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Cambridge City Council

HOUSING SCRUTINY COMMITTEE

To: Scrutiny Committee Members: Councillors Todd-Jones (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: Wednesday, 17 December 2015

Date: Wednesday, 14 January 2015

Time: 5.30 pm

Venue: Committee Room 1 & 2 - Guildhall

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

AGENDA

- 1 **Apologies**
- 2 **Appointment of Councillor Vice Chair**
- 3 **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.

- 4 **Minutes**
To approve the minutes of the previous meeting.
(Pages 9 - 26)

5 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 Representative)

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

6 Standard Item: Write Off of Former & Current Tenant Arrears *(Pages 27 - 30)*

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

7 Housing Revenue Account Rent Setting Policy *(Pages 31 - 42)*

8 2015/16 Housing Revenue Account Budget Setting Report *(Pages 43 - 162)*

Part 2: To be taken by the Chair of the Committee

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

- 9 Housing Portfolio Revenue and Capital Budgets 2015/16 (Estimate) and 2016/17, 2017/18, 2018/19 and 2019/20 (Forecast)**
(Pages 163 - 182)
- 10 Council Housing at Homerton College**
(Pages 183 - 198)
- 11 Homelessness Prevention Grants**
(Pages 199 - 212)
- 12 Local Government Ombudsman Maladministration Finding: Homelessness**
(Pages 213 - 222)
- 13 Fundamental Review of the Housing Revenue Account**
(Pages 223 - 232)

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

- 14 Delegation of Powers to make Interim Management Orders**
Report attached separately
- 15 Record of Urgent Decision**
To note decisions taken by the Executive Councillor for Housing since the last meeting of the Housing Scrutiny Committee
- 15a New Build Budgets**
(Pages 233 - 240)
- 15b Refurbishment of the Cambridge Access Surgery**
(Pages 241 - 250)
- 15c Recommendation to Buy Back a Dwelling**
(Pages 251 - 264)

Information for the Public

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

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- For questions and/or statements regarding items on the published agenda, the deadline is the start of the meeting.
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HOUSING SCRUTINY COMMITTEE

30 September 2014

5.30 - 7.45 pm

Present: Councillors Todd-Jones (Chair), Avery, Baigent, Blackhurst, Holland and Robertson

Executive Councillor for Housing: Councillor Price

Tenant/Leaseholder Representatives: Diane Best, Kay Harris, John Marais, Diana Minns (Vice Chair: Tenant / Leaseholder Representative), 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

Head of Legal Services: Simon Pugh

Housing Strategy Manager: Helen Reed

Area Housing Manager: Sandra Farmer

Business Manager / Principal Accountant: Julia Hovells

Housing Advice Service Manager: David Greening

Operations Manager: Lui Graziano

Involvement Facilitator: James Bull

Committee Manager: Claire Tunnicliffe

FOR THE INFORMATION OF THE COUNCIL

The following items were Chaired by Councillor Todd-Jones

14/20/HSC Apologies

Apologies were received from Councillor Bird. Councillor Gawthroppe attended as the alternate.

The Chair informed the Committee that former Councillor Birtles had resigned from the Council with immediate effect and would not be present.

14/21/HSC Declarations of Interest

Name	Item	Interest
Councillor Avery	14/30/HSC	Personal: Alternate Member of the Planning Committee
Councillor Holland	14/30/HSC	Personal: Alternate Member of the Planning Committee
Councillor Gawthrop	14/30/HSC	Personal: Member of the Planning Committee
Kay Harris	14/26/HSC	Personal: Member of ROAM and resident inspector.

14/22/HSC Minutes

Diane Best who attended the Housing Scrutiny Committee meeting on 1 July 2014 requested that her declaration of interest be added under item 14/9/HSC.

Kay Harris who attended the Housing Scrutiny Committee meeting on 1 July 2014 requested that her second declaration of interest be added under item 14/12/HSC.

Name	Item	Interest
Kay Harris (Tenant Representative)	14/9/HSC: Leasehold Services Update.	Personal: Member of ROAM and resident inspector.
Kay Harris (Tenant Representative)	14/12/HSC: Affordable Housing Programme	Personal: Member of ROAM and resident inspector
Diane Best (Leaseholder Representative)	14/9/HSC: Leasehold Services Update.	Personal: Leaseholder Representative

Minutes of 1 July 2014 were then approved and signed as correct record.

14/23/HSC Public Questions

There were no public questions.

The following items were Chaired by Diana Minns

14/24/HSC Write-Off of Former and Current Tenant Arrears

Matter for Decision

Write off of six former tenant arrears.

Decision of Executive Councillor for Housing

- i. Approved 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.
- ii.

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 and the Committee made no comments in response to the report.

The Committee:

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.

14/25/HSC Housing Revenue Account (HRA) Mid-Year Financial Review

Matter for Decision

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.

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.

Decision of Executive Councillor for Housing under Part 1 of the Housing Scrutiny Agenda:

- i. Approved 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.

Decision of Executive Councillor for Housing under Part 2 of the Housing Scrutiny Agenda:

Recommend to Council:

- 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.
- 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.

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:

- i. Thanked the Business Manager / Principal Account for such a clear and comprehensive report.
- ii. Noted a saving of £20,000 from the Resident Involvement Budget and queried how the saving would be made.
- iii. Expressed concern that any future reductions to the Resident Involvement Budget would equate to a reduction to services.
- iv. Reiterated the importance retaining the Resident Involvement Budget for future developments to ensure that support could be provided.
- v. Requested further information on 101a Gywdir Street and asked if there would be any implications to residents in neighbouring properties.
- vi. Noted that when the shift had been made to self-financing, external advice had been sought and asked had that external advice been updated and how often.

In response to Committees comments, Officers and the Director of Community and Customer Services stated the following:

- i. With regards to the Resident Involvement Budget, savings would be from staffing across the cost centre. The majority of savings had been taken from the balance in reduction of full time hours for one staff member to 22.5 hours.
- ii. Concerning the Resident Involvement Budget, it was important to look at output and outcomes of what was hoped to be achieved. The Council would be looking at the results of the residents' survey which would give indicators of what should be explored in the longer term.
- iii. Invited all Committee Members to meet with Officers of the Resident Involvement Team who would advise in detail the work programme and the long term goals.
- iv. At the time of writing the report the business case for 101a Gywdir Street was still being evaluated with a number of options assed. It had been confirmed that the existing bedsit would be refurbished within its existing footprint. The occupier had been informed and there would no impact on the residents on the same site.

- v. External Advice was sought on a regular basis from organisations such as SECTOR and The Chartered Institute of Housing.
- vi. The Housing Revenue Account (HRA) was due to be reviewed and it was highly probable that further advice would be sought after the review.

The Committee:

Resolved (11 Votes to 0, with 2 abstentions) to approve the recommendations under Part 1 of the Housing Scrutiny Agenda:

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.

The following vote was Chaired by Councillor Todd Jones.

Resolved (unanimously) to approve the recommendations under Part 2 of the Housing Scrutiny Agenda:

Committee Manager's Note: Tenant and Leaseholders Representatives did not vote on this recommendation.

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.

The following items were Chaired by Diana Minns

14/26/HSC Repairs Improvement Plan - Performance Update

Matter for Decision

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.

Decision of Executive Councillor for Housing

- i. Agreed that a review report be 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.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Operations Manager.

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

- i. Commented that it was good to see improvements were being made and the service was going well.
- ii. Asked if the data for residents satisfaction had been circulated and how this compared with the recent star survey
- iii. Queried if the introduction of South View Solutions (SVS) mobile working affected the number of post or pre inspections which were carried out.
- iv. Requested an explanation as to why the 'appointments made' had significantly increased.
- v. Questioned what the target figure was referenced in the report.

In response to Committees comments Officers and the Director of Community and Customer Services stated the following:

- i. Data on satisfaction for repairs has been obtained but it did not differentiate between planned and responsive repairs.

- ii. Further work was required to determine if the data was linked to the planned maintenance programme or the responsive repairs programme. Once the work had been completed the results would be shared.
- iii. Mobile working did not directly affect the post or pre inspections.
- iv. Before the consolidation of mobile working there had been several categories which had now merged into the 'Appointments Made'. All jobs were now appointed.
- v. The target was 98%.

The Committee:

Resolved (unanimously) to approve 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.

14/27/HSC Tenant Complaints Panel

Matters for Decision.

The report proposed a model for a tenant complaints panel inline with the changes introduced by the Localism Act in 2013. If a tenant (or leaseholder) remained 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 which represents a new option for complaints.

Decision of Executive Councillor for Housing

- i. Approved the proposed model for a new Tenant and Leaseholder Complaints Panel.

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 Residents Involvement Facilitator.

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

- i. Questioned if there would be enough work for the Tenant and Leaseholder Panel.
- ii. Asked if consideration had been given for a joint panel with other Local Authorities.
- iii. Suggested that the Officer explore the possibility of partnership working.
- iv. Queried if an environmental complaint would go the Tenant and Leaseholder Complaints Panel.
- v. Enquired to the number of complaints that went to the Housing Ombudsman in the last twelve months.
- vi. Enquired how Tenant / Leaseholder Representatives would be recruited to the post.

In response to Committees comments Officers and the Director of Community and Customer Services stated the following:

- i. The long term goal for the Panel would be to give advice and become the first level of mediation, in effect a Tenant Advice Bureau.
- ii. Agreed to investigate the possibility of partnership working.
- iii. An environmental complaint could go to the Panel, although there were exceptions.
- iv. The Housing Ombudsman would deal with complaints from the tenants and the leaseholder only. It was about getting the services provided by the landlord right and not social behaviour.
- v. As the Housing Ombudsman had only recently taken on the complaints regarding Council stock there were no comparable figures.
- vi. Reports had been referred to the General Ombudsman but not maladministration
- vii. A number of tenant and leaseholder had expressed an interest in the Panel through the recently completed star survey. Those residents would be contacted to discuss the matter further.

The Committee:

Resolved (unanimously) to endorse the recommendation.

The Executive Councillor approved the recommendation.

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

No conflicts of interest were declared by the Executive Councillor.

The following items were Chaired by Councillor Todd-Jones

14/28/HSC Findings by the Local Government Ombudsman of Maladministration in Respect of the Council's Homelessness Function

Matters for Decision.

The report referred to The Local Government Ombudsman findings of maladministration in respect of three complaints. The complaints related 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 had already been taken in respect of the findings, what action it intends to take and the reasons for taking the action.

Decision of Executive Councillor for Housing

The Executive Councillor for Housing resolved to

- i. Endorsed the actions taken by officers in response to the findings of the Local Government Ombudsman.

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 Legal Services, the Council's Monitoring Officer.

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

- i. Questioned at which point had the former Executive Councillor been informed of the issues.
- ii. Queried how many people were still being housed miles outside of Cambridge.

- iii. Asked if people were still being housed in bed and breakfast accommodation in Peterborough.
- iv. Stated that this had been a wakeup call for the Council and wanted reassurance this would not reoccur again.
- v. Enquired if people were placed in bed and breakfast because capacity had been exceeded or the particular configurations of the households did not match what was available.

In response to Committees comments Officers, the Director of Community and Customer Services stated the following:

- i. At the time the letter from the Ombudsman did not indicate that it was a Maladministration case in the way that would be expected.
- ii. The matter had been discussed with the former Executive Councillor, but could not give an exact time frame when this was.
- iii. A report had also been presented to the Community Services Scrutiny Committee on the homeless service. As there were indication that the certain areas of the service needed to be addressed. Among the areas that were addressed were:
 - Increasing the number of temporary housing in the City.
 - Tighter monitoring of caseloads.
 - Closer monitoring the length of time it was taking to resolve cases.
- iv. A number of actions taken at time had been completed.
- v. Bed and breakfast accommodation in Peterborough had not been used for at least eight months.
- vi. Between 1 April 2013 and 25 October 2013, the Council had housed five families in bed and breakfast for no more than six weeks. Since then no families had been housed in Bed and Breakfast for more than three weeks.
- vii. Since November 2013 there have been no more than three households in Bed and Breakfast accommodation at any one time.
- viii. The Configuration of the household could be an issue but occasionally other issues were identified.
- ix. The Council were now in a much better position than at the time.

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.

14/29/HSC Intermediate Market Housing**Matter for Decision.**

The report referred to the high demand for housing in Cambridge and the surrounding area, and house prices and private rent levels are high. 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.

The report provided data and information on demand for, and costs and affordability of, market and intermediate market housing in Cambridge; Outlined the main models of intermediate housing available, including shared ownership, equity loans, intermediate rent and rent to buy, and some variations on those models; Summarised the Council's current strategic approach to intermediate housing, and made recommendations around priorities moving forward.

Decision of Executive Councillor for Housing

- i. Endorsed 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.
- ii. Considered 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.
- iii. Prioritised exploring how different models of intermediate market housing for rent might be delivered through the Council's Affordable Housing Development programme.

- iv. 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.

v. 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 Housing Strategy Manager.

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

- i. Indicated disappointment that the Committee were looking at various intermediate shared ownership schemes and not Council Housing.
- ii. Recognised shared ownerships schemes were financially viable but would like it to be made clear that the Committee should be looking to see an increase in Council Housing.
- iii. Stated that there was a lack of Council Housing in Cambridge.
- iv. Recognised that the Council was doing its best under the restrictions that were placed upon it.
- v. Specified that the many developments for example in Trumpington did deliver affordable housing for some people.
- vi. Acknowledged that shared ownership properties brought a balance to the City.
- vii. Welcomed the report as it offered a variety to meet a range of needs.
- viii. Stated that shared ownership offered an opportunity for those who couldn't afford to buy at market prices.
- ix. Asked which social economic groups the report was referring to.
- x. Asked what the percentage of older people was who wanted to downsize had been referenced in the report.
- xi. Noted that Cambridge University on the North/ West development were using a simple formula to target their market audience. Could the profiles of the market audience be identified as to who the Council were aiming for?
- xii. Asked what the income to qualify for intermediate housing was.
- xiii. Questioned if there would be / was a difference between social housing and intermediate housing.

- xiv. Asked what the percentage was for those people who build up their share.
- xv. Where there any housing associations who could assist the Council in the intermediate market as there were examples of Housing Associations being innovative in field.
- xvi. Enquired if there was a time scale.

In response to Committees comments Officers, the Executive Councillor for Housing, the Director of Community and Customer Services stated the following:

- i. Applicants for intermediate housing must be earning less than £60,000 per year, an amount that had been set by the Government.
- ii. The target market for Intermediate housing were usually people up to 35 years of age, who were earning an income but could not afford housing on the open market.
- iii. There was limited information nationally on the figures for the market for older people who wanted to downsize.
- iv. The profile for the renting sector was changing as people are renting for longer which had impacted on the market figures.
- v. In the last ten years the standard of social housing had been built to the same level, if not better than other forms of marketing housing, which it was envisaged would not change.
- vi. Investigation would be ongoing to determine the areas of need as there were different social and economic groups who were not accessing the housing and a better understanding was required.
- vii. The policy will be developed further with the intermediate market as the marker.
- viii. Officers working toward developing a better understanding of the market.
- ix. Ideally the Council would be building a high percentage of Council Houses but unfortunately were not in a position to do so.
- x. People who are on an average income who are being forced out of buying / renting in the City and are not eligible for Council Housing. The report offers an alternative for this situation.
- xi. A review carried out in 2013 on shared ownership provided the figures for people who had built up their share.
- xii. She believes that the Council are as enterprising as some Housing Associations, if not more so.
- xiii. A new housing strategy would be brought back to a future Committee meeting.

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.

14/30/HSC Council Housing at Homerton College Redevelopment

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

The report described 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.

Decision of Executive Councillor for Housing

The Executive Councillor for Housing resolved to:

- i. Approved 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.

- ii. **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. Congratulated the Head of Strategic Housing and his team.
- ii. Queried if and how many properties would be tailored for disabled users, such as wheel chair access.
- iii. Stated it would be helpful for the Government to remove the constraints, particularly on the amount that the Council could borrow in order to move forward.
- iv. Acknowledged that it was a good news story for the Council but expressed disappointment that the properties did not have to be built to code level five.
- v. Asked if it was too late to negotiate with the developer to build to code level five.
- vi. Noted the news release as being slightly misleading as the Housing Scrutiny Committee had not formally agreed the report and planning permission had not yet been granted by the Planning Committee.
- vii. Asked if the percentage of affordable housing would change.

In response to Committees comments Officers, the Director of Community and Customer Services stated the following:

- i. Noted the comments regarding the press release.
- ii. As the scheme is well on the way to a detailed planning application the Council has very limited influence on the detail.
- iii. Very pleased that the Council that are part of the project.
- iv. With future projects it is hoped that the Council work in partnership from the start and would be able to influence such factors as building to code level five.
- v. The 40% affordable housing should not change as it would be a breach of planning policy.

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.

14/31/HSC Record of Urgent Decision**12a Acquisition of Market Housing on 146 Programme Development Sites**

The Committee noted that the Executive Councillor for Housing had approved the acquisition of 13 market housing on 146 Programme Development Sites, Atkins Close, Colville Road and Wadloes Road

This decision was required as 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 could 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 to the price for these properties was vital to the agreement with Keepmoat and the ability to start the legal process to purchase these properties

The Executive Councillor

- i. Approved the purchase of 4 market dwellings on the Atkins Close (garage re-development) site at an estimated cost of £1,106,400.
- ii. Approved the purchase of 6 market dwellings on the Colville Road (re-development) site at an estimated cost of £1,051,350.
- iii. Approved the purchase of 3 market dwellings on the Wadloes Road (vacant housing land) site at an estimated cost of £736,500.
- iv. Gave 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.

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

No conflicts of interest were declared by the Executive Councillor.

The meeting ended at 7.45 pm

CHAIR

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To: Executive Councillor for Housing
Report by: Director of Customer & Community Services
Relevant scrutiny committee: Housing Committee 14/01/2015
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 one current tenant arrear cases and five 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 one case of current tenant arrears totalling £2,850.29 as detailed in the attached appendix be written off.
- 2.2 To approve the five cases of former tenant arrears totalling £18,569.18 as detailed in the attached appendix be written off.

3. Background

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

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 cases 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
South	Trumpington	£2,451.24	Statute Barred	The tenancy was for the period 09/09/2002 - 11/06/2006. The debt comprises arrears that accumulated after the tenant's benefit ceased in 2005. The tenant was evicted from the property in 2006 following proof that the property had been illegally sub-let since 2002. Attempts were made to trace the tenant in 2009, & letters sent, however, no contact was received from the tenant. The debt was sent to a debt recovery agent in April 2010. This is now over 6 years old and the authority can no longer enforce recovery as the debt is statute barred.
North	Cherry Hinton	£2,850.29	Statute Barred	This tenant is a current tenant, having transferred from the property that this debt relates to in 2002. The previous tenancy ran from 18/09/2000 to 10/02/2002. The tenant was not in receipt of HB & made payments totalling £42 in the entire tenancy period. Attempts were made throughout the tenancy to help the tenant complete HB applications, and provide evidence, however, this was to no avail. The tenant has a mental health disability, but no social worker as the mother used to provide care. Payments were made alongside current rent by direct debit through to February 2008, but no payments have been made since. Suggestions were made to increase payments again to reduce the former tenant debt, but no communication or acceptance from tenant regarding these suggestions. This debt has not now been acknowledged for over 6 years and the authority can no longer enforce recovery as the debt is statute barred.
North	Cherry Hinton	£2,639.79	Statute Barred	The tenancy was for the period 13/01/1997 - 08/04/2007. The tenant was evicted in 2007 due to high rent arrears. The debt accrued when minimal benefit was received from April to December 2002, with small payments received up until January 2007, but no payments since. No contact was received from the tenant to acknowledge the debt. This is now over 6 years old and the authority can no longer enforce recovery as the debt is statute barred.
South	Abbey	£3,308.76	Statute Barred	The initial tenancy was for the period 14/02/2005 - 17/04/2005. No arrears when tenant handed in NTQ & moved out of the area, presenting themselves as homeless in another city. Tenancy was ended, but tenant was allowed to return to property under use & occupation from 18/04/2005 - 15/01/2006, where no payments were made and arrears accrued to the value of £1,595.61 prior to possession proceedings and eviction in January 2006. New tenancy from 04/09/2006 - 09/03/2008. Arrears accrued of £1,713.15 after HB was stopped in Sept 2007. Notified in November 2007 that tenant had possibly abandoned the property as they had not been seen in some time. Locks were changed and NTQ served. Tenancy was ended in March 2008. No contact made by tenant to acknowledge the debt, no payments have ever been made to the account mince abandonment. Sent to debt collection in March 2009. This is now over 6 years old and the authority can no longer enforce recovery as the debt is statute barred.
South	Abbey	£4,971.90	Statute Barred	The tenancy was for the period 07/07/2003 - 09/03/2008. Arrears accrued gradually from April 2004 as the payments being received were not enough to cover the rent. The debt fluctuated over the period of the tenancy until the property was eventually repossessed in March 2008. The last payment was received in February 2008, with no further contact or acknowledgement of the debt since then. The debt was passed to tracing agents in July 2008 and again in March 2009 however this was later returned as unsuccessful. As the debt is now over 6 years old, the authority can no longer enforce recovery due to it being statute barred.
South	Petersfield	£5,197.49	Statute Barred	The initial tenancy was for the period 24/08/1998 - 05/08/2001 where arrears of 1,952.41 accrued gradually over period of the entire tenancy. During the period 11/03/2002 - 28/09/2003 arrears of only one week's net rent accrued, but no payments against previous debts were received. During the subsequent tenancy from 29/09/2003 - 20/01/2008 arrears of £3,222.13 accrued gradually over the tenancy period. Arrears were at £1,000 in July 2007 when HB ceased, arrears then accrued sharply after that date. No payments were made to the account after June 2007. The tenant was evicted in January 2008 for rent arrears. Contact was made with the tenant regarding the former tenant arrears in May 2005 and an agreement was made to pay £3 per week but no payments were received. No further contact was made with the tenant regarding the debt until attempts were made to trace the tenant in March 2014, but no acknowledgement received from the tenant. This is now over 6 years old and the authority can no longer enforce recovery as the debt is statute barred.
Former Tenants		£21,419.47		
Overall Total		£21,419.47		



To: Executive Councillor for Housing: Councillor Kevin Price

Report by: Julia Hovells, Business Manager / Principal Accountant

Relevant scrutiny committee: Housing Scrutiny Committee 14/1/2015

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

CAMBRIDGE CITY COUNCIL RENT SETTING POLICY

Key Decision

1. Executive Summary

- 1.1 Following a government consultation on the future rent policy for local authority landlords in late 2013, the government issued revised 'Guidance on Rents for Social Housing' in May 2014.
- 1.2 This report highlights the changes in rent setting guidance compared with previous government guidance and sets out the proposed approach to rent setting at a local level from April 2015, with an update to the local 'Rent Policy' at Appendix A.

2. Recommendations

The Executive Councillor is recommended:

- 2.1 To approve the revised 'Rent Policy' at Appendix A, to be effective from April 2015.

3. Background

- 3.1 Prior to the government consultation 'Rents for Social Housing from 2015/16', issued on 31st October 2013, local authorities were expected to increase social housing rents annually by inflation, using the measure of the retail price index (RPI) at the preceding September, plus 0.5%, plus up to an additional £2.00 per week, until target rents were achieved across the entire housing stock.

- 3.2 The comprehensive spending review in 2013 highlighted the government's intention review national rent guidance, providing some certainty over rent levels in the longer-term.
- 3.3 The outcome of the consultation resulted in revised guidance for setting rents in social housing, with a number of key changes incorporated. These changes include:
- A rent policy that is intended to apply for 10 years from April 2015.
 - A change in the inflation factor used for setting rents in social housing, to instead use the consumer price index (CPI) at the preceding September, plus 1%.
 - The cessation of the annual transition towards target rent for existing tenants, ie; removal of the £2.00 element of the rent setting formula.
 - The expectation that all properties will move directly to target rent at re-let.
 - The expectation that new homes will be let at affordable rent levels, of up to 80% of market rent, including service charges, being mindful, but not governed by, Local Housing Allowance (LHA) levels.
 - The expectation that any household with an annual income of at least £60,000 per annum (taking into account the two highest incomes in any one household), will be charged market rent levels.
- 3.3 The authority is not statutorily obliged to follow government guidance in setting rent levels, but to date the national policy has been adhered to locally. This was historically due to the penalties that used to exist in the HRA subsidy system for deviating from the policy and more recently was due to the level of debt that the authority was required to take on when the subsidy system was abolished. However, flexibility can and will be applied as to whether all government guidance should be adhered to in the context of Cambridge's uniquely pressured housing market.

Inflation factor of CPI plus 1%

- 3.4 The HRA Budget Setting Report, and subsequent Mid-Year Financial Review, incorporated the assumption that the authority would adopt the new inflationary measure of CPI plus 1% from April 2015, but left any other changes in policy to be considered as part of this review of the local 'Rent Policy' as part of the 2015/16 budget process.

Transition of void properties to target rent at re-let

- 3.5 The existing local 'Rent Policy' allows for the rent in void properties to be moved directly to target rent levels at re-let only if the property is assessed as having an above average energy efficiency rating when inspected during the void period.
- 3.6 In the 18 months since this policy was introduced, in April 2013, 362 properties have had rents increased at re-let to target rent levels, compared with the 658 properties that were re-let in total.
- 3.7 Given the authority's commitment to energy efficiency, no change to the rent policy is proposed and voids will continue to move to target rent only when assessed as having an above average energy rating.

Rents for new homes at up to 80% of market rent

- 3.8 The rent levels for new build housing schemes need to be driven by the financial viability of the scheme, recognising the impact upon viability of a number of different funding streams, including borrowing, right to buy receipts, other capital receipts and application of HRA revenue surpluses as direct revenue funding of capital.
- 3.9 The authority is primarily keen to deliver its Cambridge Social Rent Programme (CSRP) to ensure rents remain affordable, whilst recognising the constraints imposed in some of the funding mechanisms. The CSRP strives to deliver new social rented homes with rents up to the level of the LHA in Cambridge, which is currently estimated to be between 60 - 65% of market rents. It should be noted that social housing tenants are eligible for housing benefit at levels above Local Housing Allowance. However, Local Housing Allowance rates are used as a fair and equitable benchmark of what is 'affordable' for non-working or low income households.
- 3.10 It is also recognised that there are circumstances where an intermediate product may be required, to meet an identified need or to ensure financial viability of a particular site, where rents above Local

Housing Allowance levels may be adopted, using the measure of 80% of market rent as a maximum rent level.

- 3.11 It is therefore proposed that the local rent policy indicates that rents for new build homes will be delivered at rents of between 60% and 80% of market rent levels, dependent upon scheme mix and scheme viability, thus allowing for rents to be set at as low as 60% where viable, but still complying with the government guideline that rents should be set at up to 80%.
- 3.12 In practice, any new build social homes let at LHA rates at any time in a financial year will be set at the prevailing Local Housing Allowance at 1 April at the start of that financial year. The rents will be assessed against the latest available market data at that time as a check how they compare with the 60% target level, bearing in mind that market rents can vary significantly over time and depending on the area of the city analysed.

Market rents for households with incomes of at least £60,000

- 3.13 In the guidance provided by Communities and Local Government for 'Rents for Social Housing', it is expected that local authorities will charge market rent levels for properties where the house hold income is at least £60,000, taking into consideration the incomes of the two highest earners in the household.
- 3.14 The consultation indicated that government would expect the process for identification of those households meeting this criterion to be self-disclosure in the first instance, with earnings in the previous financial year dictating rent levels for the coming financial year. The guidance does indicate, however, that local authorities should take into account any material change in a household's financial circumstances, amending rent levels accordingly.
- 3.15 For existing tenants, there are currently no legal grounds under which the local authority can demand this level of financial information, making self-disclosure the only option in the short term. This constraint is being explored at a national level.
- 3.16 Collection of the financial information required to make appropriate judgements about rent levels would be expected to be relatively labour intensive, and the authority would also need to identify an appropriate ongoing source of market rent level data.
- 3.17 At this time it is not proposed to incorporate the ability to charge market rent levels for households with an income of £60,000,

recognising that self-disclosure by tenants is likely to be ineffective. This will be reviewed should any legislative changes occur to facilitate collection of the necessary financial information.

4. Implications

(a) Financial Implications

The financial implications of the revised 'Rent Policy' have been incorporated into the financial assumptions made as part of the 2015/16 HRA Budget Setting Report.

(b) Staffing Implications

There are no direct staffing implications associated with this report at this stage, although consideration will need to be given to staffing levels as and when the ability to expand the data collection exercise for higher income households, when there will be an increased administrative burden and a cost to obtaining ongoing up to date market rent data.

(c) Equal Opportunities Implications

An Equalities Impact Assessment will be undertaken as part of the preparation of this report and proposed amended rent setting policy. The assessment will be found as part of the background papers associated with this report.

(d) Environmental Implications

There are no direct environmental implications identified as part of this report or proposed revised policy.

(e) Procurement

There are no initial procurement implications identified as part of this report or proposed revised policy. Any future decision to procure services to provide market rent level data will be subject to the Council's Contract Procedure Rules.

(f) Consultation and communication

Consultation with the tenant and leaseholder representatives on Housing Scrutiny Committee is undertaken as part of this report being presented to the Housing Scrutiny Committee.

(g) Community Safety

There are no direct community safety implications identified as part of this report or proposed revised policy.

5. Background Papers

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

- Rents for Social Housing from 2015/16 – Consultation: Summary of Responses
- Guidance on Rents for Social Housing
- Equalities Impact Assessment

6. Appendices

- Appendix A - Rent Policy (from April 2015)

7. Inspection of Papers

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

Author's Name:	Julia Hovells
Author's Phone Number:	01223 – 457822
Author's Email:	julia.hovells@cambridge.gov.uk

Housing Revenue Account

Rent Setting Policy

1 Introduction

The purpose of this policy is to explain how Cambridge City Council will set rent levels for its properties.

2 Policy Statement

Cambridge City Council's Rent Setting Policy focuses around the following statements of principle:

The Council will set rents following consideration of the Government's 'Guidance on Rents for Social Housing', in the context of both local housing demand and Cambridge's pressured housing market.

Rents are set at a level that ensures that the Council can meet its landlord obligations to tenants and maintain stock to a minimum of the Decent Homes Standard, whilst also delivering a financially viable Housing Revenue Account over the longer term, facilitating investment in the delivery of new Social Housing provision.

3 Policy Objectives

The objectives of the rent setting policy are:

- To consider, and respond locally, to Government guidance on setting rents for social housing
- To identify how Cambridge City Council will set rents for general stock properties
- To identify how Cambridge City Council will set rents for shared ownership properties
- To identify how Cambridge City Council will set rents for new build properties
- To identify how Cambridge City Council will set rents for garages and parking spaces
- To identify the process for providing statutory notice to tenants of proposed changes in rent levels

4 Background

Rent restructuring was introduced with effect from April 2002, with the aim of introducing consistency in the calculation of rent across local authorities and other Registered Providers (RP's), ensuring that social rents were more affordable, fairer and less confusing for all tenants.

The Government rent restructuring policy requires rents to be set based upon formula driven by a combination of relative county earnings and relative property values, weighted for the number of bedrooms that a property has.

The latest Government 'Guidance on Rents for Social Housing' document sets out the anticipated approach to setting rents in the social sector over the coming ten years.

5 Detailed Implementation

In line with the rent restructuring policy, Cambridge City Council calculates a 'target' rent for all existing, and any new socially rented properties, based on the Government's 'target' rent formula as set out below:

- 70% based on the average county-level manual earnings compared with the national average manual earnings;
- 30% based on the January 1999 property valuation of an individual property, compared with the national average value of a social housing property;
- An additional 'weighting' based on the number bedrooms in the property.
- A weekly rent cap for properties based upon the number of bedrooms in the property.

Actual rents currently charged below target rents will move towards target rents only when an existing property becomes void and can be assessed as having an above average energy efficient rating. This is a deviation from the Government guidance to move all void properties directly to target rent, recognising the authority's commitment to introducing energy efficiency measures and reducing fuel poverty.

6 Annual Rent Review

In line with the Council's tenancy conditions, tenants will be given 4 weeks written notice of any change in rent, which will usually be effective from the annual date for rent changes, currently being the first Monday in April of each calendar year.

Annual rent increases (or decreases) will comprise, in line with the guidelines, an adjustment to reflect the change in prices between one year and the next, with inflation plus 1.0% applied across all properties (based on the consumer price index (CPI) inflation rate for the preceding September).

Where the rent charged for a property is below the target rent for the dwelling, no additional increase will be applied to move towards rent convergence whilst the property is occupied by the existing tenant.

Rent will be due on each Monday during the rent year 52 (or 53) weeks, but will be raised on rent accounts across 48 (or 49) chargeable weeks for collection purposes.

7 General Needs, Sheltered and Supported Housing

Cambridge City Council does not currently apply the 5% flexibility in formula rents (10% for sheltered / supported housing), but will review this practice on an annual basis, with any change proposed only after consultation.

Rents in respect of void properties will be set at target rent levels before the property is re-let, where the property is assessed as being above average in energy efficiency terms. This will not apply in the case of mutual exchanges, where there is no formal void period and therefore rents will remain as they do in respect of existing tenants.

Rents for properties which have undergone a material change, full refurbishment or rebuild, (i.e.; sheltered scheme refurbishment, property extension or conversion) will be set immediately at target social rents, reflecting the increased investment and condition of the property.

8 Shared Ownership Housing

Rents for shared ownership properties will be amended in line with the requirements of the lease.

For existing shared ownership properties, target rents will be reduced by 20%, in line with the terms of the shared ownership lease, to reflect the tenant's liability for repairs to the property.

Rents will be increased (or decreased) in line with government guidelines for rent restructuring as far as possible within the terms of the lease, with a maximum increase of inflation (CPI at the preceding September) plus 1.0%

Rents in respect of void properties will be set at target rent levels before the property is re-let.

9 New Build Housing

In respect of new build housing, consideration will be given to rent levels in the context of the financial viability of the initial investment, with rents considered at up to 80% of market rent levels.

There is a local commitment to deliver a Cambridge Social Rent Programme, with rent levels no higher than the Local Housing Allowance, currently considered to be between 60% and 65% of market rent levels in the city.

Where Local Housing Allowance is used as the measure for rents to be set, the level at the preceding April will be used for all properties completed during each financial year. Rent levels will be assessed against the latest available market data at that time as a check how they compare with the 60% target level, bearing in mind that market rents can vary significantly over time.

This policy allows for new build homes to be delivered with rents of between 60% and 80% of market rent levels, dependent upon scheme mix and scheme viability, thus allowing for rents to be set at as low as 60% where viable, but at up to 80%, in line with government guideline, should the investment dictate this.

10 Rents for Social Tenants with High Incomes

Rent levels for tenants with a taxable household income of at least £60,000 per annum can be set at market rent levels, within the national guidance.

