Report to the Cabinet

Report reference: C-036-2016/17
Date of meeting: 3 November 2016

Epping Forest District Council

Portfolio: **Housing**

Subject: **Payment of Unallocated One-for-One Replacement Right to Buy (RTB) Capital Receipts to Government - Quarters 1 & 2 of 2016/17**

Responsible Officer: **Alan Hall** **(01992 564004)**

Democratic Services: **Gary Woodhall** **(01992 564470).**

Recommendations

That, in view of the current uncertainty regarding the amount of resources available to the Council's Housing Revenue Account (HRA) in the future, and the need for the Cabinet to make a decision, as part of the further HRA Financial Options Review, on whether or not to refinance the first PWLB loan in order to continue with the Housebuilding Programme for Phases 4 – 6:

(1) A temporary moratorium on work to progress Phases 4–6 of the Housebuilding Programme be introduced with immediate effect, with the exception of progressing planning applications for the developments agreed by the Council Housebuilding Programme for Phases 5 and 6, up to their determination;

(2) The action already taken by officers to "temporarily" pay over to the Department for Communities and Local Government (CLG) the £1.364million 141 Receipts that accrued in Quarter 2 of 2016/17 and, if possible, the £312,000 of 141 Receipts from Quarter 1 (plus the interest payable since 1 August 2016), that would otherwise be used to part-fund Phases 4-6 of the Housebuilding Programme before the expiry of the 3 year utilisation period in July 2019, be confirmed, in order to avoid paying additional interest charges in the region of £4,800 or £5,800 per month from 1 November 2016;

(3) If, following discussions with CLG officials, it is no longer possible to "temporarily" pay over the £312,000 of 141 Receipts from Quarter 1 to the CLG, they be paid over to the CLG permanently, as soon as possible, in order to minimise the accrual of additional interest charges in the region of £1,000 per month;

(4) The planned further HRA Financial Options Review be undertaken as soon as possible after:

> **(a) The Government has provided the awaited details of its proposal to require councils to sell their higher value empty properties to fund the new levy being introduced by the Government; and**
>
> **(b) The financial effects on the Council can be assessed;**

in order for the Cabinet to make early long term decisions on the future of the Housebuilding Programme and the funding of the HRA;

(5) That any further 141 Receipts that accrue in future Quarters be "temporarily" paid

over to the CLG when they arise, until such time as the further HRA Financial Options Review has been completed, subject to decisions being made on whether or not to recover these 141 Receipts from the CLG before the deadline of 31st July 2017; and

(6) As part of the further HRA Financial Options Review, consideration be given to whether or not further reductions should be made to the funding of replacements and improvements to the existing housing stock, through moving from the Council's Modern Homes Standard back to the more basic Decent Homes Standard.

Executive Summary

The Cabinet has previously decided to expand and accelerate its Housing Programme; one of the reasons for this was to utilise the increasing amount of "one-for-one replacement" Right to Buy (RTB) capital receipts ("141 Receipts") that were accumulating. However, since that time, the Government has required all social landlords to reduce their rents by 1% per annum for four years from April 2016, resulting in reduced income for the Council's HRA.

Despite officers working hard to utilise the 141 Receipts, there have been a number of obstacles to overcome, which has resulted in the Council taking steps to maximise the use of 141 Receipts. This has enabled all the 141 Receipts that have accrued over the past 3 years, up to the middle of Quarter 1 of 2016/17, to be allocated to phases of the Housebuilding Programme up to and including Phase 3.

However, there is currently a lot of uncertainty around the amount of resources available to continue with its Housebuilding Programme beyond Phase 3 and, as part of its further HRA Financial Options Review, the Cabinet will need to make a decision on whether or not the Council should refinance its first PWLB loan for the HRA, that is due to mature in 2022, in order to continue with the Housebuilding Programme. However, the Options Review cannot be properly undertaken until the Government's proposals on requiring councils to sell their higher empty properties, to fund a new levy to be paid to the Government, will work - including a Government proposal that the CLG may be prepared to enter agreements with councils to reduce the amount of levy to be paid, provided that the retained payments are used to build/provide new replacement affordable housing locally.

