

Item

2022/23 HOUSING REVENUE ACCOUNT BUDGET SETTING REPORT

To:

Councillor Mike Todd-Jones, 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 2022/23 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 2022/23 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 20 January 2022, 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 24 February 2022.

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 3.1%, measured by the Consumer Price Index (CPI) at September 2021, plus 1%, resulting in rent increases of 4.1%, with effect from 4 April 2022. This equates to an average rent increase of £4.21 per week.
- 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 rents for existing tenants increased by no more than inflation of 3.1%, measured by the Consumer Price Index (CPI) at September 2021, plus 1%, resulting in rent increases of up to 4.1%. Local policy is to cap affordable rents (inclusive of all service charges) at the Local Housing Allowance level, which would usually result in rent variations in line with any changes notified to the authority in this level if these result in a lower than 4.1% increase. As the Local Housing Allowance was increased significantly in late March 2020, affordable rent increases will be capped at 4.1% from April 2022, which is still well below the 2022/23 Local Housing Allowances levels.

- c) Approve that rents for shared ownership properties are reviewed and amended from April 2022, in line with the specific requirements within the lease for each property.
- d) Approve that garage and parking space charges for 2022/23, are increased by inflation at 2% in line with the level of inflation incorporated into the HRA as part of the Medium-Term Financial Strategy process, and that charges for parking permits are reviewed, with any resulting charges 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 2022/23, as detailed in Appendix B of the HRA Budget Setting Report.
- g) Approve that caretaking, building cleaning, window 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 services, specialist equipment 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 2021 (3.1%) plus 1%, wherever possible.
- h) Approve the updated HRA Rent Setting Policy, included at Appendix M to the HRA Budget Setting Report.

Revenue – HRA

Revised Budget 2021/22:

- i) 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 2021/22 of £262,870.

Budget 2022/23:

- 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 (2) of the HRA Budget Setting Report.
- k) 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.
- l) Approve the resulting Housing Revenue Account revenue budget as summarised in the Housing Revenue Account Summary Forecast 2021/22 to 2026/27 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) Approve the revised 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 proposed level of investment, which includes ear-marking funding for delivery of a net 1,000 new homes over a 10-year timeframe.
- n) Recognise that the constitution delegates Treasury Management to the Head of Finance (Part 3, para 5.11), with Part 4F, C16 stating; 'All executive decisions on borrowing, investment or financing shall be delegated to the Head of Finance, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.
- o) 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

- p) Approval of capital bids, as detailed in Appendix D (3) and Appendix E of the HRA Budget Setting Report.

- q) Approval of the latest Decent Homes and Other HRA Stock Investment Programme, to include reduced expenditure for wall structure and fire safety works and re-phasing of other elements of the programme into later years, as detailed in Appendix E of the HRA Budget Setting Report.
- r) Approval of the latest budget sums, profiling and associated financing for all new build schemes, including revised scheme budgets for Colville III, Fen Road, Ditton Fields, Aragon Close, Sackville Close and Borrowdale based upon the latest cost information from the Cambridge Investment Partnership (CIP) and a reduction in unit numbers at Aylesborough Close, as detailed in Appendices E and H, and summarised in Appendix K, of the HRA Budget Setting Report.
- s) Approval of allocation of funds from the budget ear-marked for the delivery of 1,000 net new homes to allow buy back of leasehold dwellings and relocation of tenants from Princess and Hanover Court over the next two years, in advance of a final recommendation for the future of the estate which will be presented once the options appraisal and consultation work has been concluded.
- t) Approval of the revised Housing Capital Investment Plan as shown in Appendix K of the HRA Budget Setting Report.

General

- u) Approval of inclusion of Disabled Facilities Grant expenditure and associated grant income from 2022/23 onwards, based upon 2021/22 net grant received, 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 any year, 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.
- v) Approval of delegation to the Head of Finance, as Section 151 Officer, to determine the most appropriate use of any additional Disabled Facilities Grant funding, for the wider benefit of the Shared Home Improvement Agency.
- w) 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.

- x) Approval of delegation to the Strategic Director to review, agree and enter into a revised Shared Home Improvement Agency Shared Service Agreement, in line with recommendations made by the Shared Home Improvement Agency Board.
- y) 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 reserves 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 deadlines for the use of retained right to buy receipts or to facilitate future site redevelopment.
- z) Approval of delegation to the Head of Finance, as Section 151 Officer, to make any necessary technical amendments to detailed budgets in respect of recharges between the General Fund and the HRA, with any change in impact for the HRA to be incorporated as part of the HRA Medium Term Financial Strategy in September 2022.

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 2022/23, 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 2022/23, 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 2022/23, 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 2022/23, appended to this report.

4. Background papers

Background papers used in the preparation of this report:

Housing Revenue Account Budget Setting Report 2021/22

Housing Revenue Account Medium Term Financial Strategy 2021/22

5. Appendices

The Housing Revenue Account Budget Setting Report 2022/23 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:

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