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Cambridge City Council

HOUSING SCRUTINY COMMITTEE

To: **Scrutiny Committee Members:** Councillors Todd-Jones (Chair), Birtles (Vice-Chair), Avery, Baigent, Bird, Blackhurst, Holland and Robertson

Alternates: Councillors Gawthrope, Hipkin and Pitt

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

Executive Councillor for Housing: Councillor Price

Despatched: Thursday, 18 September 2014

Date: Tuesday, 30 September 2014

Time: 5.30 pm

Venue: Committee Room 1 & 2 - Guildhall

Contact: Claire Tunncliffe **Direct Dial:** 01223 457012

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** (Pages 7 - 26)

To approve the minutes of the previous meeting.

4 PUBLIC QUESTIONS

(See information below).

Items for Decision by the Executive Councillor for Housing, 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 for Housing

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.

Part 1: To be chaired by Vice Chair (Tenant/Leaseholder Rep)

Items for Decision by the Executive Councillor for Housing, Without Debate

5 WRITE-OFF OF FORMER AND CURRENT TENANT ARREARS *(Pages 27 - 32)*

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

6 HOUSING REVENUE ACCOUNT (HRA) MID-YEAR FINANCIAL REVIEW *(Pages 33 - 102)*

7 REPAIRS IMPROVEMENT PLAN - PERFORMANCE UPDATE *(Pages 103 - 106)*

8 TENANT COMPLAINTS PANEL *(Pages 107 - 112)*

Part 2: To be taken by the Chair of the Committee
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Items for Debate by the Committee and then Decision by the Executive Councillor for Housing

9 FINDINGS BY THE LOCAL GOVERNMENT OMBUDSMAN OF MALADMINISTRATION IN RESPECT OF THE COUNCIL'S HOMELESSNESS FUNCTION *(Pages 113 - 134)*

10 INTERMEDIATE MARKET HOUSING *(Pages 135 - 178)*

11 COUNCIL HOUSING AT HOMERTON COLLEGE REDEVELOPMENT *(Pages 179 - 214)*

Items for Decision by the Executive Councillor for Housing, Without Debate

12 RECORD OF URGENT DECISION

Record of Urgent Decisions taken by the Executive Councillor for Housing

To note decisions taken by the Executive Councillor for Housing since the last meeting of the Housing Scrutiny Committee.

12a Acquisition of Market Housing on 146 Programme Development Sites Business Manager & Principal Accountant *(Pages 215 - 222)*

Information for the Public

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

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- For questions and/or statements regarding items on the published agenda, the deadline is the start of the meeting.
- 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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HOUSING SCRUTINY COMMITTEE1 July 2014
5.30 - 9.00 pm**Present:**

Scrutiny Committee Members: Councillors Todd-Jones (Chair), Birtles (Vice-Chair), Avery, Baigent, Bird, Blackhurst, Gawthroe and Holland

Executive Councillor for Housing: Councillor Price

Tenant/Leaseholder Representatives: Diane Best, Kay Harris, John Marais, Diana Minns, Caroline Oriokot and Terry Sweeney

Officers:

Director of Customer & Community Services: Liz Bisset

Head of City Homes: Robert Hollingsworth

Head of Strategic Housing: Alan Carter

Area Housing Manager: Andrew Latchem

Area Housing Manager: Sandra Farmer

Business Manager / Principal Accountant: Julia Hovells

Team Manager (Residential): Robin Ray

Resident Involvement Facilitator: James Bull

Committee Manager: Claire Tunnicliffe

FOR THE INFORMATION OF THE COUNCIL

14/1/HSC Apologies

Apologies were received from Councillor Robertson. Councillor Gawthroe was present as the alternate.

Apologies were also received from Mr Sweeney.

14/2/HSC Appointment of Vice-Chair (Tenant/Leaseholder Rep) for 2014/15

Diana Minns was appointed as Vice Chair (Tenant / Leaseholder Representative) for 2014/15.

14/3/HSC Re-ordering of the Agenda

Under paragraph 4.2.1 of the Council Procedure Rules, the Chair used his discretion to alter the order of the agenda items. However, for ease of the reader, these minutes will follow the order of the agenda.

14/4/HSC Minutes

Councillor Todd-Jones who attended the HMB meeting on 4 March 2014 requested that his name was added to the list of Councillors who were present at the meeting.

Minutes of 4 March 2014 were then approved and signed as correct record.

14/5/HSC Declarations of Interest

Name	Item	Interest
Kay Harris (Tenant Representative)	14/9/HSC: Leasehold Services Update.	Personal: Member of ROAM and resident inspector.

14/6/HSC Public Questions

There were no public questions.

14/7/HSC Oral Report from the Executive Councillor and Proposals for 'Lead Councillors'

The Committee received oral reports from the Executive Councillor for Housing, Councillor Price and the Chair of the Housing Scrutiny Committee, Councillor Todd-Jones.

Councillor Price advised the aim of the new Housing Scrutiny Committee was to enhance the focus on Housing and to reduce Officer, Tenant / Leaseholder Representatives and Councillor time. There had been occasions in the past when the same item would appear on the former Housing Management Board agenda and the Community Services Scrutiny Committee agenda, all items now would be on the same agenda.

Councillor Price explained it was important that the Housing Scrutiny Committee continued vital resident involvement with the Tenant / Leaseholder Representatives as part of the Committee.

The Committee were informed that the following items would be addressed in the new municipal year 2014/15:

- An increase in the fencing budget
- Social house buildings (using potential garage sites)
- Major Environment Improvement Project being undertaken with existing funds that have been moved around in the accounts year on.
- Reviewing the whole of the Revenue Account.

Councillor Price explained that two Lead Councillors had been selected to work with Officers in the Housing Sector, for the following:

- Councillor Baigent, Lead Councillor for Private Rented Housing: To assist the Executive Councillor for Housing in developing policy on private rented housing, starting with a review focusing on the priorities in the Annual Statement.
- Councillor Robertson, Lead Councillor for Homelessness: To assist the Executive Councillor in developing policy on homelessness, starting with a review focusing on the priorities in the Annual Statement.

Councillor Todd Jones, Chair of the Housing Scrutiny Committee, spoke of the new format of the meeting. 'The new Vice Chair (Tenant / Leaseholder Representative) would chair the first part of the meeting and would no longer alternate with a Councillor Chair as was the case with the former Housing Management Board. They would have the casting vote, which they did not have when Chair of the Housing Management Board.' All six Tenant / Leaseholder Representatives were non-voting members of the second part of the meeting concerning strategic housing matters, rather than having three non-voting representatives as was the case on the Community Services Committee.'

14/8/HSC Standard Item: Write-Off of Former and Current Tenant Arrears

Matter for Decision

Write off of current tenant arrears

Decision of Executive Councillor for Housing

The Executive Councillor for Housing resolved to:

- i. Approve one case of current tenant arrears totalling £2,605.52 as detailed in the appendix to the Officer's report be written off, due to the expiration of a Debt Relief Order.
- ii. Approve the nineteen cases of former tenant arrears totalling £54,414.29 also detailed in the attached appendix; be written off due to recovery activity being exhausted.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

This item was not requested for pre-scrutiny.

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

- (i) Viewed the report as usual information that should be brought to the attention of the committee.
- (ii) Noted as no report had been presented to the March 2014 Committee the figure of £54,414.29 for former tenant arrears was higher than had been presented in the past.

The Executive Councillor approved the recommendations.

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

No conflicts of interest were declared by the Executive Councillor.

14/9/HSC Leasehold Services Update**Matter for Decision**

The report referred to the Leasehold Services offered by Cambridge City Council and provided an update on those services.

Decision of Executive Councillor for Housing

The Executive Councillor for Housing resolved to:

- i. Instruct Officers to review the level of staff resources in the Leasehold team.
- ii. Instruct Officers to set up a working group to progress the action plan as outlined in appendix 2 of the Officer's report.
- iii. Instruct Officers to report back on progress of the working group in 2015.
- iv. Instruct Officers to review the Building Insurance covered in 7.1 of appendix 1 of the Officer's report.

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. Welcomed the report.
- ii. Thanked Diane Best for her hard work as a Leaseholder Representative.
- iii. Agreed the report clearly explained the role and issues of Leasehold Services.
- iv. Stated that the report did not highlight the good work of City Homes enough, particular in the area of Resident Involvement review meetings.
- v. Acknowledged the hard work of the Resident Involvement Officer supporting the Leaseholders and working to resolve any maintenance issues that had been brought to their attention.
- vi. A meeting of the Leaseholder Forum would be taking place week commencing 7 July where a presentation would be given by the Building Insurance Company. This tied in with the Officer's recommendation to review the Building Insurance.
- vii. Stated a better relationship was required between the Repairs Team and the Housing Team to ensure that repairs were undertaken more efficiently and effectively.
- viii. Asked what was the process to sub-let a property and if that procedure was always followed.
- ix. Observed that there were properties which had been sub-let through an agency.

- x. Noted that properties which were sub-let to students created a transient population.
- xi. Requested if an information sheet could be provided to show the terms and conditions for sub-letting and who the property could be sub-let to.

In response to Members' questions the Executive Councillor for Housing and Officers confirmed the following:

- i. An Estate and Facilities Manager had been appointed to work alongside the Housing team to address maintenance issues. This had improved the dialogue between the Planned Maintenance Team and Housing Team to work more efficiently.
- ii. It would depend on the lease as to the process that must be followed to sub-let. The Leaseholder would pay a one off fee for notification.
- iii. As the subject of sub-letting was a complex issue rather it would be beneficial if questions on this issue were put direct to the housing team.
- iv. If it is believed that there is an issue with a Leaseholder sub-letting a property, this should be reported to the Housing Team who would investigate the matter.

The Committee:

Resolved unanimously to approve the recommendations.

The Executive Councillor approved the recommendations.

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

No conflicts of interest were declared by the Executive Councillor.

14/10/HSC Resident Involvement Update

Matter for Decision

To consider the annual Resident involvement report which had focussed on the following:

- Volunteer recruitment
- Digital inclusion
- Complaints resolution
- HSC Tenant and Leaseholder representatives allowances

The Chair reminded those present that all Tenant and Leaseholder Representatives had declared a prejudicial interest in item 2.2 of the Officer's report, regarding the allowances and would leave the room.

Decision of Executive Councillor for Housing

The Executive Councillor for Housing resolved to:

- i. Approve the on-going focus of resident involvement on volunteer recruitment, digital inclusion and complaints resolution.
- ii. Approve the increase of the HSC Tenant & Leaseholder representative allowances.

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.

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

- i. Thanked the Resident Involvement Facilitator for their hard work on the report.
- ii. Recognised the importance of digital inclusion for all residents and the importance of training to allow residents to have the ability to get on-line.
- iii. Suggested Cambridge Central Library should be included in the campaign, particularly in the training of users.
- iv. Encouraged Officers to contact the Library to discuss the issue of digital inclusion further.
- v. Noted the monthly payment for a fixed internet connection would be considered a high charge by some residents.
- vi. Queried who the scheme was aimed at and if it was possible to opt out before the contract ended.
- vii. Questioned if it was possible for residents to have their own wireless broadband connection in sheltered accommodation.
- viii. Asked how the Housing Regulation Panel would work with the new Housing Scrutiny Committee.

- ix. Questioned how the allowances for Tenant and Leaseholder representatives were benchmarked
- x. Asked if there was a list of Community Internet Access points across the City which people can use.

In response to Members' questions the Executive Councillor for Housing and Officers confirmed the following:

- i. It was possible for individual residents living in sheltered schemes to have their own broadband installed.
- ii. Aimed to increase the shared broadband in the sheltered accommodation.
- iii. Acknowledged the monthly charge to get on line would be costly to some residents. But Officers had looked at the best deals available while working with local charities had reduced the cost.
- iv. Interesting to note that none of the telecommunications offered a reasonable price package.
- v. The Housing Regulation Panel would continue to work within the service wide remit and envisaged that there would be no change.
- vi. Aim to develop the Complaint Panels to the same standards working practices and standards as the Housing Regulation Panel.
- vii. A list of Community Internet Access points was available but recommended that publication was delayed as wider City initiative was being worked on.
- viii. It is difficult to benchmark the allowances due to the lack of comparison with Local Authorities.

The Committee:

Resolved unanimously to approve the recommendations in 2.1 of the Officer's report.

Resolved unanimously to approve the recommendations in 2.2 of the Officer's report.

The Executive Councillor approved both the recommendations.

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

No conflicts of interest were declared by the Executive Councillor.

14/11/HSC 2013/14 Revenue and Capital Outturn, Carry Forwards and Significant Variances - HRA**Matter for Decision**

The report presented a summary of the 2013/14 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

The Executive Councillor for Housing resolved to:

- i. Agree that the carry forward requests, totalling £3,393,320 as detailed in Appendix C, are to 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 made the following comments in response to the report:

- ii. Queried why the cost of Council Tax had to be met from the Housing Revenue Account in respect of void properties was significantly higher than anticipated.
- iii. Asked if the the higher cost of Council Tax was likely to occur for the next financial year and what can be done to avoid this from happening again.

In response to Members' questions the Executive Councillor for Housing and Officers confirmed the following:

- i. Would like to make the Committee aware that when referring to underspend this equates to savings that had been carried forward through planning and hard work of those involved.

- ii. Explained that when the Government reduced funding for Council tax support, a number of exemptions were removed to void properties due to Council Tax discounts and Exemptions Policies from April 2014, in conjunction with lengthy void periods in properties vacated for demolition.
- iii. Advised it was unlikely that the cost of Council Tax would be as high for this financial year as some of the properties would be demolished negating the cost. In terms of general void properties it was aimed to turn these round quickly.

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

14/12/HSC 2013/14 Revenue and Capital Outturn, Carry Forwards and Significant Variances - Housing Portfolio

Matter for Decision

The report presented a summary of the 2013/14 outturn position (actual income and expenditure) for services within the Housing portfolio, compared to the final budget for the year. The position for revenue and capital was reported and variances from budgets were highlighted, together with explanations.

Requests to carry forward funding arising from certain budget underspends into 2014/15 were identified.

It was noted that outturn reports being presented in this Committee cycle reflect the reporting structures in place prior to the recent changes in Executive portfolios. In light of those changes (together with the requirement to report outturn on the basis of portfolios in place during 2013/14) members of this committee are asked to consider the proposals to carry forward budgets and make their views known to The Executive Councillor for Finance and Resource, for consideration at Strategy & Resources Scrutiny Committee prior to their recommendations to Council.

Decision of Executive Councillor for Housing

The Executive Councillor for Housing resolved to:

- i. Agree the carry forward requests, totalling £84,000 as detailed in Appendix C, are to be recommended to Council for approval.
- ii. Seek approval from Council to re-phase spending of £25,000 in respect of energy efficiency improvements in the private sector into 2014/15, and £9,000 in respect of the scheme to upgrade facilities at 125 Newmarket Road, as detailed in Appendix D.
- iii. Seek approval from Council to carry forward net capital resources of £11,633,000 from 2013/14, to fund re-phased capital spending in the Housing Capital Investment Plan, as detailed in Appendix E and the associated notes, re-profiling investment as follows:
 - Re-phase £8,993,000 into 2014/15
 - Re-phase £2,390,000 into 2015/16
 - Reduce investment in 2016/17 by £87,000
 - Re-phase £337,000 into the period post 2018/19
- iv. Recognise a delay into 2014/15, for receipt of the remainder of Homes and Communities Agency Grant for the affordable housing new build and re-development programme of £889,000 and the associated £1,509,000 in capital receipts for the land on which the market housing is being delivered on the remainder of the 146 programme sites.
- v. Seek approval from Council to carry forward an additional £100,000 of the net underspend in the Housing Capital Programme into 2014/15, to fund an enhanced level of investment in fencing, as proposed as part of the Labour Alternative Budget in February 2014.
- vi. Note the resulting need to defer the use of both £2,909,000 of revenue funding of capital expenditure into 2014/15, as considered as part of the HRA revenue outturn at Housing Committee and £1,828,000 of major repairs reserve funding, both of which will be required to fund the requested re-phasing in capital investment.

Scrutiny Considerations

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

The Director of Customer & Community Services then referred to the profiling of the capital programme and recognised that this could be improved. Work

would be carried out on the 146 programme sites throughout the year, as it had not been anticipated how long negotiations with lease holders on these sites had taken which had changed the profiling. Future work with contractors would also be improved to ensure anticipated spending profiles would be more accurate.

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

- i. Welcomed the comments that lessons had been learnt and that the process would be better managed.

The Committee:

Resolved unanimously to endorse the recommendations.

The Executive Councillor approved the recommendations.

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

No conflicts of interest were declared by the Executive Councillor.

12 Affordable Housing Programme

Matter for Decision

The report provided a review of the programme and specifically sought approval of three year rolling programme that includes sites to be investigated 2014/15 to 2016/17. The report set this request for approval to the revised three year programme in the context of the delivery of Affordable Housing through the planning system, and the new Council housing programme.

Decision of Executive Councillor for Housing

The Executive Councillor for Housing resolved to:

- i. Approve revisions to the 3 Year Rolling Programme 2014/15 to 2016/17 in the context of the wider Affordable Housing Programme with the exception of sites that require resident consultation for 2015/16 & 2016/17 which would be brought forward with a revised process for engaging with residents.

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.

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

- i. Queried if the process for resident consultation was sufficient.
- ii. Questioned if the resident consultation should be developed further for particular residents.
- iii. Asked what was the time frame for resident consultation.

The Committee:

In response to Members' questions the Executive Councillor for Housing and Officers confirmed the following:

- i. There was no reason why the resident consultation could not be changed to meet the needs of the residents.
- ii. There was no time limit concerning resident consultation.

Councillor Baigent proposed the following amendment to the Officer recommendation (additional text underlined).

- ii. Approve revisions to the 3 Year Rolling Programme 2014/15 to 2016/17 in the context of the wider Affordable Housing Programme with the exception of sites that require resident consultation for 2015/16 & 2016/17 which would be brought forward with a revised process for engaging with residents.

The Committee **resolved unanimously** to endorse the amendment to the recommendation.

The Executive Councillor approved to endorse the amendment to the recommendation.

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

No conflicts of interest were declared by the Executive Councillor.

14/13/HSC Exclusion of the Press & Public

The Committee resolved to exclude the press and public from the meeting by virtue of paragraph 6 of Part 1 of Schedule 12A of the Local Government Act 1972.

14/14/HSC Procurement of an Affordable Housing Development Partner

Matter for Decision

The report referred to the procurement of a house builder partner to develop, or re-develop, Affordable Housing to be owned and managed by Cambridge City Council across a number of sites in the city. This could include market housing, Affordable Housing as well as mixed use, commercial and housing developments.

Decision of Executive Councillor for Housing

The Executive Councillor for Housing resolved to:

- i. To approve the procurement of a development partner.
- ii. To give delegated authority to the Director of Community Services, following consultation with the Housing Revenue Account Principal Accountant and the Head of Legal Services, to complete the procurement process and legal documentation to select a development partner.
- iii. To note that any proposed Development Agreements for individual sites will be brought back to Committee for scheme specific 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 Head of Strategic Housing.

No comments were made.

The Committee:

Resolved unanimously to endorse the amended recommendation.

The Executive Councillor 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.

14/15/HSC Power to Charge for Certain Enforcement Action Under the Housing Act 2004 (the "ACT")**Matter for Decision**

The report provided information regarding the Act that enables local authorities to make a reasonable charge as a means of recovering certain expenses incurred in serving an improvement notice, making a prohibition order, serving a hazard awareness notice, taking emergency remedial action, making an emergency prohibition order, or making a demolition order. The expenses are in connection with the inspection of the premises, the subsequent consideration of any action to be taken and the service of notices.

Authorities are able to charge for each course of action including, where emergency remedial action is taken, for any subsequent notices.

In March 2012 the Community Services Scrutiny Committee (decision 12/25/CS) gave permission to seek to recover the costs against the recipient of the Notice or Order. The report is a review of the charges set in this decision in light of recent case law.

Decision of Executive Councillor for Housing

The Executive Councillor for Housing resolved to:

- i. Approve the attached policy document as detailed in Appendix A which supersedes the previous Policy Document Charging for certain enforcement action.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

This item was not requested for pre-scrutiny.

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

14/16/HSC Cambridgeshire Home Improvement Agency (Cambs HIA) - Extension of Contract**Matter for Decision**

The report referred to the City Council shared service agreement with South Cambridgeshire District Council and Huntingdonshire District Council to provide a joint home improvement agency service. The agreement expires at the end of March 2015. The shared service known as Cambs HIA has been a successful venture in sustaining services previously delivered independently by the respective district councils at a reduced cost. The Government had introduced the Better Care Fund which presented opportunities to develop Cambs HIA further.

Decision of Executive Councillor for Housing

The Executive Councillor for Housing resolved to:

- i. Agree to extend the Cambridgeshire Home Improvement Agency Shared Service Agreement to the end of March 2016.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

This item was not requested for pre-scrutiny.

The Executive Councillor 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

14/17/HSC Record of Urgent Decision

16a Opportunity to Bid to Increase the Housing Revenue Account (HRA)
Opportunity to Bid to Increase the Housing Revenue Account (HRA)

The Committee noted that the former Executive Councillor for Housing had approved the delegation of authority to the Director of Customer and Community Services to agree a bid under the Local Growth Fund :Housing Revenue Account Borrowing Programme (2015 /16 & 2016/17)

This decision was required as the deadline for bids to the £300m fund was on 16 June 2014.

The Head of Strategic Housing informed the Committee that he would be happy to arrange a briefing in July post committee on the bid process.

14/18/HSC Future Meeting Times for Housing Scrutiny Committee

The committee agreed to keep the start time of the meeting to 5.30pm.

14/19/HSC Disposal of 18a and freehold to 18b Magrath Avenue

Matter for Decision

The Chair had ruled that under 100B(4)(b) of the Local Government Act 1972 the item be considered despite not being made publicly available for this Committee five clear days prior to the meeting.

The report provided information to the disposal of HRA dwelling asset at 18a Magrath Avenue, Cambridge as a joint venture with the long leaseholder of 18b Magrath Avenue. The project to re-supply the two replacement dwellings will be presented as part of a wider future development project, with the capital receipt from this sale used as one of the funding streams for the new assets.

Decision of Executive Councillor for Housing

The Executive Councillor for Housing resolved to:

Financial recommendations

- i. Approve the project in principle, with the Executive Councillor for Finance & Resources asked to ultimately approve the project to dispose of an HRA asset, subject to resources being available to fund any associated capital and revenue implications.
 - The total capital cost of the project is estimated to be £5,000
 - The capital receipt that the Council would expect to realise is in the region of £237,500, depending upon market forces at the point of sale.
 - The revenue impact of the initial disposal would be negligible, with the loss of rental income for the dwelling being offset by a reduction in management and maintenance expenditure, and the ability to earn interest on the capital receipt.
 - The net ongoing revenue return for this project would be £4,300 per annum in the longer term, assuming the capital receipt was in future used to fund two replacement dwellings.

Procurement recommendations:

- ii. Approve the carrying out and completion of the procurement of an agent to act on behalf of the Council and the owner of 18b Magrath Avenue, in agreement with said owner. The cost of this work is

expected to be in the region of £7,200, so one quote will be required, with the Councils' share of this cost to be met from the anticipated capital receipt for the sale.

Subject to:

- i. The permission of the Section 151 Officer being sought prior to proceeding if the quotation or tender sum exceeds the estimated contract.
- ii. The permission from the Executive Councillor being sought before proceeding if the value exceeds the estimated contract by more than 15%.

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.

No comments were made.

The Committee:

The Executive Councillor approved the amended recommendations.

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 9.00 pm

CHAIR



To: Executive Councillor for Housing
Report by: Director of Customer & Community Services
Relevant scrutiny committee: Housing Committee 30/9/2014
Wards affected: All Wards

WRITE-OFF OF CURRENT AND FORMER 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 six former tenant arrears cases together with a summary of the action taken to try to recover the debts.

2. Recommendations

The Executive Councillor is recommended:

- 2.1 To approve the six cases of former tenant arrears totalling £15,216.21 detailed in the attached appendix be written off, due to recovery activity being exhausted or being unable to recover the debt.

3. Background

- 3.1 The former tenant arrears cases have been subject to the standard rent arrears recovery process where applicable.
- 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.

3.5 *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

3.6 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
- Obligated to co-operate with the Official Receiver
- Expected to repay their creditors if their circumstances improve

3.7 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.

3.8 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.

3.9 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.

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

Process

- 3.12 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.
- 3.13 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.
- 3.14 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

Area Team	Ward	Amount	Action Taken To Recover Debt	Reason for Write-off
North	Arbury	£2,240.64	Activity Exhausted	The tenancy was for the period 24/11/2003 - 28/08/2005. The debt comprises arrears that accumulated over the period of the tenancy. The tenant was evicted from the property and recovery letters were sent to the last known address between Sept'05 & May'07. The tenant was in contact in 2009, and disputed the debt. an arrangement was made to pay £10 per fortnight. A total of £50 was received. The debt was subsequently passed to a tracing agent but was returned 'activity exhausted' in November 2013 and no further action has been taken to recover the debt.
North	East Chesterton	£2,308.72	U&O - No Formal Tenancy in place	The Use & Occupation was for the period 04/04/2011 - 26/08/2012. The debt comprises arrears that accumulated over the latter part of this period. The tenant was evicted from this same property for rent arrears, but hours after the eviction paid the total sum due and was permitted to stay in the property under 'Use and Occupation' to demonstrate a continued ability to pay before being given a new tenancy. Payments on the account were made initially, but in April 2012 Legal were instructed to begin the process to seek possession as payments had ceased. The court hearing date was the 11th June, and the eviction date was the 21st August. These debts cannot be chased as there was no formal tenancy agreement in place
North	Arbury	£2,766.42	U&O - No Formal Tenancy in place	The Use & Occupation was for the period 18/07/2011 - 17/06/2012. The debt comprises arrears that accumulated over this period. The tenant gave notice, but was allowed to remain in the property under 'Use & Occupation' due to a change in circumstances, whilst ability to pay was demonstrated. Payments on account were made initially to Nov 2011 & HB was applied to the account, but a notice seeking possession was issued when payments ceased. The court hearing date was the 14th May, and the eviction date was the 13th June. These debts cannot be chased as there is no formal tenancy agreement in place
North	Arbury	£2,296.96	Moved abroad - Bailiff cannot recover	The tenancy was for the period 02/08/2004 - 01/07/2012. The debt comprises arrears that accumulated over the period of the tenancy. The tenant was evicted from the property in 2012 and was believed to be living elsewhere at the time. The keys were returned in June 2012. It was claimed that the tenant was living abroad for medical reasons. The debt was passed to a tracing agent but was returned 'unable to recover' as the tenant was now living abroad. a forwarding address was located in Istanbul in May 2014 and no further action has been taken to recover the debt.
South	Arbury	£2,400.00	No recovery action for 6 years	The tenancy was for the period 29/09/1997 - 24/02/2002. The debt comprises arrears that accumulated over this period on this and previous temporary tenancies. The tenant was evicted from the most recent property in 2002 due to rent arrears. contact was made with the tenant throughout 2002, payments stopped in 2004 and a letter was sent to advise that it would be passed to a debt collection agency, which happened in January 2005. The tenant made some payments in early 2007 but no further payments have been made since. No contact has been made since, and this is now over 6 years old and the authority can no longer enforce recovery.
South	Trumpington	£3,203.47	No recovery action for 6 years	The tenancy was for the period 22/09/1997 - 10/06/2001. The debt comprises arrears that accumulated over the latter part of the tenancy after benefit ceased. The arrears were written off in 2003, but were re-instated when the tenant applied to be re-housed and began to make payments against the debt. Payments ceased in July 2006. The tenant had been rehoused in March 2006. The debt was transferred to the sub account of this tenancy in May 2007. No demand has been made in respect of this arrear since and no discussions are noted on the current tenancy that mention the previous debt. This is now over 6 years old and the authority can no longer enforce recovery.
Former Tenants		£15,216.21		
Overall Total		£15,216.21		

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To: Executive Councillor for Housing: Councillor Kevin Price

Report by: Julia Hovells, Business Manager / Principal Accountant

Relevant scrutiny committee: Housing 30/9/2014 Scrutiny Committee

Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge East Chesterton King's Hedges Market Newnham Petersfield Queen Edith's Romsey Trumpington West Chesterton

HOUSING REVENUE ACCOUNT MID-YEAR FINANCIAL REVIEW (BUSINESS PLAN UPDATE)

Key Decision

Open for Publication

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

Recommendations to be considered under Part 1 of the Housing Scrutiny Committee Agenda:

The Executive Councillor is recommended:

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

- Financial assumptions as detailed in Appendix C of the document.
- Revenue budgets as introduced in Section 4, detailed in Appendix D, and summarised in the HRA Summary Forecast at Appendix G of the document.

Recommendations to be considered under Part 2 of the Housing Scrutiny Committee Agenda:

The Executive Councillor is asked to recommend to Council:

- b) Proposals for changes in existing housing capital budgets, as introduced in Sections 6 and 7 and detailed in Appendix E of the document, with the resulting position summarised in Appendix H, for decision at Council on 6th November 2014.
- c) Inclusion of a new scheme in the Housing Capital Investment Plan, relating to the replacement of air cooling systems at the area housing offices, at a cost of £11,000.

3. Background

- 3.1 The Housing Revenue Account budget was set for 2014/15 as part of 2014/15 HRA Budget Setting Report, approving a net contribution to reserves in the year of £70,490.
- 3.2 This figure was later amended to reflect approvals to carry forward expenditure originally anticipated to be incurred in 2013/14 into 2014/15 as part of the closedown process for 2013/14. Following these changes, the sum of £3,322,830 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 2014/15 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 (if not covered in Consultations Section)

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

(c) Equal Opportunities Implications

An equalities impact assessment for the HRA Mid-Year Financial Review as a whole is attached at Appendix B to this report.

(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 Housing Committee 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 Mid-Year Financial Review (October 2013)
- Housing Revenue Account Budget Setting Report (February 2014)

6. Appendices

Appendix A Housing Revenue Account Mid-Year Financial Review
Appendix B HRA Mid-Year Financial Review EqlA

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 2
Housing Committee

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

September
2014

2014/15 to 2043/44

Cambridge City Council



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Section 1

Introduction and Local Context

Foreword by the Executive Councillor for Housing

The Mid Year Financial Review is set in the context of the Council's vision of a united Cambridge, One Cambridge – Fair for All, and lays the basis for the detailed, longer-term Housing Revenue Account Budget Review to be started as part of the 2015/16 budget process.

The national context is very challenging. The government's harsh austerity programme makes for difficult choices. Changes to the welfare system have required additional funding to support vulnerable tenants, and this will continue to be a strong focus in the forthcoming review. Grant funding investment per new social home has reduced steadily since 2010 with the expectation that higher rents will make up the difference – a transfer of the debt, in effect, from bricks and mortar to tenants themselves which threatens to widen inequality in an already divided City.

The increase in the Right to Buy discount from April 2012 and the inflexible constraints on spending retained capital receipts within three years whilst requiring councils to match every £1 received with over £2 from its own budget, have already led to a need to find almost £16,000,000 before June 2017 and will continue to put significant pressure on the HRA.

The Council's pride in its role as a social landlord and its belief that social housing is vital to tackling the housing crisis facing so many in the City are at the core of every decision made for the HRA. Our support for the national cross party SHOUT (Social Housing under Threat) campaign has been affirmed by Full Council in July 2014.

Our Cambridge Social Rent Programme recognises that private sector rents in Cambridge are the highest of any city outside London and uses the Local Housing Allowance as a benchmark, to ensure that Cambridge remains a city open to all regardless of income.

Our City Homes Improvement Programme is set to restore pride in our council estates, tackling a legacy of underspend and slippage in the Capital Programme.

We have already begun this process. We have doubled the fencing budget for 2014/15 to tackle open spaces on City Homes estates.

We have committed to ensuring no tenant is evicted solely because of the 'bedroom tax' and to ongoing support through additional staffing and using Discretionary Housing Payments, which has meant in the first year of the legislative change nearly 80% of that funding being used to support those affected.

We have recognised the social value of our strong and established communities by halting the previous administration's planned redevelopment of Lichfield Road and parts of Campkin Road, seeking redevelopment through consensus not imposition. We have been clear that council land is an invaluable and limited asset which must not be used to do deals with private developers that maximise profit at the expense of our current and future tenants.

We will continue to advocate nationally for a lifting of the HRA debt cap and a recognition that the key role Cambridge plays in the UK economy is best served by a City which is diverse and underpinned by social equality, and by sharing prosperity across all wards.

We will prioritise the delivery of new social housing by working with partners such as other local councils and housing associations and investigate all options for funding to free our hands from national constraints.

This is the first year of the new Labour administration, underpinned by our vision of One Cambridge – Fair for All, our commitment to public service and our belief in the key role of social landlords.

Councillor Kevin Price.

Background

The Housing Revenue Account (HRA) Mid-Year Financial Review is to be read in conjunction with the original HRA 30-Year Business Plan approved in February 2012, which sets the scene for the current financial environment and the HRA Budget Setting Report of February 2014.

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 2015/16 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 2015/16, 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 and legislation or as a result of decisions taken locally.

The HRA Mid-Year Financial Review incorporates a review of the current year budget position (2014/15), and updated projections for the following 4 years from 2015/16 to 2018/19, 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

Committee dates in the financial planning and budget preparation timetable are shown below:

Date	Task
2014	
30 September	Executive Councillor for Housing considers HRA Mid-Year Financial Review and incorporates Housing Scrutiny Committee views in recommendations to Council
6 November	Council considers HRA Mid-Year Financial Review
2015	
14 January	Executive Councillor for Housing considers HRA Budget Setting Report, approves rent levels and revenue budgets, following consideration of Housing Scrutiny Committee views, making final capital related recommendations to Council
26 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 1/4/2014	Estimated Stock Numbers as at 1/4/2015
General Housing	6,531	6,482
Sheltered Housing	520	506
Supported Housing	24	24
Temporary Housing (Individual Units)	49	49
Temporary Housing (HMO's / EA)	21	22
Miscellaneous Leased Dwellings	19	18
Shared Ownership Dwellings	84	83
Total Dwellings	7,248	7,184

Property Type (Excluding Shared Ownership)	Actual Stock Numbers as at 1/4/2014	Estimated Stock Numbers as at 1/4/2015
Bedsits	107	105
1 Bed	1,782	1,700
2 Bed	2,383	2,410
3 Bed	2,267	2,274
4 / 4+ Bed	105	106
Sheltered Housing	520	506
Total Dwellings	7,164	7,101

Leasehold Stock

At 1st April 2014, the Council retained the freehold and managed the leases for 1,109 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 most recent assumptions, made as part of the HRA Budget Setting Report approved in February 2014. 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.

A table detailing all of the revised business planning assumptions is included at Appendix C.

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 2.1%, with a downward trend appearing over the last 7 months, with rates now just below 2%.

Recognising the downward trend overall, it is proposed to amend the base inflation rate of 2.5% included in the HRA financial model as part of the HRA Budget Setting Report, instead assuming a rate of 2% in the mid-year review.

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 as increasing at lower levels than the standard measures of

inflation. Recovery in this industry however now seems clear, with growth in the index over the last 12 months of 6.25%, and forecasts indicating this index will continue to grow at a rate of between 5% and 5.5% per annum. On the basis of the recent recovery, and the predictions provided for the coming 5 year period, it is recommended that the assumption incorporated is that this index runs at 3% above CPI for 5 years and then reverts to 1% above CPI over the longer term and for the remainder 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. From April 2014, a legislative change means that the definition of 'balances' which the HRA is entitled to earn interest upon, has been expanded to include unallocated housing capital receipts. This change will benefit the HRA in financial terms, but will have a corresponding negative impact on the General Fund, which will be incorporated into the General Fund Mid-Year Financial Review.

Although the level of balances which the HRA holds and is now entitled to receive interest upon will be higher, the rate of interest receivable on the investment of these balances and reserves remains very low. Although anticipated to be slow, some recovery in the rates available is still predicted in the longer term. Revised interest rate assumptions are included in Appendix C.

In the medium to long-term, if the HRA holds significant cash reserves, set-aside to repay an element of 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. The alternative to this would be to explore early repayment of the HRA debt, particularly if the benefit of doing so can be demonstrated to out-perform the interest anticipated to be earned on the retention of the balance until the loan's maturity date.

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. The borrowing cap may be increased in future years as a direct result of the authority expressing interest in a Government initiative which seeks to increase the debt cap nationally by up to £300 million in a bid to increase the supply of affordable housing. If successful, the expression of interest could see the HRA debt cap increased by just over £6 million.

There is still the possibility that some of the additional borrowing anticipated in the HRA may be met internally by borrowing from the General Fund, although this is in no way guaranteed, as it would be subject to the availability of the resource at the point at which it is required. The option to internally borrow would be fully explored before any decisions were taken for the authority to prudentially borrow.

For the purpose of financial planning, it has prudently been assumed that the HRA will borrow externally, thus ensuring that the assumed interest rates payable will be sufficient to meet the cost of this borrowing route if required.

The authority has taken advantage of a certainty rate from the Public Works Loans Board (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 October 2014. If available again from October 2014 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 4.5%, and having reviewed the rates currently available from the PWLB for maturity loans with a 30 year duration, and without any guarantee that the certainty rate will continue to be available, it is considered prudent to retain this assumption 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 significant and sustained increase in right to buy activity.

During 2013/14, 114 right to buy applications were received and recorded, compared with 135 in the previous year. It is difficult to predict whether this level of activity will continue in the

medium to long term or whether we will now begin to see the predicted slowing down, but consideration is being given to the staffing resource allocated to this area of activity as part of a review of the Leasehold Service.

In 2013/14, 60 of the applications proceeded to completion of the sale of the property, compared with only 41 in 2012/13. In the first 3 months of 2014/15, 16 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 2014/15 to date and the suggestion, by Central Government, that the qualifying period will be reduced from 5 years to 3 years and the promised introduction of a Right to Buy Agent to support tenants through the purchase process, both of which are likely to prompt another peak in activity, it is considered prudent to increase the assumed level of sales to 60 for 2014/15 in line with sales in 2013/14, to 50 in 2015/16, 40 in 2016/17, 30 in 2017/18, and to 20 sales per annum from 2018/19.

Further legislative changes, debated in Parliament during July 2014, will come into force during July 2014 as part of new Statutory Instruments. These include:

- An annual increase in the maximum right to buy discount value (cash cap), ensuring that the discount keeps pace with inflation. From 21st July 2014 the maximum discount that a prospective purchaser can obtain will increase from £75,000 to £77,000, and will be reviewed annually in April of each year, increasing by CPI at the preceding September. However, if CPI is negative, the maximum discount will not be reduced, but will remain at the previous year's level.
- An increase in the maximum discount rate which can be applied to the purchase of a house under the right to buy, from 60% to 70%, with effect from the end of July 2014. Discounts for houses will continue to start at 35%, increasing by 1% for each year up to the maximum 70%. For flats, the discount starts at 50%, increasing by 2% each year up to the current maximum of 70%.

The annual increase in the maximum discount value (cash cap) will need to be incorporated into future financial projections from this point onwards. The increase in the discount rate for houses to 70% is not expected to impact significantly, as the majority of right to buy purchasers in Cambridge City are limited by the cash cap well before they reach the maximum discount rates.

Right to Buy Receipts

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

The call on right to buy receipts is as follows:

- Receipts from the level of sales assumed in the Self-Financing Settlement are split between CLG (75%) and the authority (25%) after allowable deductions. 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 those assumed in the settlement, 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 capital purposes, e.g.; investment in new affordable housing. There is currently nothing legislatively to stop the authority using these receipts for wider capital purposes, although CLG are clear that the intention in allowing the authority to retain the sums is that the HRA has debt relational to the dwellings sold, and should either redeem the debt or create an asset to replace it, thus allowing the debt to continue to be supported.
- 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 housing resource held is capital in nature, prior to April 2014, the General Fund benefited from any interest earned on it. Due to a change in legislation, with effect from April 2014, the HRA will benefit from interest earned on all unallocated housing capital receipts. This change has been brought about to recognise that any receipts not re-invested appropriately within the

3 year time frame have to be paid over to central government, with the 'penalty' interest payable at 4% above the base rate, far exceeding the level of interest that is likely to have been earned in the interim. The change in legislation ensures that any interest earned on housing capital balances is available for re-investment in housing activity, assuming that retained right to buy receipts are appropriately spent.

