	Executive 11 February 2013 **Report from the Director of Regeneration and Major Projects**
	Wards Affected: ALL
Housing Revenue Account (HRA) Budget 2013/14 and Rent Increase Proposals for Council Dwellings for 2013/14	

1.0 Summary

1.1 This report presents to Members the revised (probable) HRA budget for 2012/13 and the draft HRA budget for 2013/14 as required by the Local Government and Housing Act 1989. Members are required to consider these budget estimates and the associated options, taking account of the requirement to set a Housing Revenue Account (HRA) budget that does not show a deficit and in particular Members need to consider and agree the level of HRA dwelling rents and service charges for 2013/14.

1.2 The report also sets out an update on the 30 year HRA Business Plan which takes account of the HRA Self Financing regime which was introduced in April 2012.

1.3 The report also includes proposals for setting the rent and service charge levels for 2013/14 for the non HRA Brent Stonebridge dwellings.

2.0 Recommendations

It is recommended that members:-

2.1 Approve the revised (probable) budget for 2012/13 (Appendix 1 Table 1).

2.2 Agree the savings/budget reductions for 2013/14 as set out in paragraph 3.45.3.

2.3 Agree the HRA budget growth for 2013-14 of £3.877m as set out in paragraph 3.45.4.

2.4 Approve an average overall rent increase (excluding service charges) from April 2013 of £3.82 per week, which is an average overall increase of 3.74%, as set out in further detail in paragraphs 3.25 to 3.29.

2.5 Agree to increase HRA Council Dwelling service charges by 2.6% from April 2013.

2.6 Approve the HRA budget for 2013/14 (Appendix 1 Table 1).

2.7 Note the updated HRA Business Plan.

2.8 Agree an average overall rent increase of £3.68 per dwelling per week on the Brent Stonebridge Dwellings, which is an average overall rent increase of 3.1% as set out in paragraph 3.59.

2.9 Agree to increase the service charges on the Brent Stonebridge Dwellings by an average of 11.8% or an average of £0.93 per dwelling per week (note this includes a new charge for digital tv) as set out in paragraph 3.62.

3.0 **Detail**

3.1 This report addresses the budgets associated with the Council's Housing Revenue Account (HRA). The HRA contains the income and expenditure relating to the Council's Landlord duties in respect of approximately 8,879 dwellings. These dwellings are statutorily accounted for separately from the Council's other services / activities which generally form part of the Council's General Revenue Fund.

3.2 The HRA has regulations that differentiate it from the General Fund. The current basis of HRA regulations were introduced in April 1990 as a result of the Local Government and Housing Act 1989. These regulations set out the framework for the operation of the HRA. The HRA budget for 2013/14 has also been compiled on the basis of the new HRA self financing framework, which was introduced in April 2012.

3.3 The HRA is a 'ring-fenced' account receiving no subsidy from the Council's General Fund nor subsidising the General Fund. Whilst the subsidy position is clear, this does not mean that there are no financial transactions between the HRA and General Fund. For example, transactions between the accounts include central costs (representing the proportion of activities undertaken by non-HRA staff that can be attributed to the HRA).

3.4 The Council's average weekly rent for 2012/13 is approximately £102.41 (excluding service charges). This takes account of the 7.14% average increase that was previously agreed in setting the 2012/13 rent levels. The Council's rent setting policy has been to adopt the Government's rent restructuring policy (that is the government's policy of influencing rent setting principles so that rents both in the council and 'Registered Social Landlords' (RSLs) sectors converge). Under this policy, rents are due to converge in 2015/16.

3.5 The Council's housing stock continues to reduce and in 2013/14 it is estimated that it will reduce by a further 319 dwellings, comprising 15 'Right to Buy (RTB) Sales', and 304 planned demolitions (South Kilburn and Barham Park). The Council's total housing stock is forecast to be 8,560 by March 2014.

3.6 The HRA Budget report of February 2012 noted the implementation of the government's proposals for housing reform, mainly through the Localism Act and the need for the council to develop its response to significant change in the direction of national policy, alongside new freedoms and flexibilities at the local level. Since then, further significant change has been, or is in the process of being, introduced in the welfare system, some of which has implications for housing.

3.7 In July 2012, the Executive approved the council's Tenancy Strategy. This document is primarily intended to provide guidance to Private Registered Providers (mainly housing associations) on the council's approach to the Affordable Rent Regime, which has replaced the Affordable Housing Development Programme and provides for the development of new homes at rents of up to 80% of local market levels, and the use of fixed term tenancies. Broadly, the Strategy has supported development through the AR regime, albeit with clear guidance that seeks to keep local rent levels affordable, and the use of fixed terms. The council will adopt a similar approach to fixed terms in its own stock, while making some changes to the current allocation scheme. The allocation scheme will be the subject of a detailed report to Executive in April 2013, following a statutory twelve week consultation period commencing in December 2012.

3.8 A range of changes have been made to the welfare system and in particular to Housing Benefit. For the HRA, the key change is the introduction of the so-called "bedroom tax", under which households will face a cut in Housing Benefit if they have rooms that are not used. Any under-occupiers in the council stock, other than those over pensionable age who are exempt, may face cuts in HB and may also, many of them for the first time, be required to pay some Council Tax when the national system is replaced by a local scheme in April 2013. The council already offers incentives to under-occupiers to move and the current and proposed allocation schemes both give high priority and financial assistance to tenants in this situation who would like to move to a smaller home. The new allocations scheme will consider what additional assistance can be provided to assist those who may be affected by the benefit changes, as part of the council's wider strategy to respond to welfare reform.

3.9 The changes outlined above, together with other issues, require the council to review its Housing Strategy and the sub-strategies that support it, including the Homelessness Strategy. Work on a revised version has begun and internal consultation commenced in January 2013, ensuring that the new strategy takes full account of the revised allocation scheme, on which consultation will run in parallel, and the findings from the work being undertaken on asset management within the HRA, as well as other projects already underway or planned such as the development of the council's Employment Offer. External consultation on the new Housing Strategy will commence later in the year.

3.10 This report also contains rent increase proposals for the 332 dwellings that transferred, following a ballot, from the Stonebridge Housing Action Trust (HRA) to Brent Council in August 2007. These dwellings are maintained outside the HRA, in the General Fund, and the rent increase proposals for these dwelling are separate from the consideration of the main HRA budget, and are set out from paragraph 3.51 below.

