

Item

**RECOMMENDATION TO COUNCIL
EXECUTIVE COUNCILLOR FOR HOUSING –
COUNCILLOR BIRD**

**2023/24 HOUSING REVENUE ACCOUNT BUDGET
SETTING REPORT**

To:

Councillor Gerri Bird, 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 2023/24 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 2023/24 budgets.
- 1.3 The resulting recommendations refer to the strategy outlined in the HRA Budget Setting Report.
- 1.4 The HRA Budget Setting Report was presented to Housing Scrutiny Committee on 24 January 2023, 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 approved rents, service charges and the HRA revenue budget, after consideration of any budget amendments for the Housing Revenue Account.
- 1.5 The Housing Scrutiny Committee also considered and scrutinised the Housing Capital Investment Plan, including capital bids and all associated funding proposals, prior to the Executive Councillor for Housing making final capital recommendations for approval at this meeting of Council.
- 1.6 However, an amended version of the HRA Budget Setting Report is presented to Council, recognising a number of key changes:
 1. Reflecting the financial impact of an urgent decision made post Housing Scrutiny Committee, approving the acquisition or development of at least 30 homes to accommodate Ukrainian or Afghan refugees, subject to receipt of grant funding from Department for Levelling Up, Housing and Communities (DLUHC) to part fund the programme (see section 5, page 53 and appendices E, H and K, of the HRA Budget Setting Report).
 2. Inclusion of £1,000,000 of Department for Business, Energy and Industrial Strategy (BEIS) Capital Investment Fund Grant funding towards the land assembly costs for the scheme at Fanshawe Road, which was awarded after publication of the original HRA Budget Setting Report (see section 5, page 50 and appendices H and K, of the HRA Budget Setting Report).
 3. Draw down from the unallocated new build budget, and separate identification of £2,000,000 in 2023/24 to allow strategic acquisition of property on potential future redevelopment sites to

ensure best value is achieved in the marketplace (see appendices E, H and K, of the HRA Budget Setting Report).

4. Confirmation that Homes England Grant has been awarded for the schemes at Aragon Close and Sackville Close (see section 5, page 47 and 49 of the HRA Budget Setting Report).
5. Technical amendment to defer the use of the ear-marked reserve for debt redemption or re-investment in new homes, in line with the changes made to the use of revenue financing of capital expenditure in the original HRA Budget Setting Report (see appendices D(1), D(2) and J, of the HRA Budget Setting Report).
6. Reflecting the intention to re-phase £400,000 of resource from 2022/23 into 2023/24 in respect of communal door replacement, and not doors to individual properties, as had been incorrectly represented in some places in the original HRA Budget Setting Report (see appendices K of the HRA Budget Setting Report).

2. Recommendations

The Executive Councillor, is recommended to:

Revenue – HRA

Revised Budget 2022/23:

- a) Approve 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 2022/23 of £4,327,200.

Budget 2023/24:

- b) Approve 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.
- c) Approve any Savings, Increased Income, Unavoidable Revenue Bids, Reduced Income Proposals and Bids, as shown in Appendix D (2) of the HRA Budget Setting Report.

- d) Approve the resulting Housing Revenue Account revenue budget as summarised in the Housing Revenue Account Summary Forecast 2022/23 to 2027/28 shown in Appendix J of the HRA Budget Setting Report.

Council is recommended to:

Treasury Management

- e) 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 2023/24, to sustain the proposed level of investment, which includes ear-marking funding for delivery of the 10 Year New Homes Programme.
- f) 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.
- g) Recognise that the decision to borrow significantly to build new homes impacts the authority's ability to set-aside resource to redeem the HRA Self-Financing debt at the point at which the loan portfolio matures, with the need to re-finance debt in the latter stages of the business plan.

Housing Capital

- h) Approve capital bids, as detailed in Appendix D (3) and Appendix E of the HRA Budget Setting Report.
- i) Approve the latest Decent Homes and Other HRA Stock Investment Programme, to include re-phasing of elements of the programme into later years, as detailed in Appendix E of the HRA Budget Setting Report.
- j) Approve the latest budget sums, profiling and associated financing for all new build schemes, as detailed in Appendices E and H, and summarised in Appendix K, of the HRA Budget Setting Report.
- k) Approve the allocation of £10,964,000 of funds from the budget ear-marked for the delivery of new homes into a scheme specific budget for

East Road, in line with the scheme specific report presented as part of the committee cycle.

- l) Approve the allocation of £11,387,366 000 of funds from the budget ear-marked for the delivery of new homes into a specific budget to allow the acquisition or development of a minimum of 30 homes for Ukrainian and Afghan refugees in 2023/24, subject to final award of DLUHC grant of £4,968,683, with the original funding for new homes replaced in later years of the programme.
- m) Approve the allocation of £2,000,000 of funds from the budget ear-marked for the delivery of new homes into a specific budget for the acquisition of existing homes on potential future development sites.
- n) Approve the revised Housing Capital Investment Plan as shown in Appendix K of the HRA Budget Setting Report.

General

- o) Approve inclusion of Disabled Facilities Grant expenditure and associated grant income from 2022/23 onwards, based upon 2022/23 net grant awarded, 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.
- p) Approve 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.
- q) Approve delegation to the relevant 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 recommendations made by the Shared Home Improvement Agency Board.
- r) Approve delegation to the relevant 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.

- s) Approve 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 reported and incorporated as part of the HRA Medium Term Financial Strategy in September 2023.
- t) Note the result of the Homes England Compliance Audit in respect of rough sleeper property acquisitions at confidential Appendix M, recognising there is no corrective action to be taken.

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 2023/24, appended to this report, for consideration by Council.

(b) Staffing Implications

Any direct staffing implications are summarised in the HRA Budget Setting Report 2023/24, 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 2023/24, 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 2023/24, appended to this report.

4. Background papers

Background papers used in the preparation of this report:

Housing Revenue Account Budget Setting Report 2022/23

Housing Revenue Account Medium Term Financial Strategy 2022/23

5. Appendices

The Housing Revenue Account Budget Setting Report 2023/24 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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