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Cambridge City Council

HOUSING MANAGEMENT BOARD

To: **Scrutiny Committee Members:** Councillors Blackhurst (Vice-Chair), Bird, Blencowe, Brierley, Johnson, Pippas, Price, Rosenstiel and Minns (Chair)

Alternates: Councillors Pitt and Todd-Jones

Tenants and Leaseholders: Diane Best (Leaseholder Representative), Kay Harris (Tenant Representative), John Marais (Tenant Representative), Diana Minns (Chair - Tenant Representative), Caroline Oriokot (Tenant Representative) and Terry Sweeney (Tenant Representative).

Executive Councillor for Housing: Councillor Smart

Despatched: *Thursday, 19 September 2013*

Date: Tuesday, 1 October 2013
Time: 5.30 pm
Venue: Committee Room 1 & 2 - Guildhall
Contact: Claire Tunnicliffe **Direct Dial:** 01223 457013

AGENDA

1 APOLOGIES

To receive any apologies for absence.

2 DECLARATIONS OF INTEREST

Members are asked to declare at this stage any interests that they may have in an item shown on this agenda. If any member of the Committee is unsure whether or not they should declare an interest on a particular matter, they should seek advice from the Head of Legal Services **before** the meeting.

3 MINUTES

To approve the minutes of the previous meeting.
(Pages 7 - 20)

4 PUBLIC QUESTIONS
(See information below).

Items for Decision by the Executive Councillor, Without Debate
These Items will already have received approval in principle from the Executive Councillor. The Executive Councillor will be asked to approve the recommendations as set out in the officer's report.

There will be no debate on these items, but members of the Scrutiny Committee and members of the public may ask questions or comment on the items if they comply with the Council's rules on Public Speaking set out below.

Items for Debate by the Committee and then Decision by the Executive Councillor
These items will require the Executive Councillor to make a decision after hearing the views of the Scrutiny Committee.

There will be a full debate on these items, and members of the public may ask questions or comment on the items if they comply with the Council's rules on Public Speaking set out below.

Executive Councillor for Housing

Items for Decision by the Executive Councillor, Without Debate

5 WRITE-OFF OF CURRENT TENANT ARREARS
(Pages 21 - 26)

Items for Debate by the Committee and then Decision by the Executive Councillor

6 OUTCOME OF THE REPAIRS IMPROVEMENT PLAN
(Pages 27 - 44)

7 UNDER OCCUPATION INCENTIVE GRANT
(Pages 45 - 48)

8 CAMBRIDGE STANDARD FUND
(Pages 49 - 52)

9 WELFARE REFORM AND THE IMPACT ON RENT ARREARS.
(Pages 53 - 58)

10 HOUSING REVENUE ACCOUNT MID-YEAR FINANCIAL REVIEW
(Pages 59 - 112)

Information for the Public

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The meeting is in the Guildhall on the Market Square (CB2 3QJ).

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- For questions and/or statements regarding items NOT on the published agenda, the deadline is 10 a.m. the day before the meeting.

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Queries on reports	If you have a question or query regarding a committee report please contact the officer listed at the end of

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HOUSING MANAGEMENT BOARD 4 June 2013
5.30pm - 7.39 pm

Present: Councillors Blackhurst (Chair), Bird, Blencowe, Brierley, Johnson, Pippas, Price and Rosenstiel

Executive Councillor for Housing: Councillor Smart

Tenant/Leaseholder Representatives: Diana Minns (Chair), Diane Best, Allen Champion, John Marais, and Terry Sweeney

Officers:
Director of Customer & Community Services: Liz Bisset
Head of Strategic Housing: Alan Carter
Head of City Homes: Robert Hollingsworth
Head of Community Development: Trevor Woolams
Area Housing Manager: Sandra Farmer
Area Housing Manager: Andrew Latchem
Business Manager & Principal Accountant: Julia Hovells
Development Officer: Gary Norman
Resident Involvement Facilitator: James Bull
Committee Manager: Glenn Burgess

FOR THE INFORMATION OF THE COUNCIL

13/16/HMB Apologies

None.

13/17/HMB Declarations of Interest

Name	**Item**	**Interest**
Diane Best	13/24/HMB	Personal: As a pre-2004 Leaseholder
Terry Sweeney	13/28/HMB	Personal and Prejudicial: Mother a resident of Ditchburn Place. Mr Sweeney left the meeting during discussion on this item and did not vote.
Councillor Rosenstiel	13/23/HMB	Personal: As a tenant of a Council owned garage
Kay Harris	13/23/HMB 13/27/HMB	Personal: Member of Campkin/Hawkins Residents Association

Kay Harris	13/24/HMB	Personal: As a tenant representative on the Gas Maintenance Ops meetings
Diana Minns	13/25/HMB	Personal: As the Chair of the Hanover/Princes Court Residents Association. Ms Minns vacated the Chair for this agenda item, but did take part in the discussion and did not vote.

13/18/HMB Minutes

The minutes of the meeting held on 5 March 2013 were approved and signed by the Chair.

13/19/HMB Public Questions

None.

13/20/HMB To Nominate Three Tenants/Leaseholders' Representatives to Community Services Scrutiny Committee for Municipal Year 2012/13

Diane Best, Kay Harris and Diana Minns were nominated as tenant/leaseholder representatives on the Community Services Scrutiny Committee.

John Marais was nominated as a reserve representative.

13/21/HMB Revenue and Capital Outturn, Carry Forwards and Significant Variances - HRA

Matter for Decision
The report presented a summary of the 2012/13 outturn position (actual income and expenditure) for services within the Housing Revenue Account, compared to the current budget for the year.

Decision of Executive Councillor for Housing
Agreed that the carry forward requests, totalling £3,108,480 as detailed in Appendix C of the officers report, be recommended to Council for approval.

Reason for the Decision
As set out in the Officer's report.

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations
The Committee received a report from the Business Manager/Principal Accountant.

The Committee resolved (by 9 votes to 0) to endorse the recommendation.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/22/HMB Under Occupation Incentive Scheme

Matter for Decision
As a result of the changes to Welfare Benefits, and in particular, the reduction of Housing Benefit for spare rooms it was felt appropriate to review the scheme.

Decision of Executive Councillor for Housing
The officer's original recommendation was replaced with the following amendment and then agreed by the Executive Councillor:

To maintain the current Under Occupation Incentive Scheme until October 2013, with a further report being brought back to the next meeting of HMB which considers the current and future take up, and looks at practice across other Councils.

Reason for the Decision
To take on board the views of the Scrutiny Committee.

Any Alternative Options Considered and Rejected
Proposals in the report to reduce the amount of money given in each case (in order for it to spread further) were rejected.

Scrutiny Considerations
The Committee received a report from the Area Housing Manager.

The Committee made the following comments in response to the report:

(i) Raised concern that, with recent changes to Welfare Benefits, it may not be an appropriate time to review the scheme.
(ii) Highlighted the need for it to remain as an ‘incentive’ scheme and not an ‘assistance’ scheme.
(iii) Highlighted the benefit of the proposed £500 removals grant and additional £500 for those tenants doing mutual exchanges.
(iv) Noted that more people could be helped by maintaining the current scheme with an additional budget.

In response to Members’ questions the Executive Councillor confirmed the following:

(i) It would not be advisable to revise budgets this early but suggested that they be looked at again in the autumn depending on take up of the revised scheme.
(ii) Whilst it was proposed that the revised scheme only apply to those moving within HOMELINK properties, relocations outside of the area could be looked at on a case by case basis to see if assistance could be provided.
(iii) The additional £500 would not be means tested for welfare benefit purposes.

Councillor Price proposed and Councillor Blencowe seconded the following amended recommendation:

To maintain the current Under Occupation Incentive Scheme until October 2013, with a further report being brought back to the next meeting of HMB which considers the current and future take up, and looks at practice across other Councils.

On a show of hands the amended recommendation was endorsed by 9 votes to 3.

The Committee resolved (by 9 votes to 3) to endorse the amended recommendation.

The Executive Councillor deferred her decision for further consideration outside of the meeting.

The Housing Management Board was informed on 17 June 2013 that the Executive Councillor had approved the amended recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/23/HMB City Wide Garage Review

Matter for Decision
The report set out the progress made in the review of garages across the City following the June 2012 HMB committee report.

Decision of Executive Councillor for Housing
(i) To approve the implementation of the variable garage charges effective from September 2013 for all existing and future garage tenancies.
(ii) To approve the reviewed Conditions of Tenancy and Agreement for garage tenants.
(iii) To approve the recommendation to undertake a thorough and detailed cost appraisal of the St Matthews Street garage site and bring a report to a future HMB with the findings of the appraisal and recommended options based on this.

Reason for the Decision
As set out in the Officer's report.

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations
The Committee received a report from the Area Housing Manager.

The Committee made the following comments in response to the report:

(i) Thanked officers and members of the Garages Working Party for their hard work.
(ii) Emphasised the need for a flexible charging Policy to ensure that garages in more suburban areas remained occupied.

Councillor Rosenstiel raised concern on behalf of his constituents that, as all garage sites were on one side of the City, the ‘half mile walking distance’ criteria for Priority Table 1 (page 37 of the agenda) may not be sufficient.

The Head of City Homes confirmed that this was merely an administrative indicator to ensure that priority was given to local residents. It was noted that strict measurement would not be implemented.

The Executive Councillor confirmed that the original wording had been ‘local’ and did not specify a distance. It was upon her request that a more specific distance was included. However it was again emphasised that this would be used merely as an indicator.

Councillor Rosenstiel formally proposed that the distance listed in Priority Table 1 (page 37 of the agenda) be amended to read ‘within 1 mile walking distance’.

On a show of hands (3 votes to 8) this proposed amendment was not endorsed.

In response to Members’ questions the Area Housing Manager confirmed the following:

(i) The revised Conditions of Tenancy and Agreement would apply for both existing and new garage tenants.

The Committee resolved unanimously to endorse the recommendation.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

No conflicts of interest were declared by the Executive Councillor.

13/24/HMB Gas Safety Certification for Leasehold Dwellings in Flat Blocks

Matter for Decision
The report set out gas safety concerns relating to pre 2004 leasehold properties within flat blocks in the city. A low-cost option was recommended to address concerns and for minimising the risk of a gas related incident occurring.

Decision of Executive Councillor for Housing
Approved the following low cost option:

(i) Estates and Facilities generate and send out a letter (appendix1 of the officers report) to all leaseholders outlining Gas Safety requirements with the option to enter into a private agreement between the Councils approved sub-contractor Compton & Parkinson to have their gas supply and appliances inspected, checked and serviced at a competitive price that has been negotiated between the Council and Contractor.
(ii) There are at present 400 Leasehold flats that we have no knowledge of gas maintenance history. These will receive letters first as they pose potential significant risk.
(iii) Every Leasehold dwelling 1079 in total will receive the gas Safety letter on an Annual basis.
(iv) That a progress report be brought back to the committee in 1 years' time.

Reason for the Decision
As set out in the Officer's report.

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations
The Committee received a report from the Engineering Services Team Leader.

The Committee made the following comments in response to the report:

(i) Thanked officers for their hard work.
(ii) Highlighted that, whilst no low cost option could ensure 100% compliance with gas safety certificates, the proposal by officers was a sensible option.
(iii) Highlighted previous confusion regarding the process for pre and post 2004 leaseholders.

In response to Members' questions the Engineering Services Team Leader confirmed the following:

(i) Letters would be sent out every year in order to continually remind residents and encourage them to engage with the City Council.
(ii) Whilst wording was included in lease agreements regarding the requirements for gas certificates, the Legal Department's view was that it was not robust enough to stand up in court.
(iii) The City Council had to evidence that they were actively trying to engage with residents and address the issue.
(iv) A 'Gas Safety Week' takes place each year, and officers attend community events to educated residents about gas safety.
(v) Whilst the quotes provided in the letter by Compton & Parkinson were very competitive, residents were not obligated to use this contractor.

Councillor Johnson proposed and Councillor Bird seconded an additional recommendation to ensure that a progress report be brought back to the committee in 1 years' time.

On a show of hands the committee endorsed this proposed additional recommendation unanimously.

The Committee resolved unanimously to endorse the recommendations.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/25/HMB Project Appraisal for Hanover / Prices Court Community Room

Matter for Decision
Re-development of the existing laundry to create a new community room with small adjacent laundry space which could be accessed separately.

Decision of Executive Councillor for Housing
(i) Approved the Project Appraisal for the re-development of the existing laundry to create a new community room with small adjacent laundry at Hanover and Princes Court.

(ii) Agreed that any shortfall in revenue funding for the community room be met from income generated by telecom masts on the top of Princes and Hanover Courts.

Reason for the Decision
As set out in the Officer's report.

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations
Councillor Blackhurst took over the Chair for this item.

The Committee received a report from the Head of Community Development.

The Committee made the following comments in response to the report:

(i) Highlighted this as an exciting and worthwhile project which had generated lots of enthusiasm from the local community.

In response to Members' questions the Area Housing Manager and the Business Manager and Principal Accountant confirmed the following:

(ii) The facility would be jointly managed between the City Council and local residents through a Service Level Agreement.
(iii) The £3,000 allocated for set-up costs would cover laundry equipment and be funded from the repairs and renewals budget.

The Committee resolved (by 12 votes to 0) to endorse the recommendation.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/26/HMB STAR Tenant Satisfaction Survey 2014

Matter for Decision
Approval of the 2014 Tenant and Leaseholder Satisfaction Survey.

Decision of Executive Councillor for Housing
Approved the report's proposals for the 2014 satisfaction surveys with tenants and leaseholders.

Reason for the Decision
As set out in the Officer's report.

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations
The Committee received a report from the Resident Involvement Facilitator.

In response to Members' questions the Resident Involvement Facilitator, the Director of Customer and Community Services, the Business Manager and Principal Accountant, and the Head of City Homes confirmed the following:

(i) A resident representative would be involved in the procurement of the survey company.
(ii) Results had improved year on year.
(iii) Where requested the survey could be provided in audio, brail, large print and alternative languages.
(iv) Results would be compared with other housing providers across the country in order to identify any trends as a result of central government policy.
(v) *Housemark* benchmarking services would enable comparison of performance nationally.
(vi) Lots of work had been undertaken by officers to ensure that the survey data could be compared year on year.
(vii) A budget of £6,000 was set aside each year for this work. As a result of the survey in 2010 not going ahead and then being done jointly in 2012, £35,000 had built up in the budget.
(viii) Concern over parking and shrubs had been identified as part of the 2012 survey and these had now been improved as a result.

The Committee resolved unanimously to endorse the recommendation.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/27/HMB Council Affordable Housing Development Programme - Progress Report

Matter for Decision
Report on the progress of the Council's Affordable Housing Development Programme providing an up-date with a particular emphasis on the re-housing of existing residents.

Decision of Executive Councillor for Housing
Noted progress with the delivery of the Council's Affordable Housing Development Programme.

Reason for the Decision
As set out in the Officer's report.

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations
The Committee received a report from the Head of Strategic Housing.

In response to Members' questions the Head of Strategic Housing confirmed the following:

(i) Water Lane was one of the last schemes approved and was therefore marginally behind the others.
(ii) Tenants moved from an under-occupied property would be offered the option of a 'like for like' property.
(iii) The Latimer Close scheme had received planning permission and a final design was being worked on. The scheme may however be delayed slightly by highway related issues.
(iv) Negotiations were going well regarding the Stanesfield Road Scout Hut.
(v) Water Lane and Aylesborough Close had been delayed for 3 months and this did hold up some rehousing work but it was not yet at a critical point.

(vi) Officers would be happy to answer any further questions on specific schemes outside of the meeting.

The Committee resolved unanimously to endorse the recommendation.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/28/HMB Ditchburn Place Refurbishment

Matter for Decision
The report presented a summary of the feasibility design and financial costing for the refurbishment, alteration, and extension of Ditchburn Place.

Decision of Executive Councillor for Housing
Noted progress of the project to date.

Reason for the Decision
As set out in the Officer's report.

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations
The Committee received a tabled report from the Development Officer.

In response to Members' questions the Development Officer and the Head of City Homes confirmed the following:

(i) Acknowledged that members may not have had an opportunity to digest the report, but offered to provide separate briefings or to answer any specific questions outside of the meeting.
(ii) Options would be looked at for connecting Ditchburn Place to the district heating scheme.
(iii) As a building of special interest, the frontage would remain the same.

The Committee resolved unanimously to endorse the recommendation.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

The meeting ended at 7.39 pm

CHAIR

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Cambridge City Council **Item**

To:	Executive Councillor for Housing (and Deputy Leader): Councillor Catherine Smart
Report by:	Director of Customer & Community Services
Relevant scrutiny committee:	Housing Management Board 1/10/2013
Wards affected:	All Wards

WRITE-OFF OF CURRENT TENANT ARREARS
Not a Key Decision
The background information used in the preparation of this report is exempted from publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

1. Executive Summary

This report sets out the detail of one current tenant arrears case together with a summary of the action taken to try to recover this debt.

2. Recommendations

The Executive Councillor is recommended:

2.1 To approve the one case of current tenant arrear totalling £2,719.14 detailed in the attached appendix be written off, due to the expiration of a Debt Relief Order.

3. Background

3.1 The current tenant arrears case has been subject to the standard rent arrears recovery process applicable before the Debt Relief Orders were granted.

3.2 In April 2009, the UK Government introduced the Debt Relief Order, as a simplified, quicker and cheaper alternative to bankruptcy as a debt relief solution. Debt Relief Orders are run by The Insolvency Service in partnership with skilled debt advisers and do not involve the courts. A Debt Relief Order (DRO) enables debtors to repay their debt without the need to file for bankruptcy, which is a more costly solution. The current cost of a Debt Relief Order is £90.00, which must be paid in advance before an application will be considered.