Reform of Council Housing Finance 2012

3.11 A new HRA self financing system for Council Housing was implemented in April 2012.

3.12 Under HRA self financing, the Council's HRA continues to be a ring-fenced account for the income and expenditure for Council dwellings, but the housing subsidy system was abolished and replaced by self financing (in exchange for a one off repayment of a proportion of debt).

3.13 HRA self financing is intended to allow local authority landlords to support their own stock from its own rental income.

3.14 The stated objectives of self financing are:-

- To give local authorities the resources, incentives and flexibility they need to manage their own housing stock for the long-term and to drive up quality and efficiency; and

- To give tenants the information they need to hold their landlord to account, by replacing the current opaque system with one which has a clear relationship between the rent a landlord collects and the services they provide.

3.15 Rent policy – The Government have assumed under self financing that local authorities follow national rent policy. This will include:

- The existing formula rent;

- The existing guideline rent – which converges with the formula rent by 2015/16, and then follows that with rent increases of RPI plus 0.5%;

- A limit on individual rent increase of RPI plus 0.5% plus £2; and

- Continuation of the existing HB limit rent, where the limit rent will be set and increased in line with national policy, and rent charged above the limit rent cannot be recovered by HB subsidy.

3.16 Borrowing Limit – in order to ensure that borrowing is affordable nationally, each local authority was set an HRA borrowing limit under self financing, and it will not be possible for that limit to be exceeded. Where a local authority's Housing Capital Financing Requirement (HCFR) is less than the limit set for self financing valuation, a headroom to increase borrowing under self financing will be created. The government determinations for self financing set out that Brent's borrowing limit will be £199.291m. As our HCFR is estimated to be £140.598m on 1 April 2013, we will have an estimated head room to increase borrowing of approximately £58.693m.

3.17 Depreciation and Impairment– Up to March 2012, council's had to put a sum equal to their Major Repairs Allowance (MRA) into a Major Repairs Reserve (MRR). Money put into this pot could only be spent on major repairs or on repaying housing debt. This was intended to ensure that councils make appropriate provision for capital works. Under the new HRA self Financing regime, from April 2012, there is no MRA. Instead, the amount to be paid into the MRR under self financing will need to be drawn from a local assessment of capital spending needs and should be based on an assessment of depreciation (the cost of replacing or renewing all the time limited components of the stock plus an amount for the fabric of the building). The Government recognises that councils will need time to implement component based depreciation and therefore they have proposed a five year transitional period under which councils may choose to use the uplifted MRA in the self financing valuation as the figure which must be funded in the MRR. Our draft budget for 2013/14 includes £14.052m for depreciation comprising £10.558m from the self financing settlement valuation and a further uplift of £3.494m. Under the transitional period, Councils' will be able to reverse out any impairments as a below the line adjustment. There is a significant risk for depreciation and impairment after the 5 year transitional period as any increases will hit the HRA bottom line.

3.18 Treasury Management - The abolition of the Housing Subsidy system meant that Councils had to allocate existing borrowing costs at 1 April 2012 between the HRA and the General Fund. Any new HRA borrowing costs will be attributed to the HRA in line with proper accounting practices.

<u>HRA Business Plan</u>

3.19 The HRA business plan provides long term financial forecasts of the effects of the council's HRA spending, investment and rent-setting decisions, based on the authority's current income, expenditure and investment expectations. This hard data is combined with key assumptions on how costs and incomes might change in future to produce projections of what the authority can reasonable expect to happen, using the best available information.

3.20 The Council's HRA Business plan is now updated regularly. A detailed report called HRA Self Financing sets out the detail of our current HRA Business Plan and is attached as Appendix 2. The key highlights from the current HRA Business Plan are:-

- Viability - the Council's HRA is viable over 30 years.

- Revenue Position – the HRA operating account remains in surplus throughout the 30 year plan. The baseline forecasts strong positive cashflows from rents, which the authority would use to pay for both its operating costs and the assumed levels of capital investment. The cashflows also enable the Council to repay any additional debt required to finance the required investment in the existing stock, while maintaining a minimum revenue balance of £200 per dwelling.

  Under the baseline position, HRA balances are held at the minimum level until additional debt taken out to deliver the stock investment programme has been repaid. Balances start to accumulate from 2029/30 (year 18 of the business plan).

- Capital Programme - The 30 year forecasts show that the Council is also able to deliver its capital programme in full, based on the current profile of works. The programme currently peaks in years 3 to 5 of this programme which relates to delivery of the initial stock investment works identified by the 2011 stock condition survey

- Debt and Financial Headroom – The business plan shows that the HRA would take on additional debt of £53.9m during the first 5 years of the business plan to pay for the stock investment programme. This would result in a total peak debt of £193.9m in year 5 (2016/17), a figure that is £5.4m below the authority's debt cap (this will be confirmed as part of the development of the asset management strategy).

  The baseline assumptions mean that debt would remain close to the peak debt level for years 6 and 7 (2017/18 to 2018/19), after which the authority would be able to start repaying the external debt taken on to pay for baseline stock investment. The additional debt taken on would be completely extinguished in 2029/30 (year 18). The authority's existing HRA debt would continue to be repaid in line with the due dates of existing loans.

3.21 Officers will now keep the HRA 30 year Business Plan up to date. The next key step will be to update the HRA Business Plan with the key decisions that are made following the production of the HRA Asset Management Strategy.

HRA Asset Management Strategy

3.22 Officers are developing an HRA asset management strategy that will plan for the longer-term and that will provide for investment and development decisions to provide quality housing, aligned to housing need and demand, and that provides for the sustainable and optimum performance of the HRA business plan, and that contributes to the achievement of the council's housing and regeneration priorities.

3.23 The strategy will encompass stock re-balancing, new development, stock investment and plans for the implementation of the strategy. In particular the new strategy will allow the Council to make choices about whether to increase the supply of new homes, accelerate the delivery of the repairs and maintenance backlog or improve the quality of the housing stock.

3.24 The HRA asset management strategy will be central to managing the new HRA Housing business. It is currently in the development stage and will be reported to members for approval in due course. It is likely that the asset management strategy when agreed will be used to update the business plan and will determine the investment priorities and use if applicable and affordable, of borrowing headroom.

Rent Restructuring and Rent Setting 2013/14

3.25 The Communities and Local Government Department (CLG**)** continues to implement rent restructuring. Whilst it remains the responsibility of the Council to set rents, there is strong encouragement to set them in accordance with the 'national formula'. For 2013/14 rent setting purposes, the date for convergence under rent restructuring continues to be 2015/16 and the methodology is the same as used in 2012/13 but with factors rolled forward one further year.

