



To: Executive Councillor for Housing (and Deputy Leader): Councillor Catherine Smart
Report by: Director of Customer & Community Services
Relevant scrutiny committee: Community Services and Housing Management Board 16/1/2014
Wards affected: All Wards

HOUSING REVENUE ACCOUNT (HRA) BUDGET SETTING REPORT (BSR) 2013/14 to 2017/18 – REVENUE IMPLICATIONS
Key Decision

1. Executive Summary

- 1.1 As part of the 2014/15 budget process, the range of assumptions on which the HRA Business Plan and Mid-Year Financial Review were based upon, were reviewed in light of the latest information available, culminating in the preparation of the HRA Budget Setting Report.
- 1.2 The HRA Budget-Setting Report provides an overview of the review of the key assumptions. It sets out the key parameters for the detailed recommendations and final budget proposals, and is the basis for the finalisation of the 2013/14 revised and 2014/15 budgets.
- 1.3 The resulting recommendations refer to the strategy outlined in the HRA Budget Setting Report.
- 1.4 The HRA Budget Setting Report will be presented to a meeting of Community Services Scrutiny Committee on 16th January 2014, where the Housing Capital Investment Plan, including capital bids and associated funding proposals will be considered, prior to the final decision in respect of capital items at Council on 27th February 2014.
- 1.5 At a special meeting, also on 16th January 2014, Housing Management Board will consider the HRA Budget Setting Report, scrutinising proposals for both the review of rents and service charges and revenue bids and savings, which form part of the HRA budget, both revised for 2013/14 and for 2014/15 and beyond.
- 1.6 The Executive Councillor for Housing will take decisions at Housing Management Board in respect of both rents and service charges and

the revenue budget, after consideration of any budget amendments for the Housing Revenue Account.

2. Recommendations

The Executive Councillor, is recommended, following scrutiny and debate at Housing Management Board, to:

Review of Rents and Charges

- a) Approve that council dwellings rents be increased in line with rent restructuring guidelines, assuming that 2014/15 is the last year that a move towards convergence with formula rent is possible, but with a maximum in individual increases of inflation (RPI at September 2013 of 3.2%) plus half percent (0.5%) plus £2.00 per week with effect from 7th April 2014, in accordance with the recent consultation for government rent policy guidelines.
- b) Approve inflationary increases of up to a maximum of 2.5% in garage and parking space rents for 2014/15, in line with the base rate of inflation for the year assumed in the HRA Budget Setting Report.
- c) Approve the proposed service charges for Housing Revenue Account services and facilities, as shown in Appendix B of the HRA Budget Setting Report.
- d) Approve revised leasehold administration charges for 2014/15 as detailed in Appendix B of the HRA Budget Setting Report.
- e) Approve that service charges for gas maintenance, door entry systems, lifts and electrical and mechanical maintenance are increased by a maximum of inflation at 3.2% plus 0.5%, if required, to continue to recover full estimated costs as detailed in Appendix B of the HRA Budget Setting Report.
- f) Approve that caretaking, communal cleaning, estate services, grounds maintenance, window cleaning, temporary housing premises and utilities, sheltered scheme premises, utilities, digital television aerial and catering charges continue to be recovered at full cost, as detailed in Appendix B of the HRA Budget Setting Report.

Revenue – HRA

Revised Budget 2013/14:

- g) Approve with any amendments, the Revised Budget items shown in Appendix D of the HRA Budget Setting Report.

Budget 2014/15:

- h) Approve with any amendments, the Non-Cash Limit items shown in Appendix E of the HRA Budget Setting Report.
- i) Approve with any amendments, the Unavoidable Revenue Bids and Savings shown in Appendix F of the HRA Budget Setting Report.
- j) Approve with any amendments, the Priority Policy Fund (PPF) Bids shown in Appendix G of the HRA Budget Setting Report.

The Executive Councillor is asked to recommend to Council (following scrutiny and debate at Community Services Scrutiny Committee):

Treasury Management

- k) Approve the revised approach to treasury management, setting-aside a proportion of the surpluses generated over the life of the Business Plan to allow for potential debt redemption, but re-investing up to 75% of the surplus generated in the acquisition or development of new affordable housing, as outlined in Section 7 of the HRA Budget Setting Report.

