

Business Planning / MTFs Options 2019/20 – 2023/24

Ref: HO2

Title of Option:	Capitalisation of Development team salary costs		
Priority:	Economy	Responsible Officer:	Dan Hawthorn
Affected Service(s):	HRP	Contact / Lead:	Alan Benson

Description of Option:

- What is the proposal in essence? What is its **scope**? What will **change**?
- What will be the impact on the Council's objectives and outcomes (please refer to relevant Corporate Plan 2015-18 objectives and outcomes, and Borough Plan Evidence Packs)
- **How does this option ensure the Council is still able to meet statutory requirements?**
- How will the proposal deliver the benefits outlined?

[Proposals will be mapped to the new Borough Plan Priorities/Objectives/Outcomes as they emerge – please take account of any likely changes when framing proposals]

Background

One of the Council's key priorities is to deliver new council housing on council-owned land as part of the target to provide 1,000 new Council homes by 2022. A Development & Enabling team exists within the Housing Strategy & Commissioning team to work up proposals for – and then deliver – new homes on medium-sized council-owned land, the majority of which is currently held in the Housing Revenue Account (HRA). Because the nature of this team's work is changing and it will now be working to bring forward sites for direct housing development, it is proposed that the salaries of a number of staff in the development team are now charged to the HRA in full:

Proposals

In order to facilitate required general fund savings it is proposed to charge the salaries of key development team staff fully to the HRA.

2 x Senior Housing Project Managers and 1x Housing Project Manager.

Approximately 40% of these salaries are currently funded by the HRA and it is proposed to increase this to 100% and offer the balance as a saving to the General Fund.

Current Housing Strategy & Commissioning General Fund budget - £914,300

Existing MTFs Savings - none

Net New Savings - £150k

2018/19 Service Budget (£'000)					
Savings	2019/20	2020/21	2021/22	2022/23	2023/24
<i>All savings shown on an incremental basis</i>	£000s	£000s	£000s	£000s	£000s
Existing Budget	914	764	764	764	764
Proposed net expenditure after savings	764	764	764	764	764
Savings	150	0	0	0	0
New net additional savings (year on year)	150	0	0	0	0

Impact / non-financial benefits and disbenefits
<p>What is the likely impact on customers and how will negative impacts be mitigated or managed? <i>List both positive and negative impacts. Where possible link these to outcomes (please refer to relevant Corporate Plan 2015-18 objectives and outcomes)</i></p>
<p>N/A</p> <p>Customers will not be impacted.</p>
<p>What is the impact on businesses, members, staff, partners and other stakeholders and how will this be mitigated or managed? How has this been discussed / agreed with other parties affected? <i>List both positive and negative impacts.</i></p>
<p>The proposal is to increase the level of salaries charged to the HRA. This will reduced the amount of HRA funding for other requirements, but the cost is not considered significant and leads to the provision of additional housing to be let in future.</p>
<p>How does this option ensure the Council is able to meet statutory requirements?</p>

Risks and Mitigation			
<i>What are the main risks associated with this option and how could they be mitigated?</i>			
Risk	Impact H/M/L	Probability H/M/L	Mitigation
HRA will not be able to fund other requirements/projects.	L	L	The level of funding required from the HRA relative to the total value of the account is very low, and leads to the provision of additional housing to be let in future.