The income received in a household in one year, ie 2014/15, is used as the driver for the rent to be set for the household in the coming year, ie; 2016/17. Any significant change in circumstances is expected to be taken into consideration, and may prompt a reduction back to target social rent level for the property. When re-let, any

property previously charged at market rent levels, due to the income earned by the household, would revert to target social rent level.

It is not currently proposed to implement the ability to charge market rents for high income households at a local level, due to the lack of statutory right to demand the required financial information and therefore enforce the higher charge.

This will be reviewed at the point at which any legislative changes are introduced to facilitate collection of the required financial data.

11 Garages and Parking Spaces

Rent levels for garages and parking spaces will be reviewed annually as part of the budget process, set according to demand.

A variable charging structure will apply, which recognises both tenure type and proposed use of the garage.

VAT will be applied to all private garages, ie; garages or parking spaces let to those who are either not housing tenants of Cambridge City Council or are tenants where the garage is not in the immediate proximity of the tenanted dwelling.

12 Monitoring

The setting of all rents will be monitored and reviewed annually by Housing Scrutiny Committee, with decisions in respect of rent setting being made by the Executive Councillor for Housing.

13 Review of the Rent Setting Policy

The Rent Setting Policy will be reviewed by officers at a minimum of every 3 years, with any changes being presented to Housing Scrutiny Committee for debate, and then approval by the Executive Councillor for Housing.

Policy Date	January 2015
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Review Date	January 2018
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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 14/1/2015
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

2015/16 HOUSING REVENUE ACCOUNT BUDGET SETTING REPORT

Key Decision

1. Executive summary

- 1.1 As part of the 2015/16 budget process, the range of assumptions upon which the HRA Business Plan and Mid-Year Financial Review were based, were reviewed in light of the latest information available, culminating in the preparation of the HRA Budget Setting Report.
- 1.2 The HRA Budget-Setting Report provides an overview of the review of the key assumptions. It sets out the key parameters for the detailed recommendations and final budget proposals, and is the basis for the finalisation of the 2015/16 budgets.
- 1.3 The resulting recommendations refer to the strategy outlined in the HRA Budget Setting Report.
- 1.4 The HRA Budget Setting Report is presented to this meeting of the Housing Scrutiny Committee on 14th January 2015, to allow consideration and scrutiny of proposals for both the review of rents and service charges and the revenue bids and savings, which form part of the HRA budget. The Executive Councillor for Housing will approve the final HRA revenue budget, after consideration of any budget amendments for the Housing Revenue Account.

- 1.5 The Housing Scrutiny Committee will also consider and scrutinise the Housing Capital Investment Plan, including capital bids and all associated funding proposals, prior to the Executive Council for Housing making final capital recommendations for approval at Council on 26th February 2015.

2. Recommendations

The Executive Councillor, is recommended, following scrutiny and debate at Housing Scrutiny Committee, to:

Review of Rents and Charges

- a) Approve that council dwellings rents be increased in line with government guidelines, ceasing any move towards target rents for existing tenants, but instead applying an individual increase of 2.2% across all tenure, made up of inflation (CPI at September 2014 of 1.2%) plus 1%, with effect from 6th April 2015. This equates to an average rent increase at the time of writing this report of £2.18 per week on a 52 week basis.
- b) Approve inflationary increases of 2% in garage and parking space rents for 2015/16, in line with the base rate of inflation for the year assumed in the HRA Budget Setting Report.
- c) Approve the proposed service charges for Housing Revenue Account services and facilities, as shown in Appendix B of the HRA Budget Setting Report.
- d) Approve the proposed leasehold administration charges for 2015/16 as detailed in Appendix B of the HRA Budget Setting Report.
- e) Approve that service charges for gas maintenance, door entry systems, lifts and electrical and mechanical maintenance are increased by a maximum of inflation at 1.2% plus 1%, if required, to continue to recover full estimated costs as detailed in Appendix B of the HRA Budget Setting Report.
- f) Approve that caretaking, communal cleaning, estate services, grounds maintenance, window cleaning, temporary housing premises and utilities, sheltered scheme premises and utilities, digital television aerial, flat cleaning and catering charges continue to be recovered at full cost, as detailed in Appendix B of the HRA Budget Setting Report.

Revenue – HRA

Revised Budget 2014/15:

- g) Approve with any amendments, the Revised Budget identified in Section 4 of the HRA Budget Setting Report, which reflects a net reduction in the use of HRA reserves for 2014/15 of £1,084,630.
- h) Approve the release of a net sum of £823,400, previously held within HRA repairs and renewals funds back into general HRA reserves, following a fundamental review of both the inventories and existing funds held.
- i) Approve release of the ear-marked reserves of £389,960 previously held for the purpose of meeting additional pension fund contributions into general HRA reserves, to allow alternative future use.

Budget 2015/16:

- j) Approve with any amendments, the Non-Cash Limit items shown in Appendix D (1) of the HRA Budget Setting Report.
- k) Approve with any amendments, the Unavoidable Revenue Bids and Savings, including those associated with organisational transformation, shown in Appendix D (1) of the HRA Budget Setting Report.
- l) Approve with any amendments, the Priority Policy Fund (PPF) Bids shown in Appendix D (1) of the HRA Budget Setting Report.

The Executive Councillor for Housing is asked to recommend to Council (following scrutiny and debate at Housing Scrutiny Committee):

Treasury Management

- m) Retain the existing approach to treasury management, setting-aside a proportion of the surpluses generated over the life of the Business Plan to allow for potential debt redemption, but re-investing up to 75% of the surplus generated in the acquisition or development of new affordable housing, as outlined in Section 6 of the HRA Budget Setting Report.

Housing Capital

- n) Approval of capital bids, shown in Appendix D (2) of the HRA Budget Setting Report, to include ear-marking resource for the implementation of both a new sub-regional choice based lettings IT system, and the software required to facilitate customer access to elements of the housing management information system, subject to each project demonstrating viability.
- o) Approval of amendment to the Decent Homes Programme investment, recognising the financial implications of a change in the assumed life for UPVC window replacements, from 25 years, to the 40 years required as part of the Decent homes Standard.
- p) Approval of re-allocation of £976,000 of resource in 2015/16 and 2017/18, originally included in previous years for works to communal areas, into the budget for garage improvement works, to allow the authority to undertake major works to some of the larger garage blocks should there be a financially viable business case for investment. The decision to proceed with works following the preparation of each business case shall be delegated to the Director of Customer & Community Services, in consultation with the Executive Councillor, Chair of Housing Scrutiny Committee (Part 2) and the Opposition Spokespersons.
- q) Approval of the latest budget and funding mix for each of the schemes in the 2011-15 new build programme, as detailed in Section 5 and Appendix F of the HRA Budget Setting Report, recognising the most up to date information available as each scheme progresses through the design, planning, build contract and completion process.
- r) Approval of gross funding of £7,008,000 for the development of the affordable housing project on the Homerton site, in line with the scheme specific report being presented to Housing Scrutiny Committee on 14th January 2015, which assumes 75% affordable rented and 25% shared ownership housing.
- s) Approval to earmark the required level of additional funding for new build investment between 2015/16 and 2019/20 to ensure that the anticipated level of future retained right to buy receipts can be appropriately utilised.
- t) Approval of re-direction of existing resource, previously identified as Cambridge Standard Investment, to create a new City Homes Estate Improvement Programme, with a view to increasing the future level of

investment in this area, as part of the Fundamental Review of the HRA and Housing Service, which will take place during 2015.

- u) Approval of the revised Housing Capital Investment Plan as shown in Appendix I of the HRA Budget Setting Report.
- v) Approve a provisional addition to the Housing Capital Allowance of £29,151,000 in respect of anticipated qualifying expenditure in 2015/16.

3. Implications

All budget proposals have a number of implications. A decision not to approve a revenue bid will impact on managers' ability to deliver the service or scheme in question and could have staffing, equal opportunities, environmental and/or community safety implications. A decision not to approve a capital or external bid will impact on managers' ability to deliver the developments desired in the service areas.

(a) Financial Implications

The financial implications associated with decisions are outlined in the HRA Budget Setting Report 2015/16, appended to this report, for consideration by both Housing Scrutiny Committee and Council.

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

Any direct staffing implications are outlined in the HRA Budget Setting Report 2015/16, appended to this report.

(c) Equality and Poverty Implications

Equality Impact Assessments have been undertaken in respect of each budget proposal where any impact (positive or negative) is anticipated. All of the assessments are available to view on the Council's website, whilst a consolidated Impact Assessment is presented at Appendix J of the HRA Budget Setting Report.

(d) Environmental Implications

Where relevant, officers have considered the environmental impact of budget proposals, with any impact highlighted in the HRA Budget Setting Report 2015/16, appended to this report.

(e) Procurement

Any procurement implications arising directly from revenue or capital bids will be considered and addressed as part of each individual project.

(f) Consultation and communication

Consultation with tenant and leaseholder representatives is an integral part of the Housing Scrutiny Committee process. The views of tenants and leaseholders, in respect of investment priorities, were sought as part of the 2014 STAR tenants and leaseholder survey, and the outcome has informed this budget process.

(g) Community Safety

Any community safety implications are outlined in the HRA Budget Setting Report 2015/16, appended to this report.

4. Background papers

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

Housing Revenue Account Budget Setting Report 2014/15
Housing Revenue Account Mid-Year Financial Review 2014/15
Equalities Impact Assessments

5. Appendices

The Housing Revenue Account Budget Setting Report 2015/16 is appended to this report.

6. Inspection of papers

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

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Housing Revenue Account Budget Setting Report 2015/16



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Cambridge City Council

Version Control

	Version	for :	Anticipated Content
	1	Draft	Draft content for consultation
Current	2	Housing Scrutiny Committee 14 January 2015	Member Scrutiny Tenant and Leaseholder Representative Input Amendments to Executive proposals Opposition budget amendment proposals
	3	Council Meeting 26 February 2015	The Executive Councillor for Housing's recommended final budget proposals
	4	FINAL	Final version for publication following Council

Housing Revenue Account Budget Setting Report

2015/16 to 2019/20

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Section 1

Introduction

Background

Decisions about the level of expenditure in the Housing Revenue Account continue to be made in the context of a 30-year business plan, which is fully reviewed in January / February of each year, with a mid-year review of key assumptions taking place annually in September / October.

The level of funding available to invest in housing services is dependent upon anticipated income streams for the Housing Revenue Account, with the most significant of these being the rental income for the housing stock. The authority has the ability to set rents at a local level, although it does need to be recognised that the government still issues guidance for setting rents, which local authorities are expected to adhere to.

With greater flexibility over longer-term decision making at a local level, the Housing Revenue Account needs to continually review priorities for investment, delivering an appropriate balance between:

- Investment in the existing housing stock
- Investment in new affordable housing
- Investment in new initiatives and income generating activities
- Spend on landlord service (housing management, responsive and void repairs)
- Spend on discretionary services (i.e. support)
- Support for, and potential repayment of, housing debt

To achieve this, it is imperative that the organisation sets budgets for the medium term in the context of the longer-term impact of the financial viability of the Housing Revenue Account 30-Year Business Plan and Asset Management Plan

A key feature of the 30-Year Business Plan is the requirement to support, and potentially repay, a significant level of housing debt whilst also ensuring ongoing delivery of quality housing services. As at April 2014, the authority was supporting a housing debt of £214,748,250. The level of debt supported by the Housing Revenue Account is expected to increase to allow for the delivery of new affordable housing, until the current debt cap of £230,839,000 is reached.

Purpose, Scope and Key Dates

Purpose

Following scrutiny and debate at Housing Scrutiny Committee on 30th September 2014, the Executive Councillor for Housing approved the revenue aspects of the HRA Mid-Year Financial Review for 2013/14. At its meeting on 6 November 2014, the Council considered the capital aspects of the document. The mid-year review of factors affecting the housing service took into consideration emerging changes in both local and national policy priorities and the implications of anticipated changes in the current economic climate. The approved HRA Mid-Year Financial Review set out the agreed financial strategy for the HRA, and confirmed the framework for the detailed budget work to develop proposals for the 2015/16 budget.

As part of the preparation of the HRA Budget Setting Report, the range of assumptions on which the HRA Mid-Year Financial Review was based, were reviewed in light of the latest information available to determine whether any aspects of the strategy needed to be revised.

The outcome of the exercise, summarised in this document, provides the basis for the finalisation of the HRA budget and setting of rents for 2015/16, culminating in

recommendations to both Housing Scrutiny Committee on 14th January 2015, and ultimately Council on 26 February 2015.

Scope

The HRA Budget Setting Report provides an overview of the financial position for the HRA. It covers HRA revenue and housing capital spending, highlighting the inter-relationships between the two, and the resultant implications. The HRA is the authority's landlord account, within which all services to tenants and leaseholders are provided and funded and it is the account into which the proceeds of the rent and landlord service charges are credited.

As with the HRA Mid-Year Financial Review, a key aspect of the detailed budget work has been risk assessment and management. In order to ensure that the HRA's financial position and risks are appropriately managed over the medium and longer-term, within the financial projections, the following modelling periods have been adopted for the HRA:

For the ...	Period	Purpose / Use
HRA Mid-Year Financial Review & Budget Setting	5 years	Detailed budget & rent setting
Longer-Term Budget Projections	30 years	Demonstrate long-term effects & ability to support debt

Sensitivity analysis of key factors is undertaken, as part of the budget setting process to ensure that effective contingency plans are available to the Council and that an appropriate level of reserves can be maintained in light of changes in assumptions.

The work on the 2014/15 HRA Budget Setting Report takes as its starting point the following key medium and long-term parameters:

- A financial model that assumes resource is set-aside to redeem 25% of the housing debt, with the balance invested in the delivery of new homes.

- A financial model assuming use of borrowing headroom, in order to increase the supply of social housing.
- Rent increases in line with government rent guidelines.
- Housing stock that is maintained at an investment standard by the end of a 10-year period.
- The delivery, subject to viability of up to 444 new and re-provided homes over a 5 year period, with the potential for delivery of additional homes in years 6 to 30 of the Business Plan.
- A general savings requirement of 2% in general management expenditure for 2015/16 and beyond, alongside an adjustment in responsive repairs expenditure in line with anticipated stock changes.
- A contingency to support continual service development (known as the priority policy fund) for 2015/16 to 2019/20 at a level of £150,000, recognising some of the key challenges facing the authority as a landlord in the medium-term.
- A minimum working balance for reserves of £2m, with a target level of £3m.

Key Dates

The key member decision-making dates were / are as follows:

Date	Task
2014	
30 September	The Executive Councillor for Housing considered HRA Mid-Year Financial Review, incorporated Housing Scrutiny Committee, including Tenant and Leaseholder Representative views, and approved revenue aspects, making recommendations to Council in respect of the capital plan.
6 November	Council approved HRA Mid-Year Financial Review 2014/15
2015	
14 January	Executive Councillor for Housing considers Housing Scrutiny Committee views, before approving HRA revenue budgets and rent levels, and making recommendations to Council in respect of the capital aspects of the HRA Budget Setting Report
26 February	Council approves HRA Budget Setting Report

Section 2

Review of National and Local Policy Context and External Factors

Review of National Policy Context

National Rent Setting Policy for Social and Affordable Rents

Following consultation in 2013, the government issued revised guidance for setting rents in social housing from April 2015, in May 2014. The Council's approach to rent setting in light of the new guidance is the subject of a separate report being presented to Housing Scrutiny Committee on 14 January 2015. The key changes in the guidance are:

- A change in the inflationary measure used as part of the annual rent review, using CPI (Consumer Price Index) plus 1%, for the 10 year period from 2015/16 to 2024/25 instead of the historic inflationary rate of RPI (Retail Price Index) plus 0.5%, providing certainty and stability for both social landlords and investors.
- 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 with the Homes and Communities Agency, or has entered into a Retention Agreement, with the Department for Communities and Local Government, 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.

Local authorities are expected to have regard to guidance issued by Government on rent policy when setting rents.

Welfare Reforms

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

At the end of September 2014, approximately 405 HRA tenants were affected by the reduction in housing benefit as a result of removal of the spare room subsidy, with over 75% of those residents affected paying the additional rent due. It is estimated that £37,000 of arrears relate to households affected by this change.

In respect of these cases, Discretionary Housing Payment (DHP) continues to be considered, with time-limited top-up payments being awarded to support the most vulnerable tenants whilst alternative options are considered.

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 14 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 is to be incorporated into Universal Credit, but implementation delays mean that local authorities will now continue to administer Housing Benefit for longer than previously anticipated. From the point of introduction, new claimants for Jobseekers Allowance (income related), Income Support, Employment & Support Allowance (income related), Child Tax Credit, Working Tax Credit and Housing Benefit will claim Universal Credit.

The current intention is that residents will be paid directly, and will receive calendar monthly payments, in arrears, administered centrally by the DWP. 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. Pensioners continue to be excluded from these arrangements at present.

It was recently announced that starting in February 2015, Universal Credit will be rolled out across Great Britain for all new single claims previously eligible for Jobseeker's Allowance (JSA) including those with existing Housing Benefit and Tax Credit claims.

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 framework that has recently been rebranded and is now referred to as "Universal Support – delivered locally".

The full impact of these reforms at a local level still remains unquantifiable at present.

Right to Buy Sales

Following changes in the right to buy legislation from July 2014, which saw the higher level of discount available index linked (using the Consumer Price Index at April of each year) going forward, the authority continues to experience increased levels of right to buy activity.

Future legislative changes are also expected to incorporate a reduction in the eligibility criteria for right to buy, reducing the period from 5 to 3 years. This change forms part of the De-Regulation Bill, which at October 2014 was sitting with the House of Lords, prior to receiving Royal Assent.

During 2013/14, 114 right to buy applications were received and recorded, resulting in 60 applications proceeding to completion. This compares to 135 applications in the previous year, with 41 completions.

In the first 6 months of 2014/15, 24 completions took place, which may represent the slight slowing down in sales anticipated to occur at some point, although 62 applications were received for the same period suggesting that initial interest is still high.

Although impossible to accurately predict future sales, based upon the sustained higher level of initial interest in 2014/15 to date and the proposed legislative change that the qualifying period be reduced to 3 years, which is likely to prompt another peak in activity, it is considered prudent to retain the assumed level of sales of 60 for 2014/15 in line with sales in 2013/14, reducing to 50 in 2015/16, 40 in 2016/17, 30 in 2017/18, and to 20 sales per annum from 2018/19.

The table below highlights the activity over the last 5 years, detailing the mix of houses, flats and bedsits sold through this process.

Status	Year	Right to Buy (RTB)			Total
		House	Flat	Bedsit	
Actual Sales	2009/10	11	2	0	13
	2010/11	12	5	0	17
	2011/12	7	5	0	12
	2012/13	26	15	0	41
	2013/14	31	28	1	60
Estimated Sales	2014/15	30	30	0	60
	2015/16	25	25	0	50
	2016/17	20	20	0	40
	2017/18	15	15	0	30
	2018/19	10	10	0	20

Right to Buy Receipts

The authority is still subject to an 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.

It should be noted that risks remain in spending the sums retained in respect of the attributable debt element of the formula in the early years, as the government

calculates the sum due to CLG on a cumulative basis year on year. If right to buy sales fall in later years, CLG will claw back monies from all right to buy receipts in-year, until they have arrived at the total sum due to them overall. This could mean that the authority receives no capital receipt from right to buy sales in any one year, thus putting at jeopardy the funding assumed to be available for the general fund housing elements of the Housing Capital Investment Plan in the year in question, such as Disabled Facilities Grants and Private Sector Housing Grants and Loans.

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 or additional borrowing approvals through the £300 million fund.

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

Quarter date for Receipt	Retained one- for-one Receipt Value (Per Quarter)	Retained 1-4-1 Receipt Value (Cumulative)	Amount of New Build Expenditure Required (Cumulative)	Deadline for Receipt to be spent on Completed Dwelling
30/6/2012	0.00	0.00	0.00	N/A
30/9/2012	305,694.44	305,694.44	1,018,981.47	30/9/2015
31/12/2012	1,052,927.43	1,358,621.87	4,528,739.57	31/12/2015
31/3/2013	721,056.95	2,079,678.82	6,932,262.73	31/3/2016
30/6/2013	558,506.21	2,638,185.03	8,793,950.10	30/6/2016
30/9/2013	649,210.49	3,287,395.52	10,957,985.07	30/9/2016
31/12/2013	939,637.07	4,227,032.59	14,090,108.63	31/12/2016
31/3/2014	1,556,452.02	5,783,484.61	19,278,282.03	31/3/2017
30/6/2014	1,039,280.75	6,822,765.36	22,742,551.20	30/6/2017
30/9/2014	517,057.26	7,339,822.62	24,466,075.40	30/9/2017
Total	7,339,822.62	7,339,822.62	24,466,075.40	

The authority is required to invest a significant sum in the delivery of new social housing over the next 3 years. Although the total required expenditure to meet the above commitment has been included in the Housing Capital Investment Plan, specific sites need to be identified that can be delivered within the time frames. If this is not possible, the authority will 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. 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.

The authority has begun a review of the balance of investment in the current HRA Business Plan between the provision of services, investment in existing housing stock and in delivering or acquiring new affordable housing, as part of a fundamental review of housing services. This review seeks to maximise the funding available for new build housing, thus ensuring that the resources made available through the right to buy process are retained and re-invested locally as far as possible.

Review of Local Policy Context

Portfolio Plan

The Housing Portfolio Plan will set out the Council's strategic objectives for housing in general across the city and will include the role of the city as a social housing landlord. The Housing Portfolio Plan for 2015/16 will be available on the City Council website in March 2015.

Housing Vision

The Council aims to deliver housing services in line with the following updated vision statement and key housing objectives:

Cambridge City Council's Housing Vision

'Fair for all'

We will provide a housing service that is fit for purpose and fair for all; that provides a range of housing options and housing solutions to meet our clients' needs; that enables independent living and that is developed alongside our customers' expectations.

'A great place to live and work'

With the health and well-being of our residents a priority, we will ensure that a rented property in Cambridge is good quality, well managed and well regulated, and that the communities we support and develop are balanced, productive and sustainable.

'Caring for our environment'

Our homes will be at the forefront of sustainable living. We will build and maintain homes to a standard that is mirrored across all rented tenures and by all housing providers within the City.

Cambridge City Council's Housing Objectives

'Fair for all'

Tackling and preventing homelessness

Tackling anti-poverty and social exclusion; ensuring fair services for all

Expanding and encouraging resident involvement; engaging with harder to reach groups

Providing a range of housing options and rent products to meet all housing need, supporting those on low incomes to access housing.

Providing easy access to a fair, well regulated, good quality private rented sector; improving awareness of landlords' and tenant rights and responsibilities.

Recognising the need to demonstrate value for money, fairly charging for services and seeking out efficiencies.

Recognising and respecting difference, balancing organisational objectives with our customers' expectations.

Enabling people to live independently, working with partner agencies, and increasing customer awareness of services and support available to them.

Responding to the needs of, and protecting, our vulnerable clients.

'A great place to live and work'

Optimising how the Council manages its homes and estates.

Improving the quality of Council homes and rented homes in the private sector.

Ensuring housing provision in a range of sizes and types of tenure (social and intermediate housing), affordable to all.

Recognising links between health & housing; working positively with partner organisations

Maximising the supply of social housing; building ourselves or facilitating others.

Creating mixed, balanced and sustainable new communities, whilst recognising and tackling inequality in our established communities.

Positively tackling crime and anti-social behaviour.

Working with our customers, incorporating their views in service development, consulting broadly and responding positively to the outcomes.

'Caring for our environment'

Tackling utility poverty, improving energy and water efficiency of both Council homes and those in the private rented sector.

Building energy and water efficient housing to meet housing need and developing a sustainable building programme.

Developing build standards in consultation with our customers, aligning standards with expectations in the private rented sector.

Housing Stock

Cambridge City Council Housing Revenue Account owns and manages the following properties, broken down by category of housing provided:

Housing Category	Actual Stock Numbers as at 1/4/2014	Estimated Stock Numbers as at 1/4/2015
General Housing – Social	6,511	6,350
General Housing - Affordable	0	41
Housing for Older People - Affordable	19	19
Sheltered Housing	521	507
Supported Housing	24	24
Temporary Housing (Incl. HMO / EA's)	70	71
Miscellaneous Leased Dwellings	19	18
Shared Ownership Dwellings	84	83
Total Dwellings	7,248	7,113

A breakdown of the housing stock by property type, excluding shared ownership, is demonstrated in the table below:

Stock Category (Property Type)	Actual Stock Numbers as at 1/4/2014	Estimated Stock Numbers as at 1/4/2015
Bedsits	111	109
1 Bed Flat / Maisonette	1,587	1,519
2 Bed Flat / Maisonette	1,261	1,256
3 Bed Flat / Maisonette	42	34
1 Bed House / Bungalow	190	161
2 Bed House / Bungalow	1,121	1,110
3 Bed House	2,226	2,227
4 Bed House	96	98
5 Bed House	7	7
6 Bed House	2	2
Sheltered Housing	521	507
Total Dwellings	7,164	7,030

Leasehold Stock

The Housing Revenue Account continues to maintain the freehold in respect of flats, sold under the right to buy process on long leases. Services continue to be provided to these properties in respect of repairs and improvements to communal areas and services for common facilities.

At 1st April 2014, the Council retained the freehold and managed the leases for 1,109 leasehold flats.

Housing Demand

The mix of new housing delivered by the Housing Revenue Account continues to be influenced by numbers on the housing register locally and the Affordable Housing Supplementary Planning Document (AHSPD), which shows what the dwelling mix should be for new homes between 2011 and 2031, based on a continuation of trends from 1991 to 2010. It may become necessary to seek a review of the AHSPD in the light of the impact of welfare reform on housing needs from 2010.

Support Service Contracts

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. The demand for support services across the city as a whole is still unquantifiable, but all existing service recipients are undergoing needs assessments 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 (as part of the Ditchburn Place care contract) 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 underway in respect of a 10 month extension to the care contract, with a view to working in partnership after this. The future provision of County Council funded support services in temporary housing is still unclear.

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 Contract Units	Contract Status	Contracted Support Income 2015/16 (£)	Risks / Ongoing Assumptions
Temporary Housing	60	Block Gross Contract – Extension Expires 31/3/2015.	0	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 whilst staff numbers are maintained)	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	9,440	Supporting People funding for alarm services will cease with

		31/3/2016.		effect from 31/3/2016
Community Alarms	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, although a contract extension is being considered
Total County Council Support Funding			294,710	

Tenant and Leaseholder Consultation

STAR Survey 2014 – Satisfaction Levels

The last tenant and leaseholder satisfaction surveys were undertaken in June 2014.

For our general needs tenants, overall satisfaction in services provided by the landlord has remained consistent since the 2012 survey; 82.5% compared to 83% in 2008 (73% to 72% on a net satisfaction basis). There has been a slight drop between 2012 and 2014 in levels of satisfaction in three key areas – overall quality of the home, rent providing value for money and how the Council deals with repairs and maintenance.

For our tenants in sheltered housing, overall satisfaction in services provided by the landlord remains high at 95% (93% in 2012). There was a slight drop in satisfaction with quality of the home; 93% in 2014 from 95% in 2012, and that rent provides value for money; 87% in 2014 from 91% in 2012.

For leaseholders, there has been a rise in overall satisfaction for leasehold services provided by the Council; from 49% in 2012 to 63% in 2014, and in other key areas - the neighbourhood as a place to live has increased from 59% in 2012 to 73% in 2014 and service charges providing value for money from 30% to 43%. Satisfaction with the repairs and maintenance service has however dropped to 42% in 2014 from 50% in 2012.

STAR Survey – Identification of Tenant Investment Priorities

In both the 2012 and 2014 survey, Housing took the opportunity to ask tenants to rank a number of areas of potential investment in their order of priority. General needs tenants ranked the following areas of service as their 1st priority:

2012	%	2014	%
Building new council housing	23%	Building new council housing	38%
Repairing your home	22%	Repairing your home	23%
Tackling anti-social behaviour	13%	Providing sheltered accommodation for older people	11%
Providing sheltered accommodation for older people	12%	Tackling anti-social behaviour	8%
Dealing with enquiries and providing support to tenants	11%	Advice & support for those seeking a home	7%

As the table above shows, there has been a significant rise in those tenants who see building more council homes as the top priority; repairing the home remains consistently in second place.

STAR Survey 2014 – Planning ahead

The Housing Regulation Panel (HRP) has been tasked with helping officers develop a programme of work that will be taken forward over the next year and beyond. Plans include a comprehensive drill-down into areas of lower satisfaction, using the Tenant and Leaseholder magazine Open Door to further capture opinion, using best practice from other Local Authorities to make the changes to services that most matter to our tenants and leaseholders and undertaking 'hotspot' improvements in specific services across the City where low satisfaction has been captured at ward level.

We will also continue to:

- Ensure that the post of Resident Involvement Facilitator focuses on developing residents' groups on estates to be an independent tenant voice.
- Run a series of features in Open Door, engaging residents with the results and impacts of the 2014 STAR survey, as well as undertaking some further focussed opinion polls within each edition.
- Remind Tenants' about their top 5 priorities for investment and how we're progressing.
- Hold Community/Environment Days showing how we listen to, and act upon, tenants' views, engaging with other community providers within estates so that tenants have access to wider support
- Include features showing how residents are involved in the whole STAR cycle.

Partnership Working and Shared Services

The organisation recognises the benefits, and therefore promotes, partnership working and shared services wherever possible. Opportunities to work in partnership with other local authorities, although challenging, can deliver significant efficiencies in both cost and service delivery terms.

Although the submission of a bid to Central Government for a City Deal did not produce an immediate outcome from a housing perspective, discussions are underway with South Cambridgeshire District Council, the County Council, the University and other potential partners about the possibility of creating a Joint Venture Company / Housing Development Vehicle to aid the delivery of new homes in the sub-region, both inside and outside of HRA control. This approach to joint working could help increase the supply of new housing in response to the investment in transport and infrastructure which the Greater Cambridge City Deal will bring.

Ongoing investment in the housing stock as part of the 30-Year HRA Business Plan has necessitated the authority procuring a new partner to deliver some of the planned

maintenance services, both in terms of capital investment (including decent homes) and planned / cyclical revenue expenditure. A new contract with TSG will come into force in 2014/15 for the internal aspects of the programme, with options for delivering the balance of investment being explored currently.

From a corporate perspective, the authority has decided to progress shared service opportunities with South Cambridgeshire District Council and Huntingdonshire District Council for the provision of ICT and Legal Services, both of which will impact the HRA. Other shared service opportunities are currently being investigated, with the potential for more joined up working across both HRA and strategic housing services.

External Factors

The Housing Revenue Account continues to be impacted upon by a number of external factors, all of which are outside of the direct control of the organisation, with little or no ability for the organisation to influence them. In making strategic budgetary decisions, judgements have been made about the likely direction of travel for many of the factors.

Inflation Rates

Inflation rates have fluctuated significantly over the last 10 years, with a marked reduction in the rates as measured by the Retail Price Index (RPI) and the Consumer Price Index (CPI) over the last 4 years. This is conversely true in respect of the building industry, 'all in tender price inflation' cost indices, which has seen a marked recovery in the last few years.

There has been a significant reduction in inflation rates over the last few months; with rates at September 2014 falling again, to the lowest that they have been for 5 years.

The work undertaken in 2014, culminating in approval of the HRA Mid-Year Financial Review in October 2014, assumed a reduction from 2.5% to the use of 2% in general

inflation (CPI) for 2015/16 and beyond. Although inflation rates are currently significantly lower than this, the position is not anticipated to continue at this all-time low, and recognising that the government's aim is to maintain CPI at 2% over the longer term, it is not proposed that any change is made in relation to these assumptions beyond 2015/16 as part of the budget setting process.

The impact of the low rate at September 2014 in particular, when CPI fell to 1.2%, has however been incorporated into the financial assumptions made as part of this report, as it guides the level of rent increase applicable from April 2015. The rate of inflation applied in respect of rent increases as part of the 2015/16 budget setting process will therefore be 2.2%, which represents CPI at 1.2%, plus 1%, in line with the current government guidelines. The rate of CPI assumed as part of the HRA Mid-Year Financial Review was 2%, resulting in significantly lower rental income than originally anticipated.

Interest Rates on Lending

The Council's General Fund lends externally, predominantly on a short-term basis, any cash balances that are held at any point within the financial year. In respect of any revenue, or unapplied capital balances held by the Housing Revenue Account or balance held in the Major Repairs Reserve, the General Fund is required to pay the interest earned across to the Housing Revenue Account.

The level of interest that the authority has been able to earn in recent years remains extremely low, with an average rate of 0.64% available during 2013/14. Although anticipated to be slow, some recovery in the rates available is still predicted in the longer term, with interest rate assumptions detailed in Appendix A.

In the future, 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. An 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. Consideration could also be given to the Housing Revenue Account investing in additional property, where it can be demonstrated that investment could generate a higher return than investments elsewhere.

Interest Rates on Borrowing

The Housing Revenue Account supports an external debt portfolio of £213,572,000, consisting of 20 Public Works Loans Board (PWLB) maturity loans, with redemption dates of between 26 and 45 years, at interest rates ranging between 3.46% and 3.53%.

The borrowing requirement currently identified in the next 5 years of the HRA Business Plan will be considered internally before external funding is sought. However, assumptions of the rates chargeable to the HRA continue to be made in line with lending rates available externally from the PWLB for prudence.

The authority is still eligible for a certainty rate with the Public Works Loans Board, which is renewed on an annual basis, with the current agreement confirmed until 31st October 2015. This allows the authority access to a 20 basis point reduction against the standard PWLB rates in respect of any new borrowing.

The rates available for shorter-term borrowing are lower than those available for borrowing of a longer-term nature, with the standard rate for maturity loans at October 2014, ranging from 2.48% over 5 years, up to 3.90% over 30 or 35 years, reducing marginally to 3.88% over 50 years. The rates for other types of borrowing, annuity or equal instalments of principal are generally lower over the short-term, but more similar in respect of longer-term borrowing. If the certainty rate is still available at the point at which the HRA is required to borrow, all published rates would be reduced by 0.2%.

Based upon the continued downward trend in interest rates available, it is proposed to reduce the cost of borrowing assumption in the HRA financial forecasts from 4.5% to 4%, as detailed in Appendix A.

Section 3

Housing Revenue Account Resources

Rent

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

Performance in the collection of current tenant debt was improved in 2013/14, despite the introduction of the first stages of welfare reform. Performance in first half of 2014/15 has been maintained, when compared with the profile in previous years. Dedicated Assistant Housing Officers continue to work proactively with tenants 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. The position is anticipated to become more challenging with the introduction of Universal Credit, based on experiences elsewhere, with authorities seeing a marked increase in the level of rent arrears.