3.26 For 2013/14, under the national formula, rents will increase at an individual level by 2.6% (Retail Price Index at September 2012) *plus* 0.5% real increase *plus* 1/3rd towards the target rent. At an individual level, rent increases will be limited to an increase of no greater than 2.6% plus 0.5% plus £2, and will also be subject to the following rent level caps by bed size:

Size	Cap £
Bedsits	132.15
1 Bed	132.15
2 Bed	139.92
3 Bed	147.70
4 Bed	155.47
5 Bed	163.23
6 Bed	171.02

3.27 By following the Rent Restructuring formula at individual dwelling level, Brent's overall average rent for 2013/14 should increase by 3.74%.

The following table analyses the amount of rent decrease/increase in £1 bands, and shows the number of tenants effected within each of those bands:-

Banding	No
Below £-3	21
Between £-2 and £-1	37
Between £-1 and £0	240
Between £0 and £1	541
Between £1 and £2	584
Between £2 and £3	649
Between £3 and £4	681
Between £4 and £5	2898
Between £5 and £6	3143
Between £6 and £7	7
Between £7 and £8	4
Over £8	11
Total	**8,816**

3.28 Rents can also be expressed in terms of increases in rents by property size as demonstrated in the table below:-

No of Beds	Average % increase
0	5.61%
1	4.87%
2	4.00%
3	2.82%
4	1.80%
5	1.11%
6	2.04%

3.29 The table below is an analysis of the rents, (using rent restructuring policy) by percentage band, showing the number of properties and the average weekly increase/ (decrease) in cash terms. The average overall rent rise for 2013/14 is £3.82 or 3.74% per week. Sixty eight per cent of tenants receive some form of Housing Benefit.

Band	No of Properties	Ave increase in £ per property	Rental Increase £ over Previous Yr
Below -4.50%	9	(9.08)	(4,252)
-4.5% to -3.50%	3	(4.67)	(729)
-3.5% to -2.50%	5	(3.51)	(914)
-2.5% to -1.50%	27	(1.87)	(2,628)
-1.5% to 0%	275	(0.44)	(6,239)
0% to 1%	677	0.62	21,795
1% to 2%	759	1.88	74,275
2% to 2.5%	211	2.57	28,176
2.5% to 3%	351	3.07	56,012
3% to 4%	802	3.84	160,007
4% to 5%	1,664	4.71	407,927
5% to 6%	3,979	4.84	1,000,556
6% to 7%	28	4.33	6,301
7% to 8%	11	5.28	3,021
8% to 9%	2	6.46	671
9% to 10%	8	8.55	3,556
Over 10%	5	10.82	2,814
Total	8,816	3.82	1,750,350

3.30 Dwelling Relets – Since April 2012, in order to escalate the move to target rents, the relet rent on a new occupancy (except all internal transfers, successions, assignments and mutual exchanges) are set at the target rent for that dwelling.

Welfare Reforms

3.31 The Welfare Reform Act includes a number of significant implications, both for social rented sector landlords and for their tenants. The intention is that these reforms will reduce people's reliance on benefits and encourage a back to work culture. The provisions include:

1. Universal Credit
2. Direct payment of housing benefit to tenants
3. Changes to non-dependant deductions
4. Under-occupation

There are however significant concerns that the implementation of the welfare reforms will lead to a reduction in rent income for landlords like Brent, with an associated increase in the level of tenants rent arrears. In Brent sixty eight per cent of our tenants receive some form of Housing Benefit.

Further details on the Welfare Reforms and how this may impact on our ability to collect rent income are set out below:-

Universal Credit

3.31.1 Income based job seekers' allowance and employment support allowance, tax credits and housing benefit will be scrapped and replaced with Universal Credit from October 2013 for new claimants, with everyone else migrating to universal credit by 2017. In conjunction with the introduction of the universal credit, there will be a cap on benefits to a maximum of £500 per week for a family, and £350 per week for a single person. The cap was due to be implemented in Brent from April 2013, but this has been delayed, and is likely to be implemented in the summer 2013. Single persons are not likely to be affected by the overall benefit cap, but there are **50** council tenants in family sized accommodation who are likely to be affected.

Direct Payments

3.31.2 Under the current system claimants receive their JSA or ESA from the Department of Works and Pensions, Tax Credits are paid by HMRC and Housing Benefit is administered by the local authority on behalf of Central Government.

Council tenants' housing benefit is currently paid directly into their rent accounts and we are guaranteed receipt of that money once entitlement has been established. However once Universal Credit is implemented all components will be paid directly to tenants monthly in arrears.

As universal credit does not take into account what tenants' outgoings are, and where tenants are struggling to manage, the additional monies they receive may go towards other household expenses and not rent payments, for which they will have total responsibility. For example, a tenant whose tax credit and JSA amounts to £450 per week, will only be entitled to £50 towards his/her housing costs (due to the cap). If the weekly rent is £125, they will have to find £75 as their contribution towards the weekly rent, and they will also have to pay the £50 they were was awarded in their universal credit.

We can apply to have the housing cost element of the universal credit paid directly to the rent account for certain vulnerable tenants. However, the decision as what amounts to vulnerable is still awaited, and individual requests will have to be made for each tenant who might fit the criteria.

Non-dependant deduction

3.31.3 A non-dependant deduction is the amount adults in a property are expected to contribute towards the rent of a property. The tenant's housing benefit entitlement is reduced by that amount.

Under the existing HB regulations, there is no non-dependant deduction for persons between the ages of 18 and 24 who are in full time education. There is no non-dependant deduction for 16 and 17 year olds and those on pension credit in any circumstance.

Until March 2011, the non dependant deduction had remained the same for the previous 10 years. In April 2011 the maximum non-dependant deduction was increased from £47.75 per week to £60.60; in April 2012 the maximum was increased to 73.85 per week. The net effect of this provision is to take tenants outside the threshold for benefits.

There will be staged increases in the rates of non-dependent deductions in the income-related benefits from April 2011.

By April 2014, these increases will bring the rates to the level they would have been had they been fully up-rated since 2001 to reflect growth in rents and council tax. By 2014 the deductions will be somewhere between 60% and 90% higher, meaning some tenants will be floated off HB altogether as the higher rate of non-dependant deduction rises to £100 per week.