If, on review, a decision is made to cease the Housebuilding Programme beyond the current Phase 3, in addition to all 141 Receipts arising in in future Quarters, around £312,000 and £1.364million would need to be paid over to the Government for 141 Receipts received in Quarters 1 and 2 of 2016/17 respectively, with interest of £1,000 and £4,800 per month being payable for Quarters 1 and 2, although officers have already taken action to avoid paying the latter interest charge, by paying the Quarter 2 141 Receipts over to the CLG "temporarily". Officers are also currently in discussions with the CLG to ascertain if the unallocated 141 Receipts from Quarter 1, for which the required quarterly return has already previously been submitted to the CLG, can also be paid over temporarily as well; an oral update on this position will be given at the meeting.

In view of the current uncertainty, the Leader and Housing Portfolio Holder have concluded that the proposals set out in Recommendations above are the most appropriate under all the circumstances.

Reasons for Proposed Decision

There is currently a lot of uncertainty around the amount of resources available to the Council to continue with its Housebuilding Programme beyond Phase 3, which will be considered in detail as part of the Council's further HRA Financial Options Review, but the Review cannot be properly undertaken until the Government's proposals on requiring councils to sell their higher empty properties, to fund a new levy to be paid to the Government, will work.

Other Options for Action:

The main options appear to be:

1) Make an early decision now, in advance of the HRA Financial Options Review, that the Housebuilding Programme be continued, at least until Phase 6, by deferring payment of around £16.4million of the first PWLB loan for the HRA of £31.8million, due to mature in 2022, for 4 years (to 2026-27), without affecting the Council's ability to repay the remaining PWLB loans, as planned, within the 30-year period of the HRA Financial Plan.

2) Do not pay over the £312,000 of 141 Receipts that accrued in Quarter 1 of 2016/17 and cannot be used for Phases 1-3 of the Housebuilding Programme, but retain them until the further HRA Options Review is undertaken - accepting that interest charges of around £1,000 per month with continue to accrue until decisions on the future of the Housebuilding Programme can be made. If the outcome of the Review is to continue with the Housebuilding Programme, the retained £312,000 will not have been lost and will still be available to help fund the Programme beyond Phase 3. However, if the outcome of the Review is to end the Housebuilding Programme, an additional £1,000 per month interest up to the time a long-term decision is made would have been paid to the CLG unnecessarily.

3) Do not consider, as part of the further HRA Financial Options Review, whether investment in the Council's existing housing stock should be further reduced to move from the Council's Modern Homes Standard back to the more basic Decent Homes Standard.

Report:

1. In April 2014, the Council Housebuilding Cabinet Committee reviewed the resources available to the Council's Housebuilding Programme and considered a report on the options available for expanding and accelerating the Housebuilding Programme. One of the drivers for the review was the increasing amount of "one-for-one replacement" Right to Buy (RTB) capital receipts ("141 Receipts") that were accumulating, which needed to be spent if the Council was to avoid paying over 141 Receipts to the Government (as explained later in this report).

2. This review resulted in the Cabinet subsequently making a number of decisions including, in summary, to:

- Increase the number of affordable homes developed in Phases 3-6 of the Programme from 20 to 30 homes per year – This is now the basis of the current Programme;

- In principle, extend the Programme by a further 4 years to 10 years, after the current Years 3-6, with an additional 30 new affordable homes provided each year – This has not yet been implemented, since it is subject to resources being made available;

- Make no decisions at that time on the most appropriate way of funding an extended Housebuilding Programme, but that consideration be given at an appropriate time in the future, and before any commitments are made or expenditure incurred;

- Seek grant funding from the Homes and Communities Agency (HCA), initially, for Phase 2 of the Housebuilding Programme at Burton Road, Loughton - The subsequent bid was successful and HCA grant of £450,000 was secured for Phase 2;