In an attempt to mitigate the impact on rent arrears caused by a variety of financial pressures experienced by our tenants, the budget proposals presented in this report incorporate the recommendation that resource is made available for an additional member of staff. This post will work proactively with tenants before they get into financial difficulties, using early intervention, financial advice, advocacy, sign-posting and financial awareness training as means to minimise the numbers of households getting into financial crisis.

A particular focus has been placed on actively pursuing, or proactively writing off, former tenant debt in the latter part of 2013/14 and 2014/15 to date. By a point in October 2014, former tenant debt had been reduced to £888,908, compared with the £967,755 that was evident at the end of March 2014.

The Housing Revenue Account maintains a provision for bad and doubtful debt, with the value of the provision reviewed annually, taking into consideration both the age and value of outstanding debt at the time. 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%, Void levels remain low in 2014/15 to date, with void loss for the first half of the year at 0.9%.

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.

With the requirement to pay Council Tax now for any dwelling that is empty for more than one month, it is imperative that the time taken to undertake void works and re-let each dwelling is minimised. Consideration is being given, sub-regionally, to amending the choice based lettings system to allow weekly advertising as opposed to two weekly, which will assist this.

The requirement to pay Council Tax for vacant dwellings sooner, also impacts those properties held vacant awaiting re-development until they are physically demolished and means that Council Tax will be payable on new build schemes one month after they are deemed complete by the Council Tax Inspector.

Rent Restructuring

The HRA Self-Financing debt settlement assumed that all local authorities complied with government guidelines for setting rents, and imposed rent increases over a period of time, until target rents were arrived at. From April 2015, the move towards target rents will cease for existing tenants, with the ability to move only vacant properties directly to target rent.

The formula for the calculation of target rents remains unchanged, with 30% of a property's rent based upon historic relative property values and 70% based upon historic relative local earnings, combined with a factor for the number of bedrooms in the property. The application of rent caps (a prescribed maximum level of rent chargeable for a property of one bedroom, two bedrooms, etc.) is also retained, although this affects very few properties owned by Cambridge City Council.

There is still some discretion in the government's current rent restructuring regime in how rents are set at a local level, with an option to use an element of flexibility in the calculation of target rents (5% for general stock housing and 10% for sheltered housing), as long as the average rent does not exceed limit rent. This option has not been exercised locally to date.

Both target and actual rents are expected to be increased annually by inflation as measured by the Consumer Price Index (CPI) at the preceding September plus 1%.

With target rents for Cambridge City Council still considerably above actual rents, it will be many years before target rents are achieved in totality, assuming rents are only increased when property becomes void.

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.

At the time of writing this report, only 12% of the housing stock had reached target rent levels, despite the decision to increase energy efficient void properties directly to target from April 2013.

With the opportunity to close the gap between target and actual rents only available at the point at which a property becomes vacant, it will be decades before the housing stock as a whole reaches target rent levels,

Rent Policy

The local rent setting policy is subject to review as part of the January 2015 committee cycle in a separate report to be presented to Housing Scrutiny Committee.

The current policy allows for the transition of energy efficient void properties direct to target rent before re-let. Based upon activity since April 2013, approximately 70% of void dwellings have been re-let at target rents. The proportion has increased over the last year as a proactive approach is taken to undertaking works during the void period which will improve the energy efficiency of the dwelling. It is not proposed to change this approach at present.

The updated policy also addresses the local approach to charging market rent for households on high incomes (over £60,000), with the recommendation to defer a decision on the implementation of this until such time as the legal mechanisms exist to facilitate collection of the required financial data.

Rent Setting

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

The HRA Business Plan is predicated on the assumption that the authority will continue to follow government guidelines for setting rent levels, and has been updated a number of times since the inception of self-financing in April 2012, to reflect changes in both national and local rent policy and the rates of inflation assumed for rent setting purposes.

Any decision to increase rents at a lower rate than assumed in the business plan, requires some form of remedial action to mitigate the financial impact if the authority still wishes to be in a position to deliver the existing HRA Business Plan.

The rate of inflation assumed for rent setting purposes from April 2015 in the HRA Mid-Year Financial Review was 3% (CPI at 2% plus 1%). The actual rate of inflation that will be applicable from April 2015 is 2.2% (CPI at September 2014 of 1.2% plus 1%). This

change, although resulting in lower than anticipated rent increases for existing tenants, will result in the need to reduce costs elsewhere in the HRA as a direct consequence.

The cessation of any transition towards target rents for existing tenants and the base rate of inflation as measured by CPI at September 2014, will result in a rent increase for Cambridge City Council general and sheltered tenants of 2.2%, equivalent to an average, at the time of writing this report, of £2.18 per week on a 52-week basis.

Service Charges

Service charges are levied for services that are not pure landlord functions, and are provided to some tenants and not others, depending upon the type, nature and location of the property. Some of these services are eligible for housing benefit, depending upon the nature of the service.

The majority of services provided to tenants of Cambridge City Council are now separately identified, with the exception of communal electricity, grounds maintenance and estate services to non-sheltered flatted accommodation, where there is currently not considered to be any specific benefit to identifying these charges separately.

Building cleaning and window cleaning services are subject to a review, which has been delayed such that the new arrangements are not now expected to be in place until after April 2015.

Charges are also recovered through rent accounts for optional third party activity such as the Tenants Contents Insurance Scheme.

The approach to setting service charge levels for 2015/16 is detailed at Appendix B.

Other Sources of Income

Garages

The Housing Revenue Account currently owns 1,795 residential garages, and manages a further 23 on behalf of the General Fund. 93 of these garages are currently identified for demolition as part of the affordable housing development programme schemes approved to date.

Following a review of garage provision, the HRA has now adopted a variable charging structure, with charges reviewed annually as part of the budget process. The proposed garage charging structure for 2015/16 is as follows:

Category	Rent £ per rent week	VAT £ per rent week	Total Charge £ per rent week	Percentage Increase on previous year
Tenant of City Homes (for storing a motorised vehicle)	9.55	0.00	9.55	2%
Other Resident with Garage within ½ mile of address (for storing a motorised vehicle)	9.55	1.91	11.46	2%
Other Resident (Within Cambridge City) with Garage over ½ mile of address (for storing a motorised vehicle)	11.59	2.32	13.91	2%
Public Body/Charity (for storing a motorised vehicle)	15.95	3.19	19.14	2%
Non Cambridge City resident or Business / Commercial / General Storage Use	17.99	3.60	21.59	2%
Tenant of City Homes (For general storage)	17.99	3.60	21.59	2%
City Homes Use	17.99	0.00	17.99	2%

Of the garages available for letting, 25% are currently void, with total void loss to the end of October 2014 of 25.8%. In addition to the 93 (5%) of garages identified for demolition as part of the current new build programme, a number of other garage blocks have been identified for feasibility work as part of the 3 year affordable housing rolling programme. Targeted work is anticipated to market all garages available for letting in the near future, using a variety of communication media, to include Open Door.

Commercial Property

Rental income from commercial property continues to fluctuate due to the timing of lease renewals for the small portfolio of shops and other business premises that are owned by the HRA.

In 2014/15 the income generated by the commercial property portfolio is anticipated to be in the region of £408,000, increasing to £420,000 from 2015/16.

Some small businesses are still experiencing difficulties in terms of financial viability for their operation, and as such the HRA is experiencing bad debt and some difficulty in letting commercial property as a direct result.

Interest / Investment Income

The Housing Revenue Account receives interest on general or ear-marked revenue balances, any funds set-aside in the major repairs reserve and the revenue debt repayment reserve and more recently any unapplied capital balances.

The General Fund invests all cash balances for the whole authority and the HRA is entitled to claim a share of the actual interest earned at the end of each financial year, based upon the average HRA cash balance throughout the year at the average external rate of interest.

Rates have been at historically low levels for the last 4 years, and recovery is still anticipated to be slow.

Other External Funding

In addition to income direct from service users, the Housing Revenue Account anticipates receiving external funding in the following forms:

- Homes and Communities Agency (HCA) Grant – The authority was awarded grant of £2,587,500 to build 146 new and re-developed homes before March 2015. Due to both delays in the new build programme and recent announcements by the HCA that schemes must have started on site by a specified date to comply with the grant requirements, the authority only expects to receive £1,659,630 in grant funding by the end of 2014/15, towards the development of 88 dwellings. There remains the opportunity to bid for grant for on some of these new homes that will complete in 2015/16.
- Supporting Funding – The level of funding via the Supporting People Programme has reduced significantly over the last 10 years. From May 2014 the authority contracted directly with the County Council for the provision of support to older people across the city, but uncertainty still exists for the future of funding for temporary housing services.

Earmarked & Specific Funds

Earmarked Funds – Revenue Reserves

In addition to General Reserves, the Housing Revenue Account maintains a number of earmarked or specific funds which are held against major expenditure of a non-recurring nature or where income is received for a specific purpose. The number, and purpose, of ear-marked reserves has been considered as part of the 2015/16 budget

process, with the resulting proposals summarised below. See Appendix C for details of the current level of funding in the reserves proposed for retention.

Repairs & Renewals

These are maintained to fund major repairs of Council-owned administrative premises and periodic replacement of assets such as vehicles, plant, equipment and furniture. Annual contributions are based on estimated replacement costs, spread over the anticipated life of the assets.

These funds have been subject to a major zero-based review during 2014/15, with recommendations including a net reduction in the annual contribution to the funds of £40,710, and a one-off release of £823,400 of the ear-marked fund held back into general HRA reserves, both recognising that items have not been replaced as often as anticipated historically and that replacements values of many items are now lower due to corporate buying decisions.

Major Repairs Reserve

From April 2012, this statutory ear-marked reserve is being contributed to on an annual ongoing basis from the Housing Revenue Account, recognising the need to depreciate the housing stock, or in effect set-aside sufficient resource to maintain the asset base in a lettable state.

Any resource available in the Major Repairs Reserve can be utilised as a source of funding in the Housing Capital Investment Plan, with the expectation that the increase each year by an element representing depreciation for the housing stock, will be reduced by an element that represents the need to fund the relevant expenditure in ensuring the housing stock remains decent.

Shared Ownership

A reserve of £300,000 has historically been maintained to enable the HRA, in any one year, to re-purchase shares of properties where the occupier wishes to move on, thus

ensuring that the limited stock is made available for those on the shared ownership register.

In many cases, the funding for shared ownership is re-circulated, with the HRA buying back and selling on a dwelling in the same financial year. As such, the demand on this reserve has been negligible in recent years, and it is therefore proposed to remove this specific reserve and instead to utilise and pay back general HRA reserves if and when the need arises.

Tenants Survey

The Tenants Survey reserve allows the Housing Revenue Account to spread the costs of the STAR Tenants and Leaseholder Survey evenly across financial years, despite the survey only being undertaken formally every two years. This does not detract from the possibility that an element of annual activity may take place to gauge changes in opinion by small survey sampling, i.e. focus groups.

HRA Aerial Monies

Mobile telephone aerials have been installed on the roofs of a number of the flat blocks within the HRA. The authority leases the roof space to the telecoms provider for an annual lease premium / rental fee. This income is appropriated into an ear-marked reserve, to allow offset of an element of expenditure specific to the area in which the mast is installed. Consideration is being given to wider use of the balance that has accumulated in the fund to date.

Pension Reserve

This reserve was created to address anticipated increases in employer contributions following the triennial review of the Pension Fund and outcomes of the fundamental structural review of public service pension provision by the Public Services Pensions Commission, chaired by Lord Hutton.

The impact of the triennial valuation has now been fully included in budgets, therefore the remaining balance (£389,960) is no longer needed and will be released to general HRA reserves, in line with the approach being taken in the General Fund.

HRA Set-Aside for Potential Debt Repayment or Future Re-Investment

The implementation of self-financing saw the HRA take on an opening debt of £213,572,000. The 30-year Business Plan, approved in February 2012, adopted a treasury management strategy that resulted in a portfolio of 20 maturity loans with varying maturity dates. The financial model allows for the set-aside of surplus revenue resource over the life of the plan to ensure that a proportion of the loans can be redeemed at the maturity date,, should the authority choose to redeem debt.

To ensure that this is possible, resource is being appropriated, if available, at the end of each financial year into this ear-marked reserve in preparation for debt redemption at the appropriate time, should the authority choose to redeem as opposed to re-finance. Alternatively this reserve may be used to fund investment in expansion of the housing portfolio, with a conscious decision to re-finance debt at loan maturity.

This approach of using an ear-marked reserve, as opposed to making a formal voluntary revenue provision (VRP), allows the HRA to retain full flexibility over the use of the set aside balance in the future.

Earmarked Funds – Capital Receipts

Right to Buy Attributable Debt Ear-Marked Capital Receipt

The HRA is eligible to retain an element from all right to buy receipts over and above those assumed in the initial self-financing settlement, in recognition of the debt which the authority was required to take on as at 28th March 2012. The sums retained will be identified in a separate ear-marked capital balance, allowing them to be utilised to repay debt should the authority so choose, or reinvest as deemed appropriate.

Right to Buy Retained one-for-one Ear-Marked Capital Receipt

Within the terms of the Right to Buy Receipt Retention Agreement, the authority may retain receipts from additional right to buy sales for a period of up to 3 years, for the express purpose of re-investment in new affordable housing. If not utilised within the time frame, the Council must pay the funds, with interest at 4% above the bank base rate, to central government. To ensure that these resources are separately identified for re-investment, and if necessary, repayment purposes, an ear-marked balance will be identified to hold the balance at any one time.

Section 4

Housing Revenue Account Budget

Post-HRA Business Plan Update Approvals

There were no revenue decisions impacting the Housing Revenue Account taken between the publication of the HRA Mid-Year Financial Review (approved as part of the September / October committee cycle) and publication of this document. Such decisions, including any made under urgency arrangements, together with financial implications would be noted here.

There are capital implications to take into account in reviewing the final budget proposals in relation to scheme specific amendments given by urgent decision or by entering into unconditional contract, for HRA new build and re-development schemes, and any new schemes which are presented in the January committee cycle. The schemes where the financial implications will need to be included are:

- Wadloes Road
- Hawkins Road (Garage Site)
- Fulbourn Road (Garage Site)
- Ekin Road (Garage Site)
- Aylesborough Close
- Water Lane
- Campkin Road
- Homerton

It should be noted that there are various stages to setting the budgets for new build schemes. Initially a budget is approved based on an indicative scheme. This approval in effect, confirms that a scheme is viable and gives permission for the scheme to be developed to submit a planning application. As the design of a scheme is being developed, should the final design and planning considerations result in a change to the cost or funding proposals, the budget will be formally revised in the Mid-Year Financial Review or annual Budget Setting Report whichever is applicable. If there is a significant adverse change in the cost then Executive Councillor re-approval will be required in line with the Council's financial regulations.

Revised Budget 2014/15

The Housing Revenue Account (HRA) revenue budgets for the current year (2014/15) were reviewed as part of the HRA Mid-Year Financial Review in September 2014. It is not proposed to undertake a further review of the current year as part of the budget setting process, but instead to report the position at outturn.

The only exceptions to this are the proposals to recognise in year, due to the size or nature of the changes, a decision not to deliver the Prior To Re-Paint (PTR) planned repairs programme in 2014/15 and changes in interest payments due to the setting aside of monies for potential debt repayment as part of the Mid-Year financial Review. Due to a change in planned maintenance contractor, and the inability to award a single contract for external works as part of the procurement process, the authority is reviewing its approach to the delivery of this planned revenue programme. Whilst this review takes place, the current year's programme has been put on hold, but is anticipated to begin again from 2015/16. This results in a proposal to reduce the planned repairs budget by £1,100,000 in 2014/15. This is partially offset by a net increase in interest anticipated to be paid in 2014/15 of £15,370, as detailed in Appendix D (1).

2014/15 Revised Budget	Original Budget January 2014 £	HRA Mid-Year Review September 2014 £	HRA BSR Proposed Changes £	HRA BSR January 2015 £
Net HRA Use of / (Contribution to) Reserves	(70,490)	5,895,820		
Savings			(1,100,000)	
Unavoidable Revenue Bids			0	
Non-Cash Limit Adjustments			15,370	
Revised Net HRA Use of / (Contribution to) Reserves				4,811,190
Variation on previously reported projection				(1,084,630)

The above figures include carry forward approvals from 2013/14 in the second and third columns, with the net saving identified in the current year, as part of the January 2015 committee cycle, incorporated in the right-hand column. The net reduction in expenditure for 2014/15 will result in a lower call on the use of Housing Revenue Account reserves than anticipated.

Overall Budget Position and Priority Policy Fund (PPF) - 2015/16 onwards

Overall Budget Position

The overall revenue budget position for the Housing Revenue Account is summarised in the table below, with detail on an item by item basis for the period to 2018/19 provided in Appendix D (1):

Proposal Type	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Reduction required to meet Cash Limit	113,000	113,000	113,000	113,000	113,000
Transformation Savings	(66,000)	(166,000)	(232,000)	(269,000)	(269,000)
Transformation Costs	38,000	95,000	95,000	33,000	24,000
Savings	(392,210)	(288,170)	(288,170)	(288,170)	(288,170)
Unavoidable Revenue Bids	173,400	107,740	107,740	107,740	107,740
Net Savings Position above / (below) Savings Requirement	(133,810)	(138,430)	(204,430)	(303,430)	(312,430)
PPF Funding	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
PPF Bids	138,060	128,950	107,540	107,540	107,540
Net PPF Position – Above / (Below) Available Funding	(11,940)	(21,050)	(42,460)	(42,460)	(42,460)
Net Position above / (below) Overall Cash Limit for the HRA	(145,750)	(159,480)	(246,890)	(345,890)	(354,890)
Non-Cash Limit Adjustments	1,115,850	10,330	190,330	370,330	550,330
Net Position for the HRA above / (below) overall assumptions	970,100	(149,150)	(56,560)	24,440	195,440

Non-Cash Limit Budgets

Non-Cash Limit items are those that do not relate directly to the cost of service provision, including for example dwelling rent income, direct revenue funding of capital expenditure (DRF) and investment income. These items are treated outside of the 2015/16 cash limit, with the implications built into the financial forecasts for the HRA as part of the budget process, informing future budget strategy, savings targets and

investment priorities. Full details of these for the period to 2018/19 are given in Appendix D (1).

Performance against Savings Target

As in previous years, a savings target for the HRA as a whole has been adopted, rather than allocating individual savings requirements to specific service areas or cost centres.

As shown in the table above, savings have been identified, which are partially offset by the HRA reacting to unavoidable revenue pressures, but with the net position being an over-achievement against the savings target for 2015/16 of £133,810, increasing to £138,430 for 2016/17, £204,430 for 2017/18, £303,430 for 2018/19 and £312,430 from 2019/20 onwards.

The result of transformation activity corporately will have a financial impact on the HRA in many cases, but the detail is not always available at the outset of each project. It is difficult to fully predict the impact in monetary terms of savings to the HRA from indirect service reviews, as the detail surrounding revised recharging mechanisms is not usually completed until after the transformation activity is complete and resulting changes have been made.

For prudence, any anticipated savings to the HRA are only included once the activity is confirmed corporately as being far enough progressed that some certainty can be given to the incidence of impact between the General Fund and the HRA.

Significant savings have been incorporated into the HRA in this budget process, as part of the fundamental change in support service delivery models anticipated over the coming years.

Priority Policy Fund (PPF)

The Housing Revenue Account PPF makes money available for new and expanding service areas, recognising the priorities identified through the Annual Statement and the STAR Tenants and Leaseholder Survey.

The HRA Mid-Year Financial Review of September 2014 assumed a continued level of funding for HRA PPF Bids of £150,000 per annum for the period from 2015/16 to 2019/20.

The current list of PPF Bids is shown in Appendix D (1). In reviewing PPF Bids for approval, consideration is given to the relative value of PPF Bids compared to the additional Savings that their inclusion would require.

As shown in the table above, the demand for PPF funding in 2015/16 and beyond is lower than the funding available for this period, and as a result the HRA can support all PPF bids, subject to being satisfied that the investment will provide tangible benefits to tenants.

Any shortfall in PPF funding against the bids proposed, can be addressed by:

- Reducing the level of direct revenue funding of capital
- Reducing any ability to set-aside resource to repay housing debt
- Identifying additional areas of saving to allow increased targeted investment
- Reducing the level of PPF funding available in future years

Any surplus in PPF funding in any year can be utilised to either:

- Increase the level of direct revenue funding of capital
- Increase the ability to set-aside resource to repay housing debt
- Offset any under-achievement in net savings, or a negative impact of non-cash limit items, to mitigate an increased savings requirement in future years

Section 5

Housing Capital Budget

Stock Condition and Decent Homes

Stock condition data is continually updated in respect of the housing stock, improving the information held to inform future decision making.

Work has happened to identify much of the investment need in the communal areas of both sheltered and flatted accommodation, with findings being collated to form part of the review of the Housing Capital Investment Plan during 2015/16. Until this point, the uplift of £75.00 per property per annum, as recommended by Savills, has been retained in the Housing Capital Investment Plan for future years, although funds identified and not spent in earlier years are being recommended for re-direction into other areas of investment.

The housing service reported achievement of decency in the housing stock as at 31 March 2014 at 97.9%, with 151 properties that were considered to be non-decent (in addition to refusals). A further 510 properties were anticipated to become non-decent during 2014/15.

To meet the national standard and be decent, a home must meet the current statutory minimum standard for housing, must be in a reasonable state of repair, must have reasonably modern facilities and services must provide a reasonable degree of thermal comfort.

As part of the original HRA 30-Year Business Plan and Asset Management Plan, approved in February 2012, the authority reduced the assumed lives of a number of decent homes elements, moving from a basic decent homes standard to a full investment standard. This decision is reviewed as part of the financial planning processes, responding to the need to set a budget with a balance of investment between existing dwellings, housing services and the supply of additional affordable housing.

From April 2015 it is recommended to increase the assumed life of the replacement of PVCU windows to 40 years, as recommended in the decent homes standard, which is not expected to have a detrimental impact on the authority's ability to maintain decency. Any impact of this change in the volume or cost of responsive repairs in respect of windows will be carefully monitored from April 2015.

All elements of the programme will be reviewed in the coming year as part of a fundamental review of the Housing Capital Investment Plan.

The Asset Management Plan, originally approved in February 2012, and subject to a review during 2015, addresses the approach being taken to meet the investment need in Housing Revenue Account assets over a 30-year period. An update of the medium-term investment position, for the period from 2014/15 to 2019/20 is included at Appendix I.

New Build Affordable Housing

New Build & Re-Development – 2011-15 Programme

Work continues to deliver the 2011-15 New Build Programme (146 programme), where at the time of writing this report the first 20 dwellings had been completed at Jane's Court. The programme was originally constructed on the basis of delivering 146 new

and re-developed homes in the city, utilising £2,587,500 of Homes and Communities Agency grant.

Delays in the delivery process and recent announcements by the HCA of the need to be on site earlier than anticipated for each scheme to be eligible to receive the grant awarded, will mean the authority will not receive the full grant sum. To mitigate the impact of both this, and some increased costs in respect of some of the later sites as they have gone through the development process, an urgent decision approved the use of retained right to buy receipts as an alternative funding source. The use of right to buy receipts is sufficient to be able to mitigate the impact of any loss of grant or increase in development costs in relation to the schemes at Wadloes Road, Ekin Road, Hawkins Road, Fulbourn Road, Aylesborough Close, Campkin Road and Water Lane. The current financial impact, both in terms of total revised scheme costs and funding mix is shown in the following table.

Scheme	HRA BSR Gross Affordable Housing Cost for Approval	Funding Stream			
		Land Subsidy	HCA and Other Grants	Retained Right to Buy Receipts	Net HRA Resources
Jane's Court	2,733,070	(1,500,000)	(354,460)	0	(878,610)
Latimer Close	2,445,600	(875,860)	(212,680)	0	(1,357,060)
Barnwell Road	2,111,190	(1,043,550)	(212,680)	0	(854,960)
Campkin Road	4,275,620	(1,557,520)	(230,400)	0	(2,487,700)
Colville Road	3,091,620	(1,598,030)	(336,740)	0	(1,156,850)
Stanesfield Road	1,107,430	(536,890)	(170,890)	0	(399,650)
Atkins Close	1,224,180	(635,750)	(141,780)	0	(446,650)
Wadloes Road	1,001,730	(231,550)	0	(300,520)	(469,660)
Hawkins Road	1,493,890	0	0	(448,170)	(1,045,720)
Fulbourn Road	1,399,470	0	0	(419,840)	(979,630)
Ekin Road	1,132,760	0	0	(339,830)	(792,930)
Water Lane	2,206,550	(561,590)	0	0	(1,644,960)
Aylesborough Close	4,360,880	(1,562,880)	0	0	(2,798,000)
Total 3 Year Programme	28,583,990	(10,103,620)	(1,659,630)	(1,508,360)	(15,312,380)

As the point at which each scheme received specific committee approval, the indicative cost of the scheme was incorporated into the Housing Capital Investment Plan. As each scheme design progresses and planning approval is achieved, revised and more accurate scheme costs are available. It is not until the build contract for each scheme becomes unconditional, that the final scheme budget can be confirmed. As part of the HRA Budget Setting Report, the latest scheme appraisal costs have been incorporated into the financial models, and therefore the Housing Capital Investment Plan.

The table below shows the status of each scheme in this programme:

Scheme	Status	HRA MFR Approved Social Housing Units	HRA MFR Net Funding Approved (Capital Cost net of Grant and Land Transfer)	HRA BSR Revised Social Housing Units for Approval	Percentage Social Housing on Site	HRA BFR Net HRA Funding for Approval (Capital Cost net of Grant, Land Transfer and RTB Receipts)
Jane's Court	Complete	20	878,610	20	59%	878,610
Latimer Close	Unconditional	12	1,357,060	12	60%	1,357,060
Barnwell Road	Unconditional	12	854,960	12	59%	854,960
Campkin Road	Unconditional	20	2,363,640	20	63%	2,487,700
Colville Road	Unconditional	19	1,156,850	19	58%	1,156,850
Stanesfield Road	Unconditional	4	399,650	4	50%	399,650
Atkins Close	Unconditional	8	446,650	8	67%	446,650
Wadloes Road	Unconditional	6	568,760	6	67%	469,660
Hawkins Road	Not in Contract	9	1,193,990	9	100%	1,045,720
Fulbourn Road	Not in Contract	8	1,127,200	8	100%	979,630
Ekin Road	Not in Contract	6	828,520	6	100%	792,930
Water Lane	Not in Contract	14	1,644,960	14	58%	1,644,960
Aylesborough Close	Unconditional	20	2,659,070	20	57%	2,798,000
Total		158	15,479,920	158	63%	15,312,380

The Housing Capital Investment Plan, an updated version of which is attached at Appendix I, incorporates the funding for new build schemes as identified in the tables

above. It recognises the need for gross spend on the affordable housing scheme, land values, grant and right to buy receipts to be shown separately, but arriving at the net cash cost to the Council as per the table above. For these purposes the use of retained right to buy receipt is treated as an external funding source, recognising that failure to utilise it as required statutorily, would result in the need to pay the receipt over to Central Government

As an addition to the 2011-15 New Build Programme, the assumption remains that the authority purchases a further 13 dwellings on the development sites at Colville Road, Wadloes Road and Atkins Close, which were previously ear-marked for market sale. The authority has already exchanged contracts in respect of 9 of the dwellings and will deliver the remaining 4 dwellings via a direct build contract. This decision allows the use of further retained right to buy receipt.

A single additional dwelling will also be completed during 2014/15 at Anstey Way, where Hill have provided an affordable home for the price of the HRA land upon which they have erected a single market property for sale, as a pilot project for the Clay Farm development.

New Build – Clay Farm

Work is progressing with Hill, for the development of the Clay Farm site, which will deliver 104 new affordable 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 will deliver a tenure mix comprising 78 affordable rented dwellings and 26 shared ownership dwellings.

The scheme was considered by the Planning Committee in November 2014, where planning permission was granted. Work is anticipated to start on site in April 2015, with the first homes available for occupation by April 2016 and the site reaching completion in full by June 2017.

The funding mix for the scheme includes the use of retained right to buy receipts to fund 30% of the social rented housing on the site, which maximises 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 incorporated into the Housing Capital Investment Plan is financially viable.

New Build – Homerton

Approval in principle was given by Housing Scrutiny committee in September 2014 for the authority to deliver and manage the anticipated 39 units of affordable housing on the Homerton Development site. As with Clay Farm, the site as a whole is being built out by Hill. A planning application has been submitted for the scheme by Hill, with formal planning consideration anticipated by February 2015. If approval is given, it is anticipated that work could start on site in May 2015, with completion by May 2017. Scheme specific approval is being sought for this site as part of the January 2015 committee cycle, and the financial implications of the proposals have been incorporated into the financial forecasts for the HRA and into this budget setting report.

New Build – Other

The Housing Capital Investment Plan also ear-marks significant resources for the period from 2015/16 for investment in other new build housing schemes. The authority is currently investigating a number of potential development opportunities, and is undertaking discussions with a number of external partners in this regard. The sites include the HRA owned sites that form part of the 3 year rolling programme, general fund owned sites, such as that at Mill Road and proposed / potential developments on land owned by other public bodies. Each of these potential investment opportunities and others as they arise, are investigated, with scheme specific proposals presented to Housing Scrutiny Committee once the initial feasibility work has been concluded.

Expenditure and funding sources, on a cashflow basis, for all new build schemes are detailed at Appendix F.

Asset Disposals & Acquisitions

Consideration continues to be given to the strategic acquisition or disposal of assets, following approval of the HRA Acquisition and Disposal Policy in June 2013. The capital receipt generated by a strategic disposal can be retained in full by the authority, subject to offsetting it against the authority housing capital allowance and utilising it to invest in affordable housing. 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.

The following HRA assets have recently been, or are being, considered for market acquisition or disposal:

Potential Acquisition / Disposal / Change of Use	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
Engineers House	Dwelling is a 3-bedroomed detached house in a non-estate location. Options for this property are currently being considered as the dwelling is vacant.	Under Investigation
Ex. Council Property	Dwelling is a 2 bedroom flat, which was previously sold under the right to buy, with the owner occupier offering the Council the opportunity to buy back if desired.	Under Investigation
Ex. Council Property	Dwelling is a 2 bedroom bungalow, which was previously sold under the right to buy, with the owner occupier offering the Council the opportunity to buy back if desired.	Under Investigation

All ex-Council dwellings that are subject to the right of first refusal legislation continue to be considered for re-purchase against the criteria agreed when the legislation was

introduced, including whether a property meets an identified need for specific accommodation or could form part of a site assembly for a future re-development.

Officer decisions about the future of existing shared ownership assets are now made in line with the delegations agreed at Community Services Scrutiny Committee in January 2014, with options to:

- Buy back and sell a share to another applicant
- Buy back to use as general rented stock
- Buy back and sell the whole property on the open market
- Advise the seller to sell their share sold on the open market

The agreement with Communities and Local Government (CLG) to retain additional right to buy receipts for re-investment in the provision of new affordable housing allows the strategic acquisition of existing dwellings in the city, as an alternative to building new dwellings. Although this is a less attractive proposition than the creation of a new dwelling for the city, it is none the less a viable option to increase the supply of social housing in the city, where new build is not possible within a quarterly deadline for the use of retained receipts.

It is likely that a mix of new build and acquisition of existing dwellings will be required in 2015/16, with any acquisitions being funded from the capital sums ear-marked for new build funded partly by unallocated right to buy receipts. A separate future report will be presented to Housing Scrutiny Committee, considering the process for delegation and approval for the strategic acquisition of properties, recognising the need to act quickly in the market place.

Capital Bids

Detailed in Appendix D are the capital bids for the period from 2015/16 to 2019/20, with the impact of these incorporated into the Housing Capital Investment Plan presented at Appendix I. The bids include:

- One-off capital funding of £22,500 in 2015/16, for the purchase and implementation of the self-service (customer facing) module of the Orchard Housing Management Information System, should the benefits be clearly demonstrable once the business case for purchase is complete.
- One-off contribution of £30,000 in 2015/16, to the Sub-Regional Choice Based Lettings partnership for a contribution towards the purchase and implementation of a replacement Choice Based Lettings IT system, should replacement be deemed the appropriate route following a forthcoming review of the system.

Also incorporated into the Housing Capital Investment Plan at Appendix I is the financial and presentational impact of the following changes:

- Amending the asset life for PVCU windows in line with the proposal on page 41 of this document, from the previous 25, to a 40 year life cycle. This change delivers a saving in capital investment in the existing housing stock of approximately £10 million over the next 10 years, after which time the programme of replacement would begin again.
- Re-allocation of backlog resource of £976,000, originally ear-marked for works to communal areas, which had previously been re-phased into 2015/16 and 2016/17 where works were not delivered in the earlier years of self-financing whilst surveys were undertaken. It is proposed to instead ear-mark this funding in 2015/16 and 2016/17 for potential investment in some of the larger garage sites, where either major remedial works are required or it is considered that demand would be

higher with significant investment in the blocks. A business case will be prepared before any resource is committed to a specific scheme, which will be considered by Housing Management Team and pre-approved by the Director of Customer & Community Services before the Executive Councillor for Housing is asked to approve that a project can proceed.

- Amendments to the approved level of investment for the schemes in the 2011-15 new build programme, as detailed earlier in this section of the report.
- Amendments to the approved funding mix for the schemes in the 2011-15 new build programme, in response to both changes in HCA grant expectations and in costs, as detailed earlier in this section of the report.
- Inclusion of funding for the Homerton development as outlined earlier in this section of the report, and in line with the scheme specific report being presented as part of the January 2015 committee cycle.
- Amendments to the level of resource ear-marked for investment in the acquisition or creation of new social housing, based upon the latest projections of investment required to be in a position to continue to retain and appropriately utilise right to buy receipts.
- Re-direction of existing resource previously identified as Cambridge Standard Investment, to create a new City Homes Estate Improvement Programme, with a view to increasing the future level of investment in this area, as part of the Fundamental Review of the HRA and Housing Service which will take place during 2015.

Section 6

HRA Treasury Management

Background

It is a statutory requirement for a Housing Revenue Account Council to set a balanced budget, recognising the revenue implications that arise from capital financing decisions. When approving any capital expenditure in the Housing Revenue Account, consideration is given not only to the ability to fund the direct capital expenditure, but also to the revenue implications of both the financing decision and the ongoing cost of managing and maintaining the asset.

The Housing Capital Investment Plan provides an indication of the borrowing need of the HRA in any one year, ensuring that this can be incorporated in the Council's overall borrowing assumptions and Treasury Management Strategy.

Current HRA Borrowing

The Council has a two-pool approach to managing Council debt, ensuring that any borrowing taken out for HRA purposes impacts the HRA directly, and does not adversely impact the General Fund.

As at 1 April 2014, the Housing Revenue Account was supporting two forms of borrowing, internal and external.