Under-Occupation

3.31.4 Under-occupying tenants will be affected by the Bedroom Tax which is being implemented from April 2013. The new provisions are that if a tenant is under-occupying a property by one bedroom, they will lose 14% of the housing cost, and if under-occupying by two bedrooms or more will lose 25% of benefits.

There are new criteria as to who is entitled to have a bedroom for bedroom tax purposes.

- Any two children of the same gender aged under 16
- Any 2 children aged under 10

The bedrooms used by foster children are deemed to be spare bedrooms and subject to the reduction in housing costs.

There are approximately **600** Brent council tenants affected by the new under-occupation rules

What is BHP doing to mitigate the impact of Universal Credit

3.31.5 BHP has devised an Action Plan which they have been working towards over the last few months. They are also working with partners, for example, they are part of the Council's Welfare Reform Project Group and feed into that Action Plan and Communications Strategy. The action plan includes, for example:

- Establishment of a welfare reform/early intervention team;
- Analysis of effected tenants;
- Communication with affected tenants including letters, factsheets, visits, and surgeries;
- Presentations to tenants groups;
- Review of under-occupation scheme; and
- Review income management procedures.

Brent Housing Partnership (BHP) Management Fee

3.32 The Council's Housing stock is currently managed by Brent Housing Partnership (BHP), which is an Arms Length Management Organisation and was established in 2002. The original management agreement between the Council and BHP expired in September 2012. The Council's Executive agreed on 16 July 2012 to enter into a long term management agreement with BHP for the purposes of managing the Councils Housing stock. The Executive agreed on 20 August 2012 to extend the original management agreement until March 2013, at which time it will be replaced by a new long term management agreement in line with the decision of the Executive of 16 July 12.

3.33 The agreement between the Council and BHP requires each year that a management agreement fee is negotiated and agreed. The fee will be consistent with delivery plan requirements and the general requirement to reduce operating costs on a year by year basis. In general terms the management fee negotiations have in the past been based upon 2% to 3% efficiency savings including pro rata reductions based upon loss of stock under management. This formula has facilitated continuous reductions in the management fee and thus enables BHP to manage future risk in a coherent manner. For 2013/14 the agreed management fee will take account of the efficiency review being undertaken as part of the ALMO optimisation - one of the review objectives is to achieve a minimum 13.6% reduction in the Housing management budget over a five year period. Under the current management agreement the risk for changes to employer pension contributions remains with the Council. For 2012/13 the rate for BHP increased from 15.8% to 17.8% and this will continue to be the rate for 2013/14. BHP's accounts have until 2010/11 been published in accordance with the United Kingdom General Accepted Accounting Practice (UK GAAP). The accounts to 31st March 2012 were unqualified but were for the first time produced under the Statement of Recommended Practice (SORP) 10 following on from BHP becoming a Registered Social Housing Provider on 1st April 2011.

3.34 BHP has achieved operating surpluses derived from a combination of the activities of its Direct Labour Organisation (DLO), the management of Brent Council's direct leasing scheme (for homeless households) and the management fee itself. These surpluses are negated through accounting requirements concerning pension liabilities (FRS17) and the revaluation of acquired properties as required by SORP 10. Surplus cash, with the consent of the Council, has been invested, on a temporary basis, in support of BHP's acquisition strategy (that materially assists the Council with its housing priorities).

3.35 The purpose of cash surpluses is to enable BHP to manage its affairs on a prudent basis. As at 31st March 2012, BHP's revenue reserves were £5.5m but after deducting a £14.4m pension deficit reserve, the net reserves are a negative £8.9m. BHP also has loans outstanding with the Council to the value of £45m as at April 2012 relating to Granville New Homes and the Settled

Homes Initiative. The loan balance at December 2012 was unchanged at £45m. BHP needs to generate sufficient resources each year to be able to repay these and thus avoid the need for the Council to write off large sums.

3.36 BHP has sought to plan for budget reductions and savings to reflect stock loss and efficiency savings on an annual basis and to be in a position to anticipate the financial climate rather than respond to changes on an ad hoc uncoordinated basis.

3.37 BHP has achieved savings through a combination of reductions in posts, undertaking some functions directly that were formerly carried out by external companies and taking on additional services with no increase in the management fee (e.g. Disabled Facilities Grants (DFGs)). BHP continues to review its services with the Council and a comprehensive shared services review has been undertaken over the last 12 months. BHP's Value for Money strategy (that has board approval) has confirmed that BHP's preferred approach is to use the systems thinking to drive out waste and improve service delivery. The improvement in the repairs service via systems thinking has confirmed the validity of this methodology and thus it is being rolled out to the whole of the company. Currently Housing Management, Estate Services and Leasehold Services are subject to review.

3.38 In 2006/07 BHP offered a voluntary redundancy scheme that enabled 16 staff to be managed out of the organisation and in September 2010 a further voluntary redundancy scheme was approved by the board which was integral to a general review of the company's structure. In total a further 16 posts were removed from the establishment which represents approximately 10% reduction in staffing costs. The shared services review and a further restructure in March 2012 led to a reduction of a further 18 posts, including for the first time at BHP compulsory redundancies. The total annual savings from the three restructures is more than £1.5m per annum.

3.39 BHP is further reviewing its operations in the light of the service reviews and consideration has been given to the Council Housing Finance Review which has been having a considerable impact on council housing finances since April 2012. BHP is currently working with the Council on a new long term management agreement and this is due to start in April 2013. The previous 10 year management agreement expired in September 2012 and was extended until March 2013. The view of BHP's board is that the business remains a 'going concern'.

3.40 The BHP management fee for 2013-14 will be based on the provisions set out in the new management agreement, which will be in place from April 2013.

Risks

3.41 BHP has a risk management strategy that identifies the 'top ten' risks and is regularly reported to its board. As part of the development of the budget, officers have sought to consider the main associated risks. These risks are set out below:-

3.41.1 Performance on rent collection remains generally good. As indicated in last year's report the current economic environment creates a challenge for BHP and the income management officers in particular. However, the introduction of Universal Credit is going to create further challenges, particularly with regard to the collection of rent. There are changes which could materially affect collection performance e.g. paying benefits direct to tenants, reduced HB for those on job seekers allowance, and the bedroom tax.

3.41.2 The recovery of Leaseholder Service Charges (Major Works) remains a challenge for officers and compliance with legislation is often difficult. In addition there are often differences between tenants and leaseholders in respect of works undertaken. For instance work to a communal area may well be considered favourably whilst a leaseholder may view such expenditure as not strictly necessary under the lease and thus not recoverable.

