He had received a response, but this had not addressed the question and referred to inspections being undertaken, but not of the magnitude of Jay and Casey. He asked again why had these areas not called for an independent review.

The Leader was unable to comment on the question, but the rhetorical points were noted.

(3) The member of the public further asked when would the Commissioners' stop robbing the Rotherham taxpayers and leave.

The Leader confirmed the Council remained under formal review and was unable to add anything further.

81. MINUTES OF THE PREVIOUS MEETING HELD ON 13 NOVEMBER 2017

Resolved:- That the minutes of the Cabinet and Commissioners' Decision Making Meetings held on 13th November, 2017, be agreed as a true and correct record of the proceedings and would include adding Councillor Steele to the in attendance list.

82. EXCLUSION OF THE PRESS AND PUBLIC

Resolved:- That under Section 100(A) 4 of the Local Government Act 1972, the public be excluded from the meeting for the agenda item 15 on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006.

83. MEMBERS' ALLOWANCES - RESTORATION OF ENTITLEMENT TO FULL PAYMENT OF SPECIAL RESPONSIBILITY ALLOWANCES

Consideration was given to the report which confirmed following the further restoration of decision making powers to the Council in September, 2017, all executive functions have been returned to the Cabinet with the exception of children's social care, which was subject to a separate intervention regime.

This report, therefore, proposed that the Lead Commissioner agree that the full payment of special responsibility allowances to Cabinet Members be restored with effect from the date that powers were returned to the Council on 12th September, 2017.

Commissioner Kenny agreed:- That Council be recommended to consider approval of the restoration of entitlement to 100% of the special responsibility allowance for the Leader of the Council, Deputy Leader of the Council and Cabinet Members, in accordance with the Member Allowances Scheme, with effect from 12th September, 2017.

84. OCTOBER FINANCIAL MONITORING REPORT 2017-18 AND UPDATE OF THE COUNCIL'S MEDIUM TERM FINANCIAL STRATEGY 2019-20

Consideration was given to the report which set out the financial position for the Revenue and Capital Budgets at the end of October 2017 and was based on actual costs and income for the seven months ending 31st October, 2017 and forecasted for the remainder of the financial year. This was the fourth of a series of monitoring reports for the 2017/18 financial year which would continue to be brought forward to Cabinet and Commissioners on a regular basis.

Delivery of the Council's Revenue and Capital Budget and Medium Term Financial Strategy within the parameters agreed at the start of the current financial year was essential if the Council's objectives were to be achieved. Financial performance was a key element within the assessment of the Council's overall performance framework.

As at October, 2017 the Council had a forecasted overspend on the General Fund of £4.594m, an increase of £0.6m over the £4.0m forecast overspend as at September. The main reason for this increase was a continuing rise in the projected overspend by the Children and Young People's Directorate of a further £0.434m, chiefly attributable to continued increases in the number of children in care.

This increase in the number of Looked After Children had also placed significant and unavoidable pressure on Legal Services, which currently had a forecast Budget overspend of £1.1m resulting in a net projected overspend for the Finance and Customer Services Budget of £0.6m. In addition, the Adult Care and Housing forecast overspend had increased by £0.2m from £5.1m to £5.3m.

Offsetting these pressures, the Assistant Chief Executive's Budget projected underspend had increased by £34k to £244k, chiefly as a result of staffing savings mitigating other cost pressures. It was still anticipated that the review of Business Rates and Treasury Management would deliver £5m of savings against the Central Services budget this year.

The Regeneration and Environment Services projected budget outturn remained a break even position achieved through ongoing tight day to day budgetary control.

Management actions to address areas of overspend were also ongoing and the overall budget position would continue to be monitored closely. The current round of budget monitoring showed, however, that the Council's Revenue Budget position had deteriorated by £0.6m since the previous monitoring report showing the position as at September.

The majority of the £24m budget savings approved within the 2017/18 budget were on target to be achieved. Within this target there were £11.9m of Directorate budget savings, which combined with a further £5.4m of 2017/18 Directorate budget savings agreed in previous budgets, gave a total Directorate savings target for 2017/18 of £17.3m. The current monitoring indicated that of this total, £6.8m of savings proposals were at risk of non-delivery in the manner approved by Council when the 2017/18 Budget was set (an improvement of £0.4m compared to September). These at risk proposals and the impact of mitigating actions were reflected in the current overspend projection. Cabinet approval would be sought for any budget savings which ultimately were proposed to be delivered differently on a permanent basis.

In order to balance the Revenue Budget for 2017/18 if expenditure could not be contained within budgets by management actions or by identifying additional savings, the Council would need to call on its reserves. The use of £10.5m from the Council's reserves was approved as part of the 2017/18 Revenue Budget, in recognition of the timescales associated with developing future plans to achieve the significant additional budget savings required to stabilise the Council's Budget position for the financial years 2018/19 and 2019/20. This approach permitted the Council to use its current balance of reserves to mitigate the overall budget risk in the short term and to support a sustainable financial plan in the medium term before these reserves were reinstated in future years. The current financial climate, the risks associated with continuing reductions in Government funding and the resulting significant savings required by the Council meant that there was a need to maintain prudent levels of reserves and to avoid calling on them except in exceptional circumstances. Given this, it was essential that all services continued to develop mitigating actions and identify alternative savings to compensate for financial pressures and delays in delivering the full amount of savings proposed in the Revenue Budget.

The current forecast outturn position reflected the financial effects of the mitigating actions that have been identified and implemented to date and the progress made in re-establishing a balanced budget position would be reported regularly through these Financial Monitoring reports.

As indicated in the Budget and Council Tax report 2017/18, the summary Medium Term Financial Strategy had been reviewed, informed by the financial outturn for 2016/17 and taking into account current economic factors and latest financial planning estimates of the council tax base, council tax collection rates, business rates income and business rates appeals.

This review results in estimates of the MTFS Budget Gaps for the following two financial years of £15.1m in 2018/19 and £15.8m in 2019/20, a total of £30.9m over the two years.

There continued to be significant in-year pressure on the Dedicated Schools Grant (DSG) High Needs Block – the projected overspend had increased by £140k in the past month to the current projection of £7.360m. Whilst at present this pressure did not directly affect the Council's financial position, it was imperative that the recovery strategy was implemented setting out clearly how this position would be resolved and avoiding any risk to the Council in the future. This included the planned transfer of £3m DSG in 2017/18 to reduce the forecast High Needs Block deficit.

A recovery plan intending to mitigate as far as possible the in-year pressure and achieve the previously reported position of an overall cumulative deficit of £1.796m by April 2019 has been devised by the service. As reported previously, the key areas of focus which would deliver the targeted deficit reduction by April 2019 included:-

- A revised Special School funding model (November 2017);
- A review of high cost out of authority education provision to reduce cost and move children back into Rotherham educational provision (November 2019); and
- A review of inclusion services provided by the Council (December 2017).

The Public Health Budget was forecast to spend at budget whilst spending in the Housing Revenue Account (HRA) was forecast to be £0.583m below budget, reducing the planned use of HRA reserves from £1.16m to £0.6m.

An in-year variance of £15.396m reduced spend on the 2017/18 Capital Programme was forecast, the majority of which related to schemes which were re-profiled into 2018/19. The most significant variance was in respect of the Adult Care and Housing Capital Programme – where it was estimated that £10.821m of spending would be re-profiled into 2018/19 and later years of the Capital Programme, mostly to reflect delays on several major projects providing new housing. This revised and re-profiled Capital Programme position would continue to be closely monitored and any further revisions and adjustments required to the Programme would be reported within the next financial monitoring report to Cabinet.

Cabinet Members in noting the position and challenge welcomed the news that the budgeted funding gap had reduced slightly and this would be reported in February, 2018.

This report had been considered by the Overview and Scrutiny Management Board as part of the pre-scrutiny process who were in support of the recommendations.

Resolved:- (1) That the current General Fund Revenue Budget forecast overspend for 2017/18 of £4.594m be noted.

(2) That management actions continue to be developed to address areas of overspend and to identify alternative and additional savings to mitigate shortfalls in achieving planned savings in 2017/18.

(3) That the review of the Medium Term Financial Strategy and the updated estimates of the Budget Gaps for 2018/19 and 2019/20 be noted.

(4) That the current forecast outturn position on the approved Capital Programme for 2017/18 be noted.

(5) That the proposal to further extend Superfast Broadband across South Yorkshire be supported on a basis of being cost neutral to the Council and that Council be recommended to add the Authority's share of the capital investment to the Capital Programme.

85. REVIEW OF THE COUNCIL TAX SUPPORT SCHEME

Consideration was given to the report that detailed until 2013/14 Council Tax Benefit was a national scheme administered by Councils but fully funded by the Government. In 2013 the Government abolished the national scheme and asked Local Authorities to create their own local Council Tax Support (CTS) Schemes with reduced funding. Local CTS Schemes have to be reviewed annually and this report set out recommendations following this year's review which was carried out within the context of the substantial financial challenges facing the Council.

Since 2010 Central Government grant to local authorities had been severely cut each and every year and the Council's latest financial planning assumptions have identified that the Council needed to reduce its net spending by a further £31m over the two years 2018/19 and 2019/20. The Council must address this funding gap whilst demand for services, particularly social care for vulnerable children and adults, was continuing to rise.

As part of the review of the CTS Scheme, the level of potential savings that could be gained by changing the scheme was considered alongside the impact of a variety of options.

Rotherham's scheme had remained unchanged since it was implemented, whereas many other Councils have already reviewed their schemes and provided support which was significantly less than was currently provided by Rotherham.

The proposals related only to support for working age claimants (the support provided to pensioner claimants remain unchanged at nationally determined levels).

The options which were selected included retaining the current scheme and a further seven change options which could be implemented individually or in combination. Any proposal to change the Council Tax Support Scheme requires the Council to consult major preceptors (Fire and Rescue Authority and Police and Crime Commissioner) and also to undertake a public consultation exercise. Consultation had been held with the major preceptors and a public consultation was undertaken over the period 9th October, 2017 to 20th November, 2017.

Detailed analysis of these options for change and the consultation results had been undertaken to determine the recommendations for amendments to the CTS scheme. A total of 401 responses were received and detailed analysis of the consultation, including its scope and the analysis of the responses received, was included as part of Appendix A.

This report had been considered by the Overview and Scrutiny Management Board as part of the pre-scrutiny process who were in support of the recommendations, subject to two further recommendations about greater clarity being provided about how the consultation responses were used to inform proposals and where the proposals differed a clear rationale was provided and a further report being submitted on the take up of the scheme and the impact of Universal Credit roll-out across the borough.

Cabinet Members welcomed the changes to the Council Tax Support Scheme where this now incorporated support for care leavers, changes to non-dependent deductions, increasing the taper rate at which Council Tax was withdrawn and administrative changes for those on Universal Credit.

Resolved:- (1) That Cabinet recommend to Council the following amendments to the current Council Tax Support Scheme to take effect from 1 April, 2018, with the revised scheme to be included in the report to Council:-

- 100% support for qualifying care leavers.
- A standard £10.00 deduction for non-dependants in employment and a standard £5.00 deduction for non-dependants not in employment.
- The introduction of a taper rate of 30%.

- Discretion is introduced into the Council Tax Support Scheme to limit the number of assessments for claimants in receipt of Universal Credit where there are only small changes to Universal Credit entitlement.

(2) That greater clarity be provided about how consultation responses were used to inform proposals; and where the proposals differ from a majority consultation response, that a clear rationale is provided about how the proposals have been arrived at in the future.

(3) That a further report be provided in October 2018 on the take up of the Council Tax Support Scheme and the impact of the roll-out of Universal Credit across the borough.

86. NEW APPLICATIONS FOR BUSINESS RATES DISCRETIONARY RATE RELIEF

Consideration was given to a report which detailed an application for the award of a discretionary business rate relief for Thornberry Animal Sanctuary Ltd for two properties. This was in accordance with the Council's Discretionary Business Rates Relief Policy (approved 12th December, 2016).

Resolved:- That 20% discretionary top up rate relief for the period 1st April, 2017 to 31st March, 2018 be awarded to Thornberry Animal Sanctuary for The Stables, Todwick Road, Dinnington and Silverthorpe Farm, Braithwell Road, Ravenfield.

87. COUNCIL PLAN 2017/18 QUARTERLY PERFORMANCE REPORT

Consideration was given to the report which details how the Council Plan for the period 2017-2020 was approved by Elected Members at the Council meeting on 12th July, 2017. The plan represented the core document that underpinned the Council's overall vision, setting out headline priorities, indicators and measures that would demonstrate its delivery. Alongside it sits the Council's Performance Management Framework which explained to all Council staff how robust performance monitoring and management arrangements are required to ensure effective implementation.

To ensure that the delivery of actions and their impact was assessed, formal quarterly performance reports were required to the public Cabinet and Commissioners' Decision-Making meeting, with an opportunity for pre-Scrutiny consideration in line with new governance arrangements. This report was the second report in the 2017/18 reporting cycle covering Quarter 2 1st July, to 30th September, 2017.

The Performance Report and Performance Dashboard/Scorecard (Appendices A and B) provided an analysis of the Council's current performance against 14 key delivery outcomes and 72 measures. This report was based on the current position of available data, along with an overview of progress on key projects and activities which also contributed towards the delivery of the Council Plan.

At the end of this second quarter (July to September, 2017) 17 measures had either met or had exceeded the target set in the Council Plan. This represented 33.3% of the total number of indicators where data was available or where targets have been set. The direction of travel was positive for 33 (55.9%) of the indicators measured in this quarter. The Priority area with the highest proportion of targets met was Priority 5 (A modern, efficient Council).

Cabinet Members provided an update in accordance with current performance for service areas:-

Councillor Beck, Cabinet Member for Housing, reported on the number of new homes being delivered during the year (4.B1) which was off target and out of the Council's control. However, this would be closely monitored and efforts made to bring this target in to line.

In terms of the percentage of privately rented properties complaint with Selective Licensing conditions (4.B3), this target was improving each quarter and by the end of March it was expected that the target of 95% would be reached.

Councillor Roche, Cabinet Member for Adult Social Care and Health, reported on the successful completion of the drug treatment for opiates and non-opiate users target (2.A1(b)) which had declined. The substances misuse services had been recommissioned and preparations for a new provider were in hand for the new services to start in April.

In terms of Adult Social Care this was positive overall with four measures on target, one progressing well and another off target (2.B3). Action was being taken to bring this target back into line through community asset awareness sessions, use of "Age Well", promotional activities and use of another twelve staff from other organisations.

The target for all age numbers of new permanent admissions to residential/nursing care for adults (2.B8) was progress well and on track.

Councillor Watson, Deputy Leader, reported a mixed picture for Children and Young People's Services, but pointed out the measures must not be taken in isolation, but read in conjunction with the whole report. The numbers of children in need had reduced by 16% which was improved performance, but those children subject to a Child Protection Plan and Looked After Children had increased and numbers were still rising. The service was working extremely hard to deal with rising numbers, whilst commissioning placements and were finding the recruitment of foster carers were unable to keep up the pace.

Councillor Alam, Cabinet Member for Corporate Services and Finance, reported of the percentage of complaints closed within the timescale (5.C2) and the challenges responding to complaints in Regeneration and Environment and Children and Young People's Services.

Days lost due to sickness (5.D2) had seen further improvement reducing absence levels by 6%.

Reduction in agency cost (5.D3) was now 37% lower than in previous years and the Workforce Management Board was continuing to address the use of agency workers using control processes.

Councillor Hoddinott, Cabinet Member for Waste, Roads and Community Safety, reported on a number of positives including effective enforcement action taken on flytipping and other enviro-crime (3.B2) which was just below target, but making good progress and on the number of missed bin collections (3.B4) which was showing an improvement.

There had been an increase in the percentage of positive outcomes over the year for reported Hate Crime cases (3.A2). This was despite a 25% increase in reported incidents and work was continuing with the Police and officers in dealing with the victims to improve outcomes further.

Unfortunately, complaints against Streetpride not closed within the timescale (5.C2) were getting clouded by the number of service requests which needed to be separated out. Further work was to be undertaken, but it was noted in the last six months 47 complaints had been received and in the last quarter of the 24 complaints, 11 had been upheld.

An area of concern was the percentage of licence holders that demonstrated adherence to the requirements of the Council's Hackney Carriage and Private Hire Policy (3.A4) for those having obtained the BTEC/NVQ qualification. Of those remaining they were booked on courses and enforcement action would continue to ensure this target was at 100% by year end.

Councillor Yasseen, Cabinet Member for Neighbourhood Working and Cultural Services, reported on the number of visits to the Council's culture and leisure facilities (3.A9) which indicated overall visitor numbers had increased, but this was assisted by Rotherham Show. Visitor figures had not increased as much during the summer months mainly due to poor weather.

With regards to measures for the number of engagements for culture and leisure facilities and customer satisfaction (3.A6 and 3.A7) it was noted heritage engagements had fallen, but this was expected to increase during the rest of the year.

Ticket sales for the theatre had been down overall for both amateur and professional shows, but this was starting to pick up again. During Quarter 2 the theatre was closed for five weeks for maintenance. This would have an impact on the number of performances and participants during this period.

Councillor Lelliott, Cabinet Member for Jobs and the Local Economy, reported on the performance of the Planning Service (4.A8) which was at 100% with all planning applications determined within specified periods.

Action to market Rotherham as a place for businesses to locate and invest was being undertaken and the approved Town Centre Masterplan would now move on to the implementation stage as part of the programmes on promoting the overall number of businesses in the borough (4.A7).

Resolved:- (1) That the overall position and direction of travel in relation to performance be noted.

(2) That consideration be given to measures which have not progressed in accordance with the target set and the actions required to improve performance, including future performance clinics

(3) That the performance reporting timetable for 2017/18 be noted.

88. ROTHERHAM LOCAL PLAN: CONSULTATION ON MAIN MODIFICATIONS TO THE SITES AND POLICIES DOCUMENT

Consideration was given to the report which sought approval to consult on Main Modifications to the Sites and Policies Document. This was necessary to accommodate the changes to the plan required by the Planning Inspector.

These changes were required to make the plan sound and enable the Council to adopt it in due course.

The Inspector's letter, including his list of Proposed Main Modifications, had been published on the Council's Local Plan examination website.

The Inspector's changes were fairly limited and he has accepted almost all of the proposed development sites in the plan. However, some parts of the plan have not been accepted by the Inspector.

The Inspector also required the Council to identify and consult on additional housing sites in the Wath upon Dearne, Brampton Bierlow, and West Melton area. This was to remedy a shortfall against the Core Strategy housing target for this area that had come to light as part of the examination. This consultation was approved by Cabinet (Cabinet 26/6/17, Minute No. 8 refers) and was carried out between 3rd July and 14th August, 2017.

Having held a further hearing session on 19th October, 2017 to consider the comments made on the Wath area consultation, the Inspector accepted the two additional housing sites consulted on and included them in the list of Proposed Main Modifications.

This report had been considered by the Overview and Scrutiny Management Board as part of the pre-scrutiny process who were in support of the recommendations.

Resolved:- That Council be recommended to approve the public consultation on Main Modifications to the Sites and Policies Document.

89. NEIGHBOURHOOD PLANNING: NEIGHBOURHOOD AREA APPLICATION FROM WICKERSLEY PARISH COUNCIL

Consideration was given to a report which detailed how Wickersley Parish Council had notified the Council of their intention to produce a neighbourhood plan covering the Parish of Wickersley. It was proposed that the Council approved the application from Wickersley Parish Council as the relevant neighbourhood planning body and the designation of Wickersley Parish as a Neighbourhood Area.

A neighbourhood plan, once it came into force, would form part of Rotherham's statutory development plan. Policies in the neighbourhood plan would be taken into account when the Council determined planning applications within the Parish.

Resolved:- (1) That the neighbourhood area application from Wickersley Parish Council as the relevant neighbourhood planning body be approved.

(2) That the Parish of Wickersley be designated as a Neighbourhood Area.

90. SOUTH YORKSHIRE MUNICIPAL WASTE STRATEGY

Consideration was given to the report which sought approval for the adoption of the South Yorkshire Municipal Waste Strategy.

Barnsley, Doncaster, Rotherham Metropolitan Borough Councils and Sheffield City Council were all Unitary Councils in South Yorkshire, this meant that each of them had a statutory obligation to collect and dispose of municipal waste arising across South Yorkshire. The Authorities could choose how best to deliver waste services as long as they complied with legislation.

Each Authority had their own waste strategy that had shaped their services up to now. All of these strategies would benefit from a review. It was important to review waste strategies regularly to reflect on achievements and progress towards the aims and objectives. It also allowed for consideration of changes to; legislation, government targets, local objectives, new technology and increased pressures on the service.

Austerity measures and budget cuts would undoubtedly continue to impact on local authority funding. Therefore, collaborative initiatives such as the South Yorkshire Municipal Waste Strategy would allow for economies of scale, cost savings and improved efficiency across the four authorities, minimising the impacts on Council services.

Resolved:- That the South Yorkshire Municipal Waste Strategy be approved.

91. THE 'TIME FOR ACTION' INITIATIVE

Consideration was given to the report which set out the work that had been done in Rotherham to strengthen enforcement activity around environmental crime issues such as littering, dog fouling and fly-tipping following the approval by Cabinet and Commissioners of the ‘Time for Action’ approach on 9th January, 2017 and to progress discussions with Doncaster Council to develop shared service provision.

A pilot exercise in Rotherham had been underway since 26th April, 2017 to test the effectiveness of an alternative approach to deliver enhanced environmental crime and parking enforcement within the Borough.

The pilot had proven to be successful as could be evidenced by the increased level of fixed penalty fines and patrols undertaken to tackle littering and dog fouling and whilst it was difficult to measure any long term effects in relation to deterrent or reducing street cleansing costs, the short term aim of increasing enforcement against environmental crime offences could clearly be demonstrated.

Discussions with Doncaster Council have continued throughout with consideration of options, potential timescales, likely specifications and potential service level agreement items.

This report had been considered by the Overview and Scrutiny Management Board as part of the pre-scrutiny process who were in support of the recommendations, subject to a further recommendation asking the ten comments by the Improving Places Select Commission inform the negotiations.

Resolved:- (1) That the exercise of the functions detailed within this report (at paragraph 8.1) be delegated to Doncaster MBC, with such delegation to commence in accordance with the shared service arrangement referred to below.

(2) That the Strategic Director of Regeneration and Environment, in consultation with the Strategic Director of Finance and Customer Services and Cabinet Member for Waste, Roads and Community Safety, be authorised to conclude negotiations to enter into a shared service arrangement with Doncaster MBC.

(3) That the following recommendations from the Improving Place Select Commission be used to inform the negotiations:-

a) The service should be extended to include issuing of parking fines.
b) A communication plan be developed to promote the initiative borough wide.
c) Branding is clearly identified and included as part of the communications plan.
d) Members are notified when Enforcement Officers are working in their Wards.
e) Service provision is distributed equally across outlying areas and wards.
f) The extension of service provision to private sector areas be explored.
g) That contractors undertaking enforcement activity and issuing of penalties on behalf of the Council work to Rotherham MBC's code of practice.
h) When fines are issued, that clear and consistent information is provided to the customer about the process and what happens next.
i) Details of the contract covering the shared service arrangements should be presented to Improving Places Select Commission.
j) Six monthly monitoring and evaluation reports are to be presented to Improving Places Select Commission to include details regarding social demographics.

92. SHARED OWNERSHIP AND AFFORDABLE HOUSING PROGRAMME

Consideration was given to the report that detailed how in January, 2017, the Council was awarded £6.81m of grant funding through the Homes and Communities Agency's Shared Ownership and Affordable Homes Programme (SOAHP).

This programme would make a significant contribution to meeting Rotherham's housing growth target, and meeting the needs of a range of people - but particularly first time buyers who were often priced out of the market, and older people seeking homes that met their physical needs.

108 of the homes to be delivered through the programme have been approved by Cabinet as part of the Site Clusters Programme with Wates Construction. Six further specialist bungalows have also been approved by Cabinet. This report, therefore, focused on the remaining 113 homes proposed to be delivered through Shared Ownership and Affordable Housing Programme on the following sites:-

- 14 specialist rented bungalows on Braithwell Road in Ravenfield (NB a different Braithwell Road from the Site Clusters programme main site in Maltby - five units), Arundel Avenue in Treeton (six units), Springfield Avenue in Brampton Bierlow (one unit) and a further site to be confirmed (two units).
- 59 homes on the Bellows Road site in Rawmarsh (30 shared ownership and 29 affordable rent).
- 40 homes on the Rothwell Grange site in Broom (20 shared ownership and 20 affordable rent).

The report sought approval to use Housing Revenue Account capital funding to complement the grant awarded by the Homes and Communities Agency.

Cabinet Members welcomed any opportunity for new Council housing to be built and brought forward.

Resolved:- (1) That the Shared Ownership and Affordable Homes Programme (SOAHP) be approved.

(2) That the use of Housing Revenue Account capital resources totalling the amount as set out in exempt Appendix 2, to complement the £6.81m grant funding obtained from the Homes and Communities Agency, be approved.

(3) That the appropriation of two sites - Bellows Road (Rawmarsh) and Rothwell Grange (Broom) - from the General Fund to the Housing Revenue Account (HRA) be approved.