- Re-profile the Council's HRA Self-Financing Reserve (which is a fund to which HRA contributions are made to build up sufficient money to be able to repay loans from the Public Works Loan Board (PWLB)), in order to release funds for the Housebuilding Programme in earlier years of the HRA Business Plan, by increasing contributions to the Reserve in later years (closer to the HRA's first PWLB loan maturing in 2022), whilst ensuring that sufficient resources have been accumulated within the Reserve to repay this first loan on maturity – The Reserve has since been re-profiled by the Council's Finance Team; and

- Have a contingency plan to purchase properties from the open market, should the amount of 141 Receipts still be in excess of the maximum amount that can be spent on the Housebuilding Programme, in order to avoid having to pass any 141 Receipts to the Government, with interest – This contingency has had to be actioned, with 6 market properties purchased to date.

3. Subsequently, in September 2015, the Finance and Performance Management Cabinet Committee considered a report on the options available to ensure that its HRA does not fall into deficit, as a result of the Government's requirement that all social landlords must reduce their rents by 1% per annum for four years from April 2016, instead of increasing their rents by CPI + 1% in accordance with previous Government guidance. The estimated loss in rental income to the Council's HRA was assessed at that time at around £14million over the following four years and around £228million over the following 30 years (compared to the Council's previous HRA Financial Plan expectations). The report identified a number of options available to recast the HRA Financial Plan for the future, including:

- Ceasing all or some of the funding currently available within the Financial Plan for future housing improvements and service enhancements for HRA services;
- Reducing investment in improvements to the Council's housing stock (and reducing the Council's Modern Home Standard accordingly);
- Reducing/ceasing the Council's own Housebuilding Programme;
- Further borrowing for the HRA, repaid by the end of the Financial Plan period; and
- Combinations of the above.

4. The Cabinet Committee concluded that, since no immediate corrective action was required at that time, no major decisions should be made to re-cast the HRA Financial Plan until further information become available on the effect of the Government's separate proposal to require local authorities to sell higher value void properties. The Cabinet Committee also agreed that the HRA Financial Plan and the options available should be reviewed again in 2016, once the financial implications for the Council of the requirement to sell higher value void properties were known, and that decisions for the future should be made at that time.

<u>Use of 141 Receipts</u>

5. In April 2012, the Government "reinvigorated" its Right to Buy (RTB) policy by reducing the eligibility period for the RTB and increasing the maximum levels of discount to, currently, around £77,000. At the same time, the Government introduced a new mechanism that allows local authorities to retain 100% of RTB receipts (after some deductions) from RTB sales above a specified number of RTB sales set by Government each year for each council (the "RTB threshold"). These are referred to as 141 Receipts, based on the notion that, at the national level, one new affordable home will be built for every RTB sale above the Government's RTB thresholds for each local authority.

6. There are two core principles for using 141 Receipts:

- That 141 Receipts can only be used to fund no more than 30% of eligible expenditure for the provision of new affordable rented homes; and

- That 141 Receipts must be utilised within 3 years of them occurring.

7. "Eligible expenditure" can include:

- Council housebuilding;
- Grants to housing associations to build new affordable homes;
- Acquisition of properties on the open market; or
- Acquisition of affordable homes built by developers to meet Section 106 Agreement obligations.

8. In order for the Government to enforce the time period in which expenditure must be accounted for, the standard agreement signed by the Council and the majority of other councils nationally requires any 141 Receipts not utilised within the 3 year timeframe to be paid over to the Government, plus a punitive interest charge of 4% above base rate (i.e.4.25% / 4.5% over the past 3 years), compounded every 3 months. However, local authorities can voluntarily pass over to the Government the 141 Receipts it has accrued in any Quarter, by the end of the following month, without paying any interest. They can also voluntarily pay over accumulated 141 Receipts at any time during the three year period, but must pay interest from the end of the month after the Quarter they were received.