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 New 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
30/9/2013	648,902.97	3,287,087.99	10,956,959.97	30/9/2016
31/12/2013	939,637.07	4,226,725.06	14,089,083.53	31/12/2016
31/3/2014	1,556,452.02	5,783,177.08	19,277,256.93	31/3/2017
30/6/2014	1,025,279.68	6,808,465.76	22,694,885.87	30/6/2017

It is clear from the above figures, that the authority is required to invest a significant sum in the delivery of new social housing over the next 3 years. For the investment to qualify, money has to be physically expended on a dwelling, but the dwelling itself does not need to be fully complete by the deadline. Although the assumed expenditure to meet the above commitment has been included in the Housing Capital Investment Plan, specific sites now need to be identified that can be delivered within the time frames. If this is not possible, the authority will need to consider the purchase of existing dwellings on the open market or alternatively passing the funding on to a registered provider to deliver the housing, before releasing existing and future 1-4-1 receipts directly to Central Government, as a last resort. A judgement will be made in this regard at the end of each quarter, and funds will be paid to Central Government if they are not deemed appropriately re-investable.

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 proposals were subject to consultation, with the outcome of this published in May 2014, and intended to span the coming 10 years.

There are a number of key changes introduced from April 2015 as part of the outcome to the Rent Policy Consultation, summarised in a document called 'Rents for Social Housing from 2015/16' with associated CLG Guidance issued alongside. The key changes are:

- A change in the inflationary rate used as part of the rent review each year, with a move for both actual and target rents from the historic inflationary rate of RPI (Retail Price Index) plus 0.5% to the use of CPI (Consumer Price Index) plus 1%, for the 10 year period from 2015/16 to 2024/25.
- Cessation of the rent convergence policy for existing tenants from 2015/16.
- Assumption that authorities will move the rent levels for all properties directly to target rent when a property becomes void, thus still achieving rent convergence, but over a longer time frame.
- Assumption that new homes will be let at the higher 'Affordable Rents' of up to 80% market rent levels (inclusive of service charge), if the authority has a Framework Development Agreement in place, or has entered into a Retention Agreement for the ability to retain right to buy receipts.
- Assumption that the rent for properties where the household income exceeds £60,000 per annum should be set at full market rent levels.

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.

Welfare Reforms

The Welfare Reform Act 2012 introduced a number of changes to Housing and other Benefits.

In respect of under-occupation cases, Discretionary Housing Payment (DHP) continues to be considered, with time-limited top-up payments being awarded from a finite resource, supporting the most vulnerable tenants whilst alternative options are considered where appropriate. In some cases, tenants have registered with Homelink, and are actively looking to downsize to a property which suits their household size in terms of this reform. DHP can be awarded to meet the additional rent payments whilst this takes place, but in certain cases where awarded due to a disability, awards are made on an annual basis with a light touch review where circumstances are known to be the same. The DWP has published an interim report on the impact of the removal of the spare room subsidy that shows that nationally just 4.5% of affected claimants have downsized and that overall rent arrears had risen by 16%.

At the end of June 2014, approximately 415 HRA tenants were affected by the under-occupation deduction, with an estimated 80% of those residents affected paying the additional rent due. It is estimated that £37,500 of arrears relate to households affected by this change.

The Benefit Cap, (a cap of £500 per week for families, and £350 per week for a single person), introduced from 15th July 2013, currently impacts 15 City Council tenants, based upon the cases notified to us by the Department for Work and Pensions (DWP) at the time of writing this report.

Housing Benefit will eventually be incorporated into Universal Credit, but implementation delays mean that local authorities will now continue to administer Housing Benefit for much longer than previously anticipated.

From the point of introduction residents will be paid directly, and will receive calendar monthly payments, in arrears, administered centrally by the DWP. Pensioners continue to be excluded from these arrangements at present. In some cases an alternative payment arrangement might be available for those who genuinely cannot manage their monthly payment. This could take the form of a more frequent payment, split payment across the household or a managed

payment direct to the landlord. Universal Credit will always be calculated based on a 52 week year.

A DWP report published in May 2014 (Direct Payment Demonstration Project: learning and payment figures from payments 18 and 16) revealed that where tenants were paying their rent, the contact, advice and collection was a very resource intensive exercise, resulting in other landlord services being compromised and it remains concerned about how its tenants will manage direct payment when the wider and cumulative impacts of welfare reform take effect.

The full impact of these reforms remains unquantifiable at present, but the experience of many pilot authorities was a significant increase in both rent arrears and collection and recovery costs. It is anticipated that residents of supported exempt accommodation will have help with their housing costs provided separately to Universal Credit in a similar way to Housing Benefit in the short term.

The current intention is that Universal Credit will be fully available during 2016 with the majority of the remaining Housing Benefit caseload moving to Universal Credit during 2016/17. Local support will be available to help support claimants and will be provided through local partnerships.

Support for Vulnerable People

There is still uncertainty in respect of the longer-term position for funding managed on a county-wide basis by the County Council, for the provision of support services in the city. There is however more clarity now over the shorter-term position for some of the work streams.

Cambridge City Council entered into a new contract for the delivery of support services to older people across the city from 30th April 2014. The contract runs for three years, with an option to extend for up to two further years, but with services delivered on a city-wide basis, and not just to HRA residents as was the case under the previous contract. There are concerns that the demand for support services across the city as a whole is unquantifiable. All existing service recipients will undergo a needs assessment during the first year of the new contract, and support services will then be targeted at those in the greatest need, with signposting to other agencies available for those with lower support needs.

The authority is also contracted to deliver support services in both extra care housing and temporary accommodation across the housing stock. The current contracts have been operating under temporary extensions whilst the County Council decided upon the most appropriate delivery vehicle for the future. Discussions are expected to take place with the County Council in the coming months in respect of both of these contracts.

Funding for the provision of alarms, and the telephone response to alarms, in sheltered and older persons housing is being phased out by the County Council, with the expectation that its continued provision across our housing stock will form the basis of a separately identified service charge, which would be payable by all residents benefiting from the service, and not just the proportion who are self-funders, as is the case at present.

The table below summarises the current funding received for the provision of support services:

Contract	No. of Units	Contract Status	Estimated County Support Funding 2014/15 (£)	Risks / Ongoing Assumptions
Temporary Housing	60	Block Gross Contract – Extension Expires 31/3/2015.	100,000	Uncertainty exists around County Council's plans after March 2015.
Older People Support Services	City-Wide	Fixed Price City-Wide Contract – Expires 30/4/2017, with an option to extend for up to 2 further years	180,000 (plus £51,700 TUPE funding for minimum of 1 year)	Risks exist that additional funding for an initially higher staffing level will cease, whilst demand for services across the city will outstrip supply, with services only delivered to those in greatest need.
Sheltered Housing Alarms	470	Contract addendum to extend until 31/3/2016.	9,440	Supporting People funding for alarm services will cease with effect from 31/3/2016
Community Alarms (HRA Stock)	34	Contract addendum to extend until 31/3/2016.	7,830	Supporting People funding for alarm services will cease with effect from 31/3/2016
Ditchburn Place (Extra Care)	36	Block Gross Contract (Part of Care Contract) – Expires 31/3/2015.	45,740 (Accounted for outside of the HRA)	Uncertainty exists around the County Council's plans for care at Ditchburn Place post March 2015
Total County Council Support Funding			394,710	

Section 4

Housing Service Mid-Year Budget Issues

2013/14 Outturn

The position at outturn for 2013/14 has been scrutinised and changes to the 2014/15 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 2013/14 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.

2014/15 Budget

In addition to reviewing the prior year outturn, consideration has been given to the impact on 2014/15 budgets of the review of key business planning assumptions, driven by both changes in legislation and in response to an assessment of changes in the current economic climate.

HRA General Management

The key issues affecting estimated general management expenditure for 2014/15 and future years relate to a combination of the changes either being experienced, or anticipated, as part of the Welfare Reforms and the workload anticipated as new build housing is delivered into our housing stock. It is currently difficult to accurately predict the impact that the former of these things 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 impact on workload in respect of the delivery of new build housing however, can now be based on the early experience at Jane's Court.

HRA Special Services

One of the key areas of uncertainty across special services is the remainder of anticipated changes in the delivery and funding mechanisms for the provision of support services, where the County Council are yet to confirm their future position for Temporary Housing and Extra Care Services and the demand for Older People Services across the city, within a cash limited budget, has yet to be fully quantified. The HRA also awaits clarity from 2015/16 onwards 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 need to be able to demonstrate value for money in the provision of special services is greater than ever, as the HRA expands the delivery of services to both new tenants and owner occupiers in the market housing on the mixed tenure housing development sites.

Repairs & Maintenance

The Repairs and Maintenance Service responded positively to the challenges of demonstrating that the responsive repair and void services could be delivered in-house more efficiently, and this needs to be monitored and further improved upon in the coming months. One of the key challenges that the service faces in 2014/15 is the transfer of planned maintenance services to new contractors, following a procurement process resulting in a number of separate contracting decisions.

HRA Summary Account

The key changes impacting income and expenditure charged directly to the HRA Summary Account are the impact of legislative changes surrounding interest receipts, changes in assumptions of the level of right to buy sales, the impact of delays in the implementation of Universal Credit, and the effect on the revenue position of any delays in the delivery of new build social housing compared with assumptions made as part of the HRA Budget Setting Report.

The resulting revenue budgetary changes proposed are detailed in Appendix D of this document, and are also incorporated into the HRA Summary Statement (2014/15 to 2018/19) at Appendix G.

Section 5

Revenue Resources – Rent and Other Income

Rent Arrears and Bad Debt Provision

Rent collection performance locally has been consistently good, with approximately 98% of the value of current tenant arrears brought forward and new rent due, collected in year.

The year-end position in respect of rent debt is summarised in the table below:

Financial Year End	Value of Year End Arrears in Accounts (Current Tenants)	Current Tenant Arrears as a Percentage of Gross Debit Raised in the Year	Value of Year End Arrears in Accounts (Former Tenants)
31/3/2010	£625,433	2.05%	£642,521
31/3/2011	£582,400	1.88%	£746,852
31/3/2012	£655,177	1.98%	£863,677
31/3/2013	£661,246	1.86%	£862,042
31/3/2014	£619,986	1.68%	£967,755

Maintaining and continually improving the performance with regard to collection of rent income is key in the delivery of the Housing Revenue Account Business Plan.

Performance in the collection of current tenant debt was improved in 2013/14, despite the introduction of both the social sector size criteria reduction in housing benefit and the benefit cap. Performance in the early part of 2014/15 has been maintained, when compared with the profile in 2013/14. Officers continue to work proactively with all tenants, but particularly those affected by the benefit changes, in an attempt to minimise the financial impact on the Housing Revenue Account and maintain or improve upon the current level of rent arrears by the end of 2014/15.

There is the need for a particular focus on former tenant arrears, where the value has been seen to increase quite dramatically over the last year. Provision is made in the Housing Revenue Account to write off of 92% of former tenant debt, but a decision to do this is not taken until all avenues for collection have been exhausted. The processes surrounding recovery and write off of former tenant debt are currently being reviewed, with a view to streamlining the administrative process once recovery has been exhausted.

The position in respect of rent arrears as a whole is anticipated to worsen during 2015/16, with the introduction of Universal Credit, based on the initial experience of pilot authorities seeing a marked increase in the level of rent arrears.

Taking the information above into consideration, the higher level of contribution that was approved for the bad debt provision for 2014/15, assuming the need to collect 100% of rent from a point in 2014, is not anticipated to be required. The higher level will need to be retained from 2015/16, and further consideration, as part of the 2015/16 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 2014, the provision for bad debt stood at £1,259,257, representing 79% of the total debt outstanding.

Void Levels

The value of rent not collected as a direct result of void dwellings in 2013/14 was £330,126, representing a void loss of 0.93%, compared with £336,335 in 2012/13, representing a void loss of 1.11%.

Void levels remain low in 2014/15 to date, with properties awaiting re-development now de-commissioned once the whole dwelling is vacated for the last time. This ensures that the authority has a proper picture of those dwellings vacant, but anticipated to be available for re-let once any essential void works have been completed.

On an ongoing basis, an assumption of 1% voids in general housing is still considered prudent, recognising the release of a considerable amount of new build affordable housing in the city, and the intention to refurbish Ditchburn Place in 3 phases.

Rent Restructuring

Rent restructuring, which was designed to ensure consistency in rent levels for all social housing tenants irrespective of landlord, has been retained as the method of calculation for social housing rents following the Government's review of rent policy over the last year.

Cambridge City Council has followed government guidelines in setting rents since the introduction of rent restructuring, including adhering to the numerous constraints introduced by Government throughout the process. The result is that rent levels for the authority are still considerably below the level of target rents, with only 4% of properties assumed to move to target rent levels each year during void periods.

The average target rent at the start of 2014/15 across the housing stock was £103.57, with the average actual rent charged being £98.49, both recorded on a 52 week basis. The average actual rent was therefore representative of 95% of the average target rent, with only 9% of the housing stock being charged at target rent levels.

The gap between actual and target rent levels equates to an annual loss of income of approximately £1,876,000 across the HRA, compared with the income assumption in the HRA Self-Financing Debt Settlement, where convergence was anticipated.

From April 2015, the gap between target and actual rents can only be closed at the point at which a property becomes vacant, when the rent is expected to be moved directly to the target rent level. On this basis, it will be many years before the housing stock as a whole reaches target rent levels, having a significant negative financial impact on the HRA as a housing business, when rents are compared with the assumptions made by Government as part of the HRA Self-Financing Debt Settlement.

Rent Policy and Rent Setting

As identified in Section 3, National Housing Policy, significant changes have been made to national rent setting policy from April 2015.

These changes include:

- The use of the Consumer Price Index (CPI) plus 1% as the inflation driver for annual rent reviews
- The assumption that all void properties will be increased to target social rent levels before re-let
- The expectation that new build housing will be let at rent levels of up to 80% of market rent
- The expectation that households with incomes exceeding £60,000 per annum will be charged full market rent levels.

The financial impact of the move to using CPI as the driver for rents inflation, as opposed to RPI, was incorporated into financial assumptions as part of the 2014/15 HRA Budget Setting Report and has been retained in the modelling undertaken alongside the HRA Mid-Year financial Review. It is difficult to predict the impact that this change will have over the longer term, as historically these rates have been volatile, but with CPI general running at between 0.5% and 1% below RPI. The HRA Business Plan incorporates the assumption that the base rate of inflation, CPI, is the same for both expenditure and income, with variable adjustment factors applied to specific types of expenditure to ensure that the authority can meet the cost of any increase in expenditure in contractual terms.

From April 2013, the authority introduced a policy which allowed for the transition of energy efficient void properties direct to target rent before re-let. Based upon inspections undertaken during 2013/14, 66% of void dwellings were assessed as having an energy efficiency rating of C or above, and were therefore increased directly to target rent levels. Work began, under the previous administration, to undertake additional work during void periods to improve the energy efficiency of the dwelling and therefore allow re-let at target rent level. From April 2015, the authority could follow government policy to move 100% of void properties directly to target rent irrespective of energy efficiency status.

A decision to comply with government guidelines in respect of charging higher income households a market rent for their property would need some detailed consideration, to ensure that appropriate processes were in place to gather, monitor and react appropriately to this financial information, whilst also ensuring that the authority had a mechanism for continually measuring the market rent levels which drive this proposal.

Consideration will be given to any changes in Rent Policy at a local level as part of the 2015/16 HRA budget setting process, and it is anticipated that this topic will be the subject of a specific Housing Committee Report at this time.

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 Committee.

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 2013/14, and 2014/15 to date is shown in the table below:

Budgeted or Actual Use of / (Contribution to) HRA Reserves	Financial Year	
	2013/14 £'000	2014/15 £'000
Original Budget (Approved in February)	(726)	(70)
Carry Forwards (Approved in June)	3,109	3,393
Total Including Carry Forwards	2,383	3,323
MFR Mid-Year Review (Approved in October)	(579)	2,573
Total Including Mid-Year Amendments	1,804	5,896
Budget Setting Report Revised Budget (February)	72	-
Total Including Revised Budget Changes	1,876	-
Actual Outturn (Reported in June)	(3,385)	-

The original budget for 2014/15 approved a net contribution to reserves of £70,490, recognising the desire to hold target HRA general reserves of £3,000,000 over the longer term. The budget incorporated a revenue contribution of £8,911,130 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 2013/14.

The final general HRA reserves position for 31 March 2014 was £8,880,738. This included £3,393,320, which will be required to fund the approved carry forward items.

The revised projection of the use of reserves in the current year (2014/15) now indicates that there is expected to be a net contribution from reserves of £5,895,820.

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 I for detail of existing balances held.

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 weak was 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. This piece of work is now well progressed, and the findings need to be incorporated into the Housing Capital Plan as part of the 2015/16 budget process.

The housing service reported achievement of the decent homes standard in the housing stock as at 31 March 2014 at 97.9%, compared with just over 96.5% achieving the desired standard at 31 March 2013. There were 151 properties that were considered to be non-decent (in addition to refusals), with another 510 anticipated to become non-decent during 2014/15.

Stock Investment

Appendix H 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 2014.
- Re-phasing of expenditure anticipated to take place in 2013/14 into 2014/15 and beyond, as approved in July 2014.
- 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 are detailed at Appendix E, and include the following types of change:

- 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).
- In-year re-allocation and re-phasing between years, of budgets for decent homes and other works to the housing stock in line with contract packages awarded to Keepmoat (Apollo), Kier and other contractors under the SCAPE and ESPO frameworks.
- Inclusion of an additional £100,000 per annum in the allocation for fencing works from 2015/16 onwards.
- Inclusion of resource of £11,000 to fund unavoidable capital expenditure in respect of work to air cooling systems in both area offices to ensure that the authority complies with current legislation.

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

During 2015/16 officers will consider the difference in costs over the longer-term 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. Changes to achieve this have either been incorporated as part of this document if information is available currently, or will be addressed in the 2015/16 HRA Budget Setting Report.

Section 7

Capital & Asset Management – New Build & Re-Development

Asset Management

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

A review was also undertaken in respect of the HRA's shared ownership portfolio, currently consisting of 84 dwellings, with one of the key outcomes of the review being a decision to consider the future of each shared ownership dwelling as part of a business case evaluating agreed criteria which include the condition, use and occupancy of the existing shared ownership property, before recommending re-purchase as shared ownership housing, re-purchase and use as general needs housing, re-purchase and subsequent sale on the open market or allowing the resident to dispose of their share on the market directly.

Receipts from individual 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
18A Magrath Avenue	Dwelling requires significant investment. Approval to dispose of leasehold dwelling and freehold jointly with the neighbour to achieve the benefit of a share in the higher marriage value for the asset as a whole.	In negotiation
101a Gwydir Street	Ground floor bedsit which is tenanted, but requires significant investment. Options are being evaluated as to the most appropriate way forward.	Under investigation

Potential Acquisition/Disposal	Comment	Status
Engineers House	Dwelling is a 3-bedroomed detached house in a non-estate location. Options for this property will be considered at the point at which the dwelling becomes vacant.	Future Investigation

New Build & Re-Development

146 HCA Grant New Build Programme

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 was the first to complete in 2013/14, with the new Jane's Court available for let in the second half of the year.

At the time of writing this report, all but 2 of the tenanted households affected by the re-development programme had been re-housed and 16 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 at the next approval opportunity. 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 in all cases, but will ensure that the most up to date data is being utilised.

Due to delays on some of the development sites, it has been necessary to switch the application of HCA grant funding to alternative units, ensuring that the authority maximises the grant that is received. New build dwellings that were originally identified for market sale on some of the garage sites (Hawkins, Ekin and Fulbourn), have since been amended to deliver a greater proportion (up to 100%) of social housing on each site. These changes are also reflected in the table below, but it must be noted that the decision to utilise resource to deliver

a greater proportion of social housing on some of the earlier sites will result in an inability to meet the full costs of the later sites without the approval of additional resource for 2015/16.

The table below details the final sites against which the authority intends to apply HCA grant, identifying the current scheme costs for approval as part of this HRA MFR, comparing the costs to the approvals granted at budget setting stage in January / February 2014.

Scheme	Status	HRA BSR Approved Social Housing Units	HRA BSR Net Funding Approved (Capital Cost net of Grant and Land Transfer)	HRA MFR Revised Social Housing Units for Approval	Percentage Social Housing on Site	HRA MFR Revised Net Funding for Approval (Capital Cost net of Grant and Land Transfer)
Jane's Court	Complete	20	878,440	20	59%	878,610
Latimer Close	Unconditional	12	1,250,180	12	60%	1,357,060
Barnwell Road	Unconditional	12	1,094,750	12	59%	854,960
Campkin Road	Unconditional	20	2,451,640	20	63%	2,363,640
Colville Road	Unconditional	19	1,304,920	19	58%	1,156,850
Water Lane	Delayed	14	1,384,170	0		
Aylesborough Close (Phase 1)	Delayed	21	2,543,670	0		
Aylesborough Close (Phase 1a)	Conditional	0	0	10	63%	2,049,390
Stanesfield Road	Unconditional	4	554,020	4	50%	399,650
Wadloes Road	Conditional	6	646,530	6	60%	568,760
Atkins Close (Garage Site)	Unconditional	8	601,070	8	67%	446,650
Hawkins (Garage Site)(*)	Not in Contract	5	513,640	9	100%	1,193,990
Fulbourn (Garage Site)(*)	Not in Contract	4	252,670	8	100%	1,127,200
Ekin Road (Garage Site)(*)	Not in Contract	4	403,140	6	100%	828,520
Total		149	13,878,840	134	64%	13,225,280

The sums included for sites not yet at unconditional contract stage, are the latest working estimates, but will still be subject to change before finalisation.

Non-HCA Grant Balance of New Build Programme

Re-allocation of HCA grant to some of the garage sites above in order to meet the time scales for receipt of this external funding, result in the authority owning a greater proportion of the new build housing on each of these sites. Investment in these dwellings means that additional resource will be required to complete the build on the Aylesborough Close and Water Lane sites, but the overall impact will mean delivery of 158 dwellings compared with the 146 that were originally proposed or the 149 that were anticipated at budget setting stage in January / February 2014. The funding required to complete the programme is detailed below:

Scheme	Status	HRA MFR Revised Social Housing Units for Approval	Percentage Social Housing on Site	HRA MFR Revised Net Funding for Approval (Capital Cost net of Land Transfer)
Water Lane	Conditional	14	58%	1,644,960
Aylesborough Close (Phase 1b)	Conditional	10	57%	609,680
Total		24	56%	2,254,640

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

Acquisition of Market Housing on the 146 Programme Sites with RTB Receipts

In order to meet the deadlines for the use of the earlier retained right to buy receipts, funding of £2,875,000 was ear-marked in the Housing Capital Investment Plan for the purchase of some of the market dwellings on the 146 Programme development sites. The use of retained right to buy receipts is only applicable on sites which were previously vacant or contained garages, or in the case of existing social housing, where additionality can be clearly demonstrated.

Permission to purchase specific dwellings has been obtained using the urgent decision process, as outlined in the HRA Acquisition and Disposal Policy.

The table below identifies the market dwellings which the authority currently proposes the direct market purchase of, with the impact this will have on the proportion of social housing delivered on these sites:

Scheme	No. of Market Units to be Purchased	Revised Percentage Social Housing on Site	Market Purchase Price (with on costs)
Colville Road	6	76%	1,051,350
Wadloes Road	3	100%	736,500
Atkins Close (Garage Site)	4	100%	1,106,400
Total Purchases	13		2,894,250

Clay Farm

Work continues with Hill Partnerships, in the development of the Clay Farm site, which will deliver 104 new dwellings which the City Council will own and manage. Following consideration at Community Services Committee in January 2014 and subsequent approval by Council in February 2014, the scheme is anticipated to deliver 104 homes, comprising 78 affordable rented dwellings and 26 shared ownership dwellings.

The scheme is registered for planning approval, and will be considered during the summer and autumn of 2014. It is anticipated that the funding for the scheme will include the use of retained right to buy receipts to fund 30% of the social rented housing on the site, which will maximise the use of these receipts against this scheme. It is assumed that the balance of the costs will be met from existing HRA resource and borrowing, ensuring that the scheme included in the Housing Capital Investment Plan is financially viable.

Delivery of the affordable housing accommodation on the Clay Farm site is now expected in phases beginning in the spring of 2016, with final completion by spring of 2017.

£300 Million Fund

The Government offered local authorities the opportunity to bid for permission to borrow above their debt cap, with additional borrowing approvals of £300 million available nationally.

There were constraints applied to the bidding process, with an inability to use any additional borrowing awarded to aid the delivery of a unit that might also benefit from the use of retained right to buy receipt funding. This, coupled with an indication that government anticipated the borrowing approval to represent approximately £30,000 of each dwelling delivered, made it impossible for Cambridge City to make any firm bids in the 2014/15 to 2015/16 programme, but instead to express interest in the later years. An expression of interest was lodged for approximately £6 million of borrowing approval, to aid delivery of 193 homes across 3 strategic development sites in 2016/17 and 2017/18.

The first round of firm bids resulted in borrowing approvals nationally of £61 million, set to deliver 1,030 new homes, at additional borrowing of £59,000 per dwelling, far higher than the £30,000 originally indicated.

A second firm bid round has been announced for September 2014.

Section 8

Summary and Conclusions

HRA Budget Strategy

The Budget Process

The HRA budget process for 2015/16 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.

A fundamental review of the HRA as a whole is proposed, but this piece of work is expected to take some time to both plan appropriately and deliver effectively. The fundamental review of the Housing Service is intended to address the longer-term balance of investment between meeting priorities for the delivery of new social housing, agreeing an appropriate level of investment in the existing housing stock and ensuring that the needs and pressures in the delivery of day to day housing services are met.

For the budget process in 2015/16, some initial preparatory work for this larger project is proposed. The key proposals are:

- A review of historic underspending, as in previous years, to drive out any areas where savings can be identified, which allow re-allocation of resource into other areas of the housing service.
- Undertaking zero based budget exercises or service reviews in a number of specific areas, where a commitment has already been given as part of the 2013/14 outturn process or an early review of spending is considered appropriate, to include:
 - Void Repairs
 - Day to Day Repairs

- Cyclical Revenue Repairs
- Leasehold Services

- In line with tenants views obtained as part of the 2014 Satisfaction Survey, a review, as part of the 2015/16 budget process, of 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 2015/16 budget process, recommending the level of savings required to maintain flexibility in decision making and to meet both current and anticipated spending needs as they are known at present.

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 2015/16 budget.

Approach to HRA Savings

The September 2013 HRA Mid-Year Business Plan Update set a target of 2% for ongoing savings in general management expenditure for 2014/15 and an assumed reduction in repairs expenditure in line with estimated stock changes. This resulted in an overall target of £140,030 being set in preparation for the 2014/15 budget process. This target recognised the desire to continue to create policy space for strategic re-investment and allowed the inclusion of priority policy funding at the previously enhanced level of £150,000 per annum.

For 2015/16, a sustainable position is sought, continuing to assume that resources are set-aside for the future repayment of 25% of the housing debt by the point at which the loan portfolio begins to reach maturity, 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.

One of the key challenges for 2015/16 and beyond, is the need to identify sufficient resource for investment in new build housing to ensure that the authority can continue to retain right to buy receipts and re-invest them appropriately. This challenge has driven the need for a fundamental review of spending elsewhere across the Housing Service, both in terms of revenue spending and capital investment in the existing housing stock.

For 2015/16 budget process it is considered pre-emptive to assume that a fundamental review of the HRA will deliver a higher level of savings than have been achieved in previous years, and therefore the ongoing level of savings assumed in the 2014/15 HRA Budget Setting Report of 2% is proposed to continue to be adopted for 2015/16.

This target is set assuming savings in both general management and repairs administration expenditure. Savings assumptions for the remainder of the 5 year budget period have been maintained at the level of 2% ongoing per annum ongoing until the findings of the fundamental review of the HRA are clear, which is anticipated to be during 2015/16.

A target of 2% for 2015/16 will require savings in the region of £115,000 per annum, with the continued assumption that responsive repair expenditure is amended in line with assumed changes in stock levels. 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 2015/16 budget process, to whether the level of policy space should be retained at this higher level in the medium term.

The level of capital investment in the housing stock from a decent homes perspective will be reviewed over the longer term, with the intention of reducing the investment assumptions to a level where the decent homes standard can be fully met, but where the timing of investment is such that there is no longer set at investment standard which sees the replacement of components before they are anticipated to fully age or fail. It is anticipated that independent decisions can then be made about each aspect of investment, increasing the investment levels where deemed appropriate.

The position will be reviewed again as part of the January 2015 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 G summarises the revenue budget position for the HRA for the period between 2014/15 and 2018/19, based upon inclusion of the amended financial assumptions that form part of the update to the Self-Financing Business Plan.

HRA MFR Conclusions

Updating the base assumptions for the HRA has had a significantly negative impact on the future financial assumptions for the housing business. There are two key changes which have contributed to this.

An increase in the inflation rate used for the cost of obtaining labour for planned revenue repair and capital works to the housing stock, assuming the Building Cost Index maintains an upward trend at 5% for the next 5 years as opposed to 3.5% as was assumed previously, results in a significantly higher level of anticipated investment in the stock.

The assumed reduction in CPI from 2.5% to 2%, means that rent increases are anticipated to grow at a far slower rate than previously assumed, which in turn generates a far smaller revenue surplus across the HRA. This surplus was assumed to be available to deliver new homes over 30 year life of the business plan

With the latest financial assumption incorporated into financial plans, the number of new homes that can be delivered using HRA surpluses is expected to be in the region of 1,200 over 30 years, compared with the 1,910 deemed deliverable as part of the HRA Budget Report.

Appendix A

Financial Planning Timetable 2015/16

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

Date	Major Stage
2014	
12-Jun	Council adopts Annual Statement setting out plan & priorities from 2014/15
27-Aug	SLT / Exec consider MFR items
17-Sep	General Fund (GF) Mid-Year Financial Review (MFR) published for S&R Scrutiny Committee
18-Sep	Housing Revenue Account (HRA) MFR published
w/c 22 Sep	Finance despatch Budget Process Guidance and Budget Proposal Forms
29-Sep	S&R Scrutiny Committee / Leader recommendation of GF MFR to Council
30-Sep	Housing Committee considers the HRA MFR
01-Oct	Finance despatch Budget Working Papers.
Sept / Oct	MFR & budget briefing for Members
Sept / Oct	Budget process workshops for managers
15-Oct	Managers to complete and return Budget Proposal Forms to Finance for 2015/16 Revenue and Capital Budget Proposals
20-Oct	SLT consider HRA and Capital Budget Proposals
22-Oct	Finance to send proposals to officer groups, including corporate strategy, to assess climate change and poverty ratings and EqIA requirements
w/c 27 Oct	Officer Working Groups meet to consider and comment on budget proposals
28-Oct	SLT / Exec consider HRA and Capital Budget Proposals
29-Oct	GF MFR published for Council on 6 November
03-Nov	SLT consider General Fund Budget Proposals
06-Nov	Council considers GF and HRA Mid-Year Financial Review reports
17-Nov	SLT consider General Fund Budget Proposals
21-Nov	Managers to complete and return budget working papers, incorporating all budget proposals, to Finance
25-Nov	SLT / Exec consideration of General Fund Budget Proposals
08-Dec	HRA EqIA Deadline
10-Dec	SLT / Exec review General Fund and HRA BSR's
15-Dec	General Fund EqIA deadline

Date	Major Stage
17-Dec	Publish HRA Budget Setting Report 2015/16
Dec	Provisional Government Settlement Announcement
2015	
05-Jan	Publish HRA Opposition Budget Amendment
05-Jan	GF budget proposals for Environment Scrutiny Committees published
07-Jan	GF budget proposals for Community Services Scrutiny Committees published
09-Jan	Publish General Fund Budget Setting Report and GF budget proposals for Strategy & Resources
13-Jan	Environment Scrutiny Committee consider budget proposals for own portfolios
14-Jan	Meeting of The Executive agenda published
14-Jan	Housing Committee considers any HRA Budget Amendment Executive Councillor for Housing approves rent levels and revenue budgets Executive Councillor makes final capital proposal recommendations to Council Housing Committee considers General Fund Housing budget proposals
15-Jan	Community Services considers GF proposals for its own portfolios
19-Jan	Strategy & Resources Scrutiny Committee considers GF budget proposals for its own portfolios and GF Budget Setting Report
Jan	Final Government Settlement Announcement
22-Jan	Meeting of The Executive to consider and recommend GF Budget Setting Report and Council Tax requirement
05-Feb	Publish General Fund Opposition Budget Amendment
13-Feb	Special Strategy & Resources Scrutiny Committee considers any GF budget amendment proposals
26-Feb	Council approves GF Budget and sets Council Tax (including precepts) Council approves General Fund Capital Plan Council approves Housing Capital Plan as part of HRA BSR
31-Mar	Approved budget reports to be sent to Cost Centre Managers by Finance

Appendix B

Key Risk Analysis

Risk Area & Issue arising	Controls / Mitigation Action
Effects of Legislation / Regulation	
Implications of new legislation / regulation or changes to existing are not identified.	<ul style="list-style-type: none"> • Effective processes are in place for the HRA to ensure that implications are identified and raised
Funding is not identified to meet the costs associated with changes in statutory requirements.	<ul style="list-style-type: none"> • Additional / specific funding enhancements for new services are earmarked for that purpose, to ensure effective implementation
HRA Debt Settlement could be re-opened by Government	<ul style="list-style-type: none"> • The Council has processes in place to manage the demands of local and national housing agendas, including the Vision Statement and HRA Business Plan
Housing Portfolio & Spending Plans	
The Council approves plans which are not sustainable into the future, leading to increasing problems in balancing budgets.	<ul style="list-style-type: none"> • Council has adopted medium and long-term modelling (up to 30 years) for HRA, to ensure decisions are made in the knowledge of long-term deliverability issues / implications • Council has a policy of requiring R&R Funds to be in place to cover all major assets with a finite life, with long-term programmes for key areas • The Business Plan includes long-term trend analysis on key cost drivers such as growth levels and demographics, and their implications • Target levels of reserves are set for the HRA to enable uneven pressures to be effectively dealt with, and to provide cover against unforeseen events / pressures
Financial planning lacks appropriate levels of prudence	
Business Planning assumptions are wildly inaccurate	Council has adopted key prudence principles, reflected in:
Financial policies, in general, are not sufficiently robust	<ul style="list-style-type: none"> • Use of external expert opinion and detailed trend data to inform assumptions • Ongoing revenue funding for capital is reviewed for affordability as part of the 30-year modelling process • Adoption of strict medium / long-term planning • Policy on applying general capital receipts for strategic disposals only at point of receipt
Funding to support the approved Capital Plan is not available	

Risk Area & Issue arising	Controls / Mitigation Action
External income / funding streams	
Undue reliance may be placed on external income streams, leading to approval of unsustainable expenditure	<ul style="list-style-type: none"> • Modelling over the medium and long-term is conducted for key income sources, including sensitivity analysis on potential changes • Council seeks to influence national settlements and legislative changes through response to formal consultation and the provision of information to negotiation bodies such as LGA and CIH
Rent and service charge arrears increase and bad debt rises, as a direct result of the Welfare Benefit Reforms	<ul style="list-style-type: none"> • Increased resources identified for income management. Performance closely monitored to allow further positive action if required.
Rent income is under-achieved due to a major incident in the housing stock	<ul style="list-style-type: none"> • Asset Management Plan in place to identify and address key issues in the housing stock to minimise likelihood of incident
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	<ul style="list-style-type: none"> • Sensitivities modelled so potential impacts are understood • Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity
The economic downturn reduces the ability to fund capital pressures from the sale of assets	<ul style="list-style-type: none"> • Policy on applying general capital receipts for strategic disposals only at point of receipt
Use of resources including Projects and Partnerships	
There is ineffective use of the resources available to the HRA	<ul style="list-style-type: none"> • Council employs robust business planning in key activity areas • Council has adopted a standard project management framework • Housing Service is required to contribute to Portfolio Planning process, linked directly to resources • MTOs are used to prioritise available resources ensuring best match with objectives • Performance and contractor management procedures have been updated • Organisational development and workforce planning activity is being targeted • The Council has been recognised as a high performer under the national Use of Resources assessment, scoring a maximum rating of 4 in 2008
Failure to deliver Major Housing / Development Projects, i.e. return on capital, project on time etc.	