(4) That the Assistant Director, Housing and Neighbourhoods be authorised to award Tenders for contracts to deliver construction works for the SOAHP, subject to agreement by the Council's Section 151 Officer, and to the costs being within the approved funding envelope for the Programme.

(5) That the Assistant Director, Housing and Neighbourhoods be authorised to substitute other small HRA owned sites into the SOAHP if the two principal sites could not deliver the numbers of units required.

(6) That a further report be submitted to a future meeting with details of the financial modelling and management of shared ownership properties.

(7) That the Assistant Director of Legal Services be authorised to sign and execute the funding agreement with the Homes and Communities Agency.

93. RECOMMENDATIONS FROM OVERVIEW AND SCRUTINY MANAGEMENT BOARD

Consideration was given to the circulated report, the contents of which were included as part of the relevant items and the details included accordingly.

Agenda Item 5

Rotherham Metropolitan Borough Council

Public Report
Cabinet and Commissioners' Decision Making Meeting

Summary Sheet

Committee Name and Date of Committee Meeting
Cabinet and Commissioners' Decision Making Meeting – 15 January 2018

Report Title
Calculation of the Council Tax Base for 2018/19

Is this a Key Decision and has it been included on the Forward Plan?
Yes

Strategic Director Approving Submission of the Report
Judith Badger, Strategic Director of Finance and Customer Service

Report Author(s)
Anne Ellis, Finance Manager
01709 822019 or anne.ellis@rotherham.gov.uk

Ward(s) Affected
All

Summary

This report sets out the calculation of the Council's proposed Council Tax base for the forthcoming financial year 2018/19.

This calculation takes into account: the Council's own Local Council Tax Support Scheme (CTSS), discretionary discounts and premiums on second homes, projected in-year council tax collection rate in 2018/19 and estimates of the changes and adjustments in the tax base that occur during the financial year.

In accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 governing its calculation, it is determined that the Council's Tax Base for the financial year 2018/19 is 69,240.35 Band D Equivalent Properties.

Recommendations

That Cabinet recommend to Council:

- That the amount calculated by Rotherham Metropolitan Borough Council as its Council Tax Base and those of the Parish Councils shown at Appendix A for 2018/19 shall be a total of 69,240.35 Band D Equivalent Properties.

List of Appendices Included
Appendix A - The Council Tax Base for 2017/18

Background Papers
Localism Act 2011
Local Government Finance Act 1992.
Local Authorities (Calculation of Council Tax Base) Regulations 2012 (Statutory Instrument 2012 no 2914)
Section 84 of the Local Government Act 2003
The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015
Review of the Council Tax Support Scheme - Report to Cabinet and Commissioner Decision Making meeting 11th December 2017

Consideration by any other Council Committee, Scrutiny or Advisory Panel
Council – 24 January 2018

Council Approval Required
Yes

Exempt from the Press and Public
No

Calculation of the Council Tax Base for 2018/19

1. Recommendations

That Cabinet recommend to Council that:

1.1 That the amount calculated by Rotherham Metropolitan Borough Council as its Council Tax Base and those of the Parish Councils shown at Appendix A for 2018/19 shall be a total of 69,240.35 Band D Equivalent Properties.

2. Background

2.1 Setting the Tax Base is an integral part of the Budget setting process and the determination of the Council Tax level.

2.2 The formula for calculating the Council's Tax Base is set out by the Local Authorities (Calculation of Council Tax Base) Regulations 2012 and the projected Tax Base is shown in Appendix A. The Tax base is set in Band D equivalent properties – that is properties are placed into one of 8 valuation bands (A-H) and these are converted to Band D Equivalent properties using the proportions set out in the 1992 Act which are weighted in relation to the Band D property - Band A is 6/9^{ths}, Band B 7/9^{ths} etc.

3. Key Issues

3.1 The calculation of the Tax Base takes into account several factors:

- The Council's own Local Council Tax Support Scheme (CTSS),
- Council Tax Discounts and Premiums for example, on second homes and empty properties;
- The projected level of Council Tax discounts and exemptions awarded;
- Estimates and projections reflecting the changes and adjustments in the Tax Base that occur during the financial year, in particular, newly built properties;
- An estimate of the in-year council tax collection rate at 97%

3.2 The Local Council Tax Support scheme operates as a discount on claimants' Council Tax bills and its effect is to reduce the Council Tax base. Proposed changes to the CTS Scheme will be considered at the Full Council meeting on 24th January 2018. The calculation of the tax base for 2018/19 incorporates the impact of these proposed changes.

3.3 Taking account of these factors, Rotherham's Council Tax base for 2018/19 has been calculated to be 69,240.35 Band D Equivalent properties – an increase of 1,005.22 Band D equivalent properties or just under 1.5% over the 2017/18 Tax base. This is in line with the budget assumptions within the updated Medium Term Financial Strategy as presented to Cabinet in December 2017.

Council Tax Base

3.4 The Tax Base for the Council as a whole (both parished and unparished areas) is comprised as follows:

Tax Band	Band D Equivalent Properties
Band A	26,563.14
Band B	14,441.54
Band C	11,606.32
Band D	8,079.34
Band E	5,103.26
Band F	2,279.26
Band G	1,104.99
Band H	62.50
TOTAL	**69,240.35**

Details of the Council Tax Base by Band for parish Councils are set out in the attached Appendix.

3.5 The calculation of the Council Tax Base is a mostly technical calculation made in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012.

4. Options considered and recommended proposal

4.1 The Council Tax Base calculation takes account of the proposed changes to the Local Council Tax Scheme recommended to the Full Council by the Cabinet and Commissioners' Decision Making meeting of 11th December.

4.2 The estimated level of losses on collection was considered, particularly in light of the Council's record of good performance in Council Tax collection and 3.0% provision for losses is considered prudent and realistic.

5. Consultation

5.1 The South Yorkshire Police and Crime Commissioner and the South Yorkshire Fire and Rescue Authority will be notified of their Council Tax Bases for 2018/19 by the end of January 2018 in line with the Statutory Deadline. Details of the proposed Council Tax base have been circulated to Parish and Town Councils to assist them in preparing their budgets.

6. Timetable and Accountability for Implementing this Decision

6.1 Rotherham's Council Tax Support Scheme (CTSS) must be approved annually by Full Council by the end of January and as the CTSS affects the calculation of the Council Tax Base the proposed changes are being considered elsewhere on the agenda for the current Council meeting.

6.2 Regulations under the Local Government Finance Act 1992 require the Council to have determined and approved the Council's annual Council Tax Base before 31 January in the preceding financial year and to notify both major and local precepting authorities of their tax base.

7. Financial and Procurement Implications

7.1 Determining the Council Tax Base is a fundamental part of the Council's budget setting process. The Tax Base is central in determining the amount of Council Tax income to be raised, which represents a significant proportion of the Council's resources for the coming financial year.

7.2 The increase in the Council's Tax Base is in line with the financial planning assumptions within the updated Medium Term Financial Strategy.

8. Legal Implications

8.1 The legal implications are set out in the body of this report.

9. Human Resources Implications

9.1 None directly from this report

10. Implications for Children and Young People and Vulnerable Adults

10.1 None directly from this report.

11. Equalities and Human Rights Implications

11.1 The Council must be mindful of the potential impact on service users. Section 149 of the Equality Act 2010 in particular imposes an obligation on Members to have due regard to protecting and promoting the welfare and interests of persons who share a relevant protected characteristic (such as: age; disability; gender re-assignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation).

12. Implications for Partners and Other Directorates

12.1 None directly.

13. Risks and Mitigation

13.1 As the Council Tax Base must be set by the 31 January 2018, it contains projections in respect of the additions, adjustments, discounts and reliefs to be granted before the 31 March 2018 and during the financial year 2018/19, including the projected cost of the Council's CTSS and an estimate of future collection rates. These assumptions are in line with the Council's collection performance in recent years and are considered to be robust.

14. Accountable Officer(s)

Graham Saxton, Assistant Director – Financial Services
Anne Ellis, Finance Manager

Approvals obtained from:-

	Named Officer	**Date**
Strategic Director of Finance & Customer Services	Judith Badger	21/12/17
Director of Legal Services	Dermot Pearson	21/12/17
Head of Procurement (if appropriate)	N/A	N/A
Head of Human Resources (if appropriate)	N/A	N/A

Report Author: *Anne Ellis, Finance Manager*
01709 822019 or anne.ellis@rotherham.gov.uk

ROTHERHAM MBC COUNCIL TAX BASE 2018/19 Appendix A

Band D Equivalent Properties

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total	Loss	Total (after losses on collection)
Anston	427.66	1,094.02	421.39	385.16	374.06	186.28	69.20	6.93	2,964.70	88.94	2,875.76
Aston	1,159.90	1,312.37	669.18	601.01	510.45	121.08	25.40	1.00	4,400.39	132.01	4,268.38
Bramley	587.21	405.47	651.19	437.32	209.94	19.90	6.30	1.00	2,318.33	69.55	2,248.78
Brampton Bierlow	572.16	161.66	123.38	295.25	128.62	-	1.70	-	1,282.77	38.48	1,244.29
Brinsworth	718.08	1,180.45	342.54	145.56	15.90	2.90	-	-	2,405.43	72.16	2,333.27
Catcliffe	268.20	137.76	137.25	99.12	25.62	5.10	-	-	673.05	20.19	652.86
Dalton	1,092.10	364.55	566.30	221.53	257.79	27.40	10.16	1.00	2,540.83	76.22	2,464.61
Dinnington	1,063.62	363.83	331.70	457.70	101.00	48.93	16.30	2.00	2,385.08	71.55	2,313.53
Firbeck	6.12	18.38	13.37	12.80	33.60	36.11	21.30	-	141.68	4.25	137.43
Gildingwells	2.50	1.24	1.60	7.80	10.10	18.40	1.70	-	43.34	1.30	42.04
Harthill	143.23	78.58	95.73	110.80	94.08	92.04	50.00	-	664.46	19.93	644.53
Hellaby	29.34	179.37	22.20	17.00	9.20	-	-	-	257.11	7.71	249.40
Hooton Levitt	3.96	6.39	1.80	3.75	14.70	16.60	6.70	1.00	54.90	1.65	53.25
Hooton Roberts	6.79	2.30	7.08	14.55	25.38	15.92	9.60	-	81.62	2.45	79.17
Laughton	88.53	56.04	41.76	108.71	79.42	65.10	28.30	-	467.86	14.04	453.82
Letwell	0.74	2.10	0.90	3.00	19.58	22.00	19.60	-	67.92	2.04	65.88
Maltby	2,182.15	669.40	653.84	552.73	100.13	31.40	39.60	2.00	4,231.25	126.94	4,104.31
Orgreave	28.53	255.63	167.00	158.50	97.08	4.30	-	-	711.04	21.33	689.71
Ravenfield	97.66	105.09	283.03	240.02	216.71	104.56	15.80	-	1,062.87	31.89	1,030.98
Thorpe Salvin	9.24	9.30	11.77	28.38	43.40	58.50	42.90	2.00	205.49	6.16	199.33
Thrybergh	593.48	55.00	56.61	55.33	38.91	42.47	20.40	-	862.20	25.87	836.33
Thurcroft	952.57	431.35	336.94	319.61	72.41	41.52	21.66	-	2,176.06	65.28	2,110.78
Todwick	28.70	68.60	77.85	252.35	139.54	55.94	51.30	2.00	676.28	20.29	655.99
Treeton	378.03	198.26	32.62	163.93	93.64	16.60	-	1.00	884.08	26.52	857.56
Ulley	8.53	8.90	13.30	5.22	13.10	11.60	6.70	-	67.35	2.02	65.33
Wales	787.18	423.17	424.54	248.61	118.56	68.65	22.50	2.00	2,095.21	62.86	2,032.35
Wentworth	33.79	101.72	111.06	105.51	104.90	68.20	42.10	4.00	571.28	17.14	554.14
Whiston	342.26	351.10	345.18	127.49	207.86	94.77	51.70	4.00	1,524.36	45.73	1,478.63
Wickersley	191.99	692.17	603.38	265.91	350.30	409.01	304.58	2.00	2,819.34	84.58	2,734.76
Woodsetts	60.76	188.89	130.26	94.89	58.74	35.40	32.50	10.00	611.44	18.34	593.10
Total Parishes	**11,865.01**	**8,923.09**	**6,674.75**	**5,539.54**	**3,564.72**	**1,720.68**	**918.00**	**41.93**	**39,247.72**	**1,177.42**	**38,070.30**
Un-Parished	**15,519.67**	**5,965.09**	**5,290.53**	**2,789.68**	**1,696.37**	**629.07**	**221.16**	**22.50**	**32,134.07**	**964.02**	**31,170.05**
TOTAL	**27,384.68**	**14,888.18**	**11,965.28**	**8,329.22**	**5,261.09**	**2,349.75**	**1,139.16**	**64.43**	**71,381.79**	**2,141.44**	**69,240.35**
Adjusted Total After Losses on Collection	**26,563.14**	**14,441.54**	**11,606.32**	**8,079.34**	**5,103.26**	**2,279.26**	**1,104.99**	**62.50**	**69,240.35**		

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Rotherham Metropolitan Borough Council

Public Report
Cabinet and Commissioners' Decision Making Meeting

Summary Sheet

Name of Committee and Date of Committee Meeting
Cabinet and Commissioners' Decision Making Meeting – 15 January 2018

Report Title:
Increase in Council Tax Empty Property Premium

Is this a Key Decision and has it been included on the Forward Plan?
Yes

Strategic Director Approving Submission of the Report
Judith Badger – Strategic Director, Finance & Customer Services Directorate

Report Author(s)
Robert Cutts – Service & Development Manager - Revenues, Benefits & Payments
01709 823320 or robert.cutts@rotherham.gov.uk

Ward(s) Affected
All

Summary

From 2013/14 the Government introduced changes affecting the way that Council Tax was charged on certain types of empty property or second homes, by allowing Local Authorities increased discretion to set the level of charges locally.

One option available to Local Authorities was the introduction of a 50% Premium for long term empty properties which had been unoccupied and substantially unfurnished for a period of over two years. The principle of the introduction of the Premium was to incentivise owners to bring empty properties back into use.

The Council introduced the Council Tax Premium with effect from 1st April 2013 with the 50% Premium being charged on the two year anniversary of a property becoming unoccupied and substantially unfurnished.

In the November 2017 Budget statement, the Chancellor of the Exchequer announced that authorities would be given the power to increase the Council Tax empty homes premium from the current level of 50% to 100% as further encouragement to owners to bring empty properties back into use.

No further detail has yet been released by the Government regarding the implementation timeline or any exceptions that may be introduced and the change will require legislation meaning the earliest implementation date cannot yet be confirmed.

Recommendations

That Cabinet recommend to Council:

- That an increase in the Empty Property Premium from 50% to 100% from the 1 April 2018 or any later date upon which the Autumn Budget 2017 provision to increase the Empty Homes Premium is implemented.

List of Appendices Included
None

Background Papers
None

Consideration by any other Council Committee, Scrutiny or Advisory Panel
Overview and Scrutiny Management Board – 10 January 2018

Council Approval Required
Yes

Exempt from the Press and Public
No

Increase in Council Tax Empty Property Premium

1. Recommendations

That Cabinet recommend to Council:

1.1 That an increase in the Empty Property Premium from 50% to 100% from the 1 April 2018 or any later date upon which the Autumn Budget 2017 provision to increase the Empty Homes Premium is implemented.

2. Background

2.1 From 2013/14 the Government introduced changes affecting the way that Council Tax was charged on certain types of empty property or second homes, by allowing Local Authorities increased discretion to set the level of charges locally.

2.2 One option available to Local Authorities was the introduction of a 50% Premium for long term empty properties which had been unoccupied and substantially unfurnished for a period of over two years. The principle of the introduction of the Premium was to incentivise owners to bring empty properties back into use.

2.3 The Council introduced the Council Tax Premium with effect from 1st April 2013 with the 50% Premium being charged on the two year anniversary of a property becoming unoccupied and substantially unfurnished. Government introduced exceptions to the Premium for annexes and properties which were the sole or main residence of members of the armed forces.

2.4 In addition to the two exceptions for annexes and armed forces, Government included in both the consultation and subsequent guidance their expectations that councils would consider why properties were empty including whether they were genuinely on the housing market for sale or rent. Government stipulated in their guidance however that billing authorities were free to make their own decisions when administering the premium.

2.5 Rotherham, like many other authorities, considered that the determination of whether a property was genuinely on the housing market for sale or rent would be difficult and create an administrative burden. No exceptions were therefore adopted and the Premium in Rotherham is applied to all long term empty properties without any locally determined exceptions.

2.6 Liable parties are advised of the Premium six months in advance of it coming into effect. Where they are struggling with payment the Council Tax teams will work with them to agree payments and where a sale is imminent will agree to payment from proceeds of sale if backed by a solicitor’s agreement. Although Charging Orders can be obtained to secure any Council Tax arrears this can incur substantial additional costs and is generally only used where the level of arrears is high and taxpayer is not making efforts to pay. The Charging Order can be used to force the sale of the property in certain circumstances such as high arrears levels or where a property is abandoned.

2.7 In the November 2017 Budget statement the Chancellor of the Exchequer announced that authorities would be given the power to increase the Council Tax empty homes premium from the current level of 50% to 100% as further encouragement to owners to bring empty properties back into use.

3. Key Issues

3.1 No further detail has yet been released by the Government regarding the implementation timeline or any exceptions that may be introduced. However it is considered that the change will require Legislation and it is not known when this will be enacted. The recommendation is therefore that the change be implemented at the earliest possible date on or after 1st April 2018.

4. Options considered and recommended proposal

4.1 The Council could choose not to introduce the 100% Premium however it is considered that it is desirable to do so in order to incentivise owners to bring empty properties back into use and thus reduce the shortage of available housing.

4.2 Exceptions to the 100% Premium could be introduced where, for example, it is considered that a property is genuinely on the housing market for sale or rent. However this would require a change to the current scheme arrangements and as was previously considered, it would be very difficult to implement accurately and fairly, involving a substantial amount of individual opinion.

5. Consultation

5.1 It is unknown, until further detail is released by Government, whether public consultation will be required before a 100% Premium is introduced, although this was not required in 2013 when the initial 50% Premium was introduced.

6. Timetable and Accountability for Implementing this Decision

6.1 The Council is awaiting further detail from Government regarding the introduction of the 100% Premium however the intention is to implement the change from 1st April 2018 or the earliest date allowed thereafter.

7. Financial and Procurement Implications

7.1 In Rotherham the 50% Council Tax premium charges totalled £178k for 2016/17. An increase in the Premium to 100% could result in a further increase in Council Tax income by a similar amount, although this figure could be lower if the increase results in a reduction in long term empty properties.

7.2 The increase in income will contribute to the budget gap of £15.1m for 2018/19. Any implementation delay risk will be managed through the Council's Collection Fund and hence does not constitute a risk to the 2018/19 Budget.

8. Legal Implications

8.1 The implementation of the Autumn Budget 2017 provision to increase the Empty Homes Premium from 50% to 100% will require legislation. It is not yet known when the new provisions will take effect.

9. Human Resources Implications

9.1 No direct implications from this report.

10. Implications for Children and Young People and Vulnerable Adults

10.1 No direct implications from this report.

11. Equalities and Human Rights Implications

11.1 No direct implications from this report.

12. Implications for Partners and Other Directorates

12.1 No direct implications from this report.

13. Risks and Mitigation

13.1 The implementation of the 50% premium in 2013/14 prompted a number of complaints from affected taxpayers, elected members and Members of Parliament. It is likely that an increase in the Premium to 100% may have the same effect.

14. Accountable Officer(s)

Judith Badger, Strategic Director of Finance and Customer Services

Approvals obtained on behalf of:-

	Named Officer	Date
Strategic Director of Finance & Customer Services	Graham Saxton	21/12/17
Assistant Director of Legal Services	Dermot Pearson	21/12/17
Head of Procurement (if appropriate)	Not applicable	
Head of Human Resources (if appropriate)	Not applicable	

Report Author: Robert Cutts – Service & Development Manager
Revenues, Benefits & Payments
01709 823320 or robert.cutts@rotherham.gov.uk

This report is published on the Council's website or can be found at:-
http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories=

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Agenda Item 7

Rotherham Metropolitan Borough Council

Public Report
Cabinet and Commissioners' Decision Making Meeting

Summary Sheet

Name of Committee and Date of Committee Meeting
Cabinet and Commissioners' Decision Making Meeting – 15 January 2018

Council Report
Housing Revenue Account Business Plan 2018-19

Is this a Key Decision and has it been included on the Forward Plan?
Yes

Strategic Director Approving Submission of the Report
Anne Marie Lubanski, Strategic Director of Adult Care and Housing

Report Author(s)
Paul Elliott, Business and Commercial Programme Manager
01709 822494 or paul.elliott@rotherham.gov.uk

Kath Andrews, Principal Finance Officer
01709 255987 or kathleen.andrews@rotherham.gov.uk

Ward(s) Affected
All

Executive summary

The Housing Revenue Account (HRA) records all expenditure and income relating to the provision of council housing and related services, and the Council is required to produce a HRA Business Plan setting out its investment priorities over a 30 year period.

Following the introduction in 2012 of HRA self-financing, whereby the Council was awarded control over its HRA in return for taking on a proportion of national housing debt, Rotherham's HRA is in a strong position with a healthy level of reserves. However a number of policies have been introduced by central government that result in a reduction to HRA resources, namely:

- 1% per annum reduction in Council rents over four years
- Reinvigoration of the Right to Buy (reduction of qualifying period to three years): Reducing stock
- Welfare reform - bedroom tax, universal credit and benefits cap: Impacting on tenants' ability to pay their rent, and increasing the resources required by the Council to collect rent from tenants in receipt of benefits
- Introduction in the future of mandatory fixed term tenancies
- Introduction in the future of the enforced sale of high value properties / equivalent levy: Meaning the Council will have to pay in the region of £2m

annually to the Treasury, to cover the costs of the discounts housing associations must offer now they can offer the Right to Buy to their tenants

Whilst significant savings were required to ensure the HRA Business Plan was balanced over the 30 year period the extent of these pressures has reduced somewhat following recent policy announcements; the most significant of which is the return of the previous rent formula from 2020-21 onwards i.e. CPI + 1% for five years. This policy change increases HRA balances by over £104m over the life of the plan.

The subsequent review of the HRA Business Plan for 2018-19 is now focused on achieving the following:

- Contributing to the borough's housing growth target of 900 homes per annum through building and/ or purchasing new properties
- Maintaining and continuing to improve our 20,500 Council homes
- Contributing to the development of low cost home ownership products that are needed locally and will play a critical role in Rotherham's overall economic growth
- Continued investment to support the General Fund budget position

This report provides a detailed technical overview of the current position and the reason for changes to the Plan. This report is to be considered alongside proposed 2018-19 rents, service charges and budgets.

Recommendations

That Cabinet recommends to the Council:

1. That the proposed 2018-19 Base Case for the HRA Business Plan and investment in services detailed within be approved.

2. That the plan be reviewed annually to provide an updated financial position as new government regulations come into force.

List of Appendices Included
Appendix A – HRA Business Plan 2018-19
Appendix B – HRA Operating Statement
Appendix C – Summary of modelled Business Plan Scenarios
Appendix D – Government Policy Changes affecting the HRA Business Plan

Background Papers
HRA Business Plan 2016-17
DCLG Guidance on Rents for Social Housing from 2015/16 (May 2014)

Consideration by any other Council Committee, Scrutiny or Advisory Panel
Overview and Scrutiny Management Board – 10 January 2018
Council – 28 February 2018

Council Approval Required
Yes
Exempt from the Press and Public
No

Housing Revenue Account Business Plan 2018-19

1. Recommendations

That Cabinet recommends to the Council:

1.1 That the proposed 2018-19 Base Case for the HRA Business Plan and investment in services detailed within be approved.

1.2 That the plan be reviewed annually to provide an updated financial position as new government regulations come into force.

2. Background

2.1. This report sets out the proposals for the HRA Business Plan for 2018-19 onwards and provides information on the positioning of the HRA Business Plan as a driver of Housing Growth to assist in meeting the Council's housing objectives. In essence the overall approach is to make savings where it is feasible to do so these can be invested in future housing growth and to position the housing service so it is best placed to respond to future challenges that come.

2.2 It was originally envisaged there would be a profoundly different position for the HRA finances following the 2015 Summer Budget. However in recent months there have been some significant shifts in government policy, which whilst resources are still significantly lower than anticipated at the onset of self-financing in 2012, they are far healthier than the Council had been planning for a year ago.

2.3 The key shift in policies that has resulted in changes to underlying assumptions are:

- Agreed rent formula of CPI + 1% from 2020-21 onward for five years. Previously it had been assumed CPI only would apply in this period.
- Removal of pay to stay which would have meant any household earning over £31,000 would have been required to pay at or near market rent.
- Scrapping the proposed restriction of Housing Benefit to Local Housing Allowance rate for new tenants from April 2019.
- Delayed introduction of the sale of higher value Council Properties until 2018-19

2.4 Whilst there have been a number of welcomed policy changes, there are still multiple policies which will continue to impact directly or indirectly on the amount of resources available with the HRA Business Plan. These are summarised as:

- Reduction in the Benefit Cap to £20,000 per annum for families (£13,400 for a single person) commenced in December 2016 Restriction of Housing Benefit for people aged 18 to 21 (from April 2018)
- The sale of higher value Council Properties (assumed first payment to be made in 2018-19 and annually thereafter)
- The ending of lifetime tenancies for new tenants

- Roll out of full service Universal Credit to all remaining working age tenants in Rotherham from July 2018 onwards

2.5 The combined effect of these changes is likely to have a significant impact on the nature of housing provision in Rotherham, not just in terms of Council Housing.