3.3 Debt Relief Orders are suitable for people who cannot pay their debts and do not own their own home, have little surplus income and assets and have no prospect of the situation improving.

3.4 *Application Conditions of a Debt Relief Order*

- The debtor must be unable to repay their debts.
- The debtor must owe less than £15,000.
- The debtor can own a car to the value of £1,000 but the total value of other assets must not exceed £300.
- After taking away tax, national insurance contributions and normal household expenses, the debtors' disposable income must be no more than £50 a month.
- The debtor must be domiciled (living) in England or Wales, or at some time in the last 3 years have been living or carrying on business in England or Wales.
- The debtor must not have been subject to another DRO within the last 6 years.
- The debtor must not be involved in another formal insolvency procedure at the time they apply.

Effects of a Debt Relief Order

3.5 Debt Relief Orders usually last for 12 months, however these can be extended and the individual is:

- Protected by enforcement action from many of their creditors
- Obliged to co-operate with the Official Receiver
- Expected to repay their creditors if their circumstances improve

3.6 While the DRO is in force the debt will be subject to a moratorium. During this time, creditors named on the order cannot take any legal action to recover their money without permission from the court.

3.7 Debtors should not make any payments towards any debt contained within their DRO but should continue to pay ongoing commitments such as rent and utility bills that occur after the DRO has been approved.

3.8 At the end of the moratorium period, if the debtor's circumstances have not changed, they will be freed from the debts that were included in their order, as they should be written off and creditors may not take any action for repayment of the debts.

3.9 If the debt forms part of a joint debt, action can be taken against any other joint debtor, unless they too are subject to a DRO or other insolvency process.

3.10 If the moratorium is extended, ended early, or if the DRO is cancelled, creditors will be sent notice by the official receiver.

Process

3.11 During the 12 months that the order is in place, City Homes transfer the debt to a sub account within the tenancy in order that arrears action is not undertaken against the amount specified.

3.12 At the end of the 12 month period if the debtors circumstances are unchanged, the council has no option but to write the debt off.

3.13 Any tenant who has had a DRO is unable to apply for another one within a 6-year period.

4. Implications

(a) **Financial Implications**

Provision for writing off of bad debts has been made in the Housing Revenue Account.

(b) **Staffing Implications** (if not covered in Consultations Section)

There are no staffing implications associated with this report.

(c) **Equal Opportunities Implications**

An Equalities Impact Assessment has not been undertaken in respect of this report, as each case has been individually considered prior to submission for write off.

(d) **Environmental Implications**

There are no environmental implications associated with this report.

(e) **Procurement**

There are no direct procurement implications associated with this report.

(f) **Consultation and communication**

This report considers an individual case for write off. A number of attempts will have been made to contact the tenant concerned prior to the preparation of this report.

Members and tenant and leaseholder representatives are reminded that they are welcome to spend time with City Homes officers to gain further insight into the arrears recovery and write off process.

(g) **Community Safety**

There are no environmental implications associated with this report.

5. Background Papers

The background papers used in the preparation of this report are exempt from publication as they contain information relating to the financial or business affairs of any particular person.

6. Appendices

The following appendix is included as part of this report:

- Appendix 1: Individual arrears case and action taken.

7. Inspection of Papers

If you have a query on the report please contact:

Author's Name:	Cherie Carless
Author's Phone Number:	01223 - 457824
Author's Email:	cherie.carless@cambridge.gov.uk

Individual arrears cases and action taken.

Area Team	Ward	Amount	Action Taken To Recover Debt	Reason for Write-off
Current Tenants				
South	Trumpington	£2,719.14	Unable to Recover - Debt Relief Order granted under The Insolvency Act 1986	The tenancy has been live for the period November 1996 to present, and the debt comprises of outstanding rent arrears and associated court costs. In December 2009 the tenant applied for a Debt Relief Order against the outstanding debts that they held, which included outstanding rent arrears accrued of £2,719.14. It stated in the Debt Relief Order, that at the end of the twelve month moratorium period, the debtor is discharged from all the outstanding debts specified in the order. We can no longer legally pursue the current tenant for the outstanding amount due to the Debt Relief Order and as a result are requesting approval to write off this amount in our accounts.
Total		**£2,719.14**		

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Cambridge City Council Item

To:	Executive Councillor for Housing (and Deputy Leader): Councillor Catherine Smart
Report by:	Bob Hadfield Head of Estates and Facilities
Relevant scrutiny committee:	Housing Management Board 1/10/2013
Wards affected:	All Wards

OUTCOME OF THE REPAIRS IMPROVEMENT PLAN
Key Decision

1. Executive summary

1.1 The decision to implement a 2 year improvement plan for the responsive repairs and voids service was approved at the meeting of Housing Management Board on 28 Sept 2010. The Executive Councillor subsequently agreed to extend the period by a further 1 year to enable further investigation into the procurement of alternative I.T. solutions and to implement the most appropriate option.

1.2 The 3 year period has now concluded, and this report presents the outcomes of the improvement plan, which will enable the Executive Councillor to consider retaining the service provision in-house.

2. Recommendations

The Executive Councillor is recommended:

2.1 To note the progress and improvements made in service delivery over the past 3 years.

2.2 To agree to retain the service delivery in house subject to the following requirements:

A. That a report is presented to Housing Management Board in June 2014 detailing the performance of the service following the introduction of mobile working.

B. That an annual review takes place which establishes whether performance is being maintained and the decision to retain the service in house is still valid.

2.3 To approve that the contract review date for all products supplied by Orchard Information Systems and their operational partners, is timetabled to be 5 years from the point of implementation of the Direct Works and SVS applications, to ensure that any anticipated cost savings are achieved and that the housing service is able to maintain rational service delivery across all aspects of the service.

3. Improvement Plan Outcomes

3.1 The improvement plan contained six key service objectives. The three main objectives were:

- Improve service delivery
- Improve value for money and the overall cost of the service.
- Increase resident involvement

The main objectives were supported by three further objectives that contribute to the overall improvement of the service. The contributory objectives were:

- Improve communication within the Estates and Facilities team
- Improve technology and innovation
- Improve inter-departmental working practises

Appendix A details the changes made to the service that have resulted in the improvements achieved.
Appendix B sets out the programme for the remaining tasks required to implement new IT and enable a "go-live" date of 6 January 2014.

3.2 Improve Service Delivery

3.2.1 The key performance indicators that monitor this aspect of the improvement plan show improvements have been achieved in all areas of the responsive repairs service since 2010/11. This is summarised in the table below. Please note that the information for 2013/14 relates to the first third of the current financial year (April – July 2013.)

Responsive Repairs Service Delivery	2010/11	2013/14
Emergency jobs completed in target	96.4%	99.0%
Urgent jobs completed in target	82.4%	97.4%
Routine jobs completed within target	86.5%	97.9%
All jobs completed within target	86.5%	98.04%
Appointments made*	49.0%	54.6%
Appointments kept (information collected from resident satisfaction survey cards)	94%	99.4%
Number of late afternoon appointments made	47	99
Resident satisfaction with the completed repair (score out of 10)	9.3	9.9
Percentage of jobs where the target date is extended	10.5%	4.9%

The performance indicator relating to Appointments Made is based upon the Housemark definition in order that our performance can be benchmarked. Housemark top quartile performance by Local Authorities for 2011/12 was 72.0% and their median was 50.5%. Their definition excludes any jobs raised that are pre or post inspections, and emergency, planned or cyclical repairs. The remaining jobs for which an appointment can be made are therefore all 3 day and 20 day priority responsive repair works. At present we do not make appointments for 3 day priority works, or works where access can be gained without the resident being at home, such as works to communal areas. Mobile working will enable us to increase the number of appointment slots, and therefore book appointments for those works. We anticipate a substantial improvement in performance relating to this KPI following the go-live of the new IT.

3.2.2 The following service information relating to void repairs was not collected at the commencement of the improvement plan and therefore data presented is as available.

Void Service Delivery	2012/13	2013/14
The number of days taken to carry out the repairs required in void properties	12.8 calendar days	12.6 calendar days
	2011/12	2013/14
Quality of void at final inspection	19.93 (15 inspections)	16.86 (13 inspections)

The quality of void at final inspection is based upon the scored inspections carried out by resident inspectors. Their brief is to inspect a void after the works have been completed from the perspective of the incoming tenant. Recently, this has highlighted their expectations about the level of re-decoration carried out during the void period. This key performance indicator is the only area of the overall service that has not improved as a result of the improvement plan initiative. Resident inspector concerns have been raised a number of times at the ROAM group meetings, and the relationship between reducing the average cost of the void repairs, minimising the void repair period and the extent of work carried out has been discussed. The new pressure to re-let the property quickly in order to avoid additional payment of community charge is also an important aspect of this issue. As a result, it has been agreed that the voids best practise group will carry out a review of the “5 Point Promise” through which the on-going acceptable standard of void properties will be determined. Further training for resident inspectors will be arranged as required, to enable them to score the property in relation to the agreed standard.

3.3 Improve value for money and the overall cost of the service

Responsive Repairs and Voids	2010/11	2013/14
Average cost of responsive repairs	£111.08	£109.72
Average cost of void repairs	£2,730	£1,971

The reduction in average cost of responsive and void repairs is reported on a cash basis. In addition to the cash savings, the service has absorbed increases in inflation over the period

The following information is calculated annually and therefore is reported as at March 2013.

Responsive Repairs and Voids	2010/11	2012/13
Turnover per operative	£62,472	£76,231
Value of works issued to external contractors (projected outturn for 2013/14 is £678,465)	£1,203,093	£819,204

3.4 Increase resident involvement

3.4.1 During the spring of 2012, resident volunteers carried out a mystery shopping exercise, to examine several areas of service provided by the front line staff. The detailed results are set out in Appendix A of the report. A further exercise is programmed for later in 2013, led by the Tenant Involvement team in City Homes.

3.4.2 Estates and Facilities have been working with the City Homes Resident Involvement Team with regard to increasing the involvement of residents in the management of the service. The Resident Involvement team have successfully recruited two additional volunteers and they are in the process of implementing a further recruitment drive that will, if successful, provide sufficient number of volunteers to facilitate area inspectors who can carry out a range of Housing activities. Estates and Facilities will continue to work within this new initiative in order to increase involvement in the repairs and voids service.

3.4.3 A new method of recording results of resident inspections in voids has been established which enables performance to be tracked over time in a consistent manner, and ensures that themes can be identified from comments made about individual properties.

3.5 Contributory Objective: Improve Communication within the Estates and Facilities team

3.5.1 The task of improving communication within the Estates and Facilities team has focused on the need to change the internal culture from a divided "Client / Contractor" approach to an integrated single team. This issue became apparent during a series of team workshops held in January 2011. The implementation of the Repairs Improvement Plan has given a single point of focus for the team, and the post of Operations Manager has been central to the achievement of this objective. Regular monthly meetings now take place which enables managers to inform front line staff of the current performance, and if any changes to the way in which the service is delivered are required, the reasons for those changes are explained. The meetings also enable staff to raise queries and offer suggestions.

3.5.2 Front line staff have been actively involved in the decision making process relating to the implementation of new I.T. Representatives of the trade operatives were included in meetings to discuss the new hand-held devices; all staff were given the opportunity to test and recommend which device to use; and a trades operative was included in the group that visited Corby Borough Council who are currently using the mobile working solution.

3.5.3 One of the front line staff team meetings was recently utilised to inform the frontline staff of the way in which their job affects and is affected by wider Council objectives. The meeting was presented by a cross-council group including the Director of Customer and Community, the Head of Customer Services, the Business Manager for Customer and Community and staff leading on the Lean Review. All front-line staff were present and had an opportunity to ask the presenters questions. Feedback on the meeting was positive, and it is proposed that this type of meeting is held annually.

3.5.4 The above approach has worked well, and is now embedded in the culture of the team.

3.6 Contributory Objective: Improve inter-departmental working practises

3.6.1 The Improvement Plan has provided the basis on which to build better inter-departmental links and working practises. Both the project group responsible for the implementation of the plan, and the scrutiny panel responsible for oversight of the key decisions made throughout the life of the plan, comprised a cross departmental group of staff. Various regular meetings to discuss and resolve specific stakeholder issues have been established and will continue following the completion of the Improvement Plan itself.

3.6.2 The implementation of new IT has provided a focus for the relevant internal stakeholders to work together to identify ways to improve efficiency, reduce duplication and ultimately to provide a more effective service going forward. A specific cross departmental Project Board is supervising this element of the Improvement Plan.

3.6.3 The customer service centre and repairs operation team have trialled a new initiative where a skilled surveyor has been made available to support staff when dealing with enquiries. The team have responded well to having an on-site surveyor supporting what we do in the customer service centre and have benefited from the Assistant Surveyor's local knowledge. This has been very helpful for specific questions about estate layout; for example he has been able to give locations for outside taps of properties and valuable information in relation to mutual exchange time scale. Customer Services staff have been able to ask technical questions about jobs while the customer is on the line, allowing the customer to receive an answer and appointment without the need for them to be called back. He has also been able to give advice on any specialist parts that are required, thus ensuring correct timings when booking tenants appointments.

3.6.4 As part of the commitment to cross council collaboration, Estates and Facilities are working with Customer Service Centre who are leading on a 'Lean Systems Review'. Lean Systems looks at processes from a global perspective. That is, it examines the process from 'end-to-end' across all different departments, and identifies ways in which duplication and other wasteful procedures can be eliminated without reducing the service level to customers. The on-going Lean Systems Review is therefore an excellent example of how cross-council collaboration will continue to be embedded within the repairs and maintenance service, and the recommendations of the review will be used to build upon the improvements already achieved through the Improvement Plan project.

3.7 Contributory Objective: Improve Technology and Innovation

3.7.1 The Improvement Plan contained three specific tasks in relation to improving technology. These were:

- Investigate the potential for the implementation of fault diagnostic software

- Implement a single integrated software system that meets the needs of both the asset management and operational sections of the service
- Introduce a mobile working solution

3.7.2 The aims of this part of the improvement plan are to provide increased value for money and customer satisfaction by

- The ability to respond to customer enquiries directly via mobile real time updates,
- The reduction of operational costs through efficient use of operative time,
- The capitalisation of efficiency gains by extending the use of the repairs service to other Council departments
- The reduction of duplicate tasks through the use of a single integrated software system,
- Minimising manual input of data
- More efficient data management and increased knowledge of customer satisfaction.

The three elements of new IT being delivered through the collaboration between Estates and Facilities at Mill Road, the Strategic Housing Business Team and the Customer Service Centre are:

<u>1: Repairs Diagnostic Software - Locator Plus</u>

The installation of repairs diagnostic software was initially considered in order to help Customer Services Centre (CSC) staff to define repairs in a consistent manner which enables work to be completed on the first visit to the customer. This software uses the National Housing Federation (NHF) Schedule of Rates to define the works, estimate the time required to complete the job and set quality standards for day-to day repairs. This is fast becoming established as the national standard for repairs. This software went live in July 2013 since when 54% of jobs have been raised using the system. Analysis of the jobs entered during the period 12 – 23 August 2013 showed that 79% of all jobs were raised using this software. The move to utilising schedule of rates is a requirement for mobile working, and therefore this software is a key part of the overall improvement of I.T. for the service.

<u>2 Implement a single integrated software system – Orchard Direct Works.</u>

The decision to cease using OPENContractor for managing the operational area of the team was approved in January 2013, along with the decision to purchase Orchard Direct Works module as a replacement. The implementation of a single, integrated system will streamline work processes for how we purchase and manage stock, invoice and make payments, allocate jobs and record time and materials used on repairs, as these will be managed in one system. In addition, appointments for works will be rationalised using the "auto appointments" function that automates the process of identifying the most appropriate operative while simultaneously minimising travel time between jobs. Any updates will be made by a planner / scheduler who is able to monitor and organise the operatives if a change is required. Current data has been collected and a working system has been configured to allow users to test the system and make improvements in configuration.

<u>3: Mobile Working solution (SVS Mobile)</u>
The implementation of mobile working will introduce technology to replace the current paper / manual allocation of works to operatives. Jobs will be issued to operatives via a smart phone. They will be able to receive and update jobs in real time and communicate with the planner should the need arise. Information held on the system will be updated immediately, providing Customer Service Centre and managers with reliable and accurate information on a daily basis. 'Mobicontrol' software will allow the phones to be supported remotely, ensuring that problems can also be dealt with in real time. Finally, the introduction of managed and audited van stock will reduce time spent collecting materials, and increase the level of productive time spent carrying out repairs. In turn this will create the capacity to further improve productivity by expanding the service to incorporate the needs of other council departments.

3.7.3 The implementation of mobile working and Direct Works module are being delivered as a single project. SVS mobile is the preferred partner of Orchard, and the two companies have extensive experience of collaborating to produce a working system for clients.

3.7.4 It had been envisaged that the new IT would be operational by the summer 2013 and evidence of the projected efficiencies likely to be achieved would be available as part of this report. However, the decision regarding the best option to purchase took longer than anticipated, and resulted in delays within the original programme. The project to deliver this technology started on the 31 May 2013 and is currently on target to go-live on Monday 6 January 2014**.** Workshops with Orchard and SVS Mobile are progressing well, testing of the software is underway and at the time of writing there is no reason to believe that further delays will be experienced.

3.7.5 To ensure that the authority is able to get the best from the new aspects of the Orchard applications, alongside the existing Housing Management system, it is recommended that the contract review dates for all products supplied by, or re-sold in conjunction with, Orchard Information Systems, are aligned, and set for 5 years from the implementation of Direct Works. This will ensure that the authority reviews all of the key aspects of IT support for the housing service in one go, facilitating a whole scale move to an alternative supplier, if this is deemed best value at the time.