Appendix C

Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	2%	General inflation on expenditure included at 2% (Based upon CPI to June 2014), from 2015/16.	Amended
Capital Inflation	5% for 5 years, then 3% ongoing	Real increase above CPI of 3% for 5 years, then reverting to 1% above CPI from 2020/21.	Amended
Debt Repayment	Set-aside 25% to Repay Debt	Assumes surplus is re-invested in income generating assets, with 25% of resource set-aside to repay debt as loans reach maturity dates.	Retained
Capital Investment	Partial Investment Standard (in 10 Years)	Base model assumes partial investment standard in the housing stock, compared with a basic decent homes standard. This will be reviewed in 2015/16.	Retained
Pay Inflation	1.9% Pay Progression plus: 2014/15 – 1.0% 2015/16 – 1.0% 2016/17 – 1.5% 2017/18 – 2.0% 2.5% ongoing	Assume allowance for increments at 1.9%. Pay inflation for 2014/15 and 2015/16 at 1% reflecting Government guidance to 2015/16, and a stepped increase thereafter, reflecting economic recovery.	Amended
Employee Turnover	3%	Employee budgets assume a turnover saving of 3.0% of gross pay budget for office-based staff.	Retained
Rent Increase Inflation	3% for 2015/16 for 10 years, then 2.5%	Rent increases in line with government guidelines of CPI at the preceding September plus 1% from 2015/16 to 2024/25, then CPI plus 0.5%. Assume CPI in September 2014 is 2%. CPI as above.	Amended
Rent Convergence	Energy Efficient Voids Only	Ability to move to target rent achieved only through movement of energy efficient void properties directly to target rent.	Retained
External Lending Interest Rate	0.64%, 0.78%, 0.78%, then 1% ongoing	Interest rates based on latest market projections, an average of 0.64% for 2014/15, 0.78% for 2015/16 and 2016/17, then 1% from 2017/18.	Amended
Internal Lending Interest Rate	0.64%, 0.78%, 0.78%, then 1% 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.	Amended
External Borrowing Interest Rate	4.5%	Assumes additional PWLB borrowing at a rate of 4.5%. Current rates for 25 to 50 years are between 4.28% and 4.31%. Retain 4.5% for prudence.	Retained
Internal Borrowing Interest Rate	4.5%	Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route.	Retained
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, recognising risks in a Self-Financing environment.	Retained
HRA Target	£3,000,000	Maintain HRA target balance at £3,000,000.	Retained

Key Area	Assumption	Comment	Status
Balances			
Right to Buy Sales	60, 50, 40, 30, then 20 sales ongoing	Scheme reinvigoration has prompted sustained increased activity. Assume 60 for 2014/15, reducing by 10 sales per annum, until 20 are assumed on an ongoing basis.	Amended
Right to Buy Receipts	Settlement right to buy and assumed one-for-one receipts included	Debt settlement receipts included, assuming the receipts utilised partly for general fund housing purposes. Anticipated one-for-one receipts included, but prudently only those received to date are committed to specific new build schemes. Debt repayment proportion has currently been set-aside.	Retained
Void Rates	1%	Assumes 1% per annum from 2014/15 onwards.	Retained
Bad Debts	0.56% for 2014/15 and 2015/16, then 1.12%	Bad debt provision made in the HRA was increased by 100% to reflect the requirement to collect 100% of rent directly, assuming an extension of the existing payment profile across the entire housing stock. Universal Credit is delayed until 2016, so amend current and next year back to 0.56%.	Amended
Rent Collection Transactional Costs	Increase in transactional costs of £100,000 per annum from 2015/16	An increase of £100,000 per annum was included anticipating an 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. Universal Credit delayed now until 2016, with cost collection assumption again 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 2015/16.	Amended
5-Year New Build Programme	Up to 444 Units	Assumes delivery of the balance of the current 3-year affordable housing investment programme of 138 units plus 13 purchases, 104 units on the Clay Farm site and the potential to build up to 189 dwellings on development sites using further RTB receipts by 2018/19.	Amended
Savings Target	2%	Target included assuming efficiencies will be driven out to allow strategic re-investment. Target is a percentage of net general management and repairs administration expenditure.	Retained
Responsive Repairs Expenditure	Adjusted pro rata to stock changes	An assumption is made that direct responsive repair expenditure is adjusted annually in line with any change in stock numbers.	Retained
Policy Space	£150,000	Policy space retained in base model at the level of £150,000 for 5 years recognising desire to expand services and respond to external pressures. To be reviewed again as part of 2015/16 HRA BSR.	Retained
Service Reviews	On case by case basis	Service review outcomes assumed to deliver to the HRA as indicated in the review business case.	Retained

Appendix D

2014/15 Mid-Year HRA Revenue Budget Amendments

Area of Income / Expenditure	Justification	Increase or Reduced Income / (Decrease or Increased Income) in 2014/15 Budget (£)	Ongoing / One-Off
General Management Expenditure			
Resident Involvement	Reduction based on prior year underspending, allowing for increase in staffing numbers to 3 and review of resident involvement programme	(20,000)	Ongoing
Business Overheads	Savings in office running costs, cash collection charges and a reduction in the cost of administering the now obsolete Housing Act Advances scheme, based upon expenditure in 2013/14	(11,000)	Ongoing
Rent Collection Costs	Saving due to the deferred need to meet rent collection costs for 100% of tenants, as a result of delays in the implementation of Universal Credit	(94,040)	One-Off
Under-Occupation Scheme	Additional funding for the Under Occupation Incentive Scheme in 2014/15, to meet the level of demand experienced this year to date. Ongoing funding will be reviewed as part of the 2015/16 HRA budget process	40,000	One-Off
Housing Management Staffing	Additional funding to allow the temporary employment of additional housing management staff to address the increased workload that will result from the completion, initial letting and early occupation of the new build housing provided as part of both the 146 Programme and Clay Farm, based upon experience of the first scheme completion in 2013/14	13,600	Ongoing £81,800 in 2015/16 and £20,500 in 2016/17
Contribution to Pension Reserve	Reduced contribution to HRA Pension Reserve in 2014/15 based upon latest actuarial review	(88,970)	One-Off
Total General Management Expenditure Changes (2014/15)		(160,410)	
Special Services			
Independent Living Staffing	Removal of the balance of a special project budget held to ensure that current staffing levels could be maintained in the Independent Living Team whilst funding from the County Council for support was confirmed	(6,490)	Ongoing
Total Special Services Changes (2014/15)		(6,490)	
Repairs and Maintenance			

Area of Income / Expenditure	Justification	Increase or Reduced Income / (Decrease or Increased Income) in 2014/15 Budget (£)	Ongoing / One-Off
Responsive and Void Repairs	Funding for an increase in the number of Repairs Apprentices from 2 to 4, with the intention to recruit the first pair during 2014/15, to be followed by a new in-take in 2015/16	0	£15,000 from 2015/16
Asset Management Overheads	Savings in travel costs, subscriptions and office running costs, based upon expenditure in 2013/14	(11,550)	Ongoing
Total Repairs and Maintenance Changes (2014/15)		(11,550)	
HRA Summary Account Expenditure			
Debt Management Costs	Reduction 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	(20,580)	One-Off
Bad Debt Provision	Reduction in the annual contribution to the bad debt provision for 2014/15, recognising that the impact of being required to collect 100% of rent directly from tenants will not be realised until 2016/17	(201,500)	2014/15 and 2015/16
Interest Paid	Reduction recognising the use of Direct Revenue Financing of Capital Expenditure in 2014/15 in place of the anticipated need to borrow	(118,790)	One-Off
Depreciation	Increase in net depreciation costs for the housing stock, based upon the latest estimates, and including revised inflation in all aspects of the transitional MRA	28,110	Ongoing
Total HRA Summary Account Expenditure Changes (2014/15)		(312,760)	
HRA Income			
Right to Buy Capitalisation	Increase in income in respect of the capitalisation of the costs of administering a continuing higher level of right to buy sales in 2014/15 and beyond	(53,210)	Ongoing in part
Rent Income	Increase in anticipated rental income for 2014/15 compared to original budgets in February 2014, where specific assumptions were made in respect of occupation of the new build housing as part of the 146 re-development programme and the move of energy efficient properties directly to target rent levels	(33,520)	Ongoing in part
Interest Received	Increase in interest received on HRA balances due to a higher than anticipated average cash balance in 2014/15 to date and the legislative change from April	(94,180)	Ongoing in part

Area of Income / Expenditure	Justification	Increase or Reduced Income / (Decrease or Increased Income) in 2014/15 Budget (£)	Ongoing / One-Off
	2014 which requires local authorities to credit their HRA's with the interest on unapplied housing capital receipts. These changes more than offset the negative impact of a lower than anticipated interest rate, where recovery in this area has been far slower than anticipated		
Support Income (Temporary Housing)	Additional income for the provision of support services in Temporary Housing in 2014/15, where prudent assumptions were made as part of the 2014/15 budget process, recognising that Supporting People contracts were due to terminate in March 2014. A contract extension for the value of £100,000 for the year means that income is still being received at a higher level than originally budgeted in 2014/15	(14,890)	Assume loss of all income from 1/4/2015 resulting in reduction of £85,110 ongoing
Support Income (Older People)	Additional income for the provision of support services to older people on an ongoing basis from 2014/15, where prudent assumptions were made as part of the 2014/15 budget process, recognising that Supporting People contracts were due to terminate in March 2014. New contracts are now in place for a period of 3 years, with an option to extend for a further 2 years, and as such the income assumption has been included on an ongoing basis	(69,190)	Ongoing
Total HRA Income Changes (2014/15)		(264,990)	
Direct Revenue Financing of Capital	Increase in use of revenue surplus and revenue reserves to fund capital expenditure, thus negating the need to borrow in 2014/15	2,517,920	
HRA Set-Aside	Ability to set-aside resource in 2014/15 for future debt repayment, assuming that 25% of loan values are set-aside by the point of first redemption	811,270	
Total Net Increase in Use of / (Contribution to) HRA Reserves (2014/15)		2,572,990	

Appendix E

2014/15 Mid-Year HRA Capital Budget Amendments

Area of Expenditure And Change	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Total Housing Capital Plan Expenditure pre HRA MFR	41,932	22,634	30,604	21,039
Decent Homes				
Re-phasing of heating works between years to smooth delivery of programme	(250)	500	(250)	0
Re-phasing of wall structure works between years to smooth delivery of programme	(300)	150	150	0
Re-phasing of wall finish works between years to smooth delivery of programme	(230)	30	100	100
Re-phasing of an element of the decent homes backlog funding into future years to aid delivery	(1,031)	1,031	0	0
Re-allocate residual decent homes backlog funding to specific elements	(1,100)	0	0	0
Transfer funding from decent homes backlog into door replacement	150	0	0	0
Transfer funding from decent homes backlog into roofing works	500	0	0	0
Transfer funding from decent homes backlog into kitchen replacements	300	0	0	0
Transfer funding from decent homes backlog into bathroom replacement	150	0	0	0
Adjustment to Planned Maintenance Overheads	(240)	172	10	10
Increase in decent homes for new builds	0	69	203	278
Other Spend on HRA Stock				
Re-phasing of communal area uplift funding between following completion of initial surveys	(350)	0	350	0
Increase in fencing investment	0	100	100	100
Adjustment to Planned Maintenance Overheads	(71)	(7)	38	10
New Build				
2011-15 New Build Investment Programme changes	(2,145)	5,629	0	0
Increase in cost of purchase of market dwellings	19	0	0	0
Re-phasing of spend for Clay Farm	1,413	(7,840)	121	6,306
Additional RTB / HRA Surplus New Build Investment	0	9,731	1,335	4,981
Other HRA Capital Spend				
Funding for air cooling systems in area offices	11	0	0	0
Unallocated Inflation Changes	(1)	68	(212)	358
Total Housing Capital Plan Expenditure post HRA MFR	38,757	32,267	32,549	33,182

Appendix F

2011-15 New Build Programme (3 Year Rolling Programme)

Scheme	HRA MFR Revised Social Housing Units for Approval	Affordable Housing Scheme Cost (Cash Spend)	Affordable Housing Scheme Cost (Notional Spend = Estimated Notional Land Value)	HCA Grant and Area Committee Funding	Estimated Notional Land Value	HRA MFR Revised Net Funding for Approval (Capital Cost net of Grant and Land Transfer)
Jane's Court	20	1,233,070	1,500,000	(354,460)	(1,500,000)	878,610
Latimer Close	12	1,569,740	875,860	(212,680)	(875,860)	1,357,060
Barnwell Road	12	1,067,640	1,043,550	(212,680)	(1,043,550)	854,960
Campkin Road	20	2,718,100	1,557,520	(354,460)	(1,557,520)	2,363,640
Colville Road	19	1,493,590	1,598,030	(336,740)	(1,598,030)	1,156,850
Aylesborough Close	10	2,226,620	768,910	(177,230)	(768,910)	2,049,390
Stanesfield Road	4	570,540	536,890	(170,890)	(536,890)	399,650
Wadloes Road	6	675,100	256,540	(106,340)	(256,540)	568,760
Atkins Close (Garage Site)	8	588,430	635,750	(141,780)	(635,750)	446,650
Hawkins (Garage Site)	9	1,353,500	0	(159,510)	0	1,193,990
Fulbourn (Garage Site)	8	1,268,980	0	(141,780)	0	1,127,200
Ekin Road (Garage Site)	6	934,860	0	(106,340)	0	828,520
Sub Total (With HCA Grant)	134	15,700,170	8,773,070	(2,374,890)	(8,773,070)	13,225,280
Water Lane	14	1,644,960	561,590	0	(561,590)	1,644,960
Aylesborough Close	10	609,680	728,410	0	(728,410)	609,680
Total 3 Year Programme	158	17,954,810	10,063,070	(2,374,890)	(10,063,070)	15,479,920

Appendix G

HRA Summary Forecast 2014/15 to 2018/19

Description	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Income					
Rental Income (Dwellings)	(36,059,720)	(37,710,860)	(39,477,720)	(41,284,780)	(42,928,390)
Rental Income (Other)	(1,064,000)	(1,085,280)	(1,106,990)	(1,129,130)	(1,151,710)
Service Charges	(2,203,270)	(2,314,310)	(2,360,590)	(2,407,810)	(2,455,960)
Contribution towards Expenditure	(103,150)	(3,220)	(3,270)	(3,350)	(3,410)
Other Income	(466,140)	(455,080)	(443,400)	(431,060)	(418,060)
Total Income	(39,896,280)	(41,568,750)	(43,391,970)	(45,256,130)	(46,957,530)
Expenditure					
Supervision & Management - General	3,187,920	3,549,640	3,822,450	3,955,910	4,141,100
Supervision & Management - Special	2,201,970	2,257,800	2,319,660	2,388,050	2,463,540
Repairs & Maintenance	7,014,420	6,817,470	7,124,630	7,442,680	7,808,770
Depreciation – to Major Repairs Res.	10,410,800	10,588,780	10,949,630	12,691,470	13,423,920
Debt Management Expenditure	0	21,180	21,900	22,750	23,750
Other Expenditure	2,925,650	3,033,740	3,355,310	3,473,080	3,591,770
Total Expenditure	25,740,760	26,268,610	27,593,580	29,973,940	31,452,850
Net Cost of HRA Services	(14,155,520)	(15,300,140)	(15,798,390)	(15,282,190)	(15,504,680)
HRA Share of operating income and expenditure included in Whole Authority I&E Account					
Interest Receivable	(151,540)	(160,730)	(156,950)	(182,470)	(185,010)
(Surplus) / Deficit on the HRA for the Year	(14,307,060)	(15,460,870)	(15,955,340)	(15,464,660)	(15,689,690)
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance					
Loan Interest	7,528,920	7,573,190	7,774,320	8,037,340	7,996,020
Housing Set Aside	811,270	0	0	0	7,366,580
Depreciation Adjustment	(2,475,770)	(2,317,110)	(2,134,700)	0	0
Direct Revenue Financing of Capital	14,338,460	10,188,470	10,320,300	7,432,830	280,200
(Surplus) / Deficit for Year	5,895,820	(16,320)	4,580	5,510	(46,890)
Balance b/f	(8,880,738)	(2,984,918)	(3,001,238)	(2,996,658)	(2,991,148)
Total Balance c/f	(2,984,918)	(3,001,238)	(2,996,658)	(2,991,148)	(3,038,038)

Appendix H

Housing Capital Investment Plan (5 Year Detailed Investment Plan)

Description	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend					
Assessment Centre	0	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	765	765	765	765	765
HRA Capital Spend					
Decent Homes					
Kitchens	918	598	292	466	500
Bathrooms	672	525	119	61	306
Boilers / Central Heating	1,114	1,106	1,326	1,357	1,902
Insulation / Energy Efficiency	100	100	100	100	100
External Doors	212	108	63	88	40
PVCU Windows	502	500	912	915	1,407
Wall Structure	334	213	264	105	78
Wall Finishes	89	260	265	267	352
Wall Insulation	100	100	100	100	100
External Painting	0	0	0	0	0
Roof Structure	945	687	322	300	307
Roof Covering	1,661	210	274	658	617
Chimneys	102	2	1	0	1
Electrical / Wiring	91	181	317	120	356
Smoke Detectors	27	109	9	26	18
Sulphate Attacks	102	102	102	102	102
Major Voids	201	48	53	53	54

Description	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000
HHSRS Contingency	117	150	100	100	100
Other Health and Safety Works (Balconies)	50	50	50	50	50
Other External Works	3	5	0	0	0
Rising Damp / Penetrating Damp	0	0	0	0	0
Professional Fees	439	439	439	439	439
External Professional Fees	22	22	22	22	22
Decent Homes Backlog	0	2,097	3,019	2,663	0
Planned Maintenance Contractor Overheads	751	731	786	770	654
Decent Homes New Build Allocation	0	69	203	278	381
Total Decent Homes	8,552	8,412	9,138	9,040	7,886
Other Spend on HRA Stock					
Garages	300	300	300	100	100
Asbestos Contingency	200	200	200	100	100
Disabled	938	878	878	878	878
TIS Schemes	21	21	21	21	21
Communal Areas Uplift	596	1,172	896	546	546
Fire Prevention / Fire Safety Works	938	300	300	300	300
Hard surfacing on HRA Land - Health and Safety Works	274	280	150	150	150
Hard surfacing on HRA Land - Recycling	0	0	142	0	0
Communal Areas Floor Coverings	235	0	0	0	0
Professional Fees	122	122	122	122	122
Lifts and Door Entry Systems	41	13	13	13	13
Fencing	215	200	200	200	200
Planned Maintenance Contractor Overheads	384	344	317	236	236
Total Other Spend on HRA stock	4,264	3,830	3,539	2,666	2,666
HRA New Build / Re-Development					
Roman Court	677	0	0	0	0
3 Year Affordable Housing Programme	11,114	2,013	0	0	0

Description	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000
3 Year Affordable Housing Programme (Notional Spend – Land Value)	4,947	3,616	0	0	0
Market Housing on Garage Sites	2,894	0	0	0	0
New Build - Clay Farm	1,552	265	8,082	6,306	0
New Build - Unallocated Retained RTB Receipts	0	9,731	8,243	10,981	0
New Build - Investment of HRA Surpluses	0	0	0	0	0
Total HRA New Build	21,184	15,625	16,325	17,287	0
Cambridge Standard Works					
Cambridge Standard Works	306	200	200	200	200
Total Cambridge Standard Works	306	200	200	200	200
Sheltered Housing Capital Investment					
Emergency Alarm Service	0	0	0	0	0
Ditchburn Place	1,900	1,900	0	0	0
Brandon Court	0	0	0	0	0
Total Sheltered Housing Capital Investment	1,900	1,900	0	0	0
Other HRA Capital Spend					
Orchard Upgrade / Open Contractor / Mobile Working / ASB Database	21	0	0	0	0
Cambridge Public Sector Network	76	0	0	0	0
Air Cooling Systems in Area Offices	11	0	0	0	0
Shared Ownership Repurchase	300	300	300	300	300
Right of First Refusal Buy Back	663	0	0	0	0
Commercial Property	178	30	30	30	30
Total Other HRA Capital Spend	1,249	330	330	330	330
Total HRA Capital Spend	37,455	30,297	29,532	29,523	11,082
Total Housing Capital Spend at Base Year Prices	38,220	31,062	30,297	30,288	11,847
Inflation Allowance and Stock Reduction Adjustment for Future Years	537	1,205	2,252	2,894	2,960

Description	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000
Total Inflated Housing Capital Spend	38,757	32,267	32,549	33,182	14,807
Housing Capital Resources					
Right to Buy Receipts	(495)	(516)	(522)	(527)	(532)
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0
Notional Land Receipts (New Build Schemes)	(4,947)	(3,616)	0	0	0
Major Repairs Reserve	(12,855)	(8,272)	(8,815)	(12,691)	(13,424)
Direct Revenue Financing of Capital	(14,338)	(10,188)	(10,320)	(7,433)	(280)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(2,172)	(300)	(872)	(2,050)	(300)
Retained Right to Buy Receipts	(1,217)	(2,979)	(4,258)	(4,680)	0
Disabled Facilities Grant	(271)	(271)	(271)	(271)	(271)
Prudential Borrowing	0	(2,779)	(6,160)	(5,529)	0
Total Housing Capital Resources	(36,295)	(28,921)	(31,218)	(33,181)	(14,807)
Net (Surplus) / Deficit of Resources	2,462	3,346	1,331	1	0
General Capital Balances b/f	(8,143)	(5,681)	(2,335)	(1,004)	(1,003)
Use of / (Contribution to) Balances in Year	2,462	3,346	1,331	1	0
General Capital Balances c/f	(5,681)	(2,335)	(1,004)	(1,003)	(1,003)
The inflationary element of the decent homes spend for 2014/15 will be allocated against decent homes elements once the target prices for the new planned maintenance contract are known.					
Other Capital Balances (Opening Balance 1/4/2014)					
Major Repairs Reserve	(4,920)	Fully utilised in 2014/15 above			
Retained 1-4-1 Right to Buy Receipts	(5,783)	Utilised between 2014/15 to 2016/17 above			
Right to Buy Receipts for Debt Redemption	(2,600)	Retained for future debt repayment			
Total Other Capital Balances	(13,303)				

Appendix I

HRA Earmarked & Specific Funds (£'000)

Repairs & Renewals

Housing Revenue Account	Opening Balance	Contributions	Expenditure to July	Current Balance
General Management	(1,265.3)	(131.7)	6.00	(1,391.0)
Special Services	(1,073.5)	(141.1)	14.50	(1,200.1)
Repairs and Maintenance	(53.3)	(56.9)	0.0	(110.2)
Totals	(2,392.1)	(329.7)	20.5	(2,701.3)

Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to July	Current Balance
MRR	(4,920.0)	0.0	0.0	(4,920.0)

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	(41.5)	(6.2)	6.4	(41.3)

Aerial – Roof Space Rental

	Opening Balance	Contributions	Expenditure to July	Current Balance
Aerial Income	(107.0)	(8.8)	0.0	(115.8)

Pension Reserve

	Opening Balance	Contributions	Expenditure to July	Current Balance
Pension Reserve	(390.0)	(219.9)	0.0	(609.9)

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 J

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 unless provided with specific government approval 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. It continues to be difficult to predict future sales, but further legislative changes indicate a continuation of high sales levels. 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 will soon exceed the level that the authority is able to support in 70% match funding. At present, the investment required to fulfil the resource held at 30th June 2014 has been incorporated into the HRA financial model, but specific sites for the investment of the resource have not been identified and approved to proceed. The potential interest that will be payable if the receipts are not utilised within the agreed 3-year period has not been incorporated into the HRA revenue projections.

Independent Living Service – Ditchburn Place Extra Care

The current care and support contract with the County Council is due to expire in March 2015, following acceptance of a 14 month extension. Although technically not an HRA function care is delivered alongside HRA services, and 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

A new broader contract is in place with the County Council for the delivery of support to older people across the city as a whole. There are uncertainties currently as to the level of demand that exists in the wider community compared with that in our sheltered housing schemes, although the services delivered there must be maintained within the cash envelope provided by the County Council

The contract for Temporary Housing support is due to end in March 2015, following a year's extension at a lower funding level than before. 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 this areas. The protracted timescales for this decision causes additional uncertainty for both residents and staff.

HRA Commercial Property

Stock condition surveys and investment profiles are required in respect of the HRA's commercial property portfolio, to ensure that sufficient resource is identified in the Housing Capital Plan to maintain the properties in a lettable condition

Housing Revenue Account – Revenue Uncertainties

HRA New Build

Although the 146 programme is progressing quite well, delays in respect of particular sites may jeopardise the ability to claim HCA grant funding. Dwellings need to be complete by 31st March 2015 to ensure that grant funding will be received. 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.

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 current lease expires in January 2020, with the last rent review due to take place in January 2015. If decisions about the future of area offices are clear prior to January 2020, there is an option to consider sub-let of the premises in the south of the city to reduce the cost to the HRA.

National Rent Policy

New national rent policy sees a move from April 2015 to rent increases limited to CPI plus 1%, with the cessation of any further moves towards target rent for existing tenants. The expectation that local authorities will move all vacant properties directly to target rent levels makes projecting future rental streams more difficult.

Cyclical Revenue Maintenance

Arrangements for much of 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 new planned maintenance contract, which is anticipated to be operational from October / November 2014. The cost base for the revenue elements of these large contracts needs to be separately identified and incorporated into future financial projections. The contract for gas inspections and servicing, previously procured jointly with South Cambridgeshire District Council, is operating under an 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. Further delays in implementation make this an area shrouded with continued uncertainty.

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. Uncertainty also exists with regard the future of care provision at Ditchburn Place, which could impact the specification of works to be completed.

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 the generally available element of right to buy receipts in any 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 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.

Cambridge City Council Equality Impact Assessment



1. Title of strategy, policy, plan, project, contract or major change to your service:

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

2. What is the objective or purpose of your strategy, policy, plan, project, contract or major change to your service?

The objective of the HRA Mid-Year Financial Review is to review financial assumptions for the HRA, consider the impact of changes in external factors and legislation, to recommend any mid-year changes to budgets as a result of the review and propose the budget strategy for the coming financial year.

3. Who will be affected by this strategy, policy, plan, project, contract or major change to your service? (Please tick those that apply)

X Residents

☐ Visitors

X Staff

A specific client group or groups (please state):
Particular impact for HRA tenants and leaseholders

4. What type of strategy, policy, plan, project, contract or major change to your service is this? (Please tick)

☐ New

X Revised

☐ Existing

5. Responsible directorate and service

Directorate: Customer & Community Services

Service: City Homes, Strategic Housing and Estates and Facilities

6. Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service?

☐ No

X Yes (please give details):

A number of other Council departments play a role in the delivery of services to the HRA, including Legal, Property Services, ICT, HR, Corporate Finance, Environmental Services. The HRA works with a number of partners, including other local authorities in the delivery of planned maintenance works, new build housing and housing lettings and management services.

7. Potential impact

(a) Age (any group of people of a particular age, including younger and older people – in particular, please consider any safeguarding issues for children and vulnerable adults)

A reduction in the **Resident Involvement** budget based upon lower levels of spending in prior years, is not expected to reduce the level of service provided, but will limit the capacity to expand services in any particular area or with any particular equalities group. To mitigate any negative impact on any one equalities group, officers will ensure that the programme of resident involvement activity is fully inclusive.

An increase in the budget for the **Under Occupation Scheme** for 2014/15 will allow the authority to financially assist more residents who opt to down size to a smaller property that better meets their needs and financial circumstances. This scheme is of particular benefit to older people who no longer have a need for family accommodation, and may have been impacted by Welfare Reform changes, whilst also increasing the availability of family housing for those in current need.

A temporary increase in **Housing Management Staff** to support the initial letting of new build properties as part of the HRA New Build Programme will positively impact all equalities groups, ensuring that targeted services are available to all prospective residents.

Additional funding to increase the number of **Repairs Apprentices** from 2 to 4 will provide valuable employment and future career opportunities for young people.

Continued funding from the County Council for the provision of **Support Services** to older people, will enable the authority to continue delivering valuable support services to older and vulnerable people, now on a wider basis across the city as a whole, negating the need for those on lower incomes to be required to pay for services received.

Delaying some **Investment in Heating Works** for one year, will result in delays in the positive impact of the installation of more energy efficient boilers. This has the potential to result in residents reducing the use of their heating during colder months, and suffering associated health issues, which may have a particular impact for older people. To mitigate the likelihood of this, the Council will use a variety of communication media to promote the need for the use of heating and to provide energy efficiency advice.

Delay in the delivery of **New Build Housing** on the re-development site at Water Lane, will result in the replacement supply of housing, designated for use by older people, not being available as early as planned. Both Jane's Court and Roman Court have been recently completed, with units available to meet immediate need, thus mitigating the impact of the delay at Water Lane to some degree.

(b) Disability (including people with a physical impairment, sensory impairment, learning disability, mental health problem or other condition which has an impact on their daily life)

A reduction in the **Resident Involvement** budget based upon lower levels of spending in prior years, is not expected to reduce the level of service provided, but will limit the capacity to expand services in any particular area or with any particular equalities group. To mitigate any negative impact on any one equalities group, officers will ensure that the programme of resident involvement activity is fully inclusive.

An increase in the budget for the **Under Occupation Scheme** for 2014/15 will allow the authority to financially assist more residents who opt to down size to a smaller property that better meets their needs and financial circumstances. This scheme is of particular benefit to those with a disability in adapted accommodation, who may have been impacted by Welfare Reform changes, whilst also increasing the availability of family housing for those in current need.

A temporary increase in **Housing Management Staff** to support the initial letting of new build properties as part of the HRA New Build Programme will positively impact all equalities groups, ensuring that targeted services are available to all prospective residents.

Continued funding from the County Council for the provision of **Support Services** in temporary housing, will enable the authority to continue delivering valuable support services to vulnerable people and those with mental health issues.

Delaying some **Investment in Heating Works** for one year, will result in delays in the positive impact of the installation of more energy efficient boilers. This has the potential to result in residents reducing the use of their heating during colder months, and suffering associated health issues, which may have a particular impact for those with a disability or those who are less mobile. To mitigate the likelihood of this, the Council will use a variety of communication media to promote the need for the use of heating and to provide energy efficiency advice.

(c) Gender

A temporary increase in **Housing Management Staff** to support the initial letting of new build properties as part of the HRA New Build Programme will positively impact all equalities groups, ensuring that targeted services are available to all prospective residents.

(d) Pregnancy and maternity

A temporary increase in **Housing Management Staff** to support the initial letting of new build properties as part of the HRA New Build Programme will positively impact all equalities groups, ensuring that targeted services are available to all prospective residents.

(e) Transgender (including gender re-assignment)

A temporary increase in **Housing Management Staff** to support the initial letting of new build properties as part of the HRA New Build Programme will positively impact all equalities groups, ensuring that targeted services are available to all prospective residents.

(f) Marriage and Civil Partnership

A temporary increase in **Housing Management Staff** to support the initial letting of new build properties as part of the HRA New Build Programme will positively impact all equalities groups, ensuring that targeted services are available to all prospective residents.

(g) Race or Ethnicity

A reduction in the **Resident Involvement** budget based upon lower levels of spending in prior years, is not expected to reduce the level of service provided, but will limit the capacity to expand services in any particular area or with any particular equalities group. To mitigate any negative impact on any one equalities group, officers will ensure that the programme of resident involvement activity is fully inclusive.

A temporary increase in **Housing Management Staff** to support the initial letting of new build properties as part of the HRA New Build Programme will positively impact all equalities groups, ensuring that targeted services are available to all prospective residents.

(h) Religion or Belief

A reduction in the **Resident Involvement** budget based upon lower levels of spending in prior years, is not expected to reduce the level of service provided, but will limit the capacity to expand services in any particular area or with any particular equalities group. To mitigate any negative impact on any one equalities group, officers will ensure that the programme of resident involvement activity is fully inclusive.

A temporary increase in **Housing Management Staff** to support the initial letting of new build properties as part of the HRA New Build Programme will positively impact all equalities groups, ensuring that targeted services are available to all prospective residents.

(i) Sexual Orientation

A temporary increase in **Housing Management Staff** to support the initial letting of new build properties as part of the HRA New Build Programme will positively impact all equalities groups, ensuring that targeted services are available to all prospective residents.

(j) Other factors that may lead to inequality – in particular – please consider the impact of any changes on low income groups or those experiencing the impacts of poverty (please state):

A reduction in the **Resident Involvement** budget based upon lower levels of spending in prior years, is not expected to reduce the level of service provided, but will limit the capacity to expand services in any particular area or with any particular equalities group. To mitigate any negative impact on those on those lower incomes, officers will ensure that the programme of resident involvement activity is fully inclusive.

An increase in the budget for the **Under Occupation Scheme** for 2014/15 will allow the authority to financially assist more residents who opt to down size to a smaller property that better meets their needs and financial circumstances. This scheme is of particular benefit to those on low incomes who no longer have a need for accommodation of the size that they are occupying, and may have been impacted by Welfare Reform changes. The scheme also increases the availability of family housing for those in current need.

A temporary increase in **Housing Management Staff** to support the initial letting of new build properties as part of the HRA New Build Programme will ensure that services to existing residents, and particularly those on low incomes who need more immediate support, are in no way negatively impacted by the introduction of additional housing.

Additional funding to increase the number of **Repairs Apprentices** from 2 to 4 will provide valuable employment and future career opportunities for young people, thus ensuring earnings for the skills acquired as a tradesperson.

A budgeted increase in **Rent Income**, partially due to the move of rents to target social rent levels, where an energy efficient property is re-let, has the potential to impact negatively on a household income. The higher rent charged, is however expected to be offset in some way by lower energy bills.

Delaying some **Investment in Heating Works** for one year, will result in delays in the positive impact of the installation of more energy efficient boilers. This has the potential to result in residents reducing the use of their heating during colder months as a result of fuel poverty, and suffering associated health issues. To mitigate the likelihood of this, the Council will use a variety of communication media to promote the need for the use of heating and to provide energy efficiency advice.

Delays in the anticipated timescale for delivery of some of the **New Build Housing** on the site at Aylesborough Close and the development at Clay Farm, will result in the additional provision of social housing being made available later than originally anticipated. Other social housing providers are delivering new affordable housing accommodation in and around the city as part of the growth agenda, which will meet some of the immediate housing shortfall.

An increase in the number of **Right to Buy Sales**, results in the authority having more resource to invest in the delivery of new build housing, subject to being able to top up the funding appropriately. The increase in resource will allow the authority to build or buy more housing for social housing purposes in the period up 2018/19 than previously anticipated, thus helping to meet the housing need in the city.

8. If you have any additional comments please add them here

This EqIA addresses a number of budgetary change proposals. If any of the budgetary changes result in a change in future policy, this will be subject to a separate EqIA by the relevant service area.

9. Conclusions and Next Steps

See Action Plan attached at Appendix 1.

10. Sign off

Name and job title of assessment lead officer:

Julia Hovells, Business Manager / Principal Accountant

Names and job titles of other assessment team members and people consulted:

Hilary Newby, Housing Asset Maintenance Accountant

Catherine Buckle, Business Development Officer

Date of completion: 28th August 2014

Date of next review of the assessment: August 2015

Action Plan

Appendix 1

Equality Impact Assessment title: Housing Revenue Account Mid-Year Financial Review (Business Plan Update)

Date of completion: 28th August 2014

Equality Group	All Groups
Details of possible disadvantage or negative impact	Reduction in Resident Involvement expenditure could result in less capacity to undertake targeted activity.
Action to be taken to address the disadvantage or negative impact	Review and monitor the work plan for the Resident Involvement Service, to ensure that its fully inclusive of all equalities groups.
Officer responsible for progressing the action	James Bull, Resident Involvement Facilitator
Date action to be completed by	30/9/2014

Equality Group	Age, Disability and Poverty
Details of possible disadvantage or negative impact	Delays in the installation of more energy efficient boilers may deter residents from using their heating during colder months.
Action to be taken to address the disadvantage or negative impact	Utilise Open Door, Residents Meetings and other communication forums to provide energy efficiency advice.
Officer responsible for progressing the action	Sam Griggs, Energy Officer
Date action to be completed by	Winter Open Door edition deadline

Equality Group	Age and Poverty
Details of possible disadvantage or negative impact	Delays in delivery of New Build Housing will result in availability of accommodation being later than anticipated.
Action to be taken to address the disadvantage or negative impact	Make best use of existing appropriate accommodation to meet immediate need, using the Sub-Regional Choice Based Lettings Scheme and Local Lettings Policy.
Officer responsible for progressing the action	Robert Hollingsworth , Head of City Homes Alan Carter, Head of Strategic Housing
Date action to be completed by	Ongoing

Equality Group	Poverty
Details of possible disadvantage or negative impact	Re-letting energy efficient properties at target social rents will result in higher rents for some new tenants.
Action to be taken to address the disadvantage or negative impact	<p>Utilise Open Door, Residents Meetings and other communication forums to provide energy efficiency advice.</p> <p>Provide financial advice to ensure that residents are benefitting from all financial assistance to which they are entitled.</p>
Officer responsible for progressing the action	<p>Sam Griggs, Energy Officer</p> <p>James Stephenson, Financial Inclusion Officer</p>
Date action to be completed by	<p>Winter Open Door edition deadline</p> <p>Ongoing</p>

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To: Executive Councillor for Housing: Councillor Kevin Price
Report by: Robert Hollingsworth Head of City Homes
Relevant scrutiny committee: Housing 30/9/2014
Scrutiny Committee
Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge
East Chesterton King's Hedges Market Newnham
Petersfield Queen Edith's Romsey Trumpington
West Chesterton

REPAIRS IMPROVEMENT PLAN - PERFORMANCE UPDATE

Not a Key Decision

1. Executive summary

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 IT solutions and to implement the most appropriate option. A report detailing the success of the improvement plan was discussed at the meeting of Housing Management Board in October 2013, at which the decision was made to retain the delivery of the service by the in-house team, providing the high service standards achieved during the period of the improvement plan were maintained.

A further report was requested in October 2013 to demonstrate the impact and improvements on service delivery once mobile working has been established for a period of months. The tables included below make a comparison between service delivery before and after implementation of mobile working and the new integrated Orchard software.

2. Recommendations

The Executive Councillor is recommended:

2.1 To agree that a review report is presented to the June cycle each year which monitors annual performance and provides certainty that the decision to retain the service in house is still valid.

3. Background

3.2.1 The key performance indicators set out below monitor service delivery and identify the level of improvement achieved since the successful launch of mobile working and Direct Works software on 6th January 2014.

Responsive Repairs Service Delivery	Improved?	Apr – July 2013/2014	Apr – July 2014/15
Emergency jobs completed in target	↔	99%	99%
Urgent jobs completed in target 5	↑	97%	98%
Routine jobs completed within target	↑	98%	99%
All jobs completed within target	↑	98%	99.0%
Appointments made	↑	55%	78%
Appointments Kept		99%	Data unavailable at present
Number of late afternoon appointments made	↑	98	176
Resident satisfaction with the completed repair (score out of 10)		9.9	Data unavailable at present
Percentage of jobs where the target date is extended	↑	4.86	2.86%
Average cost of responsive repair	↑	109.72	93.47

Appointments Kept.

Currently we are unable to update this information in Direct Works. This issue should be resolved as part of the next SVS upgrade.

Resident Satisfaction

Currently this data is not downloading from the hand held devices to Orchard. This issue should be resolved as part of the next SVS upgrade. However performance data would suggest that as we are meeting our priority deadlines, customer satisfaction should be high. This is supported by the fact that the level of customer complaints has not increased

Further benefits of the implementation of SVS mobile working and the implementation of Orchard Direct Works software are the reduction of the paper job tickets by 90%, real-time status information recording progress of the work, removal of duplication of data and processes resulting in more accurate management information.

4. Implications

Financial Implications

Ongoing costs associated with mobile working and the Orchard Direct Works software are included within current budget allocations.

Staffing Implications

The introduction of mobile working and a single software package has reduced the manual tasks previously carried out and facilitated a reduction in the level of staffing within the Finance team based at Mill Road, which was identified during the support services review.

Equal Opportunities Implications

The impact assessment did not identify any major issues that cannot be resolved through training etc.

Environmental Implications

Carbon footprint has been reduced through the reduction in the use of printed paper job ticket, and fuel consumption has been reduced by better planning of appointments.

Procurement

There are no procurement issues arising from this report.

Consultation and communication

This is an update report only and therefore no additional consultation has been carried out.

Community Safety

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

5. Background papers

Report to Housing Management Board 1 Oct 2013 – Outcome of the Repairs Improvement Plan

6. Appendices None

7. Inspection of papers

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

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To: Executive Councillor for Housing:
Councillor Kevin Price
Report by: Liz Bisset
Relevant scrutiny committee: Housing Scrutiny Committee 30/9/2014
Wards affected: All wards containing Council housing

TENANT AND LEASEHOLDER COMPLAINTS PANEL

Not a Key Decision

1. Executive summary

Following changes introduced by the Localism Act in 2013, If a tenant (or leaseholder) remains unsatisfied with the outcome of a complaint at the conclusion of the landlord's complaints process, they may submit their complaint to a councillor, an MP, or a Tenant Panel.

Tenant Panels represent a new option for complainants and this report proposes a model for that panel.

2. Recommendations

The Executive Councillor is recommended: To approve the proposed model for a new Tenant and Leaseholder Complaints Panel

3. Background

3.1.1 Following the introduction of the Localism Act, from 1 April 2013 tenants (and leaseholders) of housing associations, local authorities, and ALMO's can ask for their complaints to be looked at by a 'designated person' after their landlord's internal complaints procedure is finished. Tenants and leaseholders may approach as many designated persons as they wish. One of these 'designated persons' is a group of tenants acting as a designated tenant panel.

3.1.2 A designated person can be an MP, a local Councillor, or a Tenant Panel. While elected officials have always been an option for people with complaints about a local authority, the concept of a Tenant Panel is a new one.

3.2 Function

3.2.1 These designated Tenant Panels are different in function to the more common Tenant Scrutiny Panels, that look at operational / service delivery issues. Cambridge City Council's own Housing Regulation Panel falls into this latter category.

3.2.2 Unlike tenant scrutiny panels, the new complaints panels deal exclusively with complaints. This could mean acting as an advocate for a complainant, by giving advice, providing a review of the way the complaint has been handled or being more proactive and suggesting a solution.

3.2.3 The tenant panel will give a view on whether the complaint was handled correctly or not. If they feel it is necessary, they can refer the complaint directly to the Housing Ombudsman.

3.2.4 A complainant is not obliged to use the tenant complaints panel if they are unhappy with the outcome of a complaint. However, they must wait 8 weeks if they wish to refer the matter directly to the Ombudsman (the panel does not have to wait 8 weeks to make a referral) – see Appendix 1 for more detail.

3.3 National Requirements

3.3.1 There is no obligation for Landlords to establish complaints panels but they must at least ask tenants and leaseholders if they would like one. Cambridge City Council asked tenants and leaseholders via an Open Door survey. The result was strongly in favour of setting up a panel.