2.6 The view of Government appears to be that social housing should provide a home if a person is in need and that once the tenant has the ability to purchase a property of their own or rent from the market place then that should be the outcome. This increasingly means that Council provision will potentially be scarcer with fewer properties available. How the Council reacts to these changes will determine the HRA's ability to survive in a more difficult market place.

2.7 In the future new tenants will be subject to a review of their tenancies and the need to be in social housing, at least every 10 years.

2.8 Within this context, deriving a sustainable business plan has been problematic, in terms of estimations as to how the underlying business will change and how to address the potential reductions in income that will result from these changes, not least the requirement to reduce rents by 1% for a further two years at a time when costs are increasing.

2.9 The overall position remains challenging, but given the level of reserves and the previous decision to defer some investment in stock until later in the plan there is the ability to divert resources to fund housing growth and contribute to the Council's Corporate Plan.

2.10 There remains one as yet unquantifiable risk. This is that the Government has the power to make estimates of what the HRA should pay over to DCLG (Department for Communities and Local Government) in relation to the sale of 'higher value properties'. These estimates may bear little or no relation to actual worth. This has made the estimation of budgets for 2018-19 onwards difficult. Estimates are discussed in the report, but it should be noted that until it is understood how the costs will be calculated, these are only indicative figures.

2.11 Over the medium term, the significant number of changes introduced means the underlying assumptions have been reviewed to reflect the changing environment in which the HRA operates.

3. Key Issues

3.1 The Council currently owns circa 20,500 homes, 500 leasehold homes and 3,400 garages with a turnover from rents and other sources approaching £81m per annum (excluding the sale of new properties).

3.2 The overall financial strategy for the HRA is focused on:

- Supporting housing growth (circa £57m including grant income will be available over the next five years)
- Supporting delivery of the Council's Corporate Plan
- Maintaining a sufficient level of balances both as a contingency against risks and to ensure that investment can be sustained over the period of the business plan
- Achieving and maintaining the decent homes standard
- Providing a customer focused and effective repairs service
- Supporting housing and neighbourhood management

3.3 The proposed changes means there is a need to restructure the budget. With this in mind proposals are designed to ensure:

- There is a significant contribution to housing growth and support the Council's Corporate Plan
- Whilst savings are made no action is taken that will undermine the Council's longer term ability to react to changes
- Provision is made to ensure there are sufficient resources available to invest in services where there is an identified need
- The longer term viability of the HRA business plan is maintained
- Budgets remain flexible to react to any significant changes in property numbers currently expected or further government policy changes
- No early repayment of debt is made

Financial Position of the HRA

3.4 The HRA currently has a healthy financial position with a general reserve balance forecast to be £33m and a Major Repair Reserve of £7.5m as at the end of March 2018. A summary of Income and Expenditure for 2017-18 follows:

HRA Operating Statement - October 2017	2017/18 Full Year Budget £'000	2017/18 Forecast Out-turn £'000
Expenditure		
Contributions to Housing Repairs Account	19,395	19,395
Supervision and Management	20,860	20,548
Rents, Rates, Taxes etc.	230	230
Provision for Bad Debts	1,332	1,232
Cost of capital Charge	13,389	13,389
Depreciation of Fixed Assets	20,083	20,083
Debt Management Costs	125	125
Expenditure	**75,414**	**75,002**
Income		
Dwelling Rents	-77,341	-77,341
Non-dwelling Rents	-773	-773
Charges for Services and facilities	-4,791	-4,904
Leaseholder Income	-101	-152
Other fees and charges	-299	-306
Income	**-83,305**	**-83,476**
Net Cost of Services	**-7,891**	**-8,474**
Interest received	-100	-100
Net Operating Expenditure	**-7,991**	**-8,574**

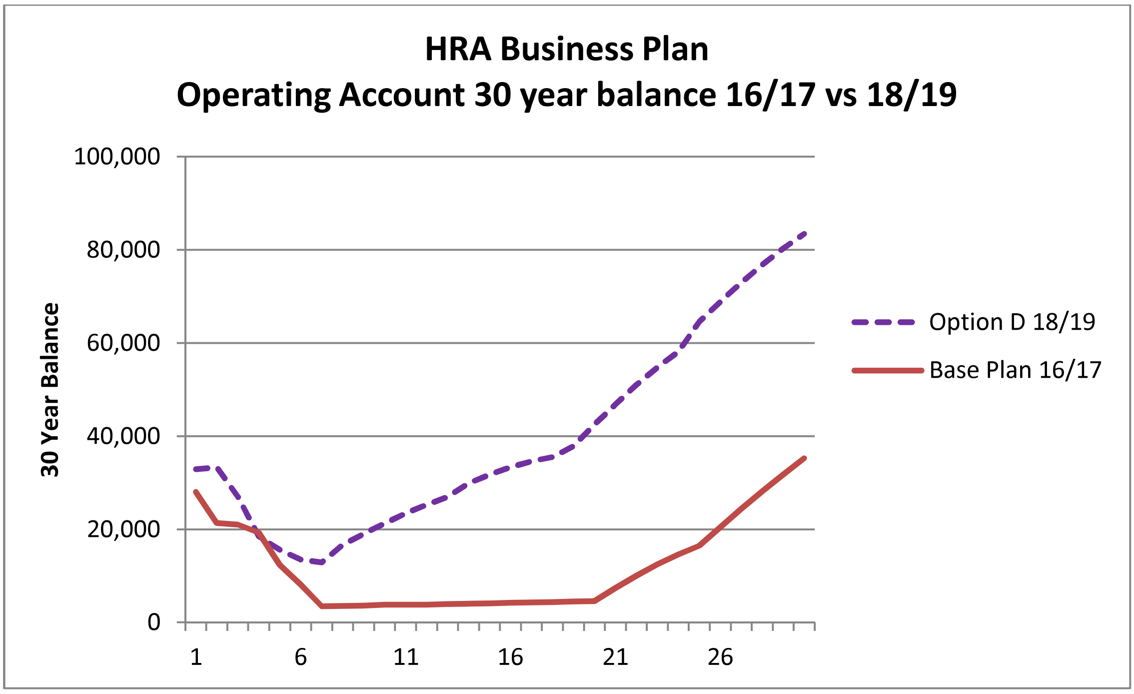
3.5 The £8.5m operating surplus is being used to fund part of the Housing Capital Programme via a Revenue Contribution to Capital Outlay (RCCO).

Supporting Housing Growth

3.6 Going forward whilst the financial position of the HRA deteriorates over the next two years due to the ongoing 1% per annum rent reduction this is against a backdrop of a healthy reserves position. These levels of reserves represent a significant opportunity to support housing growth throughout the borough over the next five years. Consequently it is proposed that £57m of HRA resources will be invested in building new homes over the next five years. This includes grant from the HCA of £6.8m. Assuming all properties developed for private sale are sold at forecast values, this will result in sales income of circa £16m.

3.7 The following graph shows the impact on the Operating Account due to changes in underlying assumptions following new Government policies and gearing the business plan towards support housing growth when compared to the previous business plan:

Operating Account Balance based on modelled assumptions



3.8 In arriving at the 2018-19 Base Option D a series of assumptions have been modelled which give a variety of different scenarios over the life of the business plan. A summary of these scenarios are detailed at Appendix D. The key changes to assumptions modelled from the 2016-17 Base to 2018-19 Base Option D have been:

- **2018-19 Base Option D –** this assumes that rents will decrease by 1% for two more years and then increase by CPI + 1% for five years (in line with government rent formula) then CPI only for the remainder of the plan. Right to Buy sales have been increased to 200 per year from Year 4 of the plan. To accommodate the reduction in income as a result of increased RTB forecasts 50% of Supervision and Management expenditure has been flexed along with 75% percent of Repairs and Maintenance expenditure (excluding disabled adaptations and garages) in proportion to RTB sales. It also assumes repairs and maintenance expenditure will reduce by 10% for a period of five years from 2020-21 onwards. It also proposes to invest a further £1m per year in Supervision and management and one off investments of £4m to the General Fund. It continues to assume an annual Higher Value Property Levy of £2m. **This results in an Operating Surplus at Year 30 of £83m.**

3.9 In developing the 2018-19 Base Case Option D, Ken Jones, an LGA Advisor and former Director of Housing Strategy at Barking and Dagenham Council has supported the Housing and Neighbourhoods management team to develop and challenge the proposals contained in the plan. In addition, Capita Housing and Consultancy have undertaken a review of the HRA Business Plan to confirm it is arithmetically correct.

3.10 The Proposed 2018-19 Base Case Option D results in an increase to forecast surpluses of circa £48m when compared to the previous approved plan. Although this is against a backdrop of reductions of circa £360m in the 2015-16 plan. The assumptions detailed ensure expenditure is kept in line with forecast income throughout the life of the business plan.

3.11 Although the Operating Account surplus at Year 30 for the preferred option is lower than other scenarios this has been chosen because:

- It provides opportunities to contribute to the housing growth agenda through deferring stock investment and reducing repairs and maintenance expenditure where it is sensible to do so.
- It enables investment of £1m per annum to develop capacity to deliver on the Council's service priorities to meet the increasingly complex needs of our tenants.
- It increases contributions to the General Fund by £4m over the period 2017-18 to 2020-21.
- Expenditure is reduced proportionately to stock size, so mitigating the effect of increasing Right to Buys.
- RPI is set at 0.25% higher than CPI so provides a more prudent assessment of potential cost inflation compared to some other scenarios.
- Rent increases are kept in line with CPI following expiry of the government's new social rent formula for five years from 2020-21 to increase rents by CPI + 1%.
- Repairs and maintenance costs reflect the current fixed overhead charge of circa 25% until 2019-20.
- Although debt is not repaid, there is no additional borrowing requirement.

Impact on the Housing Growth agenda

3.12 Through reviewing the business plan it has provided an opportunity to re-focus HRA resources on the construction and acquisition of new council homes and facilitate the provision of other tenures. The business plan supports delivery of multiple housing schemes throughout the borough across a variety of tenures as detailed below:

	2017/18		2018/19		2019/20		2020/21		2021/22		TOTAL	
	Units	£	Units	£	Units	£	Units	£	Units	£	Units	£
Strategic Acquisitions/ New Build Programmes	14	1,673,602	29	3,189,495	30	2,611,750	27	2,459,000	15	1,890,000	115	11,823,847
SOAHP & Bungalows	0	556,311	42	5,405,187	43	6,171,694	33	4,673,808	0	0	119	16,807,000
Site Clusters	0	3,930,395	72	13,654,703	110	10,446,742	35	738,755	0	0	217	28,770,595
TOTAL	**14**	**6,160,308**	**143**	**22,249,385**	**183**	**19,230,186**	**95**	**7,871,563**	**15**	**1,890,000**	**451**	**57,401,442**

3.13 In supporting the housing growth agenda it assists in:

- Delivery of the Council's housing growth target
- Generates additional income into the HRA
- Provides a return on investment for cash (reserves) in the HRA
- Mitigates stock reduction as a consequence of Right to Buy

Impact on Repairs and Maintenance

3.14 Given the level of historic investment in existing stock, circa £130m over the past five years, that the stock is overwhelmingly traditional build and its condition is at or beyond the decent homes standard, there is ample opportunity to reallocate investment from this area to further increase the Council new build programme. This will create additional housing assets, generate greater rental income and meet housing need in the borough. The proposed budget and savings for the next 7 years are detailed below:

Year	Repairs and Maintenance Budget £'000s (savings included)	Repairs and Maintenance Budget Savings £'000s
2018-19	19,954	0
2019-20	20,566	0
2020-21	19,022	2,095
2021-22	19,363	2,131
2022-23	19,662	2,167
2023-24	19,957	2,204
2024-25	20,256	2,241
Total	**138,780**	**10,838**

3.15 Whilst significant; in the context of the overall property based budgets, the repairs and maintenance savings equate to a 10% reduction in spend from 2020-21 for five years. This timeline allows for consultation with tenants and Councillors on what the new service offer will look like prior to commencement of the new repairs and maintenance contracts in 2020-21. Housing Services will look to reduce demand for those repairs, having minimal impact on residents and being low risk and in line with best practice across the industry. It is also envisaged the re-tendering exercise, will also deliver organic savings and provide the opportunity to deliver the same or improved services in a different and more innovative way, at a lower cost to the Council.

Supporting tenants with Financial Pressures

3.16 A key priority is the ongoing work mitigating the impact of welfare reform and general financial pressures tenants face. The Council is committed to minimising any effects of welfare reform on tenants and to do this through continuing early intervention and arrears prevention. Our efforts will continue to be in supporting tenants to continue to pay their rent; by offering additional support to vulnerable tenants to help with money, benefits and debt advice; this is being done through our Financial Inclusion team. The HRA also supports the Advocacy and Appeals service through funding for Money Advice Officers to support tenants in rent arrears manage priority debts.

3.17 Following a restructure of the Housing Income Service in 2017-18 which saw staffing levels more than double, following an investment of over £600k per annum, there continues to be a cultural transition to develop an approach which can be summarised as having a commercial mind and social heart. A key driver for this change has been the ongoing squeeze on tenant's incomes so the service now has a dedicated Financial Inclusion team that supports tenants facing financial exclusion.

3.18 The housing service also have active partnerships with a number of other partners and Directorates all aimed at supporting tenants maximise income and promote independence thereby increasing their ability to pay rent:

1. Age UK, Rotherham
2. Laser Credit Union
3. Children's and Young Persons Service
4. HR Employability Project
5. Employability Support Officer

Investment in other Council Housing Services

3.19 In reviewing the business plan, it is assumed there will be growth in the management and administration costs to the HRA of circa £1m per annum for the remainder of the plan. This assumes that £1m from cost savings identified within the plan following a review of average underspends within the HRA Management and Administration budgets over the last five years will be spent on:

- Investment in the Strategic Housing and Development Service to provide capacity to deliver the housing growth agenda detailed earlier in the report.
- Increasing capacity in the Housing Option Service to provide support to prevent homelessness in preparation for introduction of the Homelessness Reduction Act
- Establishing a Business Planning and Improvement Unit
- Establishing a Tenancy Involvement and Strategic Partnering Team
- Changes to the management of compliance functions through the creation of a small Mechanical and Electrical team.
- Increasing capacity within the Housing and Neighbourhood Management team to support vulnerable customers with high need on their journey to a more independent future.

3.20 A further one off investment of £4m will be made enhancing support services contained in the General Fund over the period up until 2020-21. In addition it is proposed to work in partnership with Adult Care to complete a review of Rothercare so it is transformed into a service which promotes customers to maintain independence within their own home for as long as possible. As around 60% of service users live in Council properties it is proposed to consider transferring the service into the HRA. This would cost circa £1m per annum from 2019-20 with the intention for the service to reach a breakeven point by 2021-22.

Impact of the proposed scenario

3.21 The impact of the changes to the business plan are summarised below:

- There will be £57m spent on housing growth over the next five years. This will result in 451 new properties being built or acquired
- The General Fund will receive additional funding for HRA support services of £4m over the next 4 years.
- There will be £6.4m less spent on day to day repairs over the next five years
- There will be £5m more invested into developing capacity in the Housing Service to deliver Council priorities.
- By Year 30 the plan forecasts the housing stock size will have reduced to circa units 15,029. i.e. a reduction of around 5,000 units.
- There will be surpluses of £83m by year 30.

3.22 These savings have already been factored into the proposed HRA budgets within the HRA Business Plan Base 2018-19 Option D. The challenge is to ensure that the savings to repairs and maintenance budgets are delivered and tenants are consulted on their priorities for the future of Council housing in Rotherham.

4. Options considered and recommended proposals

4.1 A series of options were considered as part of scenario modelling, these are detailed at Appendix D of the report. Details of the preferred HRA Business Plan Base Case Option D are set out in the main body of the report. This will result in the HRA having an Operating Surplus of £83m by Year 30 and provide support to the housing growth agenda and the Council's General Fund position.

5**. Consultation**

5.1 The Tenants Quality and Standards Group will be consulted and their comments will be incorporated into future revisions of the plan.

5.2 The Housing Service undertake an annual survey of tenant's views, referred to as the Star (Standard Tenant Assessment Response) Survey which supports how resources are targeted and allows the Council to benchmark satisfaction with other social housing providers. The most recent survey found:

- 85% of tenants are satisfied with the overall service provided
- 85% of tenants are satisfied with the quality of their home
- 82% of tenants believe their rent provides value for money
- 63% of tenants were satisfied that their views were listened to and acted upon
- Satisfaction with grounds maintenance and estate services were varied across the borough

5.3 The HRA Business Plan responds to some of the above concerns by increasing investment in Tenant involvement services and increasing capacity in the Housing and Neighbourhood Management teams.

5.4 The HRA Business Plan also supports housing growth, the targets which were set following The Rotherham Strategic Housing Market Assessment which was completed in 2015; and consisted of a large scale resident survey, targeted focus groups and detailed analysis of housing market, population and demographic data. The study contains a calculation which takes into account delivery of new housing against newly forming households to highlight any shortfall. The Rotherham SHMA concluded that 900 new homes are required per year to meet housing needs in the borough, a quarter of which should be 'affordable'. The data from the study has been used to develop Housing Profiles for each ward which considers specific housing needs, and sets out opportunities for housing growth at a local level.

6. Timetable and Accountability for Implementing this Decision

6.1 The table below shows the approval timeline:

Date	Meeting
10/01/18	Overview and Scrutiny Management Board Meeting
15/01/18	Cabinet and Commissioners Decision making meeting
28/02/18	Council

7. Financial and Procurement Implications

7.1 In developing the HRA Business Plan the CIPFA / CIH code of practice for a self- financed housing revenue account; the Financial Viability principle has been taken into account which states that:

- The housing authority has arrangements in place to monitor the viability of the housing business and take appropriate actions to maintain viability.

7.2 A reduction of 1% on rental values as required by legislation and assuming CPI increases only thereafter, compounded for 30 years had a significant detrimental impact on the potential HRA balances. Income within the HRA Business Plan was £638m lower as a result. Newly introduced legislation now allows rents to be increased by CPI plus 1% for five years from April 2020. This results in additional income of £104.6m over the life of the plan.

7.3 Significant cuts to capital Investment built into the plan in 2016/17 have remained in place. Work is ongoing to manage this and it may be delivered in part by extending the life of building components and by planning in advance. There is potential to make further savings on capital costs when the new repairs/maintenance contracts are negotiated.

7.4 Reductions to revenue Repairs/ Maintenance costs of £10.8m have been incorporated into the HRA Business Plan from 2020/21 to 2024/25(detailed at

3.14 above). It is anticipated that these savings can be made from 2020, when the existing repairs/maintenance contracts end and contracts based on revised service standards are negotiated.

7.5 Due to the increased rental income anticipated as per 7.2 there is no longer a shortfall of capital funding within the plan.

7.6 The HRA Business Plan assumes an annual payment to central Government of £2m for the higher value property levy. As previously noted it is not possible at this stage to confirm the accuracy of the estimate until the detailed regulations are issued by DCLG. Any change in the estimate will need to be reflected in a revision to the business plan.

7.7 Significant investment in property developments and acquisitions of £57.4m has been built into the plan over the next five years. On current assumptions the Business Plan indicates that this is fundable within available resources. Affordability is reliant upon £28.8m of funding which has been built into the plan: £6.8m of HCA grant funding, £6m of unallocated capital receipts and sales income of £16m from properties built for sale and shared ownership.

8. Procurement Implications

8.1 There are no procurement implications.

9. Legal Implications

9.1 The legal Implications, where known, are covered the main body of this report. Further detail is awaited from central government on some legislative changes under the Housing and Planning Act 2016, such as the higher value property sales provisions, which may alter some of the estimates made in this report.

10. Human Resources Implications

10.1 There are no immediate human resource implications although the proposal for expanding existing and developing new business units will result in a requirement for additional staffing resource.

11. Implications for Children and Young People and Vulnerable Adults

11.1 There are no implications for children and young people or vulnerable adults.

12. Equalities and Human Rights Implications

12.1 There are no Equalities and Human Rights implications.

13. Implications for Partners and Other Directorates

13.1 This proposal is about making effective use of council assets and managing them to best effect. It contributes to the sustainable neighbourhood's agenda by addressing future investment needs and will help deliver a better quality of affordable housing to the community.

14. Risks and Mitigation

14.1 Self-financing involved a significant transfer of risk from Central Government to the Council. Variables such as interest rates, cost inflation, number of homes owned etc. are all risks managed by the Council.

14.2 Any adverse changes in rental income (for example as a result of welfare reform or changes in the number of Right to Buy sales) must be managed locally.

14.3 The risks associated with the HRA Business Plan demand a smarter approach to risk management. The Council will closely monitor the viability of the HRA Business Plan; through the governance structure described in the Business Plan at Appendix A, by building a HRA Business Plan monitoring report to monitor key variables such as:

- Number of homes
- Rental income
- Rent arrears and bad debts
- Voids and void rent loss
- Debt levels and repayment
- Reserve levels, and
- Maintenance backlog

14.4 The risk management plan for the HRA Business Plan is contained in the HRA Business Plan at Appendix A. The plan follows the Council's risk management methodology and approach. It includes a clear description of the risk, an assessment of probability and impact of the risk, a summary of controls and cost consideration and information on when the risk will be reviewed.

14.5 The risk management plan is updated, tracked and monitored through the governance structure described under the Governance section. The management plan will be revised as the situation changes - especially regarding interest rates and inflation - in light of Government announcements such as continuing welfare reforms as part of process of monitoring changes in variables and performance.

14.6 Significant risks will be placed on the Corporate Risk Register and risk issues will be escalated through the Council to Departmental Leadership Team and Senior Leadership Team as necessary.

14.7 The Council has risk based reserves to ensure that HRA reserves are maintained at the appropriate level. The reserves will be maintained at the appropriate level to fund potential future financial pressures from risks such as welfare reform and investment requirements.

15. Accountable Officer(s)

Anne Marie Lubanski, Strategic Director of Adult Care and Housing
Tom Bell, Assistant Director of Housing and Neighbourhood Services

Approvals obtained on behalf of:-

	Named Officer	Date
Strategic Director of Finance & Customer Services	Mark Scarrott	04/12/2017
Assistant Director of Legal Services	Neil Concannon	05/11/2017
Head of Procurement (if appropriate)	Not applicable	
Head of Human Resources (if appropriate)	Not applicable	

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Appendix A

Housing Revenue Account (HRA) 30 Year Business Plan 2018-19

Contents Page

Foreword

This business plan describes the ambitions and targets for future housing growth and council housing investment over the next five years and how it affects the long term health of the business plan over 30 years. I hope you will find the plan accessible and informative, and useful in helping to inform you of our priorities for council housing and how we have arrived at them.

Feedback from tenants and residents will be crucial to the ongoing development of this plan. It is tenants who live in the homes and neighbourhoods and tenants who use the services that this HRA Business Plan describes. We have listened to what tenants and residents have said over the past year, including at the Annual Tenants Conference, and through all our engagement routes.

Over the last year the government have made some policy changes which have had a positive impact on the business plan. Highlights of the plan include:

- Investing over £50m in new council and affordable housing over the next five years.
- Investing over £100m over the next five years in maintaining and improving existing council housing and the communities in which they are located. This includes commencing a programme to refurbish the communal areas of flats, completion of upgrades to District Heating systems and maintaining the Rotherham Decent Homes Standard.

We expect tenants to continue to play a key role in shaping the future of council housing investment and services. There is great scope for tenants to influence this plan as we continue in this period of self-financing. I hope to see more tenants and residents getting involved in making choices that affect them so that council housing in Rotherham is able to continue delivering the outcomes we need for tenants and delivering our ambition to be the best housing provider in the country.

Cllr Dominic Beck

Cabinet Member for Housing

Executive Summary

This is Rotherham Council's business plan for the Housing Revenue Account (HRA) over the next 30 years.

As of April 2017 the Council had £304 million housing debt and a borrowing limit set by the Government of £336 million. Total HRA Operating expenditure for the year 2018-19 is projected to be £75m. Income for the year is forecast to be £83.5m. Appropriations to support capital investment will total approximately £8.5m.

The objectives of this business plan are to ensure the HRA has balanced budgets for the next five years, support housing growth, continuing stock investment that will satisfy tenant expectations and targeted investment in key services that will improve services to tenants.

