

Item

2020/21 HOUSING REVENUE ACCOUNT BUDGET SETTING REPORT

To:

Councillor Richard Johnson, Executive Councillor for Housing

Report by:

Julia Hovells, Principal Accountant

Tel: 01223 - 457248

Email: julia.hovells@cambridge.gov.uk

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 2020/21 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 2020/21 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 15 January 2020, 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 13 February 2020.

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 increased by inflation of 1.7%, measured by the Consumer Price Index (CPI) at September 2019, plus 1%, resulting in rent increases of 2.7%, with effect from 6 April 2020. This equates to an average rent increase at the time of writing this report of £2.65 per week on a 52 week basis.
- b) Approve that affordable rents (inclusive of service charge) are reviewed in line with rent legislation, to ensure that the rents charged are no more than 80% of market rent, with current rent levels increased by no more than by inflation of 1.7%, measured by the Consumer Price Index (CPI) at September 2019, plus 1%, resulting in rent increases of up to 2.7%. Local policy is to cap affordable rents (inclusive of all service charges) at the Local Housing Allowance level, which will result in rent variations in line with any changes notified to the authority in this level if these result in a lower than 2.7% increase.
- c) Approve that rents for shared ownership are reviewed and amended from April 2020, in line with the specific requirements within the lease for each property.

- d) Approve that garage and parking space charges for 2020/21, are increased in line with inflation at 1.8%, with resulting charges 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 2020/21, 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, gas maintenance, door entry systems, lifts, electrical and mechanical maintenance, flat cleaning, third party management 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 2019 (1.7%) plus 1%, wherever possible.

Revenue – HRA

Revised Budget 2019/20:

- h) Approve with any amendments, the Revised Budget identified in Section 4 and Appendix D (1) of the HRA Budget Setting Report, which reflects a net reduction in the use of HRA reserves for 2019/20 of £146,310.

Budget 2020/21:

- i) Approve with any amendments, any Non-Cash Limit items identified in Section 4 of the HRA Budget Setting Report or shown in Appendix D (2) of the HRA Budget Setting Report.
- j) Approve with any amendments, any Savings, Increased Income, Unavoidable Revenue Bids, Reduced Income proposals and Bids, as shown in Appendix D (2) of the HRA Budget Setting Report.
- k) Approve the resulting Housing Revenue Account revenue budget as summarised in the Housing Revenue Account Summary Forecast

2019/20 to 2024/25 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

- l) Approve the need to borrow over the 30-year life of the business plan, with the first instance of this anticipated to be in 2022/23, to sustain the current level of investment, which includes £10,000,000 per annum for the delivery of new homes.
- m) Recognise that any decision to borrow further will impact the authority's ability to set-aside resource to redeem 25% of the value of the housing debt by the point at which the loan portfolio matures, with the approach to this to be reviewed before further borrowing commences.

Housing Capital

- n) Approval of capital bids and savings, shown in Appendix D (3) of the HRA Budget Setting Report, to include funding to begin to improve the energy efficiency of the existing housing stock.
- o) Approval of the latest Decent Homes Programme, to include an updated recharge of capitalised officer time 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 all new build schemes, including revised scheme budgets for Akeman Street, Meadows and Buchan Street and Campkin Road, 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) Approval of re-phasing of budget for the Estate Improvement Scheme, to also include reallocation of the resource between capital and revenue based upon the projects identified to date, as detailed in Appendix E, and summarised in Appendix K, of the HRA Budget Setting Report.

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

General

- s) Approval of inclusion of Disabled Facilities Grant expenditure and associated grant income from 2020/21 onwards, based upon 2019/20 grant levels, with approval of delegation to the Head of Finance, as Section 151 Officer, to approve an in year increase or decrease in the budget for disabled facilities grants, in direct relation to any increase or decrease in the capital grant funding for this purpose, as received from the County Council through the Better Care Fund.
- t) 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 made by the Shared Home Improvement Agency Board.
- u) 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 land or 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 or to facilitate future site redevelopment.
- v) Approval of delegation to the Head of Finance, as Section 151 Officer, to make the necessary technical amendments to detailed budgets in respect of the outcome of the review of recharges between the General Fund and the HRA and the outcome of the review of the pension fund deficit contribution, with any net impact for the HRA to be incorporated as part of the HRA Medium Term Financial Strategy in September 2020.

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 2020/21, 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 2020/21, 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 2020/21, 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.

(g) Community Safety

Any community safety implications are outlined in the HRA Budget Setting Report 2020/21, appended to this report.

4. Background papers

Background papers used in the preparation of this report:

Housing Revenue Account Budget Setting Report 2019/20

Housing Revenue Account Medium Term Financial Strategy 2019/20

5. Appendices

The Housing Revenue Account Budget Setting Report 2020/21 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:

Julia Hovells, Principal Accountant

Telephone: 01223 – 457248 or email: julia.hovells@cambridge.gov.uk.