

Cambridge City Council

Date: Wednesday, 15 January 2020

Venue: Committee Room 1 & 2, The Guildhall, Market Square, Cambridge, CB2 3QJ

Contact: democratic.services@cambridge.gov.uk, tel:01223 457000

9 HRA Budget-Setting Report (BSR) 2020/21

HRA BSR 2020-21 HSC Final - Liberal Democrat
Alternative Budget with appendices

(Pages 5 - 62)

Housing Scrutiny Committee Members: Todd-Jones (Chair), Bird (Vice-Chair), Cantrill, Hadley, Matthews, Porrer, Sheil and Thittala

Alternates: Barnett, McGerty and Smart

Tenants and Leaseholders: Lulu Agate (Tenant Representative), Diane Best (Leaseholder Representative), Kay Harris (Tenant Representative), Diana Minns (Tenant Representative), Christabella Amiteye (Tenant Representative) and Jean-Louis Ayivor (Tenant Representative)

Executive Councillors: Johnson (Executive Councillor for Housing)

Information for the public

The public may record (e.g. film, audio, tweet, blog) meetings which are open to the public. For details go to:

www.cambridge.gov.uk/have-your-say-at-committee-meetings

For full information about committee meetings, committee reports, councillors and the democratic process:

- Website: <http://democracy.cambridge.gov.uk>
- Email: democratic.services@cambridge.gov.uk
- Phone: 01223 457000

Housing Scrutiny Committee	
Terms of Reference	
A.	Overview and scrutiny of the strategic and other housing functions for which the Executive Councillor for Housing is responsible, including responsibility for the development of housing strategies and policies, tackling homelessness, the Council's housing responsibilities with regard to the private rented sector, bringing vacant homes back into use, the development of new homes and partnership working with other housing providers.
B.	Overview and scrutiny of functions relating to the management of the Council's housing stock.
C.	To be the main discussion forum between the Council, its tenants and its leaseholders for all matters relating to the landlord function of Cambridge City Council.

Membership
City Councillors (Such number as shall be decided by the Council from time to time)
Six elected tenants and leaseholders of Cambridge City Council of whom at least five shall be tenants of Cambridge City Council.
Appointment of tenant and leaseholder members
Tenant and leaseholder members shall be co-opted by the Scrutiny Committee following the procedure for election set out in the Overview and Scrutiny Procedure Rules in Part 4E.
Voting
Tenant and leaseholder members are voting members in respect of matters concerning the management of the Council's housing stock (Part 1 of the agenda.) Tenant and leaseholder members may contribute to discussion of other matters (Part 2 of the agenda) but shall not have a vote.
Appointment of Chair
The Chair of the Scrutiny Committee shall be appointed by the Council and be a councillor and shall chair Part 2. The Vice-chair shall be nominated by the elected tenants and leaseholders and shall chair Part 1 if present. If the Chair or Vice-chair is not present, a councillor shall be appointed as the Vice-chair for that meeting.
Other matters relating to elected tenants and leaseholders
These are set out in the Overview and Scrutiny Procedure Rules in Part 4E. They include information about the roles, responsibilities and training of tenant and leaseholder representatives, expenses and allowances, and the circumstances in which they may cease to be members of the Committee.

This page is intentionally left blank

Item

LIBERAL DEMOCRAT AMENDMENT TO : 2020/21 HOUSING REVENUE ACCOUNT BUDGET SETTING REPORT

To:

Councillor Richard Johnson, Executive Councillor for Housing

Report by:

Julia Hovells, Assistant Head of Finance and Business Manager

Tel: 01223 - 457248

Email: julia.hovells@cambridge.gov.uk

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 This report sets out amendments proposed by the Liberal Democrat Group to the Housing Revenue Account Budget Setting Report 2020/21, presented to Housing Scrutiny on 15 January 2020 for decision in respect of the revenue aspects of the report by the Executive Councillor for Housing, and consideration of the capital aspects, prior to recommendation to Council on 13 February 2020.
- 1.2 The appendices to this report incorporate the Liberal Democrat Group budget proposals in relation to specific revenue and capital budget items for the HRA, with the resulting financial implications as follows:
 - a) To include additional revenue expenditure from 2020/21 onwards
 - b) To include additional revenue savings from 2020/21 onwards
 - c) To reduce the level of rent income, in line with proposals made as part of this alternative budget

- d) To incorporate the resulting revenue and capital borrowing impact of these changes on the HRA as a whole.

The proposals are presented as amendments to the published HRA Budget Setting Report, with the changes identified in ***bold italics***. In most cases the sub-section or appendix has been re-stated for ease of reference.

1.3 The Liberal Democrat Group states that its budget amendment addresses the following key areas:

- ***A proposal to reduce the substantive Labour Group Budget unavoidable revenue pressure item URP4676 in respect of the anticipated increase in pension fund deficit costs, recognising that since publication of the HRA Budget Setting Report, definitive figures have been received from LGSS. This allows the re-allocation of this resource into other areas.***
- ***A proposal to include an additional saving, which would reduce the Housing Transformation Fund from £120,000 per annum to £10,000 in 2020/21 and £20,000 from 2021/22 on an ongoing basis. This saving assumes that the cost of transforming the Repairs Service can be met from 2019/20 transformation funding or would form part of a future bid for resource once the findings of the review have been presented for consideration and decision.***
- ***The difference in rent for family homes of 3 bedrooms or more between the Local Housing Allowance 'Cambridge Rent' and Local Authority rent restructured target rent for all homes built as part of the Council's Devolution Programme. The introduction of Local Authority rent restructured target rents for all future 3 and 4 bedroom properties being built as part of the 500 new council homes will materially benefit larger family households on low incomes. This amendment assumes that the estimated 33 three bedroom homes that remain to be built as part of the programme (both new and re-provided homes on the existing devolution sites) are subsequently let at rent restructured target rents.***
- ***A proposal to include a bid to fund a fixed term project to develop alternative heating options for £102 million gas boiler replacement programme, to include exploration of***

alternative heat sources, feasibility study, costing and development of a transitional programme.

- *A proposal to include a bid for a four year fixed term post with specific responsibility to support the initial occupation of the 500 homes as they are handed over. The post would be employed for four years from April 2020, to ensure that they are in place to support occupancy of all 500+ units, with the handover of the Meadows and Buchan site anticipated to be the last in 2023/24.*
- *A proposal to include a bid to fund a fixed term project to undertake feasibility analysis on how the council can improve service levels for council property maintenance, which will in turn be fed into the repairs review currently being undertaken, looking at improving service standards and reducing complaints.*
- *The Council has a detailed new build programme which spans the next two years, and funding of £10 million per annum after this to continue to build new homes. A proposal is included for a capital bid to increase this sum to £15 million per annum to allow the homes to be built at the highest sustainability standards as modelled as a sensitivity as part of the HRA Medium Term Financial Strategy.*

1.4 *The resulting recommendations refer to the strategy outlined in the HRA Budget Setting Report, as amended by this Liberal Democrat Amendment.*

2. Recommendations

Changes to recommendations in the original report are highlighted in ***bold italics***. All of the recommendations have been re-stated in full for clarity.

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 1.7%, measured by the Consumer Price Index

(CPI) at September 2019, plus 1%, resulting in rent increases of 2.7%, with effect from 6 April 2020. This equates to an average rent increase at the time of writing this report of £2.65 per week on a 52 week basis.

- 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 current rent levels increased by no more than by inflation of 1.7%, measured by the Consumer Price Index (CPI) at September 2019, plus 1%, resulting in rent increases of up to 2.7%. Local policy is to cap affordable rents (inclusive of all service charges) at the Local Housing Allowance level, which will result in rent variations in line with any changes notified to the authority in this level if these result in a lower than 2.7% increase.
- bii) *Approve that rents for all future 3 or 4 bedroom new build homes, built as part of the programme utilising devolution funding, or re-provided on devolution funded sites, are let at target rent restructured rent levels as opposed to Local Housing Allowance levels, with a resulting amendment to the HRA Rent Setting Policy to be made.***
- c) Approve that rents for shared ownership are reviewed and amended from April 2020, in line with the specific requirements within the lease for each property.
- d) Approve that garage and parking space charges for 2020/21, are increased in line with inflation at 1.8%, with resulting charges as 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 2020/21, as detailed in Appendix B of the HRA Budget Setting Report.
- g) Approve that caretaking, building 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 management 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 2019 (1.7%) plus 1%, wherever possible.

Revenue – HRA

Revised Budget 2019/20:

- h) 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 2019/20 of £146,310.

Budget 2020/21:

- i) ***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.***
- j) ***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.***
- k) ***Approve the resulting Housing Revenue Account revenue budget as summarised in the Housing Revenue Account Summary Forecast 2019/20 to 2024/25 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

- l) ***Approve the 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 £15,000,000 per annum for the delivery of new homes.***
- m) ***Recognise that a decision to borrow further impacts 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.***

Housing Capital

- n) Approval of capital bids and savings, shown in Appendix D (3) of the HRA Budget Setting Report, to include funding to begin to improve the energy efficiency of the existing housing stock.***
- o) Approval of the latest Decent Homes Programme, to include an updated recharge of capitalised officer time and timing of decent homes expenditure for new build dwellings, as detailed in Appendix E of the HRA Budget Setting Report.
- p) Approval of the latest budget sums, profiling and associated financing for all new build schemes, including revised scheme budgets for Akeman Street, Meadows and Buchan Street and Campkin Road, based upon the latest cost information from the Cambridge Investment Partnership (CIP) or direct procurements, as detailed in Appendices E and H, and summarised in Appendix K, of the HRA Budget Setting Report.
- q) Approval of re-phasing of budget for the Estate Improvement Scheme, to also include reallocation of the resource between capital and revenue based upon the projects identified to date, as detailed in Appendix E, and summarised in Appendix K, of the HRA Budget Setting Report.
- r) Approval of the revised Housing Capital Investment Plan as shown in Appendix K of the HRA Budget Setting Report.***

General

- s) Approval of inclusion of Disabled Facilities Grant expenditure and associated grant income from 2020/21 onwards, based upon 2019/20 grant levels, 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 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.
- t) 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.

- u) 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 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 quarterly deadlines for the use of retained right to buy receipts or to facilitate future site redevelopment.
- v) Approval of delegation to the Head of Finance, as Section 151 Officer, to make the necessary technical amendments to detailed budgets in respect of the outcome of the review of recharges between the General Fund and the HRA and the outcome of the review of the pension fund deficit contribution, with any net impact for the HRA to be incorporated as part of the HRA Medium Term Financial Strategy in September 2020.

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 2020/21, 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 2020/21, 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 2020/21, 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 2020/21, appended to this report.