3.4 Local Model

3.4.1 Working with tenant representatives, Cambridge City Council has established a number of requirements for the panel's set-up and design:

- The panel should be an odd number to prevent a deadlock vote
- The panel should include a mix of existing/experienced tenant and leaseholder representatives alongside new volunteers - particularly those who have directly experienced a complaint within the last 3 years
- The Council should train more panel members than is required for voting quorum on the panel - so that a full panel can be assembled at any time regardless of peoples availability
- Tenant and leaseholder representatives on the HSC would not be eligible to sit on the complaints panel, as this could be a conflict of interest
- Cambridge City Council must provide support to the panel but enable it to consider matters independently
- The panel should exist outside of the Council's own internal complaints procedure (including the Council's Independent Complaints Investigator)
- The panel will need staff admin support
- New print and web publications will be needed to explain and promote the complaints process to tenants and leaseholders

3.4.2 In time, it is hoped that the Tenant and Leaseholder Complaints Panel will be able to do more than just deal with individual complaints. The Housing Ombudsman is keen to encourage local dispute resolution in lieu of large numbers of complaints coming through to them. The Complaints Panel could provide an option for those tenants and leaseholders who are unhappy with services they receive but don't want to approach the Council directly for support or advice. This sort of mediation role could eventually become a key part of the panel's remit.

4. Implications

- (a) **Financial Implications** – All work detailed above is covered within the existing Resident Involvement budget
- (b) **Staffing Implications** - This work is part of the routine duties of existing staff.
- (c) **Equality and Poverty Implications** -
- (d) **Environmental Implications** - Nil
- (e) **Procurement** - Nil
- (f) **Consultation and communication** – All tenants and leaseholders were consulted on whether they wanted a tenant complaints panel (via Open Door magazine).
- (g) **Community Safety** - Nil

5. Background papers

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

Resolving complaints locally: Your role as a designated person:

<http://nationaltenants.files.wordpress.com/2012/07/resolving-complaints-locally.pdf>

6. Appendices

Appendix 1: Tenant and Leaseholder Complaints Procedure

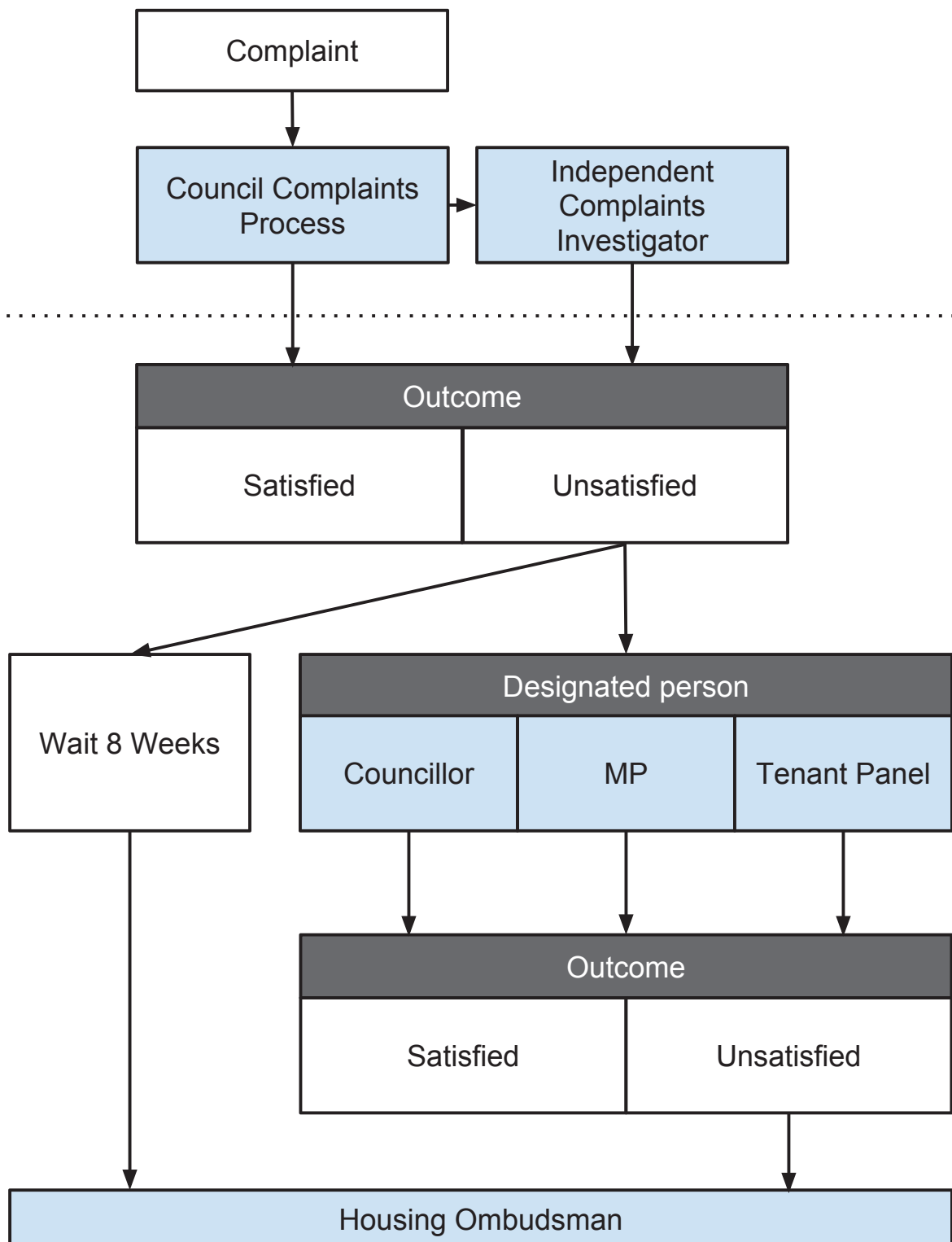
7. Inspection of papers

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

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Appendix 1: Tenant and Leaseholder Complaints procedure



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To: Executive Councillor for Housing: Councillor Kevin Price
Report by: Head of Legal Services, Director of Customer and Community Services
Relevant scrutiny committee: Housing 30/9/2014
Scrutiny Committee
Wards affected: All

FINDINGS OF MALADMINISTRATION BY THE LOCAL GOVERNMENT OMBUDSMAN: HOMELESSNESS

Not a Key Decision

1. Executive summary

The Local Government Ombudsman has made findings of maladministration in respect of three complaints. The complaints relate to the Council's homelessness functions.

In these circumstances, the Head of Legal Services, as the Council's Monitoring Officer, has an obligation to report the findings to the Executive. The Executive is obliged to set out what action has already been taken in respect of the findings, what action it intends to take and the reasons for taking the action.

Following a change in reporting by LGO, our systems failed to recognise two of these decisions as maladministration cases. This resulted in a delay in reporting them to members.

This report summarises the complaints, acknowledges that there were shortcomings in relation to working practices and sets out the action taken in response.

The report details that significant progress has been made since the complaints to increase the availability of temporary accommodation for homeless people. It also demonstrates success in achieving the Council's aim of not placing homeless families outside of Cambridge, if at all possible, despite the challenges of housing market in Cambridge.

The Executive Councillor is asked to consider the action taken and to decide whether it is adequate or whether further steps should be taken.

2. Recommendation

To endorse the actions taken by officers in response to the findings of the Local Government Ombudsman.

3. Background

The Ombudsman's decision letters form Appendices A, B and C to this report. They are referred to in the report as Cases A, B and C respectively. All three letters refer to the complainant as Mr or Mrs X. For ease of reference the report refers to them as Mr or Mrs A, B and C.

Two of the cases occurred between February and September 2012 either side of a full service restructure (in July 2012) involving significant changes in personnel and consequent disruption to the service and in an external environment of increasing housing stress. Despite the difficult working environment it is acknowledged that there were shortcomings in working practices and this report outlines how it is tackling these failings.

Cases A and B highlight failures in terms of lengths of stay in bed and breakfast accommodation. There are a number of factors that influence housing pressure in this regard but one of the most influential is the numbers of properties available to let through the Council's choice based lettings (CBL) system. Year on year lettings figures below demonstrate that there was a significant decline in available lettings from April 2011 to March 2013

2009-10	890
2010-11	798
2011-12	558
2012-13	595
2013-14	704

The number of available lettings directly influences the ability of households in temporary accommodation to move on, thus freeing up accommodation for households who are in bed and breakfast or imminently homeless.

Paragraph 4.1 (B) offers a broader picture on requirements for temporary accommodation provision.

In case C the Council failed to observe its legislative responsibilities fully because it focused its resources on work that was felt by officers to offer the best housing outcome for the household.

Case A: Case Summary

The Ombudsman made two findings of maladministration:

- The Council kept Mr A and his family in unsuitable interim accommodation for longer than permitted; and
- There was delay by the Council in reaching a decision on Mr A's application.

Mr A made a homelessness application on 11 September 2012. He and his family were provided with interim bed and breakfast accommodation in Peterborough. The Homelessness (Suitability of Accommodation) (England) Order 2003 provides that bed and breakfast accommodation is not suitable accommodation for families with children unless there is no suitable accommodation available and then only for a maximum of six weeks. The six week period ended on 23 October but Mr A and his family remained in the accommodation until 18 December 2012.

In terms of the delay in reaching a decision, there is no fixed period for determining a homelessness application but the Homelessness Code of Guidance for Local Authorities, issued by the Government in 2006, recommends that housing authorities aim to complete their enquiries within 33 working days. This would give a target date of 28 October 2012. The Council issued its decision on 20 March 2013, which it acknowledged is too long.

The Ombudsman recommended the Council to pay compensation of £500 to Mr A and to apologise. He also recommended that the Council consider a review of homelessness practice, including any necessary staff training to ensure timely decision making and appropriate use of interim accommodation. The payment has been made and the apology has been given. Part 4 of this report sets out the steps taken in response to the recommendation of a review.

Case B: Case Summary.

The issues are similar to Case A. The Council placed Mr B and his family in bed and breakfast accommodation for nine weeks. This exceeded the maximum of six weeks for families with children. The homelessness

application was made on 21 February 2012. The target period of 33 working days ended on 10 April. The application was determined on 4 October 2012.

The Ombudsman recommended the Council to pay compensation of £500 to Mr B and to apologise. The payment has been made and the apology has been given.

Case C: Case Summary.

The Ombudsman made two findings of maladministration:

- The Council wrongly ended its duty to provide interim accommodation; and
- There was delay by the Council in reaching a decision on Mrs C's application.

Mrs C applied to the Council as homeless and she and her family were placed in interim bed and breakfast accommodation in Peterborough. On 5 August 2013 the owner of the bed and breakfast accommodation contacted the Council to say that there had been an incident involving Mr C and she wanted the family to leave that day. The Council negotiated a further night's stay for Mrs C and her family but on 6 August told Mrs C that the Council no longer had a duty to provide interim accommodation. Mrs C was told that the County Council had been informed and that the County Council would accommodate the children in line with its duties under the Children Act. Although the Council believed it no longer had a duty to provide interim accommodation officers immediately set about supporting Mrs C to secure private rented accommodation from 30 August 2013, with the help of money from the Council to cover the rent in advance and a deposit. In the interim period Mrs C took her family to stay with her mother.

On 6 September 2013 the Council notified Mrs C of its decision that she was not homeless because she had secured suitable accommodation.

The Ombudsman accepts that there are circumstances in which an applicant's behaviour can relieve a local authority of its obligation to provide interim accommodation. However, the Ombudsman concluded that the Council did not properly investigate the incident and took the word of the hotel owner.

Although the Council had told Mrs C that it had decided it no longer had an obligation to provide interim accommodation, the Ombudsman concluded that it did not deal with the decision properly. Before making the decision, it should have allowed Mrs C to make representations, through an interview or in some other manner. It also did not issue a formal decision regarding the provision of interim accommodation.

The Ombudsman has recommended that the Council provides Mrs C with a written apology and pays her compensation of £350, to be offset against outstanding debt owed to the Council. The Ombudsman also asked the Council to review its procedures to ensure it is properly meeting its obligations to provide interim accommodation. The apology letter has been sent and the compensation has been offset against the debt owed. Action taken to review Council procedures is set out in the next section of this report.

4. Action taken in response to the Ombudsman's findings

4.1 Cases A and B

These cases uncovered some failures in the Housing Advice Service. Firstly, that there were delays in the homeless decision making process and that both households were placed in bed and breakfast accommodation for longer than the permitted maximum of 6 weeks as detailed in the *Homelessness Code of Guidance*.

Actions taken since the findings

A. Better performance monitoring systems for homelessness and housing advice cases – housing advisers are now closely monitored in the following areas:

- Average homelessness decision times – taken over a quarterly period. The average time taken for officers make a decision on homelessness applications has reduced significantly over the last 18 months from around 50 days to 36 days in the first quarter of 2014/15.
- Case file reviews – one per month per full time housing adviser – analysis of the quality and timeliness of record keeping
- Analysis of cases with no casework activity for 6 weeks or more. This is recorded on a monthly basis by officer. Since April this year the monthly total has varied between 2 and 7 cases. To put this number in context the service has an overall case load of about 580 cases a year.
- Analysis of those customers in temporary accommodation for more than 5 months. As at 11 September 2014, there are 10 households who have been in temporary accommodation for more than 5 months out of 85 occupied temporary homes. Of these, the reasons for the delay in moving can be summarised as follows

- 3 in rent arrears
- 2 unsuccessful bidding (waiting for 4 beds)
- 1 unsuccessful bidding
- 2 ongoing homelessness investigation
- 2 awaiting review by senior officer

The Housing Advice Service also has a weekly report on numbers in bed and breakfast accommodation and flags the numbers of households who have been placed there for 3, 4 and 5 weeks.

B. More temporary accommodation – the government set local authorities a target to halve the number of temporary accommodation units by 2010 from an initial baseline. The target was set as a blanket target for all local authorities in England and Wales regardless of local conditions. Cambridge City's baseline figure of 140 was set in 2005. By 2010 the Council had met the government target by reducing the figure to 70. However, over the last 5 years, the Council has consistently had an average of around 85 households in temporary accommodation. This has meant that meeting the target had led to a shortfall of around 15 temporary accommodation units. Spend on bed and breakfast peaked in 2013 where the Council had up to 30 households in bed and breakfast by August of that year. The Housing Advice Service has a target to increase temporary accommodation provision to 90 by the end of this financial year. As at 24th July 2014 the Council has 86 units, including a 10 bedroom hostel acquired through a lease from a registered provider in October 2013. Between 1 April 2013 and 25 October 2013 the Council housed 5 families in Bed and Breakfast accommodation for more than 6 weeks but since then no families have been housed in Bed and Breakfast for more than 3 weeks. Since November 2013 too there has been no more than three households in Bed and Breakfast accommodation at any one time.

The number of people presenting themselves as homeless to the Council over the last four years has increased from a low of 144 in 2011/12 to a high of 189 in 2013/14. The number who have been accepted as homeless has remained constant with 127 accepted as homeless in 2013/14 .

C. Reorganisation of resources – the Housing Advice Service has trialled the use of a dedicated officer to coordinate temporary accommodation placements and this has led to the move to create a dedicated role which appears in a restructure proposal currently out to consultation. The restructure proposal also includes the addition of another full time equivalent housing adviser, which should help to further reduce casework decision times.

D. Partnerships with other local authorities in the sub-region – The council has reciprocal arrangements for provision of temporary accommodation with both East Cambridgeshire and South Cambridgeshire district councils.

4.2 Case C

Case C was a difficult case. The family had approached the Council as a homeless household having been evicted from their accommodation owing substantial rent arrears. The family were placed in bed and breakfast accommodation by the Council whilst its application was considered but lost this accommodation after being evicted for what the landlord claimed was unacceptable behaviour.

The Council ended its interim duty to accommodate following their eviction for anti-social behaviour. The decision was based on the account of the landlord, which officers regarded as reliable. However, we accept the Ombudsman's criticism that we had a duty to ask the applicant for their account of the incident and investigated further if necessary.

The Ombudsman criticised the Council for delaying its homeless decision, saying that by not making the 'intentionally homeless' decision promptly the family were denied an opportunity to seek a review of the decision. We accept that the decision was made outside the period for decision recommended in the *Homelessness Code of Guidance*.

Whilst accepting the Ombudsman's criticisms, Council officers worked successfully to find a solution to the housing needs of the applicant and their family, despite the officers' conclusion that they were "intentionally homeless". By making a loan to the family, the Council enabled them to obtain accommodation in the private sector which met their needs.

Actions taken

- A. In the light of this case the service has reviewed its procedures for ending its duty to provide interim accommodation under section 188 Housing Act 1996. Staff are being instructed on the need to investigate incidents thoroughly before a decision is made to end provision of interim accommodation.
- B. At the same time the requirement to determine applications promptly having regard to the *Homelessness Code of Guidance* is being emphasised to staff. A system is in place to record time taken to determine applications and individual officer performance is monitored by line managers.

The action taken in response to Cases A and B are also relevant to preventing recurrence of the issues identified in respect of Case C; i.e.

Better performance monitoring systems for homelessness and housing advice cases – housing advisers are now closely monitored in the following areas:

- Average homelessness decision times – taken over a quarterly period
- Case file reviews – one per month per full time housing adviser – analysis of the quality and timeliness of record keeping.

As well as the specific actions taken as shown above, officers have noted comments made by Council Members at Committee about the unsuitability of Bed and Breakfast or other forms of temporary accommodation outside of Cambridge for people who work in the city or have children that attend school in Cambridge. In future decisions to place individuals in Bed and Breakfast accommodation outside Cambridge will be reviewed by the Head of Service and reported to the Director, with statistics added to the key Housing Statistics report produced quarterly.

Also, although not a specific action as a consequence of the Ombudsman's findings, but to aid continual service improvement, the homelessness service invited both Shelter and the Council's internal audit service to review its systems and processes in respect of homelessness. Shelter has been working with the service since 2011 and have noted in their recent 'health check' report an improvement in the homelessness service from 'Fair' to 'Good'. The internal audit review was undertaken in summer of 2013 and most of the recommendations of the internal audit review have also been put in place and reinforce the actions taken following the Ombudsman's findings.

5. Implications

- (a) **Financial Implications.** The total compensation recommended by the Ombudsman, and paid or credited by the Council, is £1,350.
- (b) **Staffing Implications.** The Council needs to make sure it has appropriately skilled staff to meet its homelessness duties, to ensure the workloads of those staff are managed effectively and that they are adequately trained. The action plans described in this report have sought to address these themes. They have also sought to support staff to deliver a sensitive service, to people with a range of complex needs, at a time of acute housing stress.

- (c) **Equal Opportunities Implications.** An equality impact assessment has not been carried out in respect of this report. However, it is clearly the case that groups with protected characteristics and those in poverty are going to be significantly represented amongst those seeking assistance with homelessness from the Council.
- (d) **Environmental Implications.** This report has no climate change impact.
- (e) **Procurement.** There are no procurement implications.
- (f) **Consultation and communication.** The Monitoring Officer is obliged to consult the Head of Paid Service (Chief Executive) and the Chief Finance Officer (Head of Finance) in preparing this report, and has done so.
- (g) **Community Safety.** There are no direct community safety implications, but a failure by the Council to discharge its homelessness responsibilities could give rise to community safety issues, given the vulnerability of some of those seeking assistance.

6. Background papers

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

Cambridge City Council Housing Options Service Review : Shelter Health Check Report – June 2014

Strategic Housing Key Facts – March 2014

The Ombudsman decision letters are appended to this report.

7. Appendices

Local Government decision letters in respect of Cases A, B and C.

8. Inspection of papers

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

Author's Name:	Simon Pugh. Head of Legal Services
Author's Phone Number:	01223 - 457401
Author's Email:	simon.pugh@cambridge.gov.uk

The Ombudsman's final decision:

The Council kept Mr X and his family in unsuitable interim accommodation for longer than it should have and delayed in making a decision on his homelessness application. A suitable remedy has been agreed.

The complaint

1. Mr X complains the Council delayed making a decision on a homelessness application and kept him and his family in unsuitable interim accommodation for longer than allowed by statute.

The Ombudsman's role and powers

2. The Ombudsman investigates complaints of fault where someone says it has caused them injustice. If the Ombudsman finds fault but no injustice, she will not ask a council to provide a remedy. If she finds both fault and injustice, she may ask for a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1)*)
3. The Ombudsman investigates complaints of injustice caused by fault. She can consider the way an authority makes its decisions, but it is not her role to comment on them unless they have been taken with fault. (*Local Government Act 1974, section 34(3)*)
4. The Ombudsman has the power to decide whether to start, continue or discontinue an investigation into any complaint. (*Local Government Act 1974, section 24A(6)*)

How I considered this complaint

5. As part of the investigation, I have:
 - considered the complaint and the documents provided by the complainant;
 - made enquiries of the Council and considered the comments and documents the Council provided;
 - discussed the issues with the complainant.

What I found

6. In October 2011 Mr X's landlord served him with a notice to leave his private rented accommodation. The Council provided advice about when it would be able to provide further assistance.
7. In February 2012, an officer visited Mr X at home to take his homelessness application.

-
8. Mr X and his family moved into bed and breakfast accommodation in March 2012. The Council says it cancelled this accommodation in May 2012 because Mr and Mrs X were not using the accommodation. The Council moved the family into another bed and breakfast guest house on 31 May 2012. In June 2012 the family moved into a council run hostel.
 9. After taking the homelessness application, the Council had a duty to look into Mr X's circumstances and decide if it owed him a duty to provide accommodation. The Council was entitled to carry out any necessary investigations in order to make this decision. The information provided shows that while the Council did make enquiries about Mr X's circumstances and finances it did not do this in a timely manner. The Council's first enquiries were made in April 2012. In June 2012 it sought further information from both Mr X and his previous landlord.
 10. The last enquiries made by the Council were in June 2012. The Council then appears to have taken no further action until it made a decision in October 2012 that it did have a duty to accommodate.
 11. The Council rehoused Mr X and his family in February 2013.

Analysis

12. When a person applies for accommodation and the council has reason to believe they may be homeless or threatened with homelessness, a number of duties arise. These duties include making enquiries, telling the applicant of the decision in writing and, in certain circumstances, securing suitable accommodation awaiting the outcome of the enquiries.
13. The Homelessness Code of Guidance for Local Authorities, issued by Government in 2006, recommends that housing authorities aim to complete their enquiries within 33 working days.
14. The Homelessness (Suitability of Accommodation) (England) Order 2003 provides that bed and breakfast accommodation is not suitable accommodation for families with children unless there is no alternative accommodation available and then only for a maximum of six weeks.
15. The Council accepted Mr X's homelessness application on 21 February and made the decision on this application on 4 October 2012. This is well outside the 33 day timescale suggested by government guidance. I asked the Council to provide details of all the enquiries it carried out about this case. It did not start making enquiries in a prompt manner. All enquiries appear to have ended in June but then it still took the Council almost four months to make a decision.
16. The Council has not provided any explanation of why it took so long to make a decision in this case. The delay in making a decision on this homelessness application amounts to maladministration.
17. The Council provided interim accommodation for Mr X and his family. This was bed and breakfast accommodation. A council can house a family in bed and breakfast accommodation only if no other accommodation is available and then only for a maximum of six weeks. The Council has not provided any information to show bed and breakfast accommodation was the only type of accommodation available in March 2012. However I will assume this to be the case and so it was acceptable for Mr X and his family to be placed in bed and breakfast accommodation for six weeks.
18. The Council has provided information to suggest Mr X and his family were not using the bed and breakfast accommodation and so it was cancelled. As it is accepted

that bed and breakfast accommodation is not generally suitable for families I will not criticise Mr X and his family for not using the accommodation. The Council should have moved the family from this type of accommodation after six weeks and it failed to do so. It placed the family in a different bed and breakfast guest house until a place in a hostel was provided. In total the Council housed the family in bed and breakfast accommodation for nine weeks. As the maximum time allowed in bed and breakfast accommodation is six weeks, the Council is at fault for placing the family in this type of accommodation for nine weeks.

Agreed action

19. To remedy this complaint the Council agrees the following:
- Apologise to Mr X and his family for the failings in this case;
 - Pay Mr X £150 to compensate him for being accommodated in unsuitable accommodation for more than the allowed six weeks. This amounts to £50 per week;
 - Pay Mr X £250 to acknowledge the uncertainty caused to him by the failure to determine his homelessness application within the recommended timescale;
 - Pay Mr X £100 to recognise his time and trouble in pursuing the complaint;

Final decision

20. I will not pursue the complaint further as the Council has agree to take the action detailed in paragraph 19.

Investigator's final decision on behalf of the Ombudsman

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The Ombudsman's final decision:

The Council has kept Mr X and his family in unsuitable interim accommodation for longer than the allowed six weeks. It has delayed in reaching a decision on his homelessness application and has failed to issue a section 184 decision notice.

The complaint

1. The Council had failed to make a decision on a homelessness application and has kept Mr X and his family in unsuitable interim accommodation for longer than allowed by statute.

The Ombudsman's role and powers

2. The Ombudsman investigates complaints of fault where someone says it has caused them injustice. If the Ombudsman finds fault but no injustice, she will not ask a council to provide a remedy. If she finds both fault and injustice, she may ask for a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1)*)
3. The Ombudsman investigates complaints of injustice caused by fault. She can consider the way an authority makes its decisions, but it is not her role to comment on them unless they have been taken with fault. (*Local Government Act 1974, section 34(3)*)
4. The Ombudsman has the power to decide whether to start, continue or discontinue an investigation into any complaint. (*Local Government Act 1974, section 24A(6)*)

How I considered this complaint

5. As part of the investigation, I have:
 - considered the complaint and the documents provided by the complainant;
 - made enquiries of the Council and considered the comments and documents the Council provided;
 - discussed the issues with the complainant.

What I found

6. Mr X's landlord served a Notice Seeking Possession (NOSP) in May 2012. On 17 August 2012 Mr X received a possession order. He attended an interview at the Council on 11 September and a homelessness application was made.
7. The Council told Mr X and his family the only interim accommodation available was bed and breakfast accommodation in Peterborough. Mr X was not happy with

this because he and his wife worked in Cambridge and his oldest child attended school there. However, he accepted this interim accommodation knowing legislation meant he could only be there for a maximum of six weeks.

8. On 15 November 2012, Mr X visited the Council offices and an officer helped him to complete a letter of complaint. Mr X complained that he had been in bed and breakfast accommodation for more than six weeks. The Council responded on 23 November saying Mr X was on a waiting list for temporary accommodation in Cambridge and it hoped to move him back soon. The Council said it was moving people back to Cambridge in date order.
9. On 7 December Mr X's MP, Julian Huppert contacted the Council on his behalf again raising the issue of the placement in bed and breakfast accommodation. On 18 December Mr X and his family were moved to accommodation in Cambridge. The family had one bedroom and shared bathroom and kitchen facilities.
10. On 11 January 2013 the Council wrote to Mr X seeking bank statements dating back to November 2010. Mr X could not provide all the information sought but did attend a Citizens' Advice Bureau with some bank statement and provided a statement explaining why they could not provide all the statements.
11. On 17 January 2013, Julian Huppert, MP, wrote to the Council asking why it was taking so long to finish the homelessness investigations and issue a section 184 notice. The Council replied saying its investigations were focussed on finance issues and the fact the family may have made themselves intentionally homeless. It accepted there had been delays in October and November and apologised. It said it was waiting for information from Mr X and would then be able to make further progress on the case.
12. Frustrated by the failure of the Council to make a decision on his homelessness application, Mr X complained to the Ombudsman.

Analysis

13. When a person applies for accommodation and the council has reason to believe they may be homeless or threatened with homelessness, a number of duties arise. These duties include making enquiries, notifying the applicant of the decision in writing and, in certain circumstances, securing suitable accommodation awaiting the outcome of the enquiries.
14. The Homelessness Code of Guidance for Local Authorities, issued by the Government in 2006, recommends that housing authorities aim to complete their enquiries within 33 working days.
15. The Homelessness (Suitability of Accommodation)(England) Order 2003 provides that bed and breakfast accommodation is not suitable accommodation for families with children unless there is no alternative accommodation available and then only for a maximum of six weeks.
16. The Council accepted Mr X's homelessness application on 11 September 2012. I wrote to the Council on 8 March 2013 setting out a proposal to settle this complaint. One of my recommendations asked the Council to make a decision on Mr X's application within 14 days. The Council wrote to Mr X on 20 March with a decision. While there are no statutory timescales for determining a homeless application, the code of guidance does suggest 33 working days. The Council has failed to meet this timescale by some considerable way. It accepts there were delays in October and November but provides no mitigation for these delays. Information provided shows the Council did not seek further information

directly from Mr X until 11 January 2013, four months after the application was made. This delay amounts to maladministration.

17. Mr X, his partner and two children have been living in interim accommodation since 3 October 2012. Initially the Council housed them in bed and breakfast accommodation in Peterborough. Mr X complained about the location and the length of time he was accommodated and he was eventually moved on 18 December 2012.
18. Mr X now lives in a hostel in Cambridge. Mr X and his family were housed in bed and breakfast accommodation for more than the allowed time of six weeks. Mr X complained about this but remained in unsuitable accommodation for five weeks longer than he should have. The Council's action of accommodating Mr X in unsuitable accommodation for more than six weeks is maladministration.

Agreed action

19. To remedy this complaint I recommend the following:
 - take immediate action to determine Mr X's homelessness application and issue a section 184 notice. I am satisfied the Council has now taken this action;
 - pay Mr X £250 to compensate him for being accommodated in unsuitable accommodation for more than the allowed six weeks. This amounts to £50 per week;
 - pay Mr X £100 to acknowledge the uncertainty caused to him by the failure to determine his homelessness application;
 - pay Mr X £150 to acknowledge his time and trouble in pursuing the complaint;
 - apologise to Mr X for the failings in this case;
 - consider a review of homelessness practice, including any necessary staff training, to ensure timely decision making and appropriate use of interim accommodation.

Final decision

20. I will not pursue the complaint further as the Council has agreed to take the action outlined above.

Investigator's final decision on behalf of the Ombudsman

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The Ombudsman's final decision

Summary: The Council wrongly ended its duty to provide interim accommodation and delayed in making a homelessness decision.

The complaint

1. Mrs X complains the Council was wrong to end its section 188 duty after her family was evicted from bed and breakfast temporary accommodation; that it delayed in providing a decision on a homelessness application and incorrectly downgraded her re-housing band.

The Ombudsman's role and powers

2. The Ombudsman investigates complaints about 'maladministration' and 'service failure'. In this statement, I have used the word fault to refer to these. If there has been fault, the Ombudsman considers whether it has caused an injustice and if it has, she may suggest a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1)*)
3. The Ombudsman cannot question whether a council's decision is right or wrong simply because the complainant disagrees with it. She must consider whether there was fault in the way the decision was reached. (*Local Government Act 1974, section 34(3)*)

How I considered this complaint

4. As part of the investigation, I have:
 - considered the complaint and the documents provided by the complainant;
 - made enquiries of the Council and considered the comments and documents the Council provided;
 - discussed the issues with the complainant;
 - sent my provisional view to both the Council and the complainant and invited their comments.

What I found

5. Mrs X and her family were evicted from private rented accommodation. Mrs X sought help from the Council. The Council provided interim accommodation at a bed and breakfast in Peterborough as there was no available accommodation in Cambridge.
6. On 5 August the owner of the bed and breakfast accommodation contacted the Council saying there had been an incident involving Mr X and she wanted the

family to leave that day. The Council negotiated a further nights stay for Mrs X and her family.

7. On 6 August Mrs X and her family had to leave the bed and breakfast. The Council told them it no longer had a duty to provide interim accommodation. The Council told Mrs X the County Council had been informed of the situation and that the County Council would accommodate the children in line with its duties under the Children Act. Mrs X refused this offer. She chose to keep her family together and so took them to Yorkshire to stay with her mother.
8. The Council was in the process of making the decision on the family's homeless application. A draft letter dated 5 August was prepared. The letter said the Council considered the family to be intentionally homeless and so it had no duty to re-house them. The letter did state that it had a duty to provide accommodation for a reasonable period of time. It also said it would help with rent in advance and the deposit to secure private rented accommodation. The letter also gave Mrs X a right of review if she wished to challenge the decision. The Council never sent the letter.
9. The Council says the eviction of Mrs X and her family from the bed and breakfast accommodation triggered a switch in focus. It says it focussed on helping Mrs X secure private rented accommodation which she did from 30 August with the help of money from the Council to cover the rent in advance and deposit.
10. On 6 September the Council wrote to Mrs X with a decision on her homeless application. It said that she was not homeless because she had secured suitable accommodation.
11. Mrs X was unhappy with the way the Council had treated her family so she made a formal complaint. The Council responded explaining its actions. It refused to comment on whether it had a duty in law to continue to provide accommodation after the family was asked to leave the bed and breakfast accommodation but did acknowledge this must have been a difficult period for Mrs X and her family. It said it was a coincidence that the draft homelessness decision letter was dated the same day as the eviction. It said there were further checks to be done before it could send the letter and it would normally have invited Mrs X to an interview. It decided not to do this because it would have been difficult for Mrs X to attend an interview when she was living in Yorkshire. It said it was easier to complete a not homeless decision and so did this after it helped Mrs X to secure private accommodation.
12. Dissatisfied with the Council's response, Mrs X complained to the Ombudsman.

Analysis

13. If someone makes a homelessness application the Council must provide interim accommodation while it considers the application if it has reason to believe the applicant may be homeless and in priority need. This duty ends when the Council notifies the applicant of its decision on the homelessness application. In this case the Council did not notify Mrs X of the decision on her homelessness application until 6 September and so its duty to provide interim accommodation did not end until that date.
14. The Council stopped providing interim accommodation on 6 August following an incident between Mr X and the hotel owner. The owner of the bed and breakfast was entitled to ask the family to leave but this in itself would not end the duty. There is case law which implies that if an applicant loses their interim accommodation because of their own actions the Council need not provide

alternative interim accommodation. However, this case law indicates the Council can discharge its interim duty when the applicant's behaviour is persistent and there is an unequivocal refusal to observe reasonable requirements in respect of the occupation of the accommodation.

15. The information provided shows the Council did not investigate the incident between the hotel owner and Mr X but simply took the word of the hotel owner. I consider the Council was at fault for not properly investigating the incident. While I cannot say what the outcome of any investigation would have been, the hotel owner's own account of the incident indicates it was minor in nature.
16. The Council was at fault for ending its interim duty to accommodate on 6 August without carrying out a proper investigation into the incident and without issuing decision.
17. The Council delayed in issuing the homelessness decision after the family were evicted from the bed and breakfast. A decision letter had been drafted the day before and the Council says it would normally have invited Mrs X in for an interview. The Council says it would have been difficult for Mrs X to attend an interview as she was staying in Yorkshire. However, case law requires the Council to give the applicant a chance to have a say before it issues an adverse decision. I consider the Council was at fault for not offering Mrs X an interview. She may have been willing to travel for the interview. If she could not attend in person the Council could have sent a "minded to find" letter or it could have conducted the interview over the telephone. The Council was at fault for not looking at how this could have been achieved even though Mrs X was living away from the area.
18. By its own admission in its letter of 27 January 2014, the Council says "a not homeless decision is easier to complete". As a result of the delay in completing the homelessness decision, Mrs X lost her opportunity to challenge the issue of her being intentionally homeless. I cannot say whether any appeal against this decision would have been successful but the Council's fault resulted in a lost opportunity for Mrs X.
19. Mrs X also complains the Council incorrectly downgraded her re-housing band. There have been faults in this case but I am not persuaded these faults resulted in Mrs X being downgraded incorrectly. Mrs X and her family are now living in suitable private accommodation and so will have less priority for social housing.

Agreed action

20. To remedy the fault in this case I recommend the Council provides a written apology to Mrs X and pays her £350 to recognise her missed opportunities and uncertainty. This payment can be offset against outstanding debt owed to the Council.
21. I would also ask the Council to review its procedures to ensure it is properly meeting its duty to provide interim accommodation.

Final decision

As an appropriate remedy is agreed the complaint will not be pursued further.

Investigator's decision on behalf of the Ombudsman

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To: Executive Councillor for Housing: Councillor Kevin Price

Report by: Liz Bisset, Director of Customer & Community Services

Relevant scrutiny committee: Housing 30/9/2014 Scrutiny Committee

Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge East Chesterton King's Hedges Market Newnham Petersfield Queen Edith's Romsey Trumpington West Chesterton

INTERMEDIATE MARKET HOUSING

Key Decision

1. Executive summary

1.1 There is currently very high demand for housing in Cambridge and the surrounding area, and house prices and private rent levels are high.

1.2 As a result, there is a significant proportion of local people who do not receive priority for social housing for rent, but are also unable to afford to access good quality market housing. As house prices and rents continue to rise faster than incomes the issue is becoming more and more acute.

1.3 This report, together with Appendices 1, 2 and 3:

1.3.1 Provides data and information on demand for, and costs and affordability of, market and intermediate market housing in Cambridge;

1.3.2 Outlines the main models of intermediate housing available, including shared ownership, equity loans, intermediate rent and rent to buy, and some variations on those models;

1.3.3 Summarises the Council's current strategic approach to intermediate housing, and makes recommendations around priorities moving forward.

2. Recommendations

The Executive Councillor is recommended:

2.1 To endorse the need to address a range of intermediate housing needs amongst people who cannot afford to buy or rent good quality housing on the open market but who also do not have priority for social housing for rent.

2.2. To consider options for a social lettings agency to help meet the needs of the intermediate housing market in Cambridge, including consideration of future development of the sub-regional lettings agency Town Hall Lettings.

2.3 To prioritise exploring how different models of intermediate market housing for rent might be delivered through the Council's Affordable Housing Development programme.

2.4 That the extent to which provision of intermediate market housing is prioritised in the future is considered as part of the review of the Council's Housing Strategy due to take place during 2015.

3. Background

3.1 There is currently very high demand for housing in Cambridge and the surrounding area. House prices and private rents are high, and many people are unable to afford to buy or rent in the City.

3.2 This means that there is a significant proportion of local people who, although they do not receive priority for social housing for rent, are also unable to afford to access good quality market housing; a group sometimes referred to nationally as the 'inbetweens' or 'the squeezed middle'. This was a concern highlighted by respondents to consultation on the Council's Housing Strategy in 2012, and as house prices and rents continue to rise faster than incomes the issue is becoming more acute.

3.3 This report, together with Appendix 1 (Intermediate Housing Market Review); Appendix 2 (Data); and Appendix 3 (Town Hall Lettings and the Intermediate Market):

3.3.1 Provides data and information on demand for, and costs and affordability of, market and intermediate market housing in Cambridge;

3.3.2 Outlines the main models of intermediate housing currently available, including shared ownership, equity loans, intermediate rent and rent to buy.

It also explores some of the more experimental variations that providers have introduced nationally over the years;

3.3.3 Summarises the Council's current approach to intermediate housing, and makes recommendations around priorities moving forward;

3.4 What is Intermediate Housing?

3.4.1 The National Planning Policy Framework defines intermediate housing as a form of Affordable Housing provided to eligible households whose needs are not met by the market, with eligibility determined with regard to local incomes and local house prices. Intermediate housing comprises homes for sale and rent provided at a cost above social rent, but below market levels. It can include shared equity (shared ownership and equity loans), and other low cost homes for sale and intermediate rent. It does not include Affordable Rent housing, which can be let at up to 80% of market rents but which is subject to rent controls.

3.4.2 Applicants for intermediate housing must earn less than £60k per year.

3.5 The market for Intermediate Housing.

3.5.1 The following gives examples of available housing market information relevant to assessing the market for intermediate housing.

3.5.2 It also draws on some new draft research commissioned by the Council from the Cambridge Centre for Housing & Planning Research (CCHPR) to help to improve our understanding of the size of the intermediate housing market, and to help assess what might be considered affordable to different households within that market.

3.5.3 The average house price in the City currently stands at just under £387,000, with the lower quartile being around £240,000. The median house prices to earnings ratio is around 9.7, and that of lower quartile prices to lower quartile earnings is 14.7.