External Borrowing

Based on the final self-financing determination, the HRA supports borrowing of £213,572,000 from the Public Works Loans Board (PWLB), in a portfolio of 20 maturity loans of equal value, at preferential rates ranging between 3.46% and 3.53% depending upon the term of the loan. The loans have varying maturity dates, with the first £10,678,600 due to be repaid on 28th March 2038, and the last on 28th March 2057.

Internal Borrowing

In addition to the external loans attributable to the HRA, there remain two sums of internal borrowing from the General Fund, which the HRA is required to support:

- £893,250 internal borrowing derived from historic borrowing approvals prior to 2003
- £283,000 internal borrowing to deliver the first 7 units of new build affordable housing between 2010/11 and 2011/12

The Housing Revenue Account is required to pay the General Fund the annual interest associated with the above internal borrowing as part of the Item 8 Debit to the HRA. The interest rate payable by the HRA can be determined by the authority, but must be deemed reasonable and stand up to external scrutiny from auditors.

Future Borrowing

The Housing Revenue Account is still subject to an overall debt cap, notified to the authority as part of the HRA Self-Financing Settlement, at a level of £230,839,000. With existing HRA debt of £214,748,250, the authority currently retains borrowing headroom of £16,090,750, a large proportion of which is committed as part of the Housing Capital Investment Plan, contributing to the finance available for the delivery of the future new build programme, including Clay Farm and the housing required using the earliest one-for-one right to buy receipts.

The latest financial projections, incorporated into this Budget Setting Report, indicate that the HRA will be required to borrow during 2016/17 and 2017/18.

As part of the lead-in to borrowing, consideration will be given to the source of borrowing, and both the type and length of loan that will be taken out, in the context of the financial environment at the time.

Borrowing Source

The result of work undertaken previously indicates that the following borrowing sources are the most likely routes to be pursued:

- Internal Borrowing – Subject to available resource in the General Fund, and the ability for the General Fund to commit to lending for the length of time required by the HRA and at competitive interest rates. May be more appropriate to meet shorter-term borrowing requirements. Has the advantage of retaining any interest paid within the Council overall, and provides benefits to the General Fund, if the negotiated interest rate payable exceeds the sum that would otherwise be earned on cash balances.
- Inter-Authority Borrowing - Subject to engagement by other public bodies with available resource, and the ability for the organisation to commit to lending for the length of time required by the HRA and at competitive interest rates
- PWLB Borrowing – Guaranteed availability of resource, with a range of borrowing types and loan lengths. Potential to benefit from the current Certainty Rate, which provides a 20 basis point reduction in the standard rate until October 2015

Borrowing Type

Borrowing can be taken out on either fixed or variable interest rates, with the latter clearly carrying significantly more risk in respect of long-term borrowing. The types of borrowing available through the PWLB include:

- Maturity Loans – Interest only paid throughout the life of the loan, with the capital sum due at the end of the borrowing term. Minimises payment required during the life of the loan, but requires set-aside to allow for repayment of the principal sum, or a clear acceptance that the loan will be re-financed accepting the resulting risks in prevailing interest rates at the time. Retains the greatest flexibility.
- Equal Instalments of Principal (EIP) Loans – Payments include equal instalments of principal and reducing interest sums as throughout the life, with interest reducing in line with principal repaid. Results in higher payments during the earlier years of borrowing
- Annuity Loans – Both principal and interest repaid throughout the life of the loan, with periodic sums payable remaining static. As the loan balance reduces, the value of the principal being paid increases and the interest reduces

Length of Borrowing

When determining the length that borrowing should be taken out over, consideration needs to be given to the interest rates available at the time, in comparison with predicted future rates and borrowing requirements. These considerations need to be coupled with the specific purpose of the borrowing, with the break-even and pay-back periods for the investment forming a key part of the borrowing decision. Far lower interest rates are available for short-term borrowing than long-term, but the authority needs not only to be able to support the borrowing during the life of the loan, but also be in a position to redeem the loan when it matures or support its refinancing.

At the point at which the HRA is required to take out additional borrowing, consideration will be given to the most mutually advantageous borrowing route for the authority as a whole. PWLB rates are revised and re-issued on a twice-daily basis, and hence it will be necessary to review any borrowing decision in light of the length of loan required and the prevailing rates at the date the funds are required.

Debt Repayment / Re-Investment

Set-Aside for Repayment of HRA Debt

The debt repayment strategy approved as part of the 2014/15 HRA Budget Setting Report revised the initial decision to set-aside resource to repay all of the housing debt, and instead approved that the HRA set-aside sufficient resource to redeem 25% of the HRA debt from the point at which the loan portfolio begins to mature, in 2037/38.

The table below shows the current PWLB loan portfolio:

Loan Ref	Principal	Interest Rate	Annual Interest	Maturity Date	Term
1	10,678,600	3.46%	369,479.56	28/03/2038	26
2	10,678,600	3.47%	370,547.42	28/03/2039	27
3	10,678,600	3.48%	371,615.28	28/03/2040	28
4	10,678,600	3.49%	372,683.14	28/03/2041	29
5	10,678,600	3.50%	373,751.00	28/03/2042	30
6	10,678,600	3.51%	374,818.86	28/03/2043	31
7	10,678,600	3.52%	375,886.72	28/03/2044	32
8	10,678,600	3.52%	375,886.72	28/03/2045	33
9	10,678,600	3.52%	375,886.72	28/03/2046	34
10	10,678,600	3.52%	375,886.72	28/03/2047	35
11	10,678,600	3.53%	376,954.58	28/03/2048	36
12	10,678,600	3.53%	376,954.58	28/03/2049	37
13	10,678,600	3.53%	376,954.58	28/03/2050	38
14	10,678,600	3.53%	376,954.58	28/03/2051	39
15	10,678,600	3.52%	375,886.72	28/03/2052	40
16	10,678,600	3.52%	375,886.72	28/03/2053	41
17	10,678,600	3.51%	374,818.86	28/03/2054	42
18	10,678,600	3.51%	374,818.86	28/03/2055	43
19	10,678,600	3.51%	374,818.86	28/03/2056	44
20	10,678,600	3.50%	373,751.00	28/03/2057	45
TOTAL	213,572,000	TOTAL	7,494,241.48		

The current debt repayment strategy allows the investment of significant resource that would otherwise be set-aside for the future repayment of housing debt, to instead be re-invested in meeting housing priorities, with the delivery of new affordable housing being one of the key areas of spending.

The strategy makes the assumption that HRA surpluses will be invested in income generating assets, to ensure that the business plan is able to support re-financing of the remaining 75% of the existing housing debt when loans reach maturity.

In measuring the ability to utilise HRA revenue surpluses for re-investment in the future housing business, the following assumptions have been made as part of the 2015/16 budget setting process:

- Land is available at nil cost , ie; provided by developers as part of their affordable housing contribution
- New build to code level 4 or above at a cost of £153,750 per property
- Acquisition Cost - £300,000 per unit, where applicable
- No HCA Grant
- Retained right to buy receipts as a funding source on an ongoing basis
- 100% affordable rented units, with rental income no greater than the LHA rates
- Voids and bad debts as per existing HRA stock
- Management, maintenance and major repairs broadly in line with existing stock assumptions

Based upon the above assumptions, it is estimated that there is capacity to deliver around 1,470 new affordable homes during the life of the HRA Business Plan, in addition to those that already have scheme specific approval in the early years of the plan.

To retain flexibility in the debt repayment strategy, any surplus generated since April 2012, and any further resource identified for future debt repayment, will not be formally

set-aside, but will instead be held in an ear-marked reserve to allow for either repayment of debt or future re-investment.

Premature Repayment of PWLB Debt

The potential to redeem loans held with the PWLB at an earlier stage than agreed at the outset, still remains. A discount rate is used at the point of redemption to calculate whether the authority should pay a premium, or alternatively receive a discount, for repaying the principal sum early.

If the discount rate applicable at the point of redemption is lower than the original loan rate, a premium is payable and if it is higher, a discount is receivable by the authority.

In light of the current debt repayment strategy and the low rates that were secured on 28th March 2012 to fund the self-financing settlement, it is likely that early surpluses generated will be used to re-invest in increasing the supply of income generating assets, and therefore early redemption of debt is unlikely at this stage.

Treasury Management Summary

In summary, in respect of the HRA's approach to treasury management and additional borrowing against the headroom, it is recommended that:

- Resource is still set-aside over the life of the existing loan portfolio to redeem 25% of the original PWLB debt, should the authority so choose.
- All other HRA in-year surpluses continue to be re-directed into investment to increase the supply of affordable housing, subject to the availability of sites and the financial viability of schemes proposed
- Fixed rate loans are considered as opposed to the variable alternative
- Consideration is given, particularly for short-term scenarios, to borrowing from the General Fund or other public sector organisations, alongside the PWLB, with the financial impact of each option identified

- If borrowing from the PWLB, the previous approach of taking out maturity loans to provide flexibility and reduce risk is continued
- The term of the loan should be considered based upon the break-even and payback of the scheme and the impact on the HRA's cashflow, with the aim that schemes should payback within a target of 30 years, with 35 years as the maximum

Section 7

Summary and Overview

Equality Impact Assessment, Uncertainties and Risk

Equality Impact Assessment

Under current legislation, local authorities have legal duties to pay 'due regard' to the need to eliminate discrimination and promote equality with regard to race, disability, gender, including gender reassignment, age, sexual orientation, pregnancy / maternity, and religion or belief as well as to promote good race relations.

The law requires that this duty be demonstrated in the decision making process. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show 'due regard'.

As a key element of considering the changes proposed in this Budget Setting Report, Equality Impact Assessments have been undertaken in respect of all of the 2015/16 HRA Budget proposals, where any impact is anticipated. The assessments identify the impact that financial proposals could have on equality groups, together with mitigation arrangements. They also include an action plan identifying how disadvantage or negative impact can be addressed, together with timescales and details of lead officers. All of the Equalities Impact assessments are available on the Council's website.

A composite Equalities Impact Assessment for the HRA budget as a whole, is presented at Appendix J.

Risk Assessment

To ensure that the authority is able to sustain a financially viable Housing Revenue Account, it is imperative that consideration is given to the level of internal and external risks that the housing service is subject to.

Update of the key risks and associated mitigating actions is presented at Appendix E.

HRA Reserves

Housing Revenue Account General Reserves

General reserves are held partly to help manage risks inherent in financial forecasting and budget-setting. These risks include changes in legislative and statutory requirements, inflation and interest rates, unanticipated service needs, 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 or to invest up front in a project that is anticipated to pay back over a period of time or deliver future savings.

The HRA Budget Setting Report incorporates the requirements of the Local Government Act 2003, where the Chief Financial Officer is required to report on the adequacy of reserves and provisions and the robustness of budget estimates.

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

It is not proposed to make any changes to either the target or minimum levels for reserves, as it is considered prudent to retain the current levels in order to safeguard the Council against the higher levels of risk and uncertainty in the current operating environment.

Financial Assumptions and Sensitivity

The current financial assumptions, reviewed and used as part of this BSR are detailed in Appendix A. The assumptions are derived from information available at the time of preparing this report, utilising both historic trend data and the expert advice and opinion of specialists in the field of housing finance, treasury management and asset management, where required.

In making financial assumptions, it is recognised that there will always be a number of alternative values that could have been used. To mitigate the risks associated with this, modelling of key sensitivities is undertaken to provide context to the financial impact that a change in an assumption will make.

Appendix G provides details of the key sensitivities modelled in the preparation of the HRA Budget Setting Report 2015/16.

Options and Conclusions

Overview

The budget for 2015/16 has been considered in the wider context of the locally identified housing priorities, which seek to achieve a balance of investment in housing assets and services between:

- Investment in the existing housing stock
- Investment in new affordable housing

- Investment in new initiatives and income generating activities
- Spend on landlord services (i.e. housing management, responsive and void repairs)
- Spend on discretionary services (i.e. support)
- Support for, and potential repayment of a proportion, of housing debt

Summary and Conclusions

The work undertaken as part of the 2015/16 budget process to date has resulted in the development of proposals for the base budget of the Housing Revenue Account.

During January 2015 Housing Scrutiny Committee will consider the budget proposals, prior to the Executive Councillor for Housing making decisions and further recommendation for the final HRA Budget for 2014/15 to 2019/20 to Council for consideration and approval.

The HRA Budget Setting Report recommends, in summary:

Approval of rent and service charges

Approval of the revised budget proposals

Approval of the unavoidable revenue bid proposals

Approval of the general savings proposals

Approval of the business transformation savings

Approval of the non-cash limit items

Approval of the PPF bids

Approval of the capital bids, revised scheme costs and funding mix

Approval of capital resource re-allocation

The meeting of Council on 26th February 2015 will consider the final proposed Housing Capital Budget as identified in this report for approval.

The review of key factors undertaken and presented in this report shaped the approach for finalising the budget for 2015/16. As part of the 2015/16 budget process, significant savings have been identified, particularly in the revenue aspects of the

repairs service and resulting savings from a review of repairs and renewals fund contribution rates. Savings were partially offset by pressure from unavoidable revenue bids, which were identified across a number of areas of the housing service, but particularly in increased costs for central and support service recharges from the General Fund, as the HRA's call on these resources increases in line with increased housing activity.

A reduction of £1,084,630 in revenue costs for 2014/15 has been identified as part of this report, which will be returned to reserves, and utilised to increase direct revenue financing of capital expenditure in 2015/16, thus deferring the need to borrow for a further year, until 2016/17.

The overall position for the HRA for 2015/16 (including PPF's and non-cash limit adjustments) is under-achieved in 2015/16 by £970,100, but over-achieved by £149,150 in 2016/17 and £56,560 in 2017/18. Of the underachievement in 2015/16 £779,970 is an intentional use of additional revenue resource to finance capital expenditure to negate the need to borrow to meet capital investment commitments.

In 2018/19 the impact of assumed additional pension fund contributions results in an overall under-achievement of £24,440, rising to £195,440 from 2019/20. Response to the financial impact of this non-cash limit adjustment in the later years will form part of the 2016/17 budget strategy

As part of the budget process consideration is given to whether the perceived benefits of strategic investment in new areas, outweigh any anticipated negative impact of the savings proposed as part of the HRA budget process.

The HRA's approach to long-term financial planning incorporates the assumption that surplus resource will be used to re-invest in income generating assets whilst maintaining prudent financial assumptions in ongoing investment need in the current housing stock.

Business Planning Assumptions

Appendix A

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.	Retained
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.	Retained
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 again during 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% and a stepped increase thereafter, reflecting economic recovery. Separate allowance made for current LGA proposals of 2.2% from January 2015 to cover both 2014/15 and 2015/16 in one.	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	2.2% for 2015/16 3% for 9 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%. CPI in September 2014 was 1.2%. CPI ongoing 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%, 1.04% for 5 years, then 1% ongoing	Interest rates based on latest market projections, an average of 0.64% for 2014/15, 1.04% from 2015/16 for 5 years, and then 1% from 2020/21.	Amended

Key Area	Assumption	Comment	Status
Internal Lending Interest Rate	0.64%, 1.04%, for 5 years, 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%	Assumes additional PWLB borrowing at a rate of 4%. Current rates for 25 to 50 years are between 3.87% and 3.9%. Reduce prudently to 4%.	Amended
Internal Borrowing Interest Rate	4%	Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route.	Amended
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, recognising risks in a Self-Financing environment.	Retained
HRA Target Balances	£3,000,000	Maintain HRA target balance at £3,000,000.	Retained
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.	Retained
Right to Buy Receipts	Settlement right to buy and assumed one-for-one receipts included	Debt settlement receipts included, assuming the receipts utilised partly for general fund housing purposes. Anticipated one-for-one receipts included, 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 2015/16 onwards.	Retained
Bad Debts	0.56% for 2014/15 and 2015/16, then 1.12%	Bad debt provision in the HRA increased by 100% to reflect the requirement to collect 100% of rent directly, with the implementation of Universal Credit now assumed from 2016	Retained
Rent Collection Transactional Costs	Increase in transactional costs of £100,000 per annum from 2016/17	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	Amended

Key Area	Assumption	Comment	Status
		benefit. Universal Credit delayed now until 2016, with cost collection assumption again deferred by one year.	
Debt Management Expenses	£21,180 per annum	Internal treasury management is recharged within existing SLA's. This allows a provision for specialist financial advice in this field, still included from 2015/16 in case the need arises.	Retained
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 MFR.	Retained
Transformation	On case by case basis	Transformation programme outcomes assumed to deliver to the HRA as indicated in each business case.	Retained

Service Charges

Appendix B

Charge Description	Charges 2014/15	Charge Basis	Charges 2015/16
General Stock and Housing for Older People			
Caretaking Charge	£0.80 to £6.48	Per Week Over 48 Weeks	A
Communal Cleaning	£1.11 to £4.70	Per Week Over 48 Weeks	A
Estate Services Champion	£0.79	Per Week Over 48 Weeks	A
Window Cleaning	£0.01 to £1.53	Per Week Over 48 Weeks	A
Door Entry	£0.13 to £1.61	Per Week Over 48 Weeks	B
Passenger Lifts	£0.46 to £2.45	Per Week Over 48 Weeks	B
Gas Maintenance / Servicing	£2.10	Per Week Over 48 Weeks	A / B
Digital TV Aerial Charge	£0.44	Per Week Over 48 Weeks	A
Grounds Maintenance	£2.52	Per Week Over 48 Weeks	A
Parking Space	£7.28	Per Week Over 48 Weeks	£7.43
Community Alarm Charge	£4.41	Per Week Over 48 Weeks	C
General Sheltered Schemes			
Premises Charge	£1.02 to £21.54	Per Week Over 48 Weeks	A
Communal Heating / Lighting	£2.57 to £8.78	Per Week Over 48 Weeks	A
Individual Heating / Lighting	£5.82 to £12.66	Per Week Over 48 Weeks	A
Water	£2.26 to £3.51	Per Week Over 48 Weeks	A
Grounds Maintenance	£0.88 to £2.29	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£2.71 to £4.95	Per Week Over 48 Weeks	B
Sheltered Support Charge	£9.00 to £10.46	Per Week Over 48 Weeks	C
Ditchburn Place			
Premises Charge	£2.88 to £46.80	Per Week Over 48 Weeks	A
Flat Cleaning / Laundry Charge	£25.44	Per Week Over 48 Weeks	A
Communal Heating / Lighting	£0.65 to £5.98	Per Week Over 48 Weeks	A

Individual Heating / Lighting	£7.17 to £11.56	Per Week Over 48 Weeks	A
Water	£4.39 to £5.49	Per Week Over 48 Weeks	A
Catering	£94.90	Per Week Over 48 Weeks	A
Grounds Maintenance	£1.74	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£2.55	Per Week Over 48 Weeks	B
Sheltered Support Charge	£10.46	Per Week Over 48 Weeks	C
Extra Care Support Charge	£26.47	Per Week Over 48 Weeks	C
Launderette – Wash / Dry	£6.50	Per Load As Requested	A
Temporary Accommodation			
Premises Charge	£45.76 to £53.77	Per Week Over 48 Weeks	A
Individual Heating / Lighting	£15.98 to £27.16	Per Week Over 48 Weeks	A
Water	£7.02	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£3.66 to £7.41	Per Week Over 48 Weeks	B
Independent Living Services			
Private Lifelines - In City	£4.65	Per Week Over 52 Weeks	£4.65
Private Lifelines - Out City	£7.53	Per Week Over 52 Weeks	£7.53
Keysafe / Keyholding Charge	£1.88	Per Quarter	£1.88
Warden Agencies	£4.04	Per Week Over 52 Weeks	£4.04
Monitoring Charge	£0.32	Per Week Over 52 Weeks	£0.32
Leasehold Charges for Services			
Solicitors' pre-sale enquiries	£75.00	As Requested	£75.00
Copy of lease	From £20.00	As Requested	From £20.00
Re-mortgage Enquiry/Copy of Insurance schedule	£25.00	As Requested	£25.00
Notice of Assignment/Notice of Charge	£75.00	As Requested	£75.00
Deed of Variations	£150.00	As Requested	£150.00
Retrospective consent for improvements	£25.00	As Requested	£25.00

Registering sub-let details	£50.00	As Requested	£50.00
Initial Administration Fee/Survey for Application to purchase Loft Space	£150.00	As Requested	£150.00

Key	
A	These charges are currently (or will be - in the case of any new charges), based on recovering the actual cost of service provision and the proposal is to continue to recover the full estimated cost of providing these services in 2015/16.
B	These charges were separated out from pooled rent in 2004/05, and therefore can be increased to recover full cost up to a maximum of inflation at 2.2% (CPI at September 2014 plus 1%) for future years.
C	Charges levied for support activities will be reviewed in line with services being provided following expansion of the support service for older people, where the County Council now commission services across the city as a whole.
	Charges for the optional household contents insurance scheme will continue to be determined by the insurer but notified to tenants by the Council.

HRA Earmarked & Specific Funds

Appendix C

(£'000)

Repairs & Renewals *	Opening Balance	Contributions	Expenditure to Oct	Current Balance
General Management	(1,265.2)	(131.7)	6.2	(1,390.7)
Special Services	(1,073.6)	(141.1)	45.0	(1,169.7)
Repairs and Maintenance	(53.3)	(56.9)	0.0	(110.2)
Totals	(2,392.1)	(329.7)	51.2	(2,670.6)

Major Repairs Reserve	Opening Balance	Contributions	Expenditure to Oct	Current Balance
MRR	(4,920.0)	0.0	0.0	(4,920.0)

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

Tenants Survey	Opening Balance	Contributions	Expenditure to Oct	Current Balance
Tenants Survey	(41.5)	(6.2)	17.7	(30.0)

Aerial – Roof Space Rental	Opening Balance	Contributions	Expenditure to Oct	Current Balance
Aerial Income	(107.0)	(17.8)	0.0	(124.8)

Pension Reserve **	Opening Balance	Contributions	Expenditure to Oct	Current Balance
Pension Reserve	(390.0)	0.0	0.0	(390.0)

Debt Set-Aside (Revenue)	Opening Balance	Contributions / Adjustments	Expenditure to Oct	Current Balance
Debt Set-Aside	(1,090.4)	0.0	0.0	(1,090.4)

* The balance in respect of the HRA Repairs and Renewals Funds will be reduced in year, following approval of the HRA Budget Setting Report, by a total of £823,400, following a fundamental review of both the fund required to date, and contributions required on an annual ongoing basis. The review resulted in the proposal to reduce the balance of the General Management funds by £549,010 and the Special Services funds by £356,450, whilst including additional resource of £82,060 in the Repairs and Maintenance fund, recognising the location of both office based staff and equipment across the service. The net funds released, totalling £823,400 will be transferred into general HRA reserves for re-investment elsewhere.

** The balance in the HRA Pension Reserve is no longer needed following the outcome of the latest triennial review. The net funds released, totalling £389,960 will be transferred into general HRA reserves for re-investment elsewhere and the fund will be terminated.

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Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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Reduction required to Cash Limit

Housing Revenue Account

RCL3504	HRA Savings Target (excludes any reduction in response repair budgets, as a net increase in HRA stock is anticipated in 2015/16)	0	113,000	113,000	113,000	113,000	Julia Hovells	n/a
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In addition to a savings assumption at 2% of general management and repairs administration expenditure in the HRA, an adjustment is also made in response repairs for any anticipated change in stock levels. For 2015/16 a net increase in housing stock is anticipated, so instead of an increase in the savings target as has applied in previous years, additional funding has been included in the base budget for response repairs to meet this anticipated additional cost.

Total Reduction required to Cash Limit in Housing Revenue Account

0	113,000	113,000	113,000	113,000
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Total Reduction required to Cash Limit

0	113,000	113,000	113,000	113,000
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2015/16 Budget - HRA All Revenue Items

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Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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Programme

Housing Revenue Account

PROG3661	Reduction in support and central costs through a Council wide Support Services Review	0	(34,000)	(122,000)	(175,000)	(200,000)	Paul Boucher	Nil
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As the Council moves to other ways of delivering services and our own support service demands reduce, there is a need to balance the books by reducing our support and central costs relating to property, people, technology and other supplies and services. We are undertaking a phased approach to this project as we are at the early stages of developing and implementing alternative service delivery models and the future is uncertain. [Linked to PROG3662 & PROG3686]

Phase 1 of this project will focus on removing costs from ICT and transactional finance activity; Phase 2 will focus on removing costs from business support activity and other support functions and Phase 3 will review all remaining areas particularly those required to initially support the Transformation Programme.

PROG3662	Costs of delivering change in respect of support and central services	0	38,000	95,000	95,000	33,000	Caroline Ryba	Nil
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There will be costs associated with the transformation proposed as part of the review of support and central services, with the need to meet any exit costs associated with the implementation of new service delivery models. [Linked to PROG3661]

PROG3709	ICT Shared Service	0	(25,000)	(37,000)	(50,000)	(62,000)	Ray Ward	Nil
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The shared ICT service with South Cambridgeshire District Council and Huntingdonshire District Council will produce savings by reviewing management arrangements; delivering a package of IT standardisation and reducing external expenditure. This proposal represents the HRA element of the total saving. [Linked to PROG3687 - General Fund element of saving.]

PROG3710	Legal Shared Service	0	(7,000)	(7,000)	(7,000)	(7,000)	Ray Ward	Nil
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The shared Legal service with South Cambridgeshire District Council and Huntingdonshire District Council will produce savings through a number of measures including reviewing the current legal personnel structure, ensuring that we assign activity more efficiently; reviewing our use of external legal advice in light of the expertise and capacity that exists across the shared service and reviewing the current legal support administrative arrangements, bringing together the systems and processes of all three councils into one consistent approach. This proposal represents the HRA element of the total saving. [Linked to PROG3688 - General Fund element of saving.]

Total Programme in Housing Revenue Account	0	(28,000)	(71,000)	(137,000)	(236,000)			
Total Programme	0	(28,000)	(71,000)	(137,000)	(236,000)			

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Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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Savings

Housing Revenue Account

S3507	Saving from cash limiting supplies and services budgets	0	(10,140)	(10,140)	(10,140)	(10,140)	Julia Hovells	Nil
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A decision to cash limit the budgets for all supplies and services, except those where specific or contractual arrangements are in place, results in the delivery of a saving across the HRA as a whole.

S3508	Reduction in budget for operational cost across City Homes.	0	(19,440)	(19,440)	(19,440)	(19,440)	Robert Hollingsworth	Nil
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Based upon prior year spending, it is proposed to reduce City Homes operational budgets, to include removal of photocopying budgets and reductions in recruitment costs, printing, postage, telephones and books and publication budgets.

S3509	Reduction in budgets for servicing and maintenance contracts across the housing stock	0	(82,500)	(82,500)	(82,500)	(82,500)	John Horwood	Nil
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The result of a zero-based budget exercise culminates in proposals to reduce budgets for door entry maintenance (£13,000), gas maintenance (£34,500), lift maintenance (£15,500), fire extinguisher maintenance (£3,000), adaptation maintenance (£1,500), asbestos management and lamp column maintenance (£15,000), in line with contract sums and prior year spending profiles.

S3514	Reduction in budget for operational cost across the Independent Living Service	0	(4,360)	(4,360)	(4,360)	(4,360)	Frances Swann	Nil
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Based upon prior year spending, it is proposed to reduce Independent Living Service operational budgets, to include reductions in printing, photocopying, postage, telephone, building maintenance, equipment purchase and equipment maintenance budgets.

S3516	Cessation of contract for administration of HRA mortgages	0	(3,570)	(3,570)	(3,570)	(3,570)	Julia Hovells	Nil
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The last of the housing mortgages, historically given to allow residents to purchase their property under the Right to Buy legislation has now been redeemed, negating the need for a continued contract with an external supplier to administer the mortgage portfolio.

S3517	Reduction in annual contribution to HRA Repairs and Renewals Funds	0	(40,710)	(40,710)	(40,710)	(40,710)	Julia Hovells	Nil
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Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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Savings

A comprehensive review of the repairs and renewals funds held across the HRA as part of the fundamental review of the service, has resulted in the ability to significantly reduce the annual contribution to the fund. This is possible as asset lives have been reviewed based upon past experience of replacement and replacement prices have been reduced in line with corporate buying guides for furniture.

S3518	HRA salary savings	0	(7,970)	(7,970)	(7,970)	(7,970)	Julia Hovells	Nil
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Salary savings derived from recruitment to vacant posts at lower points than vacated, partially offset by an increase in the proportion of the Head of Strategic Housing charged to the HRA, recognising the impact of the HRA new build programme.

S3522	Reduction in Void Repair budget	0	(75,000)	(75,000)	(75,000)	(75,000)	Julia Hovells	Nil
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Changes in the way in which the Repairs Service is delivered, following the Repairs and Maintenance Improvement Plan, is anticipated to deliver a reduction in the cost of void repairs.

S3642	Removal of contingency for Enhanced Housing Management Services	0	(32,040)	(32,040)	(32,040)	(32,040)	Frances Swann	Nil
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Funding was ear-marked in a previous budget process to allow the retention of an enhanced housing management service across sheltered housing if the City Council were lose the support contracts commissioned by the County Council. This contract has now been re-awarded for a period of up to 5 years, and the contingency is therefore not required.

S3644	Reduction in sheltered scheme utilities	0	(12,440)	(12,440)	(12,440)	(12,440)	Frances Swann	+L
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A review of the budgets for gas, electricity and water based upon prior year expenditure, results in a net reduction in budget requirement across the sheltered housing stock.

S3660	Removal of budget held in 2015/16 for direct collection of 100% of rent income	0	(104,040)	0	0	0	Julia Hovells	Nil
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Additonal funding was incorporated into the HRA recognising the need to collect 100% of rent directly after the implementation of Universal Credit. With implementation delayed until 2016, this funding is not expected to be required in 2015/16.

S3731	Reduction in budget for the planned revenue prior-to re-paint (PTR) programme in 2014/15	(1,100,000)	0	0	0	0	Will Barfield	Nil
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Due to a change in planned maintenance contractor, the 2014/15 PTR programme will not be delivered in year as originally budgeted.

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Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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Savings

Total Savings in Housing Revenue Account	(1,100,000)	(392,210)	(288,170)	(288,170)	(288,170)
Total Savings	(1,100,000)	(392,210)	(288,170)	(288,170)	(288,170)

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Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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Unavoidable Revenue Pressure

Housing Revenue Account

URP3506	Inability to recharge full costs of building cleaning services	0	65,660	0	0	0	0 Julia Hovells	Nil
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A review of the cost of building cleaning services across the communal areas of the housing stock resulted in an increase in costs to the HRA from 2014/15 onwards. A decision was taken in the 2014/15 budget process not to pass the higher costs on to residents as the service was undergoing a review, with the anticipated outcome being a significant reduction in costs following a tender process which was expected to conclude before April 2015. This project has been delayed, which results in the need to either extend meeting the additional cost from HRA resources, or to pass on higher costs to residents temporarily.

URP3512	Increased revenue staffing cost for the work undertaken by the Energy Officer to conduct EPC's	0	33,860	33,860	33,860	33,860	Will Barfield	Nil
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The requirement to produce Energy Performance Certificates for all dwellings at change of tenure has resulted in an increased revenue staffing cost, with the inspections predominantly being carried out by the Energy Officer. The Energy Officer was previously funded predominantly by capital grant income from the energy companies, which is no longer received.

URP3546	Adjustment to staff recharges between the General Fund and the HRA	0	64,860	64,860	64,860	64,860	Julia Hovells	Nil
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Recharges for the Director of Customer & Community Services, Executive Team and Business Team have been reviewed in light of the changes in responsibility for service areas, with Estates and Facilities now managed in this department, whilst Customer Services have transferred to the Director of Business Transformation.

URP3643	Reduction in income to the HRA	0	9,020	9,020	9,020	9,020	Julia Hovells	Nil
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The level of service charge income for 2015/16 is anticipated to be marginally lower than previously predicted (£20,220), although this is expected to be partially offset by an over-achievement in garage income if lettings stay at the same level as in 2014/15 (6,780) and commercial property rental income (£4,420) if all rent reviews conclude as expected.

Total Unavoidable Revenue Pressure in Housing Revenue Account

0	173,400	107,740	107,740	107,740
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Total Unavoidable Revenue Pressure

0	173,400	107,740	107,740	107,740
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Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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PPF Funding

Housing Revenue Account

FPPF3505	HRA Priority Policy Funding	0	(150,000)	(150,000)	(150,000)	(150,000)	Julia Hovells	n/a
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Total PPF Funding in Housing Revenue Account

0	(150,000)	(150,000)	(150,000)	(150,000)
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Total PPF Funding

0	(150,000)	(150,000)	(150,000)	(150,000)
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Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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PPF Bids

Housing Revenue Account

PPF3511	Increased staffing capacity in Housing Development	0	9,110	0	0	0	Alan Carter	Nil
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An increased ability to investment in new build housing in the HRA necessitates an increase in staffing input. This proposal is to recruit to a shared post with South Cambridgeshire District Council. The HRA is expecting to contribute revenue resource for a proportion of this post directly, recognising the desire for the new post holder to explore and potentially set up a Joint Venture Company to aid and speed up the delivery of new Affordable Housing.

PPF3513	Increased staffing capacity to meet the Housing Plus Agenda	0	35,740	35,740	35,740	35,740	Robert Hollingsworth	Nil
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As part of the Housing Plus Agenda, it is proposed to recruit an additional member of staff to work with tenants to provide financial advice, support and advocacy to prevent households getting into financial crisis.

PPF3515	Increased staffing capacity within the Leasehold Services Team	0	21,410	21,410	0	0	Andrew Latchem	Nil
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As part of the agreed review of the leasehold service, a restructure of the team is proposed from 2015/16, which would see the establishment increased by approximately 0.6 full time equivalent staffing, to assist with the increased workload for the team. This cost will be recovered through service charges to leaseholders, but with a delay before it will appear as part of the actuals exercise undertaken annually.

PPF3520	Support and maintenance for a Self-Service Portal for the Housing Service	0	3,400	3,400	3,400	3,400	Julia Hovells	Nil
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This bid would allow the authority to purchase ongoing support and maintenance for self-service access to housing tenants of the Council to the housing management information system, which would allow residents to check the status of their rent accounts, make payments and request and monitor progress about repairs. This PPF bid is linked to a capital bid for the purchase and implementation of the software.

PPF3521	Increase in the budget for the Under-Occupation Scheme	0	40,000	40,000	40,000	40,000	Andrew Latchem	Nil
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Due to a good level of take up, it is proposed to increase the level of funding for the Under-Occupation Scheme by £40,000 per annum on an ongoing basis.

PPF3523	Employment of an additional Repairs Work Planner	0	28,400	28,400	28,400	28,400	Julia Hovells	Nil
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Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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PPF Bids

Employment of a second work planner in the repairs and voids service is required as a result of reductions in the use of external contractors, and an increase in the use of the internal team, allowing more effective management of the service.

