Manchester City Council
Report for Resolution

Report to: Executive – 13 February 2019

Subject: Housing Revenue Account 2019/20 to 2021/22

Report of: Strategic Director (Development) and City Treasurer

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Purpose of the Report

This report presents members with details on the proposed budget for the Housing Revenue Account (HRA) for 2019/20 and an indication of the 2020/21 and 2021/22 budgets.

It seeks approval for the 2019/20 HRA budget, and the proposed average rent reduction of 1% for all properties with the exception of properties managed under a Private Finance Initiative (PFI) contract, where the rent will be increased by CPI (at September 2018) plus 1%.

The proposed rent changes are in line with Government guidance.

It is also proposed that the City Council continue with the policy of where rent is not yet at the formula rent level, then the rent will be revised to the formula rent level when the property is re-let.

Recommendations:

The Executive is recommended to:

a) Note the forecast 2018/19 HRA outturn as set out in section 4.

b) Approve the 2019/20 HRA budget as presented in Appendix 1 and note the indicative budgets for 2020/21 and 2021/22.

c) Approve the proposed 1% decrease to dwelling rents (subject to the exceptions outlined above), and delegate the setting of individual property rents, to the Director of Housing and the City Treasurer, in consultation with the Executive Member for Housing and Regeneration and the Executive Member for Finance and Human Resources.

d) Approve the proposal that where the 2019/20 rent is not yet at the formula rent level, the rent is revised to the formula rent level when the property is re-let.

e) Approve the proposed 2019/20 changes for communal heating charges as detailed in paragraphs 5.15 to 5.19.

f) Approve the proposed 2019/20 Northwards management fee as detailed in paragraphs 5.27 to 5.28.

g) Approve the proposed increase in garage rental charges as outlined in paragraph 6.1

h) Note the issue regarding the 53 week rent year reported in paragraph 5.10 and the impact on income in both 2019/20 and future years of the HRA business plan.

Wards Affected: Charlestown, Cheetham, Crumpsall, Harpurhey, Higher Blackley, Moston, parts of Ancoats and Clayton, Ardwick, Bradford and Miles Platting and Newton Heath

Manchester Strategy Outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	A healthy and fit for purpose affordable housing market will support a functioning local and sub regional economy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Access to appropriate affordable housing and services will support residents to achieve and contribute to the city.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The supply of affordable good quality homes will provide the opportunity for Manchester residents to raise their individual and collective aspirations.
A liveable and low carbon city: a destination of choice to live, visit and work.	The right mix of affordable quality energy efficient housing is needed to support growth and ensure that our growing population can live and work in the City and enjoy a good quality of life.
A connected city: world class infrastructure and connectivity to drive growth	Affordable social housing plays an important part in ensuring that there are neighbourhoods where people will choose to live and their housing needs and aspirations are met.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

Expenditure and income on the provision of Council housing must been contained with the Housing Revenue Account which is a ring fenced budget separate to the Council's General Fund. Whilst HRA expenditure can exceed income in any given year, the HRA overall cannot go into deficit. The recommendations in this report will determine the financial plan for 2019/2020 – 2021/22 and the impact on the overall financial model for the HRA over a 30 year period.

The HRA financial plan covers a rolling period of 30 years and is made up of rental income, Private Finance Initiative (PFI) grant and heating charges, which must be used for the purpose of funding the costs of managing and maintaining HRA assets. The amount of income in the HRA in 2019-20 excluding monies from reserves is forecast to be approximately £85m.

Financial Consequences – Capital

Within the proposed HRA budget a mandatory charge for depreciation is made, and this can be used to either fund capital expenditure or reduce housing debt. The 2019/20 HRA budget includes a forecast depreciation charge of £17m, which will be set aside to fund capital investment.

The 2019/20- 2021/22 capital programme includes HRA capital expenditure of around £103m, this is in line with the current proposed budget. From 2022/23 onwards the HRA budget includes an annual capital budget of c.£24m per annum which increases annually in line with CPI.

An independent review of the current stock condition is to be undertaken in 2019/20, this will help to inform future years' capital investment needs to ensure that the housing stock continues is maintained.

The HRA budget already allows for the costs and implications of the following new build programmes:-

- Brunswick PFI New Units
- North Manchester New Build 1 Programme
- North Manchester New Build 2 Programme

Work is ongoing with financial modelling of the following schemes and it is proposed that these will be included with the HRA budget going forward.