Use of 141 Receipts over the past 3 years

9. Officers have worked hard to try to utilise all of the 141 Receipts that have been arising every Quarter on the Council Housebuilding Programme. However, this has been very difficult for a number of reasons:

- Like all councils, the Council has had to introduce its Housebuilding Programme from a "standing start" – this was the reason why members agreed to appoint a Development Agent, with the required experience and specialist consultants already in place, which enabled the Council to get ahead of the game compared to most other councils;

- Following the Government's re-invigoration of the Right to Buy, there have been far more additional RTB sales, bringing far more 141 Receipts, than were ever expected - between the time the Council signed the agreement with the CLG and the end of September 2016, the Council has sold 155 properties under the RTB, which was 107 more RTB sales than the Government previously expected the Council to sell, before the maximum RTB discount was increased, all of which generate 141 Receipts;

- Expenditure to date on Phase 1 (Waltham Abbey) has been lower than planned, due to the Council having to terminate its contract with the contractor due to poor performance;

- Expenditure to date on Phase 2 (Burton Road, Loughton) is lower than originally planned, due to the Area Plans Sub-Committee refusing planning permission in the first instance, requiring a re-design and submission of a new planning application – causing a delay – and then a further delay arose, due to the second planning application being referred to the full Council; and

10. Despite this, in an attempt to ensure that 141 Receipts are spent within the required 3 years of receipt, the Council has taken a number of steps, including:

- Expanding and accelerating the Housebuilding Programme, as explained at Paragraph 2 above – this has included overlapping phases, and commencing new phases within a few months of commencing the previous phase, compared to the Council's original plan to commence one new phase every year;

- Entering into an agreement with the developer of a private development site in Roydon to purchase the 8 affordable rented homes that the developer has to provide to meet the requirements of the Section 106 Planning Agreement;

- Purchasing 6 properties off of the open market, in order to utilise 141 Receipts to meet 30% of the acquisition costs, whilst providing additional affordable rented housing for applicants and rental income for the Council; and

- A decision by the Housing Portfolio Holder not to take up the allocation of £450,000 grant from the Homes and Communities Agency (HCA) to help fund Phase 2, to enable 141 Receipts of around £2.2million to be used instead – this was because, despite all the above measures, the latest expenditure forecast for the Housebuilding Programme identified a potential under-utilisation of £275,000 in 141 receipts by March 2017, for which expenditure of around £915,000 would have needed to be incurred, in order to avoid 141 receipts having to be paid over to the CLG, plus the payment of 3 years' interest.

11. The decision not to take up the allocation of the HCA grant has not only resolved the problem of ensuring that 141 Receipts received 3 years ago are utilised by the March 2017 deadline, without paying over any 141 Receipts to the CLG with 3 years' interest or incurring additional costs to purchase additional market properties, it has also utilised around £2million more 141 Receipts that were required to be used by their March 2017 deadline, thereby reducing the pressure on the Council and providing some headroom for 141 Receipts usage for Phases 1-3 of the Housebuilding Programme, should there be any slippage.

Housebuilding Programme – Current Position

12. The current position with the Housebuilding Programme is that:

- Phases 1 and 2 are on site, with a completion contract for Phase 1 to be commenced by the beginning of November 2016;

- The Section 106 properties at Roydon are on site, with development agreements signed;

- Tenders are in the process of being received for the 7 separate contracts for the 34 homes in Phase 3 (Epping, Coopersale and North Weald);

- Planning permission has now been received for all the development sites in Loughton planned for Phase 4;

- Planning applications are currently being determined for the sites planned for Phase 5 (Buckhurst Hill); and

- Planning applications are being submitted and determined for sites planned for Phase 6 (at various locations).

Current Position and Reduced Resources Available to the Housing Revenue Account

13. As explained in Paragraph 3 above, around a year after the Cabinet decided to accelerate and expand the Housebuilding Programme, the Government announced the required reduction in rents for social housing, which has resulted in significantly less rental income available to the Council's HRA than compared to the Council's previous HRA Financial Plan expectations.