4. Background papers

Background papers used in the preparation of this report:

Housing Revenue Account Budget Setting Report 2019/20

Housing Revenue Account Medium Term Financial Strategy 2019/20

5. Appendices

The Housing Revenue Account Budget Setting Report 2020/21 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:

Julia Hovells, Assistant Head of Finance and Business Manager

Telephone: 01223 – 457248 or email: julia.hovells@cambridge.gov.uk.

Alternative
Budget Version
(Re-Stated and
Amended Text
Only)

Housing Revenue Account Budget Setting Report 2020/21



January
2020

Section 1

Introduction

Foreword by the Opposition Spokesperson for Housing

The council's Housing Revenue Account (HRA) faces a number of major challenges: ensuring that it maintains its current properties at a high standard as expected by tenants; addressing the major shortage of affordable housing in the city (even after taking into account the 500 new properties being built) with a major new build programme and how these two goals are achieved on a fully sustainable basis given the council's commitment to reaching net zero carbon by 2030.

In addition to these challenges the council needs to recognise that it has a role as a social landlord to make sure that it takes as many steps as possible so that new tenants (some of whom are vulnerable) are able to take up their tenancy in a positive way and it takes steps to help tenants who are continuing to struggle to make ends meet, many as a result of the impact of the Universal Credit system.

The Liberal Democrat amendment puts forward proposals to address these challenges, building on amendments from 2019 and 2018. We also welcome the adoption by the ruling group of our proposals (Our Cambridge 2030 – housing for all) relating to laying the foundation for a major new house building programme beyond the 500 homes although it is 12 months delayed. Our proposals comprise:

'Our Cambridge 2030 – Housing for All' - Putting in place the medium / long term HRA council house building vision

The council is a key provider of social housing in Cambridge. Residents are looking to politicians to set out a bold vision that tackles the continued shortage of council housing. The proposed change in legislation allowing local authority housing revenue accounts to borrow, provides a big opportunity to set out a medium term vision for new council house building and also the replacement/ or major renovation of existing council housing stock that has reached the end of its life. The aim would be to build up to 1,000 addition council houses in the period after 2022. Under the title - 'Our Cambridge 2030 - Housing for All', the additional member of staff bid for in the ruling group's budget would be responsible for scoping out the strategy for the financing of the new council houses, identifying and pursuing appropriate sites across the city and exploring the most efficient delivery mechanism to build the houses. In addition, the role would look at how a project for replacement / or major renovation of existing council housing stock would be funded and would take place in parallel with the new build programme, using the results of the stock condition survey as a base line for the analysis. The strategy will ensure not only a step change in the provision of new council houses but will also ensure that existing council house stock is maintained and enhanced.

Development of alternative heating options for £102m gas boiler replacement programme

Heating contributes to around a third of the UK's total carbon emissions so finding an alternative fuel and technology would reduce our carbon footprint significantly. The overwhelming majority of council house properties are heated by gas central heating. The City Council set out in its HRA MTFs a total spend of £102m over a 30 year period on replacing gas boilers. Using renewable energy rather than fossil fuels for heating would reduce the city council's housing stock carbon emissions significantly.

This project would look at the current assumptions used for replacement of gas boilers and would set out alternatives that would reduce carbon emissions significantly and the timing on when the council should switch to introduce such alternatives. Specifically, alternatives that should be considered should include air source and ground source heat pumps, solar thermal and biomass boilers and also as an intermediate step the use of hydrogen rather than natural gas (or a combination of both).

The analysis should include an estimate of the ongoing utility costs for council tenants as a change in the heating source.

The project would provide the foundation for a future bid that would set out a recommendation for the approach to be taken and a detailed timetable for the transfer to the new system.

New tenant officer (specifically for the 500 plus new council houses)

The council's 500 council house building programme will result a combination of the largest number of new tenants in new council properties for many years. Many of the new tenants taking up occupation of the new properties will be vulnerable, and the move will be a challenge for them.

This post would be fixed term, and the officer would be responsible for ensuring that new tenants take up their occupancy in a smooth way.

Feasibility analysis on how council can improve service levels for council property maintenance – to be fed into the repairs review currently being undertaken

The approach the council takes to the maintenance and repair of the council house properties it owns and manages reflects its commitment to its tenants. Over the last 3 years the council's maintenance and repairs services has increasingly failed to meet the needs of tenants to maintain and repair their properties. The annual complaints analysis

reflects this. As a result, a review of the service was announced in the autumn of 2019 with an expected outcome of the review being made available in the first half of 2020.

As part of the review there should be a review of the Council's service standards to establish whether these can be improved and at what cost (e.g. blocked bath, sink, or basin – 3 days).

This feasibility analysis would look at the cost of improving the service standards for maintenance and repairs and how this would be incorporated with the current service review being undertaken.

Renting 3-5 bedroom houses that will be built as part of the 500 new council houses at a lower rent – saving a large Cambridge family approximately £2,000 a year

The council intends to charge a rent on the 500+ new council houses that it is building at a Local Housing Allowance level, rather than at the lower level of rent it charges tenants in the majority of its existing properties. Large households (with children) in the city on low incomes are already struggling to make ends meet. With the introduction of Universal Credit, this will increase. The amendment proposes to rent all the remaining properties of 3 bedrooms or more (estimated to be 33 of the houses still to be built) at the lower historical rents the council charges. This could save a large Cambridge family (with children) approximately £2,000 a year in rent they pay to the council.

Build all new council properties on a fully sustainable basis

Under Liberal Democrat control the council demonstrated the ability to deliver fully sustainable (Sustainable Homes code 5) new build properties in the city (Virido development on the Southern Fringe). Such developments provide an important reference point to other developers as to what can be achieved to reduce carbon emissions.

Currently, the council is budgeting £10m a year to build 40 new homes a year (£250,000 per dwelling) (no specific detailed proposals have been set out for the intended 1,000 homes). Based on the HRA MTFS (sensitivity analysis) the cost per house of making the building fully sustainable would be £125,000 per dwelling.

The proposal would build any new council houses on a fully sustainable (Passivhaus house) basis.

Councillor Rod Cantrill.

Opposition Spokesperson for Housing

Section 4

Housing Revenue Account Budget

Overall Budget Position - 2020/21 onwards

Overall Budget Position

The overall revenue budget position for the Housing Revenue Account is summarised in the table below and at **Appendix J**, with detail for the period to 2024/25 provided in **Appendix D (2)**:

Targets Set	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Efficiency Savings	0	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)
Strategic Investment Fund	0	130,000	130,000	130,000	130,000	130,000
Net Change Required	0	0	0	0	0	0

Summary of Draft Proposals	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
----------------------------	--------------	--------------	--------------	--------------	--------------	--------------

Unavoidable Revenue Bids	0	184,300	184,300	184,300	184,300	184,300
Reduced Income Proposals	0	25,860	51,580	111,760	125,760	128,720
Unavoidable	0	210,160	235,880	296,060	310,060	313,020

Savings Proposals	0	(255,020)	(245,020)	(245,020)	(245,020)	(245,020)
Increased Income Proposals	0	(114,040)	(114,040)	(114,040)	(114,040)	(114,040)
Bids	(128,700)	308,350	517,550	111,050	111,050	111,050
Discretionary	(128,700)	(60,710)	158,490	(248,010)	(248,010)	(248,010)
Non-Cash Limit Adjustments	(17,610)	(166,130)	(93,450)	(93,450)	(93,450)	(93,450)

Total Revenue Proposals	(146,310)	(16,680)	300,920	(45,400)	(31,400)	(28,440)
Under / (Over) Achievement against Target	(146,310)	(16,680)	300,920	(45,400)	(31,400)	(28,440)
Cumulative Under / (Over) Achievement against Target	(146,310)	(162,990)	137,930	92,530	61,130	32,690

Non-Cash Limit Budgets

Non-Cash Limit items are those that do not relate directly to the cost of service provision, including for example direct revenue funding of capital expenditure (DRF), interest and depreciation. These items are treated outside of the 2020/21 cash limit, with the implications built into the financial forecasts for the HRA as part of the budget process, informing future budget strategy, savings targets and investment priorities. For 2020/21 there are non-cash limit adjustments in respect of both interest paid and received based upon the latest balances and rate assumptions, in respect of depreciation, based upon the latest stock estimates and in Direct Revenue Financing of capital expenditure.

Performance against Net Savings Target

An efficiency savings target of £130,000 was retained in HRA forecasts for 2020/21 as part of the HRA Medium Term Financial Strategy approved in September 2019. The efficiency target was set in the context of a financial position which is improved by the removal of the assumption that a sale of higher value voids levy will ever be implemented.

The savings identified in the table above, included for decision as part of the HRA Budget Setting Report, are detailed in **Appendix D (2)**.

The savings and increased income that have been identified for 2020/21 are partially offset by the HRA reacting to unavoidable revenue pressures and reductions in income and considering strategic investment fund bids. ***The net position is an over-achievement against the targets set of £16,680 in 2020/21, an under-achievement of £300,920 in***

2021/22, before moving to a net over-achievement of £28,440 on an ongoing basis by 2024/25. Details of the net savings can be found in Appendix D (2).

If approved on this basis, the budget proposals for 2020/21 onwards will cause an ongoing impact on HRA resources, with £137,930 of reserves utilised by 2021/22, but with an ongoing diminishing contribution back into reserves from 2022/23.

Corporate costs and overheads still need to be reviewed following changes in both shared service recharges and as a result of standardising the basis for apportioning overheads alongside our two partner authorities. A review of the resulting costs, and the impact of these upon the recharges between the General Fund and HRA will be undertaken in the latter part of 2019/20, with any financial impact being addressed as part of the Medium Term Financial Strategy processes in 2020/21.

Further efficiency targets have been incorporated from 2021/22 for four years, also at the level of £130,000 per annum. This will allow continued strategic re-investment at the same level each year, to be in a position to respond to challenges presented by changes in local and national housing and welfare policy and also in construction regulations.

The result of any corporate transformation activity may have a financial impact for the HRA. The detail, and impact in monetary terms, is not always available at the outset of each project. Any anticipated costs or savings for the HRA are only included once the activity is confirmed corporately as being far enough progressed that some certainty can be given to the incidence of impact between the General Fund and the HRA.

Strategic Investment Fund

As part of the HRA Medium Term Financial Strategy, approved in September 2019, approval was given to retention of the Strategic Investment Fund of £130,000 per annum, to be directly offset by efficiency savings identified in the HRA each year, for the next 5 years.

Bids against this fund have been identified as part of the 2020/21 budget process, with the proposals detailed in **Appendix D (2)** and incorporated into the table above.

Transformation Fund

A budget of £10,000 in 2020/21, increasing to £20,000 per annum from 2021/22 is retained in the HRA to allow investment in service transformation projects and in spend to save initiatives, in light of the major changes in national housing policy. This has been reduced, recognising recent significant investment in transforming the Housing Service over the last 3 years. To date, the fund has been allocated to one-off projects only, with no ongoing call on the resource.