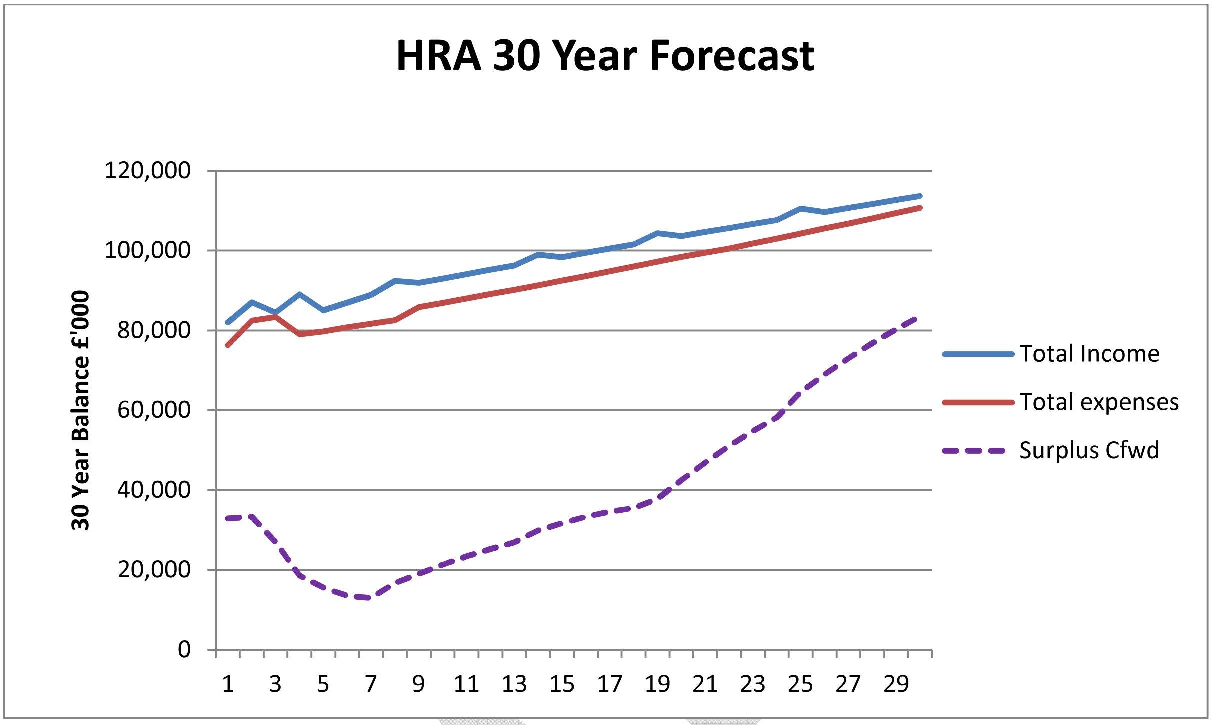
The main areas of investment in the early years will be:

- Supporting housing growth where we plan to spend over £50m by 2023
- Activity to mitigate the impact of welfare reform
- Ensuring we prioritise the completion of essential investment associated with our statutory duties including but not limited to the Regulatory Reform (Fire Safety) Order 2006.

The main source of funding for the business plan is from tenant rents which will continue to be set in line with the Government's national social rent policy.

The chart on the next page represents the current forecast. This shows that all planned activity is affordable over 30 years.

HRA 30 Year Forecast



It is important to note that all 30-year forecasts serve only as indicative guides from a point in time and these will continually change as progress and long term planning assumptions are reviewed.

1. Introduction

The Housing Revenue Account Business Plan

This is the Housing Revenue Account Business Plan 2018-19 for Rotherham Council.

The purpose of this plan is to set out how the Council will manage the financial aspects of Council Housing in Rotherham from the income raised locally. The plan sets out the rent, charges and forecast budgets for 2018-19, together with an outline budget for the remaining period of the plan.

This business plan:

- Sets out how the Council will manage and monitor delivery of the business plan
- Outlines the Council's income strategy for council housing
- Sets out the Council's aims and objectives for tenant services and investment in our housing stock
- Explains the Council's approach to treasury management
- Describes the Council's approach for ensuring value for money

- Details the main financial assumptions in the plan

- Sets out the main risks to the business and how they will be managed.

Rotherham MBC owns 20,475 council homes which are home to over circa 25,000 tenants and make up around 19% of overall housing in Rotherham. The Council also owns 3,375 garages and has management responsibility for 534 leasehold properties.

The plan incorporates anticipated income and projected expenditure for the next 30 years and sets the long term direction for council housing investment and services in Rotherham. The business plan focuses on income and expenditure for 2018-19 to 2022-23 and assumes full recovery of leaseholder contributions to capital works.

The Housing Revenue Account

The Housing Revenue Account is the financial account used by the local authority for council housing income and expenditure. The HRA is ring fenced for income and expenditure on council housing and funds services for council tenants and investment in council homes. Interest repayments of outstanding council housing debt are also funded by the HRA.

Financial summary

The closing Net Book Value of the HRA assets owned by the council as at 31 March 2017 (adjusted for Social Housing Adjustment Factor) was £653m. Rotherham Council's total housing debt as at April 2017 was £304.125 million with a further borrowing potential of £32m.

Over the life of the business plan total income is expected to be £2,900m and total planned expenditure will be £2,800m. Cumulative surpluses by year 30 of the plan will be £83 million. Over the first 10 years of the business plan there is the potential for there to be significant financial pressures to overcome as a result of loss of income due to ongoing welfare reforms. Throughout the period it is planned to maintain a minimum reserve balance of £3m which will mitigate risks associated with welfare reform.

Over the 30 year business plan period total debt will remain at £304.125 million and costs of servicing this debt will be approximately £402 million over the 30 years. A copy of the 30 Year Operating Account are attached at Appendix A.

Business planning principles

Since self-financing was introduced in 2012 it has required the Council to think differently for two reasons:

- The Council bears the responsibility for the long term security and viability of council housing, rather than Government

- Key risks are now managed by the council, these include inflation, interest rate fluctuation and Right to Buy numbers.

These factors mean the council has to be more business minded and commercial in its approach to managing its council housing portfolio. Being business-minded means ensuring we have the means to make the right investment in our homes and the services that support them. This investment needs to be made at the right time in order to keep homes lettable. It also means we make best use of our homes by charging for them fully and fairly, by collecting all income owed and by keeping them in use as much of the time as possible. Being business minded also means ensuring we continue to maximise value for money of our expenditure.

The Council's business principles are as follows:

1. **Providing good quality homes at a reasonable cost.**

a. Homes are in a safe and sound condition

b. Neighbourhoods are places where people want to live

c. Homes and services are charged for fully and fairly

d. External investment is levered into the business

2. **Tenants can influence the council housing service**

a. Ensure our homes are attractive to existing and prospective tenants

b. Homes are kept in use as much as possible

c. Provide services that meet tenant's reasonable expectations

d. All income owed is collected

3. **Efficiently manage running costs**

a. Using the Council's purchasing power and long term view to get the best deals for tenants

b. Management of known hotspots of expense in the business

c. Keeping overhead costs under control

d. Seek added value for benefit of tenants through contracts we award

These business principles are the criteria we use to inform how investment decisions are made.

These business principles have been used to help determine what the priorities are for the council over the next five years. For example, making the best use of homes applied to council housing means allocating properties quickly to new tenants and minimising turnover of the property. This links to sustaining tenancies and working with tenants to support them to stay in their home. This would reduce the time that properties are empty which in turn increases rental income.

In relation to council housing, being business minded does not mean generating a profit as it does in the private sector. Any surplus generated by council housing under self-financing is ring-fenced for re-investment in council housing in Rotherham.

It is the Council's intention that under self-financing council housing will continue to be owned by the Council, the HRA ring fence will continue to be in place and any surpluses will continue to be invested in supporting housing growth, reinvested in services or maintaining and improving the condition of the homes for the benefit of tenants. We need to be business minded to secure the long term future of council housing and we must balance this with what is best for tenants and for the residents of Rotherham.

Rotherham's priorities for the next five years

The key priorities for the next five years of the HRA business plan are:

1. **Supporting housing growth**

The investment in new housing will contribute to the Council's housing growth target of 900 new homes per year. A total of £57m of HRA resources have been allocated to housing growth over the next five years. This will lever in HCA grant of at least £6.8m and the sale of private homes are expected to generate surpluses of £2m to be re-invested into the acquisition of new council homes. The table below details the total investment over the next five years:

	2017/18		2018/19		2019/20		2020/21		2021/22		TOTAL	
	Units	£	Units	£	Units	£	Units	£	Units	£	Units	£
Strategic Acquisitions/ New Build Programmes	14	1,673,602	29	3,189,495	30	2,611,750	27	2,459,000	15	1,890,000	115	11,823,847
SOAHP & Bungalows	0	556,311	42	5,405,187	43	6,171,694	33	4,673,808	0	0	119	16,807,000
Site Clusters	0	3,930,395	72	13,654,703	110	10,446,742	35	738,755	0	0	217	28,770,595
TOTAL	**14**	**6,160,308**	**143**	**22,249,385**	**183**	**19,230,186**	**95**	**7,871,563**	**15**	**1,890,000**	**451**	**57,401,442**

2. **Investing in our homes**

The investment programme provides the most scope for allowing projected spend to fit within the resources available. This is because the programme is the largest area of expenditure for council housing in Rotherham and is constructed based on the resources available. The programme also provides opportunities for efficiencies through procurement.

The value of the investment programme (excluding Repairs & Maintenance and new build) will initially be around £20m per annum for the first five years. Within this funding the Council has started to set out what its priorities are for investment in homes. Alongside this, resources are prioritised for the completion of other investment schemes that must be concluded. These include works to ensure compliance with Health and Safety legislation and the Regulatory Reform (Fire Safety) Order 2005.

3. **Mitigating risks of welfare reform**

Tenant services will play a key role in mitigating the risk of welfare reform, for example the work of the Income Management team will be critical, as will links with Rothersave Credit Union, debt advice partners and continuing the Smart Move project which supports tenants who might choose to move to a more suitably sized and affordable homes.

Ongoing support of the Council's digital inclusion strategy is also essential as this will support tenants to move towards accessing Council services online and enable them to apply for benefits online as the roll out of Universal Credit throughout Rotherham continues in July 2018.

4. **Efficiency savings**

Ongoing efficiencies from services will contribute to reducing costs over 30 years. There are opportunities to review key services where the greatest spend on services exist - rehousing and estate management - to ensure value for money and contribute to an overall reduction in costs. The Council will also explore how we can work with partner organisations to better support tenants to remain longer in their tenancy thereby reducing costs and maintaining a rental income.

Linking management and overhead costs to the size of the housing stock will allow us to mitigate some of the effects of the 1% rent reduction for the life of the business plan. We have therefore proposed to link fifty percent of the cost of Supervision and Management to the size of the housing stock. This in real terms means there will be a saving of circa £100m over that period. Other efficiencies will come from improved asset management, contract management and procurement.

Key facts and figures

Our homes

20,475 homes are owned by the Council (19% of all homes in Rotherham)

The Council is responsible for 534 leasehold properties

24% of homes are 1-bedroom, 32% 2-bedroom, 43% 3-bedroom

24% of properties are flats or maisonettes and these are contained in over 500 blocks

99.8% of council homes currently meet the Decent Homes standard

Around 1,730 homes were let to new tenants in 2016/ 17

Approximately 600 acres of Green space is managed by the HRA

3,375 garages are owned by the council

Our contractors complete around 90,000 repair and servicing visits per year – an average of 246 per day

We spend £19m per year on day to day repairs and maintenance – an average of £52,000 per day.

Our customers

We have over 25,000 tenants (this is more than the number of homes as we offer joint tenancies)

2.8% of our tenants are from BME communities compared to 3.9% across all tenures

2.4% of our tenants are under the age of 24 compared to 1.5% across all tenures

22.4% of tenants are 75 years old or more compared to 15% across all tenures

56.8% of council tenants classify themselves as having a disability compared to 30.6% across all tenures

66% of tenants receive housing benefit

6,462 people are currently on the housing register, of which 1,209 are current tenants wishing to transfer.

Challenges for Rotherham

Whilst the Council's initial long term financial forecast under self-financing showed a significant surplus in resources, this has now come under increasing pressure due to ongoing welfare reforms meaning we now have higher rent arrears, a decrease in rent for a four year period and increasing essential investment costs.

The Government's plans for welfare reform are a key risk to this plan because of changing rules which mean that:

- All working age tenants, including those currently on housing benefit, will be responsible for paying their rent when they transition to Universal Credit. This commenced in December 2015, the final tranche of working age tenants will start transitioning from July 2018 onwards when they experience a change in circumstances.

- Tenants who are deemed to be under-occupying only receive benefit for the size of property they need.

- Capping and restrictions on eligibility for housing benefit across multiple age groups

Welfare reform has the potential to have a significant impact on the business plan which is based on 95% of income coming from rents. All tenant services will therefore need to be reviewed to ensure that they are best able to mitigate the effect of welfare reform on the business plan.

The next five years

Funding our priorities

The main areas of investment in the early years will be targeted at:

- Support housing growth
- Activity to mitigate the impact of poverty and welfare reform
- Making the best use of the homes we have by ongoing improvements to the rehousing process and supporting tenants to sustain their tenancy
- Managing the impact of the Housing and Planning Bill, in particular the requirement to sell or pay a determination based on the value and vacancy rate of Higher Value Properties owed by the Council and the introduction of mandatory fixed term tenancies.

Later sections of this business plan (sections 3-7) serve to provide an overview of how we will manage each element of the service to maximise housing growth, investment and drive efficiency.

It is important to note that these long term forecasts are the products of a series of assumptions based on information available at a point in time. Extended over 30 years any inaccuracies are magnified and as it is impossible to know the exact financial environment (interest rates, cost inflation etc.) in future years, or the housing needs of future tenants (housing standards, welfare arrangements) so the forecasts we make about future costs and income can only ever serve as an indicative guide which must be subject to regular review.

How does this plan fit with Council's strategic objectives?

The HRA Business Plan will not sit in isolation but will be influenced by and itself influence the Council's wider aims and objectives. Council housing is a significant asset to the town and the business plan is a powerful tool for maximising the benefits of that asset for the citizens of Rotherham.

The business plan's wider benefits are linked to the four priorities in the Council's Corporate Plan 2016-19. The table over page explains how the HRA will support delivery of these priorities:

<table>
<tr><td>Every child making the best start in life

Children require safe and warm homes to grow up in if they are to learn and fulfil their potential. Housing cuts across each of themes identified to ensure Rotherham is a child centred borough, for example:

-The HRA funds three workers within the Early Help team to support families with children

-Staff and construction partners are trained in safeguarding and tackling child sexual exploitation so they can spot the early signs and make referrals</td><td>Every adult secure, responsible and empowered

Decent housing underpins positive physical and mental health and can help older people to remain in their own homes for longer, potentially reducing costs in health and social care services.

During 2018-19 the Housing service will see the construction of 11 disabled persons bungalows commenced on site.</td></tr>
<tr><td>A strong community in a clean, safe environment

Housing can have a significant impact on one's feeling of well-being, and sense of security and community. In 2018-19 we plan to invest over £20m in improvements to our estates and the properties we own.</td><td>Extending opportunity, prosperity and planning for the future

The delivery of the housing growth plan will contribute significantly to the overall economic growth of Rotherham, by providing homes for people, meeting local need and creating jobs and training opportunities. Over the next five years the Housing service will invest over £50m in new housing throughout the borough.</td></tr>
<tr><td colspan="2">A modern, efficient council

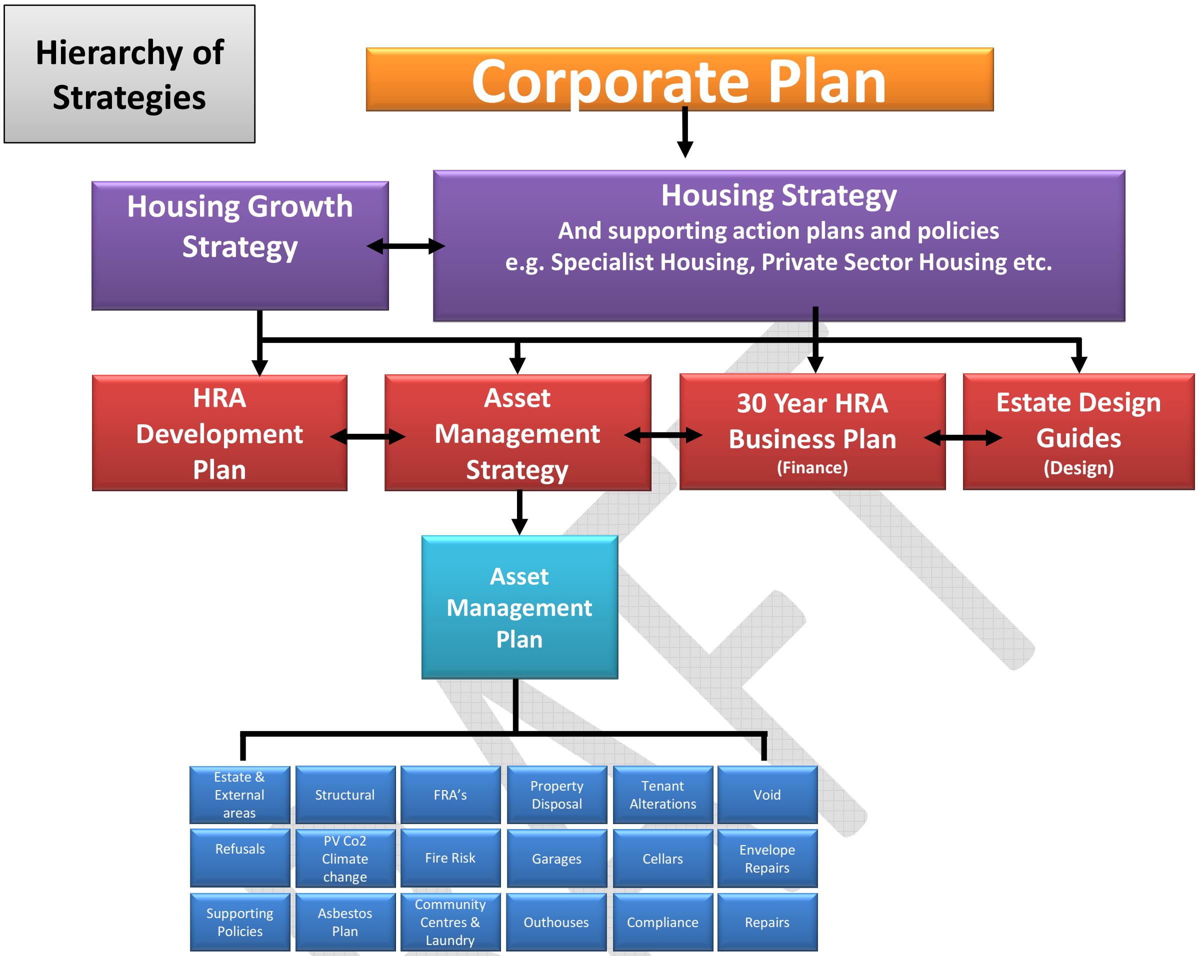
The housing service is ranked in the top 25% of council's in the country for the cost of managing Council Housing.</td></tr>
</table>

Alongside delivering against the Council's Strategic Objectives the plan also links into delivering key aims of The Housing Strategy. The HRA Business plan supports the vision for the Housing by 2019 in the following ways:

Enough social rented homes available for local people	The council will continue to purchase new properties to ensure we minimise the impact of Right to Buy on the existing social housing stock owned. This will ensure we continue to have sufficient houses available for those residents in most housing need. Over the next five years the Housing service will invest over £30m in new housing throughout the borough.
High levels of resident satisfaction	The council will continue to invest in services that tenants want through regular consultation. We will monitor tenant satisfaction with the services we offer bi-annually through the industry recognised STAR survey. Our latest STAR survey showed 83% of tenants were satisfied or very satisfied with our services.
Nobody trapped in housing that fails to meet their needs	A robust business plan will allow funding for Housing Options to continue offering advice to residents on the most appropriate housing for their needs
Better more joined up working between RMBC Housing, Adult Services and Children and Young People Services	We will continue to work with Adult Services to expand the housing offer for elderly and vulnerable residents so they remain independent for longer so reducing the burden on social care budgets. We will continue to fund family Support workers in Children's and Young People Services to support families in crisis.
Continuing to alleviate fuel poverty for our most vulnerable households	Between 2018-19 and 2023-24 we plan to invest over £100m in improvements to our housing stock that will alleviate fuel poverty.

This Business Plan will be reviewed annually against the Housing Strategy and other legislation and corporate policies so that the changing needs and expectations of tenants can be reflected in the plan.

The chart below illustrates the policy framework within which the HRA 30 year Business Plan operates.



2. Governance

The Council needs a robust HRA Business Plan in order to ensure resources are optimised over the next 30 years for the benefit of all Rotherham citizens. Strong governance of the business plan will be the key to its success and must be led by Councillors. Strong governance must also include; tenant and leaseholder scrutiny, and officer responsibility, and the council as systems in place to ensure this occurs.

Governance of the HRA Business Plan includes three key structures; political governance, tenant governance & scrutiny and the officer structure. This section sets out arrangements for governance of the plan which will be further developed during the course of 2018-19 in partnership with Councillors, tenants and stakeholders. This will be set out fully in the next update of this plan.

i. Councillor governance

The Cabinet and Commissioners will monitor performance against the HRA Business Plan and make decisions on matters relating to strategic service and service planning, contracts, partnership & consultation and property.

A financial report will be reported to Cabinet, these reports will include both revenue and capital aspects of the business plan.

The Cabinet will be involved where there is a need to discuss and take decisions on the most significant issues facing the Council. These include issues about the direction of the Council, its policies and strategies, as well as Rotherham wide decisions and those which affect more than one Council service.

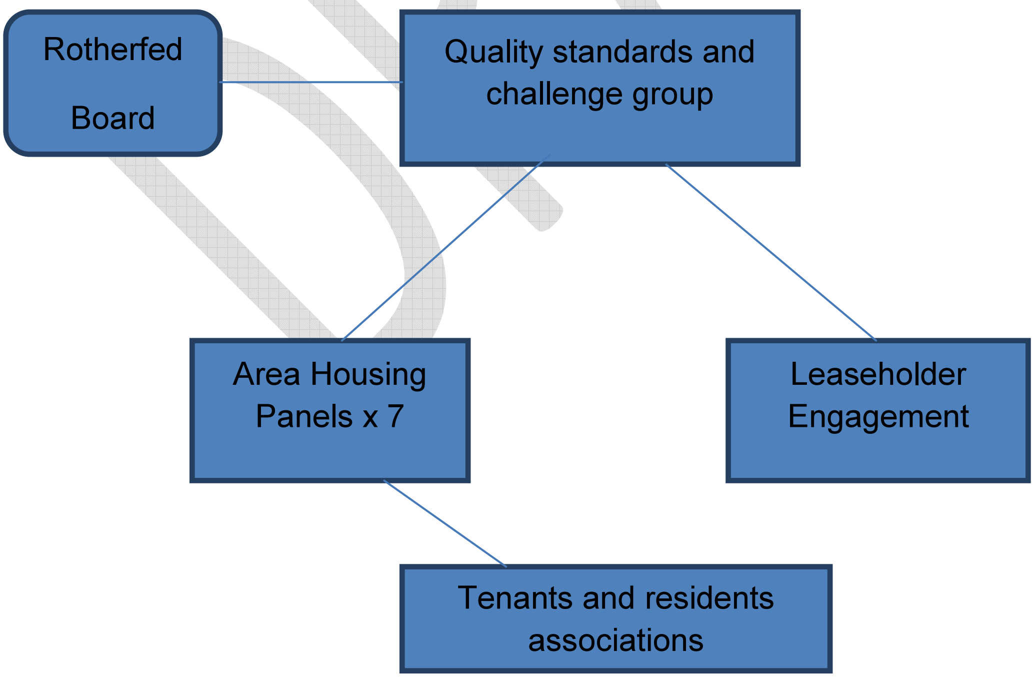
The Improving Places Select Commission will undertake scrutiny of the Business Plan. The scrutiny committees help to ensure that local government is effective and accountable. The central purpose of scrutiny is to monitor and examine services provided by the Council and its partners, as well as to carry out in-depth reviews into specific service areas. The aim of these scrutiny functions is to continuously improve the delivery of local public services to residents.

The Audit Committee may also wish to review the HRA Business Plan in performing its remit to ensure effective corporate governance of the HRA Business Plan.

iii. Tenant and resident involvement and scrutiny

Tenants and resident involvement is key to ensuring the Business Plan reflects the priorities of our tenants and leaseholders. Below is an outline of our current engagement structure with tenants and leaseholders:

Tenant and Leaseholder Engagement Structures



In the future, tenant priorities will be fed into the HRA Business Plan through our Local Offers that will continue to be reviewed and developed in partnership with tenants, leaseholders and residents at service level through the Area Housing Panels and Leaseholder engagement. Performance against the Local Offers will continue to be monitored with and reported to tenants through the structure detailed.

Customers must be able to monitor and challenge performance against the business plan in the spirit of co-regulation.

The Annual Report to Tenants will continue to be agreed each year and will set out the targets including key performance indicators, the risk management plan, improvement plans, customer satisfaction measures, service review updates and information on tenant and resident involvement.

The Annual Report to Tenants will be available on the Council's website for tenants and residents to monitor performance.

The Annual Report to Tenants will provide feedback to all tenants on the performance of the Council against the Government's regulatory framework and the HRA Business Plan. The Annual Report will be published each year.

iiii. Officer governance

Responsibility for the HRA Business Plan will sit with the Assistant Director of Housing and Neighbourhoods in consultation with the Assistant Director of Finance. The Business and Commercial Programme Manager will support the governance of all activity relating to council housing under the HRA Business plan.

The Business and Commercial Programme Manager is responsible for monitoring performance against the plan, updating the plan together with annual budget and performance setting. The Assistant Director of Housing and Neighbourhoods and the Assistant Director of Finance will be responsible for monitoring and challenging the use of council housing resources, ensuring value for money and monitoring risks.