Revised Budget 2012/13

3.42 A summary for the forecast outturn for the HRA for 2012/13 is contained on Table 1 on Appendix 1. It can be seen that net expenditure is predicted to be £2,186k in 2012/13, which when compared to the budget of £2,186k, shows that the forecast outturn is in line with budget. Additionally the surplus balances brought forward from 2011/12 exceeded the budget by £1,572k. Taking account of this, the 'surplus carried forward' to 2012/13 is forecast to be £1,972k which is £1,572k more than the surplus of £400k that was budgeted. This additional £1,572k will be available to support one-off expenditure in the 2013/14 budget.

3.43 Table 2 on Appendix 1 sets out the detailed virements associated with this forecast outturn. The major adjustments that affect the overall net expenditure are included in column 3, and are as follows:-

- Depreciation MRA – This budget is being forecast to reduce by £459k and this will be used to part off set the forecast £1,007k reduction in the Rental Income budget.

- Rental Income - Following a detailed review of income from Council tenanted dwellings, Officers now forecast that rent income in 2012/13 will be £1,007k less than budgeted. This is mainly due to decanting of dwellings at South Kilburn and Barham Park. This forecast includes the impact of short life properties in regeneration areas.

- General Management - this expenditure budget is forecast to under-spend by £308k and takes account of the BHP efficiency optimisation.

- Special Management- This expenditure budget to forecast to under-spend by £240k and takes account of additional income relating to increased energy cost on HRA activities that benefit the wider community.

- HRA surplus brought forward – the final audited HRA for 2011/12 showed a surplus of £2,268k, which exceeded the budget of £696k by £1,572k. The main reasons are variances relating to repairs and maintenance expenditure, rental income from Housing dwellings, provision for bad debts, income from investment income, interest charge, general management cost, and cost of providing landlords services, such as electricity.

Draft HRA Budget 2013/14

3.44 In considering the budget estimates for 2013/14, Members need to consider the policy and legislative framework within which the estimates have been formulated.

3.45 Estimates have been compiled on the basis of the Council's corporate guidance for budget preparation and the 'budget envelope' as agreed by the former Housing Committee – that is the spending budgets should be adjusted in relation to the stock numbers. The advantage of this approach (which ignores fixed costs) is that managers are able to reduce their expenditure on a planned basis. The budget as set out on table 1 on appendix 1 has specifically been prepared on the basis as set out in the following paragraphs:-

3.45.1 Allowance for inflation – Budgets have been prepared on an outturn basis and include an allowance of 1% for pay. The Employer's Superannuation Contributions for BHP staff remains at 17.8%, and for Council Staff will increase by 0.5% to 27.4%. For non pay price rises, a general increase of 0% has been used, except for repairs which is 2.21% and cleaning, grounds maintenance which is 3.75%, and gas servicing which is 1.1% in line with their contracts.

3.45.2 Capital Charges –the capital charges take account of details forecast of premia, discounts, and interests rate movements. Capital charges are expected to decrease by £920k which is mainly associated with a reduction of HRA premia costs.

3.45.3 Stock Loss/Efficiency Savings – The rent budget has been updated to reflect anticipated stock loss (Barham Park, South Kilburn and Right to Buy). Applicable expenditure budgets have been reduced 3.5% to reflect the estimated stock loss in 2013/14, plus a further efficiency savings arising from one Council and other reviews (including the BHP optimisation review). The rent loss is forecast to be £936k, and total savings included in the draft budget are £862k. The net impact of Stockloss/efficiency savings is £74k.

3.45.4 Growth – the draft budget includes £3.877m Growth, and Members are asked to agree this. The draft growth includes:-

- Bad Debt Provision - It is proposed to increase the budget for bad debt provision by £500k from £658k to £1,158k in order to provide additional resources to meet the anticipated increase in rent arrears due to the welfare reforms. This revised budget will mean that the HRA have budgeted to collect 97.7% of the rent due.

- Welfare Reform Team –BHP have are seeking growth of £200k for to contribute to the costs of a new team deal with the preparation and effects of the Welfare Reforms and in particular Universal credit direct payments.

  Sixty Eight per cent of Brent's tenants receive some level of Housing Benefit. The introduction of universal credit will result in all tenants being paid their benefits directly and they will then have to budget and manage their commitments directly and make arrangements to pay LLB their rent. Studies from the DWP pilots have shown that collection rates have been significant affected with the average collection rate falling to 92%. Feedback has shown that tenants need significant one to one support and advice in areas such as opening bank accounts, budgeting, claiming entitlements correctly. There is also a massive knowledge gap in tenants' awareness of forthcoming changes in welfare. This is despite a widespread information campaign by BHP including dedicated welfare reform newsletters, public meetings, individual addressed letters to tenants etc. Officers in BHP spoke to approx. 90 tenants by phone in December who will be affected by the bedroom tax. The vast majority of the tenants were unaware of the changes.

  BHP proposes to create an additional new team by the 1st April 2013 comprising of 5 officers and 1 team leader. The purpose of the team will be two fold. Firstly they will manage the rent accounts of all new Brent Council tenants, including undertaking new tenant visits, assisting with benefit claims, supervising their rent accounts very closely and building a personal one to one relationship with these tenants to try and establish good payment practices from the beginning and then consistent during their tenancies. This team will also deal with the additional work issues arising from Brent Councils decision to introduce flexible tenancies and in particular 12 month introductory tenancies.

  The other main purpose of the team will be to go out into the community and meet and advice tenants on a one to one basis to advise them of welfare reforms, give them advice on their options and also provide practical help with opening bank accounts and budgeting etc.

- Void Repairs - £200k - The current void repairs budget is insufficient to meet the cost of works associated with the current turnover. The budget has overspent in the last three years (offset by underspends elsewhere). For 2012-13 BHP are forecasting spend of £2.18m against a budget of £1.6m. It is considered unrealistic to work with a void repair budget which is known to be significantly too low for such an important service. BHP is therefore asking for a proportion of the annual deficit to be funded through growth as it is recognised that it would be difficult for the Council to find the whole deficit at present.

  There will more pressure to deliver the expected service in this area but with insufficient funding, this will lead to a year on year budget over spend. Failure to carry out void repairs will result in properties not being let and with the waiting list forever growing, this is an unacceptable position.

