



To: Executive Councillor for Housing: Councillor Kevin Price

Report by: Liz Bisset, Director of Customer & Community Services

Relevant scrutiny committee: Housing 14/1/2015  
Scrutiny Committee

Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge  
East Chesterton King's Hedges Market Newnham  
Petersfield Queen Edith's Romsey Trumpington  
West Chesterton

## **2015/16 HOUSING REVENUE ACCOUNT BUDGET SETTING REPORT**

### **Key Decision**

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#### **1. Executive summary**

- 1.1 As part of the 2015/16 budget process, the range of assumptions upon which the HRA Business Plan and Mid-Year Financial Review were based, 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 2015/16 budgets.
- 1.3 The resulting recommendations refer to the strategy outlined in the HRA Budget Setting Report.
- 1.4 The HRA Budget Setting Report is presented to this meeting of the Housing Scrutiny Committee on 14<sup>th</sup> January 2015, to allow consideration and scrutiny of proposals for both the review of rents and service charges and the revenue bids and savings, which form part of the HRA budget. The Executive Councillor for Housing will approve the final HRA revenue budget, after consideration of any budget amendments for the Housing Revenue Account.

- 1.5 The Housing Scrutiny Committee will also consider and scrutinise the Housing Capital Investment Plan, including capital bids and all associated funding proposals, prior to the Executive Council for Housing making final capital recommendations for approval at Council on 26th February 2015.

## **2. Recommendations**

The Executive Councillor, is recommended, following scrutiny and debate at Housing Scrutiny Committee, to:

### **Review of Rents and Charges**

- a) Approve that council dwellings rents be increased in line with government guidelines, ceasing any move towards target rents for existing tenants, but instead applying an individual increase of 2.2% across all tenure, made up of inflation (CPI at September 2014 of 1.2%) plus 1%, with effect from 6th April 2015. This equates to an average rent increase at the time of writing this report of £2.18 per week on a 52 week basis.
- b) Approve inflationary increases of 2% in garage and parking space rents for 2015/16, 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 the proposed leasehold administration charges for 2015/16 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 1.2% plus 1%, 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 and utilities, digital television aerial, flat cleaning 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 2014/15:**

- g) Approve with any amendments, the Revised Budget identified in Section 4 of the HRA Budget Setting Report, which reflects a net reduction in the use of HRA reserves for 2014/15 of £1,084,630.
- h) Approve the release of a net sum of £823,400, previously held within HRA repairs and renewals funds back into general HRA reserves, following a fundamental review of both the inventories and existing funds held.
- i) Approve release of the ear-marked reserves of £389,960 previously held for the purpose of meeting additional pension fund contributions into general HRA reserves, to allow alternative future use.

### **Budget 2015/16:**

- j) Approve with any amendments, the Non-Cash Limit items shown in Appendix D (1) of the HRA Budget Setting Report.
- k) Approve with any amendments, the Unavoidable Revenue Bids and Savings, including those associated with organisational transformation, shown in Appendix D (1) of the HRA Budget Setting Report.
- l) Approve with any amendments, the Priority Policy Fund (PPF) Bids shown in Appendix D (1) of the HRA Budget Setting Report.
- l) (i) Approve the resulting Housing Revenue Account revenue budget as summarised in the Housing Revenue Account Summary Forecast 2014/15 to 2019/20, shown in Appendix H of the HRA Budget Setting Report.

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

## **Treasury Management**

- m) Retain the existing 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 6 of the HRA Budget Setting Report.

## **Housing Capital**

- n) Approval of capital bids, shown in Appendix D (2) of the HRA Budget Setting Report, to include ear-marking resource for the implementation of both a new sub-regional choice based lettings IT system, and the software required to facilitate customer access to elements of the housing management information system, subject to each project demonstrating viability.
- o) Approval of amendment to the Decent Homes Programme investment, recognising the financial implications of a change in the assumed life for UPVC window replacements, from 25 years, to the 40 years required as part of the Decent homes Standard.
- p) Approval of re-allocation of £976,000 of resource in 2015/16 and 2017/18, originally included in previous years for works to communal areas, into the budget for garage improvement works, to allow the authority to undertake major works to some of the larger garage blocks should there be a financially viable business case for investment. The decision to proceed with works following the preparation of each business case shall be delegated to the Director of Customer & Community Services, in consultation with the Executive Councillor, Chair of Housing Scrutiny Committee (Part 2) and the Opposition Spokespersons.
- q) Approval of the latest budget and funding mix for each of the schemes in the 2011-15 new build programme, as detailed in Section 5 and Appendix F of the HRA Budget Setting Report, recognising the most up to date information available as each scheme progresses through the design, planning, build contract and completion process.
- r) Approval of gross funding of £7,008,000 for the development of the affordable housing project on the Homerton site, in line with the scheme specific report being presented to Housing Scrutiny Committee on 14<sup>th</sup> January 2015, which assumes 75% affordable rented and 25% shared ownership housing.
- s) Approval to earmark the required level of additional funding for new build investment between 2015/16 and 2019/20 to ensure that the anticipated level of future retained right to buy receipts can be appropriately utilised.

- t) Approval of re-direction of existing resource, previously identified as Cambridge Standard Investment, to create a new City Homes Estate Improvement Programme, with a view to increasing the future level of investment in this area, as part of the Fundamental Review of the HRA and Housing Service, which will take place during 2015.
- u) Approval of the revised Housing Capital Investment Plan as shown in Appendix I of the HRA Budget Setting Report.
- v) Approve a provisional addition to the Housing Capital Allowance of £29,151,000 in respect of anticipated qualifying expenditure in 2015/16.

### **3. Implications**

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**

The financial implications associated with decisions are outlined in the HRA Budget Setting Report 2015/16, appended to this report, for consideration by both Housing Scrutiny Committee and Council.

#### **(b) Staffing Implications (if not covered in Consultations Section)**

Any direct staffing implications are outlined in the HRA Budget Setting Report 2015/16, appended to this report.

#### **(c) Equality and Poverty Implications**

Equality Impact Assessments have been undertaken in respect of each budget proposal where any impact (positive or negative) is anticipated. All of the assessments are available to view on the Council's website, whilst a consolidated Impact Assessment is presented at Appendix J of the HRA Budget Setting Report.

#### **(d) Environmental Implications**

Where relevant, officers have considered the environmental impact of budget proposals, with any impact highlighted in the HRA Budget Setting Report 2015/16, appended to this report.

**(e) Procurement**

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

**(f) Consultation and communication**

Consultation with tenant and leaseholder representatives is an integral part of the Housing Scrutiny Committee process. The views of tenants and leaseholders, in respect of investment priorities, were sought as part of the 2014 STAR tenants and leaseholder survey, and the outcome has informed this budget process.

**(g) Community Safety**

Any community safety implications are outlined in the HRA Budget Setting Report 2015/16, appended to this report.

**4. Background papers**

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

Housing Revenue Account Budget Setting Report 2014/15  
Housing Revenue Account Mid-Year Financial Review 2014/15  
Equalities Impact Assessments

**5. Appendices**

The Housing Revenue Account Budget Setting Report 2015/16 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:

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