The responsibility for identification and approval of funding for suitable projects, whether one-off, or ongoing in nature, is delegated to the Strategic Director, who is responsible for ensuring that the authority continues to meet statutory obligations and has a housing offer which is fit for purpose.

Section 5

Housing Capital Budget

Stock Condition and Decent Homes

The housing service reported achievement of decency in the housing stock as at 31 March 2019 at 89%, with 799 properties that were considered to be non-decent (in addition to 977 refusals). A further 307 properties were estimated to become non-decent during 2019/20.

Following a fundamental review of investment in the existing housing stock during 2019, and approval of an updated Asset Management Strategy in September / October 2019, changes were made to the level of investment in the housing stock as part of the HRA Medium Term Financial Strategy. These changes were made based upon extrapolated data taken from decent homes stock condition surveys in a proportion of the housing stock.

There is a considerable amount more work to be done in respect of assessing the benefits of additional investment at a property, or block specific level, with the need to complete more detailed specialist surveys in some cases before investment decision can be made.

One of the key areas of additional, or alternative, investment in the housing stock is in respect of energy efficiency measures. The Council committed to reducing its carbon footprint and improving sustainability across its asset portfolio. The Council declared a climate change emergency in February 2019, and has called on government, industry and regulators to make changes to enable Cambridge to reach net zero carbon by

2030. There is a clear commitment to improving energy efficiency, reducing the carbon impact of properties and ultimately reducing the cost of energy bills for tenants.

In early 2019 the government announced plans for a Future Homes Standard which would end the use of fossil-fuel heating systems in all new houses from 2025. Although gas heating would still be used in existing homes this does signal that over the life of the current 30 year plan the type of heating in our stock will need to change. These policy changes and initiatives are likely to have an impact on both initial investment in the housing stock and on future maintenance.

Additional investment in the form of project related funding is incorporated as part of this HRA Budget Setting Report, to allow for exploration of alternative heat sources, feasibility assessments, costing and preparation of a transitional programme of change, which will inform the next iteration of the business plan.

Additional investment is proposed over the next 3 years to allow pilot programmes of energy efficiency measures across the existing housing stock to be delivered, with a particular focus on improving the energy efficiency in our poorest performing homes. The authority needs to assess what investment will be required to improve the performance of all the existing housing stock, with investigation into the costs and ways of achieving improved energy efficiency in the lower-performing properties already underway, so that the least efficient properties are improved first. Currently we rely on the results of Energy Performance Certificate surveys to assess the energy performance of the housing stock. A review of D, E, F and G rated properties is in progress to identify what measures could be taken to improve energy ratings. The continued ability to assess certificates, establish what measures / work will be required and develop investment programmes is subject to funding being approved as part of this HRA Budget Setting Report.

A capital bid of £2,500,000 (£500,000 in 20120/21, £1,000,000 in 2021/22 and £1,000,000 in 2022/23) is incorporated into the 2020/21 budget to allow for pilot programme of energy efficiency measures to be developed.

The Council is committed to the 'fabric first' approach to improving energy efficiency which means maximising the performance of the components and materials that make up the building fabric itself, before considering the use of mechanical or electrical building services systems. Integrating the energy efficiency measures within the building envelope means the occupants are required to do less to operate their building and do not have to adjust their habits or learn about new technologies.

Insulation is a fundamental part of the fabric first approach; this includes roof, wall and floor insulation that can significantly improve energy performance. In other homes there may be the need to undertake a complete retrofit to improve energy performance, particularly where there is an issue with air tightness of the property. Typical air leakage pathways include floors, walls and ceilings, ducting, doors, plumbing entries and fireplaces.

Work is also proposed to explore alternative heat sources across the existing housing stock, with a commitment to reviewing how existing gas boilers could be replaced with more sustainable heat sources in the future. There are a number of alternatives, but these options may not be suitable in every dwelling, and a programme that considers the viable options for each dwelling type across the housing stock will need to be carefully developed and costed before any decisions can be made.

Financial assumptions are currently constructed based on a partial investment standard, but with some lifecycles having recently been reduced to improve stock condition and funding having been re-included to tackle the decent homes backlog.

New Build Affordable Housing

Future New Build

The devolution programme, which utilising the £70,000,000 grant awarded to the authority, alongside existing and anticipated right to buy receipts and other HRA

resource, is expected to deliver a programme of 622 homes (546 new homes and 76 re-provided homes).

After completion of this programme, the authority anticipates continuing the delivery of new homes, with work underway to identify potential development sites, to review the design and build standards against which delivery will take place and to explore a number of delivery options.

There are potential opportunities to acquire land in the city, both development sites that could be bought by CIP, with the HRA acquiring the affordable housing and smaller adjacent to existing HRA housing, which could be acquired by the HRA directly, where 100% affordable housing could be delivered.

The new build budget yet to be allocated to specific schemes, has been reviewed as part of this report, and has been re-profiled to allow any up-front investment that may be required in respect of land acquisition. The inclusion of budget over the extended period from 2020/21 allows Housing Scrutiny Committee the ability to consider, and the Executive Councillor the ability to approve, specific schemes as they are brought forward.

The new build budget has also been increased, by virtue of a capital bid of £5,000,000 per annum to increase the cost per unit for new homes from £250,000 to £375,000 allowing for all new and re-provided homes to be built to the highest energy efficiency standards. The uplift allowed has been driven by the prudent estimate of the additional cost included in the HRA Medium Term Financial Strategy, but it is recognised that costs may be driven down as this type of investment becomes more commonplace.

Updated expenditure and funding sources, on a cashflow basis, for all new build schemes are detailed at **Appendix H**.

Capital Bids, Savings and Re-Phasing

There are both capital bids and savings incorporated as part of the 2020/21 HRA Budget Setting Report, alongside a number of areas of updated costs, budget re-allocation and re-phasing.

Detailed changes are presented in **Appendix E**, with the overall financial and presentational impact of the following items being incorporated into the Housing Capital Investment Plan presented at **Appendix K**:

- Inclusion of a bid for £2,500,000 (£500,000 in 2020/21, £1,000,000 in 2021/22 and £1,000,000 in 2022/23) to allow a programme of energy improvement works to be identified and delivered across the existing housing stock. The investment will focus on the poorest performing properties and will seek to improve the energy ratings for these homes. A pilot programme of retrofit of a small number of homes will also be carried out.
- ***Inclusion of a bid of £5,000,000 per annum to allow all new homes to be delivered to the highest sustainability standards.***
- Re-profiling of the budget for future new build investment, to allow resource of £1,000,000 to be brought forward into 2019/20 and £1,500,000 into 2020/21 to allow for the acquisition of land, site assembly or property acquisition costs.
- Reduction of £78,000 per annum in the budget for disabled adaptations across the housing stock, recognising reduced demand over the last 2 to 3 years, which has resulted in underspending. The change will not impact eligibility, will be closely monitored, and the budget reviewed if demand increases again.
- Increase in the assumption of estimated resource and corresponding expenditure for Disabled Facilities Grants through the Better Care Fund for 2020/21 onwards at

the 2019/20 level of £682,000. This assumption has been made in the absence of any formal announcements of funding continuing at the higher levels of the last 3 years, but in recognition of the commitment by central government to maintain investment in this area. Delegated authority is again sought to adjust this budget once final grant levels, and any clawback to fund revenue costs, have been confirmed by the County Council.

- Adjustments to budgets for new build schemes that have previous approvals, recognising the latest delivery proposals for the site and associated cost estimates available, to include employer's agent and clerk of works fees and scheme contingencies, as identified in **Appendix E**.
- Re-phasing of new build schemes as identified in **Appendix E**.
- Adjustment to the level of resources held for works to new build dwellings and to meet the cost of inflation, as a result of the changes above.

Section 6

HRA Treasury Management

HRA Borrowing

As at 1 April 2019, the Housing Revenue Account supported external borrowing of £213,572,000 in 20 maturity loans with the Public Works Loans Board (PWLB), with rates ranging between 3.46% and 3.53% depending upon the term of the loan. The loans have varying maturity dates, with the first £10,678,600 due to be repaid on 28th March 2038, and the last on 28th March 2057.

In addition to the external loans attributable to the HRA, there was the sum of £1,564,135 of internal borrowing from the General Fund, where the HRA is required to pay the General Fund annual interest on the debt, at a reasonable rate, as part of the Item 8 Debit to the HRA. Under the current regulations, if the HRA were to acquire housing built on General Fund land, the land would have to be appropriated (transferred) to the HRA, increasing the HRA Capital Financing Requirement and the resulting interest due to the General Fund. This statutory requirement to charge the HRA for the cost of land transferred from the General Fund may be abolished as part of a government consultation, for which we still await the outcome.

This iteration of the business plan assumes that the authority will re-invest any revenue resource that has been set-aside for potential debt redemption or re-investment to date, prior to undertaking an element of additional borrowing to sustain the £15,000,000 per annum investment in new homes which is incorporated into the plan. Borrowing of approximately £115 million is required over the life of the plan, with the first borrowing requirement being in 2022/23. The recent announcement that the borrowing rates

available from the Public Works Loan Board (PWLb) have been increased by 1% will however negatively impact the financial viability of schemes to deliver new homes.

Alternative borrowing routes will need to be explored before the authority borrows as a funding source for investment in affordable housing, with consideration given to internal borrowing, inter-authority borrowing, market borrowing and bond issuance. All of these borrowing routes have been explored previously, but the preferential rates available from the PWLB meant that they had previously been ruled out.

The 2020/21 HRA Budget Setting Report does not review the potential sources of lending, types of borrowing, lengths of loans or alternative rates available for taking out any additional borrowing at this stage, with the current rate of PWLB lending of 3.24% being adopted as a default. Further review will need to be undertaken at the point at which any borrowing is considered as part of the coming year's budget.

Debt Repayment / Re-Investment

Set-Aside for Repayment of HRA Debt

The debt repayment strategy has been to set-aside resource to redeem 25% of the HRA self-financing debt from the point at which the loan portfolio begins to mature, in 2037/38. With the increased level of borrowing proposed in this iteration of the business plan, this approach will no longer be feasible.

Based upon the assumptions in this iteration of the HRA Business Plan, any resource set-aside to date for debt redemption will instead be utilised over the next few years to fund the delivery of new homes, before the HRA begins to borrow further.

Section 7

Summary and Overview

Financial Assumptions and Sensitivity

The current financial assumptions, reviewed and used as part of this BSR are detailed in Appendix A.

All financial assumptions are subject to change, with a number of alternative values that could have been assumed. To mitigate the risks associated with this, modelling of key sensitivities is undertaken to provide context to the financial impact that a change in an assumption will make.

Appendix I provides details of the key sensitivities modelled in the preparation of the HRA Budget Setting Report 2020/21.