14. One of the implications of this requirement is that the Council will now need to refinance the first HRA loan from the PWLB, that is due to mature in 2022, in order to undertake Phases 4 – 6 of the Housebuilding Programme.

15. Moreover, under the Housing and Planning Act 1996, the Government intends to charge councils an annual levy, which will be calculated individually for each local authority, based on:

- An expectation by the Government that councils will sell their “higher value” empty properties (still yet to be defined); and

- A Government estimate of the number of higher value empty properties voids that will arise each year for each local authority.

16. The details of how this arrangement will operate continue to be delayed and are still awaited, but the Government has said that the CLG may be prepared to enter agreements with councils to reduce the amount of levy to be paid to Government, if the retained payments are used to build/provide new replacement affordable housing locally within their District.

17. Therefore, there is currently a lot of uncertainty around:

- The amount of resources available to the Council in the future to continue with its Housebuilding Programme; and

- Whether or not the Council wants to refinance the first PWLB loan for the HRA, that is due to mature in 2022, and therefore continue with its existing Housebuilding Programme for Phases 4 – 6.

18. For information, based on current expenditure estimates for the Housebuilding Programme, the Council could continue with its Housebuilding Programme up to and including Phase 6, by deferring payment of around £16.4million of the first PWLB loan for the HRA of £31.8million, that is due to mature in 2022, for 4 years (to 2026-27) - which can be done without affecting the Council’s ability to repay the remaining PWLB loans for the HRA of £153.6million, as planned, within the 30-year period of the HRA Financial Plan.

19. It is for these reasons that, last year, the Cabinet undertook its HRA Financial Options Review to ensure that the HRA does not fall into deficit, and agreed to undertake a further review this year, once the arrangements and financial implications of the sale of higher value empty properties was known. However, it is still not known when the Government will announce the details, which has delayed the further Options Review.

20. This has caused a problem because, despite being able to utilise all the 141 Receipts that have accrued over the past 3 years, up to the middle of Quarter 1 of 2016/17, on the Housebuilding Programme up to and including Phase 3, if the outcome of the Cabinet’s Options Review is that the Council does not continue with the Housebuilding Programme beyond Phase 3, the latest 141 Receipts that have already accrued from part of Quarter 1 and all of Quarter 2 of 2016/17 will need to be paid to the Government, plus the interest arising from the 141 Receipts in Quarter 1, since there will be no eligible expenditure to utilise the 141 Receipts.

21. The latest modelling shows that eligible projected expenditure on the Housebuilding Programme up to the end of Phase 3 in June 2019 is around £27.7million, and that £8.6million of 141 Receipts have accrued to the end of Quarter 1 of 2016/17 (June 2016). This means that nearly all of these accrued 141 Receipts can be utilised to fund the maximum 30% of the forecast expenditure up to the end of Phase 3, since the total accrued 141 Receipts amount to around 31% of the eligible expenditure - although the actual results and profiling of the tender exercise for Phase 3 cannot be properly modelled until all the tenders have been returned.

22. Therefore, if the outcome of the Options Review is to cease the Programme after Phase 3, very few 141 Receipts received up to June 2016 will need to be paid over to the Government, with only a little interest. In fact, the amount that would need to be paid would be around £312,000. The Council could voluntarily repay this at any time up to June 2019, perhaps after the outcome of the

Council's HRA Options Review, but the amount of interest that would need to be repaid will increase by around £1,000 per month from 1st August 2016.

23. However, in Quarter 2 of this year (July to September 2016) the Council sold 14 properties (higher than the 5 preceding quarters), which has resulted in a further £1.364million of 141 Receipts accruing from Quarter 2.