- North Manchester New Build 3 Programme
- Newton Heath Extra Care Scheme.

Alongside the above new build programmes there are other priority schemes that will need to be considered as part of the HRA budget work, including:

- Collyhurst Programme if Government funding not forthcoming
- Refurbishment and demolition of Maisonettes in Northwards area.

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Background documents (available for public inspection):

None

1. Introduction

1.1. The purpose of this report is to approve the Housing Revenue Account (HRA) 2019/20 budget and provide members with recommendations for approval in respect of the 2019/20 tenants' rent, garage rents and communal heating charges.

1.2. This report sets out the HRA budgetary proposals for 2019/20, and the indicative position for 2020/21 and 2021/22. Furthermore it highlights the current use of reserves, along with the risks that need to be managed.

2. Background

2.1. Since the introduction of Self Financing in April 2012 the Council has had to manage its housing stock on a similar basis to Registered Providers. This has entailed developing a rolling 30 year business plan, and reviewing the use of existing assets to ensure that benefits are maximised.

2.2. In developing the 30 year business plan it is essential that the Council considers all risks, and ensures that any investment decisions are affordable both in the short and longer term.

2.3. In previous years there has been significant legislative change following the introduction of the Housing and Planning Act and Welfare Reform Act, in addition to this there have been policy changes that have affected the HRA budget, both in the short term, and in future years.

2.4 The imposition of a 1% annual rent cut for four years from 1st April 2016 has had a significant effect on available resources over the life of the plan, and this is reflected in the business plan. The Government have recently undertaken a consultation on future rent policy from April 2020, the consultation sought views on whether social rent policy should revert to the original policy and be increased by up to CPI plus 1% for the five year period commencing 2020/21. The outcome of the consultation is still awaited.

2.5 The change to rent policy resulted in a loss of rent income and this reduced the HRA reserves position. The current business plan shows that reserves fall below the £50m level required to avoid having to pay increased interest charges on debt in 2029/30, and the reserves are forecast to run out by 2039/40. There are many variables that could impact upon the existing forecasts, in particular the level of future years rent increases. What is clear is that further savings over the short/medium term will have to be identified in order to ensure that the HRA does not run into a deficit. Work is ongoing to review all of the income and expenditure in the HRA to ensure that the account does not go into deficit in the longer term, and resources from within it can be identified for future investment.

3. Statutory Duties in Determining the HRA Budget Strategy

3.1. The rules governing the maintenance of the HRA were established pursuant to the Local Government and Housing Act 1989 and provide that:

- The Council must formulate proposals in respect of HRA income and expenditure for the financial year which, on the best assumptions and estimates that the Council is able to make at the time, ensure that the HRA does not show a debit balance;
- The Council is required to keep a HRA in accordance with proper practice. The Council has the responsibility to determine a strategy that is designed to ensure that the HRA is in balance taking one year with another.
- The HRA continues to be a ring-fenced account, this means that it must, in general, balance on a year-to-year basis, so that the costs of running the Housing Service, which include debt charges, administration costs and maintenance expenditure must be met from HRA income.

4. Budget Position 2018/19

4.1. The latest HRA forecast as at December 2018 shows that the forecast expenditure is £9.533m lower than budget, this results in an in year surplus of £2.764m that will be credited to the HRA reserve compared to the original withdrawal of £6.769m. The main reasons for this change are as follows:

- RCCO - £9.911m underspend – Following the decision to install sprinklers in multi-storey blocks, the capital programme has been re profiled, with much of the originally planned expenditure moving into 2019/20.

- Housing Rents - £339k underspend – This is due to an increase in the rents collected due to a lower than forecast levels of void properties, and a lower number of right to buy sales compared to the original forecast.

- Contractor payments - £0.586m overspend – Expenditure on the Brunswick scheme is £0.573m higher than budgeted, mainly due to agreed changes to the original contract. The main changes relate to the proposed deletion of four new build properties from the programme, and the removal of a phase of refurbishment/remodelling of infrastructure.

- Other minor overspends of £131k.