Options and Conclusions

Overview

The budget for 2020/21 seeks to achieve a balance in investment against current priorities:

- Investment to maintain decency in the existing housing stock
- Spend on landlord services (i.e. housing management, responsive and void repairs)
- The need to support, and potentially set-aside for repayment of, housing debt
- Investment in new affordable housing

- Investment in new initiatives, such as improving the energy efficiency of the existing housing stock
- Investment in income generating activities and discretionary services (i.e.; support)
- Support for, and potential repayment of a proportion, of housing debt

There is a strong focus on identifying resource to allow improvement to the energy efficiency of the existing housing stock, whilst ensuring that new build homes meet high energy efficiency standards also. Resource has been identified as part of this report to begin to address these issues, but a longer-term programme will need to be developed once the pilot programme has been identified and fully costed.

Continued uncertainty in respect of regulation for some proposed changes in national housing policy, still pose significant challenges in predicting the future for the housing service, with the outcome of multiple government consultations still awaited at the time of writing this report. These include the Housing Green Paper, a consultation on the use and application of right to buy receipts and final details around the regulation of social rents for local authorities.

The rollout of Universal Credit continues to contribute to uncertainty for the Housing Service, with the full impact of direct payment still anticipated to have a significant negative impact on rent collection levels and arrears, at least in the short-term.

Summary and Conclusions

Work undertaken as part of the 2020/21 budget process has resulted in the development of proposals for setting the budget for the Housing Revenue Account.

In January 2020 Housing Scrutiny Committee will consider the budget proposals, prior to the Executive Councillor for Housing making decisions in respect of the revenue aspects of the budget, making recommendation for the housing capital budget for 2019/20 to 2024/25 to Council for consideration and approval.

The HRA Budget Setting Report recommends, in summary:

- Approval of property rents, garage and parking space rents and service charges
- Approval of any revised budget proposals
- Approval of any unavoidable revenue pressure proposals
- Approval of any reduced income proposals
- Approval of any savings proposals
- Approval of any increased income proposals
- Approval of any non-cash limit items
- Approval of any capital bids, capital savings, revised scheme costs and timings
- Approval of capital resource re-allocation

The meeting of Council in February 2020 will consider the final proposed Housing Capital Budget as identified in this report for approval.

Savings identified in the HRA from 2020/21 include a reduction in the breakdowns and failures being experienced through the gas servicing, reductions in repairs and renewals fund contributions being made recognising that there is now only one area office and that IT systems are currently being consolidated as part of the Housing Management IT System Project and a reduction in funding for Housing Transformation. Resource earmarked to meet the costs of corporate change, holiday pay for overtime worked, national insurance changes and payment of the living wage can be reduced now that the actual incidence of the cost to the HRA is known and the impact has been built into base budgets.

Increased garage rent income is anticipated in 2020/21 due to a combination of improved void performance and the current variable charging structure in place and service charge income is higher than anticipated due to the number of properties in stock and the higher level of services being provided to some of them.

Savings and increased income are partially offset by unavoidable revenue pressures, predominantly due to an increase in the cost of void repairs, the need to carry out regular

fire door inspections and an additional maintenance need in respect of lamp columns, where the authority has identified a greater number that fall within its ownership. A marginal reduction in rent income is also anticipated as the rate of CPI, upon which rent increases are based fell to 1.7% in September, compared with the 1.8% assumed when the HRA MTFS was constructed.

Any net saving delivered allows for the creation of a Strategic Investment Fund as approved in the HRA Medium Term Financial Strategy, with bids proposed for additional staffing in Housing Services, Estates and Facilities and Housing Development. Funding is also requested to support the feasibility work which will be required to develop the new build programme post Devolution and to support those with a disability to move home if this is the best option to meet their needs.

There are non-cash limit adjustments in respect of both interest paid and received, in respect of depreciation and direct revenue financing of capital expenditure incorporated as part of this HRA Budget Setting Report for 2020/21 and beyond.

The overall position for the HRA by 2020/21 (including non-cash limit adjustments) is a cumulative over-achievement of £162,990. This changes from 2021/22 however, with an under-achievement of £137,930 against the cash limit, which then reduces annually thereafter.

There is currently an assumption that efficiency savings of £130,000 per annum will be sought for a further 4 years, allowing the creation of a corresponding Strategic Investment Fund for the same period. Effectively, any increase in costs or investment in new areas of priority will need to be funded through the identification of efficiency savings or increased income elsewhere across the service.

The HRA's approach to long-term financial planning still incorporates the assumption that surplus resource will be set-aside until 25% of the self-financing loan portfolio can be redeemed at maturity, but with the ability to set-aside the required resource now deferred

until later years of the plan. Further borrowing of £115,000,000 will be required and the HRA will no longer be in a position to set-aside resource to redeem both this and 25% of the original portfolio.

If the authority is to consider further expansion of its new build programme, which will require significant additional borrowing, there will need to be a fundamental review of the overall approach to debt redemption.

The HRA is making significant progress in delivering over 500 homes using Devolution Grant, and a net increase in the housing stock over this period is therefore anticipated, with new homes outweighing those anticipated to be lost through the right to buy.

One of the key challenges for the HRA remains the ability to invest in new homes, using Devolution Grant and retained right to buy receipts, quickly enough to avoid the need to hand any right to buy receipts to central government, with interest penalties attached.

The delegation to the Strategic Director, to allow revenue resource previously transferred into the potential debt redemption / new build reserve to be drawn down to allow the strategic acquisition of land or market housing for use for affordable rented homes is retained and extended. This will continue to mitigate the risk that delay, or lead in, to the delivery of new homes may result in a requirement to pay retained right to buy receipts over to central government, with an interest penalty attached.

Any review of the need to identify savings in future years will need to consider not only sustaining a 30 year business plan and supporting borrowing, but also the impact of any emerging housing legislation, the authorities aspirations for delivery of new build housing, and the approach to continuing to set-aside resource for the redemption housing debt.

Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	1.8% for 2020/21, then 1.75%, 2.1% and 2.2% ongoing	General inflation on expenditure included at 1.8% for 2020/21, 1.75% for 2021/22, 2.1% for 2022/23, then 2.2% ongoing, per Bank of England) forecasts of November 2019.	Amended
Capital and Planned Repairs Inflation	CPI plus 1.75%	Based upon the mix of BCIS and CPI forecasts for next 4 years, using averages over this period. Reverts to CPI after 4 years.	Amended
Debt Repayment	Set-aside 25% to Repay Self-Financing Debt	Assumes surplus is re-invested in income generating assets, with 25% of resource set-aside to repay debt as loans reach maturity dates, pending review of the set-aside policy in conjunction with any borrowing being considered.	Retained
Capital Investment	Partial Investment Standard	Base model assumes a partial investment standard in the housing stock, compared with a basic decent homes standard.	Retained
Pay Inflation	1.5% Pay Progression & Pay Inflation at 2.5% for 2020/21, then 2%	Assume allowance for increments at 1.5% and cost of living pay inflation at 2.5% for 2021, then 2% on an ongoing basis.	Retained
Employee Turnover	3%	Employee budgets assume a 3% turnover, unless service area is a single employee, or is a shared service, externally recharged service or trading account.	Retained
Devolution Programme Rents	LHA Rents (1 and 2 beds) Target Social Rent (3 and 4 beds)	All future 3 and 4 bed homes built on Devolution Programme sites to be introduced at the lower target social rent plus service charges	Amended
Social Rent Review Inflation	CPI plus 1% for 5 years from 2020/21, then CPI plus 0.5% from 2025/26	Rent increases of up to CPI plus 1% for 5 years, reverting to inflation plus 0.5% after this. Assume CPI in preceding September is as above.	Retained
Affordable Rent Review Inflation	CPI plus 1% for 5 years from 2020/21, then	Affordable rents to be reviewed annually in line with Local Housing Allowance, ensuring that they match the LHA unless it rises	Retained

Key Area	Assumption	Comment	Status
	CPI plus 0.5% from 2025/26	above CPI plus 1%, in which case the lower will apply.	
Rent Convergence	Voids Only	Ability to move to target rent achieved only through movement of void properties directly to target rent.	Retained
External Lending Interest Rate	0.8%	Interest rates based on latest market projections, recognising that the HRA will benefit from low risk investments only	Retained
Internal Lending Interest Rate	0.8%	Assume the same rate as anticipated can be earned on cash balances held, so as not to detriment either the HRA or the General Fund longer-term.	Retained
External Borrowing Interest Rate	3.24%	Assumes additional borrowing using increased PWLB rates.	Amended
Internal Borrowing Interest Rate	3.24%	Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route.	Amended
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, pending a review once the business plan and asset investment strategy has been fully reviewed.	Retained
HRA Target Balances	£3,000,000	Maintain HRA target balance at £3,000,000, pending a review once the business plan and asset investment strategy has been fully reviewed.	Retained
Right to Buy Sales	35, 30, then 25 sales ongoing	An uncertain economy expected to result in a marginal decline in activity. Assume 35 in 2019/20 then reducing by 5 sales per annum, until 25 are assumed ongoing.	Retained
Right to Buy Receipts	Settlement right to buy and assumed one-for-one receipts included	Debt settlement receipts included, assuming the receipts utilised partly for general fund housing purposes. Anticipated one-for one receipts included, and ear-marked for direct new build spend. Debt repayment proportion assumed to be set-aside.	Retained
Void Rates	1.75% for 2019/20, then 1% ongoing	Assumes 1.75% to include known void loss for re-development sites in 2019/20, reducing to 1%, from 2020/21, recognising refurbishment works and improved void processes longer-term	Retained
Bad Debts	1.5% from 2019/20 ongoing	Bad debt provision increased to 1.5% reflecting current experience and the requirement to collect 100% of rent directly more widely from October 2018.	Retained

Key Area	Assumption	Comment	Status
Savings Target	£130,000 (4% of general and repairs administrative expenditure)	Retain an efficiency target of £130,000 from 2020/21 for 5 years. Allows strategic reinvestment or alternatively a response to pressure from national housing policy change.	Retained
Responsive Repairs Expenditure	Adjusted pro rata to stock changes	An assumption is made that direct responsive repair expenditure is adjusted annually in line with any change in stock numbers.	Retained
Strategic Investment Fund	£130,000	Housing Strategic Investment Fund included from 2020/21 for 5 years.	Retained

2020/21 Budget – HRA Proposals – by Type

Appendix D (2)

Reference	Item Description	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	Contact	Climate Effect & Poverty Ratings
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	---------	---

Unavoidable Revenue Pressure

URP4584	Increased costs of cyclical maintenance	44,200	44,200	44,200	44,200	44,200	Hilary Newby	Not Applicable
---------	---	--------	--------	--------	--------	--------	--------------	----------------

Additional lamp columns have been identified and added to the annual programme of maintenance leading to an increased budget requirement of £52,000. In addition, reducing the cycle of Fire Safety surveys from 3 years to 2 years, as set out in the Fire Safety Strategy in order to meet best practise, has led to an increased budget requirement of £17,000. The growth in these budgets has been offset by savings elsewhere on the cost centre, resulting in a net additional requirement of £44,200

No Impact

URP4585	Increased cost of void repairs	64,300	64,300	64,300	64,300	64,300	Stephanie Duff	Not Applicable
---------	--------------------------------	--------	--------	--------	--------	--------	----------------	----------------

Increased budget allocation to fund repairs to void properties in order to bring them up to lettable standards is required. Turnover in void properties is likely to increase as a result of the transfer of tenants into new build stock. In addition the number of properties returned that require a high level of repair is increasing. If properties are not repaired to the required standard, this will lead to longer void periods and an increase in rent loss, whilst the HRA is also liable for the council tax on these properties while they are empty.