- Depreciation - £2.977m, comprising an ongoing sum of £1.405k which is the available unallocated resource after all other HRA budgets for 2012-13 has been compiled, and use of one off useable reserves £1,572k - the budgeted surplus HRA working balances brought forward from 2011/12. These additional resources will be used in line with the new asset management strategy which is being developed and will allow the Council to make choices about whether to increase the supply of new homes, accelerate the delivery of the repairs and maintenance backlog or improve the quality of the housing stock.

This growth of £3.877m represents a real increase in HRA expenditure for 2013/14. This allocation includes £1.572m which is a one off budget allocation for major works for 2013/14 only, and £2.305m which is ongoing.

3.45.5 Funded from balances/reserves – The 2012/13 budgets included £2.186m for Major Works that was funded from balances (£296k) and reserves (£1.890m) – this one-off budget has been eliminated from the 2013/14 budget. This report proposes that a further £1.572m from HRA balances be used on a one off basis on the 2013-14 budget for major works.

3.45.6 One off funding from balances - £1,572k – see growth above

3.45.7 An average rent increase of 3.74% per dwelling per week. This will yield £1.750m.

3.45.8 An average service charges increase of 2.6% has been included for 2013/14 (in line with the September 12 RPI indices). This will yield £74k.

3.45.9 The draft budget for 2013/14 is set out on table 1 on appendix 1. Also the detailed movement for each budget head, comparing the 2012/13 budget with the draft budget for 2013/14 is shown on table 3 on appendix 1. The draft budget shows a balanced budget. The table below shows the key summary movement from 2012/13 (as explained above):-

Description	£000
Inflation	365
Capital Charges	-920
Stock Loss/Efficiency Savings (net)	74
Growth	3,877
One off expenditure in 12-13	-2,186
Funded from balances/reserves in 12-13	2,186
One-off funding from balances	-1,572
Rent Increase	-1,750
Service Charge increase	-74
Total	**0**

*growth comprises £1.572m one off allocation for 2013/14, and £2.305m ongoing.

<u>Other Budget Strategy Options</u>

3.46 Clearly, it is open to Members to consider other options. Officers have produced a strategy that in their view is prudent, realistic and in line with Council policy. The basis of the report is structured as in previous years, that is officers give advice as to the resources available for next year based upon current policies and give indications as to the income required for a 'balanced budget' based on those policies. It is for Members to determine the appropriate level of rents/growth/reductions within the law. Any budget proposals must be achievable in both financial and housing operational terms.

3.47 Members could consider raising rents above convergence levels however account will need to be taken of the impact of rent rebate subsidy limitation, whereby increasing actual rents above the rent limit would trigger the 'rent limitation rule' whereby only approximately 40% of the product of a rent rise above this threshold would be available to fund HRA expenditure. The rent rebate limit for 2013/14 has not yet been published, but is expected to be around 3.75%.

3.48 Alternatively, Members could raise rents at a rate below convergence levels (i.e. less than 3.74% on average), or indeed freeze or reduce average rents. This would mean that the Council would not be following rent restructuring policy and is likely to have a significant impact on the HRA Business Plan, and members would need to agree additional specific savings over and above those savings already included in this report and/or reduce the proposed growth. Any additional savings would need to come from operational or service related costs (such as repairs or major works).

If we did not increase our rents for 2013 -14 as set out in this report then:-

- then we would not converge our rents under rent restructuring – scheduled for 2015-16;
- We would forego the £1.75m additional income for 2013-14. This is likely to mean that we that will have £1.75m less to spend on major works or capital charges associated with major works or other HRA asset strategies;
- There would be a cumulative cash impact of over £53m on the 30year HRA Business plan;
- We would not be able to meet all our HRA stock investment needs;
- It will take longer to repay our HRA debt; and
- It will restrict the ability to fund options that may be identified in the HRA asset management strategy.

3.49 The following table sets out the income generated by various percentage rent increases ranging from 0% to 3.74%, and the table sets out the additional savings that would need to be identified in order to achieve a balanced budget:-

Percentage Increase	**0%**	**1%**	**2%**	**3%**	**3.74%**
	£m	**£m**	**£m**	**£m**	**£m**
Income Generated	0	0.492	0.965	1.431	1.750
Additional Savings to be Identified	1.750	1.258	785	319	0

Brent Housing Partnership (BHP) and the Consultation Process

3.50 On 24 January 2013 BHP's Finance and Audit Sub Committee met and received a briefing from the Assistant Director - Housing and the Assistant Director Strategic Finance on the draft HRA budget proposals for 2013-14. The BHP Finance and Audit Sub Committee agreed the following resolution:-

> *BHP agrees with the recommendation to increase rents on average by 3.74%. We recognise that this will place be an additional financial burden on the 32% of Brent Council tenants that currently are not in receipt of housing benefit. However BHP recognises that Brent is now operating a self financing housing business and that this increase is necessary to ensure the success of the Council's business plan*.

Non HRA Stonebridge Dwellings

3.51 In addition to the Council's dwellings contained within the HRA, the Council also continues to hold dwellings outside the HRA i.e. in the General Fund. These dwellings were formerly held by the Stonebridge Housing Action Trust (HAT) and they were transferred to Brent Council in August 2007 when the HAT was wound up.

3.52 The Council currently owns 332 properties under this scheme, and one is currently void. A further 14 properties are let on a leasehold basis.

3.53 Hillside Housing Trust, part of the Hyde Housing Group, manages these properties on the Council's behalf through a PFI contract.

3.54 Council dwellings are normally held in the HRA. However in order to avoid any negative impact of these dwellings on the Council's HRA, the Secretary of State issued a direction under section 74(3)(d) of the 1985 Housing Act, for the properties in this scheme to be held outside the HRA i.e. in the General Fund.

3.55 The income and expenditure associated with these Stonebridge dwellings (which will be broadly neutral in 2013/14) will be included in the Council's General Fund budget.

3.56 Last year, for 2012/13, the Council agreed an average rent increase of 6.3% and an average service charges decrease of 0.7%. The overall average increase in 2012/13 was 5.8%.

3.57 The Council has the responsibility for setting rents and service charges for these Brent Stonebridge Dwellings (in consultation with Hillside Housing Trust, and in line with the terms of the PFI contract).