3.8 Improvements for consideration in future

3.8.1 During the course of the Improvement Plan, several additional improvements have been identified that are outside of the scope of the current plan, but could be considered in the future. They are listed here for reference.

3.8.2 As the service expands, consideration should be given to the purchase of the full Opti-time works planning and scheduling software. This software was considered for purchase as part of the current IT changes, but advice was that this system is best suited to organisations with a higher turnover, and in the current environment it would not be possible to achieve sufficient cost savings to offset the capital investment.

3.8.3 Within the Orchard suite of modules, there is now the potential to consider software for Asset Management (that could replace Codeman) and Asbestos Management (that could replace Micad). These software systems are currently under review, and it is recommended that in making the decision for future provision Orchard modules are considered, in order to integrate these management requirements within the Orchard system, and further enhance the single integrated system approach wherever possible.

3.8.4 The repairs and maintenance service could consider pursuing an external excellence rating. However, the cost of achieving this, along with the on-going cost of maintaining the award needs to be weighed against the benefit any such award may bring to the organisation.

3.8.5 At present the Customer Service Centre does not have the ability to confirm appointments by text or e mail. This functionality would create savings in time, paper and postage. Orchard can supply an application that would operate within the repairs module and this would enable the appointment to be confirmed by text at the point of booking and also send a text reminder 24 hours prior to the appointment day.

3.8.6 Mobile working could be rolled out to incorporate the functions carried out by surveyors and housing officers. This would enable those staff to raise jobs and book appointments for works while in the resident's home, or during site visits. This initiative would save time and improve the service from a customer perspective.

3.8.7 The mobile working solution to be implemented affects the responsive repairs service only as it is ideally configured to deal with a single job carried out by one operative. The void service is not included in this initiative at present as the I.T is not yet fully compatible with the team approach that is used for void repairs. Any future developments that enable voids to be included in the mobile working approach should be implemented in order to enable a fully consistent approach to the delivery of the overall service.

4. Implications

(a)**Financial Implications**
The initiatives identified within this report will be funded from the capital budget allocation of £200,000 identified for this project, with the on-going revenue costs met from existing budgets, including an additional £50,000 per annum approved as part of the HRA budget process at the outset of the project.

(b)**Staffing Implications**
The recommendation is to retain the service in house, utilising the existing workforce. If the Executive Councillor does not accept the recommendation to retain the service in-house and decides to explore out-sourcing this service, TUPE would apply to the transfer of staff from Cambridge City Council to an external contractor.

(c) **Equal Opportunities Implications**
The impact assessment did not identify any major issues that cannot be resolved through training etc.

(d) **Environmental Implications**
Climate Change Rating:

- Impact assessed as Positive Low (+L)
- There will be a positive impact resulting from the introduction of mobile working technology and improved scheduling of the works which will reduce mileage associated with the responsive repairs service.

(e) **Procurement**

There are no procurement issues related to retaining the service in-house. However, if the Executive Councillor does not accept the recommendation to retain the service in-house and decides to explore out-sourcing this service, a major procurement exercise would be required, incorporating an OJEU notice.

(f) **Consultation and communication**

The mobile working project is listed under Estates and Facilities on the intranet. At successful completion and go live of the new IT, articles will be included in Open Door to inform residents, the intranet will be updated to inform staff and a press release will be issued to inform the general public.

If the Executive Councillor does not accept the recommendation and decides to explore out-sourcing the service a new communication strategy will be required.

(g) **Community Safety**

There are no direct Community Safety issues arising from this report.

5. Background papers

These background papers were used in the preparation of this report:
EqIA Mobile Working and Direct Works
Repairs and Voids Key Performance Indicators 2010/11 – 2013/14
Report to Housing Management Board 28 Sept 2010
Report to Housing Management Board 3 Jan 2012
Report to Housing Management Board 18 Sept 2012
Report to Community Services Scrutiny Committee 11 Oct 2012

6. Appendices

Appendix A	Changes made to the Responsive and Voids Service
Appendix B	Remaining Timeline for the Direct Works / SVS Mobile project and illustration of administrative efficiencies

7. Inspection of papers

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

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Appendix A: Changes Made to the Responsive and Voids Service.

Objective: To Improve Service Delivery

- ❖ Emergency repairs are now carried out by front line staff in the voids team. This change has been made without affecting the length of time taken to repair a void, and has provided the environment to complete the responsive work within its priority target.
- ❖ Within the responsive repairs team, separate sub teams focus on completing jobs with appointments and jobs that do not require appointments. This is a temporary arrangement until the introduction of mobile working and new technology to improve the appointment making process.
- ❖ Changes to the ways of working have enabled more appointment slots to be created. Substantial further improvements in this area are expected with the introduction of mobile working.
- ❖ If appointments have been missed due to the failure of the service, these works are prioritised to minimise further waiting time for the resident.
- ❖ Improvements in resident satisfaction have been evidenced through the substantial increase in satisfaction survey cards returned. The card is now handed to the tenant by the visiting tradesperson along with an envelope. The tenant is asked to complete the card and the tradesperson returns this to the back office. The result of this change has increased the returns from an average of 62 per month (April – December) to an average of 364 per month (January – March) in 2012/13. This data is manually input into Orchard and the post room staff has helped with this additional workload. This is a temporary measure until the introduction of mobile working, when the survey will be completed by the resident via the handheld device. An option to request a telephone survey will also be part of the new procedure. It is envisaged that the high rate of return currently experienced will continue when the procedure is automated.
- ❖ The responsive repairs service has been extended to offer late afternoon appointments to residents on a Tuesday and Thursday. This is staffed through the on-call team who deal with emergency jobs.
- ❖ Front line staff have been trained in basic energy awareness and can offer advice to residents while in the property.
- ❖ The time taken to carry out repairs to void properties is now captured on a comprehensive spread-sheet which enables analysis of the information on an area (north / south) and property type (standard / temporary housing) basis.

- ❖ To reduce calls from new tenants to Customer Service Centre, an emergency contact information card is now left in all void properties, which also documents the position of stop cock, gas isolation unit and electric consumer unit or fuse box.
- ❖ Regular “Handy Hints” article in Open Door, identifying ways in which residents can prevent the need for some repairs (eg blocked sinks).

Objective: To improve value for money and the overall cost of the service

- ➢ The use of external contractors to support the service has been substantially reduced, and the work they previously carried out has been absorbed by the in-house team. Further reductions are anticipated during 2013/14.
- ➢ The increase in volume and value of works arising from the reduction in the use of external contractors has increased the productivity of staff and the turnover per operative.
- ➢ The number of invoices received from external contractors has been reduced, and further gains are expected from changes in procedures that will arise from the introduction of the Orchard Direct Works module.
- ➢ The in-house electricians have been trained in Portable Appliance Testing and now carry out this task in house.
- ➢ The introduction of mobile working will reduce the manual input required in order to financially complete individual jobs and this will enable a review of existing resources within the back office finance team.
- ➢ Following the merger of City Services and Technical Services, an internal audit of the void administrative procedures was carried out and areas of duplication have been eliminated.

Objective: To increase resident involvement

- Detail of the mystery shopping exercise carried out in 2012.

Question	Result
Did the operative attend on time?	82%
Did the operative return when they said they would?	100%
Was the operative wearing a council uniform?	100%
Did the operative show their I.D badge?*	0%
Did the operative check that you were satisfied with the work?	85%
In your view, did the right number of operative attend?	100%
Did the operative explain the problem?	76%

Did the operative offer to help you with anything else? **	22%
When asked, did the operative help with another job / query?**	50%
Was the work completed in one visit?	90%
If a return visit was needed, was this explained	100%
Overall, were you happy with the attitude of the operative?	100%
Overall, were you happy with the repair?	100%

Notes: * Although the operatives did not show their ID badge, the feedback was that as they wear the council uniform, and arrive in a van that carries the council logo, this issue was not as important as it is with external contractors.

** The offer of help to resolve a problem that has not been reported is dependent upon the operative's workload for the day. Although this is an initiative that is helpful to the individual tenant, it is overall more important to ensure that the work that has been reported is completed on time and that existing appointments are met.

Contributory Objective: Improve Communication within the Estates and Facilities team

- Monthly team meetings with front line staff where performance information is shared.
- Notice board dedicated to display of annual and monthly performance information, compliments received, and any other information relating to service delivery.
- Monthly meeting held between Union shop stewards, Operations Manager and Improvement Plan Implementation manager to facilitate exchange of suggestions and progress information.
- Front line staff trained in conflict management skills.
- Annual focus groups, concentrating on the issues and themes identified by staff as concerns at the team workshops held Jan 2011.

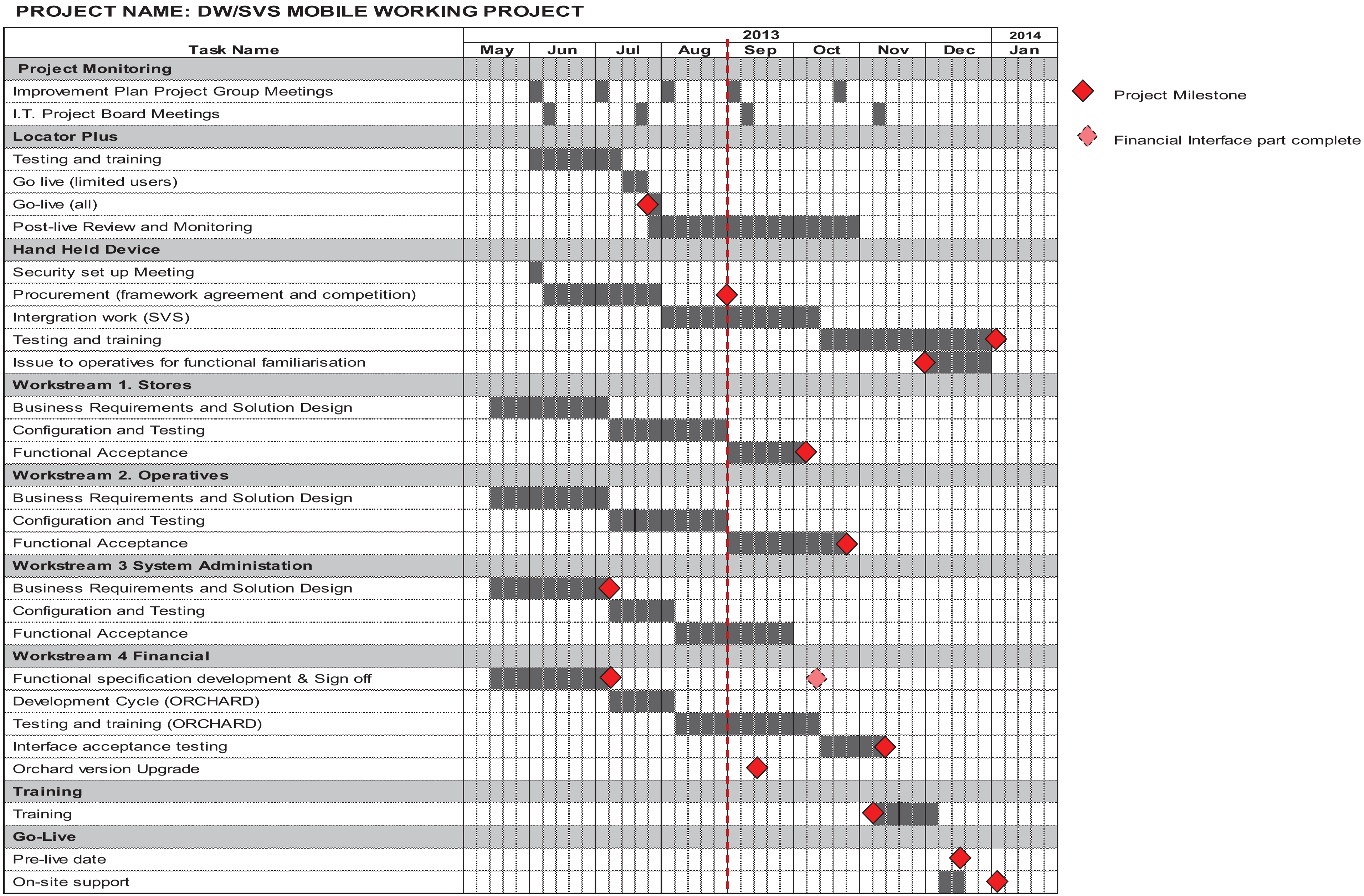
Contributory Objective: Improve technology and innovation

- Introduction of Locator Plus repairs diagnostic software completed.
- Implementation of a single integrated software system for managing the responsive repairs and voids service is in hand.
- Mobile working technology for responsive repairs front line staff is in hand.

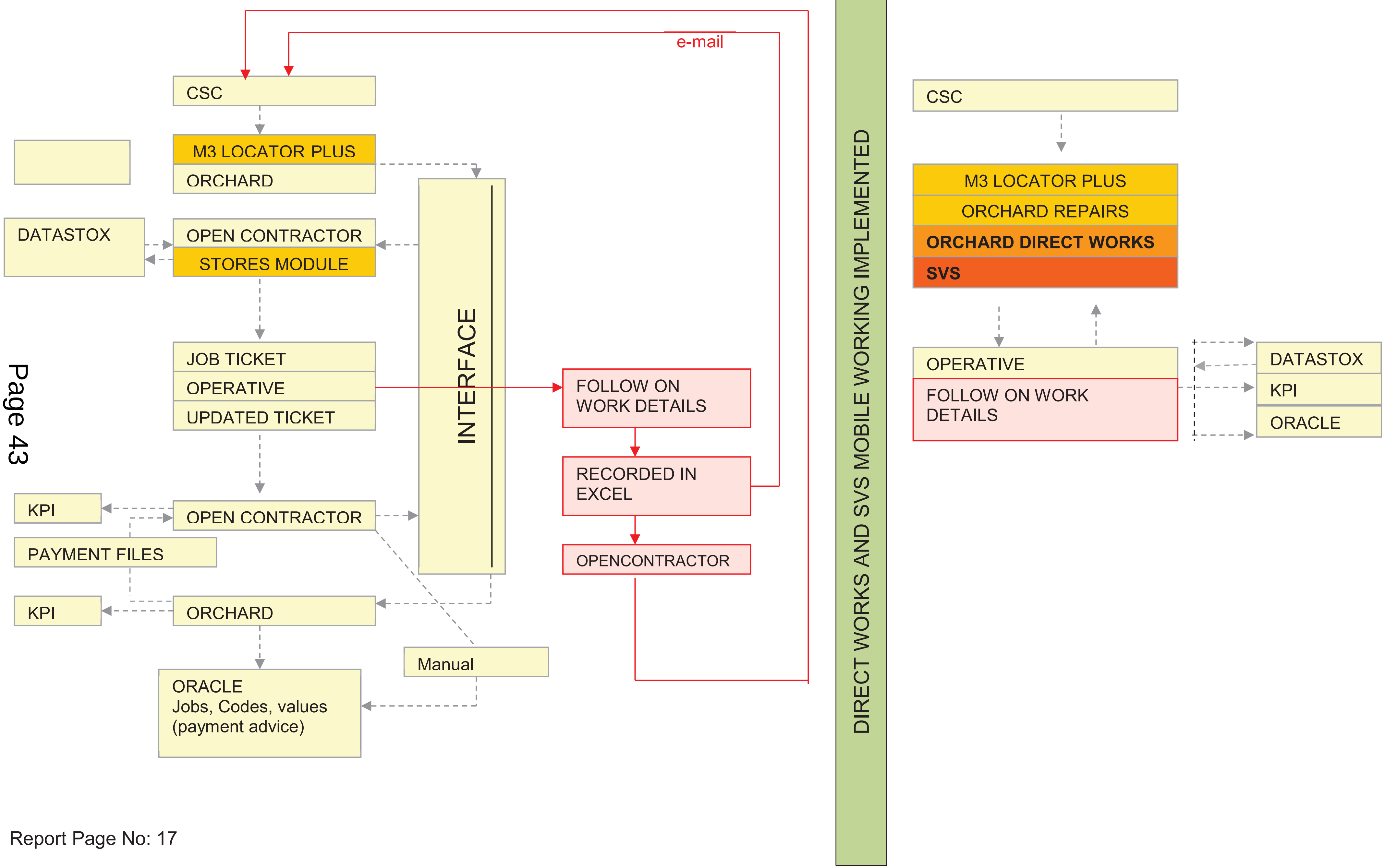
Contributory Objective: Improve inter-departmental working practises.

- Regular meetings with City Homes to address issues of shared concern.
- Regular meetings with Customer Services Centre to address issues of shared concern.
- Regular joint meetings between Estates and Facilities, City Homes and Customer Services Centre to address issues of shared concern.
- "Concern Card" introduced enabling front line staff and staff employed by external contractors to document issues they believe should be investigated within the property by City Homes Housing Officers.
- Voids Best Practise group re-instated.
- Assistant Surveyor now spends two afternoons per week at Customer Service Centre to provide advice as required.

Appendix B – Remaining Timeline for Direct Works / SVS Mobile Project (at Sept 2014)



APPENDIX B Illustration of I.T. Efficiencies



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Cambridge City Council **Item**

To:	Executive Councillor for Housing, Councillor Catherine Smart
Report by:	Liz Bisset, Director of Customer & Community Services
Relevant scrutiny committees:	Housing Management Board 1/10/2013
Wards affected:	All Wards

Review of Under Occupation incentive scheme
Key Decision

1. Executive Summary

1.1 In February 2008 the Housing Management Board approved the allocation of £30,000 per annum for a trial incentive scheme aimed at releasing family sized homes. Following a review of the scheme in 2009 the Housing Management Board approved the continued allocation of £30,000 per annum for the under Occupation scheme.