24. Therefore, without the certainty of knowing whether or not the Council wishes to continue with Phase 4 onwards, and unless further market properties are purchased, the Council now faces a decision of whether or not to pass these 141 receipts from Quarters 1 and 2 to the Government, in order to avoid paying interest from 31st July 2016. The interest charge from the 141 Receipts from Quarter 2 would be around a further £4,800 per month.

25. Following discussions with CLG officials, it has been established that if the 141 Receipts for Quarter 2 are "temporarily" paid over to the CLG, through the quarterly financial return, by 31st October 2016:

- No interest will be payable on these 141 Receipts; and
- The Council can recover these 141 Receipts from Quarter 2 back from the CLG, up to the end of July 2017, if it intends to use them on new Council housebuilding.

26. Therefore, following informal discussion with Cabinet members, in order to give members more time to undertake the further HRA Financial Options Review, and to avoid paying £4,800 per month interest to the CLG, the 141 Receipts from Quarter 2 have already been passed over "temporarily" to the Government prior to 31st October 2016. It should be noted, however, that the Council will obviously not be able to receive the interest that it would have received from holding the £1.364million in reserves until a further decision is made on the use of these 141 Receipts. Since the interest rate on deposits is currently only around 0.17%, the loss in interest is only around £190 per month, compared to the interest of £4,800 per month that would have had to have been paid to the CLG.

27. At the time of writing, officers are still in discussions with CLG officials to ascertain if a similar approach can be taken to the unallocated 141 Receipts from Quarter 1, for which a formal financial return has already previously been made. If it can, these will also be passed over "temporarily" to the CLG as soon as possible, hopefully prior to 31st October 2016 as well. This will mean that only around £3,000 in interest will have been paid for Quarter 1. An oral update on this position will be given at the meeting.

28. It should also be noted that if, following the further HRA Financial Options Review, the Council decides not to continue with the Housebuilding Programme beyond Phase 3:

- It would need to terminate its agreement with the CLG, and all future 141 Receipts that arise every Quarter would have to be paid over to the Government;
- The Council would not be able to seek a reduction in the levy to be paid to the Government for the sale of higher value empty properties to fund the replacement of properties sold (which, according to some estimates, could be as much as 50%), since the Council would not have a Housebuilding Programme to do so; and
- The committed financial contributions required to be paid to the Council by developers to comply with signed Section 106 Planning Agreements to fund affordable housing in the District (in lieu of the provision of on-site affordable housing) when their developments progress to the payment trigger dates, currently totalling £4.8million, would not be able to be spent on the

Housebuilding Programme, as they are now, for the same reason – although the Council could decide to use this money to purchase new affordable rented properties from other developers to meet their Section 106 requirements to provide affordable on their sites (e.g. the Council's Pyrles Lane nursery site).

29. It should also be noted that, due to the need to reduce expenditure within the HRA as a result of the required 4-year rent reduction, reductions in planned expenditure of around £9.5million on replacements and improvements to the existing housing stock over the 30-year period of the HRA Financial Plan have already been made, through extending the life cycle dates when individual property components will be considered for renewal.

The Proposed Way Forward

30. Having considered all of the above information, and meeting with the Council's HRA Business Planning Consultant, Simon Smith of SDS Consultancy, and officers, the Leader and Housing Portfolio Holder have concluded that, in view of the uncertainty around the details and the financial effects of the required sale of higher value empty properties and the need for the Cabinet to make a decision, as part of the further HRA Financial Options Review, on whether or not to refinance the first PWLB loan in order to continue with the Housebuilding Programme for Phases 4 - 6, the Cabinet should be recommended to:

- Introduce a temporary moratorium on work to progress Phases 4–6 of the Housebuilding Programme with immediate effect – with the exception of progressing planning applications for the developments agreed by the Council Housebuilding Programme to their determination;