There will be scrutiny of revenue and capital monitoring and target setting under the business plan's key themes:

- Income and Resources
- Investment
- Housing and Estate services
- Value for money
- Treasury management, and
- Risk management.

Performance against the business plan will be monitored through the HRA Business Plan monitoring report.

Contract and Service Development team will provide contract advice and support to both the revenue and capital teams on the repairs, maintenance and investment contracts.

The HRA Business Plan will be updated on an annual basis so that changes such as rent increases/ decreases, charges, cost savings, budget pressures and policy can be reflected in the plan. The updated business plan will be approved by Full Council in January/ February each year. Any in-year policy changes will be approved by Cabinet as required.

The HRA Business Plan will include revenue and capital resources and activity. The Council Housing Investment Programme will continue to be part of the Council's overall Capital Programme which will be approved by Commissioners and Full Council in February each year.

Within the Council, aspects of the Housing Revenue Account will also be reported routinely to the officer groups responsible for day to day delivery and management of the plan.

3. Income and resources

i. Overview

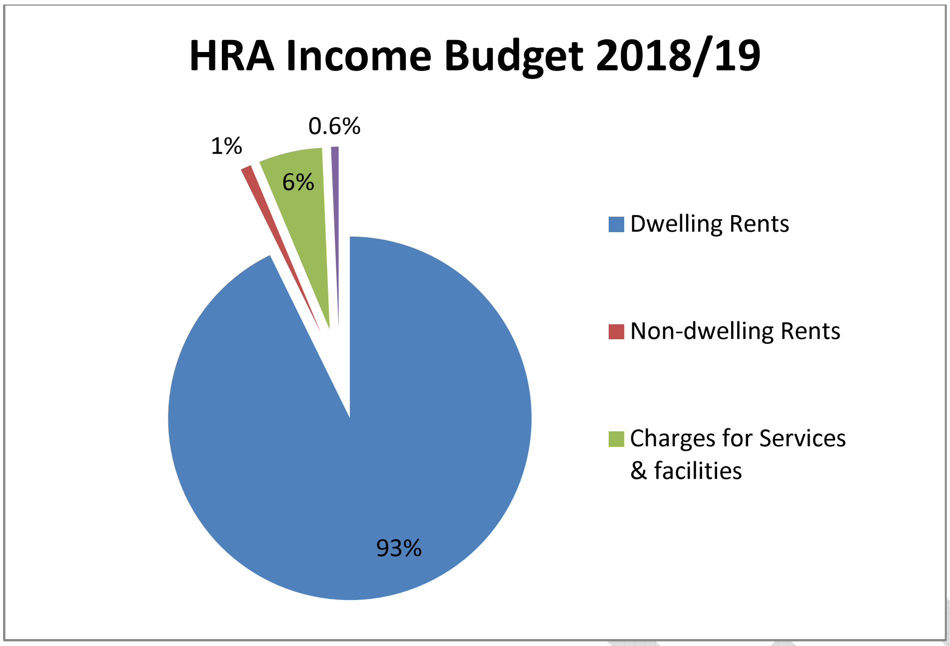
This part of the business plan is concerned with income into the Housing Revenue Account. It includes rent setting, service charges, re-charges and other charges payable by tenants to the Council as landlord.

All aspects of council housing delivery - services, investment, support costs, debt interest payments etc. - must be funded through the income the Council is able to raise locally. Therefore, it is important to ensure our income is at the right level to provide the right services, support housing growth and the investment needed to Council homes.

ii. Income breakdown

The following chart shows the items which make up the £82m income expected into the HRA in 2018-19. The chart shows that over 93% of income into the HRA is rental income from council homes. The chart does not include capital receipts (for land or Right-to-Buy sales) which are reviewed annually as part of the wider Capital Programme.

HRA income breakdown 2018-19



iii. Key risks

1. **Welfare Reform**

Benefits Cap

The Welfare Reform Act was passed by Parliament in March 2012 which introduced the concept of a Benefits Cap. The amount at which the cap would be introduced was reduced as part of the Summer Budget 2015, the details of how groups are affected is below:

	£ per week	£ per week Autumn 2016	£ per annum now	£ per annum Autumn 2016
Single	350.00	257.69	18,200	13,400
Lone Parent	500.00	384.62	26,000	20,000
Couple	500.00	384.62	26,000	20,000
Couple with children	500.00	384.62	26,000	20,000

Housing benefit is the first payment to be cut if a household is affected by the benefit cap. From data provided by the DWP (Department of Work and Pensions), 142 council tenancies are currently affected in Rotherham which have an average arrears balance of £433.06 per tenancy.

Whilst the benefit cap does not directly affect the HRA, it means that a number of tenants have no immediate means to pay their rent, which may cause significant strain on bad debts over the medium term as well increase in void rates as tenants seek to move to smaller properties.

Other potential factors that will impact the HRA Business Pan include:

- Households in private rented accommodation may apply for re-housing to more affordable council accommodation.
- Affected council tenants may require money advice to assist them with budgeting.
- Rent arrears may increase from larger households in receipt of welfare benefits

Spare Room Subsidy

The Spare room subsidy commenced in April 2013. There are currently 2,983 tenancies affected of which 1,908 tenants are in arrears with an average balance of £262. Total arrears balances for tenants affected have now begun to stabilise with an increase of 4% over the past 12 months.

Universal Credit

The way in which benefits will be paid to tenants in the future presents a risk. At the current time 64% of HRA income is received via direct payment of Housing Benefit, with the remainder paid direct by tenants.

Universal Credit commenced in Rotherham on 7 December 2015, at the current time there are 295 tenants claiming Universal Credit. Throughout 2017-18 the number of UC claimants has steadily increased following the roll out of Full Service Universal Credit in the neighbouring DWP areas of Barnsley and Doncaster. This roll out means over 1,100 working age tenants will transfer to Universal Credit when they have a change in circumstances if they are claiming any of the following benefits:

Income Support
Job Seekers Allowance
Employment and Support Allowance
Child Tax Credits
Working Tax Credits
Housing Benefit

The Council anticipate approx. 10 tenants a week in the area will be affected based solely on Housing Benefit data we hold.

During the past year the Council have written to all tenants that will be affected by the initial roll out of Universal Credit and offered support. Alongside this there have been regular articles in Home Matters magazine to raise awareness amongst all tenants. The remaining roll out in Rotherham will take place in July 2018. It is anticipated up to 150 tenants will transfer to Universal Credit each week to when this roll out takes place.

As at the end of October 2017 the arrears balance of tenants on Universal Credit stood at £212,000; an average balance of £720. This is approximately twice the average balance of tenants whose rent is paid by Housing Benefit or fully themselves.

In setting budget projections beyond the short term these changes to benefits make accurate estimation difficult. There is a lack of information to accurately assess the scale of bad debt provision required, which means over the coming years there is a need to regularly review the impact on:

- Rent payment levels
- Cost of collection
- Tenancy turnover

If tenants on Universal credit do not pay their rent, in addition to an Alternative Payment Arrangement, the landlord can also apply for a direct deduction of up to 20% for the non-housing element of their claim. This allows some degree of certainty that rent will be paid eventually so at the current time bad debt provision has been left at 1.72% up to year 10 of the plan.

Backdating of Housing Benefit

As of 1 April 2016 Housing Benefit claims commenced only being backdated by 4 weeks. This impact's on rent payments where a tenant was eligible for Housing Benefit but did not submit an earlier claim. As a result the Housing Income team now attend all tenancy sign up meetings to ensure that Housing Benefit claims are submitted at the start of a tenancy to minimise the detrimental impact this may have on income collection. Clearly this may also impact on existing tenants when there is a change in circumstances, which will be dealt with when identified through the arrears management process. Going forward this will reduce as tenants transfer gradually onto Universal Credit.

Restriction of Housing benefit for 18 to 21 year olds

From April 2018, 18-21 year olds submitting a claim for Universal Credit will not be automatically eligible for the housing cost element (equivalent of Housing Benefit). There will be some exceptions for:

- Parents whose children live with them
- Vulnerable groups
- Those who have previously been living independently and working continuously for six months

The HRA has 214 tenancies that fall into this category for which £10,592 income per week is received via Housing Benefit. Based on an average tenancy duration of 13 months for this client group it is inevitable there will be a risk that some of the £550,000 annual income would not be recovered from April 2018 onwards. This will lead to further pressure on HRA income and bad debt provision.

Local Housing Allowance

Previously announced plans to cap Housing benefit payments at the often lower Local Housing Allowance rates have now been scrapped following an announcement by the Prime Minister to Parliament on 25 October 2017. Whilst this would not have had a direct impact on the HRA Business Plan, it would have potentially led to a considerable increase in rent arrears amongst groups affected.

2. Housing and Planning Bill

Lifetime Tenancies

The Housing and Planning Bill has introduced the requirement for fixed term tenancies of up to 10 years for social housing with the aim of making best use of the stock so only people in housing need remain. Whilst this will not reduce income to the HRA, it will probably increase the turnover rate for stock so increasing housing management and void costs at a time when cost savings are required.

This policy would also apply to succession rights, with the exception of the partner or spouse inheriting the tenancy.

Higher Value Property Sales

The Housing and Planning Bill has introduced a requirement on Local Authorities to consider the sale of high value properties that become vacant.

This duty is a result of the introduction of Right to Buy for Housing Association tenants. Originally it was intended that this would be funded by the sale of high value council properties when they became vacant. As the bill has progressed it is now clear that Local Authorities will receive an annual determination from the DCLG which may or may not reflect the actual turnover of higher value properties.

It will be for Rotherham MBC to consider if it wishes to sell a higher value property when it becomes vacant. No guidance has been issued yet to define what is meant by higher value. Irrespective of whether the council chooses to sell or not, it will be required to make a payment from the HRA each year to the DCLG based on the determination it receives.

Previous estimates, assuming the 10% highest value properties by bedroom size would be subject to review and therefore captured by the levy/ determination this could cost the HRA up to £3.1m per annum.

As of November 2017 no detailed regulations have been issued. For planning purposes it has been assumed the HRA will incur a charge of £2m per annum under this policy. Once the regulations have been published a review of this assumption will take place. This is a significant risk to the HRA Business Plan.

3. Right to Buy

The final key risk to the income of the HRA is the Government's policy on Right to Buy receipts which continue to be pooled nationally. Whilst reducing numbers of dwellings and reduced rental income as a result of Right to Buy have been factored into the business plan, the number of sales over 30 years is only an assumption based on recent averages. If Right to Buy sales rise above their forecast numbers over the next 30 years, the business plan will be inadequately compensated for lost rental income. This risk is even greater given the Government's increase in Right to Buy discount, providing a 70% discount to many tenants.

iv. Income for 2018-19

a. Rent setting

In 2018-19 rent charges will decrease by -1%, resulting in an average weekly rent of £72.73 over 52 weeks.

The rent levels in the business plan for 2019-20 will reduce by a further -1%. Thereafter they increase by CPI + 1% for five years followed by CPI for the remainder of the plan. This is assumed to be 2% based on Office for Budgetary Responsibility forecasts. These assumptions will be reviewed at annual budget setting and HRA Business Plan update reports.

b. Target rent

The amended national social rent policy removed the Council's ability to achieve rent convergence.

The revised social rent policy does still allow for the Council to move rent to convergence at re-let. It is the intention for the council to continue implementing this guidance. It is anticipated this will help to raise an additional £70.5 million income to the HRA over the life of the business plan and sustain continued investment in council housing. If we had not chosen to take this approach it would have meant less investment in our housing stock and a deterioration in the quality of our homes over the life of the business plan as we would not have been able to afford the investment necessary to maintain our houses to the standards tenants want.

c. Rotherham Furniture Solutions

Tenants have the option to enter into a furnished tenancy as part of our housing offer. We currently have 3,868 furnished tenancies for which an additional charge is made. In 2018-19 these charges will reduce by -1% in line with the Government's national rent policy.

d. Garage Rents

Garage rents for 2018-19 will increase by 3% as per CPI for September 2017(the month used for determining increase in rent charges). By increasing garage rents the average weekly charge will increase to £4.89 per week.

e. Service Charges

Currently, the Council sets separate service charges for district heating and sheltered housing (which includes Rothercare alarms service and/ or communal area charge) because these are services that not everyone receives and so not everyone should pay for through their rent. Guidance from Government recommends that other types of service charges are separated from rents so that charges are more transparent and fair.

District Heating

For 2018-19 District heating charges will initially be maintained at a rate of 6.28 pence per kwh. Once full year costs for 2017-18 are known charges will be revised accordingly and any reduction in charge rate will be applied retrospectively from 1 April 2018. The council will continue to charge district heating based on cost recovery across all schemes, therefore some District Heating services may operate at a deficit and some at surplus but all tenants will pay the same unit rate irrespective of the scheme they are on.

Rothercare

In 2018-19 it is proposed charges for Rothercare are £2.77 per week.

Cooking Gas

The Council also charges for cooking gas facility at 83p per week. This is an increase of 3% the equivalent of 2p per week.

Communal Facilities

In line with other non-dwelling charges it is proposed to increase the communal facilities charge and the laundry charge by 3%. The communal facilities charge will increase by 14p to £4.64 per week and the laundry charge will increase by 5p to £1.55 per week.

f. Right to Buy Receipts

Under the Government's determination, 25% Right to Buy (RTB) receipts will continue to be retained by the local authority. The amount of receipt the authority keeps is ring-fenced by Government for use on regeneration or providing affordable housing, or for paying off HRA debt.

The Council has a total HRA debt of £304.125 million. This debt must be serviced from the rental income from council dwellings. As homes are lost from the HRA through RTB then so is the rental income from the property but not the debt that is associated with that home. Therefore under self-financing the first call on any income received from Right to Buy receipts should be a payment to the HRA equivalent to the HRA debt associated with that property.

g. Other Income

During the life of the business plan, the Council will continue to look at other ways of bringing in income. This will include potential contributions from our partner organisations, e.g. health, where they will benefit from outcomes from council housing projects. The Council will also consider ways of maximising our assets for example through short lease properties, neighbourhood centres and garages. Also where possible any grants available for council housing investment will be maximised.

Homes and Communities Agency

Within 2018-19 we anticipate receiving grant income from the Homes and Communities Agency of £6.8m for the construction of 227 new council houses.

v. Financial Impact of proposals

The proposals above will have a variety of different impacts on income coming into the HRA. For the year 2018-19 forecast income will be £1.1m less than in 2017-18.

As set out above, moving all properties to target rent at re-let and reviewing service charges are two options for additional income and it is the Council’s intention that wherever possible all charges will be fair, reasonable and transparent.

4. Housing Investment

i. Overview

The Asset Management Strategy sets out how the Council will prioritise works to its homes and estates to ensure they are places where residents want to live while remaining cognisant of the financial policy and regulatory constraints that affect the housing sector.

Approximately £40 million is invested by Rotherham Council annually in maintaining and improving our properties. The budget is currently split £20m in Planned replacements and £19 million in Responsive repairs. Sound asset management is about providing a quality service whilst achieving value for money therefore it follows that the aspiration should be to further invest in planned works with a view to reducing the need for reactive repairs.

These fundamental changes will require the Council to continually review its assets, in order to make sure our homes are desirable, meet people's changing needs, and create increased value for money efficiency within our business.

The Council has pledged to improve the environment for the people of Rotherham where residents live in safe and healthy communities. This investment contributes to those pledges by seeking to improve the energy efficiency of our homes and ensuring the estates follow the latest design good practice for safety and the environment being free from trips and falls for example.

In summary the Asset Management strategy seeks to maintain:

- The Decent Homes Standard
- Various Health and Safety Legislation including compliance including but not restricted to:
- Gas Safety
- Asbestos Management
- Fire Safety

The 'Rotherham Standard' will:

- Meet all Health and Safety Standards
- Have repairs carried out in a timely fashion to a high standard
- Have key items such as kitchens and boilers replaced and updated based upon an enhanced industry standard

In addition we will also:

- Improve the energy efficiency of our homes
- Invest in the communal and external environment

Future Investment

It is our intention during 2018-19 to further refine the 30 year investment model so we can explore opportunities including:

- Maximise further opportunities for housing growth
- Review implications of the Care Act 2014 on the services we provide to support people living longer independent lives in their own homes

Given the significant changes to the policy environment in which the HRA operates there have been substantial reductions in resources available to invest in properties the council owns. Whilst the need to maximise investment in new homes to afford opportunities for housing growth so meeting the needs of local people waiting to get on the housing ladder. Appendix A details the proposed funds available for investment in the housing stock over the next 30 years.

ii. Cost breakdown

Proposals for 2018-19 to 2022-23

This section explains how investment will be prioritised over the next five years. The aim of the investment programme is to create an affordable plan to match expected resources.

Proposed 5 year investment programme

The table below sets out priorities for our investment strategy and costs over the next 5 years of this business plan. The plan will continue to be refreshed annually and does not yet account for circa £43m further investment in housing growth as plans are still be finalised at the time of developing this plan.

5 Year Housing Investment Plan

Area	Budget 2018-19 (‘000)	Budget 2019-20 (‘000)	Budget 2020-21 (‘000)	Budget 2021-22 (‘000)	Budget 2022-23 (‘000)	TOTAL
Repairs and Maintenance	19,954	20,566	19,022	19,363	19,662	**98,567**
Stock Investment (incl. Public Adaptations)	23,661	23,473	29,433	26,947	28,539	**132,053**
Housing Growth	22,249	19,230	7,871	1,890	0	**51,240**
Total	**65,864**	**63,269**	**56,326**	**48,200**	**48,201**	**281,860**

It is anticipated that with the continuing trends for welfare reform and the 1% year on year rent reduction until 2019-20, it will become increasingly challenging to deliver high quality services with the available funding.

We recognise that there is a risk of the available budgets not matching the amount we are predicting to spend on repairs and planned works. We must therefore manage our budgets to reflect the available budgets and if necessary smooth out peaks in demand by delaying some stock investment and replacements. In order to achieve this it is important that we are able to extend the life of a building component which can only be achieved by careful planning in advance.

In the future we aim to deliver a greater proportion of our investment in a planned way. Best practice suggests that the split should be 70:30 Planned to Reactive maintenance. Historically this balance has not been achieved as the policy has been to repair or renew components rather than maintain components for the future. It is proposed that to achieve this target we will increase the number planned cyclical maintenance programmes examples will include external painting and clearing of rainwater goods. The Council Housing Investment programme will be funded from a set charge from revenue plus an annual Revenue Contribution to Capital Outlay generated as a result of efficiency savings.

Full details of the approach to investment within the Council's housing portfolio is detailed in the Housing Asset Management Plan 2016-2019.

5. Housing Management

i. Overview

This part of the business plan is concerned with the services provided to tenants. It includes services such as tenancy management, income management and re-housing services together with tenancy enforcement (ASB), estate services, governance and involvement.

Good services are important to our customers and impact on our housing offer and ability to let homes. This business plan depends on our income from rents, so we need to collect as much of the rental income as possible. We also need to ensure that our most high cost services (estate services and rehousing) are as efficient and cost effective as possible.

ii. Cost breakdown

The pie chart below shows the proportion of the HRA budget spent on Supervision and Management including overhead/ support costs, split by service type. The chart shows that the highest cost area is Central Services. Each area as a key role in ensuring we deliver high quality services to our tenants and is expanded on below:

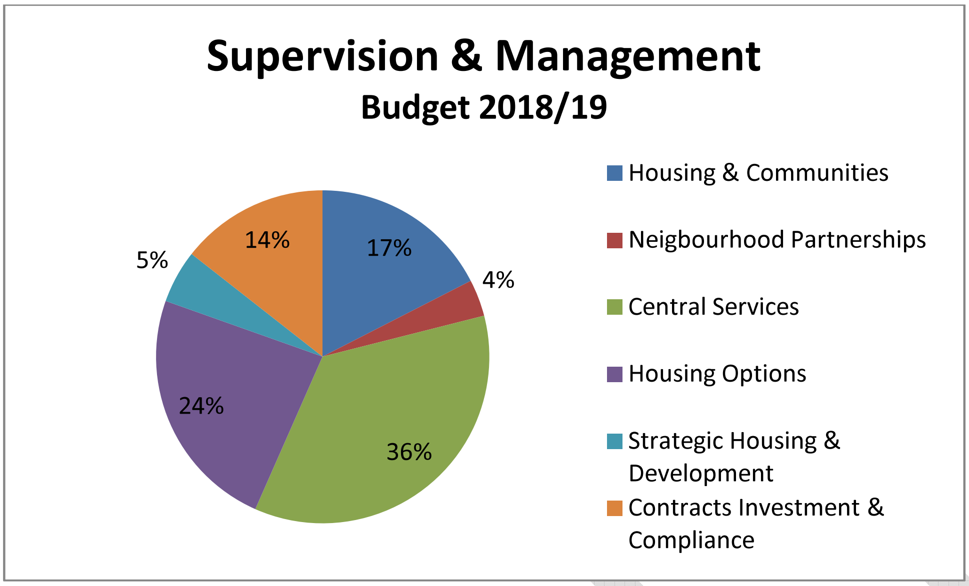
Housing Options is responsible for managing the housing allocation process, housing register and preventing homelessness.

Housing and Estates Services is responsible for post-letting tenancy and estate management functions, including tenancy enforcement and tenancy associated service requests (excluding repairs and maintenance), dealing with anti-social behaviour, management of the general estate environment and housing revenue account administered non-residential assets, such as garage sites. The service also supports the Safer Rotherham Partnership and community safety functions. The service also has close working relationships with the Safer Rotherham Partnership and community safety functions, particularly the Anti-Social Behaviour Team.

Central Services is the area of expenditure responsible for managing income to the HRA and commissioning other services that support effectively delivery of the Housing service such as accountancy support, ICT, Corporate Governance and Human Resources etc.

The Contracts, Investment and Compliance is responsible for the management of our housing assets, deciding how we will invest in our assets to ensure they are places tenants want to rent. Repairs Management is seen by tenants as one of the most important and is responsible for day to day management of the repairs and maintenance contractors ensuring repairs are carried out right first time.

HRA breakdown of proposed expenditure on Supervision and Management 2018-19



iii. Risks

There are a number of risks to this area of the plan, the most significant being welfare reform. As set out in section 3 on Income, the Housing Revenue Account is forecast to receive around 60% or £48.6 million income paid directly from housing benefit. This benefit will progressively be paid direct to eligible tenants under the housing cost element of Universal Credit. So far single new claimants are automatically processed as a Universal Credit Claim in Rotherham and more recently the full service role out extended to the Swinton area of Rotherham for all working age claimants. It is anticipated the full scale roll out of Universal Credit across the rest of Rotherham will take place in July 2018. In the first instance only claimants who have a change in circumstances and are claiming eligible benefits will be affected. It will be at least 2022 until the roll at of Universal Credit is fully complete and all legacy benefit claimants transferred nationally. The risk of increasing arrears and the impact on bad debt provisions has been factored into the business plan.

Under the continuing reforms more tenants are finding it harder to pay their rent because of the effects of the welfare reforms on household income. This has led to an increase rent arrears, which have increased by over 230% since the on-set of welfare reforms. Consequently this has also resulted in higher tenancy turnover. There is also a higher demand on the re-housing and tenancy support services, an increased demand for additional downsizing support and a growing need for early support for vulnerable tenants which includes money, debt and welfare advice.

Any additional demands on council housing as a partner in addressing vulnerability, safeguarding, preventing homelessness and in reducing demand for care services are likely to be exacerbated by the continued challenging local economic environment.

iv. Proposals for 2018-19

This section explains how tenant services will be developed over the next three years. The aim is to develop tenant services to ensure they align to the business planning objectives and also that they are tailored to meet emerging need, which includes the ongoing impact of welfare reform.

a) Tenancy Standard

Ensure all income owed is collected

A key priority is the ongoing work mitigating the impact of welfare reform. The Council is committed to minimising any effects of welfare reform on tenants and to do this through continuing early intervention and arrears prevention. Our efforts will continue to be in supporting tenants to continue to pay their rent; by offering additional support to vulnerable tenants to help with money, benefits and debt advice, this is being done through our Financial Inclusion team. We are also supporting the Advocacy and Appeals service through funding for Money Advice Officers to support tenants in rent arrears manage priority debts.

Following a restructure of the housing income service in 2017-18 which saw staffing levels more than double there continues to be a cultural transition to develop an approach which can be summarised as having a commercial mind and social heart.

We also have active partnerships with the following organisations and Directorates aimed at supporting tenants maximise income thereby increasing their ability to pay rent:

1. Age UK, Rotherham
2. Laser Credit Union
3. Children's and Young Persons Service

We have also offered and will continue to offer funding for vocational training and apprenticeships for tenants so improving their ability to successfully secure employment and become independent. These projects include:

1. HR Employability Project
2. Employability Support Officer

b. Neighbourhood and Estate Management

A key focus for the service in 2018-19 is developing support to sustain new and existing tenancies, this includes effective up front assessment of prospective tenants to ensure they meet the new allocations criteria and can afford the properties. To ensure this support is focused, achieves outcomes for tenants and is delivered as efficiently as possible a service review will be undertaken to agree how best to deliver the provision across Housing allocations, Tenancy Management and the Housing Income Service. The role of Area Housing Officers will continue to be reshaped towards a balance between enforcement activity and early intervention, prevention and support.