1.2 In 2011 due to increased demand a further £20,000 per annum was made available to the fund. The budget is now £55,000 for 2013 / 2014. The current under occupancy scheme offers an incentive of £800 removal grant and £1,000 per bedroom relinquished for Council tenants who move to smaller accommodation. An earlier request to reduce the amount paid to each tenant was rejected by HMB in June 2013. Officers were asked to review the scheme and report back on other schemes offered to social tenants. Only £18,200 of this year's budget of £55,000 has been allocated.

1.3 As a result of the changes to Welfare Benefit, and in particular, the reduction of Housing Benefit for spare rooms it is appropriate to review the scheme. There is increasing demand from tenants to downsize to smaller properties to avoid the reduction in Housing Benefit. This may be through transfer via Homelink or seeking to exchange with other social tenants.

2. Recommendations

The Executive Councillor is recommended:

2.1 To approve the continuation of the existing scheme.

2.2 To include tenants downsizing via a mutual exchange as part of the scheme.

2.3 To instruct Officers to prepare a bid for additional funding for the scheme as part of the 2013/14 revised budget and 2014/15 original budget processes in January 2014, if demand increases.

3. Background

3.1 The current scheme offers £800 for removal expenses and £1,000 for each bedroom relinquished. Typically the scheme has paid out £1,800 or £2,800 per applicant allowing about 25 tenants to move each year. With the reduction of Housing Benefit for tenants who are under occupying there has been an increase in the number of tenants applying to move to smaller accommodation. However, the take up in the first five months of 2013 / 2014 has been slow, only 9 tenants moving and £18,200 being allocated. This may be due to the difficulty of smaller suitable properties being available. If demand increases later in the year then officers will seek approval to increase the budget.

4.0 **Proposed change:** Tenants moving by exchanging properties do not currently benefit from the scheme. Therefore, it is proposed to extend the scheme to assist tenants downsizing via a mutual exchange. The £800 removal grant would assist with moving and the additional £1,000 would recognise the relinquishing of a bedroom.

4.1 This would assist tenants affected by the reduction in their Housing Benefit due to spare bedrooms, who want to move. However, a number of tenants looking to swop properties to downsize said they could not afford to move, 32% said they would move if given financial assistance.

4.2 Cambridge City Council offers a package to assist Council tenants moving through the Under Occupation incentive scheme. HMB asked for some examples from other Social Landlords and Appendix 1 gives a comparison.

5. Implications

(a) Financial Implications

The budget for 2013 / 2014 is £55,000. Any request for additional funding will be made as part of the 2014/15 budget process and incorporated into the HRA Budget Setting Report.

(b) Staffing Implications

There are no staffing implications identified as a consequence of this report.

(c) Equal Opportunities Implications

If approved the scheme will assist tenants on low income.

(d) Environmental Implications

There are no direct implications.

(e) Procurement

There are no direct procurement implications associated with this report.

(f) Consultation and Communication

A small survey of tenants resulted in 32% indicating that they would consider moving.

(g) Community Safety

There are no direct community safety implications associated with the under occupation incentive scheme.

6. Background Papers

No background papers were used in the preparation of this report:

7. Appendices

Appendix 1 - Other incentive schemes

8. Inspection of Papers

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

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APPENDIX 1 – OTHER INCENTIVE SCHEMES

Landlord	Budget	Per bedroom	Removals
Cambridge City Council	£55,000 pa	£1,000	£800
Sedgefield Borough Homes	£25,000 pa	n/a	£250
Arcadia Housing Group	£20,000 pa	Max = £1,000 in total	
Oldham	n/a	Between £500 - £1,000 in total	
Winchester	n/a	£1,000 in total	
Wherry Housing	£15,000 pa	Up to £3,000 in total per tenant	
Bristol CC	n/a	£500	Costs of removal
Medway council	£30,000 pa	£500	£500
L & Q	n/a	£400	£500
Edinburgh	n/a	Max £1,000 in total	
Leeds City Council	£200,000	£1,000	

Cambridge City Council **Item**

To:	Executive Councillor for Housing, Councillor Catherine Smart
Report by:	Liz Bisset, Director of Customer & Community Services
Relevant scrutiny committees:	Housing Management Board 1/10/2013
Wards affected:	All Wards

Cambridge Standard Funding
Key Decision

1. Executive Summary

1.1 This report presents a proposal for the allocation of £400,000 of the Cambridge Standard fund for the financial years 2013/2014 and 2014/2015. The Cambridge Standard fund is available for environmental improvements on housing estates.

2. Recommendations

The Executive Councillor is recommended:

2.1 To approve the list of projects in appendix 1.

3. Background

3.1 The Cambridge Standard fund originated in 2005 / 2006 following a tenant consultation in 2003 / 2004. This consultation concluded that above the work on Decent Homes, tenants prioritised environmental improvements and better security on Council housing estates. A capital allocation of £200,000 per annum for ten years was initially approved.

3.2 In previous years the budget has been used to improve the grounds maintenance sites around the city, provide parking solutions on estates, and to improve the environment at specific locations such as Maitland Avenue, Ekin Road and Hawkins Road. In addition the fund has included projects to improve communal lighting, door entry schemes and fencing on housing estates.

3.3 Housing Officers have submitted brief project appraisals outlining their suggestions and these schemes have been considered by the City Homes Management Team as meeting at least one of the priority areas of:

- Environmental Improvements
- Reduction in crime and disorder / ASB
- Health and Safety

3.4 The garage forecourt project has been submitted by the garage project officer who has identified sites that are in need of resurfacing. These sites are in need of improvement to make them more attractive for renting in line with the City Council's Garage strategy. Some of the sites have recently seen the garages refurbished but not the adjacent forecourts.

The Kingsway project has been requested by residents of Kingsway and is an attempt to respond to concerns about Anti-Social Behaviour and security.

Parking projects have been compiled following concerns raised by local residents. An Opendoor survey in 2009 identified local parking problems as a concern for over 50 % of those residents who replied. Some extra provision has already been provided in estates across the city from the Cambridge Standard fund.

3.5 The projects will be managed as part of the Planned Maintenance contract and will be carried out between November 2013 and March 2015.

4. Implications

(a) **Financial Implications**

The budget for 2013 / 2014 and 2014 / 2015 is £200,000pa.

(b) **Staffing Implications**

There are no direct staffing implications identified as a consequence of this report.

(c) **Equal Opportunities Implications**

There are no direct equal opportunity implications of this report.

(d) **Environmental Implications**

There will be environmental improvements to housing estates.

(e) **Procurement**

There are no direct procurement implications associated with this report. All projects will be carried out as part of the Planned Maintenance Contract.

(f) **Consultation and Communication**

Further site specific consultation will be carried out on approved projects.

(g) **Community Safety**

Some of the projects have community safety implications.

5. Background Papers

Cambridge Standard project appraisal forms were used in the preparation of this report:

6. Appendices

Appendix 1 - schemes

7. Inspection of Papers

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

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APPENDIX 1 – SCHEMES

AREA	PROJECT TITLE	NOTES	COST £
Various sites across Housing	Garage forecourts	Various sites some where	200,000

estates	improvements	garages have been refurbished.	
Kingsway flats	Kingsway communal door entry system	Installation of communal doors with a wireless intercom system	60,000
Ashbury close	Ashbury close parking spaces	To provide 6 extra parking bays	30,000
Ekin Rd	Door entry system	Upgrade of door entry system	20,000
Hazelwood & Molewood	Parking improvements	Resurfacing and white lining and bicycle racks	20,000
Langdale	Drying area	Provide a new drying area	20,000
Ditchburn	Landscaping gardens	To remove existing shrubs and replant with low maintenance shrubs	10,000
Various sites on Housing estates	Bulb planting	Bulb planting over two years	20,000
Thorpe Way	Bike racks	Install bike racks at each block in Thorpe Way / Fison Rd estate	15,000
Humphreys Rd	Garage locks	Install two extra padlocks to each garage door	5,000
			TOTAL = £400,000
Other schemes not prioritised			
Langdale	*New car park*	*New car parking area at Langdale*	*150,000*
Godwin Way	*Dog agility park*	*Provision of dog agility equipment and fences*	*20,000*
Ekin Rd	*Fencing*	*Renew fencing for 12 blocks*	*11,000*
Various	*Sedum garage roofs*	*To use sedum garage roofs*	*10,000*

Cambridge City Council | Item

To:	Executive Councillor for Housing, Councillor Catherine Smart
Report by:	Liz Bisset, Director of Customer & Community Services
Relevant scrutiny committees:	Housing Management Board 1/10/2013
Wards affected:	All Wards

Welfare Reforms and the impact on rent arrears.
Key Decision

1. Executive Summary

1.1 Since April 2013 City Council tenants of working age have experienced a reduction in Housing Benefit if they are deemed to have a spare bedroom. Originally nearly 600 households were identified as falling into this category. This has now reduced to less than 500 due to re assessment and exemptions.

1.2 Rent arrears for all current tenants at the end of August 2013 amount to just over £750,000 compared with £800,000 twelve months ago. The rent arrears due to the Housing Benefit Social Size Criteria since April 2013 amount to £29,271 after five months.

1.3 Discretionary Housing Payments (DHP) have been applied for by 158 tenants and 27 of those have been refused or had their bedroom requirements revised so that DHP was no longer needed. DHP may be refused if the tenant has too much capital or sufficient income. Reasons to award DHP may be where the property has disabled adaptations or the tenant is actively bidding to move on Homelink or seeking employment.

2. Recommendations

The Executive Councillor is recommended:

2.1 To acknowledge the impact of the Welfare Reforms and the support given to tenants affected by the changes.

2.2 To instruct officers to continue to assist tenants in rent arrears and only seek eviction through the Court as a last resort.

2.3 Instruct officers to introduce a Local Lettings Policy in April 2014 to give priority to tenants wanting to downsize as a result of the Housing Benefit Social Size Criteria.

3. Background

3.1 The “Housing Benefit Social Size Criteria” was introduced for social tenants of working age who were under occupying their council home by one bedroom or more. Originally nearly 600 tenants were identified and the Council approached them through visits, telephone calls and leaflets from October 2012 onwards. Letters were sent from City Homes as well as Revenues and Benefits. Advice was given on the options available to tenants which included taking in lodgers, seeking additional benefits or increasing income by working longer hours. Advice and assistance was given on the options available to downsize.

3.2 Originally a third (less than 200) indicated a desire to move to smaller accommodation. Now about 80 (17%) have registered on Homelink to move to smaller accommodation but few have moved due to the extreme demand for accommodation in Cambridge and the surrounding area and the need to rehouse tenants from the redevelopment sites. The Under Occupation Incentive scheme is available for tenants downsizing. This can also be used to pay off any rent arrears after the tenant has downsized. Tenants under occupying by one bedroom are usually allocated Band “B” in the Homelink allocation system and this is often not enough priority to move. Officers will review the position of those still wanting to move and introduce a Local Lettings Policy to assist them.

3.3 About 77 % of tenants being charged rent for a spare bedroom are making payments and only 23 % are not making regular payments. All of these arrears cases have received letters, visits and advice about their rent arrears. If appropriate, tenants have been referred to external advice agencies such as the CAB. Some of these cases have now received a warning Notice of Seeking Possession and may soon be subject to a Court hearing at the County Court. Before eviction proceedings are commenced the case will be discussed at the Council’s

Rent Arrears Panel and all cases being considered for eviction will be reviewed by the Director of Customer and Community Services before proceeding and will take into account the criteria in paragraph 3.5.

3.4 The Rent Arrears Policy adopted by HMB in January 2013 states **"City Homes and other Council sections will work together to further develop a corporate co-ordinated approach to debt recovery. Whilst recognising that evictions may occur as a last resort the staff of all sections and departments will work together to keep such evictions to a minimum."**

3.5 Eviction will not be progressed for a tenant in rent arrears, which solely relate to the under occupation reduction in Housing Benefit, when all of the following criteria are met:

- Where the tenant has applied for rehousing and is making active reasonable bids.
- Where the tenant has applied for DHP.
- Where other tenancy conditions (such as ASB) have not been seriously breached.

3.6 The total arrears owed by tenants being charged for spare bedrooms is £29,721 after 5 months. If this is projected forward to the end of the financial year it may equate to £72,816 which is now half the projection made in June 2013. Current tenant arrears at the end of August 2013 equal £750,000 which is £50,000 less than a year ago.

3.7 The number of City Council tenants affected by the Benefit cap is low (about 10) and the analysis of their rent account has not yet been carried out because the DWP has only recently notified the City Council of the claimants affected.

4. Implications

(a) Financial Implications

The rent arrears implications are mentioned in this report.

(b) Staffing Implications

There are no staffing implications identified as a consequence of this report.

(c) **Equal Opportunities Implications**

Tenants on low income or benefits can apply for Housing Benefit.

(d) **Environmental Implications**

There are no direct implications.

(e) **Procurement**

There are no direct procurement implications associated with this report.

(f) **Consultation and Communication**

There was a small tenant survey carried out in April – June 2013.

(g) **Community Safety**

There are no direct community safety implications associated with this report.

5. Background Papers

No background papers were used in the preparation of this report:

6. Appendices

Appendix 1 is the August 2013 Briefing Note to HMB for Housing Benefit social size criteria and the impact on rent arrears.

7. Inspection of Papers

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

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APPENDIX 1

HOUSING BENEFIT SOCIAL SIZE CRITERIA – HMB BRIEFING NOTE

AUGUST 2013

QUESTION	ANSWER	COMMENTS
1. Number of council tenants affected by the spare bedroom reduction of Housing Benefit?	About 480 86 % (408) by 1 bedroom 14 % (72) by 2 bedrooms	This has reduced from an initial 600 cases and from about 500 in June 2013.
2. How many of these have expressed a desire to move?	About 32 % from a sample survey originally expressed a desire to move. But only about 80 have registered.	Only about 17 % (80) have registered on Homelink.
3. How many have registered on Homelink?	About 80.	A number have still not yet registered.
4. How many have been housed?	Less than 10.	
5. How many transferred to CCC? How many by mutual exchange? How many with CBL/HOMELINK?	Not available. Not available. Not available.	
6. How many tenants not paying the charge?	About 23 % of tenants are not paying.	This has been reduced by more than half since June 2013.
7. How much is owed in rent arrears?	£29,721 to date after 5 months.	After 20 payable weeks. About £1,486 pw projected forward £72,816 pa. This is now half the original projected estimate.
8. Discretionary Housing Payments – how many City Council tenants have been awarded DHP?	131 tenants.	Increase from 66 in June 2013. Includes disabled adaptation, separated parents, seeking employment and those looking to downsize.
9. DHP – how many refused?	27	Includes tenants with too much capital or sufficient income.

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Cambridge City Council **Item**

To:	Executive Councillor for Housing, Councillor Catherine Smart
Report by:	Liz Bisset, Director of Customer & Community Services
Relevant scrutiny committees:	Housing Management Board 1/10/2013
	Community Services 10/10/2013
Wards affected:	All Wards

Housing Revenue Account Mid-Year Financial Review
Key Decision

1. Executive Summary

1.1 The Housing Revenue Account Budget Setting Report, considered and approved in January / February of each year is the long-term strategic planning document for housing landlord services provided by Cambridge City Council.

1.2 The Housing Revenue Account (HRA) Mid-Year Financial Review provides an opportunity to review the assumptions incorporated as part of the longer-term financial planning process, recommending any changes in response to new legislative requirements, variations in external economic factors and amendments to service delivery methods, allowing incorporation into budgets and financial forecasts at the earliest opportunity.

2. Recommendations

The Executive Councillor is recommended, following scrutiny and debate at Housing Management Board:

a) To approve the Housing Revenue Account Mid-Year Financial Review attached, to include all proposals for changes in:

- revenue budgets as detailed in Sections 4 and 5, and summarised in Appendix E of the document.

- financial assumptions as detailed in Appendix B of the document.

The Executive Councillor is recommended, following scrutiny and debate at Community Services Committee:

b) To consider proposals for changes in housing capital budgets, as detailed in Sections 6 and 7, and summarised in Appendix F of the document, recommending the proposals for decision at Council on 24th October 2013.

3. Background

3.1 The Housing Revenue Account budget was set for 2013/14 as part of 2013/14 HRA Budget Setting Report, approving a net contribution to reserves in the year of £725,500.

3.2 This figure was later amended to reflect approvals to carry forward expenditure originally anticipated to be incurred in 2012/13 into 2013/14 as part of the closedown process for 2012/13. Following these changes, the sum of £2,382,980 was anticipated to be required as a contribution from reserves for the year.

3.3 The HRA Mid-Year Financial Review revisits the assumptions made as part of the HRA Budget Setting Report, and recommends both changes in these, and in some areas of budgeted expenditure and income for 2013/14 and beyond.

3.4 The resulting financial impact for the Housing Revenue Account is explained and summarised in the attached document and appendices.

4. Implications

(a) **Financial Implications**

The financial implications associated with the HRA Mid-Year Financial Review are incorporated as part of the document itself and the associated appendices.

(b) **Staffing Implications**

Any staffing implications are incorporated as part of the HRA Mid-Year Review document.

(c) **Equal Opportunities Implications**

An equalities impact assessment will be carried out in relation to any budgetary changes proposed as part of the HRA Budget Setting Report in February 2014.

(d) **Environmental Implications**

The environmental implications of any changes proposed as part of the HRA Mid-Year Financial Review will be addressed by the officer responsible for the associated income or expenditure.

(e) **Procurement**

There are no direct procurement implications associated with this report.

(f) **Consultation and Communication**

Tenant and Leaseholder representatives are being consulted on the proposals in the HRA Mid-Year review as part of the HMB scrutiny process. No direct consultation has been undertaken, as no formal changes in policy are being proposed at this stage.

