



Councillor Cliff Lunn

Executive Member for Finance and Resources

Report to Council on 22 February 2018

Housing Rents 2018/2019

Housing Revenue Account rent levels are set in accordance with Central Government's current policy on rent setting. Registered providers are required to reduce rents by 1% per year for 4 years from April 2016. This action is intended to help protect taxpayers from the rising costs of subsidising rents through housing benefit, and protect tenants from rising housing costs.

Year 3 of this 4 year policy will see rents decrease on average from £83.77 in 2017/18 to £83.26 (adjusted for sales, new builds & dwellings meeting target through relets) per week on a 48 week basis, an average decrease of £0.51.

This reduction has been incorporated into the proposed HRA budget.

Financial Results and Budget Exceptions Report Q3 2017/18

The surplus position that has been reported throughout the year to date continues to improve with the General Fund forecast surplus increasing to £304k and the Housing Revenue Account to £453k.

There are a number of variances within the General Fund both positive and negative which make up these surpluses – examples include salary savings from vacancies; additional investment income due to continuing buoyant cash balances and the interest rate rise that was announced in November; savings on the waste and recycling contract; reductions in Supporting People and Benefit Admin Grants, as anticipated early in the year; the recent insurance tender has generated a saving from November 1 and collaborative working with Ryedale District Council will generate extra income in the current year.

HRA variances include: lower than expected external borrowing for new house building; investment income; savings from the insurance tender; increased saving from the pension deficit reduction and lower spend on a number of servicing and maintenance budgets.

At Q3 it is expected that we will be £34k short of the savings target due to lower savings made in asset rationalisation and loans to the Selby District Housing Trust. However, savings in year will more than cover this shortfall. HRA savings targets have already been met.

The General Fund capital programme continues to progress well although an underspend of £0.486m is expected, the main drivers continue to be the Disabled Facilities Grants and IT projects.

The HRA capital programme is showing an underspend at Q3 of £2.1m. Just over £1m of this is due to the combined programme for roofing in Tadcaster and pointing across the district with most of this spend expected now in 18/19. Other material underspends are expected on the painting and replacement doors programme which will run into next year and there are savings on boiler replacements.

The new Programme for Growth is showing an underspend in the year of £1.5m, however, significant progress has been achieved through the work of the new team. In accordance with the recommendations of the recent peer review, this puts the Council in a strong position to proactively review the Programme and re-prioritise projects. Work is therefore underway, taking on board the clear steer from the Executive to focus on a smaller suite of 'bricks and mortar' projects that will deliver the Council's Corporate Plan and Economic Development Framework, whilst providing a commercial return on investment.

I will present a further update at the end of the financial year.

Treasury Management – Monitoring Report for Q3

2017/18 continues to see low interest rates and buoyant cash balances. Average Investment returns of 0.47% to the end of December are still very low but high cash balances and the increase in the Bank of England Bank Base Rates from 0.25% to 0.5% mean income is forecast to exceed budget by £128k.

Treasury Management Strategy and Associated Policies

The Executive considered proposals for the annual suite of treasury strategies and policies which are the subject of a separate report on tonight's agenda.

Budget

The Executive considered its proposals for the budget and capital programmes which are also subject to separate reports on tonight's agenda.

Portfolio Issues

Fair Funding Review – the Government has launched a consultation into the funding of Local Government. This review has the potential for significant change to the way resources are distributed between the tiers of local government and individual authorities. Officers are currently working through the detailed questions and a response will be drafted on behalf of Selby District Council for consideration and approval in advance of the 12 March deadline. Initial points for coverage include the impact of Internal Drainage Board levies on council budgets and council tax levels; the new homes bonus scheme; 100% business rates retention and the cost drivers for key services such as refuse collection and recycling.

Cliff Lunn