No Impact

URP4647	Cost of annual fire door inspections	60,000	60,000	60,000	60,000	60,000	Hilary Newby	Not Applicable
---------	--------------------------------------	--------	--------	--------	--------	--------	--------------	----------------

The initial findings report from the Grenfell Tower investigation has recommended routine inspections of fire doors in all flats. This is not yet legislative and the frequency, suggested in the report as quarterly, will not be confirmed until legislation is passed. In the interim, this proposal seeks funding for at least an annual inspection of all identified fire doors, recognising that the inspections may need to be made more frequent in the future and that the inspections may result in the need to replace further doors, over and above the current fire door replacement programme. Arising issues will be addressed once further detail is available.

No Impact

URP4676	Increased pension fund deficit costs	15,800	15,800	15,800	15,800	15,800	Julia Hovells	Not Applicable
---------	--------------------------------------	--------	--------	--------	--------	--------	---------------	----------------

Based upon receipt of an updated report from LGSS, an unavoidable bid has been included to allow the HRA to contribute to the pension fund as required by the actuary, but still taking advantage of a discount for early payment into the fund as was obtained previously. This now incorporates a reduction in the unavoidable revenue pressure relating to the increased pension fund deficit cost. At the time of the HRA budget being issued officers estimated an ongoing cost of £67,800 a year –specific figures have now been received from the pension fund and the additional cost is £15,800 per annum

No Impact

Total Unavoidable Revenue Pressure	184,300	184,300	184,300	184,300	184,300
------------------------------------	---------	---------	---------	---------	---------

2020/21 Budget – HRA Proposals – by Type

Appendix D (2)

Reference	Item Description	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	Contact	Climate Effect & Poverty Ratings
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	---------	---

Reduced Income

RI4646	Reduction in rent income	16,000	16,000	16,000	16,000	16,000	Julia Hovells	Not Applicable
--------	--------------------------	--------	--------	--------	--------	--------	---------------	-------------------

Based upon a CPI level of 1.7% in September 2019, marginally lower rent income is anticipated than previously assumed, where a CPI rate of 1.8% was assumed as part of the HRA MTFS.

No Impact

RILD1	<i>Reduction in rent income for new 3 (or more) bedroom homes</i>	<i>9,860</i>	<i>35,580</i>	<i>95,760</i>	<i>109,760</i>	<i>112,720</i>	Julia Hovells	<i>Not Applicable</i>
-------	---	--------------	---------------	---------------	----------------	----------------	---------------	---------------------------

The difference in rent for family homes of 3 bedrooms or more between the Local Housing Allowance 'Cambridge Rent' and Local Authority rent restructured target rent is significant. This proposal would see the introduction of Local Authority rent restructured target rents for all future 3 or more-bedroom properties being built as part of the Council's Devolution Programme of 500 new council homes will materially benefit larger family households on low incomes. This amendment assumes that the estimated 33 three-bedroom homes that remain to be built as part of the programme (both new and re-provided homes on the existing devolution sites) are subsequently let at rent restructured target rents.

No Impact

Total Reduced Income	25,860	51,580	111,760	125,760	128,720
----------------------	--------	--------	---------	---------	---------

2020/21 Budget – HRA Proposals – by Type

Appendix D (2)

Reference	Item Description	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	Contact	Climate Effect & Poverty Ratings
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	---------	---

Bids

B4586	Additional Development Officer in the Housing Development Agency to explore HRA new build opportunities	44,300	44,300	0	0	0	Julia Hovells	Not Applicable
-------	---	--------	--------	---	---	---	---------------	----------------

The Council is a key provider of social housing in Cambridge. The change in legislation allowing the council to borrow in the HRA, provides a material opportunity to set out a medium term vision for new council house building and also the replacement/ or major renovation of existing council houses that have reached the end of their life. The aim would be to build up to 1,000 addition council houses in the period after 2022. Under the title - 'Our Cambridge 2030 – Housing for All', the member of staff would be responsible for scoping out the strategy for the financing of the new council houses, identifying and pursuing appropriate sites across the city and exploring the most efficient delivery mechanism to build the houses. In addition, the role would look at how a project for replacement/ or major renovation of existing council housing stock would be funded and would take place in parallel with the new build programme.

No Impact

B4587	Increase in HRA new build feasibility / abortive costs budget	30,000	30,000	0	0	0	Julia Hovells	Not Applicable
-------	---	--------	--------	---	---	---	---------------	----------------

An increase in the budget for up-front feasibility work, and potentially abortive costs of HRA new build schemes is required to support the preparatory work associated with the aspiration to deliver up to 1,000 homes over the 10 years after the Devolution Programme is completed. This bid is linked to B4586, which will provide the officer resource to allow the required feasibility work to be carried out.

No Impact

B4588	Extension of Financial Inclusion Officer post (HRA share)	22,900	0	0	0	0	Sandra Farmer	Not Applicable
-------	---	--------	---	---	---	---	---------------	----------------

Extension of Financial Inclusion Officer post to assist with supporting welfare reforms. This existing post provides support and hands-on assistance in helping people affected by welfare reforms to maximise their income, reduce their costs and explore options for improving their lives going forward. The client group tends to be those on lowest incomes, the most vulnerable claimants and families with complex needs. This bid relates to the HRA share (65%).

No Impact

B4589	Security fund for domestic abuse survivors	30,000	30,000	30,000	30,000	30,000	Sandra Farmer	Not Applicable
-------	--	--------	--------	--------	--------	--------	---------------	----------------

As part of the work the Council is doing to become accredited by the Domestic Abuse Housing Alliance (DAHA) we have identified a need for a fund to improve security to homes of Council tenants who are victims of domestic abuse to enable them and their family to remain in their existing home.

No Impact

B4590	Employment of a fixed term Energy Officer / Assessor	47,200	47,200	0	0	0	Lynn Thomas	Not Applicable
-------	--	--------	--------	---	---	---	-------------	----------------

An Energy Officer / Assessor employed on a two year fixed term contract would seek to identify, programme and deliver a number of energy efficiency measures that would improve the energy efficiency of our housing stock. This pilot project would enable a longer term programme to be developed and considered for funding in future years.

No Impact

2020/21 Budget – HRA Proposals – by Type

Appendix D (2)

Reference	Item Description	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	Contact	Climate Effect & Poverty Ratings
B4591	Disabled Adaptations Moving Grants	15,000	15,000	15,000	15,000	15,000	Lynn Thomas	Not Applicable
A budget of £15,000 is proposed to fund grants to meet moving costs for tenants with disabilities to move to properties more suitable for their needs. This approach is part of the approved Disabled Adaptations Policy, and is expected to reduce the cost of capital works to adapt unsuitable properties. Tenants will not be required to move, but this will provide an option for those who are happy to move, but for whom the moving costs would be prohibitive.								No Impact
B4592	Increased cost of Heat Detector Programme	(56,400)	285,000	0	0	0	Martin Donnelly	Not Applicable
A previous bid to install heat detectors in 6,511 council owned properties was based upon an estimate of £120 per property over a 3 year period commencing 2018/19. Subsequent evidence has shown that the average price of this installation is likely to be approximately £137 and the logistics of achieving the full programme over 3 years was over-ambitious. The proposal now is to re-profile the budget over an additional year to allow procurement of a secondary contractor if the existing planned maintenance contractor cannot complete the programme in the required timescales, and to rephase £128,700 and £56,400 from 2019/20 and 2020/21 into 2021/22 and bid for the additional £99,900 funding that will be required over the extended period.								No Impact
B4613	Employment of caretakers for Housing First Schemes	6,900	6,900	6,900	6,900	6,900	Sandra Farmer	Not Applicable
The proposal is to employ a number of caretakers to perform a number of practical duties, each offering services to two Housing First tenants. The se duties would not exceed 5 hours a week and would involve: - Brief weekly engagement with residents - Health and safety checks - Cleaning and maintenance of internal and external communal spaces - Acting as an early warning system, flagging problems/issues with the support service / other professionals as appropriate - Liaising with neighbours and acting as a point of contact - Involvement in the selection of new residents for the scheme - Logging any of the above								No Impact
B4614	Employment of a Corporate Energy Manager	15,300	15,300	15,300	15,300	15,300	Lynn Thomas	Not Applicable
To provide additional capacity to lead work on managing and reducing the Council's energy usage and supply, including in HRA assets. This will help reduce the council's own emissions, and will help free up capacity elsewhere in the council to work on wider climate change initiatives. The post will be funded 30% from the HRA and 70% from the General Fund								No Impact
B4615	Employment of a Tenancy Auditor	44,300	0	0	0	0	Sandra Farmer	Not Applicable
This proposal would result in the recruitment of a fixed term officer to undertake a pilot programme of tenancy audits across the housing stock. The findings of the pilot project will then inform the level of resource that may be needed on an ongoing basis, to both complete the programme and tackle any issues identified as part of the audits.								No Impact
B4648	Continuation of Green Fingers Gardening Service for HRA Tenants	11,000	11,000	11,000	11,000	11,000	Sandra Farmer	Not Applicable

2020/21 Budget – HRA Proposals – by Type

Appendix D (2)

Reference	Item Description	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	Contact	Climate Effect & Poverty Ratings
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	---------	---

Green Fingers is a domestic gardening service, which has been available at no cost to city residents who are infirm and/or disabled. A saving is proposed in the General Fund budget, but this bid will ensure that the service can be maintained for Council tenants.

No Impact

BLD1	Project funding for alternative heat source exploration	35,000	0	0	0	0	Will Barfield	Not Applicable
-------------	--	---------------	----------	----------	----------	----------	----------------------	-----------------------

Heating contributes to around a third of the UK's total carbon emissions so finding an alternative fuel and technology would reduce our carbon footprint significantly. The overwhelming majority of council house properties are heated by gas central heating. The City Council set out in its HRA MTFS a total spend of £102m over a 30 year period on replacing gas boilers. Using renewable energy rather than fossil fuels for heating would reduce the city council's housing stock carbon emissions significantly. The fixed term project would look at the current assumptions used for replacement of gas boilers and would set out alternatives that would reduce carbon emissions significantly and the timing on when the council should switch to introduce such alternatives. Specifically, alternatives that should be considered should include air source and ground source heat pumps, solar thermal and biomass boilers and also as an intermediate step the use of hydrogen rather than natural gas (or a combination of both). The analysis should include an estimate of the ongoing utility costs for council tenants as a change in the heating source. The project would provide the foundation for a future bid that would set out a recommendation for the approach to be taken and a detailed timetable for the transfer to the new system.