(g) **Community Safety**

There are no direct community safety implications associated with the HRA Mid-Year Financial Review.

5. Background Papers

These background papers were used in the preparation of this report:

- Housing Revenue Account 30-Year Business Plan (February 2012)
- Housing Revenue Account Budget Setting Report (February 2013)

6. Appendices

- Housing Revenue Account Mid-Year Financial Review

7. Inspection of Papers

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

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Version 1
HMB / Community Services

Housing Revenue Account Mid-Year Financial Review (Business Plan Update)

October 2013

2013/14 to 2042/43

Cambridge City Council

CAMBRIDGE CITY COUNCIL

Contents

Appendices

Section 1
Introduction

Background

The Housing Revenue Account (HRA) Mid-Year Financial Review is to be read in conjunction with the HRA 30-Year Business Plan approved in February 2012, and the HRA Budget Setting Report of February 2013.

This report provides an opportunity to consider whether there are any material changes which need to be incorporated in year, into the financial planning for the HRA in advance of the 2014/15 budget setting process, recommending any required changes to the financial strategy. The report makes proposals for the development of both revenue and capital budgets for 2014/15, providing an indication of any change in the impact on the 30-year period of the Business Plan.

These changes may include changes in assumptions made, either as a direct result of changes in external factors, economic climate, national policy, legislation and decisions taken locally.

The HRA Mid-Year Financial Review incorporates a review of the current year budget position (2013/14), and updated projections for the 5 years from 2014/15 to 2017/18, to demonstrate the full-year effects of any changes in assumptions and the impact of any changes in service delivery methods.

A key part of the mid-year review processes is the identification of:

- Items which for exceptional reasons, require immediate action or approval (which may include net changes to existing budgets).
- Items which provide context for decisions on the strategy or process, influencing:
    - The level at which any Priority Policy Fund (PPF) is set.
    - The level at which the HRA savings target is set.

Timetable

The financial planning and budget preparation timetable is shown below:

Date	Task
2013	
1 October	Executive Councillor for Housing considers HRA Mid-Year Financial Review and incorporates HMB views in recommendations to Council
10 October	Community Services consider HRA Mid-Year Financial Review
24 October	Council considers HRA Mid-Year Financial Review
2014	
16 January (Provisionally)	Executive Councillor for Housing (at a joint meeting of HMB and Community Services) considers HRA Budget Setting Report, approves rent levels and revenue budgets, following consideration of HMB and Community Services Scrutiny Committee views, making final capital related recommendations to Council
27 February	Council approves HRA Budget Setting Report

The detailed corporate budget timetable is attached at Appendix A, highlighting the aspects relevant to the Housing revenue Account.

Section 2
Housing Stock

Housing and Leasehold Stock

Housing Stock (dwelling stock owned and managed in the HRA)

Housing Category (Including Shared Ownership)	Actual Stock Numbers as at 1/4/2013	Estimated Stock Numbers as at 1/4/2014
General Housing	6,607	6,443
Sheltered Housing	520	506
Supported Housing	24	24
Temporary Housing (Individual Units)	42	42
Temporary Housing (HMO's / EA)	23	23
Miscellaneous Leased Dwellings	19	19
Shared Ownership Dwellings	86	86
Total Dwellings	7,321	7,143

Property Type (Excluding Shared Ownership)	Actual Stock Numbers as at 1/4/2013	Estimated Stock Numbers as at 1/4/2014
Bedsits	112	112
1 Bed	1,819	1,681
2 Bed	2,390	2,382
3 Bed	2,290	2,272
4 / 4+ Bed	104	104
Sheltered Housing	520	506
Total Dwellings	7,235	7,057

Leasehold Stock

At 1st April 2013, the Council retained the freehold and managed the leases for 1,092 leasehold flats.

Section 3

The National Policy Context and External Factors

External Factors

As part of the Housing Revenue Account Mid-Year Financial Review it is considered prudent to review the assumptions made in the original HRA Business Plan and HRA Budget Setting Report approved in February 2013. The impact that external factors, outside of the control of the organisation, have on the operation of the housing business, is key in decision making.

In reviewing financial projections for the future operation of the business, it is imperative that we recognise any significant changes in the assumptions previously made, and react accordingly to include these revised assumptions in our financial models.

Inflation Rates

The base rate of inflation used to drive expenditure assumptions in the HRA financial forecasts is the Consumer Price Index (CPI). Having reviewed changes in this measure of inflation over the past 12 months, the average rate of growth was 2.6%.

This is not considered to be materially different from the 2.5% included in the HRA financial model in the HRA Budget Setting Report, and therefore no change is proposed mid-year.

Expenditure in respect of building maintenance is inflated in the financial forecasts using the Building Cost Information Service (BCIS) all in tender price index. Figures in recent years have shown this measure of inflation to be increasing at lower levels than the standard measures of inflation, with forecasts indicating this index will remain low in the short term, with slow recovery in years to come, until it again outstrips CPI. On the basis of a slow recovery, it is recommended the assumption that this index runs at 2% above CPI for 5 years and then reverts to 1% above CPI, is amended to reflect inflation at 1% above CPI for the duration of the plan.

Interest Rates on Lending

The Council lends externally, on a short-term basis, any cash balances that are held at any point within the financial year. If the balances held relate to the Housing Revenue Account, the interest earned by the authority is credited to the Housing Revenue Account. The level of interest receivable on the investment of balances and reserves currently remains low. Although anticipated to be slow, recovery in the rates available is predicted in the longer term.

Status	Year	Interest Rate Earned on Balances
Council Estimated Rates (Sector)	2013/14	0.64%
	2014/15	0.64%
	2015/16	1.25%
	2016/17	1.25%
	2017/18	1.5%
Average Over Remaining 25 Years of the HRA Business Plan (External Third Party Predictions)	2018/19 to 2042/43	3.8%

In the medium to long-term, if the HRA holds significant cash reserves, set-aside to repay debt in the future, the authority will need to consider forms of longer-term lending of these larger sums, in order to secure the higher rates that are predicted to be available.

Interest Rates on Borrowing

The Council secured preferential borrowing rates from the Public Works Loans Board (PWLB), of between 3.46% and 3.53% for the self-financing loan portfolio taken out on 28th March 2012.

Any additional borrowing must be within the level of the current HRA borrowing cap, resulting in maximum borrowing in the region of £16m. It is still considered likely that this will be facilitated via internal borrowing from the General Fund, subject to the availability of this level of resource at the point at which it is required.

If external borrowing is deemed necessary, the authority has taken advantage of a certainty rate from the PWLB, ensuring that any prudential borrowing for the HRA can be secured at 20 basis points (0.2%) below the standard PWLB lending rates. The agreement runs for a year at a time, with the current agreement expiring in November 2013. If available from November 2013 onwards, the authority will again subscribe to this offer to maintain the greatest degree of flexibility possible.

The external borrowing rate assumed in the HRA Budget Setting Report was 4%, but having reviewed the certainty rates currently available from the PWLB for maturity loans with a 30 year duration, it is considered prudent to increase this assumption to 4.5% as part of the HRA Mid-Year Financial Review.

Right To Buy Sales

Following changes in right to buy legislation from April 2012, made to reinvigorate the scheme, the authority has seen a huge increase in right to buy activity.

During 2012/13, 135 right to buy applications were received and recorded, compared with 48 in the previous year. It is difficult to predict whether this level of activity will continue in the medium to long term, but consideration may need to be given to the staffing resource allocated to this area of activity.

In 2012/13, 41 of the applications proceeded to completion of the sale of the property, compared with only 12 in 2011/12. In the first 3 months of 2013/14, 11 completions took place, indicating that the higher level of sales is continuing. Although impossible to accurately predict future sales, based upon the continued higher level of activity in 2013/14 to date and the suggestion, by Central Government, that the qualifying period will be reduced from 5 years to 3 years, it is considered prudent to continue to assume a level of 42 sales in 2013/14, but to increase the assumption for 2014/15 to 35 sales, before reducing to the ongoing assumption of 28 sales per annum from 2015/16.

Right To Buy Receipts

The authority is now subject to a revised agreement with CLG, effective from 1 April 2013, allowing the authority to retain some right to buy receipts, but still subject to a set of specific conditions.

The call on right to buy receipts is as follows:

- Receipts from the first 10 to 17 sales each year (depending upon the year) are split between CLG (75%) and the authority (25%) after allowable deductions. This was assumed in the self-financing settlement and the 25% retained can be spent on any area of our housing capital programme, but currently funds our General Fund Housing expenditure.

- For any further sales over and above the 10 to 17, the first call on the receipts is a sum considered comparable with the debt that the authority holds in respect of each dwelling. These receipts can be used for debt repayment, or alternatively could be used for HRA capital purposes, e.g.; investment in new affordable housing.
- Any residual receipt is known as a one for one (1-4-1) receipt, and in line with the agreement with CLG must be spent to fund the delivery of new social housing, with a maximum of 30% of any dwelling being funded via this mechanism. The balance must be funded from the Council's own resources or through borrowing. There is a 3-year time limit on delivery of the new unit, with the receipt having to be paid to central government, with interest (at 4% above the base rate) if not spent appropriately.

In respect of 1-4-1- receipts, it is not possible, under the terms of the agreement with CLG, to use the receipt to fund the development of a dwelling that is already receiving any other form of public subsidy, e.g.; Homes and Communities Agency grant.

As the resource held is capital in nature, the General Fund currently benefits from any interest earned on it. If any unused receipts have to be paid over to central government, the 'penalty' interest payable, will far exceed the level of interest that the General Fund will have earned in the interim.

The table below identifies the current 1-4-1 receipts held by the HRA:

Quarter date for Receipt	Retained 1-4-1 Receipt Value (Per Quarter)	Retained 1-4-1 Receipt Value (Cumulative)	Amount of New Build Expenditure Required (Cumulative)	Deadline for Receipt to be spent on Completed Dwelling
30/6/2012	0.00	0.00	0.00	N/A
30/9/2012	305,694.44	305,694.44	1,018,981.47	30/9/2015
31/12/2012	1,052,927.43	1,358,621.87	4,528,739.57	31/12/2015
31/3/2013	721,056.95	2,079,678.82	6,932,262.73	31/3/2016
30/6/2013	558,506.20	2,638,185,02	8,793,950.07	30/6/2016

It is clear from the above figures, that the authority now needs to urgently consider reviewing the balance of investment in the current HRA Business Plan, between the provision of services, investment in existing housing stock and in delivering or acquiring new affordable housing, before potentially releasing existing and future 1-4-1 receipts directly to Central Government, as delivery of new build affordable housing is only possible if the authority already has the 70% top up funding or the ability to borrow it within its borrowing cap.

The HRA does not currently have sufficient resource or borrowing capacity to fulfil the existing obligations under the 1-4-1 agreement, and consideration needs to be given to addressing this as part of the 2014/15 budget process.

National Housing Policy

National Rent Setting Policy

As part of the Comprehensive Spending Review in 2013, government announced plans for future rent policy for social housing.

The two key announcements as part of this are:

- A proposal to move from the historic inflationary increase in rent levels of RPI (Retail Price Index) plus 0.5% to using CPI (Consumer Price Index) plus 1%, for the period from 2015/16 to 2024/25.
- Indication that rent convergence will not be extended beyond 2014/15.

The commitment to a long term rent policy is intended to provide certainty and stability for both social landlords and investors, and is designed to support providers in securing private finance. It is suggested that on average, RPI has been higher than CPI by 0.5%, with the latest figures showing it to be 0.4% higher. It is argued therefore, that a move from RPI plus 0.5% to CPI plus 1% will be comparable for landlords and tenants over the longer term.

The announcement that there is no intention to extend rent convergence beyond 2014/15 comes with the statement from Communities and Local Government that:

"We expect most landlords to have achieved rent convergence by 2015. By that point, rent convergence policy will have been in place for almost 15 years – this is a significant period of time for landlords to make full use of the rent flexibilities the Government has provided, and most have done so".

Cambridge City Council has followed government guidelines in setting rents since the introduction of rent restructuring, including adhering to the numerous constraints introduced by Communities and Local Government throughout the process. The result is that rent levels for the authority are still considerably below the level of target rents. Many landlords are hugely concerned by these proposals, and Cambridge City Council are not alone in having concerns about their ability to support a debt which was calculated on the basis that rent levels would achieve targets during the life of the business plan, to facilitate debt repayment.

The table below indicates the net impact in the authority's inability to achieve target rents across the housing stock from 2015/16, assuming static stock numbers for indicative purposes. The table combines the difference between ceasing a move to convergence from April 2015 the previous assumption included in the HRA Business Plan, which was that rents continued to move towards target levels by a factor of £2.00 per week each year.

Year	Estimated Average Target Rent	Estimated Average Actual Rent (February 2013 Business Plan)	Estimated Average Actual Rent (With Convergence Ceased)	Rental Differential (Constraint Applied by Cessation of Convergence)	Annual Shortfall in Income Compared to HRA Business Plan February 2013
2013/14	99.81	92.78	92.78	0.00	0
2014/15	102.81	97.37	97.37	0.00	0
2015/16	105.89	102.12	100.30	1.82	688,411
2016/17	109.07	106.36	103.31	5.77	1,153,656
2017/18	112.34	110.41	106.40	5.94	1,516,774
2018/19	115.71	114.33	109.60	6.12	1,789,113
2019/20	119.18	118.17	112.88	6.30	2,000,932
2020/21	122.76	122.00	116.27	6.49	2,167,361
2021/22	126.44	125.87	119.76	6.68	2,311,095
2022/23	130.24	129.81	123.35	6.88	2,443,482

It is clear from the above table, that an inability to converge rents at target level will have a significant detrimental impact on the Housing Revenue Account. The ability to support the level of debt held, without a negative impact on the quality or volume of services that can be delivered to residents is evident. Over 30 years, the net impact of this single change on the business model is in the region of £22 million.

Some local authorities are considering whether to apply larger rent increases in 2014/15, in an attempt to close the gap between target and actual rents before the revised rent policy comes into force from April 2015. Many may choose to move directly to either target rent or limit rent, despite the fact that this will mean rent increases above the inflation, plus 0.5% plus £2.00 cap that should exist for any one household. At April 2013, 158 were being charged at target rent, with the variance between target and actual for the rest of the housing stock ranging between £.0.31 and £40.28 per week on a 52 week basis. The average difference between target and actual rent was £7.01 per week on a 52 week basis.

The financial impact of the move to using CPI as the driver for rents inflation, from RPI, is more difficult to quantify, as historically these rates have been volatile, and both have been higher and lower than each other at different times. In recent years, RPI has proved to be the higher of the two rates, with a differential of approximately 0.5%, suggesting that the impact of a change from RPI plus 0.5% to CPI plus 1% may not be significantly different for tenants in real terms over the longer term. The HRA Business Plan incorporated the assumption that the base rate of inflation, whether RPI or CPI, was the same, so as not to assume that rents increased at a far greater pace than the associated expenditure. Many other local authorities will have assumed that RPI drives both income and expenditure, thus also using the same base rate of inflation for both income and expenditure. This assumption means that any move to **inflation plus 1%,** from **inflation plus 0.5%,** for rents, will have a positive impact on our business model, and would in fact negate the financial impact of our inability to move to target rents.

Proposed changes to social housing rent setting policy will be consulted upon by Communities and Local Government prior to implementation, but Government Spending Plans have already been constructed incorporating the assumptions described above.

Welfare Reforms

April 2013 saw the removal of the subsidy on bedrooms deemed to be 'spare' for working age tenants, which impacted less than 500 City Council residents. This number was lower than the 600 originally anticipated due to a combination of changes in household circumstances and award of Discretionary Housing Payments (DHP). Under these changes, housing benefit entitlement for a household considered to be under-occupying by one bedroom is reduced by approximately 14%, and by two bedrooms by approximately 25%.

Discretionary Housing Payments are being considered by the Housing Benefits Service on a case by case basis, with time-limited top up payments being awarded, from a finite allocation of resource, to allow tenants the time to make alternative housing arrangements. In some cases, tenants are registered with Homelink, and are actively looking to downsize to a property which suits their household size in Housing Benefit terms. DHP can be awarded to meet the additional rent payments whilst this takes place. At the end of August 2013, it was estimated that 45% of residents affected were paying the additional rent due, with an estimated £29,000 of arrears relating households affected by the social sector size criteria reduction. It is estimated that 77% of residents affected are now paying, due to increased staffing input from City Homes.

The Benefit Cap (a cap of £500 per week for families, and £350 per week for a single person) was introduced later than anticipated, effective from 15th July 2013. Although the full impact for City Council tenants has not been fully realised,10 cases had been notified to us by the Department for Work and Pensions (DWP) at the time of writing this report.

The introduction of Universal Credit, which replaces a range of existing means-tested benefits and tax credits with a single payment, has been delayed, with additional pilot projects expected to take place during the autumn of 2013. Introduction in Cambridge is now anticipated to be no earlier than October 2014.

From the point of introduction, new claimants for Job Seekers Allowance (working age and income based), Income Support, Employment & Support Allowance (income related), Child Tax Credit, Working Tax Credit and Housing Benefit, will claim Universal Credit. Claimants will be paid directly, and will receive monthly payments, in arrears, administered centrally by the DWP. Pensioners continue to be excluded from these arrangements at present.

The impact of these reforms in respect of our housing business is still difficult to quantify, but the experience of many of the pilot authorities, with the need to collect 100% of rent directly from tenants as opposed to less than 50%, is a significant increase in rent arrears and in collection and recovery costs.

Supporting People

Uncertainties continue to exist in respect of the funding, managed on a county-wide basis by Cambridgeshire County Council, for the provision of support services in the city. Cambridge City Council are still currently contracted to deliver support services in sheltered housing, extra care housing and temporary accommodation across the housing stock.