3.5.4 Median monthly market rents for all property sizes in the five postcode areas CB1 to CB5 (which also include some properties in South Cambridgeshire) range from £943 per calendar month (pcm) in CB4, to £1,129pcm in CB2, and rents are increasing.

3.5.5 Private rents in Cambridge, as well as being above Local Housing Allowance rates, are also well above the national average used to calculate the Living Wage.

3.5.6 Renting an average one bedroom home is affordable at 35% of average net income in most postcode areas, but all other property sizes are considered unaffordable. Renting and buying an average home of any size is unaffordable to those on median or lower quartile incomes.

3.5.7 Private rented housing tends to be occupied mainly by younger one person households, but nationally the proportion of couples with dependent children is increasing; 45% of households aged 25-34 in England are now renting privately and the proportion is increasing.

3.5.8 Demand for intermediate housing is strong in Cambridge, reflected by the number of people on the Homebuy (Help to Buy) register living and/or working in Cambridge, and by high demand experienced by providers.

3.5.9 Intermediate market purchasers in Cambridge were on incomes below the average for Cambridge over the three years to 2011/12. Applicants tend to have low levels of savings, or no savings at all.

3.5.10 Larger households – including those with more children – tend on average to have larger incomes.

3.5.11 The greatest theoretical demand for intermediate housing is for smaller homes, although there is also a reasonable potential demand for larger homes.

3.5.12 Intermediate rents are unlikely to be affordable to lower-earning single person households in Cambridge, but are likely to suit better paid single earners and couples.

3.5.13 Modelling by CCHPR suggests that a couple renting a one bedroom intermediate rent home would need to earn just over £20,000 each if their rent were to be no more than 25% of their net income, whereas a couple renting a two bedroom home would need to earn nearly £30,000 each.

3.5.13 To rent a one bedroom home at an intermediate rent may require a gross household income of between £17,500 and £41,500 depending on the value of the home and the percentage of income to be spent on housing costs. For a two bedroom intermediate rent home, a gross income of between £22,500 and £59,500 would be required.

3.5.14 An annual gross income of between £18,600 and £30,000 might be reasonable to purchase a shared ownership home, whereas an income of

between £24,300 and £43,700 would be required to purchase a 2 bedroom home.

3.5.15 The extent of demand from the growing number of older people is not clear, but research suggests that intermediate market housing could help to meet the needs of this group – eg for those who wish downsize, or to free up equity to pay off debts or pay for personal care. There is also limited information available on need or demand from people with disabilities.

3.5.16 Appendices 1 & 2 to this report give further detail on the housing market and the need and demand for intermediate housing.

3.6 Intermediate Housing Models

The main models are:

3.6.1 Shared ownership – where purchasers buy a share of a property on a leasehold basis, and pay rent on the remaining share. Additional shares can be bought over time (known as ‘staircasing’), with the option of purchasing the property outright.

3.6.2 Older People’s Shared ownership is a variation of the standard model, aimed at people aged 55 and over. Purchasers can buy up to a 75% share, after which they pay no rent on the remaining share. They are not permitted to purchase outright.

3.6.3 Home Ownership for People with Long Term Disabilities (HOLD) is another variation, enabling disabled people to buy a share of a home where properties available through the other government funded Help to Buy schemes do not meet their needs.

- Shared ownership can help people who want longer term housing security to get on the housing ladder, and can be cheaper than renting privately. Advantages to the provider include a capital receipt from the purchaser which can be used to cross-subsidise other development, plus rental income on the unsold share, and it can help to create more mixed and balanced communities. There are some down-sides however – eg there are fewer mortgage options than for outright purchase, there may be limited opportunities to move on as household circumstances change, and some will be unable to afford to staircase up.

3.6.4 Equity Loans - The buyer normally purchases a property outright with the help of an equity loan to cover part of the value, to reduce the percentage of the value requiring a mortgage. Loans may be provided by

the government, a housebuilder, lender and/or housing provider. Like shared ownership, an equity loan can help would-be home owners to buy, and can contribute towards more balanced communities. However, administering such schemes can be complex, and the provider receives no rental income.

3.6.5 Intermediate Rent – where properties are let at sub-market rents (separate from Affordable Rents).

3.6.6 Rent to Buy – a variation of intermediate rent. Tenants rent a home at a percentage of market rent for a fixed period, during which they are either expected – or have the opportunity to – save for a deposit. At the end of that period the tenant has the option of buying the property on a shared ownership basis.

- Intermediate Rent and Rent to Buy can offer longer term stability for those who want it, and can give potential buyers more opportunity to save for a deposit. For a provider, they offer a higher level of income than social rents, contributing to scheme viability as well as helping to balance communities.
- A number of modified approaches to the above models have been trialled nationally by different providers, with varying degrees of success.

3.7 Funding

3.7.1 Homes and Communities Agency (HCA) grant is currently available for the three main shared ownership models, although Right to Buy receipts cannot be used for intermediate market housing. There is no HCA grant available at present for other forms of intermediate tenure.

3.8 Current approach

3.8.1 The Council's Housing Strategy and Affordable Housing Supplementary Planning Document (SPD) resolve that a maximum of 25% of new social homes on sites in Cambridge should be provided as intermediate tenures.

3.8.2 A key objective in the Housing Strategy is to 'increase the supply of good quality... Affordable Housing in a range of sizes, types and tenures'.

3.8.3 The Council has its own stock of shared ownership homes. Following a review of the scheme, the Executive Councillor and Community Services Scrutiny Committee agreed in January 2014 that: shared ownership be

provided on Council's new developments where appropriate - eg at Clay Farm and on other new Affordable Housing Development Programme sites – to cross-subsidise rental build and help create balanced communities, in line with the requirements of Council's Local Plan and Affordable Housing SPD.

3.8.4 Officers have been in discussion with colleagues at South Cambridgeshire District Council and Cambridgeshire County Council about opportunities to set up a joint venture to deliver new housing, which could potentially include intermediate housing. This sort of approach would require General Fund investment to proceed.

3.9 Future direction

3.9.1 With a clear market for intermediate housing products, the Council needs to consider how it will respond to the demonstrated need.

3.9.2 The Council's Housing Strategy is due for review in 2015. Consideration will need to be given to the extent to which providing for different parts of the intermediate market should be prioritised in the longer term.

3.9.3 In the meantime, there are issues that can be explored further, and officers recommend that the following actions are prioritised:

- a) Consider if there is a role for the sub-regional lettings agency, Town Hall Lettings. Set up by the seven authorities in the Cambridge housing sub region, this currently offers private landlords guaranteed rent payments to tackle single homelessness. See Appendix 3 to this report for more information. A review and options report on Town Hall Lettings will be brought back to the Executive Councillor and Housing Scrutiny Committee in the January 2015 cycle.
- b) Explore how different models of intermediate market housing for rent might be delivered through the Council's Affordable Housing Development programme. This would need to include looking at the need and potential for intermediate housing on a site by site basis, as well as how funding might be secured.

4. Implications

- (a) **Financial Implications.** There are no financial implications at this stage.
- (b) **Staffing Implications.** There are no staffing implications at this stage.
- (c) **Equal Opportunities Implications**

The recommendations are aimed at supporting the needs of those who have low priority for social housing, but who are also unable – or find it difficult to - access good quality housing in the City which meets their needs.

No Equalities Impact Assessment (EqIA) has been carried out at this stage. An EqIA would need to be carried out on any more concrete proposals which arise from the recommendations.

(d) **Environmental Implications**

Climate change impact is Low. Environmental implications would need to be considered around any more concrete proposals which arise from the recommendations.

(e) **Procurement**

There are no procurement implications at this stage.

(f) **Consultation and communication**

No consultation has taken place.

No wider communication is planned at this stage.

(g) **Community Safety**

There are no community safety implications.

5. Background papers

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

5.1 Office for National Statistics workday population estimates - from Cambridgeshire County Council Research Group slideshow of findings from New Development Surveys:

<http://www.cambridgeshireinsight.org.uk/housing/housing-research/new-housing-development-surveys>

5.2 National Planning Policy Framework:

<https://www.gov.uk/government/publications/national-planning-policy-framework--2>

5.3 Rightmove report on Cambridge as a market hotspot:

<http://www.rightmove.co.uk/news/articles/property-news/cambridge-fastest-selling-hotspot-as-average-time-for-property-to-sell-across-great-britain-falls-to-65-days>

5.4 English Housing Survey 2012-13:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/335751/EHS_Households_Report_2012-13.pdf

5.5 The Role of the Planning System in Delivering Housing Choices for Older Londoners – GLA 2012

5.6 Shared Ownership Facts & Figures – Promoting Shared Ownership Group, 2010: http://www.shared-owner.co.uk/media/static/SO-the_facts.pdf

5.7 Quality and Choice for Older People's Housing – Pannell & Blood 2014: http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Practice_briefings/HLIN_PRS_Briefing1.pdf

5.8 Tenure Aspirations & Shared Ownership – CCHPR 2008

5.9 Baseline Study for Intermediate Housing Market in and Around Cambridge City – Draft Final report: CCHPR September 2014

5.10 Resolution Foundation, One Foot on the Ladder, November 2013: http://www.resolutionfoundation.org/media/media/downloads/One_foot_on_the_ladder.pdf

5.11 Homes & Communities Agency shared ownership scheme: http://www.homesandcommunities.co.uk/cfg?page_id=5523&page=58

5.12 Cambridge City Council Shared Ownership Review 2013: <https://www.cambridge.gov.uk/sites/www.cambridge.gov.uk/files/documents/shared-ownership-report-for-website.pdf>

5.13 National Housing Federation research –The Role of Shared Ownership in the Future Housing Market , 2010 - page 14: <http://www.lqgroup.org.uk/assets/files/The-role-of-shared-ownership-in-the-future-housing-market---summary-version.pdf>

5.14 Savills Spotlight – Alternative Residential Investments, 2014:

<http://pdf.euro.savills.co.uk/residential---other/spotlight-alt.pdf>

5.15 Shelter – Homes for forgotten families, August 2012:

[http://england.shelter.org.uk/_data/assets/pdf_file/0014/702023/Shelter -
Homes for forgotten families.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0014/702023/Shelter_-_Homes_for_forgotten_families.pdf)

5.16 Resolution Foundation One Foot on the Ladder, 2013:

[http://www.resolutionfoundation.org/media/media/downloads/One foot on t
he ladder.pdf](http://www.resolutionfoundation.org/media/media/downloads/One_foot_on_the_ladder.pdf)

5.17 Community Services Scrutiny January 2014 minutes, item 14/10/CS:

[http://democracy.cambridge.gov.uk/documents/g1000/Printed%20minutes%
2016th-Jan-
2014%2013.30%20Community%20Services%20Scrutiny%20Committee.pdf
?T=1](http://democracy.cambridge.gov.uk/documents/g1000/Printed%20minutes%2016th-Jan-2014%2013.30%20Community%20Services%20Scrutiny%20Committee.pdf?T=1)

5.18 Homes & Communities Agency Affordable Homes Programme 2015-

2018: [http://www.homesandcommunities.co.uk/sites/default/files/our-
work/ahp_2015-18.pdf](http://www.homesandcommunities.co.uk/sites/default/files/our-work/ahp_2015-18.pdf)

5.19 DCLG Homelessness research 2013

5.20 Homes & Communities Agency webpage on Local Housing

Companies: [http://www.homesandcommunities.co.uk/ourwork/local-
housing-companies](http://www.homesandcommunities.co.uk/ourwork/local-housing-companies)

5.21 Cambridge sub-region Strategic Housing Market Assessment, Ch. 8

6. Appendices

Appendix 1: Intermediate Housing Market Review – Final Report

Appendix 2: Data

Appendix 3: Town Hall Lettings and the Intermediate Housing Market

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

Intermediate Housing Market Review

1. Purpose of Report

1.1 This report considers the role of and potential demand for intermediate market housing in Cambridge, and puts forward options as to how the Council might strengthen its approach to meeting the housing needs of those on middle incomes.

2. Introduction

2.1 There is currently very high demand for housing in Cambridge and the surrounding area. House prices and private rents are high, and many people are unable to afford to buy or rent in the City. There is also a shortage of social housing, with around 2,400 applicants on the housing register.

2.2 Cambridge is a major workplace centre; there are over 35% more people in Cambridge during the working day than the resident population - the largest workday population increase outside of London.¹

2.3 This means that there is a significant proportion of the local population who do not receive priority for social housing for rent, but are also unable to afford to access market housing – sometimes referred to nationally as the ‘inbetweens’ or ‘the squeezed middle’. This was one of the concerns highlighted by respondents to consultation on the Council’s Housing Strategy in 2012, and as house prices and rents continue to rise faster than incomes the issue is becoming more and more acute.

3. What is Intermediate Housing?

3.1 The National Planning Policy Framework² defines intermediate housing as a form of Affordable Housing provided to eligible households whose needs are not met by the market, with eligibility determined with regard to local incomes and local house prices. Intermediate housing comprises homes for sale and rent provided at a cost above social rent,

¹ ONS estimates - from Cambridgeshire County Council Research Group slideshow of findings from New Development Surveys: <http://www.cambridgeshireinsight.org.uk/housing/housing-research/new-housing-development-surveys> (See pdf)

² National Planning Policy Framework:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf

but below market levels. It can include shared equity (shared ownership and equity loans), and other low cost homes for sale and intermediate rent. It does not include Affordable Rent housing which can be let at up to 80% of market rents, but which is subject to rent controls.

3.2 [Paragraph 5](#) below goes into more detail on some of the models of intermediate housing available.

4. The Market for Intermediate Housing

The following gives a summary of housing market information available from a range of sources, which is relevant to assessing the market for intermediate housing. Further detail is given in Appendix 2. It also summarises some new research that the Council has commissioned to get a better understanding of the potential intermediate market.

4.1 Market Sale

- The average house price in the City currently stands at just under £387,000 with the lower quartile being around £240,000. (See [Figures 1 & 2](#) below).
- Average property prices tend to be highest in the CB2 postcode area, and lowest in CB4. (These will also include some properties outside of the City boundary). (See [Figure 3](#) below).
- The ratio of median house prices to earnings had risen to 9.7 in March 2014, and lower quartile prices to lower quartile earnings had gone up to 14.6. (See [Table 1](#) below)>
- In July, Rightmove reported that homes in Cambridge were selling faster than anywhere else in the country, including London ³

4.2 Market Rents

- Research by Hometrack for Cambridge City and South Cambridgeshire District Councils, published in April 2014, showed

³ Rightmove report on Cambridge as a market hotspot:
<http://www.rightmove.co.uk/news/articles/property-news/cambridge-fastest-selling-hotspot-as-average-time-for-property-to-sell-across-great-britain-falls-to-65-days>

median rent levels for the five Cambridge postcode areas and an assessment of the relative affordability buying and purchasing. (Note that these postcodes all cross the area boundary into South Cambridgeshire so may not be a completely accurate reflection of prices purely within the City). (See [Figures 4, 5 & 6](#) below for details).

- The highest median monthly rents for all property sizes were in CB2, at £1,129 per calendar month; overall rents in CB4 were 20% lower at £943pcm.
- Rents across all property types had increased in all areas over the last 12 months, ranging from an 8.1% increase in CB1 to 0.1% in CB5.
- Renting an average one bedroom home is affordable at 35% of average net income in all postcode areas other than CB2, but all other property sizes are considered unaffordable.
- Renting and buying an average home of any size is unaffordable to those on median or lower quartile incomes in all Cambridge postcode areas.
- Renting was found to be generally cheaper than buying on the open market, but in CB1, CB3 & CB4 renting an average one bedroom home would require a higher income to rent than to buy with a 25 year mortgage.
- National data shows that private renters are spending, on average, 40% of their income on rent, and more than owner-occupiers spend on a mortgage, despite tending to have lower incomes⁴.
- National data shows that the main occupiers of private rented housing tend to be younger one person households, and couples without dependent children. However, the proportion of couples with dependent children is increasing. 45% of households aged 25-34 in England are now renting privately and the proportion is increasing year on year. (See [Figure 7](#) below).

⁴ English Housing Survey 2012-13:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/335751/EHS_Households_Report_2012-13.pdf

- Three-fifths of private renters are in full-time work.
- The balance of tenures is changing both nationally and locally, with the proportion of owner-occupied households reducing, and the proportion of privately rented increasing. (See [Table 2](#) below)

4.3 Expressed Demand for Intermediate Housing⁵

- At March 2012 there were 368 applicant households registered on the Orbit Homebuy Register for intermediate housing who were living in Cambridge, and 427 who were working in the City.
- Local Registered Providers report that demand for shared ownership in Cambridge is strong compared to many other parts of the country. For example, bpha report that a number of shared ownership properties coming available on new developments in Cambridge are being bought off-plan.
- The majority of intermediate housing applicants are private tenants, first-time buyers, and households living with family or friends.
- Average household sizes of intermediate applicants tend to reflect those of the wider local population; average household size of applicants living in Cambridge was 2.13, compared to the Census 2011 figure of 2.23. The greatest demand locally tends to be for one and two bedroom properties, and although nationally people tend to buy one more bedroom than they strictly require, demand for one-bedroom intermediate homes in Cambridge is strong. See [Table 3](#) below
- The average gross income of purchasers over the three years to 2011/12 was just under £30,000 – around the median income of £31,800, but below the average income £37,211 of Cambridge residents as a whole. See [Table 4](#) below

⁵ Most of the data in this section comes from the Orbit Homebuy Agent who was, until recently, responsible for marketing intermediate housing products locally on behalf of providers. The responsibility has now passed to bpha as the local Help to Buy Agency – due to the switchover they are not able to provide more up to date data. SHMA Chapter 8
<http://www.cambridgeshireinsight.org.uk/housing/shma/shma-current-version> - See pdf

- Half of Cambridge intermediate applicants in 2012 had savings of £10,000 or less, and a further 20% said they had no savings at all. See [Table 5](#) below.
- Lower than average incomes and lack of access to savings suggests that open market rent and home ownership must be extremely difficult for intermediate housing applicants without access to funding from other sources such as family or friends.
- Incomes of Home-Link applicants for social housing for rent tend to be lower still; although data is not complete, around three quarters of applicants are estimated to have incomes of less than £20,000.⁶

4.4 Meeting the Needs of Specific Groups

- Although the number of people aged 65 and over has remained fairly stable over the last ten years, projections suggest there will be around 4,000 more households aged 65+ living in Cambridge by 2031 – an increase of 42% from 2011.
- Research in London has suggested that there is a considerable number of older people who do not have enough equity and/or income to meet their changing needs as they age and could benefit from more provision of the right sort of shared ownership and/or equity loan products. It is anticipated that this will increase as more people are expected to pay for personalised care. The study suggests that further research would be needed to understand whether levels of grant funding available accurately reflect demand or whether there is scope to extend the level of provision.⁷
- There have been calls nationally for shared ownership to be offered to enable older owner-occupiers to down-size and free up equity.⁸

⁶ Home-Link data

⁷ The Role of the Planning System in Delivering Housing Choices for Older Londoners – GLA 2012: <http://www.cchpr.landecon.cam.ac.uk/Projects/Start-Year/2011/Role-planning-system-delivering-housing-choice-older-Londoners/Project-Report> See pdf.

⁸ Shared Ownership Facts & Figures – Promoting Shared Ownership Group, 2010: http://www.shared-owner.co.uk/_media/static/SO-the_facts.pdf

- South Cambridgeshire District Council reports that their shared equity homes for older people (mainly bungalows) generally sell well.
- Demand for intermediate rent products amongst older people is not clear, but it is now starting to be recognised that the private rented sector in general could play a greater role in housing older people in future – eg: through enabling downsizing; to help free up equity and/or pay off debts; as the owner-occupied sector shrinks and more older people are renting anyway; as more people work into old age and want to be mobile; as a temporary stop gap in deciding whether to down-size permanently;⁹ etc.
- There is limited data readily available on the need for shared ownership housing for people with disabilities. National research in 2008 found that only 4% of new shared owners considered themselves to have a disability, and only 0.2% were wheelchair users – lower percentages than those accessing social rented housing. It concluded that the discrepancy could only be partially explained by the younger profile of shared ownership purchasers and the suitability of properties offered, but that the main reason may be that disabled people and those in wheelchairs are less likely to be in full-time employment.¹⁰
- Although assessments for applicants for Disabled Facilities Grants will include consideration of longer-term housing options, there has only been one instance in recent years where the Council facilitated a shared ownership purchase for a Disabled Facilities Grant applicant.

4.5 What does this data tell us?

4.5.1 This data combined indicates that a significant proportion of households living and/or working in Cambridge are likely to find it difficult to access good quality market housing that is affordable.

⁹ Quality and Choice for Older People's Housing – Pannell & Blood 2014:
http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Practice_briefings/HLIN_PRS_Briefing1.pdf

¹⁰ Tenure Aspirations & Shared Ownership – CCHPR 2008:
<http://www.homesandcommunities.co.uk/tenure-aspirations-and-shared-ownership> See pdf

4.5.2 The main target group tends to be younger people, but there could potentially be some demand from older people.

4.5.3 It is therefore important to ensure that a range of tenures is available to meet different needs, and to suit different households at different times. A range of tenures is also important in the creation of mixed and sustainable communities.

4.6 Additional Research

4.6.1 The Council has commissioned some research from the Cambridge Centre for Housing & Planning Research (CCHPR), to help to update and improve our understanding of the size of the intermediate housing market, and to help assess what might be considered affordable to different households within that market.¹¹

4.6.2 This research is still in draft form but shows that:

- Private rents in Cambridge – as well as being above Local Housing Allowance rates, are also well above the national average used to calculate the Living Wage.
- Property sizes offered for rent and sale on the open market tend to differ – the rental market offers more smaller (one and two bedroom) properties, whereas there is a larger proportion of three bedroom homes advertised for sale than for rent.
- Analysis of working households requiring each bedroom size shows that the greatest theoretical demand is for smaller homes. Single person and childless couple households who would be considered eligible under the Bedroom Standard for one bedroom homes appear to make up over half of working households in the City, although couples with children may constitute up to 40% of working households.
- Larger households – including those with more children – tend on average to have larger incomes.

¹¹ Baseline Study for Intermediate Housing Market in and Around Cambridge City – Draft Final report CCHPR September 2014: See pdf.

- Intermediate rents are unlikely to be affordable to lower-earning single person households in Cambridge, but a wide range of better paid single earners and couples would be able to afford better accommodation through intermediate rents than in the private market.

4.6.3 Modelling of rent levels, house prices and incomes as part of the research gives some examples of the potential affordability of intermediate rent/ shared ownership products. For example:

- A couple renting a one bedroom intermediate rent home would need to earn just over £20,000 each if their rent were to be no more than 25% of their net income, whereas a couple renting a two bedroom home would need to earn nearly £30,000 each.
- To rent a one bedroom home at an intermediate rent may require a gross household income of between £17,500 and £41,500 depending on the value of the home and the percentage of income to be spent on housing costs. For a two bedroom intermediate rent home, a gross income of between £22,500 and £59,500 would be required.
- An annual gross income of between £18,600 and £30,000 might be reasonable to purchase a shared ownership home, whereas an income of between £24,300 and £43,700 would be required to purchase a 2 bedroom home.

5. Intermediate Tenure Models¹²

The following gives more detail on the main types of intermediate housing currently available, as well as information on some of the more experimental models that providers have introduced over recent years.

5.1 Shared Ownership

5.1.1 The Homes and Communities Agency (HCA) outlines a standard model of shared ownership housing which is eligible for grant funding.¹³ Under this model, purchasers buy a share of a property (usually 25% to

¹² Resolution Foundation, One Foot on the Ladder, November 2013:
http://www.resolutionfoundation.org/media/media/downloads/One_foot_on_the_ladder.pdf

¹³ HCA shared ownership scheme:
http://www.homesandcommunities.co.uk/cfg?page_id=5523&page=58

75% of the home's value) on a leasehold basis, and pay rent on the remaining share, and an annual service charge to the landlord (housing association or local authority) or to a third party managing entity.

5.1.2 Initial rent is capped at 3% of the unowned equity, with a target of 2.75% encouraged.

5.1.3 Leaseholders can usually buy additional shares over time (known as 'staircasing') with the option of purchasing outright. Whether staircasing downwards is permitted (ie selling shares back) is up to the landlord's discretion.

5.1.4 The shared owner is responsible for repairs and maintenance.

5.1.5 Applicants must earn less than £60,000 a year, and the scheme is aimed generally at first-time buyers. When a leaseholder who has not bought outright comes to sell the property, the local authority or housing association can either buy it back and sell it on, or instruct the owner to sell on the open market, with each party receiving back their share of the value.

5.1.6 Older People's Shared Ownership is a grant-funded variation of the above scheme aimed at people aged 55 and over, whereby purchasers can buy up to a 75% share, after which they pay no rent on the remaining share. They are not permitted to purchase outright.

5.1.7 A third variation - Home Ownership for People with Long Term Disabilities (HOLD) - enables disabled people to buy a home on a shared ownership basis, where properties available through the other Help to Buy schemes do not meet their needs.

5.1.8 Some Advantages & Disadvantages of Shared Ownership:

5.1.8.1 Advantages:

- The Council currently has a stock of shared ownership housing, mainly developed during the late 1980s and early 1990s, and recently carried out a review of the scheme.¹⁴ This review, combined with national research, identifies a number of

¹⁴ Cambridge City Council Shared Ownership Review 2013:
<https://www.cambridge.gov.uk/sites/www.cambridge.gov.uk/files/documents/shared-ownership-report-for-website.pdf>

advantages of shared ownership to both leaseholders and providers, as follows:

- It can enable people to get on the housing ladder who may not be able to raise a large enough deposit and/ or afford the monthly payments on a mortgage for an equivalent home at full market price.
- Monthly costs can be lower than those for renting privately (depending on the extent to which the purchaser staircases up). Local data suggests that this may be the case, although affordability will vary according to a range of factors, including access to a deposit, the size of the property, the cost and nature of the individual scheme, etc.
- Shared ownership offers more security of tenure than renting privately.
- Both landlord and leaseholder benefit from any increase in the value at the point of resale (subject to the market).
- It can enable purchasers to buy a better quality home, or one in a more 'desirable' area than they could afford on the open market.
- Provision of shared ownership housing as an element of the social housing on a new development ensures a capital receipt from the purchaser, which can be used to cross-subsidise the rest of the development. Further capital receipts may also be achieved through staircasing.
- As well as a capital receipt, the landlord also receives a rental income based on the share of the equity retained by the landlord.
- The opportunity to staircase up at a later date can benefit both the leaseholder and provider. Using financial capacity created by reduced mortgage costs over time to staircase can help some people to afford to move on at a later date. It also benefits the provider through additional capital receipts over time.
- Providing shared ownership on a site can help to create a more mixed and balanced community.

- Any government grant can be recycled at the point of resale to ensure the ongoing provision of affordable housing.

5.1.8.2 Disadvantages

- Not all mortgage lenders will lend on shared ownership properties, and those who do may impose conditions. (The National Housing Federation reports that there are around twenty national and local lenders willing to lend). Although responses to the survey carried out amongst the Council's shared ownership leaseholders in 2013 show that whilst around one third reported difficulties finding a lender, only one said that they had been unable to secure a mortgage at a competitive rate.
- There may be limited opportunities to move on as families grow or circumstances change, due to lack of availability – this was a concern expressed by our own leaseholders.
- Buying further shares and/or staircasing out may not always be affordable, as it relies heavily on incomes keeping pace with rises in valuations – which is a particular issue in strong market areas like Cambridge. National research has found that on average around 25% of shared owners staircase out to 100% ownership.¹⁵ And just over one third of the Council's original shared ownership stock has been purchased outright since the scheme started. Staircasing has been at relatively low levels nationally over recent years, but staircasing to 100% has started to show an increase over the last two to three years.¹⁶
- As well as the cost of buying additional shares, the process of staircasing can be expensive; costs to the leaseholder include having the property revalued each time, as well as capital and/or remortgaging costs.
- Some leaseholders may choose not to staircase out, even if they could, in theory, afford to do so.¹⁷ Whilst in the early days of shared ownership it was expected that most people would want to

¹⁵ National Housing Federation research –The Role of Shared Ownership in the Future Housing Market, 2010 page 14: <http://www.lggroup.org.uk/assets/files/The-role-of-shared-ownership-in-the-future-housing-market---summary-version.pdf>

¹⁶ Savills Spotlight – Alternative Residential Investments, 2014: <http://pdf.euro.savills.co.uk/residential---other/spotlight-alt.pdf>

¹⁷ See NHF report The Role of Shared Ownership in the Future Housing Market - above

eventually staircase out, national research shows that this often doesn't happen, and that for many shared ownership has become a long-term tenure option.¹⁸ In our leaseholder survey, the main reasons given for not purchasing more shares was the cost of doing so, although half of all respondents said they were happy with their current share.

- The unpredictability of future staircasing can present challenges in terms of financial forecasting for the provider.
- Although leaseholders pay a discounted rent to take account of their responsibility for repairs and maintenance, they will experience annual rent rises which can affect their ability to afford to purchase additional shares.
- Owners pay the full cost of any improvements, but only receive a proportion of the resulting increase in value at resale, depending on the share owned.
- Properties can take time to sell on, which can be an issue for a shared owner who wants to sell quickly but can also affect providers in terms of void times and rent loss where they choose to repurchase and sell on.
- Not permitting sub-letting, whilst it ensures that the property is able to be occupied by the eligible applicant, can affect geographical mobility – eg where a leaseholder wishes to move to be nearer to work or family but wants the option of returning at a later date.

5.2 Equity Loans

5.2.1 With equity loan models, the buyer will normally purchase a property outright with the help of an equity loan to cover part of the value, to reduce the percentage of the value requiring a mortgage. The loan may be provided by the government, a housebuilder, a lender, a housing provider, or a combination of these. The amount repayable is calculated according to the percentage loaned based on the value of the property at the time of redemption.

¹⁸ Shelter – Homes for forgotten families, August 2012:
[http://england.shelter.org.uk/data/assets/pdf_file/0014/702023/Shelter - Homes for forgotten families.pdf](http://england.shelter.org.uk/data/assets/pdf_file/0014/702023/Shelter_-_Homes_for_forgotten_families.pdf)

5.2.2 Different schemes may have different loan repayment requirements. Some may require interest payments during the period of the loan - eg 5 years after the loan was made - whereas others require no repayment until the end of the loan term. Some may include a clause enabling the loan period to be extended for a limited time if the purchaser is unable to repay the loan in full at the end of the period.¹⁹

5.2.3 For example, under the government's Help to Buy Equity Loan scheme, the purchaser puts down a 5% cash deposit, receives an equity loan equivalent to 20% of the value of the property and pays a mortgage on the remaining 75%. The loan is free for the first five years, with interest payable from then on, with the rate increasing each year. The percentage loan can be cleared early, but must be fully repaid after 25 years or at point of sale, whichever is the earliest.

5.2.4 Some Advantages & Disadvantages of Equity Loans

5.2.4.1 Advantages

- Equity loan schemes can offer many of the advantages cited above for shared ownership – eg in terms of making home ownership more affordable, providing security of tenure, promoting mixed communities etc.
- With no rent element payable, purchasers are not subject to the annual rent rises faced by shared owners.
- The provider receives a capital receipt – either for the full amount if the equity loan is offered by a third party, or for the proportion of the share purchased if the loan is offered by the provider.

5.2.4.2 Disadvantages

- Equity loan schemes tend to require purchasers buying a larger stake than they might through shared ownership so tend to be aimed at those on higher incomes. They may also require a larger deposit in higher value areas.

¹⁹ Savills Spotlight report Alternative Residential Investments: <http://pdf.euro.savills.co.uk/residential---other/spotlight-alt.pdf>

- As with shared ownership, not all lenders will lend on homes purchased with equity loans.
- The provider receives no rental income.
- There are costs to the provider of administering loans, and running a scheme requires relevant financial skills to be available in house, or else for the service to be contracted out. With the transfer of consumer credit regulation from the OFT to the FCA in April 2014, the administration of these loans is expected to increase.²⁰
- There are also financial risks involved if a purchaser defaults on equity loan payments. Potential payment defaults would need to be managed.
- Schemes which do not require regular repayments during the life of the loan rely on a single capital receipt at the end of the period, which means that although the provider will benefit at the end of the term from any increase in the value of the property, no repayment is received in the interim.
- No grant funding is currently available for housing providers to offer equity loan products.

5.3 Intermediate Rent & Rent to Buy

5.3.1 Intermediate rent is where properties are let at sub-market rents, but where rent levels are not subject to rent controls as they are for Affordable Rents.

5.3.2 Rent to Buy schemes are a variation of this; tenants are offered a home at a percentage of market rent for a period of time, during which they are either expected - or have the opportunity to - save for a deposit. At the end of the period - say five years - the tenant has option of buying a share of the property on a shared ownership basis.

5.3.3 Some providers have extended this model, charging market rents but retaining a proportion - say 20% - and gifting it back to the tenant at the end of the period which they can use as a deposit; either to buy that property or another property elsewhere.

²⁰ Savills Spotlight report – see above

5.3.4 Housing provider bpha reports that there is currently high demand for both their intermediate rent and Rent to Buy schemes, offering properties at around 20% below market rent. Their Intermediate Rent scheme includes properties in Orchard Park and Cambourne, and they have newer Rent to Buy properties on Orchard Park. The Rent to Buy scheme is aimed at giving tenants an opportunity to save, and so the affordability assessment of applicants is different to that for standard intermediate rent. When bpha comes to sell the property after a fixed period the occupant is offered first refusal to purchase on a shared ownership basis.

5.3.5 Some Advantages and Disadvantages of Intermediate Rent/ Rent to Buy

5.3.5.1 Advantages:

- Sub-market rents make renting more affordable than on the open market.
- Although tenancies are usually offered for six months on an assured shorthold basis, schemes provided by Registered Providers tend to offer longer term stability than might be available in the private rented sector. National research suggests that this stability tends to be particularly attractive to older age groups.²¹
- Renting gives more flexibility than shared ownership for residents who want to be able to move, and tends to be more of a positive factor for younger households.
- For those who wish to move onto the home ownership ladder, paying a lower level of rent can give tenants more opportunity to save for a deposit.
- Intermediate rents can be set at levels which provide a larger income stream in high value areas than can be achieved through social rents, contributing to scheme viability as well as helping to balance communities.

²¹ Savills/Yougov research presented to South Cambridgeshire District Council

5.3.5.2 Disadvantages

- Lack of long-term tenure security for those who want it.
- Intermediate rent may require a different management approach to that of managing social housing tenancies and is likely to require different staff skills.
- Different levels of service may need to be offered to intermediate tenants to those available to tenants of social housing for rent, which would need to be clearly communicated to residents on mixed schemes.
- The effectiveness of Rent to Buy schemes in helping people onto the housing ladder is questionable; although a number of providers have introduced schemes nationally, they often find that only a small proportion of tenants decide to purchase once the rental period is up.²²
- There is no specific grant funding available at present (see [paragraph 9](#) below).

6. Other Intermediate Housing Options

6.1 As well as standard shared ownership and intermediate rent models, a number of modified approaches have been trialled across the country by different providers.²³ For example:

6.1.1 Shared Ownership - Micro-Shares. Some providers have tried selling smaller shares (eg 10 to 12 per cent), to enable low income families to get onto the housing ladder. These have not tended to be particularly successful, providing only a low rate of capital return to the provider. There are also only limited benefits to leaseholders of owning such a low percentage share, weighed against taking on full repair and maintenance responsibilities and the general financial risks involved in home ownership.

6.1.2 Home Purchase Plans. Rather than buying a share of the property, buyers are not required to pay a deposit but enter into a long-term

²² Resolution Foundation One Foot on the Ladder, 2013:
http://www.resolutionfoundation.org/media/media/downloads/One_foot_on_the_ladder.pdf

²³ Resolution Foundation report – see above

payment plan, with monthly payments rising each year. This way they build up equity shares over time until they have purchased the whole property. Registered Provider Gentoo has piloted a scheme in the North East of England and is looking to extend the model to other parts of the country. However, it is recognised that this sort of approach may be less effective in high value areas where income growth may not be able to keep up with annual payment increases.

6.1.3 Thames Valley Housing's Shared Ownership Plus. Under this scheme purchasers are charged a higher monthly rent which is put towards the purchase of an additional 1% of equity each year without requiring further valuations or legal fees, based on the valuation of the property when it was bought plus an annual fixed price increase. Buyers can stay within the scheme for up to 15 years, or opt out of higher payments – and therefore out of increasing their percentage share – at any time. Rent payments go down as their equity share goes up. Their modelling suggests that although monthly costs may be higher than traditional shared ownership, purchasers will pay less rent over the 15 years and own a larger share than a similar shared owner who opts not to staircase up.

6.1.4 Do It Yourself Shared Ownership (DIYSO). DIYSO is similar to standard shared ownership, except that a purchaser selects a property on the open market. The provider purchases a share of the equity on which the purchaser pays rent. The buyer is able to staircase up over time.

6.1.4.1 The Council set aside capital funding to provide its own DIYSO scheme for key workers around ten years ago, but the scheme did not go ahead due to the lack of skills available in-house and the costs of procuring an external provider weighed against the small number of purchases that could reasonably be funded.

7. CURRENT APPROACH

7.1 Strategic Approach

7.1.1 The Council's Housing Strategy, and current and new draft Affordable Housing Supplementary Planning Documents (SPDs) resolve to achieve a maximum of 25% of new social homes on sites in Cambridge to be provided as intermediate tenures, based on evidence

of need provided by the Cambridge sub-region's Strategic Housing Market Assessment (SHMA).

7.1.2 One of the key objectives in our Housing Strategy is to increase the supply of good quality, energy efficient Affordable Housing in a range of sizes, types and tenures. This reflects one of the issues raised through consultation on the Strategy - ie that the Council needed to take into account the housing needs of the 'squeezed middle'.

7.2 Current Shared Ownership Scheme

7.2.1 Shared Ownership is the current intermediate tenure provided by the Council, currently providing 84 shared ownership properties. The service was reviewed in 2013, and following a full evaluation of the service and generally positive feedback from existing shared ownership leaseholders, the decision was made to continue offering homes which become available to new applicants, with some improvements to the service provided.

7.3 New Developments

7.3.1 The Council has received government grant for 146 new social homes to be developed in 2012 to 2015 on its own land. Development has been cross-subsidised by building market-sale homes; no new intermediate housing has been provided to date.

7.3.2 When the Council's existing shared ownership scheme was reviewed, the Executive Councillor and Community Services Scrutiny agreed in principle that shared ownership homes be provided on Council's new developments where appropriate – eg at Clay Farm and on other new Affordable Housing Development Programme sites – to cross-subsidise rental build and help create balanced communities, in line with the requirements of Council's Local Plan and Affordable Housing SPD.²⁴

7.3.3 Provision on Clay Farm is currently being modelled, with 26 of the anticipated 104 new homes planned to be provided as shared ownership. Development is expected to start in in spring 2016, and be completed by spring 2017.

²⁴ Community Services Scrutiny January 2014 minutes, item 14/10/CS
<http://democracy.cambridge.gov.uk/documents/g1000/Printed%20minutes%2016th-Jan-2014%2013.30%20Community%20Services%20Scrutiny%20Committee.pdf?T=1>

8. FUTURE STRATEGIC DIRECTION

8.1 Consideration needs to be given to the extent to which the Council wishes to prioritise supporting those unable to access social housing for rent or good quality open market housing. The Council's Housing Strategy is due to be reviewed in 2015, and consideration will need to be given to such issues as:

- Should the Council support access to the private rented market for people on middle incomes through provision of intermediate rent housing?
- Should we be supporting people to get onto and/or move up the housing ladder?
- Should we have policies which enable tenure-change within the same home? - eg providing intermediate rent housing with the option to purchase, or shared ownership housing with the option to swap to intermediate rent if circumstances change.
- etc

9. FUNDING & SCHEME DELIVERY

9.1 Funding Currently Available

9.1.1 Shared ownership is the only intermediate tenure housing eligible for HCA grant funding at the present time, and development will only be considered as part of a larger scheme providing homes for Affordable Rent.²⁵ Right to Buy receipts cannot be used for intermediate tenure housing.

