



To: Executive Councillor for Housing: Councillor Kevin Price  
Report by: Liz Bisset, Director of Customer & Community Services  
Relevant scrutiny committee: Housing Scrutiny Committee 13/1/2016  
Wards affected: All Wards

## **2016/17 HOUSING REVENUE ACCOUNT BUDGET SETTING REPORT**

### **Key Decision**

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

- 1.1 As part of the 2016/17 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 2016/17 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 13<sup>th</sup> January 2016, 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 25<sup>th</sup> February 2016.

## **2. Recommendations**

Under Part 1 of the agenda, 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 for existing tenants be reduced by 1%, in line with legislative requirements, introduced as part of the Welfare Reform and Work Bill 2015, with effect from 4th April 2016. This equates to an average rent reduction at the time of writing this report of £1.01 per week on a 52 week basis.
- b) Approve inflationary increases of 2% in garage and parking space rents for 2016/17, 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 2016/17 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 as measured by CPI at September 2015 (-0.1%) plus 1%, if required, to continue to recover full estimated costs as detailed in Appendix B of the HRA Budget Setting Report. This will result in a cap in increases for these charges of 0.9%.
- f) Approve that caretaking, building cleaning, estate services, grounds maintenance, 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.
- g) Approve that the charge for the full cost of the provision of the alarm service in sheltered housing and dispersed community alarm properties be identified separately, as a charge which is ineligible for housing benefit, following cessation of funding for this service by the County Council from April 2016.

## **Revenue – HRA**

Revised Budget 2015/16:

- h) 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 2015/16 of £19,300.
- i) Approve release, cessation of use, and appropriation, of an earmarked reserve currently standing at £121,900, held in respect of monies received for the placement of aerials on HRA flat blocks, into general HRA reserves, to allow alternative future use.

Budget 2016/17:

- 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 Pressures, Savings and Increased Income proposals, shown in Appendix D (1) of the HRA Budget Setting Report.
- l) Approve the deletion of the Priority Policy Fund (PPF) allocation of £150,000 from 2017/18, and instead approve the creation of a fund for Service Development and Transformation/ Invest to Save Initiatives, of £120,000 per annum for 5 years from 2016/17. Approve delegated authority to the Strategic Advisor, to invest this fund, in either one-off projects, or to fund ongoing activity as required.
- m) Approve the resulting Housing Revenue Account revenue budget as summarised in the Housing Revenue Account Summary Forecast 2015/16 to 2020/21 shown in Appendix J of the HRA Budget Setting Report.

Under Part 2 of the agenda, the Executive Councillor for Housing is asked to recommend to Council (following scrutiny and debate at Housing Scrutiny Committee):

### **Treasury Management**

- n) Request that, in 2016/17, officers review the existing approach to treasury management, which required 25% of the value of the housing debt to be set-aside by the point at which the loan portfolio matures, recognising the financial constraints that have been placed upon the HRA as a result of recent change in national housing policy. A

separate report will be brought back to Housing Scrutiny Committee in 2016/17 following this review.

## **Housing Capital**

- o) Approval of capital bids, shown in Appendix D (2) of the HRA Budget Setting Report, to include meeting the capital cost of re-locating staff to a single area housing office, with the cost to be funded from existing repairs and renewals funds for the service.
- p) Approval of amendment to the Decent Homes Programme investment, recognising the ability to make savings of £810,000 in 2015/16 in respect of boiler replacements, roof structure works, communal areas investment, garage refurbishment, asbestos removal and fire safety works, as detailed in Section 5 and Appendix E (2) of the HRA Budget Setting Report.
- q) Approval of the need to re-profile resource of £570,000 from 2015/16 into 2016/17 in respect of roof covering works and bathroom replacements, and £102,000 from 2015/16 into later years of the programme in respect of remedial works due to sulphate, as detailed in Section 5 and Appendix E (2) of the HRA Budget Setting Report.
- r) Approval of the latest budget, spend profile and funding mix for each of the schemes in the new build programme, as detailed in Section 5 and Appendix H 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.
- s) Recognition of the need to incorporate into the Housing Capital Investment Plan, grants awarded by the Homes and Communities Agency in respect of Aylesborough Close, Water Lane and Ditchburn Place.
- t) Approval to earmark the required level of additional funding for new build investment between 2016/17 and 2017/18 to ensure that commitments can be met in respect of the investment of all right to buy receipts retained by the authority, up to the end of September 2015.
- u) Approval to earmark additional resource of £3,110,000 towards the cost of the re-development of Anstey Way, in anticipation of a revised scheme being brought forward for the site, recognising the lower level of HRA resource available than anticipated when the scheme was first considered.

- v) Approval of allocation of funds for a scheme to re-develop a mixed use HRA site in Akeman Street, subject to the approval of a separate report for the scheme, to be considered in Part 2 of this committee agenda.
- w) Approval of the revised Housing Capital Investment Plan as shown in Appendix K of the HRA Budget Setting Report.
- x) Approve a provisional addition to the Housing Capital Allowance of £34,303,000 in respect of anticipated qualifying expenditure in 2016/17.

## **General**

- w) Approval of delegation to the Head of Finance, as Section 151 Officer, to make the necessary detailed budgetary adjustments in the HRA, in respect of savings approved as part of the HRA Mid-Year Financial Review, following the outcome of consultation with both tenants and staff about proposed service changes and resulting final savings.

## **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 2016/17, appended to this report, for consideration by both Housing Scrutiny Committee and Council.

### **(b) Staffing Implications**

Any direct staffing implications are outlined in the HRA Budget Setting Report 2016/17, appended to this report.

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

An Equalities Impact Assessment has been undertaken in respect of new budget proposals where any impact (positive or negative) is anticipated. The consolidated assessment is presented at Appendix L 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 2016/17, 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 last STAR tenants and leaseholder survey, and the outcome continues to inform investment priorities, and therefore, this budget process.

#### **(g) Community Safety**

Any community safety implications are outlined in the HRA Budget Setting Report 2016/17, appended to this report.

### **4. Background papers**

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

Housing Revenue Account Budget Setting Report 2015/16

Housing Revenue Account Mid-Year Financial Review 2015/16

### **5. Appendices**

The Housing Revenue Account Budget Setting Report 2016/17 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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