There will also be a review of Neighbourhood Working with key services, agencies and South Yorkshire Police. This will focus around the safer, greener, cleaner agenda and protecting the most vulnerable within our communities.

There is also a need to increase contact with vulnerable and older tenants so supporting them to live independent lives within their own homes and with their local support networks nearby. This will help reduce the pressure on Adult Social Care Services.

Delivering effective tenancy management will also be a foundation of our work in 2018-19 ensuring we continue to be responsive to key tenancy issues such as ASB.

Housing Allocations

Key priorities for the service in 2018-19 are:

Review of Temporary Accommodation

1. Set up and finalise processes for 6 “Step up Step down” Crash pads which will be utilised by Adult Care.

2. Explore the use of transitional tenancies

3. Explore alternative options for charging arrangements for supported housing

4. Set up crash pad provision for Adult and Children’s services

5. Set up additional provision for victims of Domestic abuse

6. Develop a Housing First Model

Reduce Homelessness and Rough Sleeping

1. Review and implement a revised Homelessness Prevention Strategy 2018 – 2020

2. Review processes and Structure in readiness for the Homelessness reduction Act

3. Undertake an actual Rough Sleeper Count

Void Re-let times and Sustainable tenancies

1. Review the Allocation Policy for people with complex needs

2. Implement mandatory pre tenancy workshops people for people with complex need including online access for those applicants who live out of the Borough

3. Reduce the number of 'Hard to Let' properties

4. Implement a revised transfer process to improve standards of voids

5. Increase referrals for support to help people into Employment

6. Help to set up Shared Tenancies for those who cannot afford a tenancy

c. Tenancy involvement

We have made significant improvements in our strategic approach to tenant involvement in the last 2 years which is enabling tenants to have more say in our services e.g. TI (Tenant Involvement) Strategy, TPAS Accreditation , STAR Survey, Home Matters (Tenants Magazine), Training etc. We have been confirmed as a Tpas (Tenant Engagement Experts) accredited landlord for Resident Involvement Excellence from 2016 for a period of three-years. We will continue to build on this success and continue to deliver our Tenant Involvement Strategy) to :

• Make tenant involvement an integral part of our business by involving and consulting tenants to shape services to best meet their needs

• Ensure that we are fully inclusive and provide opportunities to widen engagement by offering a range of ways that tenants can get involved, at a level and pace that is accessible to all

• To provide and support training and development opportunities to enable all tenants to make a difference

• To maximise accountability and value for money to ensure that tenants have confidence in our services.

We will seek to improve tenant involvement widen and improve opportunities such as digital inclusion for tenants including under-represented groups such as younger tenants and working tenants to make a positive difference to the services they provide. We have already seen some success with this approach such as the Tenants Conference, Garden Competition and young tenants scrutiny review undertaken by Rother Fed on our behalf. We currently have a contract with Rother Fed (Tenant Federation) to deliver some of the Tenant Involvement activities on our behalf supporting and developing TARA's and working with us to deliver our TI objectives.

We will seek to improve how we performance manage and capture the impact of our tenant involvement activities such as the Housing Involvement Panel, Area Housing Panels, Quality Standards Challenge Group, strategic housing consultations and Rother Fed activities e.g. scrutiny reviews. This will ensure that tenants have involvement that is meaningful, accessible and which allows them to influence services at both a local and strategic level. This will enable us to:

- Monitor and evaluate the impact of the Tenant Involvement Strategy
- Implement the recommendations from the Tpas Accreditation to further improve accountability and performance with regards to tenant involvement over the next 2 years and beyond, so we can achieve the reaccreditation in 2019.
- Improve how we act on and feedback to tenants to improve our performance on the performance indicator 'Listen to views and act upon them' on the back of the recent STAR Survey results

d. Housing Management Systems & Digital Inclusion

The focus for ICT system developments will be supporting omni-channel customer and staff access to ensure services are available at a time to suit customers.

Moving transactions online will free more officer time to support customers and mobile and remote working will ensure that services can be agile and more responsive.

Business requirements have been identified ready for soft market testing and procurement of a replacement system for Housing. These business requirements include a system that will be:

- agile and responsive to business changes
- customer friendly allowing staff and customers to access this through many different channels including a simple customer friendly website
- accessible through a variety of mobile devices for customers and staff
- link business intelligence and sharing data across the business with an integrated platform

Digital Inclusion

We are working hard to widen and improve opportunities such as digital inclusion for tenants, leaseholders including under-represented groups to make a positive difference to the services we provide. The Council is seeking to go digital by default and improve our digital offer. We want to ensure that our tenants and customers do not become excluded from the digital era and the opportunities available to them. The introduction of Universal Credit does require people to be online and computer literate. The application process for the Credit can only be completed online and we want to make sure customers are prepared for these changes. For many social landlords, the use of technology is becoming an increasingly important way of delivering their services, supporting tenants to apply for their housing benefit and universal credit online, from online repairs reporting, reporting ASB and rent accounts to using social media to engage with tenants. Systems that support some form of choice – including accessing services outside office hours – are important if tenants are to be fully engaged, while self-service will further reduce costs for us. Essentially it's about giving tenants access to information and enabling them to do something with it at their desired level of involvement. Good examples of this kind of electronic interaction mean that it doesn't take up as much of tenants' time as traditional meetings that could involve travel and tenants can participate in them at any point over a period instead of a meeting that takes place on a fixed date and time that may be inconvenient.

As part of our contract with Rother Fed, they have established a Digital Inclusion Network which is made up of partner organisations who share information and good practice with regards to digital inclusion. Rother Fed have also trained up over 10 Digital Champions who are a resource to empower and support tenants to get online and access services on our using self-service for paying rent, reporting repairs, universal credit etc. Working with Rother Fed and other partners such as Job Centre Plus, we will seek to:

- To break down barriers to digital & social inclusion amongst the council tenants.
- To support and develop tenants' self-confidence, digital skills, access to online services, complete benefit forms online e.g. Your Account, universal credit and housing benefit, employment opportunities, and further learning opportunities.
- To develop more Digital Champions to test online services and support tenants and residents to engage with and access online services and improve our digital offer.
- To enable council tenants to engage with our services through online tools.
- To continue to develop positive engagement with a wide range of stakeholders and share best practice.

6. Debt and Treasury Management

The financing of the HRA's asset base critically underpins the delivery of the Business Plan.

Therefore the HRA's debt portfolio will be actively managed to minimise the financial risks associated with past and future financing of the HRA's asset base.

When self-financing was introduced on 1st April 2012 the HRA's borrowing need/ debt level was £303.959m and was £304.125m at 31st March 2016. The HRA's maximum borrowing limit is £336.623m.

i. Overview

One of the principles of self-financing is that the HRA is responsible for managing its debt portfolio without Government support and will bear all of the risk and also the opportunity.

It should be borne in mind that even with the new freedoms under self-financing, the debt of the HRA remains the debt of the authority and all treasury management decisions are still ultimately the responsibility of the section 151 officer. Decisions on debt, funding and cash flow investment are therefore those of the authority not the HRA alone.

Treasury management is the term used to describe the way a council manages the cash it needs to meet both its day-to-day running costs and the borrowing for capital expenditure.

ii. Capital Programme

The Capital budget (programme) covers the money spent on investing in buildings, infrastructure and expensive pieces of equipment and to count as capital expenditure, new assets or improvements to assets must have a life of more than one year.

Councils finance capital spending in a number of ways, including:

- Use of revenue funds – known as direct revenue financing
- Capital receipts – money received from the disposal of capital assets can only be used for debt repayment or to finance new capital expenditure
- Grants and contributions – can come from central government or other organisations
- Major Repairs Reserve – this is a special reserve that provides capital funding for the Housing Revenue Account
- Borrowing – councils can borrow money to pay for capital assets, this was traditionally the most important source of financing

iii. Prudential Code

April 2004 saw the introduction of CIPFA's Prudential Code for Capital Finance in Local Authorities. It is given statutory backing, which means that councils are required to 'have regard' to it, by the Local Government Act 2003 (in England and Wales)

The Prudential Code provides a framework to judge whether capital investment is affordable, prudent and sustainable in the year in question and in future years and it requires thought about six things when agreeing the capital programme. Relating this to the HRA these would be:

- The HRA's service objectives – are the capital spending plans consistent with the local council's strategic plan and its future plans for its services?

- The stewardship of the council's assets – is the capital expenditure being spent on new assets at the cost of maintaining existing assets?

- The value for money offered by the plans – have all the options for investment been considered and do the benefits outweigh the cost?

- The prudence and sustainability of its plans – can the HRA afford the borrowing now and in the future?

- The affordability of its plans – what are the implications for housing rents?

- The practicality of the capital expenditure plan – does the HRA have the resources to manage the project and does the total programme look sensible?

Councils prove that they are complying with the Prudential Code and this is done through a series of prudential indicators that are set locally and approved at the same time as the Council sets its budget for the following year.

The Key Prudential Indicators as they affect the HRA are:

- Estimate of the ratio of the capital financing costs to the net revenue stream of the HRA over the next three years

- Actual ratio of the capital financing costs of the HRA's net revenue stream - the current value of the indicator above

- Estimates of the incremental impact of the capital investment decisions on housing rents for three years, or longer - because all HRA borrowing is secured against future income

- Debt compared to the capital financing requirement

iv. Capital Financing Requirement & Borrowing

The Capital Financing Requirement (CFR) indicates the theoretical need to borrow and the HRA has a share of this need but it will be no more than the borrowing cap. At 31/03/16 the HRA's CFR was £304.125m and in the short-term is not expected to increase. Over the longer-term the CFR is expected to rise up to the level of the borrowing limit (cap) of £336.623m as new capital investments are made.

The HRA's share of the Council's loans outstanding stood at £260.384m at 31/03/16, borrowed from the Public Works Loans Board (PWLB) and Market sources (e.g. Banks, Pension Funds, etc.), but this is less than the CFR/borrowing need. The 'under-borrowing' of £43.741m is funded by borrowing internally from the General Fund, i.e. the HRA is assumed to be fully borrowed at its CFR/borrowing need level.

The rate of interest on the internal borrowing is calculated by reference to the annual weighted average of the Council's overall debt portfolio.

This is considered to be an equitable approach as the Council's existing debt portfolio reflects the Council's investment in the HRA's asset base pre self-financing whilst also sharing any future interest rate risk between the General Fund and HRA arising out of the Council's existing 'under-borrowed' position.

The HRA's debt portfolio at 31st March 2016 was as follows:

HRA DEBT PORTFOLIO AS AT 31ST MARCH 2016

	Maturity, EIP or Annuity	Fixed, Variable or LOBO	Total	< 12 Months	12 Months to 2 Years	2 to 5 Years	5 to 10 Years	10 to 20 Years	20 to 30 Years	30 to 40 Years	40 to 50 Years	Above 50 Years	Not Known
Public Works Loans Board													
Apportioned Loans													
	Maturity	Fixed	121,520,253	3,204,037	12,816,150	16,020,187	16,020,187	0	18,134,851	36,100,618	19,224,223		
	EIP	Fixed	6,408,075	1,281,615	1,281,615	3,844,845							
	Maturity	Variable	6,408,075	6,408,075									
			134,336,403	10,893,727	14,097,765	19,865,032	16,020,187	0	18,134,851	36,100,618	19,224,223	0	0
HRA only Loans													
	Maturity	Fixed	15,188,000					10,000,000	5,188,000				
			15,188,000	0	0	0	0	10,000,000	5,188,000	0	0	0	0
			149,524,403	10,893,727	14,097,765	19,865,032	16,020,187	10,000,000	23,322,851	36,100,618	19,224,223	0	0
Market													
Apportioned Loans													
	Maturity	LOBO - Callable 16/17	45,497,330				640,807				9,612,112	35,244,411	
	Maturity	LOBO - Not Callable 16/17	65,362,362								6,408,075	58,954,287	
			110,859,692	0	0	0	640,807	0	0	0	16,020,187	94,198,698	0
			260,384,095	10,893,727	14,097,765	19,865,032	16,660,994	10,000,000	23,322,851	36,100,618	35,244,410	94,198,698	0
Un-funded CFR - Internal Borrowing			43,740,905										43,740,905
Maturity Structure based on debt maturity dates			304,125,000	10,893,727	14,097,765	19,865,032	16,660,994	10,000,000	23,322,851	36,100,618	35,244,410	94,198,698	43,740,905
			304,125,000	3.58%	4.64%	6.53%	5.48%	3.29%	7.67%	11.87%	11.59%	30.97%	14.38%
Adjusted for Market Debt with possible calls in 16/17				45,497,330			-640,807				-9,612,112	-35,244,411	
Maturity Structure based on interest rate risk				56,391,057	14,097,765	19,865,032	16,020,187	10,000,000	23,322,851	36,100,618	25,632,298	58,954,287	43,740,905
				18.54%	4.64%	6.53%	5.27%	3.29%	7.67%	11.87%	8.43%	19.38%	14.38%

Strategic borrowing considerations take account of the level of debt, the type of debt (short/long-term, variable/fixed rate) and whether it is affordable, sustainable and prudent to borrow. The debt strategy also impacts on level of investments i.e. if the Council borrows its investment levels will be temporarily inflated.

In previous years the Council has taken the opportunity to reschedule debt by repaying more expensive debt and replacing this with cheaper debt. However in the current climate it is unlikely that these opportunities will be available. A change in the October 2010 Comprehensive Spending Review which affected on-going PWLB rates combined with the current market conditions means previous advantages which could be gained from rescheduling PWLB debt are no longer available. In addition the market conditions also mean the Banks are less willing to consider rescheduling Market debt.

The Council is required to provide an amount in its General Fund revenue budget for the repayment of debt and this is referred to as the Minimum Revenue Provision (MRP). Whilst the debt is not physically repaid as this will occur when debt matures, the amount set aside reduces the Council's underlying need to borrow (i.e. the CFR). The HRA is not required to provide for MRP although it can budget to repay debt if this is so desired and thereby reduce the CFR.

v. Investment of Surplus Funds

Surplus funds available to the Council are invested to achieve a return. This is principally over the short-term but can be longer if cash projections indicate this may be possible and advantageous.

The primary governing principle remains security of the Council's investments and this takes precedence over liquidity (i.e. having funds readily available) and the return on investments. The criteria for selecting investment counterparties reflect this principle.

Current investment counterparty risk has been minimised further by adopting a stricter operational guidance. Investments are currently restricted to the Debt Management Office, top rated Banks and other large Local Authorities. As a consequence investment returns remain low and are unlikely to increase in the near future.

The HRA is paid interest on its notional cash balances as these would be available for investment thereby partially reducing the rate charged on internal borrowing (unfunded CFR).

vi. Forecasts

It is difficult to forecast debt costs for the HRA over the course of the business plan as borrowing rates will fluctuate and the regulatory and operating environment will change. The financial impact of fluctuations in borrowing rates is mitigated through the effective management of the debt portfolio and control of risk (see vii below).

The weighted average rate of interest for 2015/16 was 4.33% and this is expected to remain low over the short-term as a result of low interest rates generally. In 2016-17 the currently forecasted rate of 4.30% will equate to an interest charge of around £13.650m.

However for modelling purposes which covers the long-term it has been forecast that the average rate of the HRA's borrowing over the course of the 30 year plan will be approximately 4.75%. This rate, which will be subject to continual review, takes account of both the current average rate of existing borrowing and the forecast rate at which new debt will be taken on to refinance maturing debt and to fund any new capital expenditure over the longer-term.

vii. Managing Risk

The HRA will face four principal types of risk in relation to its treasury-management activities over the course of its business plan:

- Credit risk;
- Liquidity risk;
- Interest rate risk; and,
- Default risk

(a) **Credit risk** – the HRA will face the possibility that other parties might fail to pay amounts due to it. Credit risk arises from deposits of cash balances as well as credit exposures to its customers.

(b) **Liquidity risk** – the HRA's cash balances are identifiable on an on-going basis to ensure the impact of positive and negative cash-flows can be readily determined and factored into the financing of the business plan.

(c) **Interest-rate risk** – the debt portfolio will be managed so as to ensure interest rate risk is effectively controlled. Maturity dates will be chosen to ensure the amount of debt falling due for re-financing is manageable when set against the portfolio as a whole and the uncertainty of re-financing rates in the future.

Exposure to the possible impact of interest rate fluctuations arising on variable rate debt including Market Lender Option, Borrowing Option (LOBO) loans will be controlled by ensuring at any one point in time less than 30% of the debt portfolio is subject to the possibility of interest rate change in the 12 months from that point in time.

Uncertainty over the borrowing cost of un-funded CFR will be mitigated by using the average rate on the debt portfolio which will equate more closely to average rates over the longer-term.

(d) **Default Risk** – The primary governing principle remains security of the cash investments and this takes precedence over liquidity (i.e. having funds readily available) and the return on investments. The criteria for selecting investment counterparties reflect this principle. Investment counterparty risk will be minimised further by adopting a stricter operational guidance when circumstances dictate.

7. Value for money

i. Overview

This section on value for money underpins all aspects of the business plan. The section also reviews overheads and support costs such as management, accommodation and support services.

Overheads and support costs are an essential part of running a business which directly supports frontline services. However, we need to continue to ensure these costs are value for money. Within the HRA ring-fence, the costs incurred of running council house activity have to be charged to the HRA.

Ongoing support costs include:

- Management and support staff costs e.g. Accountants
- Support services such as Legal, Contact Centre and ICT
- Accommodation costs such as Riverside House
- The pension valuations from ex-council staff who transferred to Mears and Fortem in 2010.
- Other costs including supplies and services e.g. public liability insurance etc.

Given the significant changes to the operating environment in which the HRA now operates, there has to be a renewed focus on ensuring all services offer value for money. To provide assurance that the services we offer provide value for money the HRA benchmarks annually through Housemark. This provides an overview of how costs compare to those of our peers within the sector.

ii. Cost breakdown

The following table illustrates the total costs of running the Council Housing Service, including fixed costs such as interest charges on debt for 2016-17:

Description	**Outturn £**
Contributions to Housing Repairs	18,382,096
Supervision and Management	19,227,860
Rents, Rates and taxes	230,170
Provision for bad debts	1,139,528
Cost of Capital Charge (Interest payable on debt)	13,554,808
Depreciation of fixed assets	19,975,350
Debt Management Costs	115,810
Revenue Contribution to Capital Outlay	5,465,685
Total	**78,091,305**

iii. How does Rotherham compare?

Changes to the operating environment may impact on costs and performance in a number of ways. The table below gives some indication of how well Rotherham is facing up to those challenges compared to our peers against a number of industry standards.

Cost comparison of the Housing Service 2015-16

Measure	Rotherham Outturn	Peer Group Average	Quartile
Costs			
Overheads as a % of adjusted turnover	4.7%	7%	Second
Total Cost Per Property of Housing Management	£249.61	£355.09	First
Total Cost Per Property of Repairs & Maintenance and Voids Management	£648.48	£736.62	First
Total Cost Per Property of Major Works and Cyclical Maintenance	£1,784.79	£2,051.52	Second
Performance			
Tenant satisfaction	83%	85%	Third
Rent collected from current and former tenants	98.2%	99.7%	Fourth
Average re-let time of standard lets	37 days	30.38 days	Fourth
Rent loss due to empty property as a % of rent due	1.51%	1.39%	Third
Tenancy turnover rate	8.04	7.41	Third
Average number of days to complete a repair	7.99 days	8.04 days	Second
Percentage of repairs completed at first visit	96.66	94.1%	First
Average SAP rating	65.9	70.33	Fourth
Percentage of	100%	100%	First

dwellings with a valid gas safety certificate			
Staff sickness absence, average number of working days lost per employee	11.21 days	10.2 days	Third

Key findings and actions:

Rotherham has a Housing Service that is low cost compared to its peers

Repairs and Maintenance performance is good

Investment is required in stock that is not well insulated, hence the low SAP rating, we have a programme to address these issues from 2018-19 onwards

Rent collection performance is poor, proposals were approved in October 2016 and the transformation of this service has commenced, with early signs of improving collection rates

Tenancy sustainability is lower than our peers. Therefore we incur additional cost through the lettings process. A review of the transfer process is under way to ensure we provide further support to prospective tenants who have not managed a tenancy before.

Sickness is high in comparison to our peers. We will continue to performance manage sickness in accordance with corporate policies.

Tenant satisfaction has declined in comparison with our peers. We will work with Rotherfed and the Housing Involvement panel to understand the reasons for and act upon these findings.

iv. Risks

Risks to achieving maximum value for money include:

- External economic factors, including fluctuating inflation and interest rates, are a risk which will be taken on by the Council
- Support service savings are challenging because there are external contractual obligations to achieve and competing priorities to protect services due to reductions in General Fund budgets
- Savings to support costs would lead to staffing reductions and may reduce capacity to deliver business as usual.

v. Proposals for 2018-19

Given the significant changes to the operating environment a quarterly update to the Housing Involvement Panel will take place throughout 2018-19 which will ensure tenants retain oversight of the Housing Service. As a service we will continue to

a. Greater value for money from support costs

We will continue to ensure that the Council's support costs are value for money.

We will continue to seek efficiency savings where the service is being restructured in view of the current budget pressures to the wider Council General Fund. Where these reductions result in a reduced service to the HRA decisions will be made about whether this is in tenant's interests.

Every three years there is an actuarial review of the HRA's pension liability. The costs of known pension liabilities have been included within the Supervision and Management costs of the service.

b. Greater value for money from Mears and Fortem

During 2018, discussions will continue with our contract partners to determine how additional efficiencies can be delivered from the remainder of the contract. We will continue with the same principle as in previous years, in that any cost savings generated through the contract mechanism will be re-invested into council housing. There have been efficiency savings of over £1.7m returned to the HRA since the start of the Repairs and maintenance contracts. These savings have so far been invested in

- The construction of four disabled person units
- Contribution to the relocation and refurbishment of new facilities for the SHILOH project which supports homeless and vulnerable adults.
- We plan to refurbish part of a residential Facility to provide permanent accommodation for elderly and vulnerable adults.
- We plan to invest further savings in developing further disabled person units.

It is also recognised that tenants of Rotherham also receive other indirect benefits through the council's partnership with Mears and Fortem via their Corporate Social Responsibility (CSR) Programmes operating within the borough. Recent activity supported through these programmes include the re-modelling and refurbishment of Kimberworth Park Resource Centre and the installation of fencing at Dinnington allotments.

c. Procurement Strategy for Construction contracts

The R & M Contracts currently run until April 2020 at which point a new arrangement will need to be put in place. This arrangement was procured in 2009-10 under an EU Competitive Dialogue process and involved the transfer of the then internal workforce to the private sector. While the contract gave no guarantee of value or volume an obligation does exist to provide work for the 350 staff that transferred out of the Council's workforce on 1st November 2010. The current approach to this is one of seeking to maximise the use of the existing partnership where it is reasonably possible, offers VfM and remains within the scope of the original OJEU notice. We anticipate when the contracts are renewed there will be potential costs savings to be generated through lower staffing as the TUPE'd work force numbers continue to reduce and replacement staff are employed on lower cost terms and conditions.

Currently approximately £30m is spent on planned works though the Repairs and Maintenance Framework and a further £10 million is procured through competitive tender each year. This is the largest area of expenditure and is therefore the area of spend that will need to generate the most savings to fund future housing growth proposals. Total savings required over the next 5 years from this area of the business total £6.5m which will be used to fund the development of new council housing throughout the borough. This will be kept under review so that any further cost savings from other parts of the business will also be invested in housing growth.

By 2020 we will:

1. Complete the procurement of the repairs and maintenance contracts to lever significant savings and investment into housing growth.
2. To seek to work with existing framework agreements let by other authorities / organisations where these can be shown to offer VfM and a suitable route to market.
3. To put in place a Rotherham based framework for housing growth alongside our existing contracts with Wates Construction.

Any other unique or specific requirements will be procured in line with RMBC Standing Orders and Financial Regulations.

We recognise as the Council becomes more sophisticated in managing is housing assets, through understanding the Net Present Value of our assets further efficiency savings should be generated.

d. Review of Tenant services

Over the next five years a number of initiatives are planned to reduce costs these include:

1. Decommissioning of garage sites as part of the development of the Garage strategy- this will reduce not only repairs and maintenance costs but also costs associated with management of these tenancies within the Housing Management service and provide opportunities for Housing growth.
2. Communal area upgrades will be an invest to save in automated lighting, windows and heating systems to reduce long term running costs of communal areas.

3. Land disposals that are currently of low amenity value on estates will be pursued. This will reduce ongoing maintenance costs to the service and also where possible generate capital income to fund future acquisition of new council housing.

vi. Financial impact of proposals

The table below summarises the planned cost of value for money savings over the three years of this business plan. Each figure in the tables represents a one off saving (negative numbers) or cost (positive numbers) compared with the 2017-18 budget and does not take into account inflation.

Description	2018-19 £'000s	2019-20 £'000s	2020-21 £'000s	2021-22 £'000s	2022-23 £'000s	Total
Repairs and Maintenance	**0**	**0**	**-2,095**	**-2,131**	**-2,167**	**-6,393**
Repairs and Maintenance 'Shared savings'	**-250**	**-250**	**0**	**0**	**0**	**-500**
Total	**-250**	**-250**	**-2,095**	**-2,131**	**-2,167**	**-6,893**

These savings will ensure the forecasts in the HRA Operating statement are achieved.

