

Report to Council
28 January 2020
Report of Chief finance officer (Section 151 Officer)
Subject Adjustment to the HRA capital programme

Item

7

Purpose

To consider an adjustment to the 2019/20 HRA capital programme, to increase the budget allocation to support the provision of new council housing.

Recommendation

To increase the affordable housing opportunities budget within the 2019/20 HRA capital programme by £10 million as detailed in Appendix 1.

Corporate and service priorities

The report helps to meet the following corporate priorities:

- great neighbourhoods, housing and environment;
- a healthy organisation.

Financial implications

The financial implications are set out in the main body of this report and Appendix 1.

Ward/s: Multiple Wards

Cabinet member: Councillor Kendrick - Resources

Contact officers

Andrew Turnbull – Interim Housing Development Manager	01603 212778
Shaun Flaxman – Senior Finance Business Partner	01603 212805

Background documents

None

Report

Background

1. The relaxation of the Housing Revenue Account (HRA) borrowing cap gives the council opportunities to consider increasing the provision of new council homes.
2. The council has retained £36.38 million Right to Buy (RTB) one for one replacement receipts since signing a retention agreement in 2012, of which £18.54 million has already funded new social housing.
3. There remains £17.85 million of retained receipts that must be utilised between now and September 2022 to avoid having to pay them over to the Secretary of State along with interest.
4. Current ongoing developments will utilise a further £2.32 million of retained receipts and projects to utilise additional amounts are currently in the planning stage, but there remains up to £15.53 million to be allocated to specific projects.
5. The table below sets out the potential value of retained receipts that will have to be paid over to the Secretary of State, along with the cost of interest, if the receipts are not utilised by the deadlines shown:

Deadline	Receipt to Return £'000	Interest £'000	Total Payable £'000
September 2020	1,759	246	2,004
December 2020	2,731	414	3,145
March 2021	1,829	279	2,108
June 2021	1,377	211	1,587
September 2021	1,056	162	1,218
December 2021	1,679	212	1,892
March 2022	1,605	247	1,851
June 2022	1,601	246	1,847
September 2022	1,897	291	2,188
Total	15,532	2,309	17,842

6. On 7 October 2015 Cabinet approved to:-
 - a) Agree the principle to be adopted for the application of Right to Buy (RTB) one for one receipts is that we will seek to:
 - i) spend first on the council's own housing capital programme; and
 - ii) where we do not expect to be able to spend in full will seek to pass the remainder to Registered Providers (Providers) to develop social rented housing as a first priority and affordable rented housing where this is not possible.

7. In March 2017, cabinet and council approved a one off budget of £1 million for the purchase of affordable housing in the 2017/18 housing capital programme.
8. In June 2019, cabinet and council approved the establishment of a budget of £2.5 million within the 2019/20 HRA capital programme, to be available as opportunities arise to purchase affordable homes or land to develop affordable homes. Decisions for utilising the budget were delegated to the director of neighbourhoods, chief finance officer, portfolio holder for housing and the portfolio holder for resources.

Proposals

9. In order to continue to mitigate the risk of having to pay over the retained one for one receipts to the Secretary of State along with interest, whilst investing in future social housing, it is proposed that the existing affordable housing opportunities budget of £2.5 million is increased by £7.5 million to £10 million. Further detail is set out in Appendix 1.

Recommendation

10. Council are asked to approve that the affordable housing opportunities budget within the 2019/20 HRA capital programme is increased to £10 million

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with the completion of the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Council
Committee date:	28 January 2020
Director / Head of service	Chief finance officer (Section 151 Officer)
Report subject:	Adjustment to the HRA capital programme
Date assessed:	15 January 2020

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Provision of more affordable homes, will improve overall affordability of the housing stock in the City. This represents a prudent use of financial resources to meet corporate priorities. Grant funding RTB receipts will also minimise the risk of the council paying back receipts with high interest.
Other departments and services e.g. office facilities, customer contact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	This project will provide employment opportunities, opportunities for local contractors and businesses and will generate local spending for the benefit of the wider economy. Providing more housing is important in supporting sustainable economic growth and prosperity.
Financial inclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Providing additional affordable housing will advance financial inclusion by helping to improve housing affordability.

	Impact			
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Building more affordable homes to meet changing needs will help provide accommodation for vulnerable adults.
<u>S17 crime and disorder act 1998</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The provision of sufficient and decent quality housing is essential to ensuring decent levels of health and well being
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Purchasing properties and land for affordable housing alongside grant funding RPs will minimise the financial risk or repaying RTB receipts with punitive interest to MHCLG

Recommendations from impact assessment

Positive

Overall the project will provide more affordable homes in the city which will improve overall affordability of the housing stock. The investment priorities represent a prudent use of financial resources to meet corporate priorities, will minimise the risk of returning receipts to MHCLG with punitive interest and will provide local employment opportunities.

Negative

Neutral

Issues