

## RECORD OF EXECUTIVE DECISION

Monday, 1 February 2010

**Decision No:** (CAB 09/10 1690)

DECISION-MAKER:	CABINET
PORTFOLIO AREA:	Cabinet Member for Housing and Local Services
SUBJECT:	Housing Revenue Account Budget Report
AUTHOR:	Rob Carr

### THE DECISION

To consider the report and agree that the following recommendations be made to Council at the meeting on 17 February 2010:

- (i) To thank Tenant Association Representatives for their input to the capital and revenue budget setting process and to note their views as set out in this report.
- (ii) To agree that, with effect from the 5<sup>th</sup> April 2010, the current average weekly dwelling rent figure of £63.57 should increase by 2.45%, which equates to an average increase of £1.56 per week, and to approve the following to calculate this increase:
  - That the percentage reduction applied to all dwelling rents should be 0.9%, equivalent to a reduction of £0.57 per week
  - That the revised phased introduction of the Government's Rent Restructuring regime should be followed, giving an increase in average rent levels of 2.96% (£1.88 per week)
  - That the final step should be a further increase in average rent levels of 0.39% (£0.25 per week) for the caps and limits adjustment and,

to note that:

- The total percentage increase in individual rents will vary according to the restructured rent of their property in 2012/13.
- (iii) To agree that there is no increase in the charges for garages and parking spaces for 2010/11.
  - (iv) To agree that there is no increase in tenants service charges for 2010/11.
  - (v) To approve the Housing Revenue Account Revenue Estimates as set out in the attached Appendix 1.
  - (vi) To approve the revised Housing Revenue Account Capital Programme set out in Appendix 2 which includes total spending of £82.214M on work that meets the definition of "affordable housing".
  - (vii) To approve the use of resources to fund the HRA Capital Programme as

shown in Appendix 3, including the following use of unsupported (prudential) borrowing:

- £2.150M to support the overall programme (unchanged from the report in September 2009)
- £3.356M to fund the new build programme that is not funded from HCA grant
- £2.600M to fund the digital TV proposals if this is more cost effectively purchased rather than leased
- £0.870M to fund the estate regeneration programme pending the receipt of capital receipts from sale of the sites and
- £3.100M of short term borrowing to sustain the programme in 2010/11, which can be repaid by the end of 2012/13.

(viii) To note that, because the final HRA subsidy papers have not yet been received from the Government, it may be necessary for either:

- The Cabinet Member for Housing and Local Services to move changes to the recommendations in this report at Council if there is a material difference between the final subsidy papers and the draft subsidy papers that have been used in compiling these estimates or
- For Council to agree to delegate to the Executive Director for Neighbourhoods, in consultation with the Executive Director for Resources and following consultation with the Cabinet Member for Housing and Local Services, authority to make changes to the recommendations in this report if the final subsidy papers have not been received by the time of the Council meeting and there is a material difference between the final subsidy papers and the draft subsidy papers that have been used in compiling these estimates.

(ix) To note the savings that have been made in the budget process, as set out in paragraphs 13 to 15.

(x) To note that rental income and service charge payments will be paid by tenants over a 48 week period.

(xi) To note that the overall shortfall in resources of £2.561M to fund the capital programme is within the tolerances set by the Executive Director for Resources in the approved Medium Term Financial Strategy and that plans are in place to close this gap as set out in paragraph 31.

(xii) To delegate to the Executive Director for Resources, following consultation with the Cabinet Members for Housing and Local Services and Resources and Workforce Planning, the Executive Director for Neighbourhoods and the Solicitor to the Council, authority to determine the Council's response to the "buy-out" offer for Reform of Council Housing Finance if the response is required in such a period that it is not possible to submit a report to Council.

## **REASONS FOR THE DECISION**

The Council's Constitution sets out the process to be followed in preparing the Council's budget. This process includes a requirement for the Executive to formally submit their budget proposals for the forthcoming year to Council. The budget proposals in this report cover the HRA revenue budget and capital programme.

**DETAILS OF ANY ALTERNATIVE OPTIONS**

The alternative option of not setting next year's rent increase in accordance with the new rent restructuring guidance as well as changes to the HRA Capital Programme and HRA Revenue Estimates have been discussed with the tenant representatives. It was noted that setting a lower rent increase in 2010/11 would result in higher increases in subsequent years and lead to reductions in the capital programme. It was also noted that setting a higher rent increase in 2010/11 would lead to an equivalent loss of HRA subsidy in 2011/12. Both options were not supported.

**OTHER RELEVANT MATTERS CONCERNING THE DECISION**

None.

**CONFLICTS OF INTEREST**

None.

**CONFIRMED AS A TRUE RECORD**

We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record of that decision.

Date: 1<sup>st</sup> February 2010

Decision Maker:  
The Cabinet

Proper Officer:  
Judy Cordell

**SCRUTINY**

Note: This decision will come in to force at the expiry of 5 working days from the date of publication subject to any review under the Council's Scrutiny "Call-In" provisions.

Call-In Period expires on

Date of Call-in (*if applicable*) (*this suspends implementation*)

Call-in Procedure completed (*if applicable*)

Call-in heard by <i>(if applicable)</i>
Results of Call-in <i>(if applicable)</i>