Total PPF Bids in Housing Revenue Account

0	138,060	128,950	107,540	107,540
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Total PPF Bids

0	138,060	128,950	107,540	107,540
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2015/16 Budget - HRA All Revenue Items

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Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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Non-Cash Limit Items

Housing Revenue Account

NCL3555	Provision for currently proposed pay award for 2014/15 and 2015/16	0	18,000	18,000	18,000	18,000	Julia Hovells	Nil
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Based upon the latest pay negotiations, a pay award of 2.2% is proposed, to be effective from January 2015 and to cover both pay reviews due in April 2014 and April 2015.

NCL3556	Reduction in rent income	0	285,800	285,800	285,800	285,800	Julia Hovells	Nil
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The level of rent increase applicable from April 2015 will be driven by the Consumer Price Index (CPI) at September 2014, which the government seek to keep at 2%. In August 2014 inflation fell to 1.5% and again in September 2014 to a level of 1.2%, the lowest in 5 years. The unprecedented drop in inflation will result in a lower level of rent income in 2015/16 and beyond than anticipated (£290,000) as part of the HRA Mid-Year Financial Review. This is offset marginally by a reduction of £4,200 in the associated bad debt provision.

NCL3650	Reduction in capitalisation of Estates and Facilities Asset Management staff	0	90,500	90,500	90,500	90,500	Julia Hovells	Nil
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The proportion of time charged to revenue and capital for the Estates and Facilities Asset Management Team has been reviewed, resulting in an increase in the time charged to revenue, directly offset by a reduction in the time charged against the capital programme, which will be reflected by a change in the level of Direct Revenue Financing of capital expenditure (DRF).

NCL3651	Reduction in estimated depreciation charge to the HRA	0	(113,030)	(113,030)	(113,030)	(113,030)	Julia Hovells	Nil
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Based upon the latest estimates, the recharge to the HRA in respect of depreciation from 2015/16 is anticipated to be lower than previously assumed. This is due to the timing of delivery of the new build housing and the latest assumptions in property values and asset lives.

NCL3652	Changes in the level of Direct Revenue Financing of capital expenditure available	0	779,970	(90,500)	(90,500)	(90,500)	Julia Hovells	Nil
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The proposed reduction in investment in the revenue planned repairs (PTR) programme in 2014/15 results in additional revenue resource that can be utilised to fund capital expenditure in 2015/16, negating the anticipated need to borrow in the coming year. From 2016/17 onwards, the ongoing impact of reducing the level of Estates & Facilities Asset Management Team recharged to capital will result in a reduction in the level of DRF required.

NCL3653	Removal of inflation allowances in the HRA where they are not required	0	(80,370)	(80,370)	(80,370)	(80,370)	Julia Hovells	Nil
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2015/16 Budget - HRA All Revenue Items

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Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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Non-Cash Limit Items

The inflation applied to specific account codes in the HRA was lower than anticipated in totality for 2015/16 and specific revenue provisions made for responding to the delivery of new build housing have not been required as anticipated. Separate bids have been included for staffing resource where required.

NCL3654	Changes in the level of interest paid and received by the HRA	0	(100,070)	(100,070)	(100,070)	(100,070)	Julia Hovells	Nil
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The net level of interest payable by the HRA in 2015/16 will be lower than anticipated, as the availability of revenue resources to fund capital expenditure negate the need to borrow for another year.

NCL3656	Under-achievement in rent income	0	235,050	0	0	0	Julia Hovells	Nil
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Delays in the delivery of some of the HRA new build programme will result in a lower level of rent income in 2015/16 than anticipated.

NCL3712	Pension Fund Contributions	0	0	0	180,000	360,000	Julia Hovells	Nil
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Increased contribution anticipated to the pension fund at the next triennial review. [Linked to NCL3674 General Fund element]

NCL3732	Changes in interest payments	15,370	0	0	0	0	Julia Hovells	Nil
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The ability to set-aside revenue resource for future debt repayment, reduction in the revenue prior-to-re-paint programme and re-profiling of spend in the capital programme result in a net change in the interest payments and receipts anticipated in 2014/15.

Total Non-Cash Limit Items in Housing Revenue Account	15,370	1,115,850	10,330	190,330	370,330			
Total Non-Cash Limit Items	15,370	1,115,850	10,330	190,330	370,330			
Report Total	(1,084,630)	970,100	(149,150)	(56,560)	24,440			

2015/16 Budget - HRA All Capital Items

Page 1 of 1

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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Capital Bids

Housing Revenue Account

C3519	Purchase and implementation of a Self-Service Portal for the Housing Service	0	22,500	0	0	0	0 Julia Hovells	Nil
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This bid would allow the authority to investigate, and if proven beneficial, provide self-service access to housing tenants of the Council to the housing management information system, allowing residents to check the status of their rent accounts, make payments and request and monitor progress about repairs.

C3537	Procurement and implementation of a replacement IT system for Choice Based Lettings	0	30,000	0	0	0	0 David Greening	Nil
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The contract for the provision of the sub-regional Homelink choice based lettings IT system is due for re-procurement during 2015/16, with the City Council being required to meet its share of the costs alongside other partner authorities. The City Council's contribution will be met from the Housing Capital Investment Plan, recognising that the expenditure is housing related.

Total Capital Bids in Housing Revenue Account

0	52,500	0	0	0
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Total Capital Bids

0	52,500	0	0	0
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Report Total

0	52,500	0	0	0
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Risk Area & Issue arising	Controls / Mitigation Action
Effects of Legislation / Regulation	
<p>Implications of new legislation / regulation or changes to existing are not identified</p> <p>Funding is not identified to meet the costs associated with changes in statutory requirements</p> <p>HRA Debt Settlement could be re-opened by Government</p> <p>Changes in national rent policy impact the ability to support the housing debt or deliver against planned investment programmes</p>	<ul style="list-style-type: none"> • Effective, regular processes are in place for the HRA to ensure that implications are identified and raised • Additional / specific funding enhancements for new services can be identified through the budget process, to allow effective implementation • The Council has processes in place to manage the demands of local and national housing agendas, ensuring early engagement in any consultation and collective representation through national housing bodies • Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible. • Consideration could be given to deviating from national rent policy at a local level
Housing Portfolio & Spending Plans	
<p>The Council approves plans which are not sustainable into the future, leading to increasing problems in balancing budgets</p>	<ul style="list-style-type: none"> • Council has adopted medium (5 year) and long-term modelling (up to 30 years) for HRA, to ensure decisions are made in the knowledge of long-term deliverability issues / implications • 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

Risk Area & Issue arising	Controls / Mitigation Action
Financial planning lacks appropriate levels of prudence	
<p>Business Planning assumptions are wildly inaccurate</p> <p>Financial policies, in general, are not sufficiently robust</p> <p>Funding to support the approved Capital & Revenue Projects Plan is not available</p>	<p>Council has adopted key prudence principles, reflected in:</p> <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
Use of resources is not effectively managed	
<p>There is ineffective use of the resources available to the HRA</p> <p>Failure to deliver Major Housing / Development Projects, i.e. return on capital, project on time etc.</p>	<ul style="list-style-type: none"> • Council employs robust business planning processes for the HRA • Council has adopted a standard project management framework • A business cases is required for all strategic acquisitions, disposals and one-off areas of significant investment • Housing Service is required to contribute to Portfolio Planning process, linked directly to resources • Performance and contractor management procedures are robust and contracts are enforceable • Organisational development and workforce planning activity is ongoing and reflects the needs of the HRA • The Council's accounts are audited on an annual basis, with assurance given that the authority is delivering economy, efficiency and effectiveness in its use of resources

Risk Area & Issue arising	Controls / Mitigation Action
External income / funding streams	
<p>Undue reliance may be placed on external income streams, leading to approval of unsustainable expenditure</p> <p>Rent and service charge arrears increase and bad debt rises, as a direct result of the Welfare Benefit Reforms</p> <p>Rent income is under-achieved due to a major incident in the housing stock</p> <p>Changes to the right to buy rules and pooling regulations result in a continued high level of sales, with the associated commitment to deliver replacement units or pay over receipts with interest</p> <p>Volatility and competition in the property market impacts the ability to fund capital pressures from the sale of assets</p>	<ul style="list-style-type: none"> • Modelling over the medium and long-term is conducted for key income sources, including sensitivity analysis of 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 • Increased resources identified for income management. Performance closely monitored to allow further positive action if required. • Asset Management Plan in place to identify and address key issues in the housing stock to minimise likelihood of widespread incidents • Sensitivities modelled so potential impacts are understood • Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity • Policy on applying general capital receipts for strategic disposals only at point of receipt

New Build Investment Cashflow

Appendix F

New Build / Re-Development Scheme	Prior Year Actuals	2014/15 Budget	2015/16 Budget	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget
	£'0	£'0	£'0	£'0	£'0	£'0	£'0
New Build / Re-Development Cash Expenditure (Net of Developer's Cross Subsidy / Notional Land Value)							
Jane's Court	1,233,070	0	0	0	0	0	0
Latimer Close	980,820	588,920	0	0	0	0	0
Barnwell Road	437,170	630,470	0	0	0	0	0
Campkin Road (Phase 1)	1,128,270	1,218,490	371,330	0	0	0	0
Colville Road (Phase 1)	311,950	1,181,640	0	0	0	0	0
Water Lane	161,110	856,830	627,010	0	0	0	0
Aylesborough Close	490,200	1,293,150	1,014,650	0	0	0	0
Stanesfield Road	80,670	489,880	0	0	0	0	0
Wadloes Road	1,510	768,670	0	0	0	0	0
Atkins Close (Garage Site)	3,260	585,180	0	0	0	0	0
Hawkins Road (Garage Site)	0	1,493,890	0	0	0	0	0
Fulbourn Road (Garage Site)	0	1,399,470	0	0	0	0	0
Ekin Road (Garage Site)	0	1,132,760	0	0	0	0	0
Market Housing on Re-Development Sites	0	2,894,000	0	0	0	0	0
Clay Farm	0	1,551,830	264,680	8,081,800	6,306,320	0	0
Homerton	0	0	3,504,000	3,504,000	0	0	0
New Build – + RTB Receipts	0	0	4,531,000	8,243,000	10,981,000	6,150,000	6,150,000
New Build – HRA Surpluses	0	0	0	0	0	3,844,000	769,000
Total New Build/ Re-Development Expenditure	4,828,030	16,085,180	10,312,670	19,828,800	17,287,320	9,994,000	6,919,000

New Build / Re-Development Scheme	Prior Year Actuals	2014/15 Budget	2015/16 Budget	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget
	£'0	£'0	£'0	£'0	£'0	£'0	£'0
New Build / Re-Development Grant and Area Committee Funding							
Jane's Court	(354,460)	0	0	0	0	0	0
Latimer Close	(106,340)	(106,340)	0	0	0	0	0
Barnwell Road	(106,340)	(106,340)	0	0	0	0	0
Campkin Road (Phase 1)	0	(230,400)	0	0	0	0	0
Colville Road (Phase 1)	0	(336,740)	0	0	0	0	0
Water Lane	0	0	0	0	0	0	0
Aylesborough Close	0	0	0	0	0	0	0
Stanesfield Road (Incl. 100k Area Committee Grant)	(35,440)	(135,440)	0	0	0	0	0
Wadloes Road	0	0	0	0	0	0	0
Atkins Close (Garage Site)	0	(141,780)	0	0	0	0	0
Hawkins Road (Garage Site)	0	0	0	0	0	0	0
Fulbourn Road (Garage Site)	0	0	0	0	0	0	0
Ekin Road (Garage Site)	0	0	0	0	0	0	0
Total New Build / Re-Development Funding	(602,580)	(1,057,040)	0	0	0	0	0
Retained Right to Buy Funding							
Jane's Court	0	0	0	0	0	0	0
Latimer Close	0	0	0	0	0	0	0
Barnwell Road	0	0	0	0	0	0	0
Campkin Road (Phase 1)	0	0	0	0	0	0	0
Colville Road (Phase 1)	0	0	0	0	0	0	0

New Build / Re-Development Scheme	Prior Year Actuals £'0	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
		Budget £'0	Budget £'0	Budget £'0	Budget £'0	Budget £'0	Budget £'0
Water Lane	0	0	0	0	0	0	0
Aylesborough Close	0	0	0	0	0	0	0
Stanesfield Road (Incl. 100k Area C'ttee Grant)	0	0	0	0	0	0	0
Wadloes Road	0	(300,520)	0	0	0	0	0
Atkins Close (Garage Site)	0	0	0	0	0	0	0
Hawkins Road (Garage Site)	0	(448,170)	0	0	0	0	0
Fulbourn Road (Garage Site)	0	(419,840)	0	0	0	0	0
Ekin Road (Garage Site)	0	(339,830)	0	0	0	0	0
Market Housing on Re-Development Sites	0	(868,200)	0	0	0	0	0
Clay Farm	0	(348,790)	(59,550)	(1,785,090)	(1,385,610)	0	0
Homerton	0	0	(779,880)	(779,880)	0	0	0
New Build – With RTB Receipts	0	0	(1,359,300)	(2,472,900)	(3,294,300)	(1,845,000)	(1,845,000)
Total Retained Right to Buy Funding	0	(2,725,350)	(2,198,730)	(5,037,870)	(4,679,910)	(1,845,000)	(1,845,000)
Balance met from HRA Resources	4,225,450	12,302,790	8,113,940	8,344,930	8,232,410	5,602,000	2,474,000
Balance met from HRA Borrowing	0	0	0	6,446,000	4,375,000	2,547,000	2,600,000

Key Sensitivity Analysis

Appendix G

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
Interest Rates for additional borrowing	PWLB fixed rate maturity loan at 4%	Assume fixed rate loans, with increase of 2% in interest rates from the outset.	The debt cap is breached by 2019/20 and current plans are therefore not fully deliverable.
General Inflation	General Inflation using CPI at 2% for expenditure	Volatility in the economy could lead to an increase in external costs. 1% increase in general inflation for expenditure only for the life of the plan.	The debt cap is breached by 2019/20 and current plans are therefore not fully deliverable.
Rents Inflation	CPI at 1.2% for 2015/16, then CPI at 2% from 2016/17	Fluctuations in monthly inflation rates could lead to a variation in the CPI used for rents compared with expenditure. Assume 0.5% reduction in rents base inflation ongoing compared to expenditure.	The debt cap is breached by 2019/20 and current plans are therefore not fully deliverable.
Capital Investment Real Increase Inflation	Capital Investment Inflation at 3% above CPI for 5 years	A real increase of 3% is allowed for building inflation. Assume that real inflationary increase required is 5% for remaining 4 years from 2016/17 as the building industry in Cambridge is buoyant.	The debt cap is breached by 2019/20 and current plans are therefore not fully deliverable.
Investment Income	Interest on balances increasing to 1% long-term	Rates may recover more than anticipated, or long-term lending options may prove viable. Assume ongoing rate of 3% from 2017/18.	£26 million additional resource over the 30 year life of the plan.
Housing Rent Collection and Welfare Reforms	Costs based on historic activity, but an increase in transactional collection costs	Universal Credit results in 100% of rent being collected directly from tenants. Assume, in addition to the increase in transactional costs, an ongoing increase in bad debt of an additional 1% per annum from 2016/17.	The debt cap is breached by 2019/20 and current plans are therefore not fully deliverable.

HRA Summary 2014/15 to 2018/19

Appendix H

Description	2014/15 £0	2015/16 £0	2016/17 £0	2017/18 £0	2018/19 £0	2019/20 £0
Income						
Rental Income (Dwellings)	(36,059,720)	(37,185,810)	(39,005,680)	(40,991,310)	(42,626,680)	(44,461,790)
Rental Income (Other)	(1,064,000)	(1,096,480)	(1,118,410)	(1,140,780)	(1,163,590)	(1,186,870)
Service Charges	(2,203,270)	(2,447,980)	(2,559,560)	(2,606,410)	(2,654,180)	(2,702,920)
Contribution towards Expenditure	(103,150)	(3,210)	(3,280)	(3,340)	(3,410)	(3,480)
Other Income	(466,140)	(455,090)	(443,400)	(431,070)	(418,060)	(426,420)
Total Income	(39,896,280)	(41,188,570)	(43,130,330)	(45,172,910)	(46,865,920)	(48,781,480)
Expenditure						
Supervision & Management - General	3,187,920	3,441,480	3,763,680	4,046,220	4,332,620	4,684,840
Supervision & Management - Special	2,201,970	2,414,310	2,475,400	2,542,870	2,617,300	2,694,250
Repairs & Maintenance	5,914,420	6,824,030	7,107,190	7,422,470	7,821,140	8,197,750
Depreciation – t/f to Major Repairs Res.	10,348,510	10,509,920	10,875,690	12,478,260	13,286,620	14,010,150
Debt Management Expenditure	0	21,180	21,900	22,750	23,760	24,800
Other Expenditure	2,925,650	3,038,890	3,346,550	3,451,960	3,556,680	3,678,880
Total Expenditure	24,578,470	26,249,810	27,590,410	29,964,530	31,638,120	33,290,670
Net Cost of HRA Services	(15,317,810)	(14,938,760)	(15,539,920)	(15,208,380)	(15,227,800)	(15,490,810)
HRA Share of operating income and expenditure included in Whole Authority I&E Account						
Interest Receivable	(154,420)	(228,910)	(210,720)	(177,490)	(184,200)	(196,650)
HRA (Surplus) / Deficit for the Year	(15,472,230)	(15,167,670)	(15,750,640)	(15,385,870)	(15,412,000)	(15,687,460)
Items not in the HRA Income and Expenditure Account but in the movement on HRA balance						
Loan Interest	7,547,170	7,541,290	7,670,210	7,886,650	8,025,100	8,128,040
Housing Set Aside	811,270	0	0	0	2,485,150	2,485,150

Depreciation Adjustment	(2,413,480)	(2,351,280)	(2,200,030)	0	0	0
Direct Revenue Financing of Capital	14,338,460	10,968,440	11,579,610	7,497,310	4,904,400	5,015,760
(Surplus) / Deficit for Year	4,811,190	990,780	1,299,150	(1,910)	2,650	(58,510)
Balance b/f	(8,880,740)	(5,282,910)	(4,292,130)	(2,992,980)	(2,994,890)	(2,992,240)
Transfer from Ear-Marked Reserve	(1,213,360)	0	0	0	0	0
Total Balance c/f	(5,282,910)	(4,292,130)	(2,992,980)	(2,994,890)	(2,992,240)	(3,050,750)

Housing Capital Investment Plan

Appendix I

Description	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend						
Assessment Centre	0	0	0	0	0	0
Disabled Facilities Grants	550	550	550	550	550	550
Private Sector Housing Grants and Loans	195	195	195	195	195	195
Long Term Vacants	20	20	20	20	20	20
Choice Based Letting IT System	0	30	0	0	0	0
Total General Fund Housing Capital Spend	765	795	765	765	765	765
HRA Capital Spend						
Decent Homes						
Kitchens	918	598	292	466	500	621
Bathrooms	672	525	119	61	306	954
Central Heating / Boilers	1,114	1,106	1,326	1,357	1,902	2,676
Insulation / Energy Efficiency	100	100	100	100	100	100
External Doors	212	108	63	88	40	47
PVCU Windows	502	0	0	0	0	0
Wall Structure	334	213	264	105	78	450
Wall Finishes	89	260	265	267	352	253
Wall Insulation	100	100	100	100	100	100
External Painting	0	0	0	0	0	0
Roof Structure	945	687	322	300	307	307
Roof Covering	1,661	210	274	658	617	420
Chimneys	102	2	1	0	1	0

Description	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Electrical / Wiring	91	181	317	120	356	441
Smoke Detectors	27	109	9	26	18	28
Sulphate Attacks	102	102	102	102	102	102
Major Voids / Major Works	201	48	53	53	54	54
HHSRS Contingency	117	150	100	100	100	100
Other Health and Safety Works	50	50	50	50	50	50
Other External Works	3	5	0	0	0	1
Rising Damp / Penetrating Damp	0	0	0	0	0	0
Capitalised Officer Fees - Decent Homes	439	341	341	341	341	341
External Professional Fees	22	17	17	17	17	17
Decent Homes Backlog	0	2,097	3,019	2,663	0	710
Decent Homes Planned Maintenance Contractor Overheads	751	680	693	677	510	758
Decent Homes New Build Allocation	0	69	196	272	462	534
Total Decent Homes	8,552	7,758	8,023	7,923	6,313	9,064
Other Spend on HRA Stock						
Garage Improvements	300	788	788	100	100	100
Asbestos Removal	200	200	200	100	100	100
Disabled Adaptations	938	878	878	878	878	878
Tenants Incentive Scheme	21	21	21	21	21	21
Communal Areas Uplift	596	546	546	546	546	546
Fire Prevention / Fire Safety Works	938	300	300	300	300	300
Hard surfacing on HRA Land - Health and Safety Works	274	280	150	150	150	150
Hard surfacing on HRA Land - Recycling	0	0	142	0	0	0

Description	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Communal Areas Floor Coverings	235	0	0	0	0	0
Capitalised Officer Fees - Other HRA Stock Spend	122	114	114	114	114	114
Lifts and Door Entry Systems	41	13	13	13	13	13
Fencing	215	200	200	200	200	200
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	384	330	331	236	236	236
Total Other Spend on HRA stock	4,264	3,670	3,683	2,658	2,658	2,658
HRA New Build / Re-Development						
Roman Court	677	0	0	0	0	0
3 Year Affordable Housing Programme	11,639	2,013	0	0	0	0
3 Year Affordable Housing Programme (Notional Spend - Land Value)	4,922	3,682	0	0	0	0
Market Housing on HRA Sites	2,894	0	0	0	0	0
New Build - Clay Farm	1,552	265	8,082	6,306	0	0
New Build - Homerton	0	3,504	3,504	0	0	0
New Build - Unallocated Retained RTB Receipt Investment	0	4,531	8,243	10,981	6,150	6,150
New Build - Investment of HRA Surpluses	0	0	0	0	3,844	769
Total HRA New Build	21,684	13,995	19,829	17,287	9,994	6,919
City Homes Estate Improvement Programme						
City Homes Estate Improvement Programme	306	200	200	200	200	200
Total City Homes Estate Improvement Programme	306	200	200	200	200	200

Description	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Sheltered Housing Capital Investment						
Ditchburn Place	1,900	1,900	0	0	0	0
Total Sheltered Housing Capital Investment	1,900	1,900	0	0	0	0
Other HRA Capital Spend						
Orchard Upgrade / Open Contractor / Mobile Working / ASB Database	21	23	0	0	0	0
Cambridge Public Sector Network	76	0	0	0	0	0
Air Cooling Systems in Area Offices	11	0	0	0	0	0
Shared Ownership Repurchase	300	300	300	300	300	300
Right of First Refusal Buy Back	663	0	0	0	0	0
Commercial Property	178	30	30	30	30	30
Total Other HRA Capital Spend	1,249	353	330	330	330	330
Total HRA Capital Spend	37,955	27,876	32,065	28,398	19,495	19,171
Total Housing Capital Spend at Base Year Prices	38,720	28,671	32,830	29,163	20,260	19,936
Inflation Allowance and Stock Reduction Adjustment for Future Years	537	1,275	2,295	2,717	3,426	4,644
Total Inflated Housing Capital Spend	39,257	29,946	35,125	31,880	23,686	24,580

Description	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Housing Capital Resources						
Right to Buy Receipts	(495)	(516)	(522)	(527)	(532)	(537)
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0	0
Notional Land Receipts (New Build Schemes)	(4,922)	(3,682)	0	0	0	0
Major Repairs Reserve	(12,688)	(7,432)	(9,570)	(12,478)	(13,287)	(14,010)
Direct Revenue Financing of Capital	(14,338)	(10,968)	(11,580)	(7,497)	(4,904)	(5,016)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(1,357)	(300)	(1,699)	(2,050)	(300)	(300)
Retained Right to Buy Receipts	(2,725)	(2,199)	(5,038)	(4,680)	(1,845)	(1,845)
Disabled Facilities Grant	(271)	(271)	(271)	(271)	(271)	(271)
Prudential Borrowing	0	0	(6,446)	(4,375)	(2,547)	(2,600)
Total Housing Capital Resources	(36,796)	(25,368)	(35,126)	(31,878)	(23,686)	(24,579)
Net (Surplus) / Deficit of Resources	2,461	4,578	(1)	2	(0)	1
Capital Balances b/f	(8,143)	(5,682)	(1,104)	(1,105)	(1,103)	(1,103)
Use of / (Contribution to) Balances in Year	2,461	4,578	(1)	2	(0)	1
Capital Balances c/f	(5,682)	(1,104)	(1,105)	(1,103)	(1,103)	(1,102)
The inflationary element of the decent homes spend for 2014/15 will be allocated against decent homes elements once the year-end outturn position is known. The same will apply for 2015/16 inflation once the impact of the new planned maintenance contract prices have been fully incorporated into the programme.						

Cambridge City Council Equality Impact Assessment



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

Budget 2015/16 (HRA) EqIA

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

The HRA Budget Setting Report enables the City Council to set a balanced budget for 2015/16 that reflects the Council's vision statements and takes into account councillor's priorities in its proposals for achieving the savings required. This EQIA assesses the equality impacts of the Housing Revenue Account (HRA) element of the City Council's budget; a separate EQIA has been completed for the General Fund (GF) element of the Council's budget.

An Equality Impact Assessment (EqIA) has been completed for budget proposals that will result in significant service changes. This EqIA sets out the material information from these EqIAs. This approach is intended to ensure that elected Members have access to all the relevant information on the equality impact of budget proposals at the point when they are being asked to make a decision. This will enable Members to discharge their Duty under the Equality Act 2010 to consider the equality impacts of decisions.

EqIAs have been completed for the following budget proposals :

- PPF3521 HRA - Increase in the budget for the Under-Occupation Scheme
- PPF3513 HRA - Increased staffing capacity to meet the Housing Plus Agenda
- PPF3520 HRA/ C3519 - Support and maintenance for a Self-Service Portal for the Housing Service /Purchase and implementation of a Self-Service Portal for the Housing Service -
- PROG3709 - ICT Shared Service
- PROG3710 - Legal Shared Service
- PROG3661 - Reduction in support and central costs through a Council wide Support Services Review
- URP3506 - Inability to recharge full costs of building cleaning services

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

- ☒ Residents
- ☒ Visitors
- ☒ Staff

A specific client group or groups (please state):

This is a composite EqIA for all 2015 -2016 HRA budget bids and it covers all Council housing revenue account services.

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

- ☒ New
- ☒ Revised
- ☒ Existing

5. Responsible directorate and service

Directorate: This report involves cross organisation responsibility and is managed by a team from different departments in the Council – Corporate Strategy and Finance have coordinated the document, with input from City Homes, Strategic Housing and Estates and Facilities in particular.

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

☐ No

☒ Yes (please give details):

This is an assessment of the Council's HRA budget and therefore covers all HRA services. In particular the EqIA considers the equalities impacts of proposals submitted by City Homes, Strategic Housing, Estates and Facilities, ICT and Legal. The budget also affects some of our partnership working, notably with South Cambridgeshire District Council and Huntingdonshire District Council, and has the ability to impact the County Council in respect of the delivery of support activity and housing plus services.

7. Potential impact

Please list and explain how this strategy, policy, plan, project, contract or major change to your service could **positively** or **negatively** affect individuals from the following equalities groups.

- Informal consultation is being carried out with staff where appropriate.
- Formal consultation with staff will follow if the Council supports the staffing changes proposed in some areas of the HRA budget. This consultation will take place on a number of specific elements of proposed changes over the next six to nine months.
- No individual public consultation is proposed with service users (tenants and leaseholders) because no significant change in service delivery is anticipated. Consultation with tenant and leaseholder representatives is however undertaken through the formal committee process and through specific tenant led representative groups, such as the Housing Regulation Panel.
- This EQiA is a working document. There are two parts of the process. The first stage will be to formally consult staff and unions on the creation of the single shared service and the second stage will be to work through detailed implementation issues which will also be subject to consultation with staff and unions. Throughout these stages the EQiA will be updated.

(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)

PPF3513 - As part of the Housing Plus Agenda, it is proposed to recruit an additional member of staff to work with tenants to provide financial advice, support and advocacy to prevent households getting into financial crisis. This has a potential positive impact.

PPF3521 - Due to a good level of take up, it is proposed to increase the level of funding for the Under-Occupation Scheme by £40,000 per annum on an ongoing basis. This fund supports people to leave larger properties to find more suitable sized homes. This has a positive impact on low income groups who may not be able to afford to maintain large properties. The fund supports a positive transition and a move to a more manageable situation for older people.

C3519 - This bid would allow the authority to investigate, and if proven beneficial, provide self-service access to housing tenants of the Council to the housing management information system, allowing residents to check the status of their rent accounts, make payments and request and monitor progress about repairs. Some older people may find accessing digital services more difficult so there may be a negative impact but this is an additional service to the more traditional ways of contacting the housing teams so the impact is mitigated.

PROG3661 – In the first phase of this project, 35 -44 year olds are potentially more affected than other age groups by the proposals as they make up around 41% of the total group (this means 11 people) However, as the project will be consulting on these proposals around mid-December, the full impact is unknown at this time. The EqlA will be updated as the project progresses.

No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(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)

C3519 - This bid would allow the authority to investigate, and if proven beneficial, provide self-service access to housing tenants of the Council to the housing management information system, allowing residents to check the status of their rent accounts, make payments and request and monitor progress about repairs. Some people with disabilities may find accessing digital services more difficult to access so there may be a minor negative impact but this is an additional service to the more traditional ways of contacting the housing teams so the impact is mitigated and could be a positive benefit as those who find it difficult to travel could access their services online.

No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(c) Gender

PPF3521 - Due to a good level of take up, it is proposed to increase the level of funding for the Under-Occupation Scheme by £40,000 per annum on an ongoing basis. Due to a good level of take up, it is proposed to increase the level of funding for the Under-Occupation Scheme by £40,000 per annum on an ongoing basis. This fund supports people to leave larger properties to find more suitable sized homes. This has a potential positive impact on women who may not be able to afford to move to large properties.

PROG3661 – In the first phase of this project, men are potentially more affected by the proposal as they make up around 63% of the group affected (17 people) However, the project has not yet defined the actual impacts as the consultation on these proposals is not due until mid-December. The EqIA will be updated as the project progresses.

No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(d) Pregnancy and maternity

PPF3521 - Due to a good level of take up, it is proposed to increase the level of funding for the Under-Occupation Scheme by £40,000 per annum on an ongoing basis. Due to a good level of take up, it is proposed to increase the level of funding for the Under-Occupation Scheme by £40,000 per annum on an ongoing basis. This fund supports people to leave larger properties to find more suitable sized homes. This has a potential positive impact on women and their families who may need a larger property at the time of their pregnancy.

NCL3555 - Based upon the latest pay negotiations, a pay award of 2.2% is proposed, to be effective from January 2015 and to cover both pay reviews due in April 2014 and April 2015. This might mean a marginal benefit to staff taking maternity leave, as the maternity pay would be based upon the pay offer.

No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(e) Transgender (including gender re-assignment)

No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(f) Marriage and Civil Partnership

No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(g) Race or Ethnicity

No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(h) Religion or Belief

No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(i) Sexual Orientation

No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(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):

NCL3555 - Based upon the latest pay negotiations, a pay award of 2.2% is proposed, to be effective from January 2015 and to cover both pay reviews due in April 2014 and April 2015. This might mean a marginal benefit to those on low incomes as lower paid jobs would see a very small increase.

PPF3521 - Due to a good level of take up, it is proposed to increase the level of funding for the Under-Occupation Scheme by £40,000 per annum on an ongoing basis. Due to a good level of take up, it is proposed to increase the level of funding for the Under-Occupation Scheme by £40,000 per annum on an ongoing basis. This fund supports people to leave larger properties to find more suitable sized homes. This has a potential positive impact on people on lower incomes either manage a positive transition to a smaller property or move to a larger one depending on need.

URP3506 - A review of the cost of building cleaning services across the communal areas of the housing stock resulted in an increase in costs to the HRA from 2014/15 onwards. A decision was taken in the 2014/15 budget process not to pass the higher costs on to residents as the service was undergoing a review, with the anticipated outcome being a significant reduction in costs following a tender process which was expected to conclude before April 2015. This project has been delayed, which results in the need to either extend meeting the additional cost from HRA resources, or to pass on higher costs to residents temporarily. The Council is currently tendering this service and depending on the new contractor – costs may go up or down for tenants. The Council has mitigated this by covering the increased costs for the last 2 years. This may have an impact on those on low incomes but until the results and subsequent contract details are known, it won't be clear if costs will go up or down or remain the same.

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

The overall number of HRA budget items included in the HRA Budget Setting Report was 38 – some of these are linked together.

EqlAs were completed for 7 bids.

Many of the bids had no disproportionate impact for the following reasons:

- No or little impact on people – e.g. capital bids
- It was too early to assess the impacts or they had been previously assessed last year and had been to Committee and then were delayed in being implemented – the EqlAs for these bids have been looked at as part of this process.
- The scale of change was small or process related e.g. small increase in hours for an existing post or internal recharging.

The greatest impacts were on age, pregnancy, maternity, disability and socio economic factors. Positive impacts generally outweighed the negative and were already being mitigated.

All of the EqlAs are available for viewing and can be found here: [HRA EqlAs](#)

9. Conclusions and Next Steps

- If you have not identified any negative impacts, please sign off this form.
- If you have identified potential negative actions, you must complete the action plan at the end of this document to set out how you propose to mitigate the impact. If you do not feel that the potential negative impact can be mitigated, you must complete question 8 to explain why that is the case.
- If there is insufficient evidence to say whether or not there is likely to be a negative impact, please complete the action plan setting out what additional information you need to gather to complete the assessment.

10. Sign off

Name and job title of assessment lead officer: Julia Hovells

Names and job titles of other assessment team members and people consulted:
Suzanne Goff – Corporate Strategy

Date of completion: December 2014

Date of next review of the assessment: December 2015

Action Plan

Equality Impact Assessment title: Budget 2015/16 (HRA) EqIA

Date of completion: December 2014

Equality Group	Age
Details of possible disadvantage or negative impact	Reduction in support and central costs through a Council wide Support Services Review has the potential to impact negatively on some age groups.
Action to be taken to address the disadvantage or negative impact	Impact assessment to be reviewed following the consultation process, to quantify and consider any disproportionate impact.
Officer responsible for progressing the action	Paul Boucher
Date action to be completed by	January 2015 for Project 1, March 2015 for Project 2, and summer 2015 for Project 3.