High + Impact

BLD2	Employment of a fixed term Assistant Housing Officer	32,850	32,850	32,850	32,850	0	Sandra Farmer	Not Applicable
-------------	---	---------------	---------------	---------------	---------------	----------	----------------------	-----------------------

The council's 500 council house building programme will result a combination of the largest number of new tenants in new council properties for many years. Many of the new tenants taking up occupation of the new properties will be vulnerable, and the move will be a challenge for them. This bid would fund a four-year fixed term post, and the officer would be responsible for ensuring that new tenants take up their occupancy in a smooth way.

No Impact

BLD3	Project funding for review of maintenance standards	30,000	0	0	0	0	Stephanie Duff	Not Applicable
-------------	--	---------------	----------	----------	----------	----------	-----------------------	-----------------------

Funding a fixed term project to undertake feasibility analysis on how the council can improve service levels for council property maintenance.

The approach the council takes to the maintenance and repair of the council house properties it owns and manages reflects its commitment to its tenants. Over the last 3 years the council's maintenance and repairs services has increasingly failed to meet the needs of tenants to maintain and repair their properties. The annual complaints analysis reflects this. As a result, a review of the service was announced in the autumn of 2019 with an expected outcome of the review being made available in the first half of 2020. As part of the review there should be a review of the Council's service standards to establish whether these can be improved and at what cost (eg blocked bath, sink, or basin – 3 days). This feasibility analysis would look at the cost of improving the service standards for maintenance and repairs and how this would be incorporated with the current service review being undertaken.

No Impact

Total Bids	308,350	517,550	111,050	111,050	78,200
------------	---------	---------	---------	---------	--------

Pressures & Bids Total:	518,510	753,430	407,110	421,110	391,220
-------------------------	---------	---------	---------	---------	---------

2020/21 Budget – HRA Proposals – by Type

Appendix D (2)

Reference	Item Description	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	Contact	Climate Effect & Poverty Ratings
Savings								
S4593	Reduction in consultancy fees within the Home Ownership Service	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	Sandra Farmer	Not Applicable
Less reliance on external contractors for the leasehold estimates and actuals processes results in the ability to reduce the budget for consultancy fees in this area.								No Impact
S4594	Reduction in business rates for City Homes office	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	Sandra Farmer	Not Applicable
A review of the rateable value of the offices at 171 Arbury Road has resulted in a reduction in the level of business rates chargeable.								No Impact
S4595	Gas Maintenance Contract	(27,700)	(27,700)	(27,700)	(27,700)	(27,700)	Stephanie Duff	Not Applicable
Spending in 2018/19 and current levels of spending to the end of July 2019 indicate a reduction in the need for repairs extra to the gas servicing contract, resulting in a saving against this budget.								No Impact
S4596	Net savings across Estates and Facilities	(8,200)	(8,200)	(8,200)	(8,200)	(8,200)	Lynn Thomas	Not Applicable
A review of operational budgets has been carried out across all Estates and Facilities HRA revenue cost centres. Net savings (after virement) can be offered in operational budgets for Technical Services and in Client Contingency repairs, where the latter will no longer be used.								No Impact
S4597	R & R Fund Contributions	(23,500)	(23,500)	(23,500)	(23,500)	(23,500)	Julia Hovells	Not Applicable
A review of existing repairs and renewals funds in the context of having only one area office and having consolidated some IT provision, has resulted in the ability to reduce the annual contributions to the funds.								No Impact
S4598	Reduction in HRA provisions for corporate activity	(52,320)	(52,320)	(52,320)	(52,320)	(52,320)	Julia Hovells	Not Applicable
Reduction in provision for the HRA share of corporately agreed initiatives now that the ongoing impact of activity has been built into base budgets. This includes provisions made in prior years for living wage, holiday pay on overtime and NI increases, where these have subsequently been built into base salary budgets and costs of corporate restructure.								No Impact
S4601	Savings from Corporate Business Support budget.	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)	Julia Hovells	Not Applicable
Savings of £30,000 from Corporate Business Support budgets to include one vacant post, which is not being recruited to. £7,000 is the HRA share of this saving.								No Impact

2020/21 Budget – HRA Proposals – by Type

Appendix D (2)

Reference	Item Description	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	Contact	Climate Effect & Poverty Ratings
S4602	Legal Practice (HRA Share)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	Julia Hovells	Not Applicable
Positive growth in income and limited expenditure on training , travel etc. The 10% saving target in 19/20 can be proposed as an ongoing saving. The saving for the city would be £64,000 which would also result in savings for South Cambs and Hunts equating to a combined figure of £119,000. It is estimated that £15,000 of the saving should be attributed to the HRA.								No Impact
SLD1	Housing Transformation Fund reduction	(110,000)	(100,000)	(100,000)	(100,000)	(100,000)	Julia Hovells	Not Applicable
<i>An element of the housing transformation budget was ear-marked for the employment of external consultancy to support service transformation. This resource is no longer required as all key posts have now been recruited to. The major transformation undertaken in the housing service over the last 3 years has reduced the need for the level of transformation fund in the near to medium term. The proposal takes into account any costs arising from the current review of the Maintenance and Repairs Service, assuming they can be met5 from 2019/20 transformation funding or would form part of a future bid for resource once the findings of the review have been presented for consideration and decision The plan allows the rebuilding of the fund to a level of £20,000 per year from 2021/22</i>								No Impact
Total Savings		(255,020)	(245,020)	(245,020)	(245,020)	(245,020)		

2020/21 Budget – HRA Proposals – by Type

Appendix D (2)

Reference	Item Description	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	Contact	Climate Effect & Poverty Ratings
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	---------	---

Increased Income

II4603	Increased garage income	(71,340)	(71,340)	(71,340)	(71,340)	(71,340)	Julia Hovells	Not Applicable
---------------	--------------------------------	----------	----------	----------	----------	----------	---------------	-------------------

An increased in garage income is anticipated based upon the latest occupancy data, the assumption that protection from charge increase continues to be phased out as approved and that parking spaces on new build sites are charged for where appropriate.

No Impact

II4604	Increased service charge income	(36,200)	(36,200)	(36,200)	(36,200)	(36,200)	Julia Hovells	Not Applicable
---------------	--	----------	----------	----------	----------	----------	---------------	-------------------

Based upon the latest stock numbers and estimates of the level of service charge that will be levied from 2020/21, additional income is anticipated.

No Impact

II4605	Increase in de-minimus capital receipts	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)	Julia Hovells	Not Applicable
---------------	--	---------	---------	---------	---------	---------	---------------	-------------------

As the leases for flats sold under the right to buy reduce to having only 90 years left on them, purchasers see to extend the lease for mortgage purposes, which results in a small capital receipt to the authority.

No Impact

Total Increased Income	(114,040)	(114,040)	(114,040)	(114,040)	(114,040)
------------------------	-----------	-----------	-----------	-----------	-----------

Savings Total:	(369,060)	(359,060)	(359,060)	(359,060)	(359,060)
-----------------------	------------------	------------------	------------------	------------------	------------------

2020/21 Budget – HRA Proposals – by Type

Appendix D (2)

Reference	Item Description	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	Contact	Climate Effect & Poverty Ratings
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	---------	---

Non-Cash Limit Items

NCL4672	<i>Increase in investment income to the HRA</i>	<i>(61,410)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>Julia Hovells</i>	<i>Not Applicable</i>
----------------	--	------------------------	-----------------	-----------------	-----------------	-----------------	-----------------------------	------------------------------

Based upon the latest income and expenditure assumptions, including re-phasing of the capital programme, additional interest is anticipated in the HRA in 2020/21.

No Impact

NCL4673	Reduction in interest payable by the HRA on notional borrowing	(25,650)	(25,650)	(25,650)	(25,650)	(25,650)	Julia Hovells	Not Applicable
----------------	---	----------	----------	----------	----------	----------	---------------	----------------

Based upon the lower rate of interest being received by the HRA in respect of investments, the rate of interest paid by the HRA on notional internal borrowing is expected to also reduce.

No Impact

NCL4674	Reduction in depreciation payable by the HRA	(11,270)	0	0	0	0	Julia Hovells	Not Applicable
----------------	---	----------	---	---	---	---	---------------	----------------

Based upon the latest estimated stock numbers, the level of depreciation payable for 2020/21 will be marginally lower than previously anticipated.

No Impact

NCL4677	Reduction in Direct Revenue Financing of Capital Expenditure	(67,800)	(67,800)	(67,800)	(67,800)	(67,800)	Julia Hovells	Not Applicable
----------------	---	----------	----------	----------	----------	----------	---------------	----------------

Revenue financing of capital expenditure has been reduced to offset the potential increase in the pension fund deficit contribution by the HRA. If the additional cost is incurred, the resulting impact will be a need to borrow marginally more to deliver the future new build programme.

No Impact

Total Non-Cash Limit Items	<i>(166,130)</i>	(93,450)	(93,450)	(93,450)	(93,450)
----------------------------	-------------------------	----------	----------	----------	----------

Non - Cash Limit Items Total:	<i>(166,130)</i>	<i>(93,450)</i>	<i>(93,450)</i>	<i>(93,450)</i>	<i>(93,450)</i>
-------------------------------	-------------------------	------------------------	------------------------	------------------------	------------------------

2020/21 Budget – HRA Proposals – by Type

Appendix D (3)

Reference	Item Description	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	Contact	Climate Effect & Poverty Ratings
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	---------	---

Capital Bids

CAP4606	Housing Disabled Adaptations	(78,000)	(78,000)	(78,000)	(78,000)	(78,000)	Lynn Thomas	Not Applicable
----------------	-------------------------------------	----------	----------	----------	----------	----------	-------------	----------------

Over the last two years there has been a trend towards a reduction in the number of referrals received from OT's for equipment (stairlifts, hoists, wash/dry toilets) which has led to this budget underspending over that period. There are no indications to suggest that this trend will change and therefore savings against future budget allocations can be offered up. There will be no change in policy and all applications will continue to be processed. The budget will be kept under review to allow us to respond if demand increases.

No Impact

CAP4607	Energy Efficiency Initiatives	500,000	1,000,000	1,000,000	0	0	Will Barfield	Not Applicable
----------------	--------------------------------------	---------	-----------	-----------	---	---	---------------	----------------

Funding to deliver a pilot programme of enhanced energy efficiency measures is sought to support the initial findings of the Energy Officer. This will allow a future programme to be developed for consideration, with potential investment explored and benefits measured.