8. Risk Management

Self-financing involved a significant transfer of risk from Central Government to the Council. Variables such as interest rates, cost inflation, number of homes owned etc. are all risks managed by the council.

Any adverse changes in rental income (for example as a result of welfare reform or changes in the number of Right-to-Buy sales) must be managed locally.

The risks associated with the HRA Business Plan demand a smarter approach to risk management. The Council will closely monitor the viability of the HRA Business Plan; through the governance structure described in section 2, by building a HRA Business Plan monitoring report to monitor key variables such as:

- Number of homes
- Rental income
- Rent arrears and bad debts
- Voids and void rent loss
- Debt levels and repayment
- Reserve levels, and
- Maintenance backlog.

The risk management plan for the HRA Business Plan is attached at Appendix C. The plan follows the Council's risk management methodology and approach. It includes a clear description of the risk, an assessment of probability and impact of the risk, a summary of controls and cost consideration and information on when the risk will be reviewed.

The risk management plan is updated, tracked and monitored through the governance structure described under the Governance section. The management plan will be revised as the situation changes - especially regarding interest rates and inflation - in light of Government announcements such as continuing welfare reforms as part of process of monitoring changes in variables and performance.

Significant risks will be placed on the Corporate Risk Register and risk issues will be escalated through the Council to Departmental Leadership Team and Senior Leadership Team as necessary.

The Council has risk based reserves to ensure that HRA reserves are maintained at the appropriate level. The reserves will be maintained at the appropriate level to fund potential future financial pressures from risks such as welfare reform and investment requirements.

The detailed financial model behind the HRA Business Plan includes a number of assumptions we have used to understand what resources will be available for council housing over the next five years in the context of the next thirty years. These baseline assumptions are detailed at Appendix B.

9. Conclusion

The HRA 30 year business plan demonstrates we have a well-run and efficient business. Over the life of the plan we are able to meet the needs of our tenants whilst generating significant surpluses. These surpluses provide the council with enormous opportunities to invest in new council housing over the next five year's, improve the well-being of our tenants and further enhance our housing stock and neighbourhoods.

Over the life of the business plan total income is expected to be £2,966m and total planned expenditure will be £2,800m. Cumulative surpluses by year 30 of plan will be £83m. Over the first two years of the business plan there are financial pressures from the ongoing reduction in rents whilst inflation in projected to remain at or above 2%. In addition there continues to be pressure on income due to welfare reform. These pressures are being managed by making costs savings in property investment and repairs & maintenance budgets. Throughout the period it is planned to maintain a minimum reserve balance of £3m which will mitigate risks associated with welfare reform and is a reflection of the day to day financial pressures facing the HRA.

Appendices

HRA Financial Information Appendix A

Housing Revenue Operating Account – 30 year projections

HRA 30 Year Investment Plan

HRA Financial Assumptions Appendix B

HRA Risk Management Plan Appendix C

Glossary of Key Terms

Term	Definition
Housing Revenue Account (HRA)	The Housing Revenue Account is the financial account used by the local authority for council housing income and expenditure. The HRA is ring fenced for income and expenditure on council housing and funds services for council tenants and investment in council homes. Interest repayments of outstanding council housing debt are also funded by the HRA.
Consumer Price Inflation (CPI)	Consumer Price inflation is the speed at which the prices of the goods and services bought by households rise or fall. Consumer price inflation is estimated by using price indices. One way to understand a price index is to think of a very large shopping basket containing all the goods and services bought by households. The price index estimates changes to the total cost of this basket. Most ONS price indices are published monthly.
Retail Price Inflation (RPI)	Calculated using the Retail Price Index (RPI). It is a measure of inflation published monthly by the Office for National Statistics. It measures the change in the cost of a representative sample of retail goods and services.
Interest Rates	An interest rate is the rate at which interest is paid by borrowers (debtors) for the use of money that they borrow from lenders (creditors). Specifically, the interest rate is a percentage of principal paid a certain number of times per period for all periods during the total term of the loan or credit. Interest rates are normally expressed as a percentage of the principal for a period of one year
Income	Income is increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants.
Capital Expenditure	Capital Expenditure (under the Local Government Act 2003): Expenditure that falls to be capitalised in accordance with proper practices. The secretary of state may by regulations provide that expenditure may or may not be treated as capital expenditure by authorities (or that particular expenditure is capital expenditure for a specific authority).
Surpluses	Total value of income remaining after all costs (expenditure) have been accounted for.
Deficit	A deficit is an excess of expenditures over revenue in a given time period

Reserves	Unrestricted cash available to fund business costs as required e.g. in periods when the HRA is forecast to operate at a deficit or to mitigate any future risks to the HRA such as welfare reform.
Net Book Value	The value of HRA assets on the council's balance sheet.
Social Housing Adjustment Factor	The percentage reduction in the value of housing assets owned by the council to reflect that properties have sitting tenants, rent increases are subject to social housing regulations and tenants have a Right to buy the freehold on the property.
Self Financing	The objectives of this reform to council housing finance are to give councils the resources, incentives and flexibility needed to manage their own housing stock for the long term and to drive up quality and efficiency; as well as giving tenants the information they need to hold their landlord to account.
R & M	Repairs and Maintenance
Service Level Agreements (SLA)	Agreements with other Rotherham MBC departments for the supply of goods and services to assist in the management of council housing.
Audit Committee	The Council has established an Audit Committee comprising five non-executive members of the Council. The Committee will be attended by a representative of the Council's external auditors as well as senior officers of the Council. The Committee's remit is – Revised May 2014 • to consider all issues relating to audit matters, both internal and external; • to monitor and review the effectiveness of risk management systems, including systems of internal control; • to consider the preparation and monitoring of the internal audit plan; • to consider summary reports of each internal audit and value for money study undertaken; • to consider the external audit plan; • to consider reports from the external auditor, including value for money, systems and final accounts audits; • to review and monitor the performance of internal audit; • to review and monitor the anti-fraud strategy and initiatives; • to ensure the receipt of 'Best Value' from all audit resources; • to review and monitor corporate governance matters in accordance with audit guidelines. The Audit Committee will consider the external auditor's annual report on the Council's statement of accounts income and expenditure and will also consider the SAS 610 report from the external auditor. However, the external auditor's management letter will be presented to the full Council.
Self Regulation Select Commission	A council committee which locally elected councillors sit on. The remit of the Overview and Scrutiny boards are as set out in Procedure Rules to discharge between them the functions conferred by section 21 of the Local Government Act 2000, namely –

	to review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the executive; to make reports or recommendations to the Council or the Cabinet with respect to the discharge of any functions which are the responsibility of the executive; to review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are not the responsibility of the executive; to make reports or recommendations to the Council or the Cabinet with respect to the discharge of any functions which are not the responsibility of the executive; to make reports or recommendations to the Council or the Cabinet on matters which affect the borough or the inhabitants of the borough.
Housing Excellence Plan	A plan for improving services offered to tenants and leaseholders by Rotherham Council's housing services department.
Dwelling Rents	Income charged on a weekly basis to tenants who reside in council properties and have a tenancy agreement with Rotherham MBC.
Non Dwelling rents	Rent received for land, garages, commercial property etc.
Service Charges	Additional charges to be paid by tenants for additional services such as District Heating.
Furnished Tenancy	A tenancy where furniture is provided for an additional charge.
Right to buy	The regulations that allow council tenants to purchase the leasehold or freehold of their home.
Capital Financing Requirements	The measure from April 2004 used to calculate capital charges. It is introduced and defined in the CIPFA Prudential Code
Revenue Contribution to Capital Outlay	The total value of revenue funding being used to support Capital Expenditure in a given year.
OJEU	Official Journal of the European Union – commonly used for advertising public procurement contracts.
Decent Homes Standard	A government target to ensure that all social housing met set standards of decency by 2010, by reducing the number of households living in social housing that did not meet these standards. A decent home was defined as one that meets the following four criteria: A: It meets the current statutory minimum standard for housing B: It is in a reasonable state of repair C: It has reasonably modern facilities and services Dwellings failing on this point are those that lack three or more of the following: „„ a reasonably modern kitchen (20 years old or less) „„ a kitchen with adequate space and layout „„ a reasonably modern bathroom (30 years old or less)

	„„ an appropriately located bathroom and WC „„ adequate noise insulation (where external noise/neighbourhood noise is a problem) „„ adequate size and layout of common areas for blocks of flats. D: It provides a reasonable degree of thermal comfort.

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Appendix B

Rotherham MBC

HRA Business Plan

Operating Account

(expressed in money terms)

Year	Year	Net rent Income	Other income	Misc Income	Total Income	Managt.	Depreciation	Responsive & Cyclical	Other Revenue spend	HRA Cost of Rent Rebates	Misc expenses	Total expenses	Capital Charges	**Net Operating (Expenditure)**	Repayment of loans	Transfer to MRR	Transfer from / (to) Revenue Reserve	RCCO	**Surplus (Deficit) for the Year**	**Surplus (Deficit) b/fwd**	**Interest**	**Surplus (Deficit) c/fwd**	Working Balance check	Cashflow Balance check
		Income				Expenditure																	DO NOT DELETE	
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	**£,000**	£,000	£,000	£,000	£,000	**£,000**	**£,000**	**£,000**	**£,000**		
1	2017.18	75,844	228	5,865	81,936	(20,862)	(20,082)	(19,400)	(2,384)	0	0	(62,728)	(13,532)	**5,676**	0	0	0	(7,991)	**(2,315)**	**35,146**	**96**	**32,927**	0	0
2	2018.19	74,673	249	12,099	87,021	(22,498)	(20,603)	(19,954)	(5,934)	0	0	(68,990)	(13,477)	**4,555**	0	0	0	(4,274)	**281**	**32,927**	**88**	**33,296**	0	0
3	2019.20	75,077	278	9,117	84,472	(23,184)	(21,219)	(20,556)	(4,845)	0	0	(69,803)	(13,554)	**1,114**	0	0	0	(7,506)	**(6,392)**	**33,296**	**69**	**26,974**	0	0
4	2020.21	75,658	287	13,115	89,059	(23,812)	(21,775)	(19,022)	(778)	0	0	(65,387)	(13,628)	**10,044**	0	0	0	(18,533)	**(8,489)**	**26,974**	**53**	**18,538**	0	0
5	2021.22	77,527	293	7,174	84,994	(24,248)	(22,188)	(19,363)	(259)	0	0	(66,059)	(13,661)	**5,274**	0	0	0	(8,262)	**(2,988)**	**18,538**	**40**	**15,590**	0	0
6	2022.23	79,094	300	7,551	86,944	(24,675)	(22,479)	(19,662)	(265)	0	0	(67,081)	(13,665)	**6,197**	0	0	0	(8,289)	**(2,092)**	**15,590**	**34**	**13,532**	0	0
7	2023.24	80,641	306	7,918	88,866	(25,106)	(22,756)	(19,957)	(271)	0	0	(68,090)	(13,582)	**7,194**	0	0	0	(7,844)	**(651)**	**13,532**	**31**	**12,912**	0	0
8	2024.25	83,792	313	8,246	92,351	(25,544)	(23,033)	(20,256)	(277)	0	0	(69,110)	(13,421)	**9,820**	0	0	0	(6,070)	**3,751**	**12,912**	**35**	**16,697**	0	0
9	2025.26	83,007	320	8,551	91,878	(25,990)	(23,311)	(22,809)	(283)	0	0	(72,393)	(13,410)	**6,075**	0	0	0	(3,775)	**2,300**	**16,697**	**42**	**19,039**	0	0
10	2026.27	83,802	328	8,850	92,979	(26,442)	(23,591)	(23,147)	(290)	0	0	(73,469)	(13,410)	**6,100**	0	0	0	(3,893)	**2,207**	**19,039**	**47**	**21,293**	0	0
11	2027.28	84,596	335	9,148	94,078	(26,901)	(23,870)	(23,489)	(296)	0	0	(74,557)	(13,410)	**6,111**	0	0	0	(4,077)	**2,034**	**21,293**	**52**	**23,379**	0	0
12	2028.29	85,387	342	9,439	95,169	(27,368)	(24,151)	(23,835)	(303)	0	0	(75,657)	(13,410)	**6,102**	0	0	0	(4,283)	**1,818**	**23,379**	**56**	**25,254**	0	0
13	2029.30	86,177	350	9,718	96,245	(27,842)	(24,432)	(24,185)	(310)	0	0	(76,769)	(13,410)	**6,066**	0	0	0	(4,489)	**1,577**	**25,254**	**60**	**26,892**	0	0
14	2030.31	88,637	358	9,983	98,978	(28,324)	(24,714)	(24,538)	(317)	0	0	(77,893)	(13,410)	**7,675**	0	0	0	(4,744)	**2,930**	**26,892**	**66**	**29,888**	0	0
15	2031.32	87,749	366	10,244	98,359	(28,814)	(24,995)	(24,896)	(324)	0	0	(79,028)	(13,452)	**5,879**	0	0	0	(4,092)	**1,787**	**29,888**	**71**	**31,746**	0	0
16	2032.33	88,530	374	10,512	99,417	(29,311)	(25,277)	(25,257)	(331)	0	0	(80,176)	(13,452)	**5,788**	0	0	0	(4,290)	**1,499**	**31,746**	**75**	**33,320**	0	0
17	2033.34	89,307	383	10,787	100,477	(29,816)	(25,559)	(25,621)	(339)	0	0	(81,335)	(13,453)	**5,689**	0	0	0	(4,494)	**1,195**	**33,320**	**79**	**34,593**	0	0
18	2034.35	90,080	391	11,068	101,540	(30,329)	(25,841)	(25,990)	(346)	0	0	(82,506)	(13,489)	**5,544**	0	0	0	(4,706)	**838**	**34,593**	**81**	**35,512**	0	0
19	2035.36	92,595	400	11,351	104,347	(30,850)	(26,123)	(26,363)	(354)	0	0	(83,689)	(13,489)	**7,168**	0	0	0	(4,925)	**2,243**	**35,512**	**85**	**37,840**	0	0
20	2036.37	91,611	409	11,611	103,632	(31,379)	(26,404)	(26,739)	(362)	0	0	(84,884)	(13,490)	**5,258**	0	0	0	(741)	**4,517**	**37,840**	**93**	**42,450**	0	0
21	2037.38	92,369	418	11,853	104,640	(31,916)	(26,685)	(27,119)	(370)	0	0	(86,090)	(13,374)	**5,176**	0	0	0	(902)	**4,274**	**42,450**	**103**	**46,827**	0	0
22	2038.39	93,120	428	12,100	105,648	(32,462)	(26,965)	(27,503)	(378)	0	0	(87,308)	(13,211)	**5,129**	0	0	0	(1,071)	**4,058**	**46,827**	**113**	**50,998**	0	0
23	2039.40	93,864	437	12,353	106,654	(33,016)	(27,244)	(27,890)	(387)	0	0	(88,537)	(13,209)	**4,907**	0	0	0	(1,247)	**3,660**	**50,998**	**122**	**54,780**	0	0
24	2040.41	94,601	447	12,610	107,658	(33,579)	(27,522)	(28,281)	(396)	0	0	(89,778)	(13,209)	**4,671**	0	0	0	(1,430)	**3,240**	**54,780**	**130**	**58,151**	0	0
25	2041.42	97,163	457	12,873	110,493	(34,151)	(27,799)	(28,676)	(405)	0	0	(91,030)	(13,209)	**6,254**	0	0	0	0	**6,254**	**58,151**	**148**	**64,552**	0	0
26	2042.43	96,050	468	13,142	109,659	(34,731)	(28,074)	(29,075)	(414)	0	0	(92,293)	(13,209)	**4,156**	0	0	0	0	**4,156**	**64,552**	**172**	**68,880**	0	0
27	2043.44	96,760	478	13,416	110,654	(35,320)	(28,347)	(29,477)	(423)	0	0	(93,567)	(13,206)	**3,881**	0	0	0	0	**3,881**	**68,880**	**192**	**72,954**	0	0
28	2044.45	97,462	489	13,695	111,646	(35,919)	(28,619)	(29,883)	(432)	0	0	(94,853)	(13,200)	**3,593**	0	0	0	0	**3,593**	**72,954**	**213**	**76,759**	0	0
29	2045.46	98,152	500	13,981	112,633	(36,526)	(28,888)	(30,292)	(442)	0	0	(96,149)	(13,200)	**3,284**	0	0	0	0	**3,284**	**76,759**	**232**	**80,275**	0	0
30	2046.47	98,831	511	14,273	113,615	(37,143)	(29,155)	(30,705)	(452)	0	0	(97,455)	(13,200)	**2,959**	0	0	0	0	**2,959**	**80,275**	**251**	**83,485**	0	0
		2,632,155	11,244	322,643	2,966,042	0 (878,059)	(751,702)	(743,939)	(22,967)	0	0	(2,396,668)	(402,035)											

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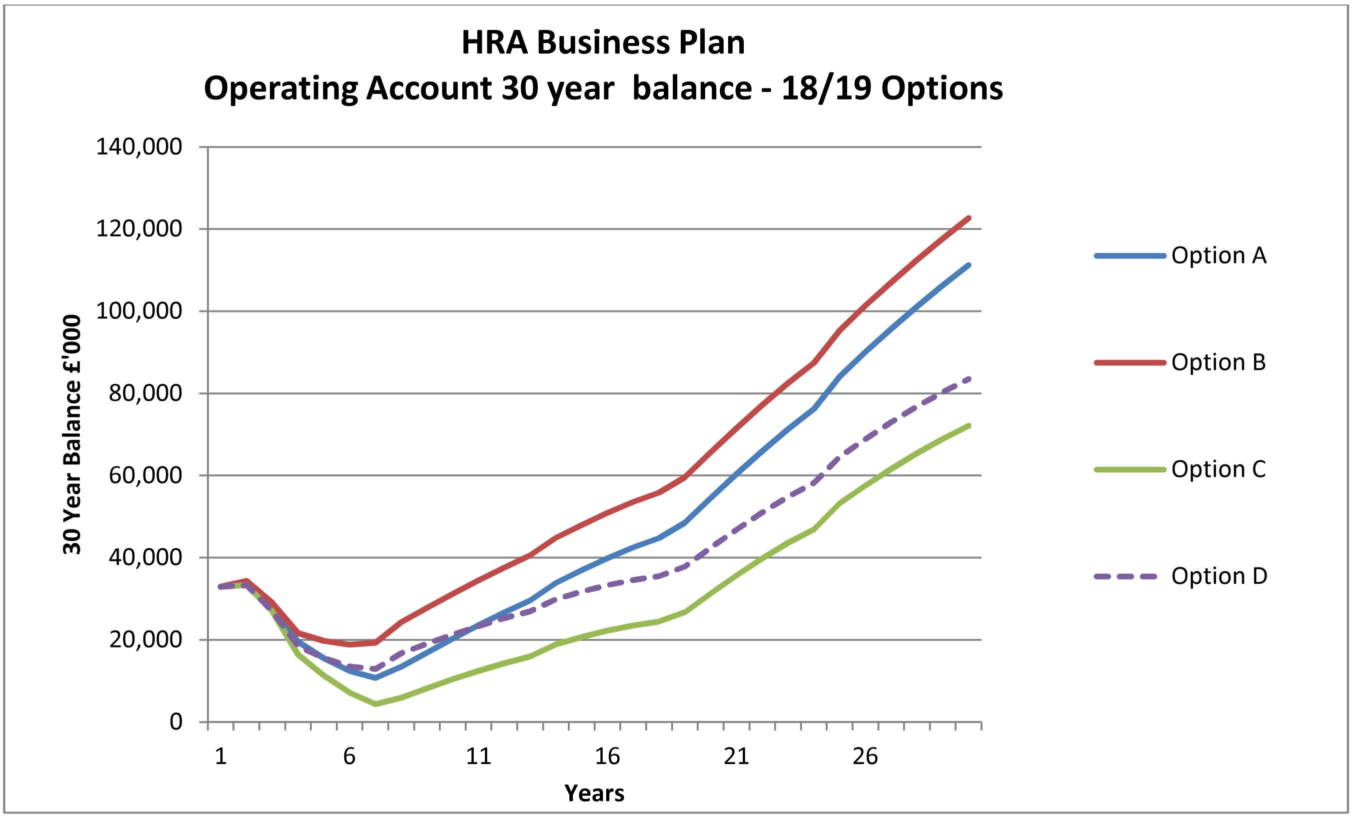
Appendix C – Summary of modelled Business Plan Scenarios



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Appendix D

Government Policy changes affecting the HRA Business Plan

There are several government policy changes that are already affecting or will affect the health of the HRA Business Plan. These are summarised below:-

Social Rent Policy

In April 2016 the government introduced a revised Social Rent Policy which saw a reduction in rents of 1% per year for four years. This will last until 2019-20. After this time the Government has now confirmed that social rents will be permitted to increase by CPI + 1% for a period of five years until 2024-25. Future Business Plan assumptions after 2019-20 are based on this formula, from 2025-26 onwards it is assumed rents will be permitted to increase at CPI. This is line with most other social housing providers' assumptions. This change in rent formula for the period 2020-21 to 2024-25 has resulted in an increase in income of £104m over the life of the business plan when compared to the previous version, a reduction in interest receivable on HRA balances of £5.2m and no longer having a shortfall of funding for the capital programme in years 7 to 19 of £12.9m.

Benefit Cap

The Welfare Reform Act was passed by Parliament in March 2012 which introduced the concept of a Benefits Cap. The amount at which the cap would be introduced was reduced as part of the Summer Budget 2015, the details of how groups are affected is below:

	£ per week	£ per week Autumn 2016	£ per annum now	£ per annum Autumn 2016
Single	350.00	257.69	18,200	13,400
Lone Parent	500.00	384.62	26,000	20,000
Couple	500.00	384.62	26,000	20,000
Couple with children	500.00	384.62	26,000	20,000

Housing benefit is the first payment to be cut if a household is affected by the benefit cap. From data provided by the DWP (Department of Work and Pensions), 142 council tenancies are currently affected in Rotherham which have an average arrears balance of £433.06 per tenancy.

Whilst the benefit cap does not directly affect the HRA, it means that a number of tenants have no immediate means to pay their rent, which may cause significant strain on bad debts over the medium term as well increase in void rates as tenants seek to move to smaller properties.

Other potential factors that will impact the HRA Business Pan include:

- Households in private rented accommodation may apply for re-housing to more affordable council accommodation.

- Affected council tenants may require money advice to assist them with budgeting.
- Rent arrears may increase from larger households in receipt of welfare benefits

Spare Room Subsidy

The Spare room subsidy (often referred to as the 'bedroom tax') commenced in April 2013. There are currently 2,983 tenancies affected of which 1,908 tenants are in arrears with an average balance of £262. Total arrears balances for tenants affected have now begun to stabilise with an increase of 4% over the past 12 months.

Universal Credit

The way in which benefits will be paid to tenants in the future presents a risk. At the current time 64% of HRA income is received via direct payment of Housing Benefit, with the remainder paid direct by tenants.

Universal Credit commenced in Rotherham on 7 December 2015, at the current time there are 295 tenants claiming Universal Credit. Throughout 2017-18 the number of UC claimants has steadily increased following the roll out of Full Service Universal Credit in the neighbouring DWP areas of Barnsley and Doncaster. This roll out means over 1,100 working age tenants will transfer to Universal Credit when they have a change in circumstances if they are claiming any of the following benefits:

- Income Support
- Job Seekers Allowance
- Employment and Support Allowance
- Child Tax Credits
- Working Tax Credits
- Housing Benefit

The Council anticipate approximately ten tenants per week in the area will be affected based solely on Housing Benefit data we hold.

During the past year the Council has written to all tenants that will be affected by the initial roll out of Universal Credit and offered support. Alongside this there have been regular articles in Home Matters magazines to raise awareness amongst all tenants. The remaining roll out in Rotherham will take place in July 2018. It is anticipated up to 100 tenants will transfer to Universal Credit each week when this roll out takes place.

As at the end of October 2017 the arrears balance of tenants on Universal Credit stood at £212,000; an average balance of £720. This is approximately twice the average balance of tenants whose rent is paid by Housing Benefit or fully themselves.

In setting budget projections beyond the short term these changes to benefits make accurate estimation difficult. There is a lack of information to accurately assess the scale of bad debt provision required, which means over the coming years there is a need to regularly review the impact on:

- Rent payment levels
- Cost of collection
- Tenancy turnover

If tenants on Universal credit do not pay their rent, in addition to an Alternative Payment Arrangement, the landlord can also apply for a direct deduction of up to 20% for the non-housing element of their claim. This allows some degree of certainty that rent will be paid eventually so at the current time bad debt provision has been left at 1.72% up to year 10 of the plan.

Backdating of Housing Benefit

As of 1 April 2016 Housing Benefit claims commenced only being backdated by 4 weeks. This impacts on rent payments where a tenant was eligible for Housing Benefit but did not submit an earlier claim. As a result the Housing Income team now attend all tenancy sign up meetings to ensure that Housing Benefit claims are submitted at the start of a tenancy to minimise the detrimental impact this may have on income collection. Clearly this may also impact on existing tenants when there is a change in circumstances, which will be dealt with when identified through the arrears management process. Going forward this will reduce as tenants transfer gradually onto Universal Credit.