9.1.2 The model of shared ownership which can be grant funded is the standard one prescribed in the HCA's Affordable Housing Capital Funding guide, but can also include Home Ownership for People with Long Term Disabilities, and Older Persons' Shared Ownership. (See [paragraph 5](#) above).

²⁵ HCA Affordable Homes Programme 2015-2018:
http://www.homesandcommunities.co.uk/sites/default/files/our-work/ahp_2015-18.pdf

9.1.3 However, sale of shared ownership homes does ensure an upfront capital receipt from purchasers, as well as ongoing rental income, and can play a key part in ensuring the viability of a housing development. Modelling for the Clay Farm development has been carried out for the Council by the Chartered Institute of Housing. Current figures indicate that – based on a range of theoretical assumptions – providing shared ownership (and/or rent at intermediate rent at 80% of market rents) should decrease the borrowing requirement and reduce the number of years taken to pay back the debt, compared with providing all the social housing for rent. (See [Figure 8](#) below). This also helps to free up capital for further social housing development elsewhere.

9.1.4 Funding for provision of intermediate rent would be more problematic as it cannot currently be funded through HCA grant or Right to Buy receipts. The Council participated in a homelessness research project in 2012/13, commissioned by the Department for Communities and Local Government to investigate the viability of attracting institutional investment to fund new lower cost private rented housing. The research concluded that any intermediate rent scheme in Cambridge is unlikely to attract institutional investment due to high land and property costs, resulting in insufficient investment yields.²⁶

9.2 Joint Ventures and Other Funding Models

9.2.1 A number of local authorities have developed joint venture arrangements to fund new housing. A Local Housing Company (LHC) is a form of joint venture between a local authority and a private sector partner, into which the local authority invests land and the private sector provides house-building expertise and financial investment to match the value of that land. The company is jointly owned, with both parties sharing the risks and benefits of the development process.²⁷ The ‘funding vehicle’ can include intermediate housing to help pay-back the private sector investment.

9.2.2 There are other funding vehicles which are designed to free-up local authorities from borrowing restrictions. For example, South Cambridgeshire District Council has set up a Property Company that allows investment from the General Fund. South Cambs Ltd is a pilot scheme set up initially to buy housing to rent at market rents. If

²⁶ DCLG Homelessness Project research 2013 – see pdf

²⁷ HCA webpage on Local Housing Companies:

<http://www.homesandcommunities.co.uk/ourwork/local-housing-companies>

successful, the Company could evolve to build new properties and sell properties at market prices, to help meet housing need across the housing market and generate revenue income to support Council services.²⁸

Officers have been in discussion with colleagues at South Cambs DC and the County Council about opportunities to set up a joint venture to deliver new housing, in the context of the City Deal. This approach would require General Fund investment to proceed.

9.3 Local Lettings Agency

9.3.1 Town Hall Lettings is a local lettings agency set up by the Council and other sub-regional authorities, offering participating landlords guaranteed rent payments to help single people who are homeless or threatened with homelessness. A review and options report on Town Hall Lettings, including consideration of extending its role to cater for the intermediate rent market, will be brought back to the Executive Councillor for Housing and Housing Scrutiny Committee in the January 2015 cycle. See Appendix 3 for more details on Town Hall Lettings

10. CONCLUSIONS

10.1 Information available points to a growing need for housing amongst households whose requirements are unlikely to be met through social housing for rent or homes for sale or rent on the open market.

10.2 There are a number of intermediate housing models available, although there are advantages and disadvantages to each one.

10.3 As shared ownership is already being provided as a housing option – through the Council's existing scheme and through planned new development as part of the Council's Affordable Housing Development Programme - the viability of, and vehicles for, providing housing at intermediate rents is a particular area which could be explored further.

²⁸ South Cambs DC cabinet report November 2013, agenda item 6:
<http://scambs.moderngov.co.uk/documents/g6223/Public%20reports%20pack%20Tuesday%2019-Nov-2013%2009.00%20Cabinet.pdf?T=10>

10.4 The extent to which the Council should prioritise activity in relation to the intermediate market going forward needs to be considered as part of the forthcoming review of the Council's Housing Strategy.

11. RECOMMENDATIONS

11.1 To endorse the need to address a range of intermediate housing needs amongst people who cannot afford to buy or rent good quality housing on the open market but who also do not have priority for social housing for rent.

11.2 To consider options for a social lettings agency to help meet the needs of the intermediate housing market in Cambridge, including consideration of future development of the sub-regional lettings agency Town Hall Lettings.

11.3 To prioritise exploring how different models of intermediate market housing for rent might be delivered through the Council's Affordable Housing Development programme.

11.4 That the extent to which provision of intermediate market housing is prioritised in the future is considered as part of the review of the Council's Housing Strategy due to take place during 2015.

12. ALTERNATIVE OPTIONS

Option 1

12.1 Investigate further the market for and viability of provision of shared ownership schemes which require residents to increase their equity share of the property as time goes on. As outlined in [paragraph 6](#) above, a number of schemes like this have been tried nationally with limited success, so it is not recommended that this be taken forward at the present time.

Option 2

12.2 Investigate viability of providing housing equity loans. This is not recommended as the challenges presented probably outweigh the disadvantages (See [paragraph 5.2.4.2](#) above).

Option 3

12.3 Limit the provision of intermediate housing to just continuing to provide shared ownership as now, and do not investigate additional options. This is not recommended, as although shared ownership may be an appropriate option for some, for others rented housing may be more appropriate.

Appendix 2

Data

Figure 1: Average House Prices – Cambridge City

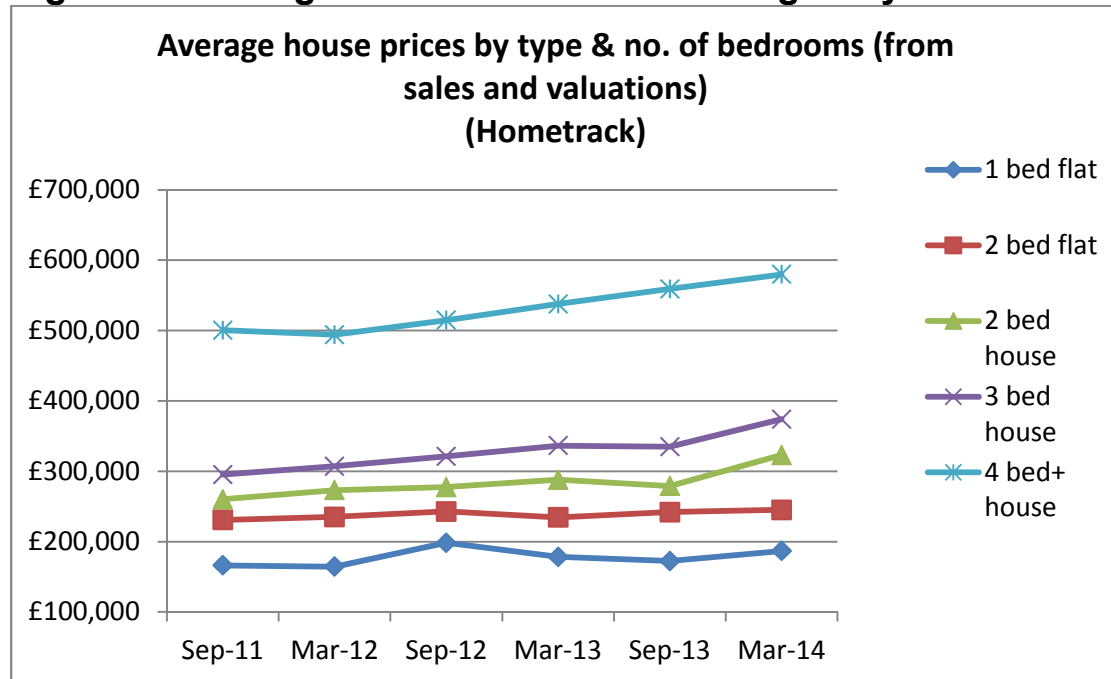


Figure 2: Lower Quartile House Prices – Cambridge City

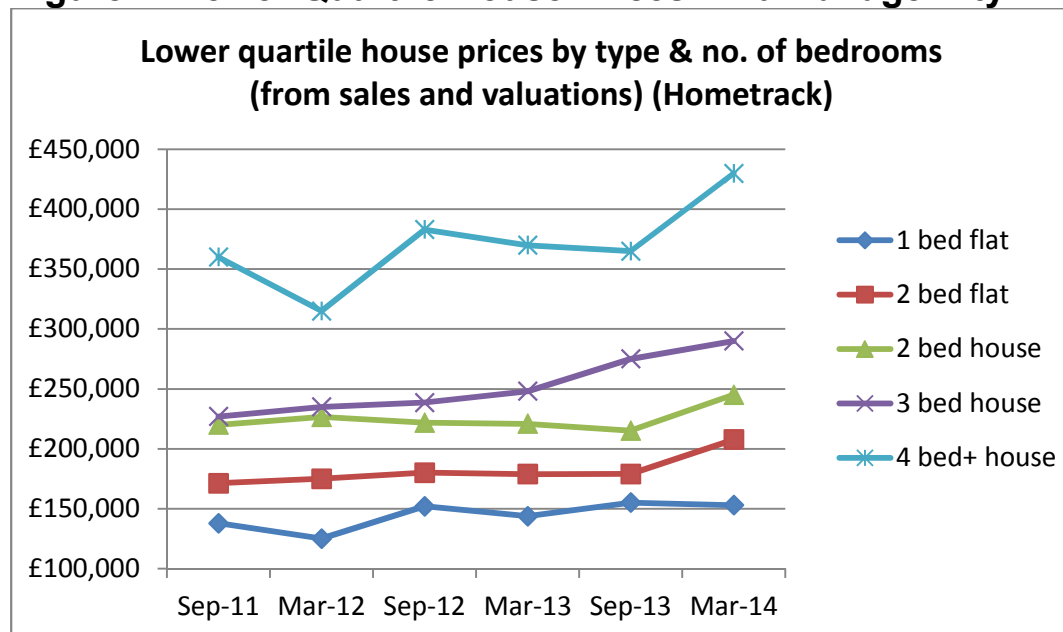


Figure 3: Average House Prices by Postcode Area

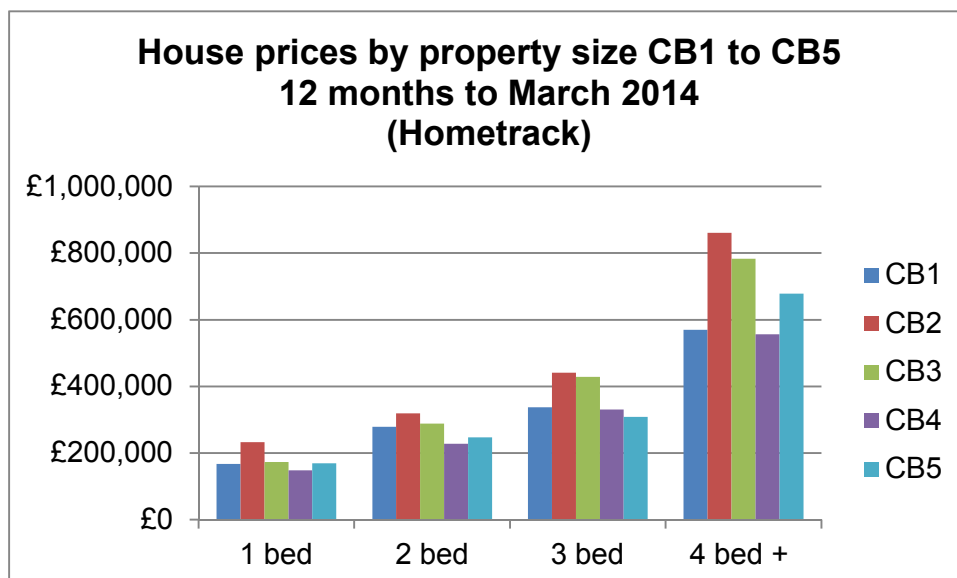
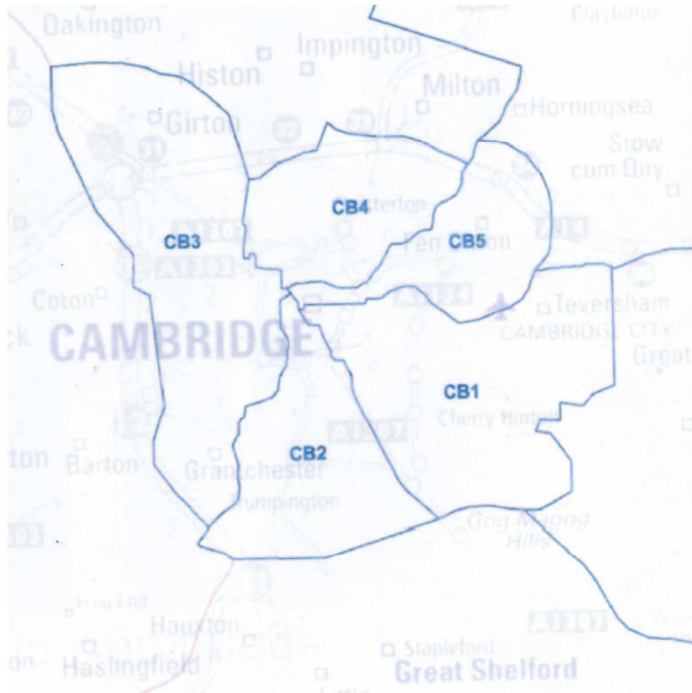


Table 1: House Price to Earnings Ratios – Cambridge City

House price to earnings ratios: median to median, and lower quartile to lower quartile (Hometrack)						
	Sep-11	Mar-12	Sep-12	Mar-13	Sep-13	Mar-14
Med. house price to med. earnings: Cambridge	9.1	9.3	9.0	9.2	9.3	9.7
Med. house price to med. earnings: Sub-region	6.1	6.1	6.1	6.2	6.2	not avail
Lower quartile house price to lower quartile earnings: Cambridge	11.9	12.3	14.0	14.0	14.0	14.6
Lower quartile house price to lower quartile earnings: Sub-region	8.1	8.2	9.7	9.8	9.8	not avail

Figure 4: Post Code Areas CB1 to CB5



- CB1: East Central Cambridge, Mill Road area, Cherry Hinton etc, crossing into Teversham.
- CB2: West Central Cambridge, west of Hills Road, and Trumpington.
- CB3: West of Histon Road, Newnham, crossing into Girton and Grantchester.
- CB4: Mainly east of Histon Road, and north of the river.
- CB5: Newmarket Road and Barnwell area, crossing into Fen Ditton.

Figure 5: Median Rent Levels – CB1 to CB5

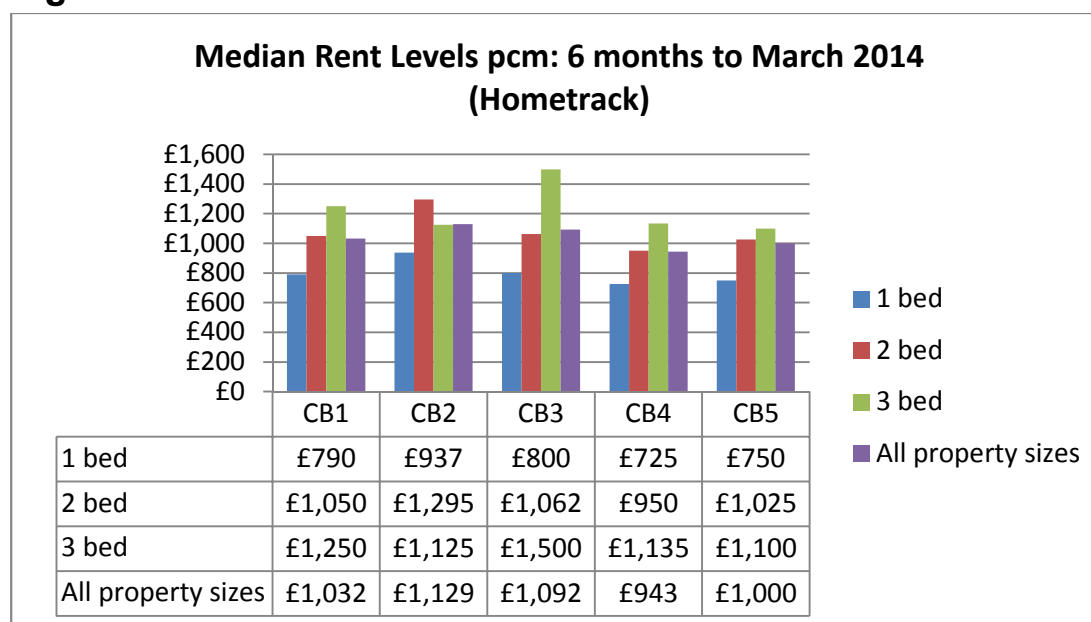
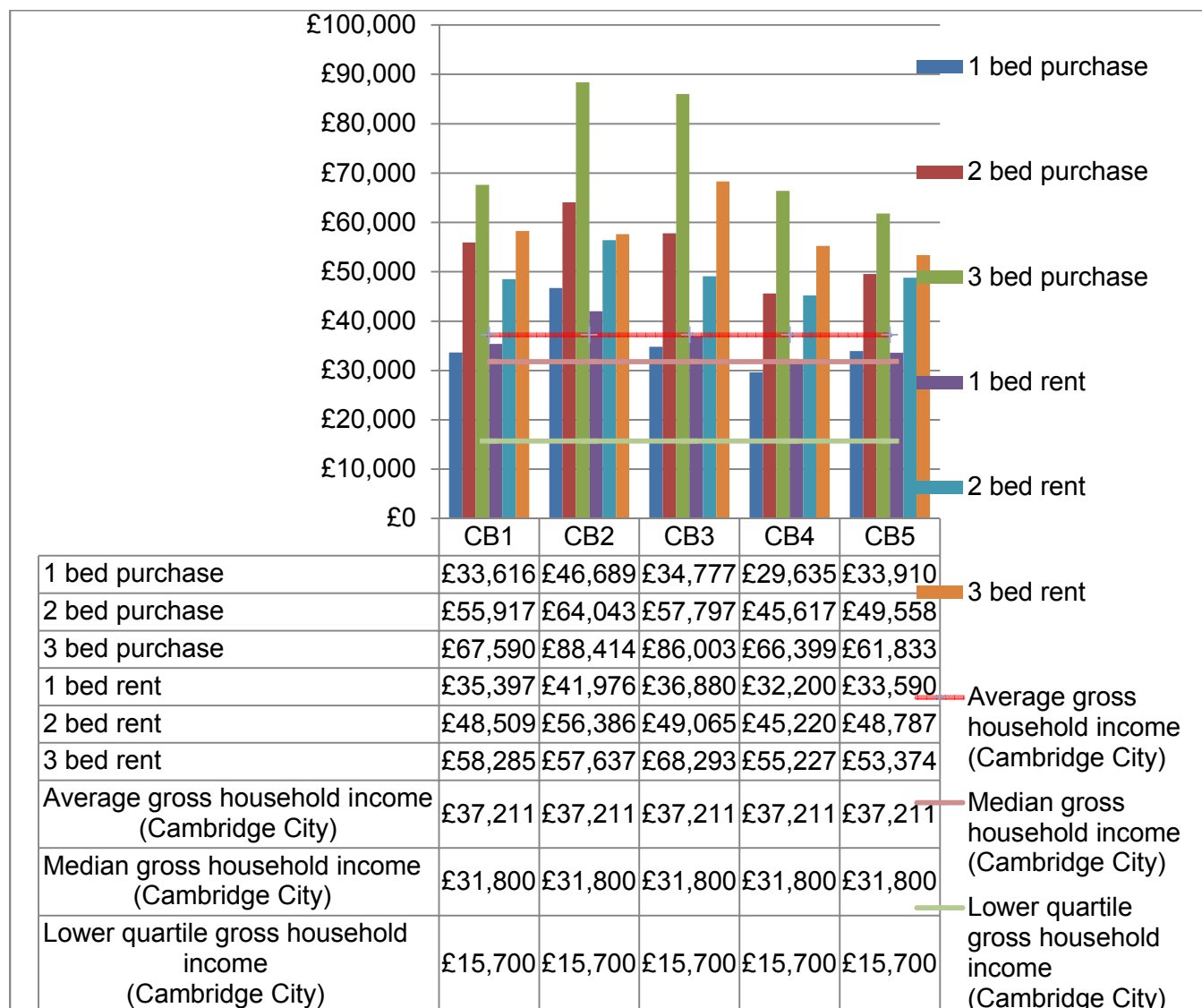
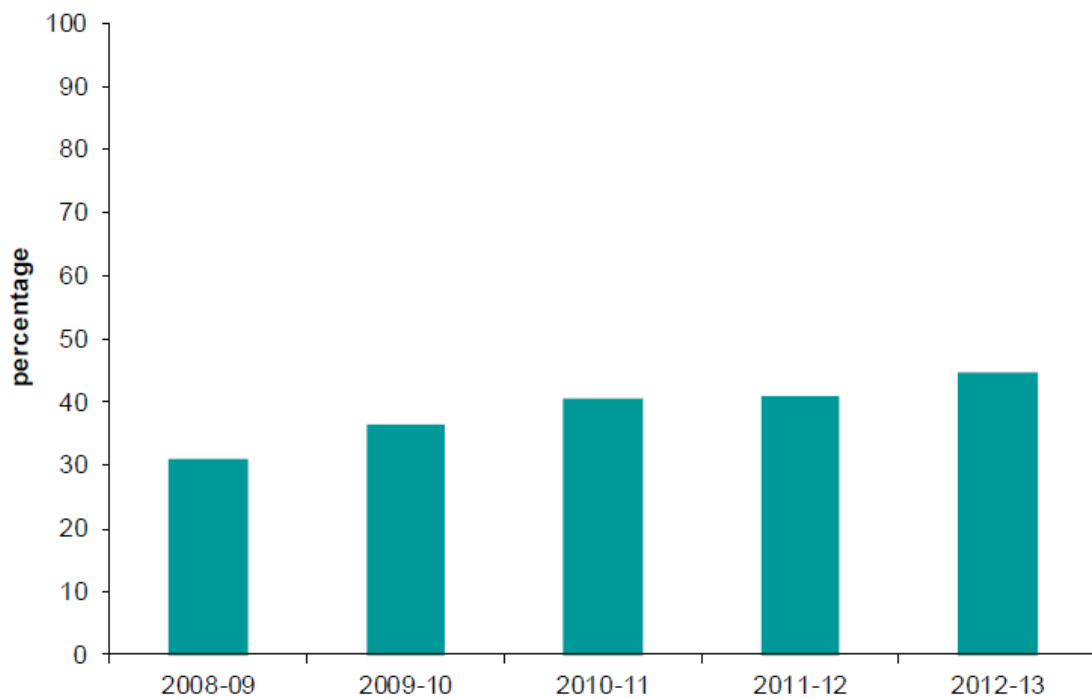


Figure 6: Gross Income required for average purchase and median rent, 12 months from March 2013 (Hometrack data)



NB. Income required to buy is calculated assuming a repayment mortgage, with a 25 year term and 4.24% annual rate. It is assumed that a maximum of 35% of net income can be spent on mortgage costs/renting, and that net income is 74% of gross income (accounting for tax). The calculation method and assumptions are in line with guidance on calculating affordability issued by the Homes & Communities Agency.

Figure 7: 25 to 34 year olds renting privately - England



Source: English Housing Survey 2012-2013

Table 2 Tenure – Cambridge City

Cambridge Households	2001	2011
Owner-occupied	53%	48%
Shared Ownership	1%	1%
Privately rented	21%	26%
Rented from social landlord	24%	23%
Living rent free	2%	2%

Source: Census 2001-2011 (rounded)

Table 3 Percentage of households requiring different property sizes

	One	Two	Three	Four	Five +	Number	Average household size
Cambridge	35%	35%	16%	10%	3%	367	2.13
South Cambs	30%	33%	24%	10%	3%	259	2.23
Cambridge sub-region	31%	34%	22%	11%	3%	1092	2.23

Source: Orbit Homebuy Agent & SHMA Chapter 8

Table 4: Average gross incomes of intermediate housing purchasers 2009/10 to 2011/12

	Equity loan purchaser	Shared ownership purchaser	All intermediate purchasers
Cambridge	£30,775	£29,137	£29,649
South Cambs	£32,063	£27,351	£29,852

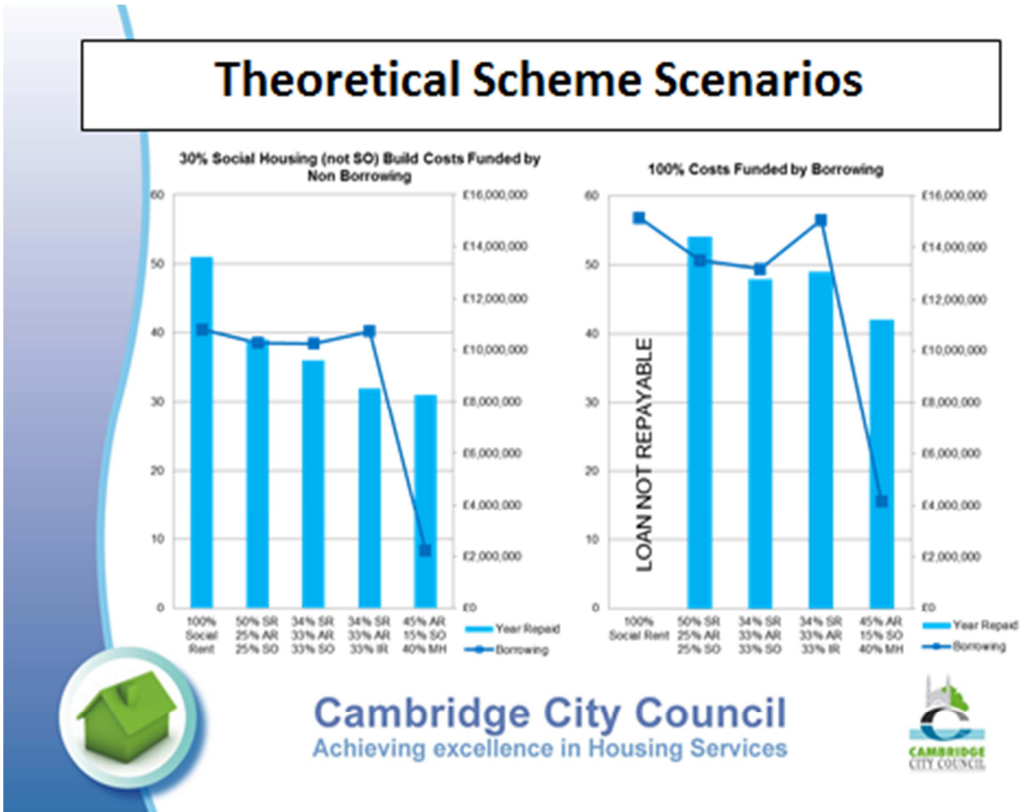
Source: SHMA Chapter 8

Table 5: Savings levels of Homebuy applicants living in Cambridge (April 2012)

	Number	Percentage
No savings	72	20%
Less than £5,000	121	33%
£5,000-9,999	58	16%
£10,000-14,999	32	9%
£15,000-19,999	18	5%
£20,000-49,999	52	14%
£50,000+	15	4%
All intermediate applicants	368	100%

Source: Orbit Homebuy Agent

Figure 8 Theoretical impact of providing shared ownership on Clay Farm



Source: Modelling carried out for Cambridge City Council by Chartered Institute of Housing

Appendix 3

Town Hall Lettings and the intermediate housing market

Background

Town Hall Lettings (THL) is a local lettings agency²⁹ established by five local authorities³⁰ in the Cambridgeshire sub-region and managed by Cambridge City Council. THL started its operation in January 2014. It was established with the help of funds provided by the Department for Communities and Local Government (DCLG) to help provide a solution for single homelessness in the sub-region. It forms part of a wider single homelessness service.

Current Operations

THL operates by offering the landlord a guaranteed payment based on a) affordability for those that maybe full or partially reliant on housing benefit; and b) achieving a figure broadly in line with the market rent for the area. This means that a property for a single household is only a viable proposition for THL if the local housing allowance (LHA) directly matches or is close to the market rent for the area. For a shared house arrangement involving a number of single people, the viability of the property relies on the combined individual shared room rate LHA figures comparing favourably with the market rent.

To date, THL has focused on meeting single homelessness demand in order to satisfy the terms of the DCLG grant.

The inception of THL has helped to boost the Council's performance in alleviating homelessness through the private rented sector (PRS). In quarter 1 (2014-15) the Council made 23 private rented housing placements compared with the following figures across the last three full financial years: 41 in 2013-14 31 in 2012-13 and 34 in 2012-13. Despite this encouraging development, the proportion of families assisted has dropped off significantly with only two assisted into private rented accommodation this calendar year to date, as opposed to 17 who were helped into accommodation during 2013. Therefore, the next priority for THL is to assist more families threatened with homelessness into PRS accommodation.

²⁹ Definition of a local or social lettings agency - Crisis publication Local Lettings Agencies – a good practice guide: http://www.crisis.org.uk/data/files/3xe_locallettings_agency_guide_final.pdf

³⁰ Cambridge City, South Cambridgeshire, East Cambridgeshire, Huntingdonshire and Fenland

The Council may want to consider developing THL's operations so that it caters for the intermediate housing market customer. A full report on options for this will be brought to the January meeting on Housing Scrutiny Committee.

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To: Executive Councillor for Housing: Councillor Kevin Price
Report by: Alan Carter
Relevant scrutiny committee: Housing 30/9/2014
Scrutiny Committee
Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge
East Chesterton King's Hedges Market Newnham
Petersfield Queen Edith's Romsey Trumpington
West Chesterton

Council Housing at Homerton College

Key Decision

1. Executive summary

The Homerton College scheme is the first to be brought forward in the next phase of the Council's own Social Housing Programme and is notable too to be the first opportunity to work on a site not owned by the Council.

The report describes the funding background to the next phase of the Social Housing Programme and explains that the factor that is driving our decision making on which schemes to prioritise is the need to spend Right to Buy receipts within a given time limit.

2. Recommendations

The Executive Councillor is recommended:

Approve in principle for the Council to deliver social housing on the Homerton College scheme - noting that a final scheme will be brought back to Committee for scrutiny and approval.

3. Background

A report to the Housing Scrutiny Committee in July 2014 reiterated that as the main provider of housing in Cambridge, the reasons why the Council has its own new build housing programme are as follows;

1. Provide additional social housing to meet the shortfall in Cambridge and to replace the loss of social housing through the Right to Buy.
2. Replace some of the Council's existing social housing that no longer meets current day standards and is becoming less popular with residents.
3. Build new house types that will better meet the overall mix of Affordable Housing needed in the future.
4. Improve the energy efficiency of the Council's housing.

The report described that twenty eight new Council homes have now been completed since 2010 and that we are well into the delivery of 125 more homes funded in part by Homes and Communities Grant. Approval has also been given to commit to the delivery of a further 104 new Council homes on the Quad scheme on the Southern Fringe and a planning permission has been submitted by our developer partner, Hill.

Officers have subsequently been turning attention to the next phase of new Council homes. Having established the Council back into the 'business' of building new homes over the last five years officers are beginning to develop a more systematic and comprehensive approach to identifying opportunities for new schemes and matching funding streams and timescales to these opportunities. Although this is still 'work in progress', officers are beginning to categorise new schemes opportunities in terms of land ownership as follows;

- a. Housing Revenue Account (HRA) land with existing housing
- b. HRA garage and small in-fill sites
- c. General Fund sites
- d. Sites owned by other public sector bodies
- e. Sites in private ownership

As an indication of scale, sites have been identified that could deliver around 300 new social housing units for the Council over the next four years.

The Homerton College scheme is the first to be brought forward in the next phase of the Council's own Social Housing Programme and is notable too to be the first opportunity to work on a site not owned by the Council.

The site is owned by Homerton College and is earmarked in the current Local Plan for residential development. Homerton College has selected Hill as their developer partner and Hill in turn has agreed with Homerton College for the Council to provide the social housing.

An outline planning approval is in place for the scheme and Hill are working up a detailed planning application. The whole scheme will mainly consist of flats and the likely schedule of accommodation of the social housing comprising 39 units will be as follows (this is still in development):

One block comprising Rented Apartments -

For Rent;

8 no 1 bedroom 2 person - 50 sq m
17 no 2 bedroom 3 person - 70 sq m
2 no 3 bedroom 5 person - 85 sq m

For shared ownership;

6 no 1 bed 2 person- 50 sq m
2 no 2 bed 3 person- 70 sq m
2 no 3 bed 5 person- 85 sq m

2 no rented 4 bed 6 person houses on Purbeck Road - sizes to be confirmed - approx. 118 sq m each.

Attached as Appendix 1 and for initial information is the presentation submission to the Design and Conservation Panel

The indicative planning and development target programme is as follows:

Submission in Mid-October 2014
Planning committee in January 2015
Start on site in May 2015
Completion of units in June 2017.

4. Implications

(a) Financial Implications

The Housing Revenue Account Mid-Term Financial Review captures the funding available for this scheme and the Council's ongoing social housing programme.

The funding environment for the social housing programme is complex and includes a number of fixed and variable funding streams. Each funding stream comes with its own constraints which in some cases conflict with each other.

The planning and delivery of new social housing schemes by the Council therefore is largely driven by what funding is available and when and under what condition.

The main funding streams are as follows;

Right to Buy (RTB) Capital Receipts – The Council can retain a proportion of receipts. RTB receipts can be used to fund 30% of the cost of a new home. The remaining 70% needs to be found from other sources. RTB receipts must be re-invested in new housing within a three year time-scale. RTB receipts can only be used to fund new social rented housing and not intermediate housing such as shared ownership. However, there is no restriction on the nature of the social rented housing ie it could be used to provide new housing at target rent or Affordable Rent. RTB receipts cannot be used on redevelopment schemes if there is no net gain of social housing.

Homes and Communities Agency (HCA) Grant – The Council can continue to bid for capital grant on schemes. The average grant allocation in this area is around £20,000 per unit. Grant is available for intermediate housing schemes. Unless there are exceptional circumstances, the new housing must be for Affordable Rent. Under the current grant programme a any new scheme will need to be completed by March 2018. However, HCA Grant can't be utilised to fund a dwelling which has any RTB receipt allocated to it.

Borrowing – The Council is subject to a cap on its borrowing and currently has approximately £16m available to invest in the new social housing programme or other capital projects. £14.5m of this has been identified as being needed to meet the anticipated top up of RTB receipt funding between 2015/16 and 2017/18, but has not yet been committed to specific schemes in the Housing Capital Investment Plan. There are no constraints on the type of social housing that can be invested in using borrowing or any time-limits. (The Government has introduced a 'bidding' opportunity for local

authorities to raise their debt caps. However, the conditions placed on this opportunity are severe and prohibitive for the Council. For example, as a guide, additional borrowing of only £30,000 per unit will be allowed and the Council will have to find the balance from other sources. RTB receipts cannot be used to match fund additional borrowing under this scheme. Similar to HCA grant, the new homes will need to be let at Affordable Rent.)

Surpluses Generated on the HRA – The Mid-Year Financial Review includes assumptions about the scale of surpluses that may be generated over time. The Council has already approved to reinvest some of the funding ‘set-aside’ to allow repayment of the original loan debt on the HRA to instead fund new social housing. There are no constraints on the type of social housing that can be invested in using HRA revenue surpluses.

Other Capital Receipts – The disposal of any land or property accounted for in the HRA forms an additional funding source. Disposals are only accounted for as and when they happen. There are no constraints on the type of social housing that can be invested in using land receipts, or any time limits applied.

For working purposes officers are currently considering available funding in the order of £56m to fund social housing schemes over the next four years.

This is broken down approximately as follows;

RTB Receipts	£13m
Borrowing	£14m
Surpluses	£29m

The factor that is driving our decision making on which schemes to prioritise is the need to spend RTB receipts within a given time limit. The Mid-Year Financial Review shows that we will need to spend approximately £6.8m RTB receipts by the end of June 2017. To date we have committed approximately £4.4m on 13 additional social housing units on the Colville Road, Atkins Close and Wadloes Road schemes and the Clay Farm site, with £3.1m of this to be spent within this timeframe. A further £0.5m has been earmarked to deliver the next phase of garage and in-fill site developments. The Homerton College scheme could commit a further approximately £1.8m of RTB receipts.

The detailed viability of the scheme for the Council will be modelled once the final layout mix and tenure of the social housing has been determined.

(b) Staffing Implications

The project will be managed by the Housing Development Team in the Strategic Housing Service. Liaison will be made with City Homes; the Estates and Facilities Service and the Legal Services Team.

There are no other significant staff implications.

(c) Equal Opportunities Implications

A series of EQIAs have been undertaken for the Council House Programme, the Housing Development Service and for individual schemes. The EQIAs mainly highlight the benefits of the Council retaining direct control of new housing development itself to ensure a focus on the delivery of housing that meets a diverse range of housing needs. Part of the assessment underlines the need for Affordable Housing to help those most likely to suffer poverty as well as ways in which new Affordable Housing will directly save money for tenants, such as energy saving measures.

Each individual scheme will continue be subject to an EQIA at the feasibility stage and prior to scheme approval.

(d) Environmental Implications

The social housing will be built to Level 4 of the Code for sustainable homes.

(e) Procurement

There are no procurement implications.

(f) Consultation and communication

This scheme does not involve the redevelopment of existing residential accommodation. Consultation will therefore follow the process required by the planning process.

Internal communication will be structured around the established groups that meet every Committee cycle and oversee the Council's social housing programme, namely; an officer group; a residents consultative group; and the Members Steering Group.

(g) Community Safety

There are no particular Community Safety implications as a consequence of this scheme.