Housing Capital

- l) Approval of capital bids, shown in Appendix H of the HRA Budget Setting Report, to include resource to implement the Cambridge Public Sector Network across housing offices, to purchase an additional module for the Housing Management Information System, to undertake emergency water mains replacement at Kingsway and to carry out remedial works to a specific HRA dwelling and the surrounding block.
- m) Approval of re-phasing of £15,000 of resource between 2014/15 and 2013/14 to complete communal floor covering works to an entire block whilst the relevant equipment is on site.

- n) Approval of re-phasing of funding for UPVC window replacements of £500,000 from 2014/15 and £850,000 from 2015/16 into later years in the Housing Capital Investment Plan, recognising that it is too early to move to a full investment standard.
- o) Approval of re-phasing of £250,000 from 2014/15 to 2015/16 in respect of the communal areas uplift, recognising that the full programme of works has not yet been finalised.
- p) Approval of gross funding of £16,210,000 for the development of the affordable housing project at Clay Farm, in line with the scheme specific report being presented to Community Services in January 2014, which assumes 75% affordable rented and 25% shared ownership housing.
- q) Approval of funding of £2,875,000 for the provisional purchase of 13 market housing units on the garage re-development sites (or other units of existing market housing), recognising this as an appropriate use of retained right to buy receipts.
- r) Approval to earmark the required level of additional funding for new build investment in 2016/17 and 2017/18 to ensure that the anticipated level of future retained right to buy receipts can be appropriately utilised.
- s) Approval of the revised Housing Capital Investment Plan as shown in Appendix M of the HRA Budget Setting Report.
- t) Approve a provisional addition to the Housing Capital Allowance of £30,591,000 in respect of anticipated qualifying expenditure in 2014/15.

3. Implications

3.1 All budget proposals have a number of implications. A decision not to approve a revenue bid will impact on managers' ability to deliver the service or scheme in question and could have staffing, equal opportunities, environmental and/or community safety implications. A decision not to approve a capital or external bid will impact on managers' ability to deliver the developments desired in the service areas.

(a) Financial Implications

3.2 The financial implications associated with decisions are outlined in the HRA Budget Setting Report 2014/15, appended to this report, to be

presented to both Community Services Scrutiny Committee and HMB on 16^h January 2014.

(b) **Staffing Implications**

3.3 Any direct staffing implications are outlined in the HRA Budget Setting Report 2014/15, appended to this report, to be presented to both Community Services Scrutiny Committee and HMB on 16^h January 2014.

(c) **Equal Opportunities Implications**

3.4 An Equality Impact Assessment is included at Appendix N of the HRA Budget Setting Report 2014/15, appended to this report, to be presented to both Community Services Scrutiny Committee and HMB on 16^h January 2014.

(d) **Environmental Implications**

3.5 Where relevant, officers have considered the environmental impact of budget proposals, with any impact highlighted in the HRA Budget Setting Report 2014/15, appended to this report, to be presented to both Community Services Scrutiny Committee and HMB on 16^h January 2014.

(e) **Procurement**

3.6 Any procurement implications arising directly from revenue or capital bids will be considered and addressed as part of each individual project.

(f) **Consultation and Communications**

3.7 Consultation with tenant and leaseholder representatives is carried out as part of the HMB scrutiny process. The view of a representative group of tenants and leaseholders, in respect of investment priorities, was sought as part of the 2012 STAR tenants and leaseholder survey, and will be repeated in 2014.

(g) **Community Safety**

3.8 Any community safety implications are outlined in the HRA Budget Setting Report 2014/15, appended to this report, to be presented to both Community Services Scrutiny Committee and HMB on 16^h January 2014.

4. Background Papers

These background papers were used in the preparation of this report:

Housing Revenue Account Mid-Year Financial Review 2013/14
Housing Revenue Account Budget Setting Report 2013/14 to 2017/18.

5. Appendices

The Housing Revenue Account Budget Setting Report 2014/15 is appended to this report.

6. Inspection of Papers

To inspect the background papers or if you have a query on the report please contact:

Author's Name:	Julia Hovells
Author's Phone Number:	01223 – 457822
Author's Email:	julia.hovells@cambridge.gov.uk