5. Budget Strategy 2019/20 - 2021/22

5.1 The HRA financial plan has been prepared taking into account all known changes to housing stock numbers, ongoing management arrangements, proposed investment needs and assumptions in line with the City Council medium term financial plan around pay and inflationary increases. It also takes into account the impact of Welfare Reform which commenced in April 2013 on rent collection levels, and will continue to be rolled out over the next few years. To date the anticipated reduction in rental income has not materialised but the position will continue to be monitored closely and the implications reflected within the HRA business plan.

5.2 The HRA budget shows statutory compliance in that a surplus is forecast (before the use of reserves to fund capital works) at the end of each year within the three year budget strategy period. However, the Government's decision to impose a 1% rent reduction over four years from 2016/17 reduced income to such an extent that the HRA does not remain in surplus over the life of the 30 year business plan based on current assumptions. An action plan is being developed in order to identify efficiencies that can be made to ensure that reserves are kept at a sufficient level to enable risk to be managed and resources to be available to fund future works required.

Management of Housing Stock and Implications of "Right to Buy"

5.3 The Council continues to own and manage just under 16,000 properties within the HRA under various arrangements. These include three PFI schemes and stock managed by either Northwards Housing or other Registered Providers (RP's). In the current financial year Right to Buy Sales (RTB) of around 175 properties. This is less than the number sold in 2017/18 and is thought to be due to the tailing off of the initial impact of the introduction of improved discounts in 2015/16. It is assumed the RTB numbers will remain at a similar level to the current year (1.25%) for the next five years of the Business Plan, before dropping back to 1% for the remaining years of the plan. This will reduce the level of rent income achieved and the number of sales will continue to be closely monitored.

5.4 The table at Appendix 1 provides a detailed analysis of the overall proposed 2019/20 budget which is forecasting an in year deficit of £10.352m. This is due to the increased level of programmed capital investment in 2019/20 and will be funded through a draw down from reserve.

5.5 The key budget assumptions used in preparing the HRA budget are as follows:

Rent Income

5.6 As a result of Government changes to the social rent policy, social rents have had to be reduced by 1% p.a. for the four year period 2016/17 to 2019/20 inclusive. Previously, Government had advised that rents would increase by CPI + 1% until 2024/25. In 2016/17 the rent reduction did not apply to sheltered housing or PFI properties, however for 2017/18 and the following three years, only PFI properties are exempt, and those rents have (and will continue to be) increased by CPI plus 1%. CPI at September 2018 was 2.4% and it is proposed that rents for PFI properties will increase by 3.4% in April 2019. The Government have recently undertaken a consultation exercise which indicated that April 2020, social rents can be increased by CPI plus 1% for a five year period, and this has been factored into the business plan.

5.7 For those properties where formula rent has not been achieved (app 1,000 properties), if the property becomes vacant the rent can then be increased to formula rent when the property is re-let.

5.8 This report seeks approval to amend tenants 2019/20 rents as follows:

- Increase PFI rents by 3.4% in line with Government guidance.
- Reduce rents for all other dwelling houses by 1%.

5.9 The budget has been prepared on this basis and would produce an average weekly rent (based on 52 weeks) of:

- General Needs £71.96
- Supported Housing £65.23
- PFI Managed £83.86

5.10 Rent is usually calculated on the basis of a 52 week rent year, but because in an average year there are 52.17 weeks, it is necessary to include an extra week every 5 or 6 years to remain in line with the calendar year, and this has previously resulted in a 53 week rent year for tenants. As part of implementing the Universal Credit system this has not been considered, and the Government have advised that Universal Credit will not reflect the 53 weeks due, and will continue being payable for 52 weeks and paid in 12 monthly instalments. 2019/20 is a 53 week year, and the gross rental debit for one week is currently in excess of £1.1m. In the 30 year HRA business plan, there are six 53 week rent years. The implication of losing these additional weeks rental income is approximately £12m over life of the plan. There are approximately 10% of tenants currently in receipt of Universal Credit, but as Universal Credit continues to be rolled out this number will increase, until all of the circa.60% of tenants currently in receipt of benefit are paid via Universal Credit.

The position is being reviewed nationally, but until a resolution is identified that does not adversely impact on tenants it is not proposed to pass the additional rent costs onto tenants in 2019/20, and the costs of reduced rental income will be borne by the HRA.

