

Item

## **2018/19 HOUSING REVENUE ACCOUNT BUDGET SETTING REPORT**

**To:**

Councillor Kevin Price, Executive Councillor for Housing

**Report by:**

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**Wards affected:**

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

### **Key Decision**

#### **1. Executive Summary**

- 1.1 As part of the 2018/19 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 2018/19 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 17<sup>th</sup> January 2018, 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 22<sup>nd</sup> February 2018.

## **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 rented properties be reduced by 1%, in line with legislative requirements, introduced as part of the Welfare Reform and Work Act, with effect from 2<sup>nd</sup> April 2018. 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 the 1% per annum, as with social housing. Local policy is to cap affordable rents at the Local Housing Allowance level, which will result in rent variations in line with any changes notified to the authority in this level.
- c) Approve that rents for shared ownership are reviewed and amended from April 2018, in line with the specific requirements within the lease for each property.
- d) Approve new garage and parking space charges for 2018/19, in line with the report presented to Housing Scrutiny Committee as part of this committee cycle, as summarised in Section 3 of the HRA Budget Setting Report

- e) Approve the proposed service charges for Housing Revenue Account services and facilities, as shown in Appendix B of the HRA Budget Setting Report.
- f) Approve the proposed leasehold administration charges for 2018/19, as detailed in Appendix B of the HRA Budget Setting Report.
- g) 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 2017 (3%) plus 1%, wherever possible.
- h) 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 2017 (3%) plus 1%, equivalent to an increase of 4% in total, wherever possible.

## **Revenue – HRA**

### Revised Budget 2017/18:

- 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 2017/18 of £52,810.

### Budget 2018/19:

- j) Approve with any amendments, any Non-Cash Limit items identified in Section 4 of the HRA Budget Setting Report or shown in Appendix D (1) of the HRA Budget Setting Report.
- k) Approve with any amendments, any Savings, Increased Income, Unavoidable Revenue Pressures and Reduced Income proposals, as 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

2017/18 to 2022/23 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) Recognise the decision taken in 2017/18 to defer the review of the current 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 until after it is clear whether or not the policy to introduce a levy in respect of the sale of higher value voids will be implemented.

### **Housing Capital**

- n) Approval of capital bids, shown in Appendix D (2) of the HRA Budget Setting Report, to include the replacement of the estate service champion vehicle, recognition of increased costs for the replacement of the housing management information system and the refurbishment / reconfiguration works at Ditchburn Place, and to recognise additional investment in Disabled Facilities Grants in line with anticipated grant awarded through the Better Care Fund via the County Council.
- o) Approval of the latest Decent Homes Programme, to include updated allocation and timing of decent homes expenditure for new build dwellings, as detailed in Appendix E of the HRA Budget Setting Report.
- p) Approval of the latest budget sums, profiling and associated financing for new build schemes including the scheme approved at Mill Road by Strategy & Resources, based upon the latest cost information from the Cambridge Investment Partnership (CIP) or direct procurements, as detailed in Appendices E and H, and summarised in Appendix K, of the HRA Budget Setting Report
- q) Incorporation into the Housing Capital Investment Plan, a Section 106 affordable housing contribution of £1,750,000, to be used as funding towards the delivery of affordable housing within the city, by the HRA.
- r) Approval to earmark additional resource of £2,151,000 towards the cost of a denser re-development at Akeman Street, in advance of the

revised scheme being presented to Housing Scrutiny Committee in March 2018 for formal decision. This will allow the scheme to proceed should the CIP tendered cost fall within the approved cost envelope or allowable contract parameters.

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

## **General**

- t) 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.
- u) Approval of delegation to the Strategic Director to review and amend the level of fees charged by the Shared Home Improvement Agency for disabled facilities grants and repair assistance grants, in line with any decisions s made by the Shared Home Improvement Agency Board.
- v) Approval of delegation to the Strategic Director, in consultation with the Head of Finance, as Section 151 Officer, to draw down resource from the ear-marked reserve for potential debt redemption or re-investment, for the purpose of open market property acquisition or new build housing development, should the need arise, in order to meet quarterly deadlines for the use of retained right to buy receipts.

## **4. 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 2018/19, 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 2018/19, 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 2018/19, appended to this report.

### **(e) Procurement Implications**

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 2018/19, appended to this report.

## **6. Background papers**

Background papers used in the preparation of this report:

Housing Revenue Account Budget Setting Report 2017/18

Housing Revenue Account Medium Term Financial Strategy 2017/18

## **7. Appendices**

The Housing Revenue Account Budget Setting Report 2018/19 is appended to this report.

## **8. Inspection of papers**

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

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