The current contracts are operating under temporary extensions whilst the County Council decide upon the most appropriate delivery vehicle for the future, whether this is a formal tender, or some form of partnership agreement. It is clear that financial pressures for the County Council continue to drive the need for services to be delivered with significantly lower level of funding in the future.

The table below summarises the current funding received for the provision of support services, highlighting the current contractual position for the authority.

Contract	No. of Units	Contract Status	Estimated Support Income 2013/14 (£)	Risks / Ongoing Assumptions
Temporary Housing (116 Chesterton Road) Temporary Housing (New Street) Temporary Housing (Dispersed Tenancies) Temporary Housing (Shared Houses)	60	Block Gross Contract – Extension Expires 31/3/2014.	132,070	Supporting People could tender the service, with the City council being unsuccessful.
Sheltered Housing	468	Fixed Price Block – Re-extension Expires 31/3/2014	212,450 (net income for 12 months)	Tender documents were anticipated in July 2013, but current decision by County Council is to enter into discussions with the City Council, with the outcome yet unknown.
Community Alarms	44	Anticipated to expire 31/12/2013 in line with sheltered housing contracts.	9,310	Potential to contract direct with each landlord in isolation or let a contract county-wide.
Ditchburn Place (Extra Care)	36	Block Gross Contract (Part of Care Contract) – Expires 25/1/2014. Request by County to extend contract until 31/3/2015.	45,740	Extension carries financial risks for the General Fund, as care is currently being subsidised by the City Council.
Total Maximum Support Income (Gross of Voids)			**399,570**	

Section 4
Housing Service Mid-Year Budget Issues

2012/13 Outturn

The position at outturn for 2012/13 has been scrutinised and changes to the 2013/14 budget and beyond as part of the HRA Mid-Year Financial Review are recommended as a result. Areas of particular under and over-spending in 2012/13 have been investigated to determine whether variances from the budget were one-off, with appropriate explanation, or demonstrated potential patterns in spending for the future. Changes proposed are detailed in Section 9 of this document, and are included in the HRA Summary Statement (2013/14 to 2017/18) at Appendix E.

2013/14 Budgets

HRA General Management

The key issues affecting estimated general management expenditure for 2013/14 and future years relate predominantly to the changes either being experienced, or anticipated, as part of the Welfare Reforms. It is currently difficult to accurately predict the impact that these changes will have on the workload of existing staff in City Homes and the Business Team, the increase in collection costs that will occur and the impact that will be experienced in the level of rent arrears, and therefore potentially bad debt for the HRA.

The ongoing mid-year revenue savings in general management expenditure incorporated as part of the HRA Mid-Year Financial Review forecast include:

- £12,430 reduction in the budget for Resident Involvement, from 2013/14, following a revised approach to the delivery of this service. This saving is offered, after allowing for the employment of a third team member in the Resident Involvement Team and the construction of a planned programme of spending in line with the proposals previously presented to HMB.

- £14,350 reduction in Strategic Housing overheads, from 2013/14, incorporating savings in external audit fees, stock valuation costs, training and rent collection charges.
- £10,000 reduction in City Homes overheads, from 2013/14, incorporating savings in equipment purchase, telephone costs and consultants fees.
- £57,600 anticipated savings in IT costs, from 2014/15, as a direct result of a change in supplier from July 2013.

The HRA Mid-Year Financial Review has also identified one-off reductions in general management budgets in 2013/14 and one-off additional income expectations, including:

- £102,000 saving in 2013/14, recognising the deferred need to meet rent collection costs for 100% of tenants, due to delays in the implementation of Universal Credit until October 2014 at the earliest.

HRA Special Services

The greatest areas of uncertainty across special services are the anticipated changes in the delivery and funding mechanisms for the provision of support services, where the County Council are yet to confirm the final position from 2014/15 onwards and in the delivery vehicle for building cleaning services, where Streets and Open Spaces are in the process of reviewing the provision of these services.

The unavoidable additional revenue funding requirements for HRA special services incorporated as part of the HRA Mid-Year Financial Review forecast include:

- £19,250 per annum, ongoing from 2013/14, in respect of a reduction in the anticipated income for the emergency alarm and response service provided by the Independent Living Service. This is due to a reduction in customer numbers, both in individual private residents and housing association clients.
- £6,000 per annum, ongoing from 2013/14, in respect of an increase in gas usage costs at Ditchburn Place, predominantly due to the nature of services provided on this site.

The ongoing mid-year revenue savings in special service expenditure incorporated as part of the HRA Mid-Year Financial Review forecast include:

- £11,760 per annum, from 2013/14, in respect of communal electricity usage costs, based upon prior year experience.

Repairs & Maintenance

The Repairs and Maintenance Service is still facing the challenges of demonstrating that the responsive repair and void services can be delivered in-house in a more efficient and cost effective manner than could be achieved if the service were to be externalised. Major changes in Information systems during 2013/14 will help to facilitate this.

The unavoidable additional revenue funding requirements for repairs and maintenance incorporated as part of the HRA Mid-Year Financial Review forecast include:

- £45,000 in 2013/14 only, recognising the element of the cost of adjudication with the housing planned maintenance contractor that the authority is required to bear. The arbitration provided a predominantly positive outcome for the HRA overall.

The HRA Mid-Year Financial Review forecast also incorporates one-off reductions in repairs and maintenance budgets in 2013/14, including:

- £100,000 saving in the void repairs budget, based upon a reduction in average void costs due to changes made as part of the Repairs Improvement Plan. A zero based budget exercise will be undertaken as part of the 2014/15 budget process.

HRA Summary Account

The HRA Mid-Year Financial Review forecast also incorporates one-off reductions in summary account expenditure budgets in 2013/14, one-off additional income expectations, and ongoing changes, including:

- £20,000 saving in 2013/14, recognising that there will be no need to obtain external borrowing advice in the current financial year. The provision has currently been retained for future in light of the intention to borrow to fund new build housing.
- £25,000 increase in income in 2013/14, in respect of the capitalisation of the costs of administering a continuing higher level of right to buy sales. This figure is based upon the total value capitalised in 2012/13, with sales in 2013/14 expected to remain at similar levels.
- £192,670 reduction in the annual contribution to the bad debt provision for 2013/14, recognising that the impact of being required to collect 100% of rent directly from tenants will not be realised until 2014/15.
- £122,990 increase in anticipated rental income for 2013/14 compared to original budgets set in February 2013, where specific assumptions were made in respect of rent loss for re-development voids, but now recognising that general voids have been lower in 2013/14 to date, possibly as a direct result.
- £27,530 additional interest payable by the HRA in 2013/14, recognising that the HRA will still be under-financed in year, as debt set-aside was not formally undertaken in 2012/13. Monies available for debt set-aside in 2012/13 were transferred to ear-marked reserve for potential debt redemption or future re-investment to retain maximum future flexibility for the HRA.
- £24,920 reduction in interest received on HRA balances due to a reduction in the anticipated rate for 2013/14 from 0.82% to 0.64%.
- £169,070 ongoing increase in depreciation costs for the housing stock, based upon the latest estimates, and including recognition that the depreciation costs for surplus HRA assets held impacts the revenue bottom line for the HRA.
- £259,410 additional income for the provision of support services in 2013/14, where prudent assumptions were made as part of the 2013/14 budget process, recognising that Supporting People contracts were due to terminate in March 2013. Contract extensions, with no changes in contract values, mean that income is still being received in 2013/14.

Section 5
Revenue Resources – Rent and Other Income

Rent Arrears and Bad Debt Provision

The performance with regard to collection of rent income is key in the delivery of the Housing Revenue Account Business Plan. Rent arrears at 31st March 2013 were £661,246 in respect of current tenants and £862,042 for former tenants.

Performance in the collection of current tenant debt was maintained in 2012/13, and in the early part of 2013/14, despite the economic climate, changes imposed with the removal of the spare bedroom subsidy and the initial impact of the benefit cap, introduced in July 2013. The small number of residents affected by the cap, coupled with additional staffing input into proactive rent arrears support for residents, is expected to allow the HRA to maintain the current level of rent arrears by the end of 2013/14.

However, the position is likely to worsen during 2014/15, with the introduction of Universal Credit, based on the initial experience of pilot authorities seeing a marked increase in the level of rent arrears.

On this basis, the higher level of contribution that was approved for the bad debt provision for 2013/14, assuming the need to collect 100% of rent from April 2013, is not anticipated to be required. The higher level will need to be retained from 2014/15, and further consideration, as part of the 2014/15 budget process, will need to be given to whether this is increased further in light of the experience of the pilot authorities.

At 31 March 2013, the provision for bad debt stood at £1,204,518, representing 79% of the total debt outstanding.

Void Levels

The value of rent not collected as a direct result of void dwellings in 2012/13 was £368,335, representing a void loss of 1.11%, compared with £354,050 in 2011/12, representing a void loss of 1.15%.

Void levels remain high in 2013/14, due to a combination of the sheltered housing refurbishment programme and the re-development programme, where properties are vacated well in advance of works commencing.

On an ongoing basis, an assumption of 1% voids in general housing is still considered prudent.

Rent Restructuring

Rent restructuring, which was designed to ensure consistency in rent levels for all social housing tenants, irrespective of landlord, is now under some scrutiny at national level.

Although introduced in April 2002, the difference between target and actual rents at a local level, combined with the constraints applied by Communities and Local Government, mean that only a small proportion of the City Council's housing stock will achieve target rent levels by April 2015, the point from which the regime may now cease to operate.

At April 2013, the average actual rent was representative of 93% of the average target rent.

If the changes indicated as part of the Comprehensive Spending Review are implemented, with April 2014 being the last time that rents can be increased specifically towards convergence, only a handful of the City Council's housing stock will ever reach target rent, having a significant negative financial impact on the HRA as a housing business.

Rent Policy and Rent Setting

At the start of 2013/14, the average target rent for the general housing stock was £99.81, the limit rent was £96.50 and the average actual rent being charged was £92.78. The limit rent is set by government, and is the rent level over which the HRA would need to pay rent rebate subsidy limitation to the General Fund, impacting the level of subsidy received from the

Department for Work and Pensions for housing benefit payments. From April 2015, the limit rent and the target rent are expected to be set at identical levels, so that rent rebate subsidy limitation no longer exists.

The latest policy allowed for the transition of energy efficient void properties direct to target rent before re-let. Based upon inspections in 2013/14 to date, 64% of void dwellings have an energy efficiency rating of C or above. In the 4 months from April to July 2013, the rent for approximately 54 properties has moved directly to target rent. If this trend were to continue, it could be estimated that 2.2% of the housing stock would move directly to target rent in any one financial year.

Using the average differential between target and actual rents, the decision to move energy efficient voids direct to target rent would result in an additional £59,000 each year, with the annual sum reducing as actual rents neared target rents under the existing rent restructuring formula.

If the proposed cessation of a move to target rents is introduced, it appears there will no longer be the ability to continue with this approach to moving void dwellings to target rent after 2014/15.

Rent levels will continue to be set in January of each year, with the Executive Councillor for Housing having delegated authority to make this decision, following pre-scrutiny by Housing Management Board.

Historically, Cambridge City Council has always set rents in line with government guidelines and the government expectation under self-financing was that this would be expected to continue.

As identified in Section 3, National Housing Policy, significant changes are proposed to national rent setting policy from April 2015, with a view that rent restructuring should be discontinued after 2014/15, irrespective of the disparity that this may leave between local authority and other social housing providers rent levels.

A decision will need to be made as part of the 2014/15 budget process, as to whether the City Council wishes to deviate from government rent setting policy for 2014/15, to mitigate the negative impact on the HRA Business Plan of the proposal to end rent restructuring from 2015/16. For example a move directly to limit rent from April 2014 would see an average increase of £5.38 per week, before inflation. The decision on the level of rent increase to approve will need to be made in the context of the wider budget setting process, taking account of the financial projections for the Housing Revenue Account over the longer term.

Reserves

Housing Revenue Account General Reserves

Reserves are held partly to help manage risks inherent in financial forecasting and budget-setting. These risks include changes in inflation and interest rates, unanticipated service demands, rent and other income shortfalls, and emergencies, such as uninsured damage to the housing stock. In addition, reserves may be used to support the Housing Capital Investment Plan and, in the short-term, to support revenue spending, for example to spread the impact of savings requirements over more than one financial year.

For the Housing Revenue Account the intended target level of reserves remains at £3m, with a minimum level of reserves of £2m.

The impact on HRA reserves for 2012/13, and 2013/14 to date is shown in the table below:

Budgeted or Actual Use of / (Contribution to) HRA Reserves	Financial Year	
	2012/13 £'000	2013/14 £'000
Original Budget (Approved in February)	**2,602**	**(726)**
Carry Forwards (Approved in June)	1,853	3,109
Total Including Carry Forwards	**4,455**	**2,383**
MTS / MFR Mid-Year Review (Approved in October)	99	(579)
Total Including Mid-Year Amendments	**4,554**	**1,804**
Budget Setting Report Revised Budget (February)	57	-
Total Including Revised Budget Changes	**4,611**	**-**
Actual Outturn (Reported in June)	**1,479**	**-**

The original budget for 2013/14 approved a net contribution to reserves of £725,500, recognising the desire to hold target HRA general reserves of £3,000,000. The budget incorporated a revenue contribution of £7,162,340 to fund capital expenditure.

This projection includes the effects of changes in capital resources, incorporation of revenue and capital funding requests included as part of this HRA Mid-Year Financial Review and any requested carry forwards from 2012/13.

The final general HRA reserves position for 31 March 2013 was £5.495,489. This included £3,108,480, which will be required to fund the approved carry forward items.

The revised projection of the use of reserves in the current year (2013/14) now indicates that there is expected to be a net contribution from reserves of £1,804,140.

Earmarked Funds

In addition to General Reserves, the Housing Revenue Account maintains a number of earmarked or specific funds which are held for major expenditure of a non-recurring nature or where the income is received for a specific purpose. See Appendix G for detail. The following funds are currently held:

- Repairs and Renewals
- Major Repairs Reserve
- Shared Ownership
- Tenants Survey
- Aerial Monies
- Pension Fund
- Set-Aside for Potential Debt Repayment or Future Re-Investment

Section 6

Capital - Existing Stock

Stock Condition / Decent Homes

The authority holds validated stock condition data for its housing stock, which is continually updated. However, one of the areas where data gathering and recording is still weak is in respect of the communal areas of both sheltered and flatted accommodation, where an allowance has been made in the financial planning in anticipation of a more detailed investment profile in the future. Staff have now been recruited to allow this piece of work to be progressed during 2013/14.

The housing service reported achievement of the decent homes standard in the housing stock as at 1 April 2013 at 96.5%, compared with just over 96% achieving the desired standard at 1 April 2012. There were 253 properties that were considered to be non-decent (in addition to the 845 refusals), with another 53 anticipated to become non-decent during 2013/14. The local decision to move to an investment standard with shorter lifecycles, results in a level of decency against this higher standard of 89.4% at April 2013. This local standard incorporates shorter lifecycles for kitchens, bathrooms, boilers and windows as part of the advice provided by Savills in the preparations for self-financing. Against this standard, there were 827 properties that were considered to be non-decent (in addition to the 845 refusals), with another 528 anticipated to become non-decent during 2013/14.

Stock Investment

Appendix F provides detail of the 5-Year Housing Capital investment Plan, and incorporates the following items:

- Expenditure as approved in the HRA Budget Setting Report in February 2013.

- Re-phasing of expenditure anticipated to take place in 2012/13 into 2013/14 and beyond, as approved in July 2013.

- Items identified as part of the HRA Mid-Year Financial Review.

- Capital financing has been updated in respect of revised assumptions in right to buy and other capital receipts, revenue funding of capital expenditure and borrowing requirements.

The changes proposed as part of this HRA Mid-Year Financial Review include:

- Re-phasing of expenditure and approval of revised funding requirements, based upon the latest development appraisals for new build / re-development schemes (see table in section 7).
- Removal of the residual budget of £7,000 for the delivery of the first 7 units of new build in Harris Road, Cockerell Road and Church Lane, as all costs have been realised.
- In-year re-allocation of budgets for decent homes and other works to the housing stock in line with contract packages awarded to Apollo, Kier and other contractors under the SCAPE and ESPO frameworks.
- Reduction of £1,878,000 in the allocation for backlog works in 2013/14, re-profiling this funding to the end of the 10-year programme, to 2022/23, recognising difficulties in delivery at the anticipated levels within existing contractual constraints.
- Reduction of £150,000 in the budget for disabled adaptations, recognising that current commitments are not likely to exceed the full budget, which included a significant carry forward from 2012/13.
- Re-phasing of £50,000 of the decent homes budget for wall finishes from 2013/14 into 2016/17, in line with anticipated delivery timescales.
- Re-basing of internal fees, planned maintenance contractor overheads and inflation, recognising both the decision in 2012 to increase In-house staff to deliver higher levels of capital investment in the housing stock and subsequent decisions to re-phase expenditure.

The current HRA Business Plan, and resulting Housing Capital Investment Plan are constructed on the basis of delivering at an investment standard in our housing stock.

As part of the work for the 2014/15 budget, officers will consider the difference in costs of returning to the basic decent homes standard, to provide flexibility to respond to anticipated increased financial pressures elsewhere across the housing service and / or to re-direct into other areas of investment, ie; new build affordable housing.

Significant work is required to ensure that the authority can accurately profile the agreed level of capital investment required in the housing stock over the short to medium term, making sure that delivery is possible in procurement terms in line with investment aspirations.

