



To: Executive Councillor for Housing: Councillor Kevin Price

Report by: Julia Hovells, Business Manager / Principal Accountant (Housing)

Relevant scrutiny committee: Housing Scrutiny Committee

Wards affected: All Wards

18/1/2017

2017/18 HOUSING REVENUE ACCOUNT BUDGET SETTING REPORT

Key Decision

1. Executive summary

- 1.1 As part of the 2017/18 budget process, the range of assumptions upon which the HRA Business Plan and Medium Term Financial Strategy were based, have been 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 2017/18 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 18th January 2017, 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 rents, service charges and 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 23rd February 2017.

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 all social housing properties be reduced by 1%, in line with legislative requirements, introduced as part of the Welfare Reform and Work Act, with effect from 3rd April 2017. This equates to an average rent reduction at the time of writing this report of £1.00 per week on a 52 week basis.
- b) Approve that affordable rents are reviewed in line with rent legislation, to ensure that the rents charged are no more than 80% of market rent, with this figure then reduced by 1%, as with social housing. Local policy is to cap affordable rents at the Local Housing Allowance level, which will result in a rent freeze from 3rd April 2017.
- c) Approve inflationary increases of 2.4% in garage and parking space rents for 2017/18, in line with the base rate of inflation for the year assumed in the HRA Budget Setting Report.
- d) Approve the proposed service charges for Housing Revenue Account services and facilities, as shown in Appendix B of the HRA Budget Setting Report.
- e) Approve the proposed leasehold administration charges for 2017, as detailed in Appendix B of the HRA Budget Setting Report.
- 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, recognising that local authorities should endeavour to limit increases to inflation as measured by CPI at September 2016 (1%) plus 1%, wherever possible.
- g) Approve that service charges for gas maintenance, door entry systems, lifts and electrical and mechanical maintenance are increased in an attempt recover full estimated costs, as detailed in Appendix B of the HRA Budget Setting Report, recognising that local

authorities should endeavour to limit increases to inflation as measured by CPI at September 2016 (1%) plus 1%, equivalent to an increase of 2% in total, wherever possible.

- h) Approve the transfer of budgets for smoke detectors, fencing and third party professional fees to revenue, from capital, recognising the work being carried out in these areas in the future.

Revenue – HRA

Revised Budget 2016/17:

- i) 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 2016/17 of £229,650.

Budget 2017/18:

- 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 Savings, Increased Income, Unavoidable Revenue Pressures and Reduced Income proposals, shown in Appendix D (1) of the HRA Budget Setting Report.
- l) Approve the resulting Housing Revenue Account revenue budget as summarised in the Housing Revenue Account Summary Forecast 2016/17 to 2021/22 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

- m) Request that, in 2017/18, officers conclude a review of the existing approach to treasury management, which requires 25% of the value of the housing debt to be set-aside by the point at which the loan portfolio matures. The review will consider the risks associated with a recommendation to fully re-finance the loan portfolio, against the potential financial benefit to the business plan in the shorter term of investing the resource in income generating assets. A separate report will be brought back to Housing Scrutiny Committee in 2017/18 following this review.

Housing Capital

- n) Approval of capital bids, shown in Appendix D (2) of the HRA Budget Setting Report, to include balcony works at Kings Hedges and Arbury, additional investment in Disabled Facilities Grants, and replacement of the existing housing management information system, where the cost of the latter will be met from an existing repair and renewals fund for IT services.
- o) Approval of the transfer of budgets for smoke detectors, fencing and third party professional fees from capital to revenue, recognising the work being carried out in these areas in the future.
- p) Approval of the latest Decent Homes Programme, to include updated allocation of decent homes expenditure for new build dwellings, as detailed in Appendix E of the HRA Budget Setting Report.
- q) Approval of re-profiling of budget totalling £954,000 for the new build schemes at Water Lane, Hawkins Road and Fulbourn Road, where completion of dwellings is now anticipated in 2017/18, as detailed in Appendices E and H, and summarised in Appendix K, of the HRA Budget Setting Report
- r) Incorporation into the Housing Capital Investment Plan, of anticipated grant of £14,000,000 per annum for 5 years, in respect of devolution funding to assist in the delivery of 500 new affordable homes in the city.
- s) Approval of a £20,000,000 per annum, new build programme, for 5 years beginning in April 2017, recognising that devolution has been approved, that the authority will receive a grant of £14,000,000 per annum towards the delivery of new affordable homes and will utilise retained right to buy receipts and HRA resources to meet the balance of funding required. This programme will replace the previous RTB New Build Programme and the assumption that the authority may need to provide grants to registered providers when sufficient resource were no longer available to top up retained right to buy receipts.
- t) Approval to earmark additional resource of £1,740,000 towards the cost of the re-provision of the existing 23 socially rented homes at Anstey Way, allowing a revised scheme to be brought forward, with any addiitonality on the site being funded from the devolution programme, using devolution grant and retained right to buy receipts.

- u) Approval of the revised Housing Capital Investment Plan as shown in Appendix K of the HRA Budget Setting Report.

General

- v) 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 Budget Setting Report, following the outcome of consultation with both tenants and staff about proposed service changes and resulting final savings.
- w) Approval of delegation to the Head of Finance, as Section 151 Officer, to approve an in year increase in the budget for disabled facilities grants, in direct relation to any increase in the capital grant funding for this purpose, as received from the County Council through the Better Care Fund.
- x) Approval of delegation to the Head of Finance, as Section 151 Officer, to make the necessary detailed budgetary adjustments in the HRA, to reflect the impact of the triennial valuation of the Cambridgeshire Local Government Pension Scheme.

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 2017/18, appended to this report, for consideration by both Housing Scrutiny Committee and Council.

(b) Staffing Implications

Any direct staffing implications are summarised in the HRA Budget Setting Report 2017/18, appended to this report and identified in more detail as part of the Housing transformation Programme Report, which is also presented to Housing Scrutiny Committee as part of this committee cycle.

(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 2017/18, 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 subsequent consultation activity, and the findings continue to inform investment priorities, and therefore, this budget process.

(g) Community Safety

Any community safety implications are outlined in the HRA Budget Setting Report 2017/18, appended to this report.

4. Background papers

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

Housing Revenue Account Budget Setting Report 2016/17

Housing Revenue Account Medium Term Financial Strategy 2016/17

5. Appendices

The Housing Revenue Account Budget Setting Report 2017/18 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: 01954 - 713071

Author's Email: julia.hovells@cambridge.gov.uk