<u>Rents</u>

3.58 The framework for the annual rent setting for the Brent Stonebridge dwellings is contained in the 30 year PFI contract between Hyde Housing (Hillside Housing Trust) and the Council. As all Brent Stonebridge dwellings are now at target rent, the PFI contract sets out that rent increase/decrease for next year should be based on the following formula (note that for 2013/14, the RPI is the Retail Price Index at September 2012, which was 2.6%):-

- All Hillside Brent Tenants' rents are now at target rent – they should be increased by 2.6% (RPI) plus 0.5%. This means that they should increase by 3.1%

3.59 Taking account of the framework set out in the PFI contract, the following table sets out the 2012/13 actual rent and the proposed rent levels for 2013/14.

	Rent 2012-13 £	**Rent 2013-14 £**	**Increase £'s**	**Increase %**	**No**	**Total Increase £**
1 Bed Flat	94.64	97.57	2.93	3.1%	85	12,951
2 Bed Flat	112.05	115.52	3.47	3.1%	45	8,120
1 S/croft Elders	94.64	97.57	2.93	3.1%	15	2,285
2 S/croft Elders	112.05	115.52	3.47	3.1%	3	541
2 Bed House	121.71	125.48	3.77	3.1%	36	7,057
3 Bed House	133.38	137.51	4.13	3.1%	77	16,537

4+ Bed House	140.41	144.76	4.35	3.1%	71	16,060
Annual Total	**2,052,093**	**2,115,644**	**3.68**	**3.1%**	**332**	**63,551**

This table shows that the range of the weekly rent increase is from £2.93 to £4.35, and that the average overall rent change (excluding Service Charges) for 2013/14 will be an increase of £3.68 per week, which is an average increase of 3.1%. Members are asked to agree this.

This will increase the average rent (excluding service charges) from £118.87 to £122.55 per week and will result in an increase of £64k in rent income per annum (when comparing the full year effect of 332 dwellings), which will, in line with the PFI contract, be offset by a reduction in the unitary charge in 2013/14. The overall impact of this will therefore be broadly neutral on the Council's budget.

Service Charges

3.60 All of the costs used in calculating the Hillside Service Charges are based on the estimated actual costs of providing those services. For 2013/14 these charges have initially been uplifted by 2.6% in line with the September 12 RPI, but then reduced to reflect efficiencies achieved in some contracts due to wider and more efficient tendering across the whole Hyde Group. Hyde carried out a programme of digitalisation in flats that required this work in order to maintain TV aerial services after the non digital switch off in 2012. The total cost of this work is spread over the six years between April 2013 and March 2019. This averages out at £1.88 per flat per week and accounts for nearly all the increase in service charges. The tenants of houses remain responsible for their own tv aerials as set out in their tenancy agreements and were therefore not included in the tv aerial works.

3.61 Hillside does not divide the Service Charges up according to bed size of the units but the Service charges are directly worked out by the costs of providing the services that every block receives. This is why the service charges for a one bedroom flat average more than a two bedroom. For 2013/14 one bedroom costs last year were higher than those of the two bed flats.

3.62 As a result of this process, Hillside Housing Trust have indicated that they propose to increase average service charges in 2013/14 by an average of 11.8%. The following table sets out the average proposed Service charges in 2013/14 and compares this to the Service Charges for 2012/13:-

	Average Service Charges 2012-13 £	**Average Service Charges 2013-14 £**	**Increase £'s**	**Increase %**	**No**	**Total £**
1 Bed Flat	14.23	16.08	1.85	13.0%	85	8,177
2 Bed Flat	13.55	15.44	1.89	13.9%	45	4,423
1 S/croft Elders	38.47	39.73	1.26	3.3%	15	983
2 S/croft Elders	38.47	39.73	1.26	3.3%	3	197
2 Bed House	0.60	0.85	0.25	41.7%	36	468

3 Bed House	0.60	0.84	0.24	40.0%	77	961
4+ Bed House	0.60	0.83	0.23	38.3%	71	849
Annual Total	**136,352**	**152,409**	**0.93**	**11.8%**	**332**	**16,057**

This table shows that overall the proposals for Service Charges will be an average increase for 2013/14 of £0.93p per week, being an average increase of 11.8% over 2012/13 charges. The impact at individual level will depend upon the specific dwelling type and the service charges allocated to that dwelling. This proposal will increase the average service charge from £7.90 to £8.83 and will result in £16k more service charges income per annum (when comparing the full year effect of 332 dwellings) , which will, in line with the PFI contract, be used to pay a reduced unitary charge in 2013/14. The overall impact of this will therefore be broadly neutral on the Council's budget.

3.63 The combined effect of the proposals for rents and service charges changes at Stonebridge for 2013/14 are set out in the following table:-

	Average Rents & Service Charge 2012-13 £	**Average Rents & Service Charge 2013-14 £**	**Increase £'s**	**Increase %**	**No**	**Total Increase £**
1 Bed Flat	108.87	113.65	4.78	4.4%	85	21,128
2 Bed Flat	125.60	130.96	5.36	4.3%	45	12,542
1 S/croft Elders	133.11	137.30	4.19	3.1%	15	3,268
2 S/croft Elders	150.52	155.25	4.73	3.1%	3	738
2 Bed House	122.31	126.33	4.02	3.3%	36	7,525
3 Bed House	133.98	138.35	4.37	3.3%	77	17,497
4+ Bed House	141.01	145.59	4.58	3.2%	71	16,909
Annual Total	**2,188,445**	**2,268,054**	**4.61**	**3.6%**	**332**	**79,608**

This table shows the combined impact of the proposed average rent and Service Charge increase at Stonebridge for 2013/14. The net impact on tenants will on average be an increase of £4.61 or 3.6%, although the actual impact will depend upon the dwelling type and the specific service charges that are being incurred by that dwelling.

<u>Conclusion</u>

3.64 Officers consider their role to produce a realistic and prudent budget within the policy guidelines and dealing with solutions to problems within the internal Housing Service budget process. All these budget adjustments are clearly outlined in Appendix 1. Therefore, officers consider the advice contained in this report forms a reasonable basis for setting next year's rents and budgets.

4.0 Financial Implications

4.1 This report is wholly concerned with financial issues associated with setting the HRA budget for 2013/14 under the new self financing system for council housing, and for setting the level of rents for Council dwellings in 2013/14.

4.2 Members are advised of their duty to approve a budget that meets the statutory requirements as contained in Part VI of the Local Government and Housing Act 1989. Sections 76 (2) and (3) of that Act requires Members to ensure that their proposals are realistic and that the Council's Housing Revenue Account does not show a debit balance.

