

Item

## **LIBERAL DEMOCRAT AMENDMENT TO : 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 This report sets out amendments proposed by the Liberal Democrat Group to the Housing Revenue Account Budget Setting Report 2018/19, presented to Housing Scrutiny on 17 January 2018 for decision in respect of the revenue aspects of the report by the Executive Councillor for Housing, and consideration of the capital aspects, prior to recommendation to Council on 22 February 2018.
- 1.2 The appendices to this report incorporate the Liberal Democrat Group budget proposals in relation to specific revenue and capital budget items for the HRA, with the resulting financial implications as follows:
  - a) To include additional revenue expenditure from 2018/19 onwards
  - b) To include additional capital expenditure for 2018/19 and 2019/20
  - c) To reduce the level of rent income in line with proposals made as part of this alternative budget

- d) To incorporate the resulting revenue and capital impact of these changes on the HRA as a whole

The proposals are presented as amendments to the published HRA Budget Setting Report, with the changes identified in ***bold italics***. In most cases the sub-section or appendix has been re-stated for ease of reference.

1.3 The Liberal Democrat Group states that its budget amendment addresses the following key areas:

- The difference in rent between the Local Housing Allowance rent and Local Authority rent restructured target rent for 3 to 5 bedroom houses is material in Cambridge. Larger households (with children) in the city on low incomes are already struggling to make ends meet. This will increase further following the introduction of Universal Credit in 2018. The introduction of Local Authority rent restructured target rents for the new 3 to 5 bedroom properties being built as part of the 500 new council houses will materially help larger households in the city on low incomes. This amendment assumes 100 of the homes are built out as 3 bedroom properties, which are subsequently let at rent restructured target rents.
- Many tenants in the councils housing stock will be impacted by the roll out of Universal Credit. Experience of the pilot schemes across the county suggests that there is a vital need for additional resource to advise and assist individuals in the transfer over to the new system. A proposal for a fixed term Housing Officer post to perform this role for 18 months from October 2018 is incorporated as part of this alternative budget. This will be over and above the sum of £100,000 that the Council has already set aside to manage the additional payment transactions anticipated as part of the new welfare system.
- Many elements of the HRA estates comprise communal areas and facilities and shared open spaces. The upkeep and maintenance of these areas is critical to the overall community wellbeing. A proposal to invest total revenue resource of £75,000 spread over two years, to undertake a baseline inspection of all communal areas and identify areas for upgrade is incorporated into this alternative budget. A complimentary proposal for additional capital investment of £1,000,000 also spread over a

two year period, to deliver against the highest priorities identified as part of this exercise is also included.

- The Council has undertaken a consultation of tenants regarding tenants being responsible for the cost of certain repairs required to their properties in the future. Historically, the council has operationally undertaken some repairs, even though council policy has not required it to do so. To protect vulnerable elderly residents, a proposal is incorporated as part of this alternative budget to continue to provide the current, higher level of investment in respect of response repairs in sheltered dwellings. The proposal assumes that 20% of sheltered residents may report a repair that would otherwise be their responsibility in any one year.

1.4 The resulting recommendations refer to the strategy outlined in the HRA Budget Setting Report, as amended by this Liberal Democrat Amendment.

## **2. Recommendations**

Changes to recommendations in the original report are highlighted in ***bold italics***. All of the recommendations have been re-stated in full for clarity.

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.

- bii) ***Approve that rents for all new build homes of three bedrooms or more, built as part of the 500 homes utilising devolution funding, or re-provided on devolution funded sites, are let at target rent restructured rent levels as opposed to Local Housing Allowance levels, with a resulting amendment to the HRA Rent Setting Policy to be made.***
- 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, **inclusion of additional funding for communal areas and estate based investment**, 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, as amended by this Liberal Democrat Amendment.

### **(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, as amended by this Liberal Democrat Amendment.

### **(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, as amended by this Liberal Democrat Amendment.

### **(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, as amended by this Liberal Democrat Amendment.

### **(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, as amended by this Liberal Democrat Amendment.

## **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**

Amended Sections and Extracts of the HRA BSR 2018/19, to include;

- Appendix D (1) - Amended 2018/19 Budget - HRA All Revenue Items
- Appendix D (2) - Amended 2018/19 Budget - HRA All Capital Items
- Appendix E - Amended 2018/19 Budget - HRA All Capital Items
- Appendix J - Amended HRA Summary Forecast 2017/18 to 2022/23
- Appendix K - Amended Housing Capital Investment Plan 2017/18 to 2022/23
- Appendix L – Amended Equalities Impact Assessment
- Appendix M – Amended Rent Setting Policy



## **8. Inspection of papers**

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

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