No Impact

CAP4649	Project costs for the delivery of POD homes	140,000	0	0	0	0	Julia Hovells	Not Applicable
----------------	--	---------	---	---	---	---	---------------	----------------

Hill Partnerships would like to gift some POD homes for occupation by single homeless people in the city. This bid allows the facilitation of sites, that may be small HRA sites, presenting the opportunity to quickly provide housing for those in the greatest need, at a very low cost.

No Impact

CAPLD1	Additional cost to build high sustainability homes	0	5,000,000	5,000,000	5,000,000	5,000,000	Claire Flowers	Not Applicable
---------------	---	---	-----------	-----------	-----------	-----------	----------------	----------------

Under Liberal Democrat control the council demonstrated the ability to deliver fully sustainable (Sustainable Homes code 5) new build properties in the city (Virido development on the Southern Fringe). Such developments provide an important reference point to other developers as to what can be achieved to reduce carbon emissions.

Currently, the council is budgeting £10m a year to build 40 new homes a year (£250,000 per dwelling) (no specific detailed proposals have been set out for the intended 1,000 homes). Based on the HRA MTFS (sensitivity analysis) the cost per house of making the building fully sustainable would be £125,000 per dwelling.

High + Impact

This proposal would build any new council houses on a fully sustainable (Passivhaus house) basis.

Total Capital Bids	562,000	5,922,000	5,922,000	4,922,000	4,922,000
--------------------	---------	-----------	-----------	-----------	-----------

Capital Total:	562,000	5,922,000	5,922,000	4,922,000	4,922,000
----------------	---------	-----------	-----------	-----------	-----------

Appendix E

2020/21 Capital Budget Amendments Summary

Area of Expenditure and Change	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Total Housing Capital Plan Expenditure per HRA MTFs	55,007	75,627	44,744	27,365	29,211
General Fund Housing					
Increase in Disabled Facilities Grants in line with anticipated BCF funding	0	132	132	132	132
Decent Homes and Other HRA Stock Investment					
Inclusion of funding for pilot Energy Efficiency Projects to include Retrofit	0	500	1,000	1,000	0
Reduce Disabled Adaptation budget by £78,000 inclusive of overheads	0	(78)	(78)	(78)	(78)
Adjust capitalised decent homes officer fees based upon latest time allocations	0	25	25	25	25
Changes in new build decent homes allocation	(10)	(17)	1	(2)	(5)
Transfer revenue elements of Estate Investment Scheme to revenue and re-phase between years in line with anticipated delivery	(695)	270	(30)	0	(194)
New Build					
Inclusion of latest cost estimates, employer's agent, clerk of works costs, contingency and re-phasing for:					
Cameron & Wiles Close / Tedder Way	(369)	369	0	0	0
Queensmeadow	39	(39)	0	0	0
Kendal Way	(300)	300	0	0	0
Wulfstan Way	(248)	248	0	0	0
Mill Road	(1,359)	280	1,078	0	0
Ventress Close	174	(174)	0	0	0
Akeman Street	(294)	216	183	0	0
Colville Road Garages	106	(106)	0	0	0
Markham Close	161	(161)	0	0	0
Gunhild Way	55	(55)	0	0	0
Cromwell Road	(515)	(1,043)	(861)	2,419	0

Area of Expenditure and Change	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Colville Road	(2,698)	(1,242)	3,940	0	0
Clerk Maxwell Road	(714)	110	604	0	0
Campkin Road	(2,043)	(5,146)	8,645	0	0
Meadows and Buchan Street	(1,523)	(10,515)	1,786	10,830	1,343
Inclusion of unallocated resource to meet land acquisition, site or property acquisition costs	1,000	1,500	0	0	0
Inclusion of funding for fees and on costs for Hill POD Homes	0	140	0	0	0
Increase in sustainability level of all new homes	0	0	5,000	5,000	5,000
Sheltered Housing					
No changes	0	0	0	0	0
Other HRA Capital Spend					
No changes	0	0	0	0	0
Inflation Allowance					
Adjustment in inflation allowed as spend changes	0	(144)	(56)	17	18
Total Housing Capital Plan Expenditure per HRA BSR	45,774	60,997	66,113	46,708	35,452

New Build Investment Cashflow

Appendix H

New Build / Re-Development Scheme	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Budget	Budget	Budget	Budget	Budget	Budget
	£'0000	£'000	£'000	£'000	£'000	£'000
New Build / Acquisition / Re-Development Cash Expenditure						
Anstey Way	5,876	0	0	0	0	0
2015/16 Garage & In-Fill Sites (Nuns & Cameron / Wiles / Tedder)	1,424	369	0	0	0	0
Kendal Way	46	300	0	0	0	0
Queensmeadow	500	24	0	0	0	0
Wulfstan Way	304	442	0	0	0	0
Akeman Street	1,655	2,635	183	0	0	0
Ventress Close	1,536	1,383	0	0	0	0
Colville Road (Garage Site)	679	96	0	0	0	0
Mill Road (Phase I and II)	7,974	9,613	2,747	0	0	0
Gunhild Way	469	122	0	0	0	0
Markham Close	967	122	0	0	0	0
Cromwell Road	2,555	3,496	4,879	2,419	0	0
Kingsway Clinic Conversion	382	0	0	0	0	0
Ditchburn Place New Build	143	0	0	0	0	0
Colville Road	1,559	10,131	3,940	0	0	0
Meadows and Buchan Street	242	3,098	11,618	10,830	1,343	0
Clerk Maxwell Road	0	2,143	604	0	0	0
Campkin Road	2,768	6,008	8,645	0	0	0
Hill POD Homes	0	140	0	0	0	0
Keepmoat Defect Management	60	0	0	0	0	0
Acquisition or New Build (Unallocated)	1,000	1,500	15,000	15,000	15,000	15,000
Total New Build/ Re-Development Expenditure	30,139	41,622	47,616	28,249	16,343	15,000

New Build / Re-Development Scheme	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Budget	Budget	Budget	Budget	Budget	Budget
	£'0000	£'000	£'000	£'000	£'000	£'000
New Build Devolution Grant Funding						
Anstey Way	(2,107)	0	0	0	0	0
2015/16 Garage & In-Fill Sites (Nuns & Cameron / Wiles / Tedder)	(997)	(258)	0	0	0	0
Kendal Way	(32)	(210)	0	0	0	0
Queensmeadow	(350)	(17)	0	0	0	0
Wulfstan Way	(213)	(309)	0	0	0	0
Akeman Street	(771)	(1,283)	(38)	0	0	0
Ventress Close	(911)	(839)	0	0	0	0
Colville Road (Garage Site)	(475)	(67)	0	0	0	0
Mill Road (Phase I and II)	(5,582)	(6,730)	(1,923)	0	0	0
Gunhild Way	(328)	(86)	0	0	0	0
Markham Close	(677)	(85)	0	0	0	0
Cromwell Road	(1,789)	(2,447)	(3,415)	(1,693)	0	0
Kingsway Clinic Conversion	(267)	0	0	0	0	0
Ditchburn Place New Build	(100)	0	0	0	0	0
Colville Road	(73)	(5,036)	(1,958)	0	0	0
Meadows and Buchan Street	(169)	(2,169)	(8,133)	(2,403)	0	0
Clerk Maxwell Road	0	(1,500)	(423)	0	0	0
Campkin Road	0	0	0	0	0	0
Total New Build / Re-Development Funding	(14,841)	(21,036)	(15,890)	(4,096)	0	0
Use of Retained Right to Buy Funding						
Anstey Way	(903)	0	0	0	0	0
2015/16 Garage & In-Fill Sites (Nuns & Cameron / Wiles / Tedder)	(427)	(111)	0	0	0	0
Kendal Way	(14)	(90)	0	0	0	0
Queensmeadow	(150)	(7)	0	0	0	0

Page 53

Wulfstan Way	(91)	(132)	0	0	0	0
Akeman Street	(331)	(550)	(16)	0	0	0
Ventress Close	(390)	(360)	0	0	0	0
Colville Road (Garage Site)	(204)	(29)	0	0	0	0
Mill Road (Phase I and II)	(2,392)	(2,884)	(824)	0	0	0
Gunhild Way	(141)	(37)	0	0	0	0
Markham Close	(290)	(37)	0	0	0	0
Cromwell Road	(767)	(1,049)	(1,464)	(726)	0	0
Kingsway Clinic Conversion	(115)	0	0	0	0	0
Ditchburn Place New Build	(43)	0	0	0	0	0
Colville Road	(31)	(2,158)	(801)	0	0	0
Meadows and Buchan Street	(72)	(929)	(3,137)	(2,112)	(403)	0
Clerk Maxwell Road	0	(643)	(181)	0	0	0
Campkin Road	(184)	(1,201)	(1,729)	0	0	0
Acquisition or New Build (Unallocated)	0	0	0	0	(3,600)	(4,050)
Total Use of Retained Right to Buy Funding	(6,545)	(10,217)	(8,152)	(2,838)	(4,003)	(4,050)
Total to be funded from HRA Resources (DRF & MRR) and Sales Receipts	8,753	10,368	23,574	10,151	4,539	2,244
Total HRA Borrowing	0	0	0	11,164	7,801	8,706

Key Sensitivity Analysis

Appendix I

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
Rents Inflation	CPI plus 1% for 5 years, followed by CPI plus 0.5%	Although confirmed by government, for the next 5 years, there is no guarantee that there will be the ability to return to previously assumed rent increases if rents are set legislatively after 2024/25, so assume CPI only from 2025/26.	Borrowing increases by £71 million during the life of the plan.
Direct Payments (Universal Credit)	Bad Debts at 1.5%	Evidence from the pilot authorities for direct payment indicated that collection rates may fall from 99% to 95%. Assume bad debts at 5% from 2020/21.	Borrowing increases by £64 million during the life of the plan.