5.0 Legal Implications

5.1 Under section 74 of the Local Government and Housing Act 1989 ("the 1989 Act"), the Council is required to keep a separate Housing Revenue Account of sums falling to be credited or debited in respect of its housing stock. Sections 75 and 76 of the 1989 Act set out the rules for establishing and maintaining that account. Under section 76 of the 1989 Act, the Council is required to formulate in January and February of each year proposals for the HRA for the following year which satisfy the requirements of that section and which relate to income, expenditure and any other matters which the Secretary of state has directed shall be included.

5.2 In formulating these proposals the Council must secure that upon their implementation the HRA will not show a debit balance assuming that the best assumptions and best estimates it can make at the time prove to be correct. Put simply, the legislation requires the Council to prevent a debit balance, to act reasonable in making assumptions and estimates and to act prudently.

5.3 The 1989 Act also requires the authority to review the proposals from time to time and make such adjustments as are necessary to ensure that the requirements, as set out above, continue to be met. This report sets out the revised estimates for the current financial year and also the proposals for the coming year.

5.4 The Council may make such *reasonable* charges as it so determines for the tenancy or occupation of their dwellings and shall review those rents and charges from time to time. In so doing the Council shall have regard to the principle that the rents for different types of houses should bear broadly the same proportion to private sector rents for those different types of houses. This means that the difference between the Local Authority rent for, say, a bedsit and a two bed house with a garden should be broadly comparable to the difference between the rents for those types of dwellings in the private sector. In making such reasonable charges officers have given consideration to the Government's policy aims of introducing social housing rents that will ultimately produce rents being set (both in the council and Registered Provider/RSL sectors) on a nationally determined basis (whilst taking into account local factors such as the value of dwellings). This aim is not prescriptive in so much it remains the responsibility of the local housing authority to set rents.

5.5 The rent income estimates included for 2013/14 are based upon the Governments Rent Restructuring formula and adjusted for RTB etc.

5.6 The decisions recommended in this report are an exercise of the Executive's rent-setting function and must take into account the implications of the Council's overall budget.

5.7 Under section 76(8) of the Local Government and Housing Act 1989, the Council is required to prepare a statement of the revised estimates and new proposals within one month of the proposals and this requirement will be satisfied by Council approval of the overall budgets for 2013/14 on 25 February 2013, when the Full Council will meet.

5.8 The Secretary of State issued a Direction (under section 74(3)(d) of the Local Government and Housing Act 1989) in March 2008 which allows the Council to hold outside the Housing Revenue Account the rent accounts of the Council owned properties on the Stonebridge estate that were transferred from the Stonebridge HAT to the Council in 2007.

5.9 Section 313 of the Housing and Regeneration Act 2008, which adds section 80B to the Local Government and Housing Act 1989, makes it possible for councils and specified properties belonging to Councils to be excluded from the subsidy system subject to agreement with the Secretary of State and it allows the Secretary of State to make directions in relation to such agreements.

5.10 BHP was granted Registered Provider status by the Tenants Services Authority ("TSA") in April 2011. The Localism Act 2011 abolished the TSA and transferred its regulatory functions to the Homes and Communities Agency (HCA).

5.11 Sections 167 to 175 and schedule 15 of the Localism Act 2011 includes provisions for a new self financing HRA system from April 2012. This new system will enable the Council to operate a Housing Revenue Account which will allow the Council to keep all of its rental income and use it to support its own housing stock. The Act includes powers for the Secretary of State to set a maximum limit on the amount of housing debt that each authority can hold.

5.12 Once the Executive decides on the setting of the rents in respect of the Council's housing stock that is managed by Brent Housing partnership and the Brent Stonebridge Dwellings that are managed by Hillside Housing Trust, notices of variation will be served on the tenants pursuant to section 103 of the Housing Act 1985 to notify them of the changes in rent which will come into effect from 1 April 2013.

5.13 The Welfare Reform Act 2012 and regulations made under this Act make a number of changes to the way housing benefit operates. The details of those changes are set out in paragraphs 3.31 and 3.31.1 to 3.31.5 above in this report.

6.0 Diversity Implications

6.1 This report, in the main deals with the rent setting and budget proposals for the Council's HRA. Officers are not proposing any major changes to the operation of this account. In particular this report deals with a number of strategic issues and does not in itself deal with specific operational ones. Operational housing management issues are, in the main, the responsibility of Brent Housing Partnership (BHP) and this service is monitored by the Housing Service by reference to the agreements between Brent Council and its wholly owned subsidiary – BHP.

6.2 Earlier this year BHP published an Equalities Strategy 2012-2015 containing several equalities objectives and these continue to be monitored by BHP's Service Delivery Sub Committee. In addition BHP has been assisting the council in its submission for the 'excellence' level in the Equality Framework for Local Government. BHP has set up an equalities project group for its own external equalities accreditation scheme and anticipates a submission to be made during the spring of 2013.

6.3 BHP operates a devolved budget from Brent to further improve the management and processing of adaptations. For the financial year ending 31st March 2011, 126 major adaptations taking an average of 85 days to complete were carried out for council tenants costing £649k. These works included the provision of level access showers, stair lifts, ramping to allow wheelchair access, kitchen adaptations.

In the same period, 190 Minor Adaptation (works valued under £1k) taking an average of 4 days to complete were carried out costing £37k. These works included the provision of hand / grab rails, key safes.

6.4 The Welfare Reform Act and the regulations made under this Act will have some far reaching effects for tenants and consequently the ability to maximise rental income for the council. For example there will be a cap of £350 for single people and £500 for single parent households. The housing cost element of the Universal Credit is given the lowest priority, so that a single person's housing cost is taken into account after all other benefits have been calculated. It is, therefore, possible that the housing cost element may not cover a substantial part of the rent that is due.

Whilst the impact is not purely financial, the arbitrary figure being used to determine what households are expected to live on does not take into account their outgoings and as a result many people will be placed under the poverty line at a time when there are mounting fuel, food and transport costs.

7.0 Staffing/Accommodation Implications

7.1 Decisions made by the Executive on expenditure and rent levels can materially affect staffing numbers for council officers and Brent Housing Partnership. There are no direct proposals for staffing arising from this report, however the HRA budget does fund the management fee for Brent Housing Partnership and they are implementing an efficiency review as part of the ALMO optimisation, and some staff may be affected by that review. Also some staff that maybe affected by the Council's ongoing One-Council reviews". The impact on these staff will be reported separately, under the specific reviews.

7.2 BHP staff will be relocating from Chancel House into the Council's new Civic Centre in 2013/14.

8.0 Background Information

None

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