



2024/25 HOUSING REVENUE ACCOUNT BUDGET SETTING REPORT

To:

Councillor Gerri Bird, Executive Councillor for Housing and Homelessness

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 2024/25 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 2024/25 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 23 January 2024, 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 and Homelessness 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 and Homelessness making final capital recommendations for approval at Council on 15 February 2024.

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 and social shared ownership properties be increased in line with government guidelines, with an increase of 7.7%, being inflation as measured by the Consumer Price Index (CPI) at September 2023 of 6.7%, plus 1%. Rent increases will take effect from 1 April 2024. This equates to an average rent increase of £8.69 per week.
- b) Approve that affordable rents, inclusive of service charge, are also increased by 7.7% in line with the increase for social rents. This equates to an average rent increase of £13.05 per week.
- c) Approve that rents for affordable shared ownership properties are increased by RPI as at January 2024, plus 0.5%, as allowed for in the lease requirements for these properties.
- d) Approve that garage and parking space charges for 2024/25, are increased by inflation at 7.7%, in line with dwelling rents, recognising

the proposal to increase garage rents at a higher rate for 2024/25 as rents were increased by lower than inflation in 2023/24. Approve any changes in charges for parking permits, with any resulting charges summarised in Section 6 of the HRA Budget Setting Report.

- e) Approve the proposed service charges for Housing Revenue Account services and facilities, as shown in Appendix D of the HRA Budget Setting Report.
- f) Approve the proposed leasehold administration charges for 2024/25, as detailed in Appendix D of the HRA Budget Setting Report.
- g) Approve that service charges continue to be recovered at full estimated cost, as detailed in Appendix D of the HRA Budget Setting Report, recognising that local authorities should endeavour to limit increases to inflation as measured by CPI at September 2023 (6.7%) plus 1%, wherever possible.

Revenue – HRA

Revised Budget 2023/24:

- h) Approve with any amendments, the Revised Budget identified in Section 7 and Appendix E (1) of the HRA Budget Setting Report, which reflects a net reduction in the use of HRA reserves for 2023/24 of £571,010

Budget 2024/25:

- i) Approve with any amendments, any Non-Cash Limit items identified in Section 7 of the HRA Budget Setting Report or shown in Appendix E (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 E (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 2023/24 to 2028/29 shown in Appendix G 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 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.
- m) Recognise that the constitution delegates Treasury Management to the Chief Finance Officer (Part 3, para 5.11), with Part 4F, C16 stating; 'All executive decisions on borrowing, investment or financing shall be delegated to the Chief Finance Officer, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.
- n) 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

- o) Approval of capital bids, as detailed in Appendix E (3) and Appendix F of the HRA Budget Setting Report.
- p) Approval of the latest Decent Homes and Other HRA Stock Investment Programme, to include re-phasing of elements of the programme between capital and revenue, as detailed in Appendix F of the HRA Budget Setting Report.
- q) Approval of the latest budget sums, profiling and associated financing for all new build schemes, as detailed in Appendix F, and summarised in Appendix H, of the HRA Budget Setting Report.
- r) Approval of allocation of £15,285,000 of funds from the budget ear-marked for the delivery of new homes into a scheme specific budget for Newbury Farm, in line with the scheme specific report presented as part of the committee cycle.

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

General

- t) Approval of inclusion of Disabled Facilities Grant expenditure and associated grant income from 2024/25 onwards, based upon 2023/24 net grant awarded, with approval of delegation to the Chief Finance Officer, 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.
- u) Approval of delegation to the Chief Finance Officer, 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.
- v) Approval of delegation to the Director of Communities 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.
- w) Approval of delegation to the relevant Director, in consultation with the Chief Finance Officer, as Section 151 Officer, to draw down resource from the ear-marked revenue reserve or capital 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 deadlines for the use of retained right to buy receipts or to facilitate future site redevelopment.
- x) Approval of delegation to the Chief Finance Officer, 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 or November 2024.

3. Background

- 3.1 The HRA Budget Setting Report is one two opportunities in the financial year to review the HRA Business Plan and to update financial forecasts and projections.
- 3.2 The HRA budget is set in the context of the 30-year business plan, to ensure that sufficient income is forecast to allow the Councils housing stock can be managed effectively and maintained to a decent standard, whilst also maximising the number of new homes that can be delivered.
- 3.3 The HRA faces significant financial challenges, with a significant investment need identified in the housing stock in order to improve homes to an appropriate level of energy efficiency over the coming years.
- 3.4 This iteration of the business plan also takes account of the need to correct one of two errors in historic rent setting processes, with a resulting reduction in forecast rent income for future years, coupled with the need to identify resource to refund tenants who may have been over-charged historically. This has a significant impact on the financial forecasts contained within the HRA Business Plan and will result in the need to take remedial action in future iterations. This issue is addressed in the HRA Budget Setting Report, and some potential mitigations are outlined for future decision.

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, climate change 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 2024/25, 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 2024/25, 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 J of the HRA Budget Setting Report.

(d) Net Zero Carbon, Climate Change and Environmental Implications

Where relevant, officers have considered the climate change impact of budget proposals, with any impact highlighted in the HRA Budget Setting Report 2024/25, 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) Community Safety

Any community safety implications are outlined in the HRA Budget Setting Report 2024/25, appended to this report.

5. Consultation and communication considerations

Tenant and leaseholder representatives are consulted on any changes in the HRA budget as an integral part of the scrutiny process associated with this committee. All tenants receive individual written communication in advance of any change in rent or service charge levels.

6. Background papers

Background papers used in the preparation of this report:

Housing Revenue Account Budget Setting Report 2023/24

Housing Revenue Account Medium Term Financial Strategy 2023/24

7. Appendices

The Housing Revenue Account Budget Setting Report 2024/25 is appended to this report.

8. Inspection of papers

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

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