5. Background papers

None

6. Appendices

Appendix 1 - Presentation submission to Design and Conservation Panel

7. Inspection of papers

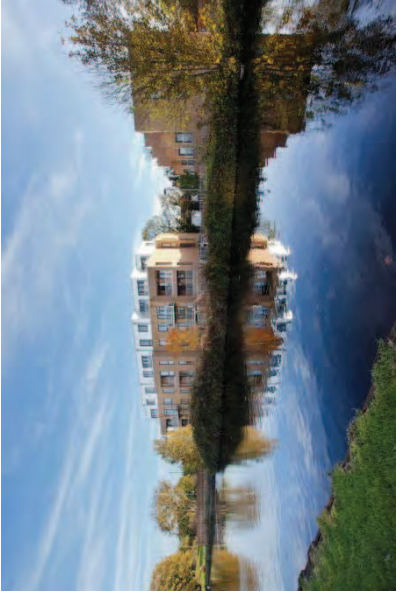
To inspect the background papers or if you have a query on the report please contact:

Author's Name:	Alan Carter – Head of Strategic Housing
Author's Phone Number:	01223 – 457948
Author's Email:	Alan.carter@cambridge.gov.uk

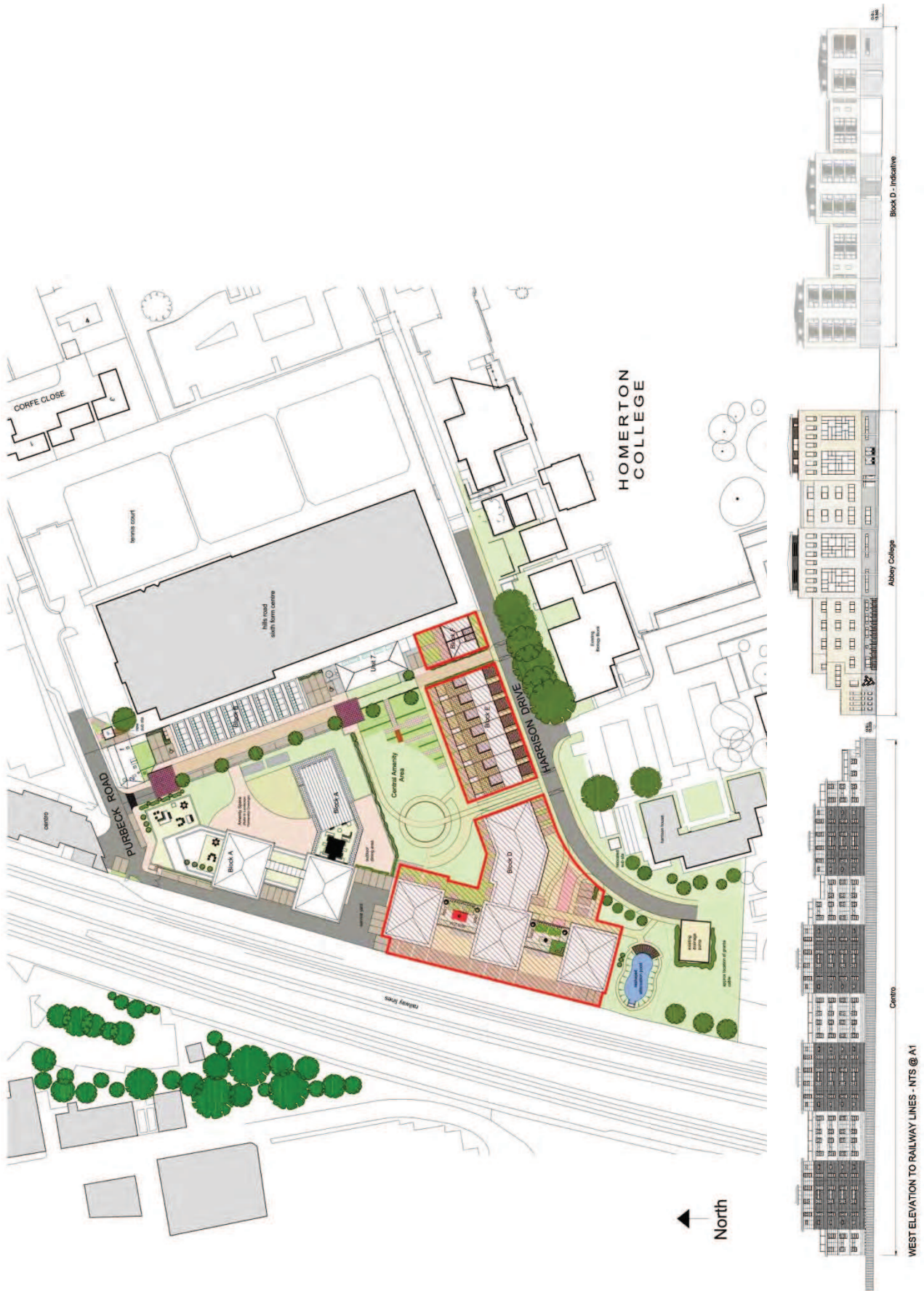
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bptwpartnership





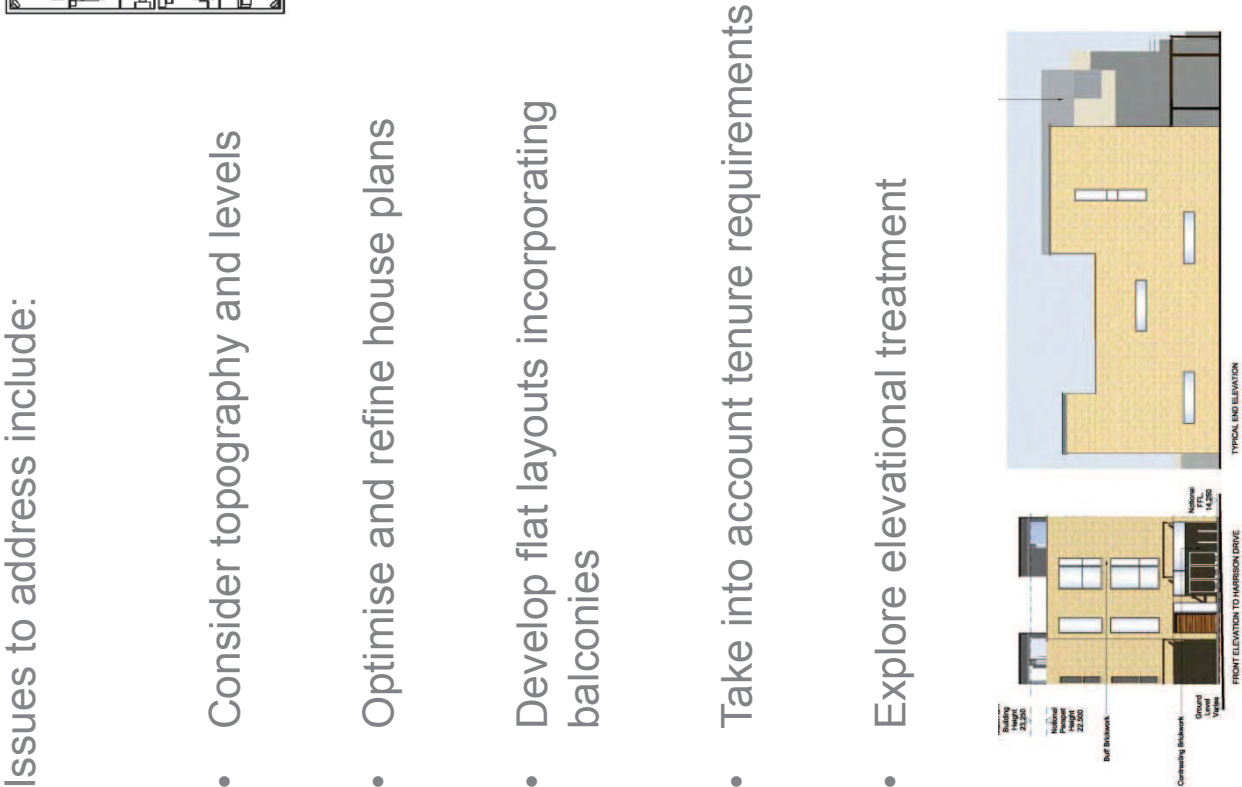




WEST ELEVATION



EAST ELEVATION

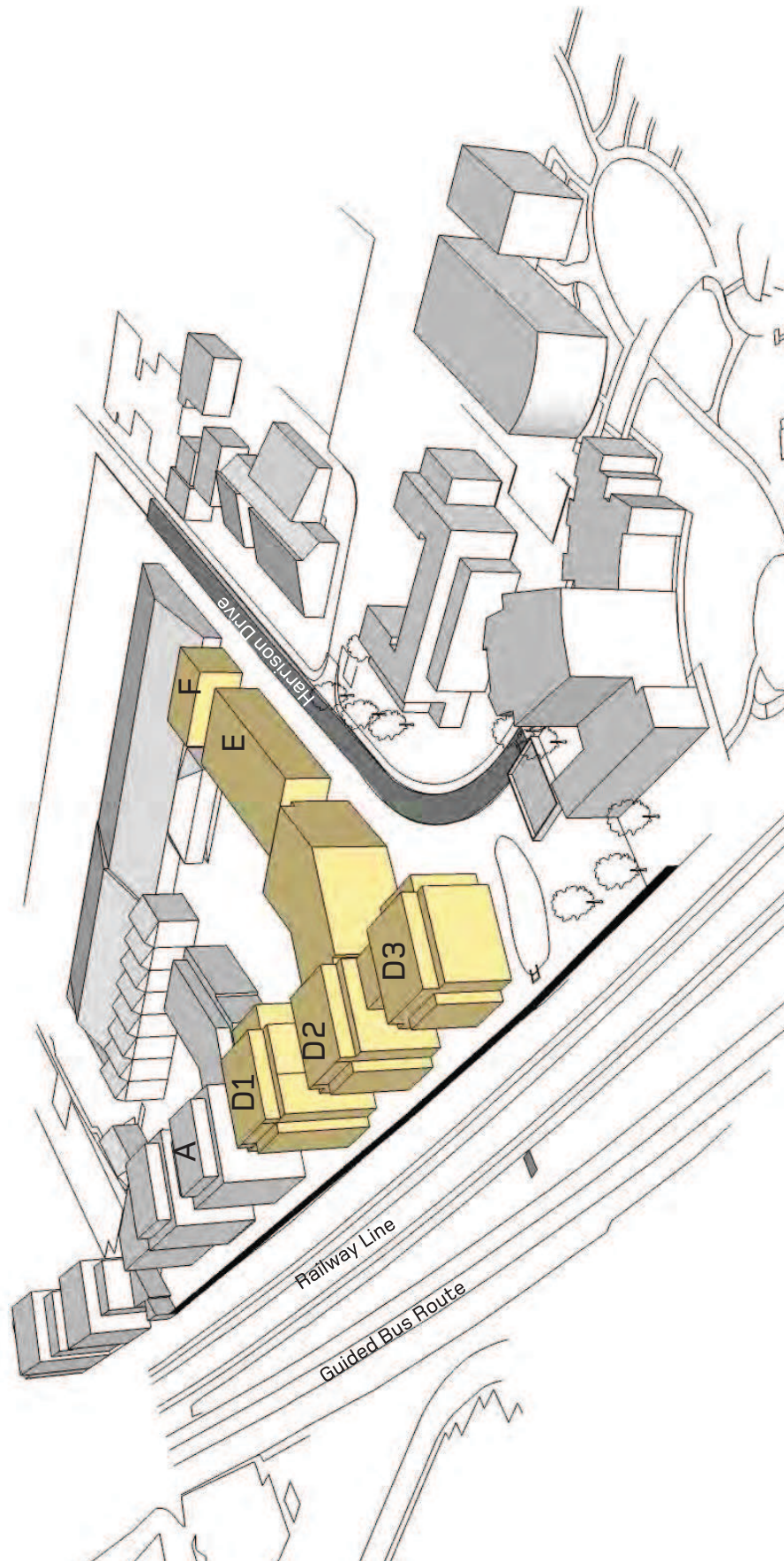


- Issues to address include:
- Consider topography and levels
 - Optimise and refine house plans
 - Develop flat layouts incorporating balconies
 - Take into account tenure requirements
 - Explore elevational treatment

Key objectives:

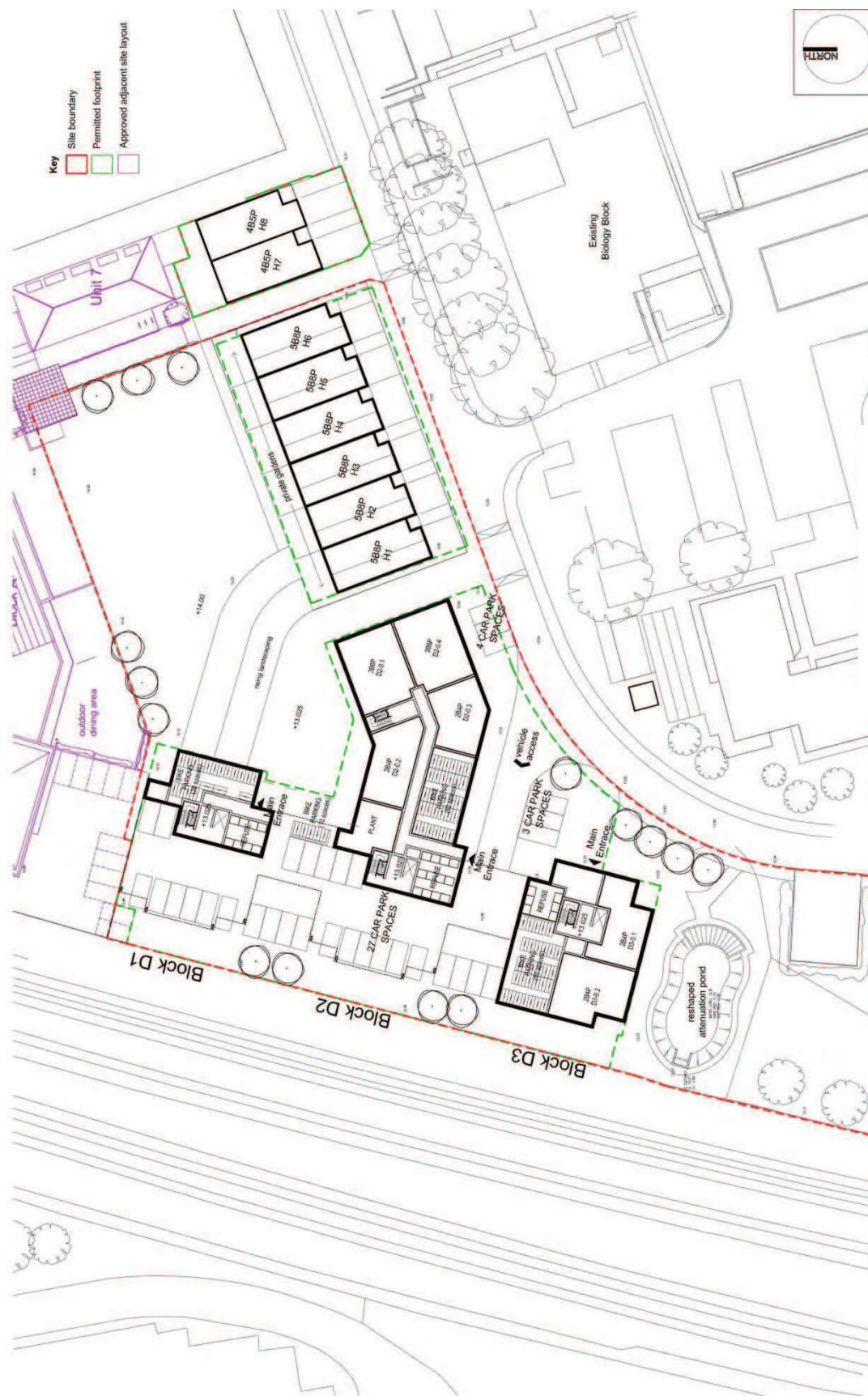
- To comply with approved parameters
- Provide high quality accommodation
- Enhance elevations and provide balconies/
roof terraces
- Improve efficiency
- Tenure blind – with separate core for
affordable rent
- Take advantage of the aspect

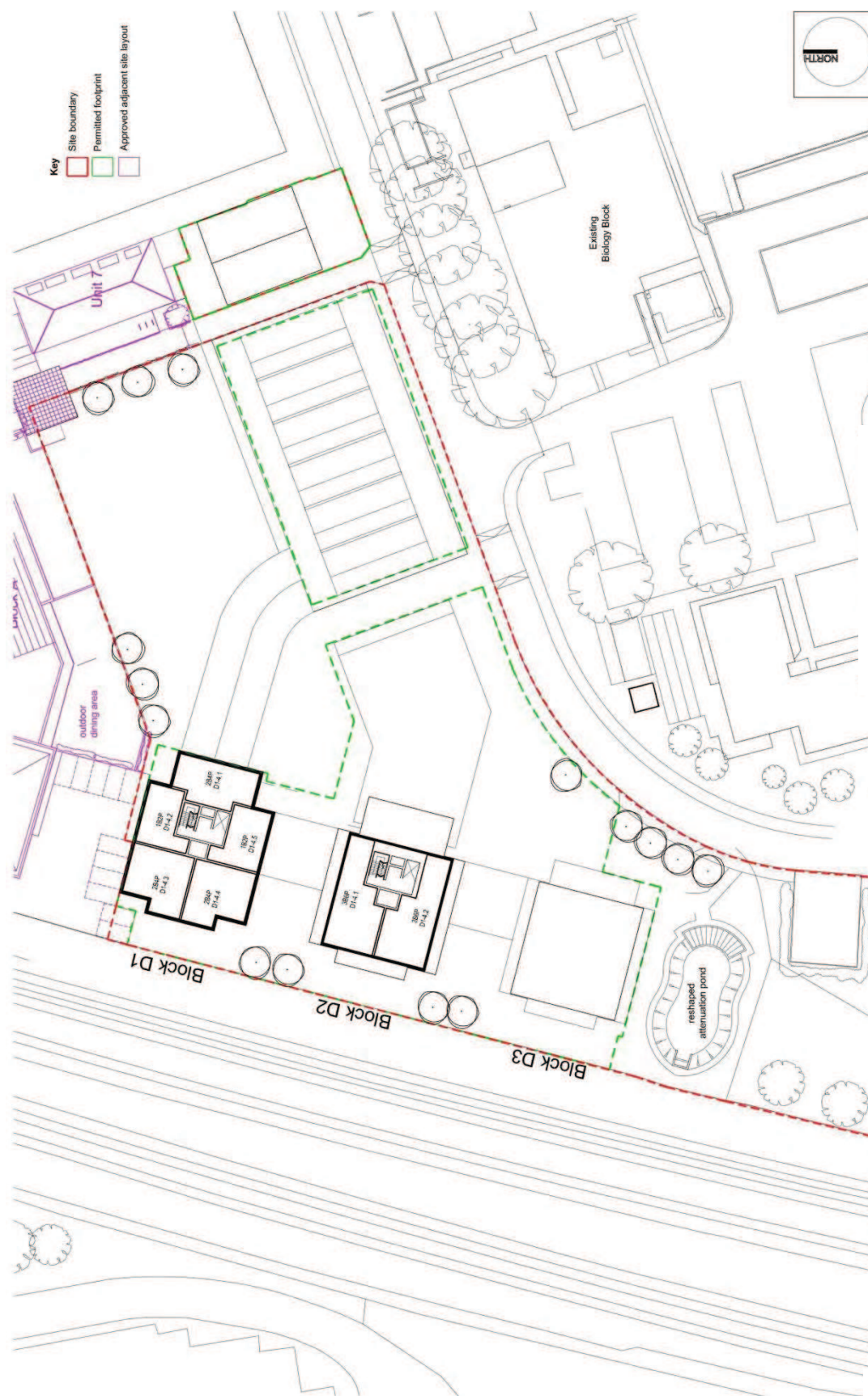


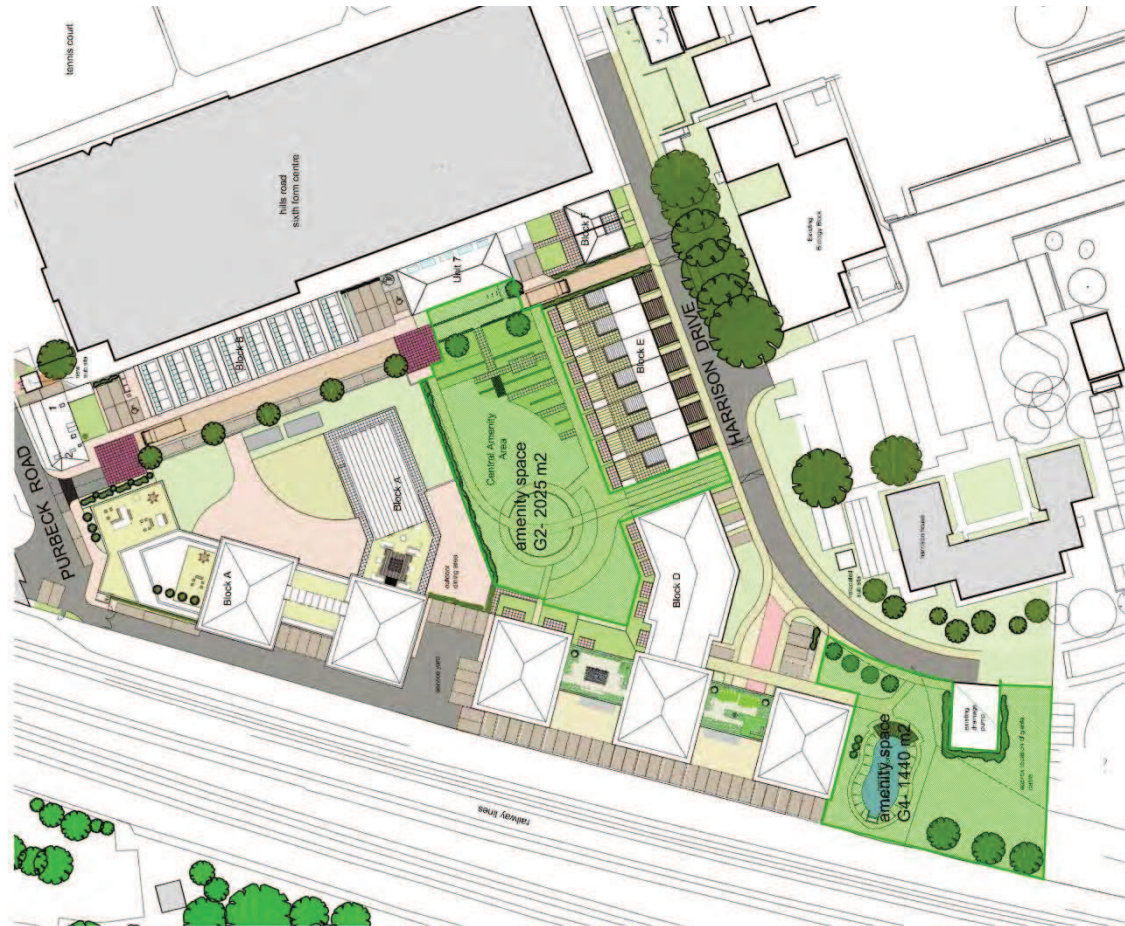
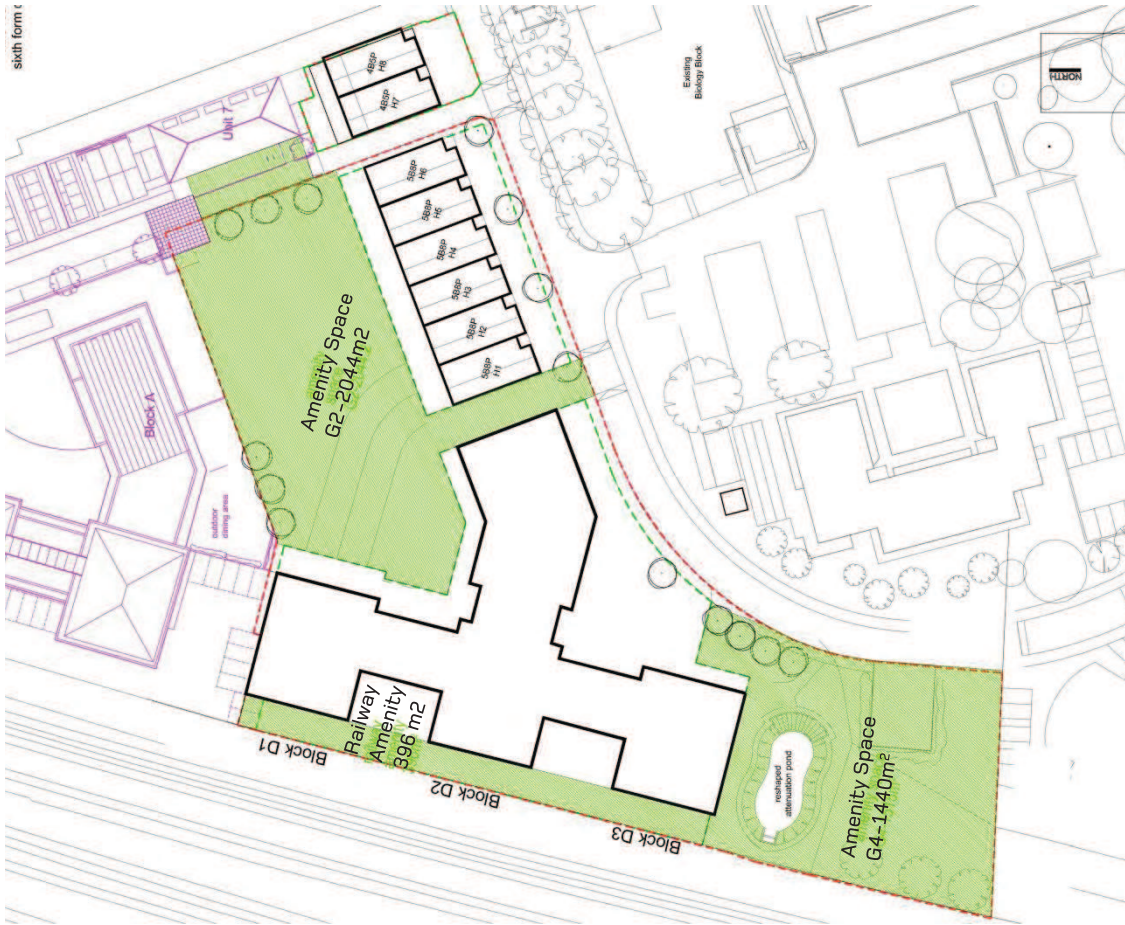


Aerial View of Current Proposal in Context

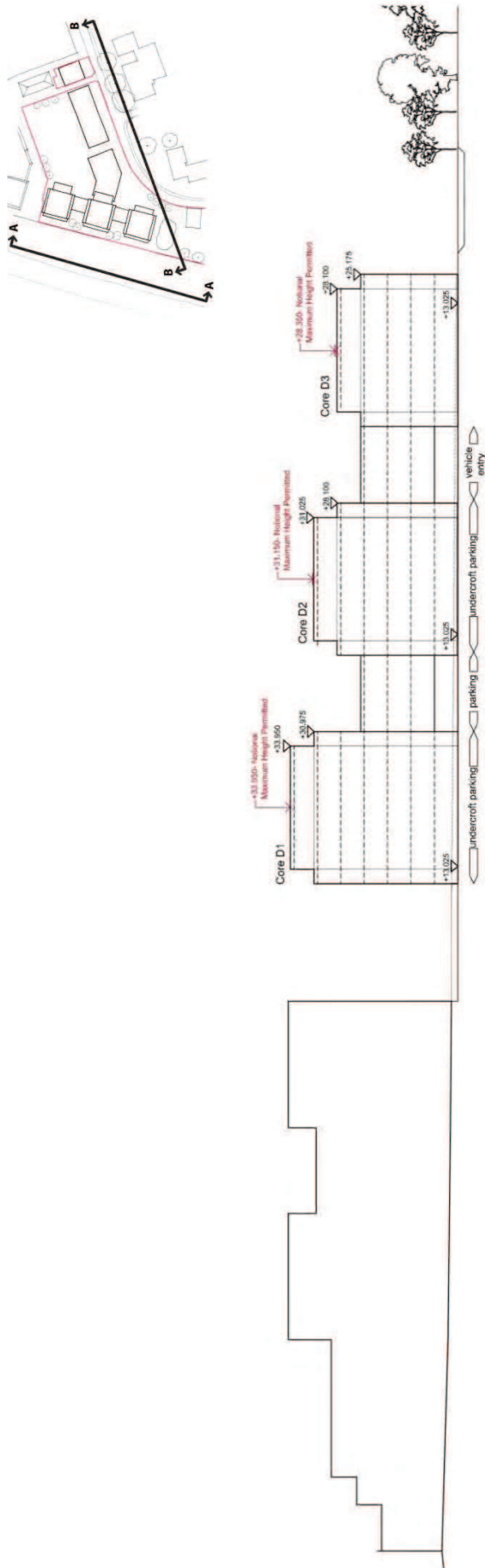




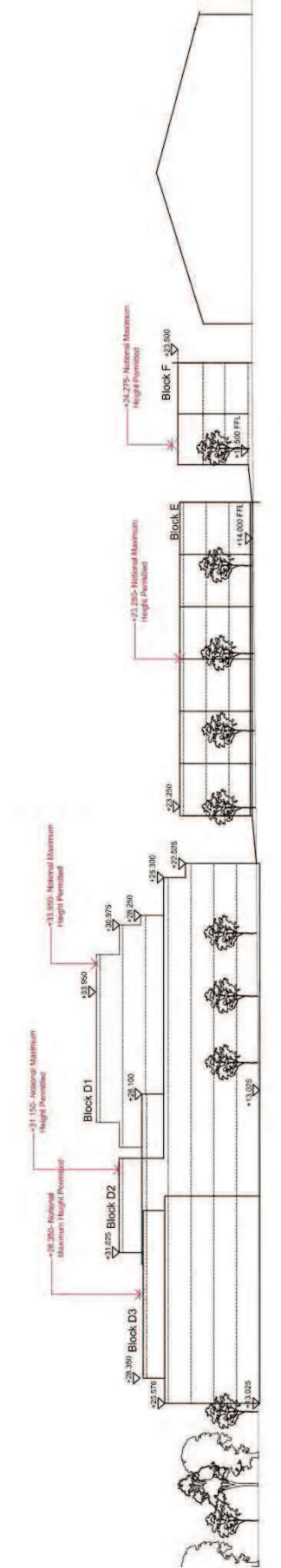




Outline Permitted Amenity Comparison



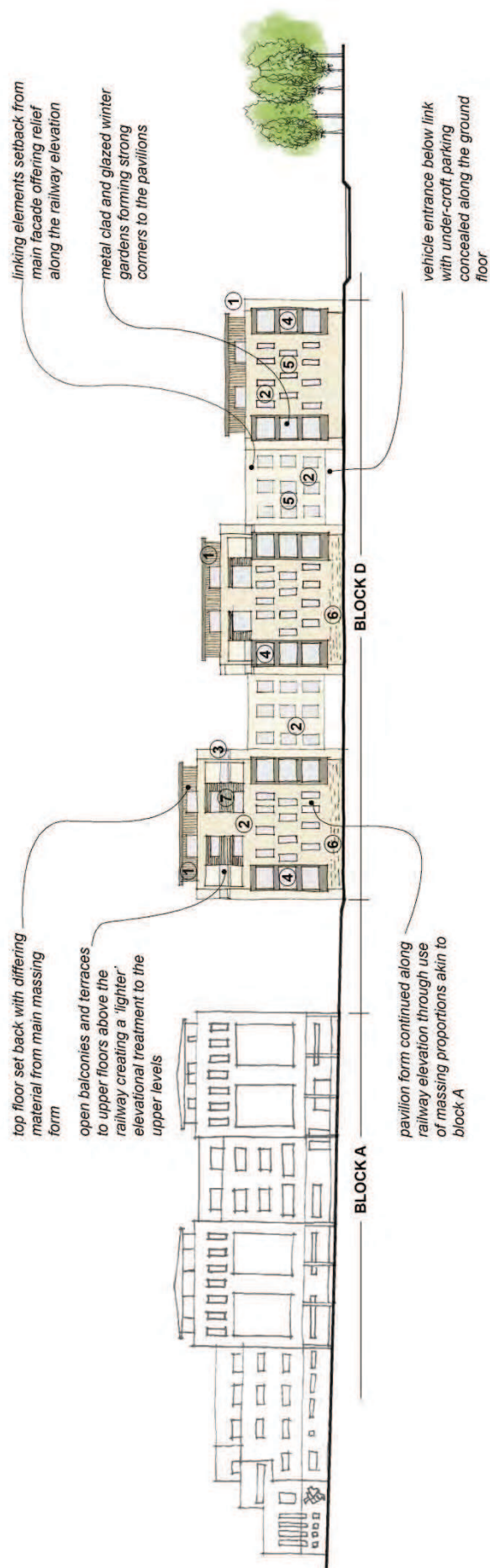
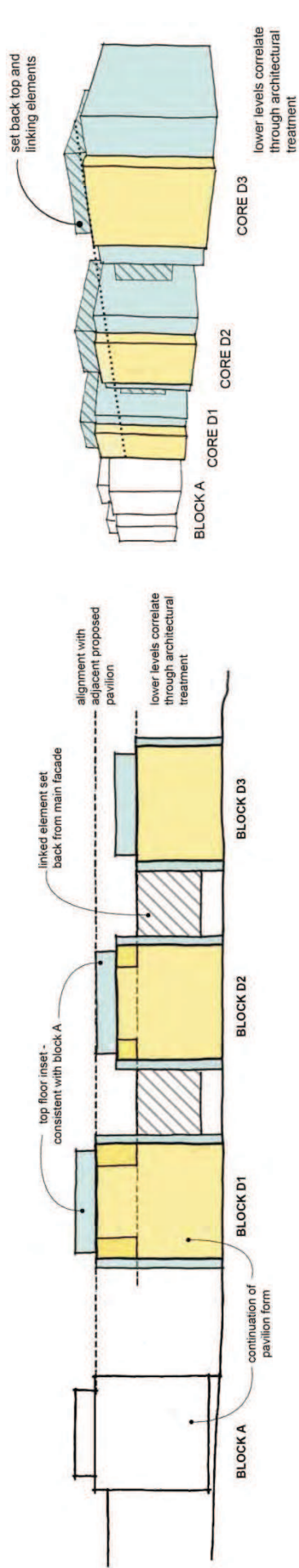
A- A Railway Elevation

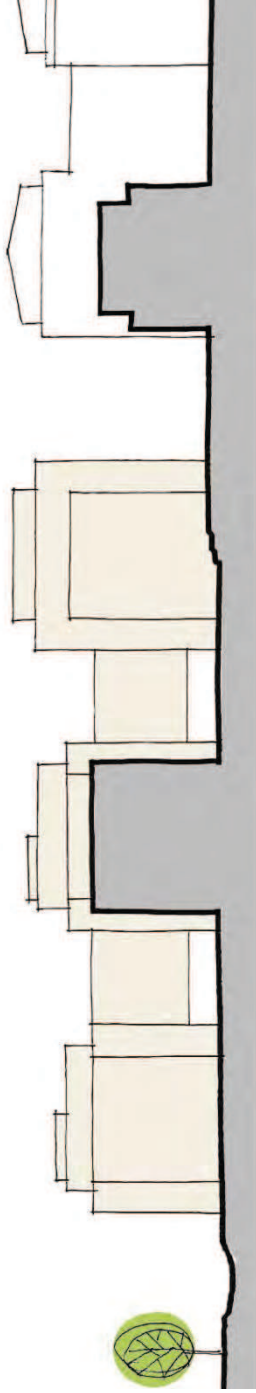
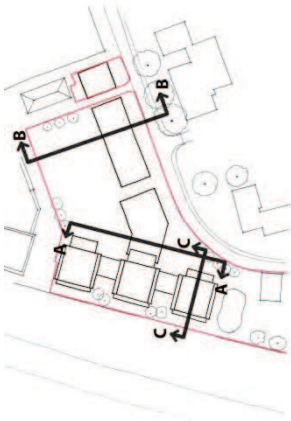


B- B Harrison Drive Elevation

Height Comparison Elevations to Outline Permitted Parameters



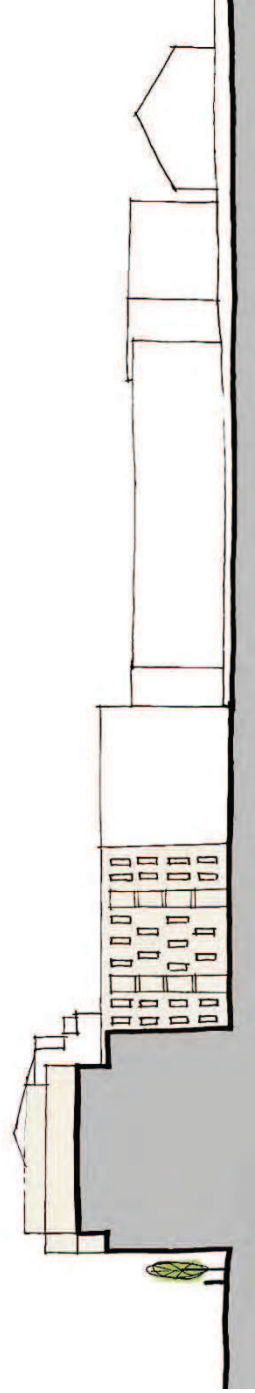




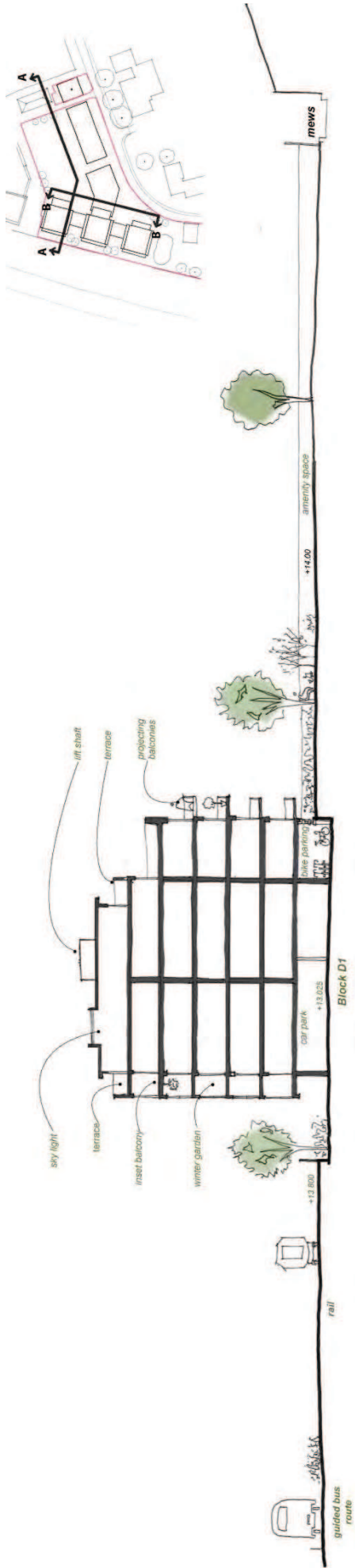
A-A Section Through Block D2



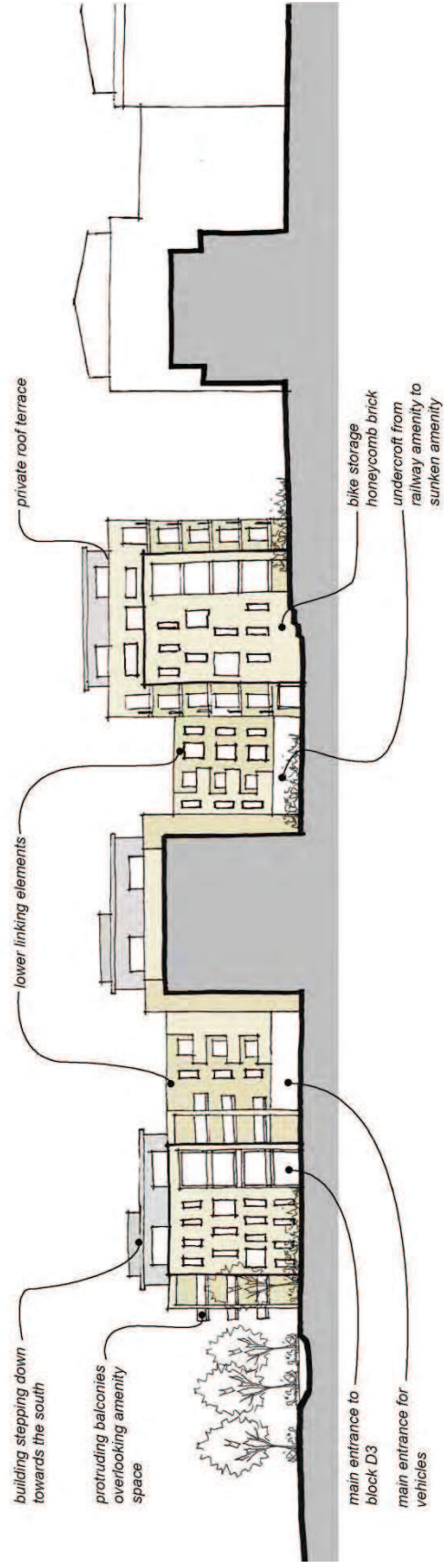
B-B Section Through Block E (Houses) and Block A (College)