Other Income

5.11 Other income is forecast to be around £1.093m in 2019/20, and this is made up as follows:

- Non Dwelling Rents and Other Income includes:
  - Non Dwelling Rents – income from garage rents, rental income from shops and offices, ground rent and telecoms masts
  - Other Income and Contributions – Girobank charges, contributions towards grounds maintenance and solar panel income.
- Recharge to Homelessness – rental income in relation to HRA properties used by Homelessness
- VAT Shelter Credits – income from other RP’s in relation to VAT recovery on repairs and maintenance costs following stock transfers. This income ceases in 2021/22.
- HRA Investment Income – the HRA receives income on balances held within the Council’s bank account

- Income from Leaseholders (e.g. contribution to heating, cleaning, and repairs to communal areas)

Private Finance Initiative Allowances

5.12 As part of the PFI negotiations for the Brunswick scheme, the Council agreed to make a capital contribution totaling £24m between 2014/15 and 2019/20, and this realises savings of c.£48m over the life of the PFI contract, through lower annual Unitary payments.

5.13 The three stock management PFI schemes in total generate income for the HRA in that income from rents and PFI credits is greater than the unitary charge payments. This budget proposes to continue to charge PFI rents in line with the original rent policy.

5.14 "Smoothing" reserve funds had been established for all the PFI contracts, these are set up to smooth the costs of the PFI over the duration of the scheme. Following the introduction of self-financing and the removal of the subsidy system, PFI rental income and grant can be used to fund the annual unitary charge, which removed the ongoing requirement to contribute towards a smoothing reserve. The current PFI reserve will continue to remain frozen at £10m as at 31 March 2019 and will be used to part fund the outstanding HRA debt.

Communal Heating

5.15 In general, it is intended that gas charges are set to reflect the actual cost of gas consumed. However, because of significant changes from year to year, coupled with the inefficiency of some of the heating systems in operation, there are instances where this does not occur. In 2018/19 it is estimated that the shortfall of income collected will be approximately £57k.

5.16 Communal heating gas is sourced as part of the City Council overall gas contract. The existing wholesale gas contract expires shortly, and latest prices indicate that the current wholesale gas price will increase by around 26%.

5.17 In order to ensure that the costs of gas used are recovered through the tariffs charged for tenants and residents on a scheme by scheme basis, it would be necessary to increase the current heating charges by between 17.8% 71.9%.

5.18 In order to protect residents, many of whom are vulnerable and find themselves in financially challenging situations, it is proposed that any increase in heating charges are capped at 20%, and the difference between the actual increased gas costs and charges to tenants will be funded from the HRA. This will increase the shortfall on heating charges by £47k and the total cost to the HRA in 2019/20 will be £104k. The proposed 2019/20 heating charges for each scheme are shown in Appendix 2 and this also includes both 2017/18 and 2018/19 for comparison purposes.

5.19 There continues to be a programme of capital investment that looks to both improve energy efficiency of homes and reduce carbon. This will include upgrading or replacing existing communal heating equipment. The costs of gas used against the tariffs charged will continue to be monitored to ensure that the rates being charged are aligned.

Depreciation

5.20 Depreciation is a means of charging the cost of an asset to the revenue account over its remaining useful life. In accordance with accounting regulations, it is charged to the HRA as a transfer to Reserves where it can be used to fund capital expenditure or pay off debt. The depreciation charge in 2019/20 is £17.279m and this be used to fund capital expenditure.

Debt Financing and Borrowing Costs

5.21 The 2019/20 opening HRA debt is anticipated to remain unchanged at £121.26m, and this is funded through a combination of market loans and internal funding through the use of reserves. This provides the benefit of reducing the interest costs of borrowing, but it is important that any future investment decisions are carefully considered because if the reserves fall below the level of internally funded debt, then interest charges will increase. This will be considered as part of any investment proposals that require use of the HRA reserves it the scheme appraisal would need ensure that the increased costs of borrowing are factored into the project costs.

5.22 It should be noted that the Government has recently announced the removal of Councils' HRA debt caps, which means that there is no upper limit to the level of debt that can be held, the only restriction being that the HRA business plan must demonstrate that any debt can be serviced without going into deficit.