Equality Group	Disability
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Gender
Details of possible disadvantage or negative impact	Reduction in support and central costs through a Council wide Support Services Review has the potential to impact negatively on the male gender group.
Action to be taken to address the disadvantage or negative impact	Impact assessment to be reviewed following the consultation process, once proposals are finalised, to quantify and consider any disproportionate impact.
Officer responsible for progressing the action	Paul Boucher
Date action to be completed by	January 2015

Equality Group	Pregnancy and Maternity
Details of possible disadvantage or negative impact	None
Action to be taken to address the disadvantage or negative impact	N/A
Officer responsible for progressing the action	N/A
Date action to be completed by	N/A

Equality Group	Transgender
Details of possible disadvantage or negative impact	None
Action to be taken to address the disadvantage or negative impact	N/A
Officer responsible for progressing the action	N/A
Date action to be completed by	N/A

Equality Group	Marriage and Civil Partnership
Details of possible disadvantage or negative impact	None
Action to be taken to address the disadvantage or negative impact	N/A
Officer responsible for progressing the action	N/A
Date action to be completed by	N/A

Equality Group	Race or Ethnicity
Details of possible disadvantage or negative impact	None
Action to be taken to address the disadvantage or negative impact	N/A
Officer responsible for progressing the action	N/A
Date action to be completed by	N/A

Equality Group	Religion or Belief
Details of possible disadvantage or negative impact	None
Action to be taken to address the disadvantage or negative impact	N/A
Officer responsible for progressing the action	N/A
Date action to be completed by	N/A

Equality Group	Sexual Orientation
Details of possible disadvantage or negative impact	None
Action to be taken to address the disadvantage or negative impact	N/A
Officer responsible for progressing the action	N/A
Date action to be completed by	N/A

Other factors that may lead to inequality – <u>in particular</u> – please consider the impact of any changes on low income groups or those experiencing the impacts of poverty (please state):	
Details of possible disadvantage or negative impact	Inability to recharge full costs of building cleaning services has the potential to impact negatively for those on low incomes at the point at which the agreed protection from full cost stops. This is wholly dependent upon the outcome of a current competitive tender process, where costs may be reduced so as to fully mitigate any potential impact.
Action to be taken to address the disadvantage or negative impact	Potential impact to be reviewed once future prices are available.
Officer responsible for progressing the action	Julia Hovells
Date action to be completed by	March 2016



To: Executive Councillor for Housing:
Councillor Kevin Price

Report by: Director of Customer and Community Services, Director
of Environment and Head of Finance

Relevant scrutiny
committee: Housing Scrutiny Committee 14 January 2015

Wards affected: All Wards

Customer and Community Services – Housing General Fund Portfolio Revenue and Capital Budget Proposals for 2014/15 to 2018/19

Key Decision

1. Executive summary

Revenue and Capital Budgets

- 1.1 The following report details the budget proposals relating to this portfolio that are included in the Budget-Setting Report (BSR) 2015/16 which will be considered at the following meetings:

Date	Committee	Comments
19 January 2015	Strategy & Resources	Consider proposals / recommendations from all Scrutiny Committees in relation to their portfolios
22 January 2015	The Executive	Budget amendment may be presented
13 February 2015	Strategy & Resources	Consider any further amendments including opposition proposals
26 February 2015	Council	Approves General Fund Budget and sets Council Tax

- 1.2 The report also includes consideration of any recommendations concerning the review of charges and project appraisals for schemes in the capital plan for this portfolio.

2. Recommendations

The Executive Councillor is recommended to:

Review of Charges:

- a) Approve the proposed charges for this portfolio's services and facilities as shown in Appendix A to this report.

Revenue:

- b) Consider the revenue budget proposals as shown in Appendix B.

Capital:

- c) Consider the capital budget proposals as shown in Appendix C.
- d) Delete some schemes from the Capital Plan as shown in Appendix C.
- e) Approve, where relevant, project appraisals as shown in Appendix D.
- f) Adjust capital funding for items 2 (c) to 2 (e) as appropriate.

3. Background

- 3.1 At its meeting on 6 November 2014, Council gave initial consideration to the budget prospects for the General Fund for 2015/16 and future years in the Mid-Year Financial Review (MFR) 2014.
- 3.2 The overall Budget Strategy Report (BSR) to Strategy & Resources Scrutiny Committee on 19 January 2015 will include a review of all the factors relating to the overall financial strategy that were included in the MFR.
- 3.3 The report to The Executive on 22 January 2015 may include details of the Government's Final Settlement for 2015/16. The announcement is likely to be made shortly after the conclusion of the consultation period, which ends in January 2015.
- 3.4 Further work may be required on detailed budgets so delegation to the Head of Finance will be sought from Council for authority to finalise changes relating for example to the reallocation of departmental administration, support service and central costs, in accordance with the CIPFA Service Reporting Code of Practice for Local Authorities (SeRCOP).

Budget 2015/16 - Overall Revenue Budget Position

- 3.5 The budget proposals for this portfolio, as summarised in table 1, will be considered by the Executive at its meeting on 22 January 2015.

Table 1: Overall Revenue Proposals (see Appendix B)

Savings and Bids	2014/15 Budget £	2015/16 Budget £	2016/17 Forecast £
Savings:			
Increased Income	-	(96,900)	(96,900)
Programme Office	-	-	-
Savings	-	(92,880)	(92,880)
Total	-	(189,780)	(189,780)
Bids:			
Unavoidable Revenue Pressures	-	76,900	76,900
Reduced Income	-	-	-
Total	-	76,900	76,900
Net (savings)/bids	-	(112,880)	(112,880)

External Bids	75,980	226,640	-
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Priority Policy Fund (PPF) Bids	-	72,800	88,800
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Capital

- 3.6 The 2014 Mid-Year Financial Review proposed a review of the capital plan to address its size and complexity. A number of concerns were identified, including:
- Capacity to deliver projects to time, cost and quality;
 - Dependency on revenue funding; and
 - Inclusion of items, such as unallocated funds, projects at an early stage of development, and items more properly treated as small enhancements or maintenance spend.
- 3.7 Phase 1 of the review examined the current plan in order to release internal funding (e.g. DRF, R&R capital receipts, etc), by identifying projects that are not yet ready for delivery, are no longer required, or are not true capital projects. This will make the plan more deliverable.
- 3.8 The funding identified will be released into General Fund reserves where it will be available for use on current priorities.
- 3.9 The review has also piloted a method of prioritising capital spending. Table 2 summarises, and Appendix C sets out in detail, any schemes for this portfolio that are recommended for closure, deletion or require further development, and the funding released as a result.

- 3.10 The Council now maintains two lists of projects which may become capital proposals in due course. The hold list contains projects that have been approved in principle but are awaiting funding. A new list, the projects under development list, has been set up following Phase 1 of the capital plan review. It lists projects which are subject to feasibility studies and outline project planning, including timescales, milestones and indicative costings. When ready, these projects will be proposed for funding and approval in line with revised capital processes and procedures.

Table 2: Overall Capital Proposals (see Appendix C)

	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Capital Deletions	(475,000)				
Capital Bids		230,000	0	0	0
Net Capital Bids	(475,000)	230,000	0	0	0

Public Consultation

- 3.11 The 2014 Budget Consultation was undertaken by MEL Research Ltd on behalf of Cambridge City Council in September 2014 and published in November 2014. The main method of collecting information was through an interactive online programme "YouChoose".
- 3.12 Details of the results of the survey will be published on the Council's website.

4. Implications

All budget proposals have a number of implications. A decision not to approve a revenue bid will impact on managers' ability to deliver the service or scheme in question and could have staffing, equal opportunities, environmental and/or community safety implications. A decision not to approve a capital or external bid will impact on managers' ability to deliver the developments desired in the service areas.

(a) Financial Implications

Financial implications of budget proposals are summarised in the Budget-Setting Report 2015/16.

(b) Staffing Implications

See text above.

(c) Equality and Poverty Implications

A consolidated Equalities Impact Assessment for the Council's Budget Setting Report will be submitted to the Executive at its meeting on 22 January 2015. Individual Equality Impact Assessments have been conducted to support this, and will be available on the Council's website.

(d) Procurement

Any procurement implications will be outlined in the Budget Setting Report 2015/16.

(e) Environmental Implications

Where relevant, officers have considered the environmental impact of budget proposals which are annotated as follows:

- +H / +M / +L: to indicate that the proposal has a high, medium or low positive impact.
- Nil: to indicate that the proposal has no climate change impact.
- -H / -M / -L: to indicate that the proposal has a high, medium or low negative impact.

(f) Consultation and Communication

As outlined in 3 above, budget proposals are based on the requirements of statutory and discretionary service provision. Public consultations are undertaken throughout the year and can be seen at:

<https://www.cambridge.gov.uk/current-consultations>

(g) Community Safety

Any community safety implications will be outlined in the Budget Setting Report 2015/16.

5. Background papers

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

- Budget Setting Report 2015/16
- Mid-Year Financial Review (MFR) 2014
- Budget Papers 2015/16
- Individual Equalities Impact Assessments

6. Appendices

The following items, where applicable, are included for discussion:

Appendix	Proposal Type	Included
A	Scale of Fees & Charges	✓
B	Revenue Budget Proposals for this portfolio	✓
C	Capital Budget Proposals for this portfolio	✓
D	Project Appraisal	✓

7. Inspection of papers

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

Authors' Name: Julia Hovells
Authors' Phone Number: 01223 - 457822
Authors' Email: julia.hovells@cambridge.gov.uk

Appendix A

Review of Charges

Charge Type and Description	Charges 2014/15	Charges 2015/16	% Increase
Licences:			
HMO Licences - New Applications	£620	N/A	N/A
HMO Licences - New Applications with a 50% discount to landlords who are members of our Landlord Accreditation Scheme.	£310	N/A	N/A
HMO Licence Renewals (including landlords who are members of our Landlord Accreditation Scheme).	£310	N/A	N/A
HMO Licences Variations	£30	N/A	N/A
HMO's with up to and including 9 Rooms			
HMO Licences - New Applications	£620	£535	(13.7%)
HMO Licence - Renewals	£310	£430	38.7%
HMO Licences - New Applications for members of the Landlord Accreditation Scheme	£310	£435	40.3%
HMO Licence - Renewals for members of the Landlord Accreditation Scheme.	£310	£330	6.5%
HMO's with 10 or more rooms			
HMO Licences - New Applications	£620	£595	(4.0%)
HMO Licence Renewals	£310	£490	58.1%
HMO Licences - New Applications for members of the Landlord Accreditation Scheme	£310	£495	59.7%
HMO Licence - Renewals for members of the Landlord Accreditation Scheme.	£310	£390	25.8%
Penalty for non compliance (not belonging to one of the approved addressed schemes for letting agents) £5,000 maximum charge	NEW	Local Housing Allowance Rate for the property	N/A

2015/16 Budget - Housing General Fund

Page 1 of 3

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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Increased Income

Housing

II3531	Increased fee income generated by the Housing Development Team	0	(76,900)	(76,900)	(76,900)	(76,900)	Alan Carter	Nil
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An increased level of investment in development of HRA new build housing, will require greater staffing input, which forms the basis of a bid for additional capacity. The additional cost will be fully offset by the ability to capitalise the costs, as project management fees for the build works, generating a revenue income stream. [Linked to URP3530].

II3532	Increased fee income generated by the Housing Development Team	0	(20,000)	(20,000)	(20,000)	(20,000)	Alan Carter	Nil
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An increased level of investment in the development of new build housing in the Housing Revenue Account, will enable a greater proportion of the existing staff team in the Housing Development Service to be capitalised (generating a revenue income) as project management fees for the build works.

Total Increased Income in Housing	0	(96,900)	(96,900)	(96,900)	(96,900)
Total Increased Income	0	(96,900)	(96,900)	(96,900)	(96,900)

2015/16 Budget - Housing General Fund

Page 2 of 3

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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Savings

Housing

S3534	Saving in Home Improvement Grants IT Systems	0	(2,200)	(2,200)	(2,200)	(2,200)	Helen Reed	Nil
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The move to working as part of a shared Home Improvement Agency with South Cambridgeshire and Huntingdonshire District Councils means that licences for the IT system previously deployed by Cambridge City Council are no longer required.

S3535	Reduction in Homelessness Costs	0	(56,800)	(56,800)	(56,800)	(56,800)	David Greening	Nil
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A reduction in homelessness costs is possible due predominantly to lower bed and breakfast expenditure resulting from the introduction of more emergency accommodation, provided by both Cambridge City directly and by working in partnership with other local authorities.

S3536	Reduction in expenditure for homelessness prevention	0	(2,820)	(2,820)	(2,820)	(2,820)	David Greening	Nil
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It is proposed to remove the budget for homeless inserts into the Flack magazine, where the practice for this to happen has already ceased.

S3538	Saving in contributions to the Sub-Regional Housing Service	0	(4,110)	(4,110)	(4,110)	(4,110)	Helen Reed	Nil
--------------	--------------------------------------------------------------------	---	---------	---------	---------	---------	------------	-----

The contributions to both the Sub-Regional Housing Co-Ordinator post and the Strategic Housing Market Assessment are lower than previously anticipated, with a decision sub-regionally to reduce the annual ongoing contribution to the latter, which will deliver savings of £2,090 in both in Strategic Housing and Planning budgets for the city.

S3541	Housing General Fund salary savings	0	(5,400)	(5,400)	(5,400)	(5,400)	Julia Hovells	Nil
--------------	--------------------------------------------	---	---------	---------	---------	---------	---------------	-----

Salary savings derived from recruitment to vacant posts at lower points than vacated

S3545	Reduction in charge to the General Fund for the Head of Strategic Housing	0	(21,550)	(21,550)	(21,550)	(21,550)	Julia Hovells	Nil
--------------	----------------------------------------------------------------------------------	---	----------	----------	----------	----------	---------------	-----

A review of the responsibilities of the Head of Strategic Housing has resulted in the need to increase the proportion of the post funded by the HRA, recognising the large increase in HRA new build activity.

Total Savings in Housing	0	(92,880)	(92,880)	(92,880)	(92,880)			
Total Savings	0	(92,880)	(92,880)	(92,880)	(92,880)			

2015/16 Budget - Housing General Fund

Page 3 of 3

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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Savings

Report Total

0	(189,780)	(189,780)	(189,780)	(189,780)
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2015/16 Budget - Housing General Fund

Page 1 of 1

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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Unavoidable Revenue Pressure

Housing

URP3530	Increased staffing capacity in the Housing Development Team	0	76,900	76,900	76,900	76,900	Alan Carter	Nil
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The increase in investment in new build housing in the HRA necessitates an increase in staffing input, both in the form of development team staff and consultancy, to ensure smooth project management and delivery of new build schemes. This bid includes funding for an additional Trainee Development Officer (£28,400), consultancy support (£30,000) and a contribution towards a shared post with South Cambridgeshire District Council (£18,200), and will be fully offset by a compensating savings proposal, which recognises that this expenditure will be met from the fees charged to new build schemes. [Linked to I13531]

Total Unavoidable Revenue Pressure in Housing

0	76,900	76,900	76,900	76,900
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Total Unavoidable Revenue Pressure

0	76,900	76,900	76,900	76,900
---	--------	--------	--------	--------

Report Total

0	76,900	76,900	76,900	76,900
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2015/16 Budget - Housing General Fund

Page 1 of 1

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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External Bids

Housing

X3729	Refuge provision - Enhanced services using DCLG grant funding	0	100,000	0	0	0	David Greening	Nil
--------------	------------------------------------------------------------------------------	---	---------	---	---	---	-------------------	-----

The Department for Communities and Local Government have announced a £10 million fund to assist local authorities in strengthening refuge services, with the aim of keeping victims of domestic abuse safe. If successful in securing a bid for £100,000, Cambridge City Council would work with Cambridge Women's Aid in partnership with two other refuges to employ a dedicated Community Psychiatric Nurse to work with those with mental health issues. The funding would also be used to improve the existing refuge provision, allowing essential repairs to be undertaken and facilitating the transfer of residents between refuges where they can be best supported.

X3730	Supported Lodgings Scheme and Chronically Excluded Adults Service - DCLG grant funded initiative	75,980	126,640	0	0	0	David Greening	Nil
--------------	-------------------------------------------------------------------------------------------------------------------------	--------	---------	---	---	---	-------------------	-----

The authority, on behalf of a number of partner authorities, has been successful in securing DCLG grant funding for the Single Homelessness Service, totalling £202,620 across 2014/15 and 2015/16. It is anticipated that some of the resource will be used through the supported lodgings scheme, which matches community volunteers to individuals, providing 'room only' accommodation or supported lodgings. The balance of funding will be used to extend the existing Chronically Excluded Adults Service into Peterborough, working with those in hard to reach groups who are homeless or at risk of becoming homeless.

Total External Bids in Housing

75,980	226,640	0	0	0
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Total External Bids

75,980	226,640	0	0	0
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Report Total

75,980	226,640	0	0	0
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2015/16 Budget - Housing General Fund

Page 1 of 1

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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PPF Bids

Housing

PPF3533	Funding to contribute to a county-wide Handyperson Service	0	8,800	8,800	8,800	8,800	Helen Reed	Nil
---------	------------------------------------------------------------	---	-------	-------	-------	-------	------------	-----

It is proposed to replace the existing Safer Homes Scheme, which has been funded temporarily, with a county-wide Handyperson Service, providing small repairs and minor works activity in the homes of older and vulnerable people. The scheme will also contribute to objectives of the Health and Wellbeing Strategy.

PPF3562	Cambridge Landlord Accreditation Safety Scheme	0	40,000	40,000	40,000	40,000	Yvonne O'Donnell	Nil
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The private rented sector is of increasing importance to City residents and has grown significantly over the last decade. This bid will allow us to introduce a co-ordinated scheme including enhanced accreditation and training which will support good landlords. It will also allow for greater and targeted enforcement against poorly managed rented properties and HMO's and investigations into the feasibility of discretionary licensing powers such as Additional Licensing. Given current demands the service is unable to deliver this within existing resources.

PPF3564	Empty Homes Officer Post	0	24,000	40,000	40,000	40,000	Yvonne O'Donnell	+L
---------	--------------------------	---	--------	--------	--------	--------	------------------	----

Creation of permanent post to bring long term vacant dwellings back into occupation. This will increase the level of affordable housing, reduce environmental impact and increase new homes bonus receipts. Currently there is funding for a temporary post until August 2015 although the post is currently vacant. During his tenure of 11 months the previous empty property officer was able to bring back into use 25 long term properties, 15 of which were eligible for new homes bonus which equates to £106,000 over 6 years. This new post will bring an average of 20 properties per year back into use. Last year approximately £200k was placed into reserves following a Compulsory Purchase order on an empty home. [Linked to C3563]

Total PPF Bids in Housing	0	72,800	88,800	88,800	88,800
Total PPF Bids	0	72,800	88,800	88,800	88,800
Report Total	0	72,800	88,800	88,800	88,800

2015/16 Budget - Housing General Fund

Page 1 of 1

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
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Capital Bids

Housing

C3563	Empty Homes Loan Fund [Reserves or CPO Balance]	0	200,000	0	0	0	Yvonne O'Donnell	+L
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Provision of a ring fenced fund to provide an interest free loan to empty homes owners to undertake works to bring them back into occupation. During the repayment period (normally 5 years) occupation of the dwelling is capped to affordable rents and limited to use by social housing providers (including through Townhall lettings). Repayments of the loan are to be recycled back into the scheme, providing long term provision of financial assistance to bring long term vacant homes back into occupation. It is anticipated at full capacity that the scheme will have a minimum of 6-8 properties being supported through the scheme with effective partnerships being built into the private rented sector. [Linked to PPF3564]

C3620	Buchan St Shopping Area Improvements [County]	0	30,000	0	0	0	Andy Preston	Nil
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Funding has been secured from Cambridgeshire County Council (£30k) to deliver improvements to pedestrian and cycle links around the neighbourhood centre at Buchan St. This provides 100% of the funding for the project, including the resources required to implement it, so no further City Council funding is required.

C3701	Compulsory Purchase Orders (CPOs) [Delete from Plan] [Usable Capital Receipts]	(400,000)	0	0	0	0	Yvonne O'Donnell	Nil
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C3702	HMOs - Management Orders [Delete from Plan] [Internal Borrowing]	(50,000)	0	0	0	0	Yvonne O'Donnell	Nil
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C3722	Energy efficiency improvements to private sector housing [Close in Plan]	(25,000)	0	0	0	0	Jo Dicks	Nil
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Total Capital Bids in Housing	(475,000)	230,000	0	0	0			
Total Capital Bids	(475,000)	230,000	0	0	0			
Report Total	(475,000)	230,000	0	0	0			



Cambridge City Council

Project Appraisal and Scrutiny Committee Recommendation

Project Name: Empty Property Loan Scheme
To: Executive Councillor for Housing
Report by: Jas Lally - Head of Refuse and Environment
Scrutiny committee: HOUSING SCRUTINY
COMMITTEE 14TH JANUARY
2015
Wards affected: All

Recommendation/s

Financial recommendations –

- The Executive Councillor is asked to recommend this scheme (which is not included in the Council's Capital & Revenue Project Plan) for approval by Council, subject to resources being available to fund the capital and revenue costs.
 - The total cost of the project is £200,000, funded from capital reserves (Ref C3563)
 - The ongoing revenue costs of the project are £24,000 for 2015-16 and £40,000 ongoing, which are subject to a PPF bid for an empty homes officer. (Ref PPF 3564)

Project Name: Empty Property Loan Scheme

1 Summary

1.1 The Project

The capital bid of £200,000 will support owners of empty homes to bring them back into use through an interest free loan scheme.

The funds will be made available on the condition that the property is leased back to the Council or another social housing provider thereby increasing the supply of affordable accommodation in Cambridge.

The funding will be subject to repayment and recycled back into the scheme providing a long term and sustainable scheme.

Target Dates:

Start of procurement	N/A
Award of Contract	N/A
Start of project delivery	1 st April 2015
Completion of project	Ongoing
Date that project output is expected to become operational (if not same as above)	As above

1.2 Anticipated Cost

Total Project Cost	£ 200,000
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Cost Funded from:

Funding:	Amount:	Details:
Reserves	£200,000	C3563

1.3 Procurement process

Not applicable.

2 Project Appraisal & Procurement Report

2.1 Project Background

There are approximately 240 long-term empty properties within the city. Many of the owners of these properties are attempting to renovate these properties in order to rent.

However it is often the case that the owners cannot fund these works leaving the properties vacant for extended periods of time. The council do not currently have any significant capital funding which can be offered to these owners in order to support the revival and re-occupation of the properties.

This funding will establish a loans fund for empty properties. The loan will be paid back to the Council through rental receipts over a five year period during which time the owner will be required to pay back the sum into the loan fund and any surplus rent will be paid to the owner.

2.2 Aims & objectives

The overall aim of the project is to reduce the number of empty homes in the City, to increase the supply of housing generally and also to contribute to the provision of affordable homes within the City.

A key objective of the scheme is to bring 5 properties per year back into use as a direct result of the funding.

2.3 Major issues for stakeholders & other departments

No major issues identified.

2.4 Summarise key risks associated with the project

The funding will be subject to a land charge and fully recoverable from the owner over the period of the loan, on sale or transfer of the property or upon breach of any of the conditions of the funding. Successful delivery of the project will be entirely dependent on

officer resources being made available (subject to the separate bid reference PPF3564).

2.5 Financial implications

There are no special financial considerations associated with this project.

2.6 Net revenue implications (costs or savings)

See PPF Bid 3564 for an Empty Homes Officer.

2.7 VAT implications

The loan repayments (i.e. of the capital sum) will be outside the scope of VAT, but any interest received will be the payment for a VAT exempt supply.

With regard to the works that the home-owners themselves will be contracting for, there will be no VAT recovery through the Council as it will not be the recipient of that supply.

2.8 Energy and Fuel Savings

(a) Is this project listed in the Carbon Management Plan?	No
-----------------------------------------------------------	----

2.9 Climate Change Impact

Positive Impact			No effect	Negative Impact		
		+L				

The properties subject to funding will be improved to higher standard (including their energy efficiency) and the refurbishment of a property has a lower environmental impact than new build.

2.10 Other implications

There are no other implications identified relating to property, accommodation, health & safety, community safety, equal opportunities and diversity.

An Equality Impact Assessment (EqIA) has/has not been prepared for this project and is attached.

2.11 Staff required to deliver the project

Service	Skills	Total Hours
Empty Homes Officer: Environmental Services (subject to approval of PPF 3564)	Administering grant/financial assistance. Regulatory work relating to empty properties/public health.	7.5 per week

2.12 Dependency on other work or projects

There are no other projects identified that cannot progress until this project is complete.

2.13 Background Papers

None.

2.14 Inspection of papers

Author's Name	Robin Ray
Author's phone No.	01223 - 457957
Author's e-mail:	Robin.ray@cambridge.gov.uk
Date prepared:	12.12.2014

Capital Project Appraisal - Capital costs & funding - Profiling

	2013/14	2014/15	2015/16	2016/17	2017/18	Comments
	£	£	£	£	£	
Capital Costs						
Building contractor / works						
Purchase of vehicles, plant & equipment						
Professional / Consultants fees						
Other capital expenditure:			200,000			
Total Capital cost	0	0	200,000	0	0	
Capital Income / Funding						
Government Grant						
Developer Contributions						
R&R funding						
Earmarked Funds						
Existing capital programme funding						
Revenue contributions						
Total Income	0	0	0	0	0	
Net Capital Bid	0	0	200,000	0	0	

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To: Executive Councillor for Housing: Councillor Kevin Price

Report by: Alan Carter

Relevant scrutiny Housing 14/1/2015
committee: 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 Housing Programme and is notable too to be the first opportunity to deliver new Affordable Housing on a site not owned by the Council.

The report requests approval to a capital budget for the scheme based on the scheme submitted for planning approval.

2. Recommendations

The Executive Councillor is recommended to:

- note the indicative mix, design and layout of the new scheme submitted for planning approval
- approve the capital budget of £7,007,505 for the scheme detailed in the Project Appraisal shown as Appendix 1.
- approve that delegated authority be given to the Director of Customer and Community Services following consultation with the Director of Resources and the Head of Legal Services enter into a legal agreement with the developers of the scheme.

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 Council has completed 28 new homes since 2010 and is well into the delivery of 152 more. Further, planning approval has just been granted for 104 new Council homes on the Quad scheme on the Southern Fringe.

Officers have subsequently been turning attention to the next phase of new Council homes and how a more systematic and comprehensive approach to identifying opportunities for new schemes could be developed, 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 Housing Programme and is notable too to be the first opportunity to deliver new housing on a site not owned by the Council.

The scheme is on land originally owned by Homerton College. The College selected Hill to be their developer/partner. Hill and Homerton College have

subsequently formed a joint venture company called Colokate to deliver the scheme and the land has been transferred into Colokate's ownership.

An outline planning approval is in place for the scheme and Hill has submitted a detailed planning application. It is anticipated that planning approval will be considered by the Development Control Committee in January 2015. Apart from two existing houses that will be refurbished as part of the development, the whole scheme will consist of flats and the schedule of accommodation that has been submitted for the social housing comprising 39 units is as follows;

For Rent (all flats);

7 no 1 bedroom 2 person – approx. 51sq m
18 no 2 bedroom 3 person – approx. 70 sq m
2 no 3 bedroom 5 person – approx. 97 sq m

For shared ownership (all flats);

6 no 1 bed 2 person – approx. 53 sq m
4 no 2 bed 3 person – approx. 92 sq m

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

Attached to Appendix 1 is the Design Report dated October 2014 providing further detail on the scheme submitted for detailed planning approval.

The indicative planning and development target programme is as follows:

Planning committee in January 2015
Start on site in May 2015
Completion of units in June 2017.

4. Implications

(a) Financial Implications

The capital budget required for the scheme is £7,007,505.

The financial implications of the scheme are shown in Appendix 1.

Appendix 1 shows that the scheme is viable with a pay-back of reserves and borrowing after 32 years.

As the scheme is still subject to planning, the costs are indicative.

The Housing Revenue Account Mid-Term Financial Review captures the funding available for this scheme and the Council's ongoing social housing programme. The budget for this scheme has been built into the 2015.16 HRA budget working papers.

As with all new build schemes as schemes are finalised they will only proceed if they can be funded within borrowing and capital funding parameters in the HRA 30 Business Plan. If a final scheme cannot be delivered within the budget requested then a revised approval will need to be brought back to Committee for scrutiny.

(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) Equality & Poverty 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 to 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 - Project Appraisal Homerton Scheme

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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Appendix 1 –

Project Appraisal Homerton Scheme

1. Proposed scheme:

The scheme is located on an area of land north of Harrison Drive off Hills Road in Queen Edith's Ward. The site is adjacent to Homerton College and sits between the Hills Road Sixth Form College and the railway line.

The scheme is on land originally owned by Homerton College. The College selected Hill to be their developer/partner. Hill and Homerton College have subsequently formed a joint venture company called Colokate to deliver the scheme and the land has been transferred into Colokate's ownership.

An outline planning approval is in place for the scheme.

The planning approval allows for the demolition of a number non-residential buildings and the construction of up to 95 residential units with a new access from Harrison Drive, and a mix of town houses and apartments with 40% affordable housing.

Hill has submitted a detailed planning application. It is anticipated that planning approval will be considered by the Development Control Committee in January 2015.

The attached Design Report dated October 2014 provides further detail on the scheme submitted for detailed planning approval

The following is the schedule of accommodation for the scheme.

Type	Affordable	Market
1 bed 2 person	13	8
2 bed 4 person	18	25
2 bed 4 person wheelchair	4	0
3 bed 5 person	2	3
4 bed 5 person	2	15
5 bed 8 person	0	7
Totals	39	58

The sizes of the Affordable Housing will be as follows;

For Rent (all flats);

7 no 1 bedroom 2 person – approx. 51sq m
18 no 2 bedroom 3 person – approx. 70 sq m
2 no 3 bedroom 5 person – approx. 97 sq m

For shared ownership (all flats);

6 no 1 bed 2 person – approx. 53 sq m
4 no 2 bed 3 person – approx. 92 sq m

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

All of the Affordable Housing will meet Lifetime Homes Standard

All units will meet Level 4 of the Code for Sustainable Housing

2. Programme

Planning committee in January 2015
Start on site in May 2015
Completion of units in June 2017.

3. Viability and other finance implications

Capital Costs

Package Price (including construction, design, planning etc.)	£6,580,435
Employer Agent (1.5%)	£98,707

Clerk of Works (1%)	£65,804
Marketing (shared ownership)	£79,500
Legal Fees	£51,500
Internal Development Fee (2%)	£131,609
Total	£7,007,555

Funding

Right to Buy Receipts	£1,559,755
Shared Ownership Receipts	£795,000
Reserves	£2,326,400
Borrowing	£2,326,400

Rent Levels assumptions –

1 bed - £109.80 per week

2 bed - £124.35 per week

3 bed - £151.78 per week

(Note – as well as rent, a service charge will be payable in respect of the communal parts of the scheme.)

Shared Ownership assumptions –

1 bed market value - £225,000

2 bed market value - £325,000

Initial shares of 30% assumed.

On the basis of the above the scheme will pay back the reserves and borrowing required in 32 years. The Housing Revenue Account 30 Year Business Plan assumes pay-back up to 35 years.

Note – An interest of 1% is assumed when reserves are used to fund a scheme. A 4% interest rate is assumed on borrowing. It may be possible to fund all of the scheme costs using Right to Buy receipts and reserves. However, this would give a false impression of the schemes viability and therefore a balance of funding is assumed in the viability assessment.

4. Legal and Procurement

Heads of Terms have been agreed with Colokate. The Council will buy the Affordable Housing flats under a 125 year lease and will buy the freehold of the two refurbished houses.

There are no procurement implications for the scheme.

5. Other implications

AECOM has been appointed to provide an independent verification that the cost of the scheme to the Council is reasonable in the prevailing market. Their initial view is that the package price is within the range expected for this type of development although it is at the higher end of the range.

A number of factors can influence the cost of a new development which can make a site by site comparison difficult. Some of the main factors are;

- The existing use of the site and whether there are significant costs associated with clearing and decontaminating a site for example.
- Whether there is significant new 'infrastructure' required for the new scheme – for example, whether long new roads are required to achieve an acceptable new access.

- The design and property type. Blocks of flats are more expensive to build than houses. There is then a trade-off between cost and density ie how many flats you can get on a site.
- Build cost inflation. For example, costs are reported to have increased locally by around 12% in the last year.

Although it is difficult to compare sites, the following information provides an indication of the cost of the Homerton scheme in relation to the most recently assessed scheme in the Council's programme.