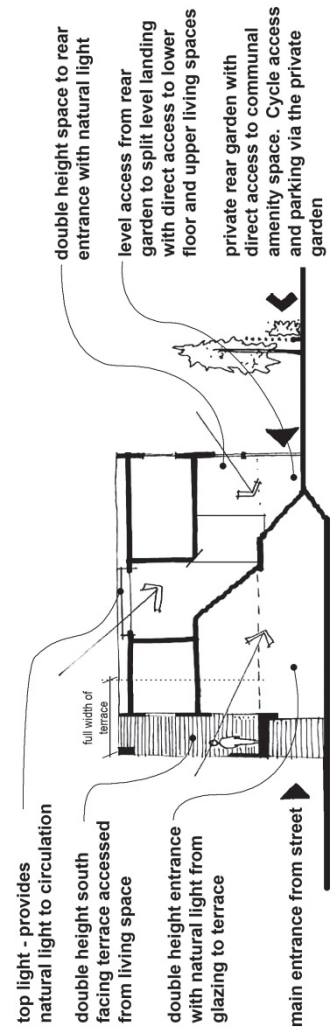
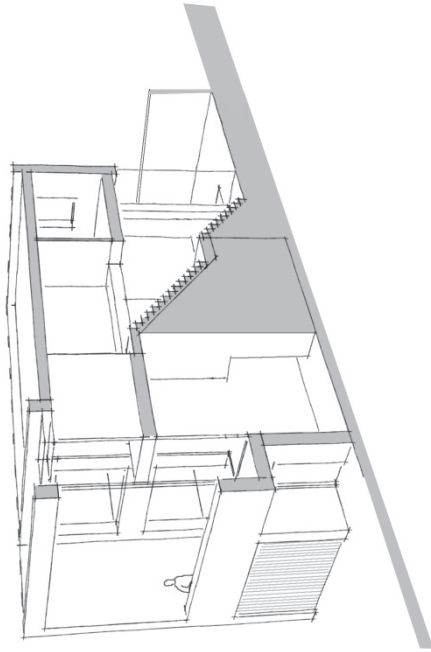
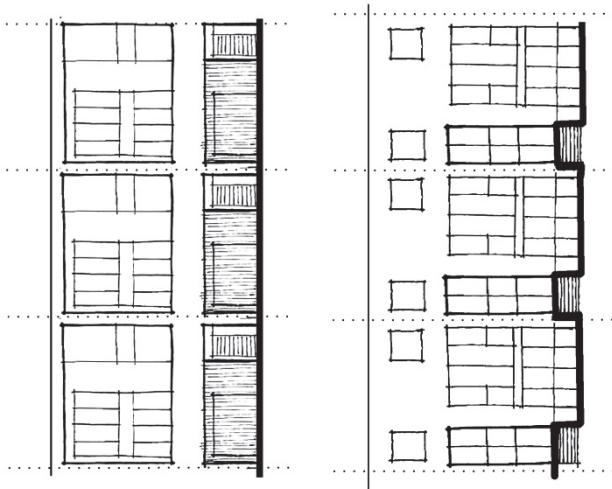
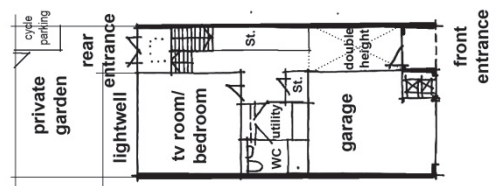
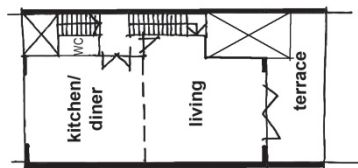
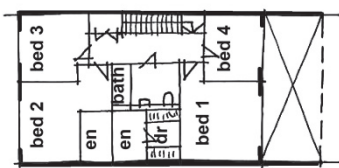
C-C Section Through Block D3

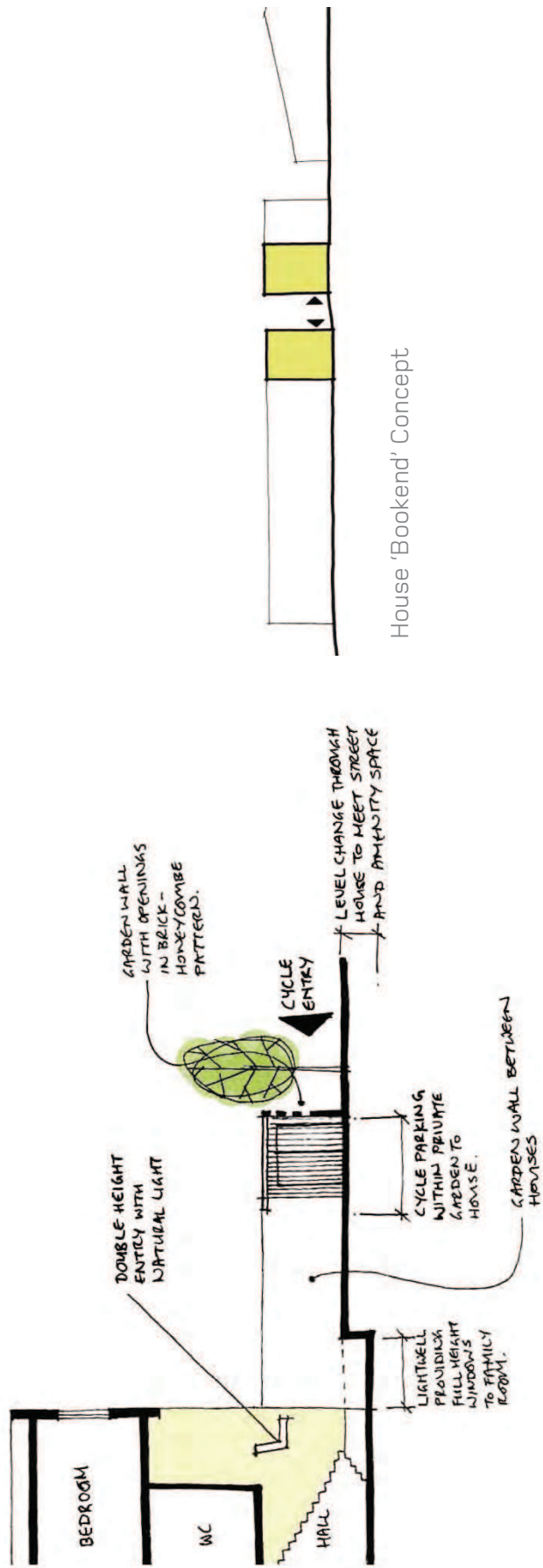


A-A Section Through Block D



B-B Section Elevation Through D2



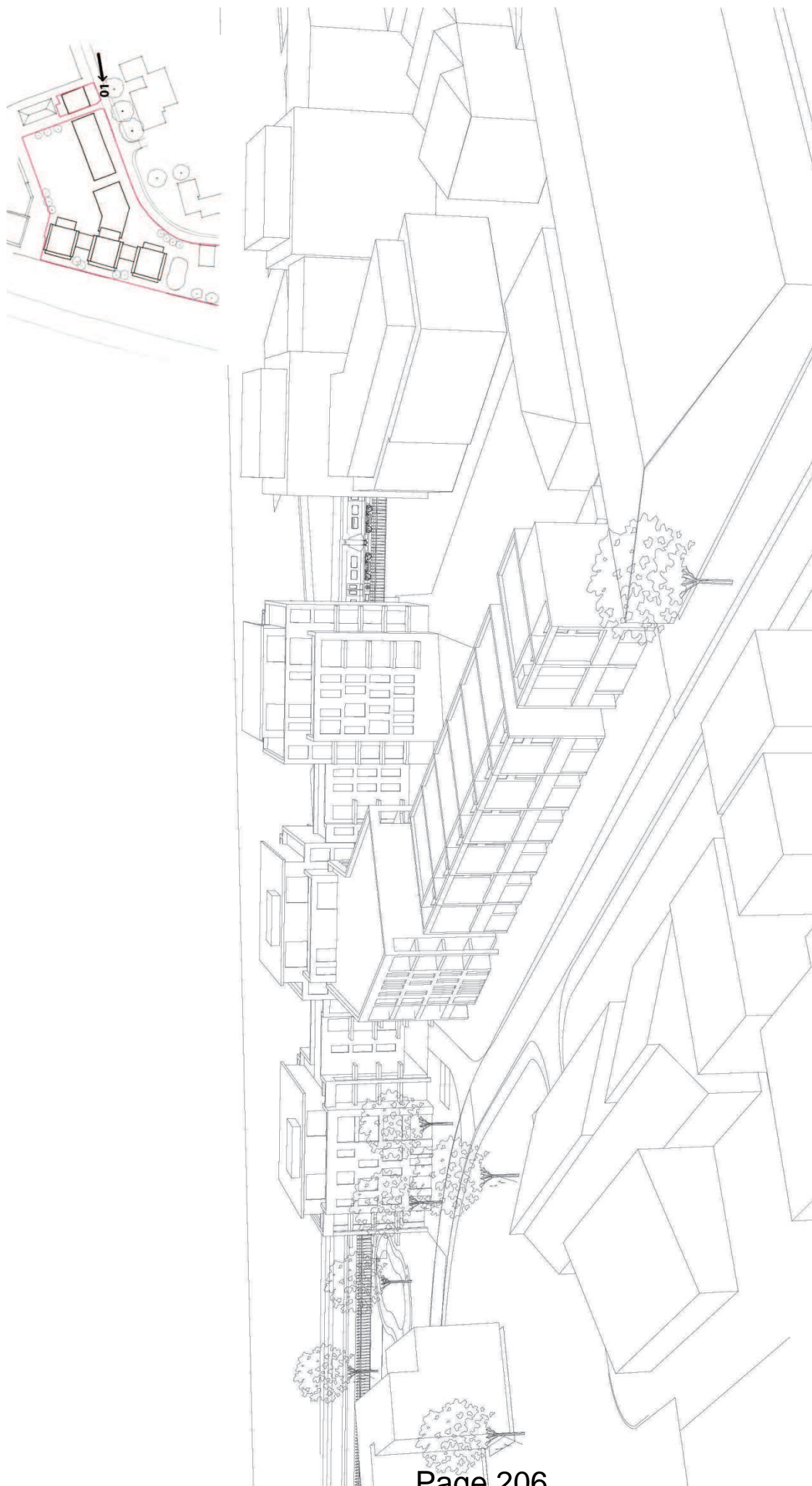


House 'Bookend' Concept

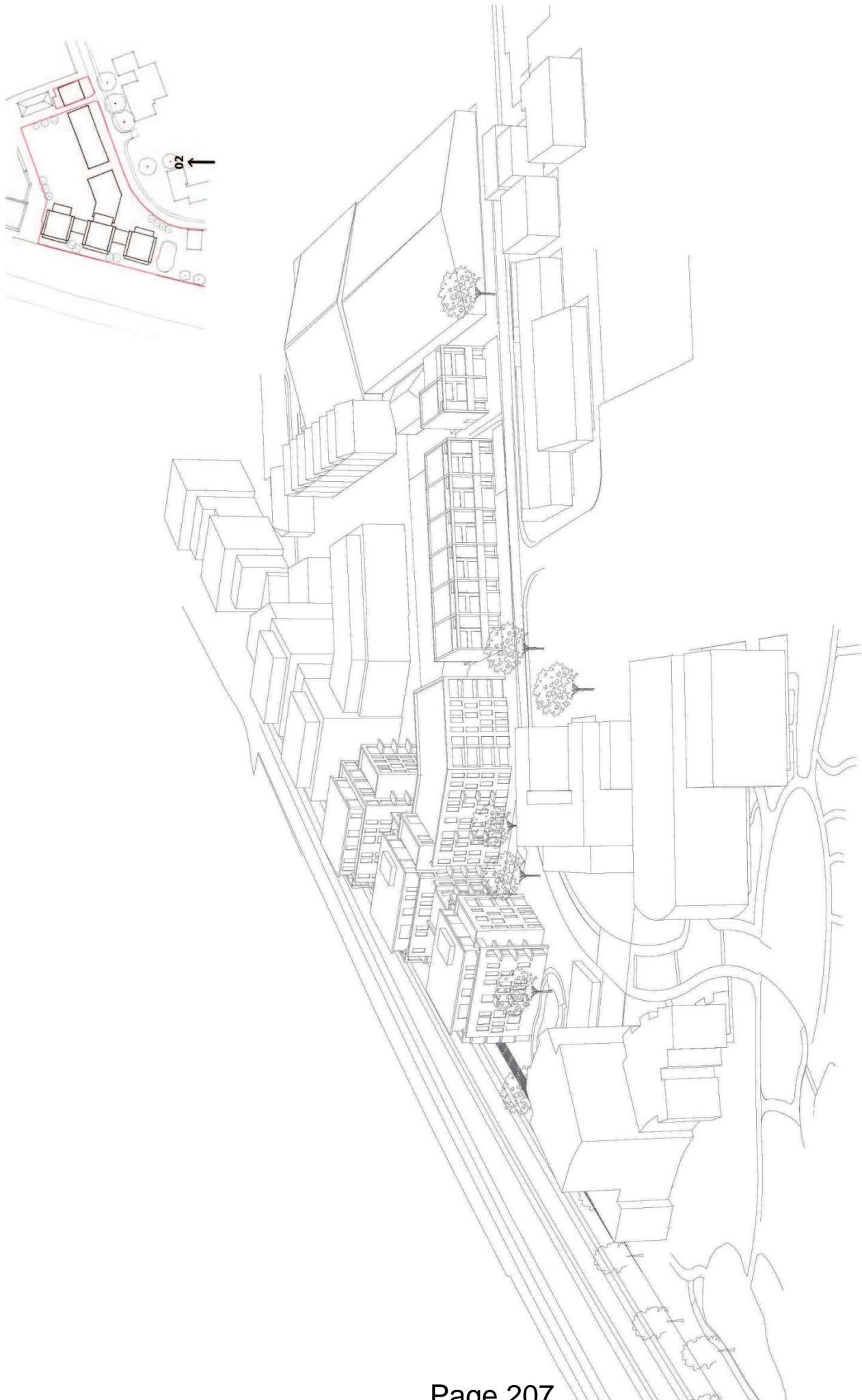
Sketch Design of House in Relation to Amenity Space



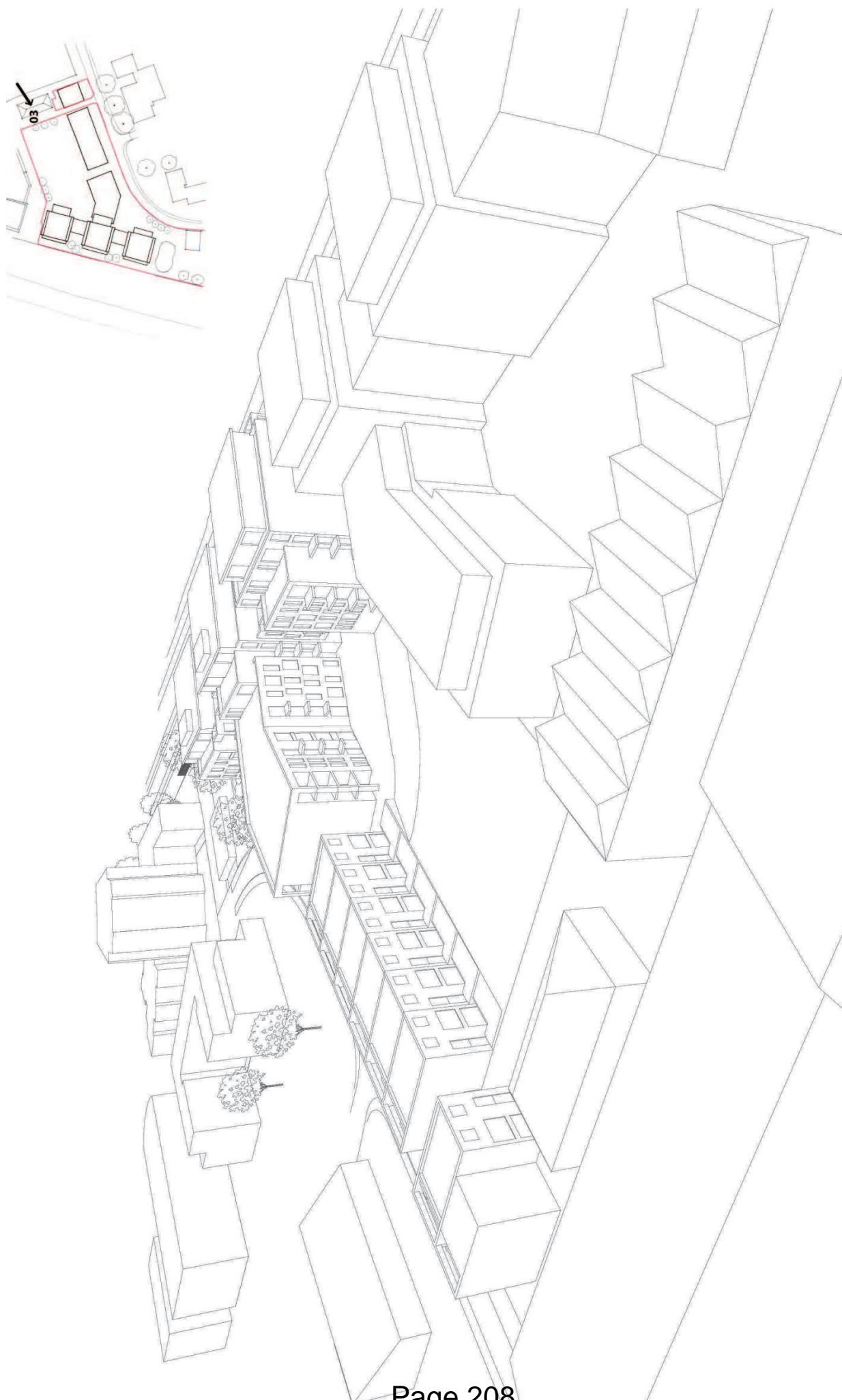
Mews House Elevation



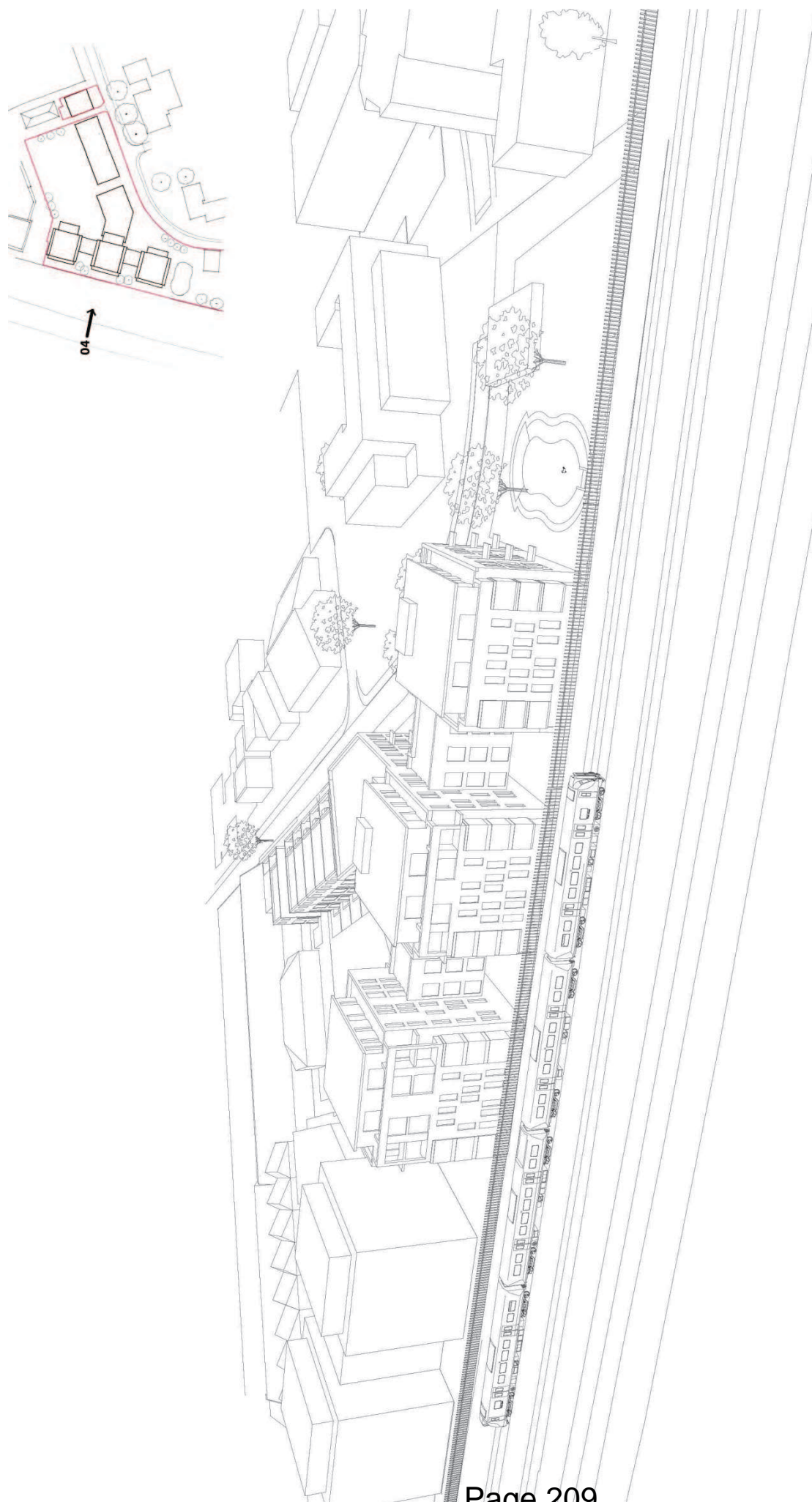
01. View Along Harrison Drive Looking West



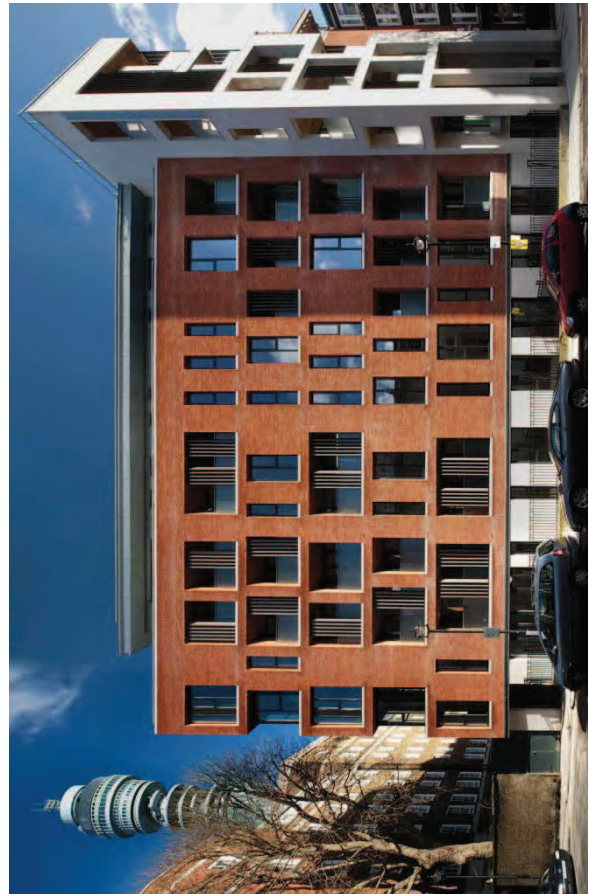
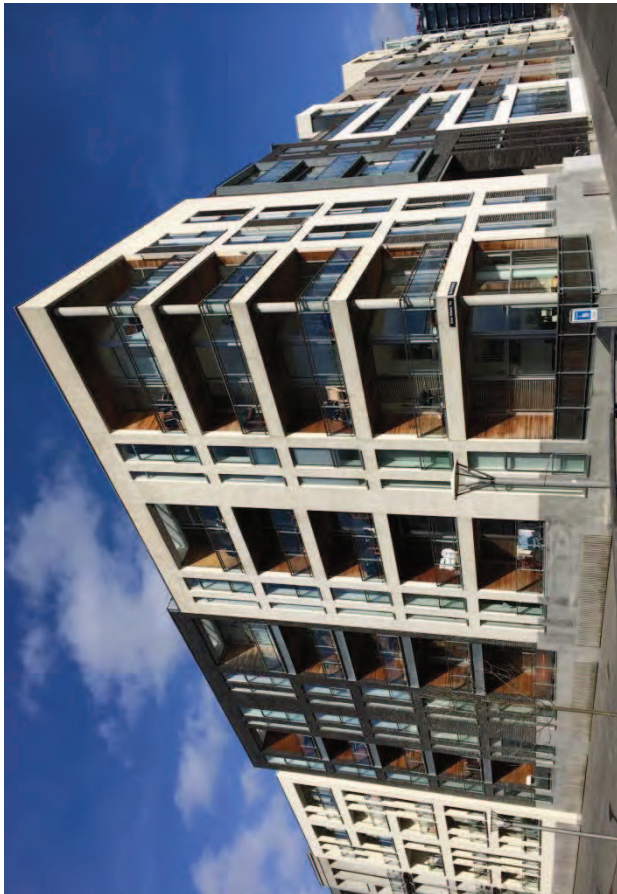
02. View From the South



03. View Over the Amenity Space



04. Aerial View From the Railway



Potential precedents

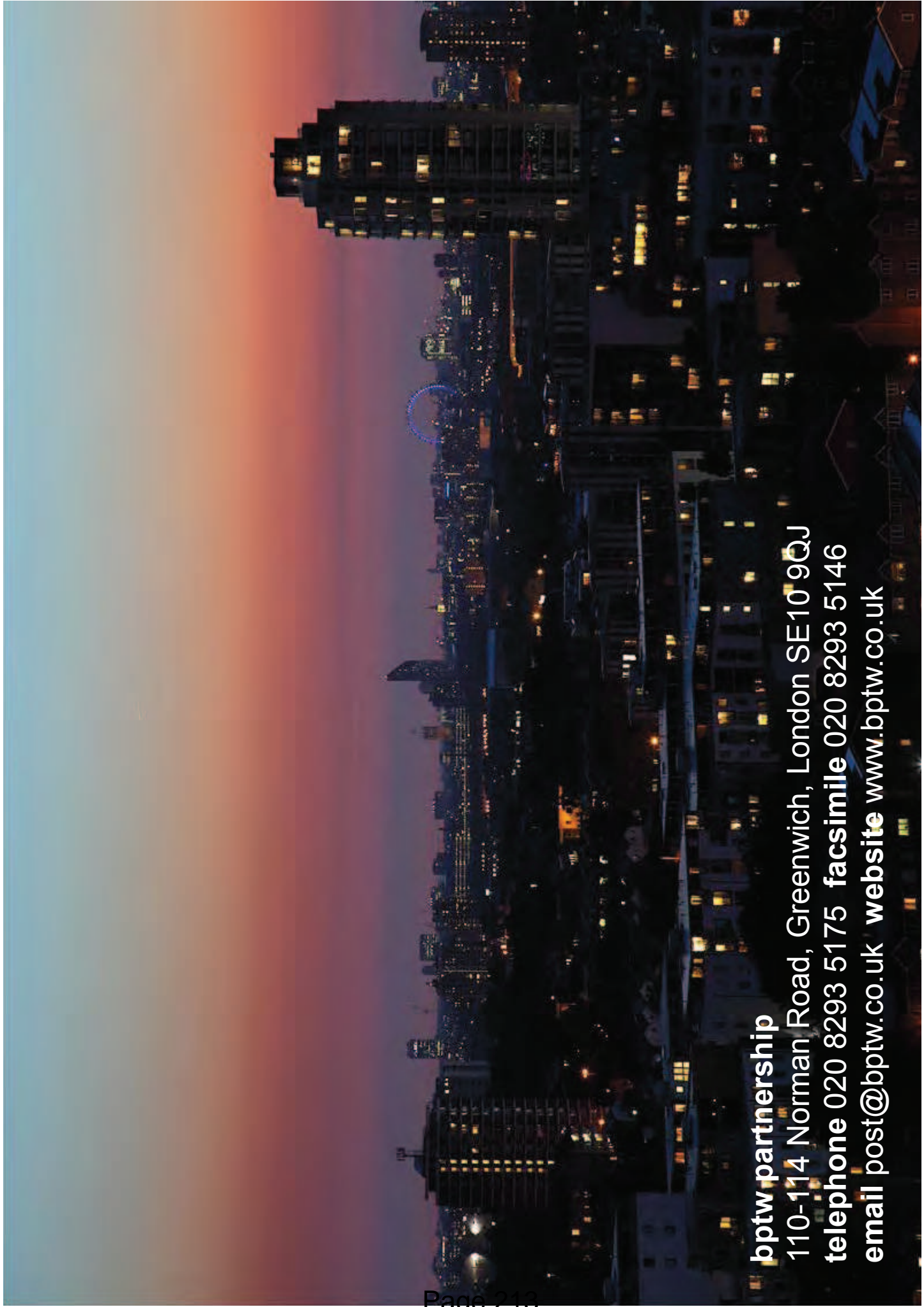


Potential precedents

Landscape/public realm strategy:

- Public Art (railway edge)
- Boundary with college
- Relationship to “Kett Way” (ie the N-S access road)
- Relationship to private space
- Level changes
- Lighting
- Materials
- Pond feature





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HOUSING ACQUISITION

Decision of: **Councillor Kevin Price**, Executive Councillor for Housing

Reference: 14/URGENCY/HSC/7

Date of decision: 22/08/14 **Recorded on:** 22/08/14

Decision Type: Key

Matter for Decision: To approve the acquisition of 13 market housing on 146 Programme Development Sites, Atkins Close, Colville Road and Wadloes Road.

Why the decision had to be made (and any alternative options): The Council's Acquisition and Disposals policy stipulates that such decisions will be made by urgent decision as this allows for Officers to gather the required information and costs to then present a paper, which will provide a decision before that information and those costs become out dated. The housing market can change significantly in a month therefore being able to agree a price at a certain point in time is paramount to agreeing to purchase properties. Agreeing a price now for these properties is vital to the agreement with Keepmoat and the ability to start the legal process to purchase these properties.

The Executive Councillor's decision(s):

- a) Approve the purchase of 4 market dwellings on the Atkins Close (garage re-development) site at an estimated cost of £1,106,400.
- b) Approve the purchase of 6 market dwellings on the Colville Road (re-development) site at an estimated cost of £1,051,350.
- c) Approve the purchase of 3 market dwellings on the Wadloes Road (vacant housing land) site at an estimated cost of £736,500.

d) Give delegated authority to the Director of

Customer & Community Services to enter into a build contract with Keepmoat for the delivery of dwellings on the Wadloes Road site should this be deemed appropriate.

Reasons for the decision:	As outlined in why the decision had to be made.
Scrutiny consideration:	The Chair, Spokesperson of Housing Scrutiny Committee and Opposition Spokes were consulted prior to the action being authorised.
Report:	A report detailing the background and financial considerations is attached.
Conflicts of interest:	No conflicts of interest were declared by the Executive Councillor.
Comments:	None.

Briefing Note to Director of Customer & Community Services

24th July 2014

Acquisition of Market Housing on 146 Programme Development Sites

1. Executive Summary

As part of the HRA Budget Setting Report 2014/15 approval was given to allow the purchase of some of the market housing on the garage re-development sites, or alternatively to purchase existing housing on the open market. This was proposed in order to effectively spend retained right to buy receipts on new build dwellings within the prescribed time scales, whilst enabling delivery of 100% social housing on some 146 programme sites.

Due to delays in the delivery of new homes on some of the 146 programme sites, it has been necessary for some of the garage re-development sites to be amended to deliver 100% social housing, to maximise the grant funding receivable from the Homes and Communities Agency (HCA).

This paper sets out the proposed approach to purchasing market dwellings on other 146 programme sites, with a view to proceeding with the transactions.

2. Recommendations

The Executive Councillor for Housing is recommended, in consultation with the Chair and Opposition Spokesperson for the Housing Scrutiny Committee to:

- a) Approve the purchase of 4 market dwellings on the Atkins Close (garage re-development) site at an estimated cost of £1,106,400.
- b) Approve the purchase of 6 market dwellings on the Colville Road (re-development) site at an estimated cost of £1,051,350.
- c) Approve the purchase of 3 market dwellings on the Wadloes Road (vacant housing land) site at an estimated cost of £736,500.
- d) Give delegated authority to the Director of Customer & Community Services to enter into a build contract with Keepmoat for the delivery of dwellings on the Wadloes Road site should this be deemed appropriate.

3. Background

The authority entered into an agreement with Communities and Local Government (CLG), effective from April 2012, which allowed the retention of a large proportion of Right to Buy (RTB) receipts, subject to a number of conditions.

The capital receipts need to be spent on the delivery of new social housing. The preference of CLG is for the supply to be new build, which increases housing provision overall, but the agreement recognises that purchase of property on the open market for conversion to social housing is a valid secondary option.

The RTB receipt can only be used to fund 30% of each new dwelling, and funds need to be spent within 3 years of receipt to avoid paying them to central government with interest, currently at 4.5%.

The Housing Capital Plan has resource of £2,875,000 included in 2014/15 for the delivery / purchase of new social housing, allowing appropriate use of the first £862,500 of right to buy receipts, avoiding the need to otherwise release them to CLG in 2015/16.

This paper proposes the purchase of some of the market housing on the HRA development sites. The purchase of these units will be at market value, recognising that the authority has already sold the land on which these dwellings are being built to the developer, which pays for a proportion of the cost of delivering the social housing on the site. To acquire the market unit, the authority in effect needs to buy back both the land and the dwelling that has been constructed on it.

There are a number of benefits to the purchase of dwellings that are being built on HRA development sites, including:

- The ability, on some of these sites, to deliver 100% social housing
- A year's defects period for the construction of the new build dwellings with our existing new build contractor, Keepmoat
- A 12 year NHBC guarantee
- The ability to change, where possible, the specification for the fixtures and fittings of the market housing, so that it fits with our future maintenance schedules
- The ability to ensure that these units will be delivered to Lifetime Homes Standards
- The potential to mitigate Stamp Duty Land Tax (SDLT) in specific instances, where contracts facilitate this

Initially it was assumed that the authority would purchase the market dwellings on garage re-development sites. Delays in the delivery on some of the 146 programme sites have put at risk an element of the grant funding from the HCA, where dwellings need to be complete by 31st March 2015. To mitigate this risk, some of the garage redevelopment sites have been revised to deliver 100% social housing that meets HCA requirements for grant funding.

Therefore, this proposal seeks to purchase some of the market housing on other suitable 146 programme sites, either where the land was previously vacant, or where the authority can demonstrate additionality in the delivery of new social housing.

It is proposed to purchase the market dwellings directly from Keepmoat, at a price determined by the Council's valuer as part of the development agreement. This approach has the benefit of effectively fixing the purchase price at the outset of the build process, in what is currently a rising property market. The sales and marketing fees that the developer will avoid are considered to be more than offset by the risk that they take on by not benefiting from any rise in the property market.

An alternative option to spend the right to buy receipts is the purchase of other new build housing in the city, but this risks a higher purchase price for the completed new build dwellings, due to a currently rising market and competition from other prospective purchasers, without many of the benefits identified above.

There is an option to buy existing homes on the open market, but this option introduces the risks associated with the need to invest in the asset prior to being able to let it, ensuring that it meets the decent homes standard and complies with the housing health and safety rating system standards. The time frame within which the authority is required to invest the first of the RTB receipts would make identifying, confirming the condition and investment need, and completing the purchase of enough open market dwellings difficult.

The following is a summary of our currently accumulated Right to Buy receipts:

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 New 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
30/9/2013	648,902.97	3,287,087.99	10,956,959.97	30/9/2016
31/12/2013	939,637.07	4,226,725.06	14,089,083.53	31/12/2016
31/3/2014	1,556,452.02	5,783,177.08	19,277,256.93	31/3/2017
30/6/2014	1,025,279.68	6,808,465.76	22,694,885.87	30/6/2017

Atkins Close

Atkins Close is a garage re-development site, previously providing 14 garages which were in poor condition and not well let.

The current development appraisal delivers 8 social housing dwellings and 4 market housing dwellings on the site. A decision to purchase the 4 market dwellings will result in the provision of 100% social housing on this HRA site, with the acquisition of 2 two-bedroom houses and 2 three-bedroom houses, as per the table below:

Plot No	Size	Type	Value (£)
1	2B4P	Semi-Detached House	250,000
2	2B4P	Semi-Detached House	250,000
3	3B5P	Semi-Detached House	290,000
4	3B5P	Semi-Detached House	290,000
Total Sale Price			1,080,000
Stamp Duty Land Tax			22,400
Legal Fees			4,000
Total Cost to Cambridge City Council			1,106,400

The above market values have been provided by the Council's valuer as part of the existing development agreement.

Colville Road

Colville Road is a housing re-development site, previously providing 18 homes, 17 of which were tenanted and 1 which had been sold historically under the RTB.

The current development appraisal re-supplies 19 social housing dwellings on the site, and increases the density to also deliver 14 market housing dwellings on the site. A decision to purchase the 6 of the 14 market dwellings will result in the provision of approximately 75% social housing on this HRA site, with the acquisition of 5 two-bedroom and 1 one-bedroom apartments, as per the table below:

Plot No	Size	Type	Value (£)
17	2B4P	Apartment	175,000
18	2B4P	Apartment	175,000
19	2B4P	Apartment	175,000
20	2B4P	Apartment	175,000
21	2B4P	Apartment	175,000
22	1B2P	Apartment	160,000
Total Sale Price			1,035,000
Stamp Duty Land Tax			10,350
Legal Fees			6,000
Total Cost to Cambridge City Council			1,051,350

The above market values have been provided by the Council's valuer as part of the existing development agreement.

In the case of the Colville Road development, the market housing purchased would constitute only part of the overall market housing on the site.

For the total sale price of £1,035,000 the Council will purchase the six flats together with the freehold of the land. This has been agreed with Keepmoat.

Wadloes Road

Wadloes Road is a vacant development site for housing purposes, previously containing a commercial building which was demolished for safety reasons.

The current development appraisal delivers 6 social housing dwellings and 3 market housing dwellings on the site. A decision to purchase the 3 market dwellings will result in the provision of 100% social housing on this HRA site, with the acquisition of 2 two-bedroom flats and 1 three-bedroom house, as per the table below:

Plot No	Size	Type	Value (£)
5	2B3P	Apartment	205,000
6	2B4P	Apartment	200,000
9	3B5P	Detached House	315,000
Total Sale Price			720,000
Stamp Duty Land Tax			13,500
Legal Fees			3,000
Total Cost to Cambridge City Council			736,500

The above market values have been provided by the Council's valuer as part of the existing development agreement.

In respect of both Colville Road and Atkins Close, where the developer is on site, it is anticipated that the authority will directly purchase the completed market dwellings, which will incur SDLT, as part of the transaction.

For the Wadloes Road site there may be an opportunity through the use of a build contract, to mitigate SDLT liability, otherwise direct purchase will apply. If a build contract is used, it will operate separately from the existing development agreement for the delivery of the social housing achieving HCA grant.

This proposal to purchase the market dwellings on Atkins Close, Colville Road and Wadloes Road totals £2,894,250 against the budget of £2,875,000. This in turn will allow £868,275 of right to buy receipts to be spent rather than £862,500 as mentioned above.

Discussions with Keepmoat about the potential to purchase these market dwellings is in the early stages, but understandably the developer is keen to progress and conclude discussions swiftly, to avoid their incurring unnecessary financing, sales and marketing costs or incurring a delay in the sale of the open market housing if we were not to proceed.

4. Summary

In summary, the recommended option for the use of the first tranche of right to buy receipts is the purchase of 13 market dwellings on existing HRA sites, in negotiation with Keepmoat.

5. Decision Making Process

This report will form the basis for an urgent decision by the Executive Councillor for Housing, under the HRA Acquisition and Disposal Policy, following consultation with the Chair, Vice Chair and Opposition Spokesperson for the Housing Scrutiny Committee.

Author: Julia Hovells, Business Manager / Principal Accountant

Extension: 7822

Lead: Alan Carter, Head of Strategic Housing