5.23 Due to the change in Government policy and the imposed four year 1% rent reduction, the reduced rental income has reduced the forecast level of reserves, it is currently anticipated that the HRA reserves will fall below the £50m required to continue funding the proportion of debt in 2029/30, this results in an increase in the interest costs charged to the HRA. This assumes no additional capital expenditure over and above what is assumed in the business plan. Unless savings are identified to mitigate the rent reduction, which has reduced reserves by approximately £100m based on the reduction in 2019/20, the costs of borrowing within the HRA will increase.

5.24 The HRA is making provision only for the interest repayments in relation to the outstanding debt. Consideration will need to be given to refinancing the debts as and when the debts become repayable this will be considered as part of the treasury management strategy.

Provision for Bad Debts

5.25 Due to the continued roll out of Universal Credit and the anticipated impact on residents the business plan has made provision for an annual increased contribution towards the provision for bad debts. The 2018/19 actual required provision for bad debts is expected to be around 1% of rental income, this is lower than the 2% that was allowed for as part of the approved budget. The forecast reduced rent collection has not materialised, in part because of the delays in the rolling out the Universal Credit scheme and also because of the good work undertaken with tenants to provide help and support in order to help tenants manage the impact. Despite the good performance in 2018/19, the continued roll out of Universal Credit will impact on rent collection rates although the increase provision has been pushed back to later years. The provision will remain at the 2018/19 actual rate of 1% in 2019/20 and will then be increased annually by 0.5% from 2020/21 until 2025/26 at which point it will peak at 4%, it is then planned to reduce by 0.5% per year until it levels out at 2% for the remainder of the plan. This is to reflect the ongoing work that will be done with residents to manage the impact of welfare reform.

5.26 The full implications of Welfare Reform will be kept under review as it is rolled out and the bad debt provision requirements adjusted accordingly.

Northwards Management Fee

5.27 As part of the 2018/19 budget Executive approved a two year annual 1% reduction in the Northwards management fee for both 2018/19 and 2019/20. The current budget includes the previously agreed 1% reduction in the Northwards management and maintenance for 2019/20.

5.28 As part of agreeing the fees payable for 2020/21 onwards negotiations will commence early in 2019/20, it is hoped that a longer term fee can be agreed that covers 2 or 3 years, rather than an annual budget in order to provide Northwards with some certainty and enable them to plan longer term.

Other Expenditure

5.29 Details of other expenditure as shown in appendix 1 is as follows:

- Retained Stock Maintenance & Repairs – this covers repairs to offices, environmental works, and some lift maintenance
- Supervision & Management – this covers the City Council costs of managing the HRA, including the cost of staff in Strategic Housing (HRA related), corporate, central and departmental recharges, and other miscellaneous costs.
- Other management arrangements – stock management fee to the two Tenant Management Organisations (415 properties), Guinness Partnership (171 properties in West Gorton) and Peaks and Plains (11 properties in Alderley Edge)
- Council Tax – on properties held empty for demolition
- Insurance costs – The annual contribution to the HRA insurance reserve
- Revenue Contribution to Capital Outlay – this is where funds held within the HRA are set aside to contribute towards the cost of capital works (in addition to Depreciation).

Inflationary Assumptions

5.30 The HRA budget includes inflationary assumptions in line with the Council's current assumptions in relation to pay and prices. The majority of inflation in the business plan is linked to the consumer price index rate (CPI), which the Office for Budget Responsibility has forecast at 2% for 2019/20 and thereafter.

The 2% inflationary increase will only be applied to costs that are not already known, currently the rent income, the PFI unitary charges, the Northwards management fee and the Council's staffing costs are known for 2019/20, so the 2% will only apply to a small proportion of the HRA costs.

6. Garage Rents

6.1 As part of the 2015/16 budget strategy it was agreed that garage rents should be brought in line with dwelling rents in respect of the increases that had been applied. To achieve this, it was agreed that garage rents were to be increased by an additional 3.92% to the annual increase applied to dwelling rents. This was to be applied for the five year period 2015/16- 2019/20, so this will be the final year of the original agreed increase. Therefore, it is proposed that 2019/20 garage rents increase by 2.92%, and the impact of the increase is shown in the table below:

	Annual Charge 2018/19	**Weekly Charge 2018/19**	**Proposed Weekly Charge 2019/20**	**Proposed Weekly Increase**
Site Only	£93.64	£1.80	£1.85	£0.05
Prefabricated	£207.66	£3.99	£4.11	£0.12
Brick Built	£244.01	£4.69	£4.83	£0.14

7. Reserves Forecast

7.1 Current projections now show that due to the 1% rent reduction, the HRA will no longer generate annual surpluses over the duration of the business plan. Based on the current assumptions within the plan, the HRA continues to hold sufficient surpluses in its reserves to avoid paying an increased amount of interest for the next ten years, but after that it incurs additional costs and moves into an unsustainable position in 20 years' time.