Section 7
Capital & Asset Management – New Build & Re-Development

Asset Management

Consideration is now being given to strategic acquisition or disposal of assets, following approval of the HRA Acquisition and Disposal Policy in June 2013.

A review is also underway in respect of the HRA's shared ownership portfolio, currently consisting of 86 dwellings, with a view to recommendations for the future being presented to committee in January / February 2014. The review will consider both the condition, use and occupancy of the existing shared ownership stock, and whether the authority should build new shared ownership stock on development sites.

Receipts from asset disposals continue to be recognised in the HRA's reserves only at the point of receipt and after all relevant costs have been provided for.

Outside of the currently approved 3-Year Affordable Housing Programme, the following HRA assets have been, or are being, considered for market acquisition or disposal:

Potential Acquisition/Disposal	Comment	Status
24 Elizabeth Way	Consideration being given to potential market disposal of this vacant dwelling	Under Investigation
1Honey Hill	Offer from owner occupier for consideration of buy back of ex-right to buy dwelling	Under Investigation
18A Magrath Avenue	Dwelling requires significant investment. Potential to dispose of leasehold dwelling to neighbour who would seek to acquire the freehold for the block	Under Investigation

New Build & Re-Development

The Council secured Homes and Communities Agency grant of £2,587,500 towards the development of 146 affordable homes in the city, which form part of the 3-year affordable housing programme.

The Seymour Court / Seymour Street site is now nearing completion, and will be re-let as Jane's Court in the autumn of 2013.

At the time of writing this report, approximately 90% of residents affected by the re-development programme had been re-housed and 6 of the 19 leasehold re-purchases required had taken place.

As each scheme receives specific committee approval, the indicative cost of the scheme is incorporated into the Housing Capital Investment Plan. As the scheme design progresses and planning approval is sought, revised and more accurate scheme costs are available. As part of the HRA Mid-Year Financial Review, the latest scheme appraisal costs have been incorporated into the financial models, and therefore the Housing Capital Investment Plan. These costs will still not be the finally agreed contractual sums that the authority enters into, but will ensure that the most up to date data is being utilised.

Scheme	Committee Approved Social Housing Units	Committee CCC Funding Approval (capital cost net of grant & land transfer)	Revised Social Housing Units for Approval	Revised CCC Funding for Approval (capital cost net of grant and land transfer)
Seymour Court	21	953,000	20	878,440
Latimer Close	12	1,1,81,590	12	1,250,180
Barnwell Road	16	938,160	12	1,094,750
Campkin Road	18	2,144,740	20	2,451,640
Colville Road	21	1,344,950,	19	1,304,920
Water Lane	14	1,180,790	14	1,384,170
Aylesborough Close	16	2,033,610	21	2,543,670

Scheme	Committee Approved Social Housing Units	Committee CCC Funding Approval (capital cost net of grant & land transfer)	Revised Social Housing Units for Approval	Revised CCC Funding for Approval (capital cost net of grant and land transfer)
Stanesfield Road	5	608,550	4	554,020
Wadloes Road	6	663,110	6	646,530
Atkins Close (Garage Site)	7	583,000	8	601,070
Hawkins (Garage Site)(*)	0	0	5	513,590
Fulbourn (Garage Site)(*)	0	0	4	252,670
Ekin Road (Garage Site)(*)	0	0	4	403,140
Yet to be allocated to Specific Schemes	10	671,660	0	0
Total	**146**	**12,303,160**	**149**	**13,878,790**

(*) Some of the above schemes are still at viability stage, and therefore have not yet received formal planning approval. As such, it is not guaranteed that schemes will proceed if they prove to be either financially or technically unviable. The net funding approval identified above assumes delivery of a 60/40 split of affordable versus market housing across the programme. As part of the scheme proposals being presented in this committee cycle, consideration is given to the option of delivering 100% affordable housing on these sites, with delegations sought for final approval of the option which deliver the best results.

The Housing Capital Investment Plan, an updated version of which is attached at Appendix F, incorporates the funding for new build schemes as identified in the table above, recognising the need for gross spend on the affordable housing scheme, land values and grant receipts to be shown separately, but arriving at the net cash cost to the Council as per the table above.

If the option to deliver 100% affordable housing on any of the latter sites is approved, any changes in funding requirements will be incorporated as part of the HRA Budget Setting Report in January / February 2014.

The Council has procured Hill Partnerships to develop out the Clay Farm site, to include 105 new Affordable Housing dwellings for the Council. Funding for the scheme has been earmarked in the HRA Business Plan, but a final funding model requires approval by Community Services Committee once a detailed scheme has been drawn up for planning approval.

City Deal

The Council has included two significant requests to government under the City Deal bid that, if progressed, would significantly benefit the HRA Business Plan. First a controlled relaxation of the debt cap has been proposed and secondly the three year time frame to reinvest RTB receipts has been requested to be extended to five years.

Section 8
Summary and Conclusions

HRA Budget Strategy

The Budget Process

The HRA budget process for 2014/15 will remain broadly similar to that for previous years, working within cash limited budgets, and considering savings in general management and repairs administration, to meet both known financial pressures and to create policy space to allow for strategic re-investment in housing services. The key changes proposed are:

- Undertaking zero based budget exercises in a number of specific areas, where a wider review of spending is considered appropriate, to include both void and cyclical revenue repairs.
- A special combined meeting of both Housing Management Board and Community Services, to allow decisions to be made that allow rent levels to be set within the statutory timescales, whilst also facilitating consideration of alternative budget proposals, taking account of the inextricable financial links between revenue and capital decisions in the HRA.
- In line with tenants views, consideration will be given, as part of the 2014/15 budget process as to whether changes should be made to the balance of expenditure between the level of direct investment in the existing housing stock, in new build affordable housing and in the potential to invest further in housing services, dealing with enquiries, supporting tenants and tackling anti-social behaviour.

The updated base model used to prepare this report has driven the recommendations in respect of the 2014/15 budget process, recommending the level of savings required to meet both current and anticipated spending needs.

The HRA Mid-Year Financial Review has highlighted the need for additional resource in some areas and the ability to offer mid-year savings in others. The inclusion of these in the financial modelling undertaken as part of the review of the HRA, will ensure that the most appropriate decisions can be made in respect of the Housing Revenue Account's approach to setting the 2014/15 budget.

Approach to HRA Savings

The September 2012 HRA Mid-Year Business Plan Update set a target of 1.6% for ongoing savings in general management expenditure for 2013/14, equivalent to £76,880, recognising the desire to continue to create policy space for strategic re-investment. A separate target of £21,310 was set in respect of repairs expenditure, recognising the anticipated reduction in stock numbers. Priority policy funding at the increased level of £150,000 was provided for.

For 2014/15, a sustainable position is sought, continuing to assume that resources are set-aside for the future repayment of debt within the 30-year business plan, whilst utilising HRA reserves and any additional surplus generated, to meet the identified investment need in both the housing stock and in new build affordable housing, maintaining balances at the target level of £3m.

Current financial projections, taking account of revised assumptions and incorporating all changes proposed as part of this HRA Mid-Year Financial Review, indicate a savings requirement of 2% per annum from 2014/15, in order to deliver a sustainable HRA over the next 30 years. This target is set assuming savings in both general management and repairs administration expenditure, which will require savings in the region of £113,000 per annum. This level has been set to include the continued higher provision of £150,000 of priority policy space for 5 years, as outlined in this document. Consideration will be given, as part of the 2014/15 budget process, to whether the level of policy space should be retained at this higher level in the medium term. The financial modelling also continues to incorporate the assumption that responsive repair budgets are adjusted proportionately to reflect anticipated changes in stock numbers.

The position will be reviewed again as part of the February 2014 HRA Budget Setting Report, with a view to achieving a balance between prudence and deliverability, based on the latest information available.

Base Assumptions

In order to update the Housing Revenue Account Business Plan, the assumptions included in the base plan have been revisited, and confirmed or amended as appropriate in the light of any more up-to-date intelligence and information.

In all cases, the revised assumptions included are derived from the best information available at the current time, utilising both historic trend data and the expert advice and opinion of specialists in the field of housing finance, lending and borrowing and asset management.
The base financial assumptions included in the financial model are included at Appendix C.

Appendix E summarises the revenue budget position for the HRA for the period between 2013/14 and 2017/18, based upon inclusion of the amended financial assumptions that form part of the revised base self-financing business plan.

Sensitivities

In respect of all of the assumptions that are incorporated into the HRA Business Plan, there continue to be numerous alternative judgements that could have been made. It is not possible to predict accurately what will happen in the future, particularly in respect of external factors completely outside of Council control.

To demonstrate the potential financial impact of any change in key factors, the table at Appendix D indicates either the cost to the HRA or the change in the HRA's ability to pay off debt, with the current base model being amended for a number of individual sensitivities. This will identify only the impact of a single assumption change, and not the compound impact of multiple changes.

Appendix H details a number of identified financial and operational uncertainties, highlighting risks and describing areas of known change but with currently unquantifiable impacts.

Appendix A

Financial Planning Timetable

Date	Major Stage
2013	
23 May	Council adopts Annual Statement setting out plan & priorities for 2013/14
18 Sep	General Fund (GF) Mid-Year Financial Review (MFR) published for S&R Scrutiny Committee
19 Sep	Housing Revenue Account (HRA) MFR published
30 Sep	S&R Scrutiny Committee / Leader recommendation of GF MFR to Council
1 Oct	Housing Management Board (HMB) considers the HRA MFR
10 Oct	Community Services Scrutiny Committee considers the HRA MFR
14 Oct	Accountancy despatch: Budget Process Guidance
	Accountancy despatch: Budget proposals pro-forma to Heads of Service
	Accountancy despatch: Budget Working Papers to Cost Centre Managers
17 Oct	MFR & budget briefing for Heads of Service
Oct	Budget process workshops for managers
24 Oct	Council considers GF and HRA Mid-Year Financial Review reports
8 Nov	Managers to complete and return Budget Proposal Forms to Accountancy · 2013/14 Revised Budget items · 2014/15 Revenue Budget Proposals · 2014/15 Capital Budget Proposals · Outcomes of Service Reviews
15 Nov	Managers return completed budget working papers (incorporating budget proposals)

Date	Major Stage
w/c 18 Nov	Officer Working Groups meet to consider and comment on budget proposals
16 Dec (provisional)	HRA Budget Setting Report 2014/15 published
Dec	Provisional Government Settlement Announcement
2014	
6 Jan	GF budget proposals for Environment and Community Services Scrutiny Committees published
8 Jan	GF Budget Setting Report 2014/15 published for Strategy & Resources Scrutiny Committee
Jan	Final Government Settlement Announcement
14 Jan	Environment Scrutiny Committee consider budget proposals for own portfolios
16 Jan (provisional)	Meetings of Community Services Scrutiny Committee and Housing Management Board (Special) consider the HRA Budget Setting Report Community Services considers any Executive & / or Opposition HRA budget amendment proposals relating to capital HMB meeting considers any Executive & / or Opposition HRA budget amendment proposals to revenue budget and / or rent levels Executive Councillor for Housing approves rent levels and revenue budgets. Executive Councillor makes final capital proposal recommendations to Council.
16 Jan	Community Services Scrutiny Committee consider General Fund budget proposals for its own portfolios
20 Jan	Strategy & Resources Scrutiny Committee considers GF budget proposals for its own portfolios and GF Budget Setting Report
23 Jan	Meeting of The Executive to consider and recommend GF Budget Setting Report and Council Tax requirement
7 Feb	Special Strategy & Resources Scrutiny Committee considers any GF budget amendment proposals
27 Feb	Council approves GF Budget and sets Council Tax (including precepts). Council approves Capital & Revenue Projects Plan (including HRA recommendations)
31 Mar	Approved budget reports to be sent to Cost Centre Managers by Accountancy

Note: Items that are applicable to the HRA are shown as shaded lines.

Appendix B

Key Risk Analysis – New or Amended Risks

Risk Area & Issue arising	Controls / Mitigation Action	Status
Effects of Legislation / Regulation		
Ability to move properties to target rent is constrained by legislative changes	• Impact of proposed changes to national rent policy is incorporated into financial planning. • Consideration could be given to remedial action in 2014/15.	New
External income / funding streams		
Changes to the right to buy rules and pooling regulations result in a continued significant increase in sales and commitment to deliver replacement units or pay over receipts with interest	• Sensitivities modelled so potential impacts are understood • Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity	Amended

Appendix C

Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	2.5%	General inflation on expenditure included at 2.5% (Based upon CPI to June 2013), from 2014/15.	Retained
Capital Programme Inflation	**3.5% ongoing**	**Real increase above CPI of 1%.**	**Amended**
Debt Repayment	Set-Aside to Repay Debt	Assumes resource is set-aside to repay debt as loans reach maturity dates.	Retained
Capital Investment	Investment Standard (in 10 Years)	Base model assumes investment standard in the housing stock, compared with a basic decent homes standard. This will be reviewed as part of the 2014/15 HRA BSR.	Retained
Pay Inflation	2.9% for 2014/15, then 4.4%	Assume pay award of 1% and allowance for increments at 1.9% for 2014/15, then re-introducing allowance for pay award at 2.5% from 2015/16 onwards.	Retained
Employee Turnover	3%	Employee budgets - assume an employee turnover saving of 3.0% of gross pay budget for office-based staff.	Retained
Rent Increase Inflation	**3.5% from 2014/15, 3% from 2025/26**	**Rent increases in line with government proposals of RPI at the preceding September plus 0.5% for 2014/15 and then move to CPI plus 1% from 2015/16 to 2024/25. Assume RPI in September 2013 is 3%. CPI as above.**	**Amended**
Rent Convergence	**No**	**Assume that current government proposals inhibit the ability to move to target rents after 2014/15.**	**Amended**
External Lending Interest Rate	**0.64% for 2 years,1.25% for 2 years, then 1.5%**	**Interest rate – based on latest market projections (on average 0.64% for 2013/14 and 2014/15, 1.25% for 2015/16 and 2016/17, then 1.5% from 2017/18.**	**Amended**
Internal Borrowing Interest Rate	**0.64% for 2 years,1.25% for 2 years, 1.5% & 3.8% ongoing**	**Assume the same rate as anticipated can be earned on cash balances held, so as not to detriment the General Fund over the longer term. Long term lending rates taken from information supplied by third party advisors.**	**Amended**
External Borrowing Interest Rate	**4.5%**	**Assumes additional PWLB borrowing at a rate of 4.5%. Current rates for 25 to 50 years range from 4.44% to 4.52%.**	**Amended**
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, recognising increased risks in HRA Self-Financing environment.	Retained
HRA Target Balances	£3,000,000	Maintain HRA target balance at £3,000,000.	Retained
Right to Buy Sales	**42, 35, then 28 sales**	**Reinvigoration of the scheme has prompted increased activity. Assume 42 for 2013/14, 35 for 2014/15, then 28**	**Amended**

Key Area	Assumption	Comment	Status
	ongoing	**per annum.**	
Right to Buy Receipts	**Only settlement right to buy sale receipts included**	**Right to buy receipts in the debt settlement included, assuming the receipts will be utilised partly for general fund housing purposes. Additional receipts anticipated have been excluded, but recognising they are required to be utilised to repay debt, deliver new affordable housing or be paid to CLG in 3 year agreed timescale.**	**Amended**
Void Rates	**Property specific for 2013/14, then 1%**	**Assumes continued higher void rate for 2013/14 based upon actual activity, then 1% assumed from 2014/15 onwards.**	**Amended**
Bad Debts	**0.56% for 2013/14, then 1.12%**	**Historic bad debt provision made in the HRA was increased by 100% from 2013/14 to reflect the requirement to collect 100% of rent directly. Universal credit is delayed until at least April 2014, so amend current year back to 0.56%. Assumes an extension of the existing rent payment profile across the entire housing stock.**	**Amended**
Rent Collection Transactional Costs	**An increase in transactional costs of £100,000 per annum from 2014/15**	**An increase of £100,000 per annum was included from 2013/14, recognising the increase in transactional collection costs associated with the requirement to collect 100% of rent directly from tenants, as opposed to receiving approximately 50% via housing benefit as currently happens. With Universal Credit delayed until April 2014, this assumption has been deferred by one year.**	**Amended**
Debt Management Expenses	**£20,000 per annum**	**Internal treasury management is recharged within existing SLA's. This allows a provision for specialist financial advice in this field, now from 2014/15.**	**Amended**
New Build Programme	250 Units	Assumes delivery of the current 3-year affordable housing investment programme of 146 units, where HCA grant funding has been approved and an additional 104 units on the Clay Farm site in 2016/17.	Retained
Savings Target	**2%**	**A savings target is included in the HRA model, with the assumption that savings and efficiencies will be driven out to allow strategic re-investment. The target is calculated as a percentage of net general management and repairs administration expenditure.**	**Amended**
Responsive Repairs Expenditure	Reduced pro rata to stock reductions	An assumption is made that direct responsive repair expenditure is reduced annually in line with any reduction in stock numbers.	Retained
Policy Space	£150,000	Policy space retained in base model at an increased level for 5 years recognising desire to expand services and respond to external pressures. To be reviewed as part of 2014/15 HRA Budget Setting Report.	Retained
Service Reviews	On case by case basis	Outcomes of service reviews will deliver ongoing benefit to the HRA as indicated in the review business case.	Retained

Appendix D

Business Planning Sensitivity Analysis – New or Amended Sensitivities

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
Interest Rates for additional borrowing	PWLB fixed rate maturity loan at 4.5%	Assume fixed rate loan over 30 years, with increase of 2% in interest rates from the outset	Increased interest payable across the life of the business plan equates to £10.925 million.
General Inflation	General Inflation using CPI at 2.5% for expenditure	Volatility in the economy could lead to fluctuation in inflation. 1% increase in general inflation for the life of the plan	Inability to pay off the debt during the life of the business plan.
Rents Inflation	RPI for 2014/15 at 3%, then CPI at 2.5% ongoing for rents base	Volatility in the economy could lead to fluctuation in inflation as measured by CPI. 1% increase in rents base inflation from 2015/16 for the life of the plan	Ability to redeem debt by year 19.
Rent Convergence	No ability to converge rents after 2014/15.	Proposal not yet consulted upon, so assume ability to converge rents is retained.	An additional £103 million received in rental income over the life of the plan.
Capital Investment Real Increase Inflation	Capital Investment Inflation at 1% above CPI	A real increase of 1% is allowed for building inflation. Assume that recovery in the building industry is better than anticipated, with a real inflationary increase of 2% from 2017/18 for the remainder of the plan	Inability to pay off the debt during the life of the business plan.
Right to Buy Sales (Revenue Impact)	Numbers assumed to be 42 in 2013/14, reducing to 35 in 2014/15 and then 28 per annum thereafter.	The increase in discount levels could result in interest at the levels experienced in 2012/13 and 2013/14 to date. Assume sales remain at 42 from 2014/15.	The ability to repay debt is extended by 2 years.
Investment Income	Business Plan assumes interest on balances increasing to 1.5% by 2017/18, then at an average of 3.8% for longer-term investments from 2018/19	Long-term rates may fail to recover as anticipated. Assume ongoing rate at 1.5% for the long-term.	The ability to repay debt is extended by 5 years.