Restriction of Housing benefit for 18 to 21 year olds

From April 2018, 18-21 year olds submitting a claim for Universal Credit will not be automatically eligible for the housing cost element (equivalent of Housing Benefit). There will be some exceptions for:

- Parents whose children live with them
- Vulnerable groups
- Those who have previously been living independently and working continuously for six months

The HRA has 214 tenancies that fall into this category for which £10,592 income per week is received via Housing Benefit. Based on an average tenancy duration of 13 months for this client group it is inevitable there will be a risk that some of the £550,000 annual income would not be recovered from April 2018 onwards. This will lead to further pressure on HRA income and bad debt provision.

Local Housing Allowance

Previously announced plans to cap Housing benefit payments at the often lower Local Housing Allowance rates have now been scrapped following an announcement by the Prime Minister to Parliament on 25 October 2017. Whilst this would not have had a direct impact on the HRA Business Plan, it would have potentially led to a considerable increase in rent arrears amongst groups affected.

Fixed term tenancies

When fully brought into force the Housing and Planning Act 2016 introduces the requirement for fixed term tenancies of up to 10 years for social housing with the aim of making best use of the stock so only people in housing need remain. Whilst this will not reduce income to the HRA, it will probably increase the turnover rate for stock so increasing housing management and void costs at a time when cost savings are required.

This policy would also apply to succession rights, with the exception of a partner or spouse inheriting the tenancy. However, there is local discretion currently and the new RMBC Tenancy Agreement extends qualifying persons beyond statutory rights.

Higher Value Property Sales

The Housing and Planning Act introduced a requirement on Local Authorities to consider the sale of higher value properties that become vacant.

This duty is a result of the introduction of Right to Buy for Housing Association tenants. Originally it was intended that this would be funded by the sale of higher value council properties when they became vacant. It is now clear that Local Authorities will receive an annual determination from the DCLG which may or may not reflect the actual turnover of higher value properties.

It will be for Rotherham MBC to consider if it wishes to sell a higher value property when it becomes vacant. No guidance has been issued yet to define what is meant by higher value. Irrespective of whether the council chooses to sell or not, it will be required to make a payment from the HRA each year to the DCLG based on the determination it receives.

Previous estimates, assuming the highest value properties by bedroom size would be subject to review and therefore captured by the levy / determination, this could cost the HRA up to £3.1m per annum.

As of November 2017 no detailed regulations have been issued. For planning purposes it has been assumed the HRA will incur a charge of £2m per annum under this policy. Once the regulations have been published a review of this assumption will take place. This is a significant risk to the HRA Business Plan.

Rent and Service Charges

Rent and service charges to tenants are detailed in a separate report, HRA Rent and Service Charges 2018-19. This should be read in conjunction with this report. The 2018-19 Business Plan assumes all recommendations contained in the accompanying report are approved.

Agenda Item 8

Rotherham Metropolitan Borough Council

Public Report
Cabinet and Commissioners' Decision Making Meeting

Summary Sheet

Name of Committee and Date of Committee Meeting
Cabinet and Commissioners' Decision Making Meeting – 15 January 2018

Report Title
Housing Revenue Account Rents & Service Charges 2018/19

Is this a Key Decision and has it been included on the Forward Plan?
Yes

Strategic Director Approving Submission of the Report
Anne Marie Lubanski, Strategic Director of Adult Care and Housing

Report Author(s)
Mark Scarrott, Finance Manager – Adult Care & Housing
01709 822007 or mark.scarrott@rotherham.gov.uk

Tom Bell, Assistant Director of Housing and Neighbourhood Services
01709 254954 or tom.bell@rotherham.gov.uk

Ward(s) Affected
All

Executive Summary
The purpose of the report is to seek approval for the proposed values for the setting of the housing rents, non- dwelling rents and service charges for 2018/19.

Recommendations

That Cabinet recommend to Council:-

1. That dwelling rents are reduced by 1% for 2018/19 in line with the requirements outlined in the Welfare Reform and Work Act 2016.

2. That there is a 3% increase to charges for garage rents, communal facilities, cooking gas and laundry facilities in 2018/19 in line with the increase in Consumer Price Index as at September 2017.

3. That the unit charge per Kwh for District Heating Schemes remains at the same level as agreed by the Council in December 2017.

4. That the draft Housing Revenue Account budget for 2018/19 be approved.

List of Appendices Included
Appendix A – HRA Draft Budget Operating Statement 2018/19 (-1% Rent Decrease)

Background Papers
Welfare Reform and Work Act 2016
DCLG Guidance on Rents for Social Housing from 2015/16 (May 2014)

Consideration by any other Council Committee, Scrutiny or Advisory Panel
Overview and Scrutiny Management Board – 10 January 2018
Council – 24 January 2018

Council Approval Required
Yes

Exempt from the Press and Public
No

Housing Revenue Account, Rents and Service Charges 2018/19

1. Recommendations

That Cabinet recommend to Council:-

1.1 That dwelling rents are reduced by 1% for 2018/19 in line with the requirements outlined in the Welfare Reform and Work Act 2016.

1.2 That there is a 3% increase to charges for garage rents, communal facilities, cooking gas and laundry facilities in 2018/19 in line with the increase in Consumer Price Index as at September 2017.

1.3 That the unit charge per Kwh for District Heating Schemes remains at the same level as agreed by the Council in December 2017.

1.4 That the draft Housing Revenue Account budget for 2018/19 be approved.

2. Background

2.1 The Government expects that all similar properties in the same local area will have equitable rent levels, even if properties are owned by different social landlords. This process is known as 'rent convergence'. The Government set a target for Authorities to achieve rent convergence by 2015/16. However, changes to the rent formula removed the flexibility to increase rents by an additional £2 above the increase in formula rent where rent is below convergence, therefore 2014/15 was the final year to achieve full convergence.

2.2 The former Housing Revenue Account (HRA) subsidy system was replaced with a devolved system of council housing finance called self-financing in April 2012. The purpose of which was to give local authorities the resources, incentives and flexibility they need to manage their own housing stock for the long term and give tenants greater transparency and accountability as to how the rent collected is spent on the services provided. Changes to the formula rent from April 2015 resulted in the council not meeting rent convergence and therefore lower levels of income which impacted on the investment plans within the HRA Business Plan. Due to historical decisions to limit rent increases, Rotherham's rents were not scheduled to reach full convergence until 2016/17. Government guidance states that where properties have not reached formula rent by April 2015 it is expected that the rent is moved up to formula rent when the property is re-let following vacancy. Approximately 1,700 properties are re-let each year; it is anticipated that this will generate additional income of approximately £108k in 2018/19.

2.3 However, section 23 of The Welfare Reform and Work Act 2016 implements the government's policy on social housing rents which requires providers of social housing to reduce rents by 1% per year for four years with effect from April 2016 to March 2020.

The policy applies to all registered providers of social housing including local authority landlords, who have a statutory obligation to implement the policy.

2.4 In October 2017 the government confirmed details of future social rent policy from 2020, after the four-year period of 1% rent decreases ends.
The announcement confirms that for the five years from 2020/21, providers will be able to increase rents, up to a limit of Consumer Price Inflation (CPI) plus 1% each year.

2.5 This report also considers the charges for garages, garage plot sites, cooking gas and communal facilities including laundry services where provided, District Heating charges for 2018/19 and summarises the draft HRA budget.

3. Key Issues

Housing Rents

3.1 The average rent in 2017/18 is currently £73.60 when aggregated over 52 weeks. The 2018/19 average weekly rent based on the statutory 1% reduction collected over 52 weeks will be £72.87, an average reduction of £0.73 per week.

3.2 Total housing rent income generated through the proposed revised weekly rents is estimated to be £76.236m in 2018/19 (compared with £77.341m in 2017/18) assuming 175 Right to Buy sales, and voids and rent adjustments at 1.4%. The reduction of 1% on the weekly rent charge will result in a loss in rent income of £1.105m compared with rent income for 2017/18.

Garage Rents

3.3 The Council has continued with its garage site improvement programme with plans to invest a £227k in 2017/18, and a further £250k in 2018/19.

3.4 In previous years increases in charges have been linked to changes in CPI. At September 2017 CPI was 3%; therefore it is proposed that there will be an increase of 3% to the current charge. Therefore, the charge for garage rents for 2018/19 will increase by 14p to £4.89 per week.

3.5 It is proposed that there will also be a 3% increase to the charge for garage plot sites which will increase by £1.71 to £58.85 per annum in 2018/19. Unsurfaced garage plot sites will increase by £1.54 to £52.97 in 2018/19.

Cooking Gas

3.6 The Council also charges for cooking gas facility at 81p per week. It is proposed to increase the charge by 3% to 83p per week in line with other increases in charges.

Communal Facilities

3.7 In line with other non-dwelling charges it is proposed to increase the communal facilities charge and the laundry charge by 3%. The communal facilities charge will increase by 14p to £4.64 per week and the laundry charge will increase by 5p to £1.55 per week.

District Heating Charges

3.8 During 2017-18 there has been an extensive review of district heating pricing to ensure that charges are fair and reasonable to all tenants. As a consequence a revised schedule of charges was approved by Council on 13 December 2017.

This report proposed that charges be reduced to 6.28p per kWh including VAT and applied retrospectively from 1 April 2017. Given this new charging regime has only recently been adopted, which saw a reduction in the average bill of £176 per annum it is proposed to leave district heating charges unchanged as per table below.

	2016/17	**2017/18 (Revised)**	**2018/19**
All District Heating Schemes - Unit Cost KWh (inc. VAT)	8.72p	6.28p	6.28p
Pooled Schemes - Pre-payment Charges per week (incl. VAT)			
Bedsit	£11.81	£9.66	£9.66
1 Bed	£13.76	£11.25	£11.25
2 Bed	£15.78	£12.90	£12.90
3/4 Bed	£18.26	£14.93	£14.93

4. Options considered and recommended proposal

4.1 Changes to the government's policy on social housing rents resulted in the requirement to reduce dwelling rents by 1% over four years from April 2016. To comply with the legislation rents will be reduced by 1% for a third year from April 2018.

4.2 In previous years increases to charges for non-dwelling rents have been linked to changes in CPI. As at September 2017 CPI was 3% and therefore it is proposed to increase charges for garages and communal facilities including laundry and cooking gas by 3% as follows:

Non Dwelling Rents	**52 Week Charge 2017/18**	**Proposed 52 week Charge 2018/19**	**Increase**
Garage rent	£4.75	£4.89	£0.14
Garage Plots (annual charge)	£57.14	£58.85	£1.71
Unsurfaced Garage Plots (annual charge)	£51.43	£52.97	£1.54
Cooking Gas	£0.81	£0.83	£0.02
Communal Facility	£4.50	£4.64	£0.14
Laundry	£1.50	£1.55	£0.05

The proposed increase would generate additional income of £35k in 2018/19. However, a number of closures of communal schemes are proposed which will reduce the income available once implemented.

5. Consultation

5.1 This report will be subject to review by the Overview and Scrutiny Management Board before final decision by the Council.

6. Timetable and Accountability for Implementing this Decision

6.1 Final approval is required by the Council on 24th January 2018 with full implementation from Monday 2nd April 2018.

7. Financial and Procurement Implications

7.1 Appendix A of this report presents the 2018/19 detailed Draft Operating Statement which is effectively "The HRA Budget".

The table below presents an overall summary position of the Income and expenditure budgets:-

Housing Revenue Account	**Proposed Budget 2018/19 £'000**
Expenditure	76,869
Income (including service charges)	-82,211
Net Cost of Service	-5,342
Interest Received	-100
Net Operating Expenditure	-5,442
Revenue Contribution to Capital Outlay	9,970
Transfer from Reserves	-4,528
Surplus/Deficit for the Year	0

It can be seen that based on the 1% reduction in dwelling rent income and increase in service charges by 3% outlined in this report, the budgeted income of £82.211m is anticipated to be collected in 2018/19 and that this is offset by £76.869m of budgeted expenditure, which represents the net cost of delivering the service.

As budgeted income is greater than the net cost of delivering the service, there is an overall net income of £5.442m to the service after interest received.

Once capital financing interest has been charged to the HRA, a Revenue Contribution to Capital of £9.970m has been made towards the HRA Capital Programme, in accordance with the HRA Business Plan, there will be a transfer required from HRA Reserves of £4.528m in order to provide an overall balanced budget for 2018/19.

8. Legal Implications

8.1 In addition to the legal implications are set out in the main body of this report, section 24 of the Housing Act 1985 allows local authorities to make such reasonable charges as they may determine for a tenancy or occupation of their houses. Further, it requires the local authority from time to time to review rents and other charges and make such changes, as circumstances may require. The changes proposed in the recommendations to this report would fall within the ambit of the Council's discretion as set out in section 24 of the Housing Act 1985.

9. Human Resources Implications

9.1 There are no Human Resources implications arising from this report.

10. Implications for Children and Young People and Vulnerable Adults

10.1 No direct implications.

11. Equalities and Human Rights Implications

11.1 No direct implications.

12. Implications for Partners and Other Directorates

12.1 No direct implications for partners and other directorates.

13. Risks and Mitigation

13.1 The greatest risk and uncertainty surrounds the level of rent income received into the Housing Revenue Account. This is dependent upon the number of properties available to generate income.

13.2 The level of properties is directly affected by the level of sales and demolitions which may vary to those used in the budget assumptions. New rules regarding Right to Buy (RTB) receipts were implemented in April 2012 included increasing the discount cap, which is now £78,600. This has seen the number of RTB sales increase significantly as a result of the higher discount cap. Total sales in 2016/17 were 152, it is estimated that there will be 170 RTB by the end of 2017/18 and the HRA Business Plan assumes a further increase to 175 sales in 2018/19.

13.3 Strategic Housing Investment plans involve the acquisition or build of 35 new properties for council rent in 2017/18 and 35 shared ownership properties which will also bring in some rent income. This will mitigate against lost rental income for RTB sales.

13.4 The changes to the rent formula from 2016/17 will result in the Council receiving less income than under the original formula over four years, therefore impacting on the 30 year business plan.

13.5 The Governments changes to welfare benefits and the introduction of Universal Credit will also impact on the level of rent income collected including the level of arrears and therefore be reflected in the Housing Revenue Account balances.

13.6 All budgets carry a certain level of risk in that unforeseen circumstances may arise, causing additional pressures on the level of resources applied.

14. Accountable Officer(s)

Tom Bell, Assistant Director of Housing and Neighbourhoods

Approvals obtained on behalf of:-

	Named Officer	**Date**
Strategic Director of Finance & Customer Services	Judith Badger	20/12/2017
Assistant Director of Legal Services	Neil Concannon	18/12/2017
Head of Procurement (if appropriate)	Not applicable	
Head of Human Resources (if appropriate)	Not applicable	

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Tom Bell, Assistant Director of Housing & Neighbourhoods
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This report is published on the Council's website or can be found at:-
http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories=

APPENDIX A

HRA - Draft Budget Operating Statement 2018/19 (-1% Rent Decrease)

Narrative	Full-year Budget 2017/18 £	Full-year Budget 2018/19 £	Year on Year Change £
Contributions to Housing Repairs Account	19,395,000	19,954,400	559,400
Supervision and Management	20,860,000	21,497,300	637,300
Rents, Rates, Taxes etc.	230,000	185,000	-45,000
Provision for Bad Debts	1,332,400	1,334,200	1,800
Cost of capital Charge	13,389,000	13,182,000	-207,000
Depreciation of Fixed Assets	20,082,240	20,591,800	509,560
Debt Management Costs	125,000	125,000	0
Expenditure	**75,413,640**	**76,869,700**	**1,456,060**
Dwelling Rents	-77,341,010	-76,236,370	1,104,640
Non-dwelling Rents	-772,810	-777,540	-4,730
Charges for Services and facilities	-4,790,700	-4,656,100	134,600
Other fees and charges	-299,310	-374,260	-74,950
Leaseholder Income	-100,880	-167,511	-66,631
Income	**-83,304,710**	**-82,211,781**	**1,092,929**
Net Cost of Services	**-7,891,070**	**-5,342,081**	**2,548,989**
Interest received	-100,000	-100,000	0
Net Operating Expenditure	**-7,991,070**	**-5,442,081**	**2,548,989**
Appropriations:			
Revenue Contributions to Capital Outlay	9,150,000	9,970,150	820,150
Transfer from Reserves	-1,158,930	-4,528,069	-3,369,139
Surplus/Deficit for the year	**0**	**0**	**0**

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Agenda Item 9

Rotherham Metropolitan Borough Council

Public Report
Cabinet and Commissioners' Decision Making Meeting

Summary Sheet

Name of Committee and Date of Committee Meeting
Cabinet and Commissioners' Decision Making Meeting – 15 January 2018

Report Title
Introduction of a charging scheme for Food Hygiene Rating re-inspection visits

Is this a Key Decision and has it been included on the Forward Plan?
Yes

Strategic Director Approving Submission of the Report
Damien Wilson, Strategic Director of Regeneration and Environment

Report Author(s)
Lewis Coates, Head of Service, Regulation and Enforcement
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Janice Manning, Food, Health and Safety Manager
01709 or janice.manning@rotherham.gov.uk

Ward(s) Affected
All

Summary
The food hygiene rating displayed at food premises reflects the standards of food hygiene found on the date of inspection or visit by the Council. The food hygiene rating is not a guide to food quality, but rather to the standards at the premises. Very often, where a business has received a low food hygiene rating, the owners request a re-visit from the Council following improvements to standards.

The Food Standards Agency has issued guidance which allows Councils to charge for undertaking requested re-inspections under the Food Hygiene Rating Scheme.[1] It is proposed that a fee of £150 is charged for such re-inspections. The South Yorkshire Food Liaison Group, which is attended by the Food Hygiene Principal Officers considered the introduction of a re-inspection fee and it was agreed by the group that a county wide re-inspection fee should be considered. Sheffield City Council already introduced charging for re-visits (£150) in accordance with the revised Brand Standard. The Brand Standards is guidance set by the Food Standards Agency which Local Authorities are required to follow when they operate the Food Hygiene rating Scheme.

[1] Food Standards Agency, *The Food Hygiene Rating Scheme: Guidance for local authorities on implementation and operation – the Brand Standard*, version 6, June 2017

Adopting this charging scheme brings with it advantages to business in that the time scale for re-inspections shortens, and more than one re-inspection can be requested.

Recommendations

1. That a charging scheme for re-inspections of food businesses be introduced, when requested, in respect of the Food Hygiene Rating Scheme, with effect from 1 February 2018.

2. That the fee for re-inspections of food business, upon request as part of the Food Hygiene Rating Scheme, be set at £150 per inspection.

List of Appendices Included
None

Background Papers
Food Standards Agency, The Food Hygiene Rating Scheme: Guidance for local authorities on implementation and operation – the Brand Standard, version 6, June 2017

Consideration by any other Council Committee, Scrutiny or Advisory Panel
Overview and Scrutiny Management Board – 10 January 2018

Council Approval Required
No

Exempt from the Press and Public
No

Introduction of a charging scheme for Food Hygiene Rating re-inspection visits

1. Recommendations

1.1 That a charging scheme for re-inspections of food businesses be introduced, when requested, in respect of the Food Hygiene Rating Scheme, with effect from 1 February 2018.

1.2 That the fee for re-inspections of food business, upon request as part of the Food Hygiene Rating Scheme, be set at £150 per inspection.

2. Background

2.1 Hygiene standards within food businesses are critical to the health and well-being of all. It is important that residents can readily identify those standards to allow informed choice.

2.2 The Food Hygiene Rating Scheme, a partnership between the Food Standards Agency and local authorities, provides consumers with a valuable indication of the standards of any particular food business, at the point of the most recent inspection. The frequency of these inspections is risk based, with the highest risk premises visited on a six monthly basis.

2.3 The scheme is a national initiative, which Councils can operate on a voluntary basis. In Rotherham, the scheme, formerly known as 'Scores on the Doors', provides consumers with website information, together with displays at the premises themselves. These ratings do not reflect the quality of the food, but rather the hygiene standards within the food business.[2]

2.4 The scheme informs public perceptions of individual food businesses, which consequently encourages higher standards from operators to generate positive perceptions. Key to this is the re-inspection of businesses following the initial determination.

3. Key Issues

3.1 Food Standards Agency guidance advises that the re-inspection of food businesses, upon the request of the operator, conform with circumstances where there is no statutory requirement to provide that re-inspection, and so falls within the general power that allows for the recovery of costs within the provisions of the Localism Act 2011.[3]

3.2 The proposed fees would only apply where a food business operator requests a re-inspection to re-assess a food hygiene rating.

3.3 To ensure fairness to businesses, the Council must have a procedure in place for undertaking re-inspections at the request of the operator for re-assessing the food hygiene rating of their establishment.

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[2] https://www.scoresonthedoors.org.uk/council/rotherham-metropolitan-borough-council

[3] Food Standards Agency, *The Food Hygiene Rating Scheme: Guidance for local authorities on implementation and operation – the Brand Standard*, version 6, June 2017, p 50

3.4 Where fees for re-inspections upon request are introduced, the Council will be required to meet tighter timescales for re-visits and re-assessment. Additionally, the Council will be required to offer multiple re-visits if required, whereas previously only one revisit was allowed.

3.5 It should be noted that where premises, following any food hygiene inspection, are closed by Officers, or voluntarily closed by the Business owner, the Council would ensure that this is appropriately publicised on the news section of the Council's website as a minimum.

4. Options considered and recommended proposal

4.1 Option 1: The Council can adopt a charging scheme to recover the costs of re-inspections made at the request of food business operators to re-assess the food hygiene rating. Within this arrangement the Council must undertake the re-inspection within three months of the request.

4.2 Option 2: The Council can maintain its current process of undertaking requested re-inspection visits without charging. With this option the re-inspection should not usually take place until three months have elapsed from the initial inspection, after which, the re-inspection must take place within three months. Consequently, the Council is allowed a maximum of six months to undertake the re-inspection.

4.3 Option 1 at 4.1 is the preferred option. This approach will recover expended costs whilst also ensuring a speedier service to business operators.

5. Consultation

5.1 The proposals have been developed in consultation with the South Yorkshire Food Liaison Group, which is attended by the Food Hygiene Principal Officers from Barnsley, Doncaster, Rotherham and Sheffield City Council.

6. Timetable and Accountability for Implementing this Decision

6.1 If agreed, arrangements will be put in place from the first day of the month following the decision.

6.2 The Assistant Director for Community Safety and Street Scene will be responsible for the delivery and implementation of this proposal.

7. Financial and Procurement Implications

7.1 The Localism Act 2011 and Foods Standards Agency Guidance confirms that in any given financial year, any fee charged should be limited to covering the costs of re-inspections/re-visits made at the request of the Food Business Operator. On this basis, the fee for re-inspection will be £150 for each requested re-inspection in respect of food hygiene ratings. It is proposed to implement this new charge from 1st February 2018. After which the fee will be reviewed annually in accordance with the Council's fees and charges setting process.

7.2 Up to the end of September 2017 there have been twenty-one requests made to undertake such re-visits during this financial year. Under the proposed £150 charge, this would have generated income of £3,150. Based on a similar number of requests in the rest of the year, this would generate estimated income of £6,300. The fee will cover the full cost associated with carrying out the re-inspection.

7.3 There are no procurement implications arising from this proposal.

8. Legal Implications

8.1 Section 1 of the Localism Act 2011 confers on councils a general power of competence, which would allow them to carry out a re-inspection of a food business for re-rating purposes at the request of the operator. Section 3 of the 2011 Act would permit councils to charge a fee for that service as it is not a service councils are statutorily required to provide, as long as the recipient of the service has agreed to the service being provided.

8.2 In making a charge for this service, the Council has a duty to secure that in any given financial year, the charges should not exceed the costs of providing the service. In addition, it is important that once introduced that the scheme is managed in accordance with the Council's collection and debt recovery procedures and policies.

8.3 The Food Standards Agency's revised Brand Standard guidance states:

Legal advice received by the FSA indicates that powers available to local authorities in England under the Localism Act 2011 allows for the recovery of costs of reinspections/re-visits made at the request of the FBO [Food Business Operator] to re-assess the food hygiene rating. It is for each authority to decide to use these powers and set the charge in line with their costs.

9. Human Resources Implications

9.1 There are no human resources implications related to this initiative and re-inspections can be carried out with existing staffing resources.

10. Implications for Children and Young People and Vulnerable Adults

10.1 There are no implications for Children and Young People or Vulnerable Adults.

11. Equalities and Human Rights Implications

11.1 There are no equalities or human rights implications.

12. Implications for Partners and Other Directorates

12.1 There are no implications for partners or other directorates.

13. Risks and Mitigation

13.1 There is a risk that the number of appeals against rating decisions will increase and that the number of requests for a re-inspection may consequently decrease.

13.2 Businesses may choose to wait until the next inspection to receive a new rating rather than pay for a re-inspection. Nevertheless, non-compliant premises will still receive a revisit to ensure that the risk to the public would be minimised, although the rating displayed may not reflect the condition of the premises.

14. Accountable Officer(s)
Ajman Ali, Interim Assistant Director of Streetscene and Community Safety

Approvals obtained on behalf of:-

	Named Officer	**Date**
Strategic Director of Finance & Customer Services	Judith Badger	21/12/2017
Assistant Director of Legal Services	Dermot Pearson	21/12/2017
Head of Procurement (if appropriate)	Not applicable	
Head of Human Resources (if appropriate)	Not applicable	

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