

BOROUGH OF KETTERING

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Report Originator	Mark Dickenson Head of Resources	Work Programme	
Wards Affected	All	18 th July 2018	
Title	CAPITAL PROGRAMME AMENDMENT		

1. PURPOSE OF REPORT

In accordance with the Council's Constitution, this report seeks Council's approval for a change in the capital budget for Housing and Homelessness Prevention.

2. INFORMATION

- 2.1 Challenges in the local housing market, increasing house prices, cuts to supported housing budgets, welfare reform and an unprecedented increase in private sector evictions are all contributing to high demand for the homelessness service, consistent with the national picture. At the time of writing, approximately 140 families in the Borough are accommodated in temporary accommodation.
- 2.2 The nature of that demand has changed over the past few years with more homelessness applications coming from families with children, although large numbers of vulnerable single people continue to look to the Council for housing and support.
- 2.3 The Homelessness Reduction Act 2017 came in to effect on the 1st April 2018. This transformed the way local authorities help homeless households, including assisting many people who were not entitled to help under the previous system. Councils are now under a formal duty to take reasonable steps to prevent people becoming homeless.

The Act :

- introduced an enhanced prevention duty that extended the period a household is threatened with homelessness from 28 days to 56 days;
- required local authorities to carry out an assessment of the applicant's needs and prepare a personalised plan setting out the steps agreed between the local housing authority and the applicant;
- introduced a new duty for local authorities to take steps for 56 days to relieve homelessness by helping any eligible homeless applicant to secure accommodation;

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- required local authorities to provide all households with targeted information and advice on the prevention and relief of homelessness and the rights of homeless people; and
 - specified a range of agencies that should refer people who are either homeless or at risk of being homeless to local authority housing teams.
- 2.4 If the homelessness application cannot be prevented the Council must provide temporary housing until the homeless duty can be discharged. Temporary accommodation can be provided in a number of ways. It is important to note the cost to the Council increases the further one moves down the list below, with B&B and nightly paid being the most expensive, costing around three times more than other forms of temporary accommodation.
- HRA Property
 - General Fund Property Acquisitions.
 - Private Sector Leasing
 - Bed and Breakfast or Nightly Paid Accommodation
- 2.5 The current demand for the service is one that continues to put pressure on the Council's General Fund Budget. For 2018/19 the current projection for homelessness indicates a potential £300,000 overspend. This would have been significantly higher had the Council continued to rely solely or mostly on bed and breakfast and nightly paid accommodation.
- 2.6 As part of the 2018/19 capital budget process the Council approved a scheme of £4.5m for Housing and Homelessness Prevention, this scheme was split equally over two years, £2.25m in 2018/19 and £2.25m in 2019/20.
- 2.7 The scheme enables the Council to acquire properties and strengthens the authority's balance sheet as, instead of the Council paying others to provide temporary accommodation, the Council is providing the service directly. This enables the Council to provide the service by utilising assets, providing better stability to the Councils Medium Term Financial position.
- 2.8 Delivering the service in this way provides a better outcome for our customers as they are housed in accommodation that is better suited to their needs during their time in temporary accommodation.
- 2.9 Over the first three months of 2018/19 the Council has committed to acquire 13 residential properties to support the temporary housing position. This is summarised in Table 1 below. The sums committed means there is relatively little of the 2018/19 allocation left.

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Table 1	
Number of Bedrooms	Number of Properties
1	1
2	4
3	2
4	6
Total	13

2.10 Due to the success in identifying and acquiring properties, alongside a relentless increase in the number of families presenting as homeless, the budget for 2019/20 needs to be brought forward to 2018/19 if the Council is to maintain the current momentum in acquiring residential properties.

2.11 It is important that the Council maintains its capacity to deliver on future property acquisitions. If members were minded to increase the capital programme by a further sum in this financial year, this would enable us to pursue additional property acquisitions. Bringing forward £2.250m into this financial year from 2019/20 would give us the necessary freedom of movement. This would mean that the total budget for Housing and Homelessness Prevention would increase in this year (2018/19) from £2.250m to £4.5m.

2.12 To comply with financial regulations and the Council's Constitution, any change to the capital programme greater than £250,000 needs to be recommended to full Council for approval. The changes to the 2018/19 Capital programme for which Council approval is required are summarised in the following table:-

	Current Budget 2018/19 £000	Changes to the 2018/19 Capital Programme £000	Proposed Budget 2018/19 £000
Housing and Homelessness Prevention	2,250	2,250	4,500
Financed by:			
External Borrowing	2,250	2,250	4,500

2.13 As the Council will need to borrow to finance the increase in the Capital Programme, the Council's prudential indicators require amending to ensure borrowing is within the prudential limits.

2.14 The amendments are as follows;

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- a) Operational Boundary - This is the limit beyond which external debt is not normally expected to exceed.
- b) Authorised Limit - This represents a limit beyond which external debt cannot be exceeded during the year, unless subsequently amended by Full Council.

The changes required to those approved by Council at the February 2018 meeting are summarised in the following Table.

	Indicators approved by Council at the Feb 2018 Meeting £000	Changes to the 2018/19 Capital Programme £000	Proposed Indicators 2018/19 £000
Operational Boundary	149,000	2,250	151,250
Authorised Limit	154,000	2,250	156,250

3. POLICY IMPLICATIONS

3.1 None arising from this report.

4. CONSULTATION AND CUSTOMER IMPACT

4.1 None arising from this report.

5. FINANCIAL RESOURCE IMPLICATIONS

5.1 The financial implications are outlined in the report.

6. HR IMPLICATIONS

6.1 None arising from this report

7. LEGAL IMPLICATIONS

7.1 The legal implications are outlined in the report.

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8. RECOMMENDATION

- 8.1 That the changes to the Council's Capital Programme as outlined in 2.12 be approved.
- 8.2 That the changes to the Council's Prudential Indicators as outlined in 2.14 be approved.

Previous Reports/Minutes: