

Budget Council

22 February 2018

Agenda Item 79

Brighton & Hove City Council

Subject:	HRA Budget Investment Programme 2018/19 and Medium Term Financial Strategy Extract from the proceedings of the Policy, Resources & Growth Committee meeting held on the 8th February 2018.		
Date of Meeting:	22 February 2018		
Report of:	Executive Lead Officer for Strategy, Governance & Law		
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Wards Affected:	All		

FOR GENERAL RELEASE***Action Required of Council:***

To receive the item referred from the Policy, Resources & Growth Committee for decision:

Recommendations:

1. To approve the updated HRA Revenue Budget for 2018/19 as shown in the revised Appendix 2 to the report; and
2. To approve the Capital Programme expenditure and financing budget of £36.344m for 2018/19 and noted the 3 year programme as set out in Appendix 4 to the report.

BRIGHTON & HOVE CITY COUNCIL
POLICY, RESOURCES & GROWTH COMMITTEE

4.00pm 18 FEBRUARY 2018

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillors Morgan (Chair), Hamilton (Deputy Chair, Finance), Janio (Opposition Spokes), Mac Cafferty (Spokes), Mears, Mitchell, Peltzer Dunn, Sykes, Wealls and Yates.

PART ONE

103 HRA BUDGET INVESTMENT PROGRAMME 2018/19 AND MEDIUM TERM FINANCIAL STRATEGY

103.1 The Committee considered the report of the Executive Director of Finance & Resources, and the Executive Director for Neighbourhoods, Communities & Housing which presented the proposed Housing Revenue Account (HRA) revenue and capital budget for 2018/19 as required by the Local Government and Housing Act 1989. The report was introduced by the Executive Director of Finance & Resources.

103.2 Councillor Sykes moved a motion to amend Recommendation 2.1 (a) and (b) with the following wording:

*(a) Approves and recommends to full Council the updated HRA revenue budget for 2018/19 as shown in Appendix 2, **(Appendix 2 Data Table B amended to remove 'Children's Centre Services: £0.170m')**;*

*(b) Approves and recommends to full Council the capital programme expenditure and financing budget of ~~£36.344m~~ **£39.344m** for 2018/19 and notes the 3 year programme as set out in Appendix 4, **(Appendix 4 expenditure line 'Purchase Properties' increased from £1.000m to £4.000m in 2018 /19, funded by bringing forward £3.000m resources from 2019/20 currently allocated to Further New Build – New Schemes, and the description narrative to read 'Report to H&NH committee for a programme to purchase former council houses or similar properties')**;*

103.3 Councillor Mac Cafferty seconded the motion.

103.4 The Chair said that he understood that officer's advice was that the proposed amendment was problematic and presented a number of concerns and difficulties. Firstly, as it was a new proposal, officers across Housing and Finance had not had the

opportunity to consider the potential viability in any detail to be able to advise members whether or not it would be reasonable or safe, to commit resources to such a scheme. Secondly, there were serious concerns over the capacity of the service to be able to deliver this scheme in 2018/19. There was already a large and ambitious capital programme proposed for the HRA (£36m) and there were currently reported risks on the timely delivery of some 2017/18 schemes. Adding a major new investment of £3m was unlikely to be deliverable without detailed consideration of resources and/or potential re-prioritisation of current and proposed capital schemes for 2018/19. Thirdly, the amendment used future RTB receipts and brought forward borrowing that would otherwise be used on future years' new build and/or other housing capital schemes. These were resources that the Housing committee had not yet considered in detail and this amendment therefore circumvents the normal and proper processes for consideration of all options for the use of future resources available to the HRA. Given this clear advice, he proposed that the Committee did not support the amendment and left it to officers to consider the proposals and submit a report to future Housing and PR&G committees for consideration. The Chair said his understanding was that it would be perfectly possible to do this after Budget Council and the non-inclusion of the proposed borrowing in the budget did not prejudice the ability to proceed with it should it be considered appropriate following proper evaluation of the proposals in accordance with established practice.

103.5 The Committee voted on the proposed amendment, and it was not agreed.

103.6 Councillor Hamilton moved a motion to amend Recommendation 2.1 (a) and 2.2 (a) with the following wording:

*2.1 (a) Approves and recommends to full Council the updated HRA revenue budget for 2018/19 as shown in Appendix 2; **subject to the removal of the proposed contribution of £0.170m from the HRA Revenue Budget to the General Fund in respect of Children's Centre Services and to use the resources released to fund the HRA Capital Programme 2018/19, thereby reducing the amount of borrowing required by the HRA and future financing costs incurred by the HRA.***

*2.2 (a) Approves the updated HRA Revenue Budget for 2018/19 as **amended and shown in Appendix 2***

103.7 Councillor Wealls seconded the motion.

103.8 The Committee voted on the proposed amendment, and it was agreed.

103.9 **RESOLVED:**

(1) That the Committee -

- (a) Approved and recommended to full Council the updated HRA revenue budget for 2018/19 as shown in Appendix 2; subject to the removal of the proposed contribution of £0.170m from the HRA Revenue Budget to the General Fund in respect of Children's Centre Services and to use the resources released to fund the HRA Capital Programme 2018/19, thereby reducing the amount of

borrowing required by the HRA and future financing costs incurred by the HRA.

- (b) Approved and recommended to Full Council the capital programme expenditure and financing budget of £36.344m for 2018/19 and notes the 3 year programme as set out in Appendix 4;
 - (c) Noted the HRA forecast outturn for 2017/18 in Appendix 1 of a 0.43m underspend as at month 9; (Noted that this forecast has been updated since Housing and New Homes Committee to take account of the most recent information available);
 - (d) Noted the Medium Term Financial Strategy and 30 year financial projection shown in Appendix 5;
 - (e) Noted the Integrated Service and Financial Plan (savings proposals) in Appendix 6.
- (2) That the Full Council:
- (a) Approves the updated HRA Revenue Budget for 2018/19 as shown in the revised Appendix 2;
 - (b) Approves the Capital Programme expenditure and financing budget of £36.344m for 2018/19 and noted the 3 year programme as set out in the revised Appendix 4