HRA Summary 2019/20 to 2024/25

Appendix J

Description	2019/20 £0	2020/21 £0	2021/22 £0	2022/23 £0	2023/24 £0	2024/25 £0
Income						
Rental Income (Dwellings)	(36,484,730)	(37,932,740)	(39,902,990)	(43,111,130)	(45,428,250)	(47,032,480)
Rental Income (Other)	(1,199,740)	(1,292,350)	(1,314,970)	(1,342,580)	(1,372,120)	(1,402,300)
Service Charges	(2,969,250)	(3,055,160)	(3,104,630)	(3,165,040)	(3,229,660)	(3,295,690)
Contribution towards Expenditure	(679,430)	(654,850)	(666,310)	(680,300)	(695,270)	(710,560)
Other Income	(458,880)	(460,520)	(460,410)	(470,080)	(480,420)	(490,990)
Total Income	(41,792,030)	(43,395,620)	(45,449,310)	(48,769,130)	(51,205,720)	(52,932,020)
Expenditure						
Supervision & Management - General	4,084,860	3,667,510	3,739,470	3,957,500	4,096,180	4,175,850
Supervision & Management - Special	3,517,520	3,292,220	3,288,640	3,406,770	3,454,720	3,489,160
Repairs & Maintenance	7,712,470	7,746,780	8,062,080	8,079,030	8,381,370	8,713,330
Depreciation - t/f to Major Repairs Res.	11,070,740	11,154,140	11,821,370	12,287,770	12,576,840	12,872,680
Debt Management Expenditure	0	0	0	0	0	0
Other Expenditure	4,034,970	4,146,500	4,225,170	4,341,470	4,453,360	4,559,180
Total Expenditure	30,420,560	30,007,150	31,136,730	32,072,540	32,962,470	33,810,200
Net Cost of HRA Services	(11,371,470)	(13,388,470)	(14,312,580)	(16,696,590)	(18,243,250)	(19,121,820)
HRA Share of operating income and expenditure included in Whole Authority I&E Account						
Interest Receivable	(543,300)	(452,120)	(288,050)	(162,240)	(142,760)	(146,550)
HRA (Surplus) / Deficit for the Year	(11,914,770)	(13,840,590)	(14,600,630)	(16,858,830)	(18,386,010)	(19,268,370)
Items not in the HRA Income and Expenditure Account but in the movement on HRA balance						
Loan Interest	7,506,740	7,506,750	7,544,920	7,635,350	7,969,830	8,229,900
Housing Set Aside	1,560,900	(3,905,000)	(9,145,000)	(1,280,000)	(374,510)	0

Appropriation from Ear-Marked Reserve	0	0	0	0	0	0
Direct Revenue Financing of Capital	2,568,300	14,182,120	16,649,700	14,857,840	10,805,980	10,969,020
(Surplus) / Deficit for Year	(278,830)	3,943,280	448,990	4,354,360	15,290	(69,450)
Balance b/f	(11,539,346)	(11,818,176)	(7,874,896)	(7,425,906)	(3,071,546)	(3,056,256)
Total Balance c/f	(11,818,176)	(7,874,896)	(7,425,906)	(3,071,546)	(3,056,256)	(3,125,706)

Housing Capital Investment Plan

Appendix K

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend										
Disabled Facilities Grants	754	682	682	682	682	682	682	682	682	682
Private Sector Housing Grants and Loans	195	195	195	195	195	195	195	195	195	195
Total General Fund Housing Capital Spend	949	877	877	877	877	877	877	877	877	877
HRA Capital Spend										
Decent Homes										
Kitchens	655	682	303	466	621	753	1,136	747	1,474	1,367
Bathrooms	331	1,049	188	47	158	650	653	146	67	363
Central Heating / Boilers	2,586	3,838	1,866	2,050	1,850	2,675	1,902	2,129	2,315	1,685
Insulation / Energy Efficiency / Wall Finishes	833	1,344	891	807	676	519	420	970	181	1,184
Energy Efficiency Pilot / Retrofit	0	500	1,000	1,000	0	0	0	0	0	0
External Doors	148	116	52	72	20	58	52	75	57	58
PVCU Windows	0	689	467	241	855	538	1,062	380	328	1,111
Wall Structure	634	2,246	6	6	19	2	250	94	505	681
External Painting	0	357	357	357	357	357	357	357	357	357
Roof Structure	398	300	300	300	300	300	300	300	300	300
Roof Covering	542	688	1,106	200	690	1,918	1,647	994	1,058	935
Chimneys	1	2	0	0	2	2	0	0	0	7
Electrical / Wiring	555	296	274	445	388	483	209	266	4	19
Sulphate Attacks	102	102	102	102	102	102	102	102	102	102
HHSRS Contingency	229	100	100	100	100	100	100	100	100	100
Other Health and Safety Works	269	50	50	50	50	50	50	50	50	50

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other External Works	0	0	0	0	0	0	0	0	0	0
Capitalised Officer Fees - Decent Homes	305	330	330	330	330	330	330	330	330	330
Decent Homes Backlog	0	0	4,716	4,716	4,716	4,716	4,716	3,811	3,811	3,811
Decent Homes Planned Maintenance Contractor Overheads	842	1,305	667	576	680	936	906	738	759	915
Decent Homes New Build Allocation	467	146	733	1,007	1,087	1,172	1,260	1,349	1,444	1,541
Total Decent Homes	8,897	14,140	13,508	12,872	13,001	15,661	15,452	12,938	13,242	14,916
Other Spend on HRA Stock										
Garage Improvements	195	100	100	100	100	100	100	100	100	100
Asbestos Removal	50	50	50	50	50	50	50	50	50	50
Disabled Adaptations	878	808	808	808	808	808	808	808	808	808
Communal Areas Uplift	100	100	100	100	100	100	100	100	100	100
Communal Electrical Installations / Fire Systems / Communal Lighting	150	150	150	150	150	150	150	150	150	150
Communal Entrance / Enclosure Doors + Glazing	71	329	71	76	136	71	140	71	73	185
Fire Prevention / Fire Safety Works	921	50	50	50	50	50	50	50	50	50
Hard surfacing on HRA Land - Health and Safety Works	508	225	225	225	225	225	225	225	225	225
Communal Areas Floor Coverings	295	100	100	100	100	100	100	100	100	100
Lifts and Door Entry Systems	138	231	9	0	38	28	75	0	0	40
Estate Investment Scheme	305	1,270	970	1,000	806	0	0	0	0	0
Capitalised Officer Fees - Other HRA Stock Spend	114	114	114	114	114	114	114	114	114	114
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	364	235	183	182	193	185	197	182	182	199
Total Other Spend on HRA stock	4,089	3,762	2,930	2,955	2,870	1,981	2,109	1,950	1,952	2,121

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HRA New Build / Re-Development										
Anstey Way	5,876	0	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites (Nuns & Cameron / Wiles / Teddar)	1,424	369	0	0	0	0	0	0	0	0
Kendal Way	46	300	0	0	0	0	0	0	0	0
Queensmeadow	500	24	0	0	0	0	0	0	0	0
Wulfstan Way	304	442	0	0	0	0	0	0	0	0
Akeman Street	1,655	2,635	183	0	0	0	0	0	0	0
Ventress Close	1,536	1,383	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	679	96	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	7,974	9,613	2,747	0	0	0	0	0	0	0
Ganhild Way	469	122	0	0	0	0	0	0	0	0
Markham Close	967	122	0	0	0	0	0	0	0	0
Cromwell Road (Including Land Acquisition)	2,555	3,496	4,879	2,419	0	0	0	0	0	0
Kingsway Clinic Conversion	382	0	0	0	0	0	0	0	0	0
Ditchburn Place New Build	143	0	0	0	0	0	0	0	0	0
Colville Road	1,559	10,131	3,940	0	0	0	0	0	0	0
Meadows and Buchan Street	242	3,098	11,618	10,830	1,343	0	0	0	0	0
Clerk Maxwell Road	0	2,143	604	0	0	0	0	0	0	0
Campkin Road	2,768	6,008	8,645	0	0	0	0	0	0	0
Hill POD Homes	0	140	0	0	0	0	0	0	0	0
Keepmoat Defect Management (10 Schemes)	60	0	0	0	0	0	0	0	0	0
Acquisition or New Build (Unallocated)	1,000	1,500	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Total HRA New Build	30,139	41,622	47,616	28,249	16,343	15,000	15,000	15,000	15,000	15,000

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sheltered Housing Capital Investment										
Ditchburn Place	772	0	0	0	0	0	0	0	0	0
Total Sheltered Housing Capital Investment	772	0	0	0	0	0	0	0	0	0
Other HRA Capital Spend										
Orchard Replacement / Mobile Working	543	0	0	0	0	0	0	0	0	0
Stores Reconfiguration	55	0	0	0	0	0	0	0	0	0
Estate Service Champion Estate Vehicle	0	0	0	0	0	0	0	0	0	0
Shared Ownership Repurchase	300	300	300	300	300	300	300	300	300	300
Commercial and Administrative Property	30	30	30	30	30	30	30	30	30	30
Total Other HRA Capital Spend	928	330	330	330	330	330	330	330	330	330
Total HRA Capital Spend	44,825	59,854	64,384	44,406	32,544	32,972	32,891	30,218	30,524	32,367
Total Housing Capital Spend at Base Year Prices	45,774	60,731	65,261	45,283	33,421	33,849	33,768	31,095	31,401	33,244
Inflation Allowance and Stock Reduction Adjustment for Future Years	0	266	852	1,425	2,031	2,863	3,253	3,155	3,554	4,302
Total Inflated Housing Capital Spend	45,774	60,997	66,113	46,708	35,452	36,712	37,021	34,250	34,955	37,546
Housing Capital Resources										
Right to Buy Receipts	(474)	(478)	(483)	(483)	(483)	(483)	(483)	(483)	(513)	(518)
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0	0	0	0	0	0
Major Repairs Reserve	(16,943)	(5,881)	(22,451)	(12,287)	(12,577)	(12,872)	(13,176)	(13,486)	(13,802)	(14,125)
Direct Revenue Financing of Capital	(2,568)	(14,182)	(16,650)	(14,858)	(10,806)	(10,969)	(11,490)	(11,881)	(12,392)	(12,970)

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(1,028)	(2,050)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)
Devolution Grant	(14,841)	(21,036)	(15,890)	(4,096)	0	0	0	0	0	0
Retained Right to Buy Receipts	(6,545)	(10,217)	(8,152)	(2,838)	(2,803)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)
Disabled Facilities Grant	(682)	(682)	(682)	(682)	(682)	(682)	(682)	(682)	(682)	(682)
Prudential Borrowing	0	0	0	(11,164)	(7,801)	(8,706)	(8,190)	(4,718)	(4,566)	(6,251)
Total Housing Capital Resources	(43,081)	(54,526)	(64,608)	(46,708)	(35,452)	(36,712)	(37,021)	(34,250)	(34,955)	(37,546)
Net (Surplus) / Deficit of Resources	2,693	6,471	1,505	0	0	0	0	0	0	0
Capital Balances b/f	(10,671)	(7,978)	(1,506)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Use of / (Contribution to) Balances in Year	2,693	6,472	1,506	0	0	0	0	0	0	0
Capital Balances c/f	(7,978)	(1,506)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other Capital Balances (Opening Balance 1/4/2019)										
Major Repairs Reserve	(11,231)	Utilised in future years to fund investment in the housing stock								
Retained 1-4-1 Right to Buy Receipts	(13,932)	Utilised between 2019/20 and 2020/21 above								
Right to Buy Receipts for Debt Redemption	(9,031)	Retained for future debt repayment								
Total Other Capital Balances	(34,194)									