- Confirm the action already taken by officers to "temporarily" pay over to the CLG the £1.364million of 141 Receipts that accrued in Quarter 2 of 2016/17 and, if possible, the £312,000 of 141 Receipts from Quarter 1, that cannot be used for Phases 1-3 and that would otherwise be used to part-fund Phases 4 - 6 of the Housebuilding Programme before the expiry of the 3 year utilisation period in July 2019 – in order to avoid paying additional interest charges in the region of £4,800 or £5,800 per month;

- If, following discussions with CLG officials, it is no longer possible to "temporarily" pay over the £312,000 of 141 Receipts from Quarter 1 to the CLG then, with reluctance, pay these over to the CLG on a permanent basis, as soon as possible – in order to minimise the accrual of additional interest charges in the region of £1,000 per month;

- Undertake the planned further HRA Financial Options Review as soon as possible after the Government has provided the awaited details of its proposal to require councils to sell their higher value empty properties, and the financial effects on the Council can be assessed, in order for the Cabinet to make long term decisions on the future of the Housebuilding Programme and the funding of the HRA;

- "Temporarily" pay over to the CLG 141 Receipts that accrue in future Quarters when they arise, until such time as the further HRA Financial Options Review has been completed, subject to decisions being made on whether or not to recover these 141 Receipts from the CLG before the deadline of 31 July 2017; and

- Consider, as part of the further HRA Financial Options Review, whether or not further reductions should be made to replacements and improvements to the existing housing stock, through moving from the Council's Modern Homes Standard back to the more basic Decent Homes Standard.

Resource Implications:

There are a number of major financial implications, which are set out in the main report.

Legal and Governance Implications:

The Council has entered into a legal agreement with the Department of Communities and Local Government to retain and utilise all 141 Receipts that have arisen every Quarter since 2012, and will continue to arise in future, subject to the conditions set out in the main report.

The Cabinet has established the Council Housebuilding Cabinet Committee to oversee all matters relating to the Housebuilding Programme that are covered in the Cabinet Committee's Terms of Reference. However, the matters covered in this report do not form a part of those Terms of Reference.

Safer, Cleaner and Greener Implications

Most of the development sites planned for phases of the Housebuilding Programme beyond Phase 3 are difficult-to-let garage sites, a number of which tend to experience increased amounts of anti-social behaviour, and some of which are becoming unsightly. If the Housebuilding Programme does not continue beyond Phase 3, this situation will continue until such time as decisions are made on the future uses of the sites and the decisions are implemented.

Consultation Undertaken

None.

Background Papers:

None.

Risk Management:

The main risk relating to the recommendations in this report relate to potentially making the "wrong" decisions, which will only be known in hindsight once the outcome of the further HRA Financial Options Review is known.

The Council has already had to make a decision not to take up the allocation of £450,000 funding from the HCA to help fund Phase 2 of the Housebuilding Programme. If the Cabinet decides, in due course, to continue with the Housebuilding Programme, and it is not possible to only "temporarily" pay over the £312,000 of 141 Receipts from Quarter 1 of 2016/17 and they are therefore paid over permanently (in order to avoid paying £1,000 per month for the next few months), this money would be lost to the Programme. However, if decisions are made now to continue with the Programme, and the outcome of the subsequent Review is that the Cabinet does not consider it appropriate to refinance the HRA's first PWLB loan that matures, and/or that, as a result of the Government's detailed proposals for the sale of higher value empty properties when received, the HRA has insufficient resources available to operate the Housing Service without making savings, the Council could commit itself to a Programme that it cannot properly fund.

The risk of introducing the temporary moratorium is that, because it will delay tenders being invited for Phase 4 of the Programme, if Phase 4 is subsequently undertaken, it may prove more difficult to utilise the 141 Receipts that arise and accumulate in the future within the required 3 year timeframe. However, if a temporary moratorium is not introduced, the work and costs involved with progressing Phase 4 and 5 could become abortive if a subsequent decision is made, following the further HRA Financial Options Review, not to undertake these phases

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

No material implications for any groups of people with protected characteristics covered by the Equality Act 2010 relating to the content or recommendations of this report have been identified.