

Item

## **HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL STRATEGY 2020/21**



**To:**

Councillor Richard Johnson, 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 The Housing Revenue Account (HRA) Medium Term Financial Strategy, considered and approved in September / October of each year is one of two long-term strategic financial planning documents produced each year for housing landlord services provided by Cambridge City Council.
- 1.2 The HRA Medium Term Financial Strategy provides an opportunity to review the assumptions incorporated as part of the longer-term financial planning process, recommending any changes in response to new legislative requirements, variations in external national and local economic factors and amendments to service delivery methods, allowing incorporation into budgets and financial forecasts at the earliest opportunity.

## **2. Recommendations**

### **Recommendations to be considered under Part 1 of the Housing Scrutiny Committee Agenda:**

The Executive Councillor is recommended to:

- 2.1 Approve the Housing Revenue Account Medium Term Financial Strategy attached, to include all proposals for change in:
  - Financial assumptions as detailed in Appendix B of the document.
  - 2020/21 revenue budgets and future year forecasts as introduced in Section 5, resulting from changes in financial assumptions and the financial consequences of change and the need to respond to unavoidable pressures, including the impact of the coronavirus pandemic, as introduced in Section 5, detailed in Appendix D and D (1) of the document and summarised in Appendices G (1) and G (2).
- 2.2 Approve that delegated authority be given to the Strategic Director to be in a position to confirm that the authority can renew its investment partner status with Homes England.

### **Recommendations to be considered under Part 2 of the Housing Scrutiny Committee Agenda:**

The Executive Councillor is asked to recommend to Council:

- 2.3 To approve proposals for changes in existing housing capital budgets, as introduced in Sections 6 and 7 and detailed in Appendix E of the document, with the resulting position summarised in Appendix H, for decision at Council on 22 October 2020.
- 2.4 To approve the revised funding mix for the delivery of the Housing Capital Programme, recognising the latest assumptions for the use of Devolution Grant, Right to Buy Receipts, HRA Resources, Major Repairs Allowance, Section 106 Funding and HRA borrowing.

- 2.5 Extend the existing delegated authority to the Strategic Director in consultation with the Executive Councillor for Housing to approve use of Council land as sites for rough sleeper next steps POD's on an individual basis based on the criteria as set out in the Housing Development Options for Homeless People report to Housing Scrutiny Committee in January 2020.

### **3. Background**

- 3.1. The Housing Revenue Account budget was set for 2020/21 as part of 2020/21 HRA Budget Setting Report, approving a net use of reserves in the year of £3,997,780.
- 3.2 This figure was amended to reflect approvals to carry forward expenditure originally anticipated to be incurred in 2019/20 into 2020/21 as part of the closedown process for 2019/20. Following these changes, the increased sum of £5,429,080 was anticipated to be taken from reserves for the year.
- 3.3 Following approval of the 2019/20 outturn report, and as a direct result of the coronavirus pandemic, delegation was given to the Head of Finance to remove the 2020/21 budgetary inflation in respect of non-pay and non-contractual expenditure across the HRA. This exercise reduced the budgeted call on HRA reserves in 2020/21 by £281,860, resulting in a net call on reserves of £5,147,220 for the year.
- 3.4 The HRA Medium Term Financial Strategy revisits the assumptions made as part of the HRA Budget Setting Report and recommends both changes in these and in some areas of budgeted expenditure and income for 2020/21 and beyond.
- 3.5 The resulting financial impact for the Housing Revenue Account is explained and summarised in the attached document and appendices.
- 3.6 As part of the HRA Medium Term Financial Strategy, the previously earmarked sum of £10,000,000 per annum over the life of the plan has been replaced with the assumption that the sum of £657,580,449 is

incorporated between 2020/21 and 2031/32 to facilitate the delivery of a net 1,000 council rented homes over this period. As described in the report itself, the funding assumes the delivery of 1,933 dwellings, with 1,200 gross council rented homes (200 of which are assumed as re-provision of existing homes), 500 of these being market units and 233 being built out as shared ownership homes to assist in funding the council rented properties.

- 3.7 A separate report is presented as part of this committee cycle, which provides the context surrounding the proposed 1,000 homes programme, which includes a mixture of land acquisition, joint venture / section 106 sites, off the shelf purchases and redevelopment of some existing HRA homes, with the assumption that the authority can secure Homes England grant funding to support the housing delivery.
- 3.8 To be in a position to be able to bid for any funding or additional borrowing capacity provided through Homes England for the provision of social, affordable or intermediate housing, the authority is required to remain an investment partner with Homes England. To remain as an investment partner, as Cambridge City Council is currently, the authority is required to confirm annually that there have been no material changes to its membership status and that there is authority in place for continued membership.
- 3.9 As part of this covering report for the HRA Medium Term Financial Strategy, this is confirmed, and delegated authority is requested to allow the Strategic Director to continue to make this annual confirmation.

## **4. Implications**

### **(a) Financial Implications**

The financial implications associated with the HRA Medium Term Financial Strategy are incorporated as part of the document itself and the associated appendices.

## **(b) Staffing Implications**

There are no direct staffing implications associated with the HRA Medium Term Financial Strategy.

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

An Equalities Impact Assessment is not considered to be required as part of this report but will be carried out as part of the 2021/22 HRA budget process and preparation of the 2021/22 HRA Budget Setting Report.

## **(d) Environmental Implications**

There are no adverse environmental implications anticipated as a result of changes proposed in this report. The incorporated option for the inclusion of the delivery of 1,000 new affordable rented homes is for the homes to be built to Passivhaus standards, which will positively impact the environment.

## **(e) Procurement Implications**

Any procurement implications arising from the recommendations for additional investment in this report will be addressed by the relevant service areas.

## **(f) Community Safety Implications**

There are no direct community safety implications associated with the HRA Medium Term Financial Strategy.

## **5. Consultation and communication considerations**

Tenant and Leaseholder representatives are being consulted on the proposals in the HRA Medium Term Financial Strategy as part of the Housing Committee scrutiny process.

## **6. Background papers**

Background papers used in the preparation of this report:

- (a) Housing Revenue Account Mid-Year Financial Review (October 2019)
- (b) Housing Revenue Account Budget Setting Report (February 2020)

## **7. Appendices**

Appendix A Housing Revenue Account Medium Term Financial Strategy

## **8. Inspection of papers**

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

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