



Notice of KEY Executive Decision

Subject Heading:	Reallocation of HRA funding from cancelled schemes to HRA Development & sheltered improvement programme
Cabinet Member:	Councillor Damian White – Deputy Leader of the Council and Lead Member for Housing.
CMT Lead:	Neil Stubbings – Interim Director of Housing
Report Author and contact details:	Kevin Hazlewood, Property and Land Services Manager Kevin.hazlewood@havering.gov.uk 01708 434091
Policy context:	This Executive Decision is required to authorise the virement of HRA resources more than £500k and where a fundamental change to a member decision is intended, as set out in the Council's Financial Regulations.
Financial summary:	This relates to existing HRA resources which are now required to provide new affordable housing.
Reason decision is Key	Financial regulations state that virements over £500k require approval through a key decision.
Date notice given of intended decision:	20 th December 2016

Key Executive Decision

Relevant OSC:	Towns and Communities
Is it an urgent decision?	No
Is this decision exempt from being called-in?	No

The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for
 People will be safe, in their homes and in the community
 Residents will be proud to live in Havering

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

Approval is requested to allow the transfer of HRA resources from cancelled refurbishment projects at Napier/New Plymouth House and Hilldene/Farnham to HRA capital balances. Funding can then be reallocated on an individual project basis to support the provision of new affordable housing in the borough and improvements to retained sheltered accommodation.

Existing HRA Resources:

Total Resources = £9,302,338

Napier/New Plymouth House (Project A1903, Task 1.0) = £6,626,363
Hilldene/Farnham (Flats Above Shops) (Project A1905, Task 13.0) = £2,675,975

Proposed Reallocation of HRA Resources:

Development programme including Buy Backs = £6,302,338
Improvements to sheltered housing = £3,000,000

AUTHORITY UNDER WHICH DECISION IS MADE

“This decision is being made by a Member of the Cabinet acting under the following authority delegated under Part 3, section 2.5(m) in the Council’s Constitution:

(m) To consider reports on the exercise of virement, within the Budget Framework Procedure Rules and/or Finance Procedure Rules set out in Part 4 of this constitution.

STATEMENT OF THE REASONS FOR THE DECISION

These HRA resources were originally earmarked for refurbishment works to two sites: Napier and New Plymouth tower blocks and Hilldene/Farnham flats above shop units. Both projects have been on hold for several years whilst development opportunities for the sites have been explored to help fulfil the need for new affordable housing in the borough.

Both sites have now been identified as suitable for redevelopment as part of the '12 Estates' project initially approved at Cabinet on 15th June 2016 and at Full Council in July 2016, removing the original need for refurbishment works at these locations.

The original HRA resources for these schemes are now required to support the development pipeline to deliver new affordable homes in Havering – a pressing need in the borough. Failure to deliver new homes to meet the current demand will lead to higher spend on temporary accommodation, e.g. PSL, bed and breakfast/hotel accommodation as well as the return of Right to Buy receipts to the Government with interest.

Resources will also help deliver much-needed improvements to sheltered schemes to support Havering's older population, ensuring the schemes are fit for the changing needs of our older residents.

The approval of the '12 Estates' development programme confirms the closure of 7 sheltered sites. A recent review of the borough's sheltered housing options indicates that the retained schemes require investment to ensure their continuing viability as accommodation for the older generation.

Utilisation of Right to Buy Receipts

The Council retains a percentage of receipts from Right to Buy sales, which are ring-fenced for funding up to 30% of the scheme cost for building or purchasing new affordable housing units - with the remainder of each scheme funded from the HRA.

Reallocation of this HRA funding from the cancelled Hilldene/Farnham and Napier/New Plymouth schemes means that we are able to fund new development schemes and utilise the retained RTB receipts. Failure to use these receipts within 3 years means that they are returned to the Government with interest.

OTHER OPTIONS CONSIDERED AND REJECTED

There are limited options for these resources as HRA Capital funding is ring-fenced for the creation or improvement of council homes, they can be allocated to either the stock investment or development programmes.

The consideration to reallocate **all** of these resources to support the HRA stock investment programme **REJECTED** as the general needs stock improvement programme has been funded adequately through the HRA Business Plan, Havering is achieving its target of 98% Decent Homes and the borough more urgently needs new affordable homes and improved sheltered housing for local people.

Key Executive Decision

PRE-DECISION CONSULTATION

The decisions regarding the redevelopment of the 12 estates project has been approved at Cabinet on 15th June 2016 and Full Council in July 2016 with further approval for demolition on 12th October 2016.

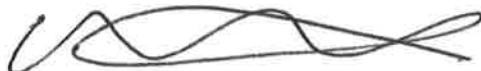
Agreement has been reached locally at Capital Budget Monitoring Group on the relocation of HRA resources from cancelled schemes.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Kevin Hazlewood

Designation: Property and Land Services Manager

Signature:



Date: 20th December 2016

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

There are no legal implications for the Council in reallocating its HRA resources internally, within financial regulations.

Ian Hawkings - Senior Solicitor
20.12.2016

FINANCIAL IMPLICATIONS AND RISKS

Cancelled Refurbishment Projects HRA Funding:

Napier/New Plymouth House	- £6,626,363
Hilldene/Farnham	- <u>£2,675,975</u>
	£9,302,338

Proposed Reallocation of HRA Funding:

Development programme including Buy Backs	- £6,302,338
Improvements to sheltered housing	- <u>£3,000,000</u>
	£9,302,338

Reallocation of the HRA funding means that we are able to fund new development schemes and utilise the retained RTB receipts. Failure to use these receipts within 3 years means that they are returned to the Government with interest.

John Price - Business Partner
20/12/2016

**HUMAN RESOURCES IMPLICATIONS AND RISKS
(AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

Cheryl Graham - Strategic HR Business Partner
05/12/2016

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

There are no direct equality and diversity implications arising from the report.

The monies released will ensure that the improvements to sheltered accommodation are realised. Good quality housing is integral to sustaining healthy and cohesive communities.

Savinder Bhamra - Corporate Diversity Advisor
19/12/2016

BACKGROUND PAPERS

- London Borough of Havering's Housing Strategy 2014-17
- Cabinet Report (23rd September 2015) – Housing Development Plan – Strategic Overview
- Cabinet Report (18th November 2015) - Affordable Housing development Programme 2015/16 & 2016/17
- Cabinet Report (15th June 2016) – HRA major works capital programme 2016/17

Key Executive Decision

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Proposal NOT agreed because

Details of decision maker

Signed

Name: Councillor Damien White

Cabinet Portfolio held: Lead Member for Housing

CMT Member title:

Head of Service title:

Other manager title:

Date:

Lodging this notice

The signed decision notice must be delivered to the proper officer, Andrew Beesley, Committee Administration Manager, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____