7.3 The table below sets out details of the anticipated HRA reserves position, over the next three years if there are no additional investment proposals above the approved amounts included for RCCO and the contribution towards Brunswick capital costs. Given the low interest rates payable on balances, the HRA is currently using around £50m of its own reserves to internally fund part of the HRA debt rather than take out external borrowing. This provides annual interest savings of around £2.4m per annum. The continuation of this arrangement will need to be considered if any investment proposals are to be funded by the use of reserves. The current plan shows reserve levels falling to zero in 2039/40.

Reserves Forecast 2018/19 to 2021/22

7.4 The table below sets out the forecast reserves position for 2018/19 and the next three years. Based on the December forecast position the HRA closing reserves are forecast to be £102.7m, but these are forecast to reduce by over £10m in 2019/20 and further reductions in the following two years. The reductions in reserves relates predominantly to the ongoing capital investment proposals.

Reserve Description	2018/19 (Forecast) £000	2019/20 £000	2020/21 £000	2021/22 £000
General Reserve (including Major Repairs reserve)	67,397	56,845	35,135	26,771
Insurance Reserve	1,306	1,506	1,706	1,906
Residual Liabilities Fund	24,000	24,000	24,000	24,000
PFI Reserve	10,000	10,000	10,000	10,000
Total Reserves	**102,703**	**92,351**	**70,841**	**62,677**

7.5 The Residual Liabilities Fund was established to cover any potential environmental and other risks associated with the large and small scale voluntary transfers that have taken place during the past 15 years. There is no reason to change the level of reserve from that recommended in an independent report previously commissioned, and therefore the fund balance will be held at £24m for 2019/20.

7.6 Within the general reserve there is also a separately held HRA Insurance Reserve. This is required to ensure compliance with the ringfencing requirements. The balance required is determined by the likely liabilities arising from claims settled in any one year, there is an annual contribution to the reserve assumed within the current proposed HRA budget.

8. Conclusions

8.1. The proposals contained in this report seek to ensure that the HRA business plan provides a sound basis of managing the existing stock, whilst also identifying the potential risks that need to be monitored on an ongoing basis.

8.2. The budget proposals will allow for continued service delivery and investment within the existing stock and development of new HRA stock within the confines of the available resources.

8.3. Under the provisions of the Local Government and Housing Act 1989, the Authority must ensure that the HRA does not result in a debit balance. The proposed budget for 2019/20, together with the indicative budget for the following two years, is attached at Appendix 1 and shows this provision being met (before proposed use of reserves to fund capital works).

8.4. The HRA continues to hold a prudent level of reserves that enable’s continued savings on HRA costs through self-funding part of the HRA debt and ongoing contributions toward the capital costs of the Brunswick PFI scheme until 2019/20. There is also an increased level of capital works over the 3 year period 2019/20 – 2021/22 that is partly funded from the existing HRA reserves.

8.5. Based on forecasts, over the next three years the HRA can continue to fund existing debts, together with the ongoing management and maintenance costs whilst also maintaining a positive reserves position. The reserves provide longer term benefits to the HRA through debt financing, reducing the overall interest payable, and contributing towards increased resources available for further investment in the longer term. The medium/longer term forecast position has been affected significantly by the reduction in rents as mentioned previously.

9. Key Polices and Considerations

(a) Equal Opportunities

The rents have been set in line with the Government’s guideline rent.

(b) Risk Management

Under the provisions of the Local Government and Housing Act 1989, the Authority must ensure that the Housing Revenue Account does not result in a debit balance. The proposed change in rents and identification of savings within this report, together with regular budget monitoring will assist in managing this risk over the short term. Work will continue to ensure that the HRA remains viable in the longer term.

(c) Legal Considerations

The City Solicitor has reviewed this report and is satisfied that any legal considerations have been incorporated within the body of the report.