	Build Cost per sq m	Cost per unit
Homerton	£2369	£168,729
Aylesborough Close	£2177	£162,844

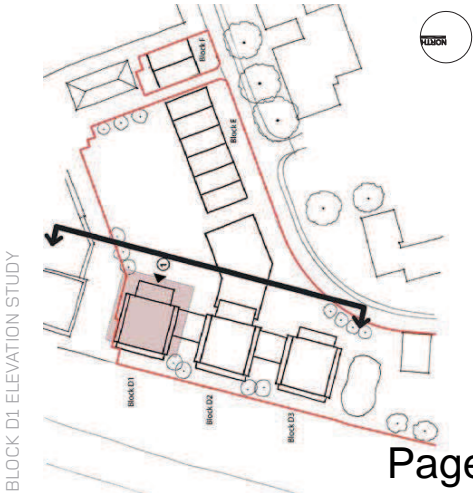
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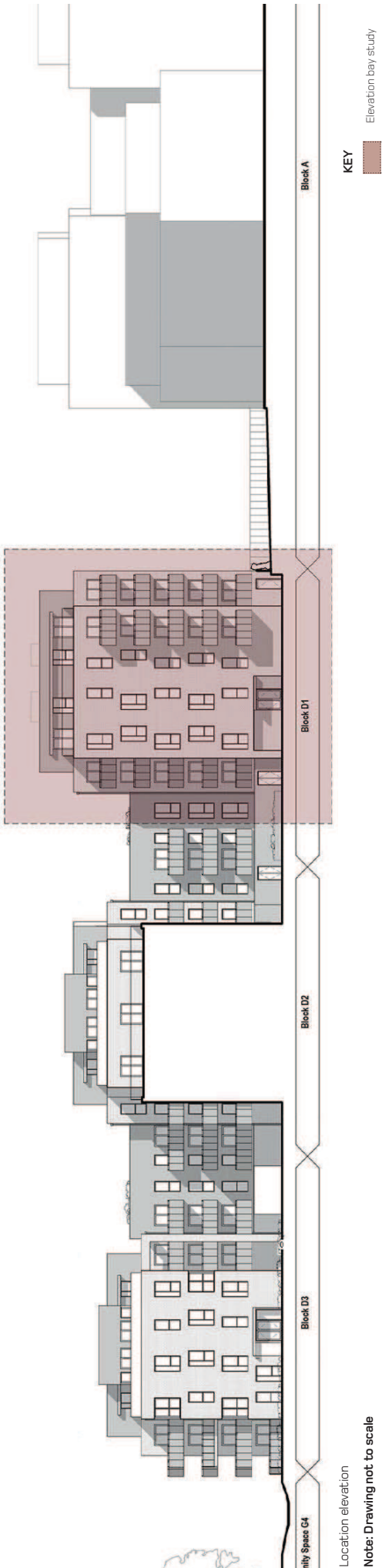
View E: Central amenity space

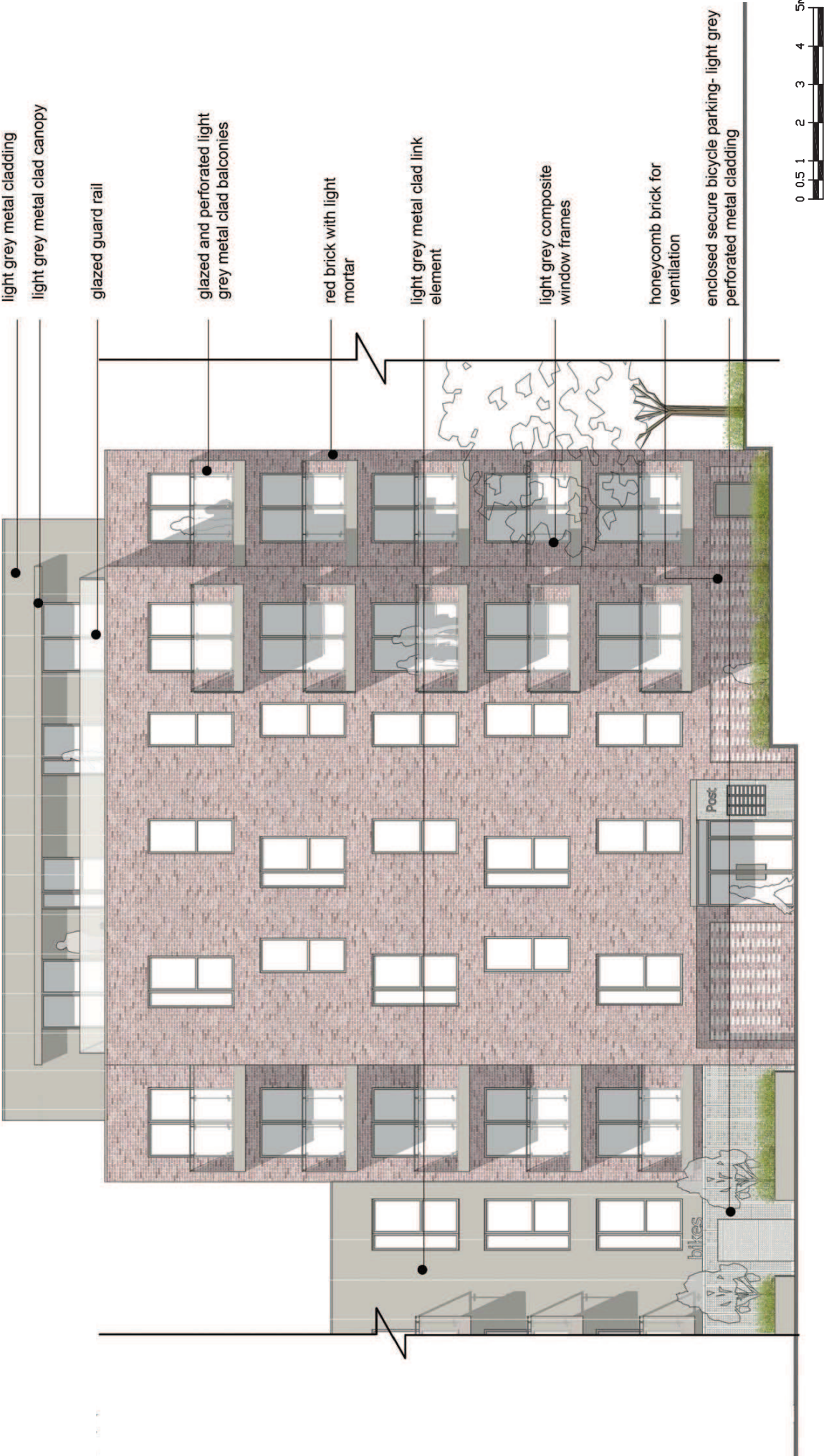


View 1: Block D1 entrance



Location plan





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To: Executive Councillor For Housing
 Report by: Liz Bisset
 Relevant scrutiny Housing
 committee: Scrutiny
 Wards affected: All

Homelessness Prevention Grant Funding Programme 2015-16

Key Decision

1. Executive summary

The Council administers a grant funding programme to external partners, which aims to support the Council's strategic objectives in tackling and preventing homelessness. The Council's own funding for these projects is augmented by homelessness prevention grant provided by the Department for Communities and Local Government (DCLG). The DCLG grant, despite its title, is not ring-fenced, but the Council renewed its commitment to tackling homelessness by delegating authority to the Head of Strategic Housing to authorise expenditure of these funds until 31.3.2015. Government normally commits homelessness prevention funding in two year tranches but the Council's allocation, announced in September 2014, is for the 2015-16 financial year only. Therefore, this report is required to seek approval for the grant programme to 2015-16 pending a value for money review in 2015.

2. Recommendations

The Executive Councillor is recommended:

- 1) To note, subject to the budget setting process and formal adoption by Council of the 2015-16 budget, the proposed grant funding allocations as outlined in this report, along with approval to spend funds, if awarded, by DCLG as outlined in 3.10.
- 2) To agree the ongoing principle, that DCLG Homelessness Prevention Grant should continue to support initiatives to prevent and alleviate homelessness and, in so doing, support the principles outlined in the Council's proposed Anti-Poverty Strategy

- 3) To agree to consider a value for money review report, along with recommendations for future homelessness prevention fund allocations in the 2015 October cycle
- 4) To approve that authority for new grant approvals should continue to be delegated to the Head of Strategic Housing until 31st March 2016. Thereafter, funding approval will be required from the Executive Councillor for Housing following scrutiny by the Housing Committee, except for grants of less than £5000 which will be delegated to the Head of Strategic Housing to authorise.

3. Background

3.1 Housing General Fund (HGF) grants to housing agencies and DCLG Homelessness Prevention Grant have traditionally been treated separately in respect of committee approvals

3.2 The award of Housing General Fund (HGF) grants to housing agencies have been subject to approval at Community Services Scrutiny and the DCLG homelessness prevention grant has been used by the Council to make funding awards to organisations that fit with the Council's strategic objectives on homelessness. It has been subject to delegated authority to the Head of Strategic Housing. Authority was delegated at Community Services Scrutiny Committee on 17th March 2011 and holds until 31st March 2015.

3.3 DCLG Grant funding is now rolled into the Business Rate Retention Scheme (BRRS) and the allocation of Homelessness Prevention Grant is still visible within this.

3.4 Despite the separate approvals process, both sets of grants are aimed at preventing and alleviating homelessness and are now presented as one for approval in this report

3.5 Both sets of grants aim to align with the objectives outlined in chapter 6 of the Council's Housing Strategy which deals with Housing Advice, Homelessness and Housing Options
<https://www.cambridge.gov.uk/sites/www.cambridge.gov.uk/files/docs/housing-strategy-2012-15.pdf>

3.6 The key objectives contained within the strategy are:

- Prevent homelessness and rough sleeping
- Minimise use of temporary accommodation and maximise use of longer term housing solutions

- Enable people to make informed choices about their housing
- Promote sustained and settled lifestyles and minimise social exclusion

3.7 A number of grant agreements are due to expire in March 2015 and others are covered by agreements up to 31st March 2016. There are an additional 8 grants where agreements are currently being revised and 2 which requires the establishment of a grant agreement for the first time

3.8 The DCLG/HGF grants programme was subject to an Internal Audit inspection in 2014 and a key recommendation from the report was that the Council conducts a value-for-money review of all grants in 2015-16 to ensure that the services funded make strong and effective contributions to the strategic objectives outlined in 3.6 above.

3.9 The grant funding allocations for 2015-16 are outlined in the table in appendix 1. The recipient organisations are:

- Cambridge Link-Up
- Cambridge Cyrenians
- Cambridge Citizen's Advice Bureau
- Cambridge Re-use
- Wintercomfort
- Cambridge Women's Aid
- Riverside English Churches Housing Group
- YMCA
- CHS Group
- Jimmy's Cambridge
- Centre 33
- Cambridge Central Aid
- Cambridgeshire County Council
- Homeless Link
- Cambridgeshire Constabulary
- Crime Reduction Initiatives

3.10 In addition to these proposed grant awards, the Council currently has two bids for funding lodged with the DCLG. These are:

Enhancement of women's refuge services (bid value £100,000)

The Department of Communities and Local Government has announced a £10million fund for local housing authorities to help them strengthen refuge services. The aim is to ensure we have effective national coverage that keeps victims of domestic abuse safe. The funding is available for 2014-15 and 2015-16 and is to be used to provide refuges that adhere to the standards set out by the DCLG. Up to £100,000 will be available to each successful local housing authority for this reason.

Currently Cambridgeshire County Council provides the majority of funding for the Cambridge Women's Aid (CWA) refuge. The current contract has been extended to March 2017 but, as with other services formerly funded from the *Supporting People* programme, has been required to make savings from the annual contract and funding to support the children in refuge has come under greatest pressure. The Council is supporting a bid of £100,000 from CWA to use the funding to ensure the continued provision of a refuge service to women and children and to maintain existing standards. CWA also hopes to use the funding to reduce the barriers women have to accessing refuge. To achieve this CWA aims to enter into partnership with the other two refuges in the county to employ a Community Psychiatric Nurse to offer an improved service to women with mental health issues. Funding will also be used to support women to move between refuges for safety reasons when a travel warrant is not sufficient.

Augmentation of the Single Homelessness Service (bid value £202,617)

The Council is the lead authority in an existing sub-regional Single Homelessness service and was advised on 9th December 2014 that the following bid, which will expand the existing Single Homelessness Service, had been successful:

Part 1 – Supported Lodgings Scheme

This part of the project will focus on homeless individuals with one or more support needs that are located within Cambridge City, South Cambridgeshire, East Cambridgeshire and Huntingdonshire district councils as there is a shortage of affordable housing for single individuals, compounding non-housing problems these individuals also have.

Accommodation will be provided through the supporting lodgings scheme based on the existing and successful model piloted by Hope Cambridge and YMCA. The scheme matches existing community volunteers to act as hosts providing either short-term relief, "room-only" or supported lodgings accommodation for individuals who are homeless or at risk of homelessness.

Part 2 – Chronically Excluded Adults Service

Under this part of the project, the Chronically Excluded Adults (CEA) service, based in Cambridgeshire, will be extended to include Peterborough. The service will work with those with complex and, often multiple needs who are homeless or at risk of homeless,

ensuring that this group receives a person-centred approach and supported pathway into accommodation.

The CEA service will employ 2 coordinators to cover 1 full time and 1 part time post in Peterborough to provide support to this hard-to-reach group through joined-up local services and development of support packages tailored to the individual customer's needs. Customers will be supported and matched to suitable accommodation in Peterborough's private rented sector. The established project manager will focus on building further strategic relationships with service providers and commissioners across the sub- region and, in particular, Peterborough to ensure a joined-up person-centred approach.

The CEA service will enable complex needs customers in Peterborough to access an essential service to offer support and access to services. This holistic approach is based on Cambridgeshire's successful Chronically Excluded Adults (CEA) project which has received national recognition for its work with this client group. As a direct result of the project, there was a significant fall in crime and mental health costs for this cohort of 15 customers. Over the two year period since the project has been running there was an average cost saving of £958 per month per customer.

3.10 The proposed grant to Cambridge Central Aid (CCA) is in direct response to the uncertainty surrounding the future of the Cambridge Local Assistance Scheme (CLAS). It is proposed that this grant award goes ahead even if CLAS continues beyond 31st March 2015

3.11 The funds identified for CCA, CHS Group along with those funds marked as 'unallocated' have been redirected from a resource normally used to bolster Discretionary Housing Payment (DHP) funds used to temporarily fill shortfalls in housing benefit entitlement and prevent homelessness and debt. For 2015-16, however, officers estimate there are sufficient carried forward funds in the DHP budget. This position will require careful review next year.

3.13 The DCLG Homelessness Prevention Grant allocation of £563,471.56 was announced in September by the National Practitioner Support Service (NPSS), which is DCLG-funded service aimed at highlighting and supporting best practice within local authority housing options and homelessness services. Accompanying the announcement was a statement encouraging authorities to spend the grant monies on homelessness services despite the fact that the grant is no longer ring-fenced. The statement read:

We would always encourage local authorities to use their Preventing Homelessness Grant allocation to support the development and enhancement of front line housing services, which will ensure that services for anyone homeless, threatened with homelessness, or rough sleeping in your area are available and are of a high quality.

3.14 Included with homelessness prevention funded services is a contract to provide street and mental health outreach services to rough sleepers and single people at risk of rough sleeping and homelessness. This is highlighted, along with other allocated grants at appendix 1.

4. Grant funding review and future grant funding approvals

4.1 The homelessness prevention grant programme will be comprehensively reviewed in 2015 and the findings of a value-for-money review will be brought back to Housing Scrutiny Committee in October 2015

4.2 In order to ensure transparency in the process of awarding grants moving forward officers will seek approval for grant awards and renewals with an annual value in excess of £5000 via committee from 1st April 2016. Grants of a value lower than £5000 will continue to be awarded under delegated authority to the Head of Strategic Housing

5. Implications

(a) Financial Implications

The financial implications of the homelessness prevention grant programme are outlined at appendix 1. The DCLG grant of £563,471.56 per annum is awarded until 31st March 2016 and so there are break clauses in all grants and contracts in order to mitigate against the risk of DCLG funding being withdrawn or reduced for future years.

(b) Staffing Implications

There are no City Council staffing implications

(c) Equality and Poverty Implications

The services outlined in this report are targeted at vulnerable and hard-to-reach groups or those suffering financial disadvantage. There are no proposals to remove or reduce funding to any of these organisations and, therefore an Equality Impact Assessment has not been carried out.

(d) Environmental Implications

+L - funding of furniture recycling by Cambridge Reuse helps to prevent landfill. There are no known adverse implications arising from the award of funding to any of the organisations contained within this report.

(e) Procurement

The Street and Mental Health Outreach Service contract exceeds the Official Journal of the European Union (OJEU) thresholds for service contracts and will be the subject to an OJEU compliant tender process when the service is re-tendered next year.

(f) Consultation and communication

As part of the full grants value-for money review process planned during 2015 and the Housing Strategy review, partners will be consulted on strategic direction for homelessness prevention services via the Homelessness Strategy Implementation Group

(g) Community Safety

The contract for Street and Mental Health Outreach Services is specifically shaped to improve community safety by targeting street-based anti-social behaviour.

A number of grant recipients listed above in appendix 1 make a significant contribution to community safety. For example, Cambridge Women's Aid provides refuge and support for victims of domestic violence and makes a significant contribution to community safety in so doing. Evaluations of the Chronically Excluded Adults Service have shown significant reductions in costs to the Criminal Justice System.

6. Background papers

None

7. Appendices

Appendix 1 – Homelessness Prevention Grant and contract awards 2015-16

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

Proposed Homelessness Prevention Grants and Contracts 2015-16

Grant recipient	Funding award for 2015-16 (£)	Brief service outline	Strategic objective(s)	Expiry of current grant agreement
Cambridge Link Up	2,080	Core support for homelessness service users group	<ul style="list-style-type: none"> ▪ Enable people to make informed choices about their housing ▪ Promote sustained and settled lifestyles and minimise social exclusion 	Agreement undergoing revision
Cambridge Cyrenians	11,860	Core grant supporting Cyrenians to provide services to homeless people in need of support.	<ul style="list-style-type: none"> ▪ Prevent homelessness and rough sleeping 	31.3.2016
Cambridge Citizen's Advice Bureau	31,320	Provision of independent specialist housing advice services through CAB.	<ul style="list-style-type: none"> ▪ Promote sustained and settled lifestyles and minimise social exclusion 	31.3.2016
Cambridge Re-use	8,340	Provision of furniture and white goods to those affected by poverty and disadvantage.	<ul style="list-style-type: none"> ▪ Promote sustained and settled lifestyles and minimise social exclusion 	31.3.2016
Wintercomfort	88,160	A learning and development	<ul style="list-style-type: none"> ▪ Prevent homelessness and 	30.9.18

Grant recipient	Funding award for 2015-16 (£)	Brief service outline	Strategic objective(s)	Expiry of current grant agreement
		service for single homeless or formerly homeless people	rough sleeping <ul style="list-style-type: none"> Promote sustained and settled lifestyles and minimise social exclusion 	
Cambridge Women's Aid	44,710	Provision of an outreach service for women and children fleeing domestic violence.	<ul style="list-style-type: none"> Enable people to make informed choices about their housing Promote sustained and settled lifestyles and minimise social exclusion 	31.3.16
Cambridge Cyrenians	750	Rent subsidy to support working residents	<ul style="list-style-type: none"> Promote sustained and settled lifestyles and minimise social exclusion 	Agreement undergoing revision
Riverside English Churches Housing Group	4,000	Young person's emergency bed space	<ul style="list-style-type: none"> Prevent homelessness and rough sleeping 	Agreement undergoing revision
YMCA	4,000	Young person's emergency bed space	<ul style="list-style-type: none"> Prevent homelessness and rough sleeping 	Agreement undergoing revision
CHS Group	40,000	Employment advice service for those in housing need	<ul style="list-style-type: none"> Promote sustained and settled lifestyles and minimise social exclusion 	31.3.15
Jimmy's Cambridge	51,270	Funding contribution to the Assessment	<ul style="list-style-type: none"> Prevent homelessness and rough sleeping Enable people to 	Agreement undergoing revision

Grant recipient	Funding award for 2015-16 (£)	Brief service outline	Strategic objective(s)	Expiry of current grant agreement
		Centre for rough sleepers	<p>make informed choices about their housing</p> <ul style="list-style-type: none"> Promote sustained and settled lifestyles and minimise social exclusion 	
Centre 33	30,000	Advice and advocacy service for young people threatened with homelessness	<ul style="list-style-type: none"> Prevent homelessness and rough sleeping Enable people to make informed choices about their housing 	31.3.16
Cambridge Central Aid	13,000	Grants service to individuals and families, providing for basic essential needs	<ul style="list-style-type: none"> Promote sustained and settled lifestyles and minimise social exclusion 	New grant award to 31.3.16 only
Riverside English Churches Housing Group	28,850	Pre-tenancy work to support and prepare homeless people for independent living	<ul style="list-style-type: none"> Prevent homelessness and rough sleeping Promote sustained and settled lifestyles and minimise social exclusion 	Agreement undergoing revision
CHS Group	13,500	Young parents' project	<ul style="list-style-type: none"> Minimise use of temporary accommodation and maximise use of longer term housing 	Agreement undergoing revision

Grant recipient	Funding award for 2015-16 (£)	Brief service outline	Strategic objective(s)	Expiry of current grant agreement
			solutions <ul style="list-style-type: none"> ▪ Enable people to make informed choices about their housing 	
Cambridgeshire County Council	20,000	Chronically excluded adults service	<ul style="list-style-type: none"> ▪ Promote sustained and settled lifestyles and minimise social exclusion ▪ Prevent homelessness and rough sleeping ▪ Enable people to make informed choices about their housing ▪ Minimise use of temporary accommodation and maximise use of longer term housing solutions 	Agreement undergoing revision
Cambridgeshire County Council	26,710	Contribution to Countywide alcohol service	<ul style="list-style-type: none"> ▪ Promote sustained and settled lifestyles and minimise social exclusion 	31.3.17
Homeless Link	7,280	Shared customer information system	<ul style="list-style-type: none"> ▪ Prevent homelessness and rough sleeping 	Service Level Agreement renewed annually
Cambridgeshire Constabulary	31,160	Street-life policing, tackling rough sleeping, begging	<ul style="list-style-type: none"> ▪ Promote sustained and settled lifestyles and minimise social 	31.3.15

Grant recipient	Funding award for 2015-16 (£)	Brief service outline	Strategic objective(s)	Expiry of current grant agreement
		and other street-based anti-social behaviour	<ul style="list-style-type: none"> exclusion ▪ Prevent homelessness and rough sleeping 	
Crime Reduction Initiatives	175,000	Street and mental health outreach service tackling rough sleeping, street-based anti-social behaviour and homelessness prevention for those with mental health problems	<ul style="list-style-type: none"> ▪ Promote sustained and settled lifestyles and minimise social exclusion ▪ Prevent homelessness and rough sleeping ▪ Enable people to make informed choices about their housing 	31.3.16 (contract)
CHS Group (Railway House)	15,000	Young person's supported housing project	<ul style="list-style-type: none"> ▪ Prevent homelessness and rough sleeping 	New grant award to 31.3.16 only
Total amount to cover shortfall in discretionary business rate relief for Cyrenians, CWA, Cambridge Re-Use and Wintercomfort.	8,390	See above	See above	31.3.15

Grant recipient	Funding award for 2015-16 (£)	Brief service outline	Strategic objective(s)	Expiry of current grant agreement
Unallocated funds*	26,720			
TOTAL	682,100			

* Unallocated funds can be awarded in year under delegated authority to the Head of Strategic Housing. However, these funds are currently earmarked for the Discretionary Housing Payment (DHP fund) for 2016-17



To: Executive Councillor for Housing: Councillor Kevin Price
Report by: Head of Legal Services, Director of Customer and Community Services
Relevant scrutiny committee: Housing 14/01/2015
Scrutiny Committee
Wards affected: All

FINDINGS OF MALADMINISTRATION BY THE LOCAL GOVERNMENT OMBUDSMAN: HOMELESSNESS

Not a Key Decision

1. Executive summary

- 1.1 The Local Government Ombudsman has made a finding of maladministration following a complaint. The complaint relates to the Council's homelessness functions.
- 1.2 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.
- 1.3 This report summarises the complaint, acknowledges that there were shortcomings in relation to working practices and sets out the action taken in response.
- 1.4 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 finding of the Local Government Ombudsman.

3. The Complaint and the Ombudsman's Decision

- 3.1 The Ombudsman's decision letter forms Appendix A to this report. The complainant is referred to as Mrs X. The Ombudsman summarises the complaint in these terms:

"Mrs X complains the Council refused to accept a homeless application even though it knew she was occupying a property that was being illegally sublet. Delay by the Council in taking possession action against the tenant who was illegally subletting meant she lived in unsuitable conditions, facing harassment for longer than was necessary."

- 3.2 The background to the complaint is this. Mrs X was renting a house from a private landlord, Ms Z. In September 2013, it came to the Council's attention when visiting Mrs X, that Ms Z, a Council tenant, was illegally subletting his Council home to Mrs X.
- 3.3 Mrs X visited Council offices that afternoon to discuss her housing situation and options. The housing officer did not take a homelessness application, on the basis that Mrs X did not appear to be threatened with homelessness, but said she should come back and make a homelessness application if asked to leave the property. The Ombudsman's decision is that, in concluding that Mrs X did not appear to be threatened with homelessness, the Council was making a decision on her homelessness status, and that this needed to be done formally. The Council should have issued a formal decision, which would have triggered rights to a review of the decision, and further rights of appeal. By not dealing with this in the formal manner prescribed by legislation, the Ombudsman concludes that the Council has denied Mrs X her rights of review and appeal.
- 3.4 Later in September, Mrs X visited Council offices to say that she was being harassed. This led to a meeting with the Council's housing enforcement officer but Mrs X said she did not want the Council to take action at that time. Mrs X also applied to join the housing register and the Council explained what further information Mrs X needed to supply.
- 3.5 On 28 October 2013, Mrs X's solicitor wrote to the Council asking it to treat Mrs X as being "homeless at home". This was on the basis that she had somewhere to live but that it was not reasonable for her to continue to live there.
- 3.6 The Council responded on 8 November to say that Mrs X was not threatened with homelessness within 28 days. The Ombudsman says

that she is not persuaded that the Council responded properly to the request from Mrs X's solicitor, as it did not make inquiries about her current circumstances. The Ombudsman also says that the Council was again making a homelessness decision without following the statutory requirements, with the effect that Mrs X was not informed of her rights of review and appeal.

3.7 The Council had already served notice to quit on the tenant who was illegally subletting. It had told Mrs X that it would not treat her as homeless until possession was granted. In response to the "homelessness at home" request, the Council delayed taking court action to recover the property. This was intended to give Mrs X more time to complete her housing register application and to bid for properties. The Ombudsman's view is that the Council should not have linked Mrs X's housing needs application with her homelessness application. The Ombudsman concludes that the Council was at fault for delaying the possession action, which delayed the point at which it would consider Mrs X to be threatened with homelessness.

3.8 In January 2014, the Council obtained a possession order to recover the property that had been illegally sublet. At this point the Council accepted a homelessness application from Mrs X and provided her with temporary accommodation. In May 2014 she was offered a two bedroom property and her tenancy began on 25 May. On 6 June, the Council made a formal determination of Mrs X's homelessness application. This was that the Council had no duty to house Mrs X, as she was adequately housed. The Ombudsman is critical of the time taken to issue the homelessness decision. The homelessness code of practice says that councils should aim to complete their enquiries and notify the applicant of their decision within 33 working days. The period taken in this case was considerably longer.

3.9 The Ombudsman's decision letter comments:

"The homelessness function is part of a council's statutory duty. How it deals with applications and makes decisions is set out in legislation. A Council cannot choose which parts of the legislation to follow. If a decision is made then it has to be communicated in the prescribed manner. Failure to do so and to include rights of review and appeal is fault. The facts in this case show the Council has not made homelessness decisions and communicated them in the correct way. This has resulted in lost opportunities for Ms X and denied her rights of review and appeal."

3.10 The Ombudsman has recommended the following action by the Council:

- *A written apology for the failings in this case;*
- *Pay Ms X £300 to recognise her lost opportunities by failing to provide proper written decisions that she was not threatened with homelessness and for denying her rights of appeal;*
- *Pay Ms X £100 for failing to determine the January 2014 within the recommended timescales without good reason; and*
- *Pay Ms X £100 for the delay in taking possession action.*

The Ombudsman's recommended actions have been agreed.

4. Response to the Ombudsman's findings

Whilst the homelessness service was seeking to obtain the best housing outcome for Ms X, we accept the Ombudsman's conclusions.

At the Housing Scrutiny meeting on 30 September 2014, the Executive Councillor and the Scrutiny Committee considered three other Ombudsman findings relating to homelessness. The events described in this report took place some months before that date. The report to the September meeting identified a number of actions which have already addressed some of the issues set out in this report; in particular, the need to ensure that homelessness decisions meet the 33 working day target.

We are undertaking a review of homelessness procedures, which will include:

- Identifying clearly the circumstances in which the Council needs to treat an approach formally as a homelessness application;
- Ensuring that applicants are informed of their rights of review and appeal;
- Giving guidance about the need to keep separate consideration of the Council's homelessness duties and consideration of a housing needs application from the same person;
- Ensuring that homelessness decisions meet the 33 working day target.
- Guidance to staff on the point at which an applicant is considered to be homeless and when the Council's duties to provide Interim Accommodation arise
- Introduce a more structured and consistent approach to housing options interviews and ensure that written advice is provided in a timely manner

- Deliver further staff training on all of the above

The Housing Advice Service is now systematically monitoring all homelessness casework so that inactivity on any particular case or longer stays in temporary accommodation can be identified at the earliest opportunity

5. Implications

- (a) **Financial Implications.** The total compensation recommended by the Ombudsman, and paid or credited by the Council, is £500.
- (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 actions 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) **Equality and Poverty 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

The Ombudsman decision letters are appended to this report.

7. Appendices

Local Government decision letter.

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
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The Ombudsman's final decision

Summary: The Council is at fault for failing to make homelessness decisions in the correct manner. This meant rights of review and appeal were denied. It also took longer than the recommended 33 working days to determine a homelessness application without good reason for the delay and delayed in taking possession action.

The complaint

1. Mrs X complains the Council refused to accept a homeless application even though it knew she was occupying a property that was being illegally sublet. Delay by the Council in taking possession action against the tenant who was illegally subletting meant she lived in unsuitable conditions, facing harassment for longer than was necessary.

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's representative;
 - sent my provisional view to both the Council and the complainant's representative and invited their comments.

What I found

5. Ms X was renting a property from a private landlord, Ms Z. She had a tenancy agreement and paid rent every month. In September 2013 representatives from

the Council visited the property to talk to Ms X. During this meeting, Ms X found out it was actually a council property which Ms Z was illegally subletting.

6. That afternoon, Ms X visited the Council offices seeking advice on her housing situation and options. The Council's notes of the meeting show the Council did not take a homelessness application. The discussion included information about temporary accommodation and that this is only available in Peterborough. The housing officer said that she should come back and make a homelessness application if she was asked to leave the property.
7. On 23 September Ms X contacted the Council again. She said she was being harassed. The Council arranged an appointment for Ms X to meet its housing enforcement officer. Ms X also applied to join the Council's housing register. The Council provided Ms X with details of the further information it required to verify her application.
8. Ms X met with the housing enforcement officer and made a formal statement about the harassment. The Council's notes of the meeting say Ms X did not want the Council to take any action at that time.
9. Ms X's solicitor, Mr Y, contacted the Council on 28 October. In his email, Mr Y asked the Council to consider Ms X as "homeless at home" rather than place her in temporary accommodation. The Council says that in response to this, it delayed taking action to repossess the property Ms X was living in. It says it hoped Ms X would quickly provide information so she could join the housing register.
10. Ms X attended a meeting with a housing advisor on 1 October. Following the meeting the Council wrote to Ms X on 8 November detailing the discussions. In the letter the Council refers to homelessness and says "I had no reason to believe you were homeless or threatened with homelessness within 28 days".
11. In November, Mr Y submitted formal complaints to the Council about how it was dealing with Ms X's case. The Council again stated Ms X was not threatened with homelessness with 28 days. It said it was looking into the harassment issues and was seeking information from the police.
12. Ms X provided the necessary information to enable her to join the housing register on 5 December 2013. The Council awarded Ms X band A priority, the highest category.
13. On January 20 the Council accepted a homelessness application. On 5 February an officer contacted Ms X saying temporary accommodation was available. Ms X contacted the Council on 24 February and was placed in temporary accommodation.
14. In May the Council offered Ms X a two bedroom property. Her tenancy began on 25 May 2014. On 6 June the Council wrote to Ms X with the decision on her homelessness application. The Council said it had no duty to house Ms X as she was adequately housed.
15. The Council's Independent Complaints Investigator wrote to Mr Y in response to his formal complaint. She did not uphold the complaint.

Analysis

16. Ms X complains the Council failed to take a homelessness application when she first visited the offices in September 2013. The homelessness code of guidance states "if a housing authority has reason to believe that a person applying to the

authority for accommodation or assistance in obtaining accommodation may be homeless or threatened with homelessness, the authority must make such inquiries as are necessary to satisfy itself whether the applicant is eligible for assistance” .

17. The Council says a homelessness application was not taken on this date because Ms X was not threatened with homelessness within 28 days. The information provided shows the officer who spoke with Ms X was only able to reach this view after making inquiries of another housing officer. I consider the Council made a homelessness decision on this day but failed to issue a decision notice in the required way. A written decision would include details of how Ms X could challenge the decision if she disagreed with it. By making a decision but failing to put this in writing, the Council has denied Ms X her rights of review and appeal. I consider this to be fault.
18. On 28 October Ms X’s solicitor, Mr Y, asked the Council to treat Ms X as “homeless at home”. He was arguing that while Ms X had accommodation it was not reasonable for her to continue to live there. I am not persuaded the Council properly responded to this request. It did not make inquiries about Ms X’s current circumstances.
19. The Council’s letter of 8 November makes no reference to the “homeless at home” request or the harassment Ms X had reported previously. The letter does state Ms X is not threatened with homelessness within 28 days. I consider this was the Council again making a homelessness decision without following the statutory procedure and providing a written decision with all rights of review and appeal explained. I consider this to be fault.
20. The Council says that in response to Mr Y “homeless at home” request it delayed taking further possession action. It says this was to give Ms X time to provide supporting information so she could successfully bid for properties. I cannot see the connection between these two actions. The Council had told Ms X it would not treat her as homeless until possession was granted. It then delayed progressing the possession action. Whether Ms X was accepted onto the housing register is a separate matter to her homelessness situation. I am not persuaded the Council was justified in delaying the possession action for the reasons given. I take the view the Council was at fault to delay the possession action.
21. Ms X and Mr Y say the Council did not properly respond to her reports of harassment. The information I have seen shows Ms X first reported harassment in September but that she asked the Council not to take further action at that time. The Council later sought information from the police about an incident Ms X reported. The police responded to the Council saying it had no records. It appears this information was not correct but this was the fault of the police so I cannot criticise the Council.
22. The Council accepted Ms X’s homelessness application in January 2014 after the court granted possession of the property. The homelessness code of guidance says that an authority is obliged to begin inquiries straight away after accepting a homelessness application. It says an authority should aim to complete its inquiries and notify the applicant of the decision within 33 working days. It says that in many cases it will be possible for inquiries to be completed significantly earlier.

-
23. In this case the Council took until 6 June to notify Ms X of the decision on her homelessness application. I have no information to indicate why the decision was not completed sooner. The Council had firsthand knowledge of the court action to gain possession of the property and so I can see no reason why the decision took so long. I consider this delay to be fault.
24. The homelessness function is part of a council's statutory duty. How it deals with applications and makes decisions is set out in legislation. A Council cannot choose which parts of the legislation to follow. If a decision is made then it has to be communicated in the prescribed manner. Failure to do so and to include rights of review and appeal is fault. The facts in this case show the Council has not made homelessness decisions and communicated them in the correct way. This has resulted in lost opportunities for Ms X and denied her rights of review and appeal.

Agreed action

25. To remedy the fault in this case I recommend the following action by the Council:
- A written apology for the failings in this case;
 - Pay Ms X £300 to recognise her lost opportunities by failing to provide proper written decisions that she was not threatened with homelessness and for denying her rights of appeal;
 - Pay Ms X £100 for failing to determine the January 2014 within the recommended timescales without good reason; and
 - Pay Ms X £100 for the delay in taking possession action.

Final decision

26. As the Council agreed to the recommendations above, I will not pursue the complaint further.

Investigator's decision on behalf of the Ombudsman



To: Executive Councillor for Housing: Councillor Kevin Price

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

Relevant scrutiny committee: Housing 14/1/2015 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

FUNDAMENTAL REVIEW OF THE HOUSING REVENUE ACCOUNT (HRA)

Key Decision

1. Executive summary

- 1.1 We are in the third year of self-financing for the Housing Revenue Account (HRA), whereby we manage a ring-fenced account entirely self-financed through income from rents, sales and investments, borrowing and grants. In 2014 the HRA revenue budget for expenditure on services, at the mid-year review was £15.33m and the HRA capital budget was £38.8 for the same year. Underlying these figures is a financial model that informs a 30 year business plan. This report sets out the scope and process for taking a fundamental review of the HRA, taking into account spend profiles, past and future spending pressures, and emergent priorities.

2. Recommendations

The Executive Councillor is recommended:

- a) To agree to the scope of the review set out in section 5 of the report.
- b) To agree to the timetable set out in section 10.