Appendix E

HRA Summary Forecast 2013/14 to 2017/18

Description	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Income					
Rental Income (Dwellings)	(34,195,990)	(35,875,200)	(37,735,740)	(39,714,760)	(40,936,900)
Rental Income (Other)	(1,047,410)	(1,073,600)	(1,100,440)	(1,127,950)	(1,156,140)
Service Charges	(2,104,180)	(2,156,780)	(2,210,700)	(2,265,970)	(2,322,620)
Contribution towards Expenditure	(347,590)	(88,260)	(88,340)	(88,410)	(88,500)
Other Income	(409,030)	(393,630)	(403,470)	(413,560)	(423,900)
Total Income	**(38,104,200)**	**(39,587,470)**	**(41,538,690)**	**(43,610,650)**	**(44,928,060)**
Expenditure					
Supervision & Management - General	4,789,040	4,995,440	5,122,680	5,362,240	5,540,940
Supervision & Management - Special	2,343,370	2,265,370	2,335,550	2,408,090	2,483,060
Repairs & Maintenance	7,049,650	7,293,770	7,607,470	7,974,130	8,299,020
HRA Subsidy	0	0	0	0	0
Depreciation – to Major Repairs Res.	9,811,240	10,177,860	10,471,580	10,872,910	10,829,160
Debt Management Expenditure	(301,330)	25,030	21,490	22,430	23,420
Other Expenditure	526,540	783,150	852,290	925,060	991,610
Total Expenditure	**24,218,510**	**25,540,620**	**26,411,060**	**27,564,860**	**28,167,210**
Net Cost of HRA Services	**(13,885,690)**	**(14,046,850)**	**(15,127,630)**	**(16,045,790)**	**(16,760,850)**
HRA Share of operating income and expenditure included in Whole Authority I&E Account					
Interest Receivable	(79,850)	(55,710)	(85,380)	(84,740)	(101,240)
(Surplus) / Deficit on the HRA for the Year	**(13,965,540)**	**(14,102,560)**	**(15,213,010)**	**(16,130,530)**	**(16,862,090)**
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance					
Loan Interest	7,501,770	8,072,400	8,065,060	8,018,800	7,919,750
Debt Redemption Premium	301,330	0	0	0	0
Housing Set Aside	0	0	1,709,800	5,690,780	6,252,260
Depreciation Adjustment	(2,280,780)	(2,394,240)	(2,504,670)	(2,582,100)	(2,345,920)
Direct Revenue Financing of Capital	10,247,360	9,077,330	8,001,410	5,047,800	5,034,440
(Surplus) / Deficit for Year	**1,804,140**	**652,930**	**58,590**	**44,750**	**(1,560)**
Balance b/f	(5,495,490)	(3,691,350)	(3,038,420)	(2,979,830)	(2,935,080)
Total Balance c/f	**(3,691,350)**	**(3,038,420)**	**(2,979,830)**	**(2,935,080)**	**(2,936,640)**

Appendix F

Housing Capital Investment Plan (5 Year Detailed Investment Plan)

Description	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend					
Assessment Centre	151	0	0	0	0
Disabled Facilities Grants	550	550	550	550	550
Private Sector Housing Grants and Loans	195	195	195	195	195
Long Term Vacants	20	20	20	20	20
Total General Fund Housing Capital Spend	**916**	**765**	**765**	**765**	**765**
HRA Capital Spend					
Decent Homes					
Kitchens	255	618	598	292	466
Bathrooms	128	522	525	119	61
Boilers / Central Heating	2,116	618	2,450	1,688	1,510
Insulation / Energy Efficiency	159	100	100	100	100
External Doors	28	129	108	63	88
PVCU Windows	373	1,002	1,350	912	915
Wall Structure	36	621	63	114	105
Wall Finishes	346	319	230	165	167
Wall Insulation	200	100	100	100	100
External Painting	0	0	0	0	0
Roof Structure	300	800	687	322	300
Roof Covering	1084	215	210	274	658
Chimneys	90	12	2	1	
Electrical / Wiring	183	91	181	317	120
Smoke Detectors	8	19	109	9	26
Sulphate Attacks	102	102	102	102	102
Major Voids	98	51	48	53	53

Description	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
HHSRS Contingency	150	100	100	100	100
Other Health and Safety Works (Balconies)	50	50	50	50	50
Other External Works	0	3	5	0	
Rising Damp / Penetrating Damp	0	0	0	0	
Professional Fees	556	556	556	556	556
External Professional Fees	19	27	27	27	27
Decent Homes Backlog	2,580	2,131	1,066	3,019	2,663
Planned Maintenance Contractor Overheads	1,038	778	827	798	776
Total Decent Homes	**9,899**	**8,964**	**9,494**	**9,181**	**8,943**
Other Spend on HRA Stock					
Garages	346	300	300	300	100
Asbestos Contingency	200	200	200	200	100
Disabled	864	878	878	878	878
TIS Schemes	21	21	21	21	21
Communal Areas Uplift	546	1046	546	546	546
Fire Prevention / Fire Safety Works	1060	300	300	300	300
Hard surfacing on HRA Land - Health and Safety Works	250	250	280	150	150
Hard surfacing on HRA Land - Recycling	147	0	0	0	0
Communal Areas Floor Coverings	170	200	0	0	0
Professional Fees	155	155	155	155	155
Lifts and Door Entry Systems	29	13	13	13	13
Fencing	100	100	100	100	100
Cemetery Lodge	49	0	0	0	0
Hanover / Princess Laundry	2	0	0	0	0
East Road Garages - Lighting Controls	4	0	0	0	0
TV Aerials	0	0	0	0	0
Planned Maintenance Contractor Overheads	442	338	270	256	226
Total Other Spend on HRA stock	**4,385**	**3,801**	**3,063**	**2,919**	**2,589**

Description	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
HRA New Build / Re-Development					
Roman Court	1,193	41	0	0	0
3 Year Affordable Housing Programme	6,899	7,918	0	0	0
3 Year Affordable Housing Programme (Notional Spend)	3,256	4,712	0	0	0
Clay Farm	0	10,247	3,416	0	0
New Build Decent Homes	0	0	0	140	143
Total HRA New Build	**11,348**	**22,918**	**3,416**	**140**	**143**
Cambridge Standard Works					
Cambridge Standard Works	372	200	200	200	200
Total Cambridge Standard Works	**372**	**200**	**200**	**200**	**200**
Sheltered Housing Capital Investment					
Emergency Alarm Service	15	0	0	0	0
Ditchburn Place	1,912	1,900	0	0	0
Brandon Court	0	0	0	0	0
Total Sheltered Housing Capital Investment	**1,927**	**1,900**	**0**	**0**	**0**
Other HRA Capital Spend					
Orchard Upgrade / Open Contractor / Mobile Working / ASB Database	191	0	0	0	0
Low Cost Home Ownership	300	300	300	300	300
RFR Buy Back	520	330	0	0	0
Commercial Property	232	30	30	30	30
Total Other HRA Capital Spend	**1,243**	**660**	**330**	**330**	**330**
Total HRA Capital Spend	**29,174**	**38,443**	**16,503**	**12,770**	**12,205**
Total Housing Capital Spend at Base Year Prices	**30,090**	**39,208**	**17,268**	**13,535**	**12,970**
Inflation Allowance and Stock Reduction Adjustment for Future Years	0	1,345	1,175	1,374	1,780
Total Inflated Housing Capital Spend	**30,090**	**40,553**	**18,443**	**14,909**	**14,750**

Description	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
Housing Capital Resources					
Right to Buy Receipts	(441)	(495)	(500)	(505)	(510)
Other Capital Receipts (Land and Dwellings)	(400)	0	0	0	0
Notional Land Receipts (New Build Schemes)	(3,256)	(4,712)	0	0	0
Major Repairs Reserve	(9,635)	(10,791)	(7,967)	(8,291)	(8,483)
Direct Revenue Financing of Capital	(10,247)	(9,023)	(8,001)	(5,048)	(5,035)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(1,615)	(2,415)	(1,210)	(300)	(300)
Disabled Facilities Grant	(262)	(262)	(262)	(262)	(262)
Prudential Borrowing	0	(12,352)	0	0	0
Total Housing Capital Resources	**(25,856)**	**(40,050)**	**(17,940)**	**(14,406)**	**(14,590)**
Net (Surplus) / Deficit of Resources	4,234	503	503	503	160
Capital Balances b/f	**(8,277)**	**(4,043)**	**(3,540)**	**(3,037)**	**(2,534)**
Use of / (Contribution to) Balances in Year	4,234	503	503	503	160
Capital Balances c/f	**(4,043)**	**(3,540)**	**(3,037)**	**(2,534)**	**(2,374)**
Other Capital Balances (Opening Balance)					
Retained 1-4-1 Right to Buy Receipts	(2,072)				
Right to Buy Receipts for Debt Redemption	(997)				
Total Other Capital Balances	**(3,069)**				

Appendix G

HRA Earmarked & Specific Funds (£'000)

Repairs & Renewals

Housing Revenue Account	Opening Balance	Contributions	Expenditure to July	Current Balance
General Management	(1,088.5)	(141.8)	0.2	(1,230.1)
Special Services	(1,019.9)	(138.3)	8.8	(1,149.4)
Repairs and Maintenance	(40.9)	(12.4)	0.0	(53.3)
Totals	**(2,149.3)**	**(292.5)**	**9.0**	**(2,432.8)**

Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to July	Current Balance
MRR	(5,111.5)	0.0	0.0	(5,111.5)

Shared Ownership

	Opening Balance	Contributions	Expenditure to July	Current Balance
Shared Ownership	(300.0)	0.0	0.0	(300.0)

Tenants Survey

	Opening Balance	Contributions	Expenditure to July	Current Balance
Tenants Survey	(35.3)	(6.2)	0.0	(41.5)

Aerial – Roof Space Rental

	Opening Balance	Contributions	Expenditure to July	Current Balance
Aerial Income	(96.5)	(8.8)	3.2	(102.1)

Pension Reserve

	Opening Balance	Contributions	Expenditure to July	Current Balance
Pension Reserve	(192.7)	(197.3)	0.0	(390.0)

Debt Set-Aside (Revenue)

	Opening Balance	Contributions	Expenditure to July	Current Balance
Debt Set-Aside	(1,090.4)	0.0	0.0	(1,090.4)

Appendix H

Areas of Uncertainty

Housing Revenue Account – Revenue Uncertainties

Self-Financing for the HRA

Continued uncertainties include the potential for the debt settlement to be re-opened, a debt cap over which the HRA is not allowed to borrow and the implications of managing the cashflow for the HRA in light of the need to service the debt.

Right to Buy Sales

The number of sales has increased significantly since April 2012, and interest remains high. The implications of continued high levels of sales from a revenue perspective are significant, with the potential loss of rental income being the major factor.

Right to Buy Retention Agreement

The resource currently retained in respect of 1-4-1 receipts already exceeds the level that the authority is able to support in 70% match funding. At present, the investment required to fulfil the obligations under this agreement has not been incorporated into the HRA financial model, nor has the potential interest that will be payable (possibly by the General Fund) if the receipts are not utilised within the agreed 3-year period.

Independent Living Service – Ditchburn Place Extra Care

The current care and support contract with the County Council is due to expire in January 2014, with a request received to accept a 14 month extension. Although delivered alongside HRA services, the inextricable links to the provision of landlord services mean that any changes to the delivery of care and support services will impact HRA services also.

Independent Living Service – Sheltered and Temporary Housing

The current contract for Sheltered Housing support terminates in December 2013 and for Temporary Housing support in March 2014. It is anticipated that the County Council will either negotiate directly with providers for the continued provision of support or formally re-tender support services across these areas. The protracted timescales for these decisions causes additional uncertainty for both residents and staff.

HRA Commercial Property

Review of the ownership of some commercial property in the Council's portfolio is required to ensure that both rental income and maintenance liabilities are being correctly provided and accounted for.

HRA New Build

Although the 146 programme is progressing well, if any individual development scheme does not proceed, the initial outlay will need to be treated as revenue expenditure, but without the anticipated payback that the capital investment would have resulted in. Until schemes are approved, in contract, and have appropriate planning permission, there are still uncertainties over final costs and dwelling numbers, which could impact the HRA in terms of borrowing costs and anticipated rental streams.

Housing Revenue Account – Revenue Uncertainties

HRA Review of Area Offices

The decision about the future of the area housing offices will not be made until the implications of the delayed introduction of direct payment for housing benefit are clear. Progress with additional IT solutions and self-service options in the Customer Service Centre are also key in this decision. The last break clause in the lease for the south area office is January 2015, necessitating notice being given by July 2014, which is now unlikely. Otherwise, the lease ends in January 2020.

National Rent Policy

Current government indications are that rent policy will see a move from April 2015/16 to rent increases limited to CPI plus 1%, as opposed to RPI plus 0.5%, with the cessation of any further moves towards target rent. This decision will be subject to national consultation, so although financial modelling has been undertaken on the assumption that the proposal goes ahead, this is not currently guaranteed, however Government have prepared spending plans on the assumption that it does.

Cyclical Revenue Maintenance

Arrangements for the provision of cyclical maintenance services, (ie; door entry, lifts, electrical testing, fire risk assessments, warden call systems) are being incorporated as part of the planned maintenance procurement, with a view to new contracts being in place by April 2014. It is difficult to predict the cost base for the revenue elements of these contracts, when considered as part of a larger contract. The contract for gas inspections and servicing, previously procured jointly with South Cambridgeshire District Council, is also due for re-tender or extension from June 2014.

Welfare Reforms

The negative impact that the introduction of Universal Credit may have on the level of rent arrears and bad debts within the HRA is currently unquantifiable, although indications from the earlier pilot authorities are that it will be significant.

Eastfield Site

The potential future income stream for the Eastfield site is subject to discussion with Hundred Houses.

Housing Revenue Account - Capital Uncertainties

Ditchburn Place

Funding has been ear-marked for the re-development of the extra care housing at Ditchburn Place. The scheme has been considered using indicative costs, but until tendered, the finalised costs will not be available, The decision to phase the works also poses additional uncertainty in terms of both the costs and the length of the build.

Expansion of Investment Standard to include Communal Areas

Incorporation of communal areas into our investment standard, to include lifts and common parts in flatted accommodation, requires both up front investment to survey and ongoing investment to meet and maintain any standards set. The Housing Capital Investment Plan includes an uplift of £75 per property per year to meet the investment needs in un-surveyed communal areas. Until surveys are complete it is unclear whether this allocation will be required in totality.

Sulphate Attack

Sulphate attack was identified a number of years ago in a few council dwellings, resulting in the potential need to invest £1.87m to eradicate the problem. Following a risk assessment, the approach taken has been to address the defect when the property is void. Currently 12 of the 110 properties potentially affected have been rectified. Funding of approximately £1.6m is included in the Housing Capital Programme over the next 15 years to continue to fund this risk-based approach. There is the potential for similar sulphate attacks in the structures of other council dwellings constructed at a similar time, resulting in the need for significant additional investment.

Disabled Facilities Grants and Private Sector Housing Grants and Loans

Council investment in both DFG's and Private Sector Housing Grants and Loans is dependent upon existing capital balances or capital receipts in year. Once existing capital balances are exhausted, future funding is dependent upon 25% of the first 10 to 17 right to buy sale receipts per annum, as assumed to be available for general use in the self-financing settlement. This puts at significant risk the desired level of future investment in this area.

Right to Buy Sales

Interest in right to buy remains high following changes to the scheme in April 2012. Under the terms of the agreement signed with CLG, the authority is committed to deliver completed replacement dwellings from right to buy receipts within 3 years of the date of the retained 1-4-1 receipt, with this funding meeting no more than 30% of the cost of the dwelling. There is doubt over the level of top up funding that can be afforded by the authority, particularly in light of the borrowing cap.

Asbestos Removal

Potential to change strategy for asbestos removal, to ensure that blocks / streets are tackled as projects (as in Edgecombe) as opposed to in isolation whilst dwellings are void. This approach may bring forward the need for resources previously anticipated to be spent much later in the programme and also incur the additional costs of decant, but would accelerate the programme and reduce the additional revenue costs of repairs in properties with asbestos.

Energy Efficiency

Legislative requirements / local desire to increase the energy efficiency of the housing stock could result in significant increased investment, with little or no financial return to the HRA.

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