3. Background

- 3.1 The move to self-financing required us to draw up a 30 year business plan, based on financial modelling which took into account the profile of activity, income and expenditure current at the time. The financial modelling made a number of assumptions about future activity, income and expenditure, based on the facts or best estimates at the time. At the point of self-financing we, along with other stock retained authorities who were net contributors to the Treasury, bought ourselves out of the subsidy system, incurring a debt of £213.6m.
- 3.2 The Business Plan identified five priorities for expenditure:
- Spend on landlord services (housing management, responsive and void repairs)
 - Investment in new affordable housing
 - Investing in the existing housing stock
 - Investment in new initiatives and income generating activities
 - Spend on discretionary services (ie support)
- 3.3 The business plan has been reviewed and updated at the mid-year review and budget setting stage in each year since its inception. Adjustments have been made to the budget profiles that underpin the business plan at these review points. These have accommodated budget pressures, underspends and opportunities as they occurred. Looked at cumulatively the level of change over a relatively short period of time has been significant. Major variables over this time include:
- The development of an ambitious council owned and managed affordable housing programme.
 - New funding opportunities for the delivery of affordable housing through the decision to use a proportion of the revenue surpluses 'set aside' for debt repayment; use of higher than anticipated Right to Buy receipts; potential opportunities to increase the borrowing cap; partnership opportunities through City Deal and other alliances.
 - An asset management programme that has increased exponentially in the move from decent homes to an investment standard, that has struggled to spend to the profile.
 - The first stages of introduction of welfare reform, putting pressure on housing management, and risk to income streams.
 - HRA revenue saving, with an average target over the last 3 years of 2.2% and savings delivered at an average of 1.76%, equivalent to £135,830 per annum.

Other pressures arise from changes in assumptions from the original model:

- Inflation rates remaining lower than anticipated, requiring commensurate savings.
- Build costs rising further above inflation than anticipated.

3.4 It is therefore timely to consider whether investment in our key priorities needs to be rebalanced to better reflect the actual spend patterns over the last few years, and new opportunities that have arisen, particularly for affordable housing. Alongside that, consideration needs to be given to the likely level of long-term savings needed to maintain the HRA in balance, and where these will come from.

4. General Fund

4.1 The General Fund (GF) pays for some housing services, alongside other non-housing activities. Essentially general fund housing services are pre-tenancy or relate to private sector housing and include housing options and homelessness services, temporary or emergency housing, community safety and some anti-social behaviour cases, strategic planning of housing services and enabling new affordable housing. Different elements of some activities are supported by both the HRA and GF, for example the enabling of new affordable housing is GF and the delivery can be funded through HRA Capital.

4.2 Housing GF activity needs to be considered alongside the HRA for several reasons. The GF is under considerable pressure to make savings of £6 million over the next 5 years, and opportunities to reduce housing expenditure need to be considered as part of a council-wide approach. Also the HRA and GF are not entirely independent of each, and the interrelationship between HRA and GF needs to be understood in terms of how activities are funded and any knock on impact to making changes in either fund for housing related services.

5. Scope of the Review

5.1 The aim of the review is:

- To identify past and future spending profiles to inform future decisions on expenditure.
- To anticipate future funding pressures and what will drive these.
- To rebalance HRA expenditure so that it more accurately reflects activity and pressures in the budget.
- To identify areas for savings in HRA revenue and capital and housing general fund.

- To consider redirection of resources to existing and future priorities, where these do not need to be taken to achieve a balanced budget.
- To agree areas for review in subsequent financial years to generate further savings, using where appropriate zero based budgeting.

6. Spend Profiles

6.1 The review needs to start with a high level summary expenditure over the last 5 years to examine general trends. Although self-financing started in 2012/13 it is nonetheless informative to look at trends over a longer time period to consider what other influences there might be on patterns of expenditure. The review will consider HRA revenue and capital, GF revenue, and the interrelations between the various funds. Examining trends should act as a 'can opener' to asking whether allocations to various activities need to be reduced or increased. In both the revenue and capital budgets there are some areas which have consistent patterns of underspend over the previous 5 years, indicating that budgets should be reduced to better align with actual expenditure patterns. In the HRA revenue budget variables tend to be smaller, but where they are consistent they should be considered for saving, if they haven't previously been identified as part of the annual budget processes. The HRA capital programme shows very significant underspends, and these have increased with self-financing and the resultant increases in funding available. Although there are explanations for this such as slippage of programmes and the poor performance of contractors, it is not acceptable to have such major variations year on year, and corrective action needs to be taken. Consideration will include:

- Whether the size of some programmes needs to be reduced to reflect capacity to deliver, particularly in the decent homes programme.
- Where there is underutilised budget in areas which are emerging political priorities such as communal areas and the Cambridge standard, and how to accelerate programmes in targeted areas.
- Whether budget profiling for refurbishments and new build is over optimistic in terms of delivery timeframes.
- Where and how capacity to deliver can be improved, where budgets are retained in areas of underspend.

7. New Funding Opportunities

7.1 The area of greatest pressure, but also opportunity, in the capital programme, is the delivery of the new affordable housing programme. The funding landscape is becoming increasingly complex as new funding streams, particularly, but not exclusively, for affordable

housing come on stream. Funding that is needed to deliver the agreed programme will come from a number of sources including Right to Buy receipts, use of debt-repayment set aside; borrowing from existing and potentially new borrowing capacity; use of HCA grant; and revenue contributions to capital. Work is currently underway to determine the most advantageous mix of funding opportunities to fund the new affordable housing programme. This has to be balanced with the need to fund other priorities, which can be funded from only some of these funding streams.

- 7.2 The review needs to present different options for the delivery of the new affordable housing programme. The key variables to consider will be developing viable models that provide an agreed mix of tenure; the impact of any realignment of the capital programme on the delivery of other priorities; and the impact on the business plan of payback periods.

8. Budget Pressures

- 8.1 The General Fund pressures have been well documented, most recently in the Mid-Year Financial Review. The HRA is not under such immediate pressure, but the introduction of welfare reforms, particularly the introduction of direct payment of housing benefit to tenants, is predicted to lead to a big increase in rent arrears. There are other budget pressures, shared with the general fund, such as inflation rates, where the reduction in the anticipated CPI rate this year, coupled with an increase in the building inflation indices, significantly reduced future investment capacity in the business plan, reducing the number of new homes anticipated to be deliverable over 30 years for 1,910 to 1,200.

- 8.2 In the general fund we are using the need to take savings as a catalyst to make transformational changes to services guided by four themes:

- Can we develop the way we interface with our customers and service users to deliver savings?
- Are there alternative models of service delivery to be considered such as shared services, or arm's length arrangements?
- Do we make the best use of our assets such as office and depot space?
- How are we ensuring that changes protect the most vulnerable and address social and economic inclusion?

- 8.3 In this review we will identify areas for future exploration at the first stage, with more detailed reviews or work on the feasibility of

alternative delivery models to follow. A initial programme of all the specific area has been identified in section 10.

9. Emerging Priorities

- 9.1 The review of housing finance will need take on board the priorities for housing set out in the Annual Statement 2014. There will be opportunities to consider whether existing allocations can be redirected to meet new priorities, for example retargeted towards an estate based environmental improvement programme.
- 9.2 The Annual Statement has a strong theme of sharing prosperity and tackling poverty. There will be opportunities to build on our landlord services to provide what are sometimes called “landlord plus” services, which recognize that many of the poorest and most vulnerable members of the community live in social housing and can benefit from add-on services as money advice and the availability of less costly everyday goods and services.
- 9.3 The recent STAR survey of tenants and leaseholders provides very useful indicators of priorities for residents, what they think we do well, and where we could improve. This will be used to inform future priorities.
- 9.4 In the area of private sector housing extending the scope of licencing of HMOs, bringing more empty homes back into use are being explored.
- 9.5 Finally, recognition of the links between housing, health and social care is informing future strategies on health care and support, and how public agencies can work more effectively together to deliver better outcomes.

10. Programme Management

- 10.1 This review fits within the Council’s overall programme management of transformational change. The review will be managed by a project board, chaired by the Director of Customer and Community Services, with the Business Manager and Heads of Service and the Head of Finance forming the project board. This board will meet monthly.
- 10.2 The review will be in 2 stages.

Stage 1: October – November 2014

1. A top level review of spending profiles to determine whether any immediate changes should be incorporated into the 2015/16 Budget Setting reports for the HRA and GF. This work is already underway and recommendations will be incorporated in to both BSRs. This will include the recommendation to redirect £1m from asset management towards other priorities.

Stage 2: October 2014 – October 2015

2. Identifying a service of reviews to be carried out in 2015/16, the conclusions of which to be incorporated into the 2016/17 BSR. Areas identified include:

- Decent Homes Programme and other planned works
- Response repairs, voids and cyclical maintenance
- Right to Buy / leasehold and shared ownership support
- City Homes Estate Improvement Programme (Cambridge Standard)
- General Fund housing and general HRA services
- Special services
- Housing plus opportunities
- How to address emerging priorities

This is not an exhaustive list and capacity to carry out reviews and timeframes need to be agreed in the new year.

4. Implications

(a) Financial Implications

- Financial – to improve financial discipline so that the available budget is utilized to best effect. Budgets reflect activity and priorities, underspends are minimized, savings are generated.
- Services – the reviews, although financially driven, will provide opportunities to improve service delivery by tackling areas of underperformance or redirecting resources where they can be better utilised.

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

At this stage of the review there are no staffing implications. If any of the reviews of specific areas lead to proposals that impact on staffing levels these will be considered as part of the Council's management of change process.

(c) Equality and Poverty Implications

An initial EQIA has been carried out, which recognises that the review is likely to make proposals for services used or received by vulnerable members of the community who are our tenants. The conclusions of the reviews will be included in a more detailed EQIA when the impact of any proposals can be evaluated.

(d) Environmental Implications

The activities underpinning the review, particularly relating to New Build and maintenance of existing stock as part of the Capital programme have a high environmental impact, where build standards are at least to code level 4 and the decent homes programme aims to reduced carbon footprint through measures such as improved thermal efficiency.

Other areas of HRA activity, such as housing management, do not have an impact on climate change.

(e) Procurement

No new procurement. A number of services within the HRA are already procured particularly those relating to planned maintenance.

(f) Consultation and communication

The proposals at Stage 1 will come to Housing Scrutiny Committee in January 2015 as part of the budget proposals set out in the BSR and will be largely informed by a review of spend profiles to date. The conclusions of Stage 2 of the review will be brought back to the September/October 2015 cycle, to inform the 2015/16 BSR.

Thought will need to be given as to how to most effectively involve tenants and leaseholders in the Stage 2 reviews, which may vary depending on the nature of the review. We have good mechanisms for involving active tenants, but we may also want to gauge wider views in some cases and in others use data we already have, for example from the STAR survey.

(g) Community Safety

None

5. Background papers

These background papers were used in the preparation of this report:
- Housing Revenue Account Budget Setting Account 2014/15

https://www.cambridge.gov.uk/sites/www.cambridge.gov.uk/files/documents/HRA_BSR_2014-15_Final.pdf

- HRA Mid Year Financial Review 2014

<https://www.cambridge.gov.uk/sites/www.cambridge.gov.uk/files/documents/HRA-MFR-Sep-2014.pdf>

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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COUNCIL NEW BUILD BUDGETS AND FUNDING RESTRUCTURE

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

Reference: 14/URGENCY/HSC/8

Date of decision: 06/11/14	Recorded on:	06/11/14
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Decision Type: Key

**Matter for
Decision:** To approve revised budgets and changes in the
funding structures of the following schemes;

Wadloes Road
Ekin Road Garage Site
Hawkins Road Garage Site
Fulbourn Road Garge Site

To approve the funding restructure for Aylesborough
Close, Campkin Road, and Water Lane.

Why the decision had to be made (and any alternative options):

The Council new build programme is constantly being measured against delivery by the 31st March 2015 to ensure grant funding from the Homes and Communities Agency (HCA) Affordable Homes Programme 2011-15 (AHP 11-15) is achievable. The HCA has recently announced that any schemes that have not yet started on site will not be able to claim grant through the AHP 11-15. This, together with delays on a number of sites, means it is likely that 7 sites will not achieve full or part funding from the AHP 11-15. Therefore the funding structure of these sites has been reassessed. In order to maximise the efficiency of using Right to Buy receipts and maximise the potential of other HCA grant programmes on these sites an urgent decision is required to ensure delivery whilst adhering to key funding constraints.

The Executive Councillor's decision(s):

- a) To approve the revised budget for Wadloes Road of £780,280 and to note the use of Right to Buy receipts instead of HCA grant.
- b) To approve revised budgets for the following schemes noting the use of Right to Buy receipts instead of HCA grant.

Ekin Road Garages - £1,132,760
Hawkins Road Garages - £1,493,890
Fulbourn Road Garages - £1,399,470

- c) To approve the restructure of the funding strategy for Aylesborough Close, Water Lane and seven dwellings at Campkin Road and Water Lane to fund these schemes using HRA reserves plus any HCA grant achieved by through bids to the Affordable Homes Programme 2015-18 (AHP 15-18)

Reasons for the decision:

As outlined above

Report:	See Briefing Note attached.
Scrutiny consideration:	The Chair, Spokesperson of Housing Scrutiny Committee and Opposition Spokes were consulted prior to the action being authorised
Conflicts of interest:	No conflicts of interest were declared by the Executive Councillor.
Comments:	This urgent decision will be reported back to the next Housing Scrutiny Committee on 14 January 2015

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BRIEFING NOTE:

COUNCIL NEW BUILD BUDGETS AND FUNDING RESTRUCTURE

This urgent decision comprises three parts for approval, thus this report comprises three parts as set out below.

a) Wadloes Road increased funding requirement

In error our developer partner, Keepmoat, had not accounted for some costs in the previous development appraisal for Wadloes Road, which has resulted in an increase in the cost of the scheme to the Council. This issue has been exacerbated by the market values of the market sale dwellings reported by our appointed valuer being £20,000 less than Keepmoat had assumed in their earlier development appraisal.

In total the above issues increase the cost of the development (net of land value) to the Council from £675,100 to £780,280. This is further impacted by the loss of £106,340 in HCA grant for this scheme as the scheme cannot be completed by the end of March 2015.

As outlined below, it is proposed that this scheme is now funded using a mix of RTB receipts and direct revenue funding of capital (DRF) through the Housing Revenue Account (HRA). The payback to the HRA for the contribution to this scheme would then be 24 years and therefore well within the 35 year benchmark payback period.

b) Use of Right to Buy receipts for Fulbourn Road, Ekin Road and Hawkins Road garage sites and Wadloes Road

The HCA have nationally stated that any schemes that have not yet started on site will not be able to claim grant through the AHP 11-15. Although start on site is imminent for two of the above schemes there have been a number of delays, including protracted discussions with Highways during the planning process, a rigorous approach to applying for change of planning use class and local access issues, which means it will not be possible to claim for AHP 11-15 grant. Therefore the funding structure for these schemes has been reassessed. These sites deliver a net additional number of dwellings into the Affordable Housing stock and are therefore eligible for the use of Right to Buy receipts. The lost HCA grant will be £17,723 per dwelling, whereas the amount of Right to Buy receipt that can be utilised will be in the region of £45,000 to £50,000 per

dwelling across the four sites. The balance of funding will be provided by the previously budgeted use of DRF.

Due to the increase in funding per dwelling from the RTB receipts the call on DRF will be reduced, which will allow this funding to be used on other projects.

The payback to the HRA for each scheme is as follows

Ekin Road – 25 years
Hawkins Road – 24 years
Fulbourn Road – 27 years

c) Funding restructure strategy for Aylesborough Close, Campkin Road and Water Lane

The majority of the social housing at the Campkin Road site will be delivered by the end of March 2015. There are seven houses that are at risk of being delivered post March 2015. Through the funding structure review it is proposed that DRF released above is used to fund the HCA AHP 11-15 shortfall for this scheme. This is a worst case scenario and the Council has the opportunity to secure grant funding at the AHP 2011-15 rate of £17,723 per social housing dwelling through the Affordable Homes Programme 2015-18 (AHP 15-18). The AHP 15-18 will extend funding until 31st March 2018 and will be available to bid for and claim pre 31st March 2015.

Neither Aylesborough Close nor Water Lane has started on site due to difficulties rehousing the last few residents, therefore the Council is unable to claim grant from the AHP 11-15. The difficulty in achieving completion by the end of March 2015 had already been recognised for Water Lane and part of Aylesborough Close with a revised funding structure, anticipating complete funding through DRF, receiving approval in the HRA Mid-Year Financial Review (MFR). With the HCA announcement that schemes yet to start on site being unable to claim grant from the AHP 11-15 Aylesborough Close has been re-reviewed. Again it is proposed the balance of this scheme be funded through DRF. Although it is not possible to use RTB receipts on these schemes it is proposed that grant funding, again at a rate of £17,723 per social housing dwelling, be pursued from the AHP 15-18 to part fund these schemes.

Summary

The position at the HRA MFR was a net cash cost to the HRA of £15,479,920 (capital cost net of grant and land transfer value) to deliver the 146 programme plus 12 additional dwellings.

With the ability to use RTB receipts on some of the schemes in place of HCA grant, this reduces this cost to £15,360,620, even with the increased costs of delivering Wadloes Road.

This cost to the HRA will be further reduced if HCA funding through the AHP 15-18 of £726,640 is secured, reducing the HRA revenue contribution to £14,633,980.

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REFURBISHMENT OF THE CAMBRIDGE ACCESS SURGERY

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

Reference: 14/URGENCY/HSC/9

Date of decision: 18/11/14	Recorded on: 18/11/14
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Decision Type: Non Key

Matter for Decision: To seek approval to spend capital monies, which are earmarked within the repair and renewals funds for the Access Surgery, but where the scheme does not currently appear in the Capital Plan and the costs exceed £10,000 in total. This is an urgent decision because the building work has already commenced.

Why the decision had to be made (and any alternative options): This is an urgent decision because the building work has already commenced.

As specified under Part 4C 6.1.2 of the Councils Constitution, It was not deemed practical to convene a quorate meeting of Council to agree the addition to the Capital Plan.

The Executive Councillor's decision(s): To agree an increase of £80,000, in the capital expenditure already included in the Council's Capital Plan as part of the project for the completion of the refurbishment works at 125 Newmarket Road. This expenditure will be fully financed using repairs and renewals funding, and is in addition to the £100,000 approved at Community Services Committee in March 2012.

Reasons for the decision:	As outlined above
Report:	A report detailing the background is attached and background papers.
Scrutiny consideration:	<p>The Chair and Opposition Spokes were consulted prior to the action being authorised.</p> <p>The Leader approved this addition to the Capital Plan on 24 November 2014.</p>
Conflicts of interest:	No conflicts of interest were declared by the Executive Councillor.
Comments:	<p>This urgent decision will be reported back to the next Housing Scrutiny Committee on 14 January 2015 and then Council on 26 February 2015.</p> <p>Comments were received from the Opposition Spokes Opposition Spokes – Independent Group. The points raised were addressed by Officers.</p> <p>No adverse comments were received.</p>



To: Executive Councillor for Housing: Councillor Kevin Price
Report by: Alan Carter
Relevant scrutiny Housing 4/11/2014
committee: 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

REFURBISHMENT OF THE CAMBRIDGE ACCESS SURGERY - URGENT DECISION

Not a Key Decision

1. Executive summary

The purpose of this paper is to seek approval to spend capital monies, which are earmarked within the repair and renewals funds for the Access Surgery, but where the scheme does not currently appear in the Capital Plan and the costs exceed £10,000 in total. This is an urgent decision because the building work has already commenced.

2. Recommendations

The Executive Councillor is recommended:

To ask the Council (with the decision to be taken out of cycle by the Leader) for an increase of £80,000, in the capital expenditure already included in the Council's Capital Plan as part of the project for the completion of the refurbishment works at 125 Newmarket Road. This expenditure will be fully financed using repairs and renewals funding, and is in addition to the £100,000 approved at Community Services Committee in March 2012 **(please refer to appendix 1)**.

3. Background

The Cambridge Access Surgery is based at 125 Newmarket Road, Cambridge. The surgery offers a primary health care service for homeless people in the City and the Council received then Office of the Deputy Prime Minister (ODPM) funding back in 2003 to establish the service in partnership with the Primary Care Trust (PCT). The Council owns the building and it is

currently leased to Malling Healthcare with a sub-lease to the current contract holder for street and mental health outreach services in the City (currently Crime Reduction Initiatives - CRI).

As part of its 2009-12 Homelessness Strategy the Council had an objective to create a One-Stop Shop for healthcare services for homeless people. A report went to Community Services Scrutiny Committee in March 2012 requesting £100,000 of funding from the repair and renewals fund be set aside to make the building fit-for-purpose to create the One-Stop-Shop (**appendix 1**). This request was approved and the decision can be viewed at

<http://democracy.cambridge.gov.uk/documents/g529/Printed%20minutes%2015th-Mar-2012%2013.30%20Community%20Services%20Scrutiny%20Committee.pdf?T=1> (page 4/5)

Following approval at committee, the project was subsequently delayed because the Primary Care Trust (PCT) was being wound down and it was not clear for some time which organisation the Council would enter into a lease with. Following a tender process a new organisation was appointed to run the Access Surgery and the Council entered into a lease with Malling Healthcare on 1st October 2013.

The refurbishment works were subsequently tendered and a contract was awarded. The contractors started on site in May 2014 and are set to complete in December. Both in the time leading up to the award of the healthcare contract and the subsequent drafting of the specification for the refurbishment contract, the Housing Advice Service took the view that it would make sense to cease all routine maintenance works at 125 Newmarket Road and include them in the specification so that all the works could be completed together in a logical order under one single building project. The building has not formed part of the Council's cyclical maintenance programme up until now and significant improvements were required to bring the building up to standard.

The works that were added into the contract, which the Council would normally expect to pick up as part of its maintenance responsibilities under the current lease include mechanical and electrical installation upgrades, which alone account for more than £65,000.

The current estimation for the work in total is £167,821 (excluding project management fees of 9.75% of the contract sum). An arrangement has been entered into with Malling Health for the company to make a contribution of up to £15,000, calculated on the basis of fittings requested by the company that are either necessary clinical items or are of better quality than the standard item but represent better long-term value.

Officers were aware that sufficient monies were set aside in the repair and renewals funds to cover the cost of the works. However, as the additional sums (beyond that agreed by committee in 2012) are above £10,000 approval is required for the additional works, and for both the expenditure and financing to be incorporated into the capital plan.

4. Implications

(a) Financial Implications

This expenditure will be fully financed using repairs and renewals funding, and is in addition to the £100,000 approved at Community Services Committee in March 2012

As at the end of September 2014 there was £285,048.91 in the joint repairs and renewals fund for 125 and 451 Newmarket Road, which is considered sufficient to meet both this cost and future projected investment need.

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

None

(c) Equality and Poverty Implications

The Access Surgery offers a primary healthcare service to patients who are homeless or formerly homeless and traditionally suffer from poor health care outcomes and low life expectancy. The surgery continues to ensure that access to both primary and secondary health services is more readily available for this patient group. For these reasons it was not felt necessary to conduct an Equality Impact Assessment.

(d) Environmental Implications

+M – the newly refurbished building will be more energy efficient with a new air ventilation system and secondary double glazing a feature of the refurbishment works

(e) Procurement

The procurement process was led by Freeman Rees Roberts (architects) on behalf of the Council

(f) Consultation and communication

The consultation process is outlined in the previous committee report contained at appendix 1.

The Council is proposing a news release in December when the works are complete.

(g) **Community Safety**

None

5. Background papers

None

6. Appendices

Appendix 1 - Report to Community Services Scrutiny Committee, March 2012

7. Inspection of papers

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

Author's Name:	David Greening
Author's Phone Number:	01223 - 457997
Author's Email:	david.greening@cambridge.gov.uk



To: Executive Councillor for Housing (and Deputy Leader): Councillor Catherine Smart
Report by: Alan Carter, Head of Strategic Housing
Relevant scrutiny committee: Community Services Scrutiny Committee 15/3/2012
Wards affected: From Petersfield to Abbey

PROPOSED REFURBISHMENT OF CAMBRIDGE ACCESS SURGERY

Key Decision

1. Executive summary

This report details the role of the Cambridge Access Surgery, a primary health care service for homeless people in the city, and its contribution to the Council's strategic response to homelessness and proposals to refurbish the building to facilitate the development of the service.

2. Recommendations

The Executive Councillor is recommended:

To agree to offer a capital grant of up to £100,000 to be drawn from the existing Renewals and Replacements fund to upgrade the facilities at the primary health care service for homeless people at 125 Newmarket Road

3. Background

- 3.1 The Cambridge Access Surgery (CAS) is located at 125 Newmarket Road and offers specialist primary health care services to around 400 patients who are homeless or have experienced homelessness.
- 3.2 The building was purchased by the City Council with a grant from the then Office of the Deputy Prime Minister (ODPM) so that the Council could work more closely with health care services to achieve better health and homelessness prevention outcomes for homeless people and is currently leased to Cambridgeshire Primary Care Trust (PCT).
- 3.3 The development of this service has meant that Cambridge has very good patient registration levels amongst this client group. A review of the service was conducted in August 2007. The review involved extensive consultation with patients and stakeholders. A report detailing the findings was published in January 2008. The patient consultation revealed that: in the event of services not being available at the Access Surgery:

- 21% reported that they would not access health care at all
 - 26 % reported that they would attend accident and emergency services
 - 49% reported that they would access other GP services but many drew attention to the difficulty of doing this in practice. Reasons cited were finding it difficult to maintain clinical relationships and being declined registration.
 - Patients also observed that they were likely to be more ill before they sought treatment or were able to access health care
- 3.4 An additional aspect to the development of the service at Newmarket Road was that other homelessness services were co-located on site and the stakeholder respondents to the review concluded that this provided *‘an essential link between health and other services’*
- 3.5 The Access Surgery currently provides the full range of primary care services and a number of additional services, tailored to the needs of the homeless client group. These include joint drug treatment clinics and joint alcohol treatment clinics (both involving the current provider of adult substance misuse treatment in Cambridgeshire), weekly in-house appointments with a psychiatrist and practice nurse outreach clinics at Jimmy’s Night Shelter, Wintercomfort and two main homeless hostels in Cambridge. Surgery staff are also actively involved with the Sex Workers Advisory Network (SWAN), which is working, to promote safe sex and address the health and social needs of street based sex workers in Cambridge.
- 3.6 The surgery has adjusted its clinical focus to provide care for medical problems more frequently found in the homeless client group, for example those related to mental health, substance misuse, alcohol, sexually transmitted diseases and blood borne virus infections
- 3.7 It also seeks out patients in need of care (for example, substance misusing patients needing immunisation against hepatitis B, patients with asthma in need of a medication review) through a continuous audit process.
- 3.8 The outreach service offers health promotional advice and immunisations and GPs and nurses at the surgery have developed specialist knowledge in substance and alcohol misuse (The surgery manages 60 of its patients with substance misuse problems in-house) and liaise closely with the Alcohol Community Psychiatric Nurse who is part of the Cambridge Street Mental Health Outreach Team and also based on site at the surgery premises.
- 3.9 In spite of intensive intervention and (apparently) easy access to health care at the surgery, the patient group suffers an excess morbidity and mortality related to drugs, liver/gastrointestinal disease often secondary to alcohol problems, mental health problems, infections (often related to drug use and often involving long admissions to hospital and sometimes death). Patients are often ‘frequent attenders’ at Addenbrookes hospital.
- 3.10 There is a need to further the development of a holistic package of health care services at Cambridge Access Surgery. The City Council is working closely with the surgery to develop and enhance the service offered to homeless people at 125 Newmarket Road. As part of this plan, a significant upgrade to the building is required to ensure that patient consultancy rooms meet clinical standards, to upgrade the information technology services within the building to improve

services to patients and to refurbish the building throughout for the first time in the 8 years since the City Council took on the ownership of the property.

- 3.11 Contained within the lease to the PCT is a requirement for the City Council to set aside funds to conduct structural repairs to the building and for the PCT to manage internal refurbishments and repairs. However, sufficient funds have not been available for the PCT to do this. The Council currently has a repairs and renewal fund of £213,000 for the building and a recent assessment of requirements to 2020 showed that only £43,000 was required. Members are, therefore, asked to consider whether up to £100,000 could be released from the repairs and renewal fund for the building upgrade to take place
- 3.12 The grant would ensure that the building is fit for purpose to deliver enhanced health care with services expanding to include:
- Enhanced substance misuse, mental health and alcohol treatments
 - Improved access to dental services foot care and eye tests
 - In house management and treatment of Hepatitis C

4. Implications

(a) Financial Implications

The financial implications for the Council are detailed at 3.11 above

(b) Staffing Implications

None

(c) Equal Opportunities Implications

The measures proposed in this report will increase access to health care services for a range of vulnerable client groups who have experience of homelessness. As the building works will facilitate an expansion of services to these groups no Equalities Impact Assessment has been undertaken.

(d) Environmental Implications

These proposals have a +L (low positive) climate change impact. The refurbishment works will be carried out via the normal City Council tendering process and, as such, the works will need to meet the Council's regular environmental standards. The building works themselves involve only minor improvements in relation to energy efficiency.

(e) Consultation

Cambridge Access Surgery patients have been consulted on both service adjustments and building refurbishment via two consultation workshops. Stakeholders will be consulted on final draft proposals before work begins.

(f) Community Safety

There are no direct implications in relation to these proposals, other than improved CCTV provision on site, but it is hoped that more patients / service users will be accessing a greater range of effective treatments and that, this, in turn will have a positive impact on levels of anti-social behaviour and community safety in general. CCTV

5. Background papers

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

Cambridge Access Surgery – vision and transformation document

Cambridge Access Surgery – service review January 2008

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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RECOMMENDATION TO BUY BACK A DWELLING

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

Reference: 14/URGENCY/CCS/11

Date of decision: 12/12/14	Recorded on: 12/12/14
--------------------------------------	---------------------------------

Decision Type: Non Key

Matter for Decision: The acquisition of dwelling in the city, in line with the HRA Acquisition and Disposal Policy. In this instance the property is an ex-Council dwelling that was previously sold under the Right to Buy, but prior to the point at which the Right of First refusal legislation came into force.

Why the decision had to be made (and any alternative options): If the Council were to purchase the property now, it could save the Council having to meet the additional costs associated with a compulsory purchase (if the property is the main residence of the new owner) at a later date.

The Executive Councillor's decision(s):

- That the Council, following an approach by the owner, buy back the ex-Council flat at 10 Ventress Close, previously sold under the Right to Buy in 1970. Although the Right of First Refusal process is not applicable in this instance, the Council has been offered the opportunity to take back a property that sits within a potential future re-development area. The scheme has been approved for consideration for redevelopment as

part of the 3 Year Rolling Programme.

- The capital cost of the project is £238,365. This comprises £225,000 agreed market valuation plus legal and other fees associated with the purchase totalling £3,365 and works to bring the property up to a lettable standard at an estimated £10,000. The project will be funded from the existing allocation of £663,000 in the Housing Capital Investment Plan in 2014/15 for the repurchase of ex-HRA dwellings and Right to Buy receipts.
- To note the revenue implications arising from bringing this property back into housing stock (management, repairs and property improvements) are anticipated to be fully met from the rental income from the dwelling once let.

Reasons for the decision:

As outlined above

Report:

A report detailing the background is attached

Scrutiny consideration:

The Chair and Opposition Spokes were consulted prior to the action being authorised.

No conflicts of interest were declared by the Executive Councillor.

Conflicts of interest:

This urgent decision will be reported back to the next Housing Scrutiny Committee on 14 January 2015

Comments:

Comments were received from the Opposition Spokes
Opposition Spokes – Independent Group. The points raised were addressed by Officers.

No adverse comments were received.

This urgent decision will be reported back to the next Housing Scrutiny Committee on 14 January 2015.

Project Appraisal and Scrutiny Committee Recommendation

Project Name	Recommendation to Buy Back a Dwelling
Committee	Housing Scrutiny
Portfolio	Housing
Committee Date	
Executive Councillor	
Lead Officer	Sabrina Walston

The Executive Councillor for Housing is recommended to approve;

- That the Council, following an approach by the owner, buy back the ex-Council flat at 10 Ventress Close, previously sold under the Right to Buy in 1970. Although the Right of First Refusal process is not applicable in this instance, the Council has been offered the opportunity to take back a property that sits within a potential future re-development area. The scheme has been approved for consideration for redevelopment as part of the 3 Year Rolling Programme.
- The capital cost of the project is £238,365. This comprises £225,000 agreed market valuation plus legal and other fees associated with the purchase totalling £3,365 and works to bring the property up to a lettable standard at an estimated £10,000. The project will be funded from the existing allocation of £663,000 in the Housing Capital Investment Plan in 2014/15 for the repurchase of ex-HRA dwellings and Right to Buy receipts.
- To note the revenue implications arising from bringing this property back into housing stock (management, repairs and property improvements) are anticipated to be fully met from the rental income from the dwelling once let.

1 Summary

1.1 The project

- This report proposes the acquisition of dwelling in the city, in line with the HRA Acquisition and Disposal Policy. In this instance the property is an ex-Council dwelling that was previously sold under the Right to Buy, but prior to the point at which the Right of First refusal legislation came into force.
- The Housing Act 2004 introduced the 'Right of First Refusal' (RFR) which enables local authorities (or other social landlords) the first opportunity to 'buy back' properties being sold by former tenants who acquired the property under the Right to Buy (RTB). The Act came into effect on the 18 January 2005. The Council have 8 weeks to determine whether to enact this right and a following 12 weeks to complete on the purchase should they opt to. On this occasion, the owner occupier has approached the Council directly with a view to the Council re-acquiring the property.
- The HRA Acquisition and Disposal Policy includes a number of criteria upon which the acquisition of a dwelling should be considered, including whether the property meets an identified need.

1.2 The Property

Property Address	10 Ventress Close Cambridge CB1 8QX (see Appendix B, C)
Property Type	Flat
Number of Bedrooms	2
Number of Reception Rooms	1
Garage in Curtilage	No

1.3 The Criteria

1	Property has significant disabled adaptations	No
2	Property is particularly suitable for disabled adaptation	No
3	Property has 4 or more bedrooms	No
4	Property location frees up land or access or is suitable for future development	Yes
5	Interests of Council met by repurchase with value for money demonstrable	Yes

1.4 Target Dates / Deadlines

Date of RFR Contact	Not applicable
Initial voluntary contact from owner	w/c 04/08/14
8 Week Deadline for RFR Council Decision	Not applicable
HMT in principle decision to proceed with re-purchase	Yes
Stock condition survey completed	17/11/14
Independent market valuation completed	13/10/14
Latest Completion Date for Purchase	Not applicable
Urgent Decision Circulated	

1.5 The Cost (*at vendors anticipated Market Value)

Capital Cost	
*Purchase Price (Open Market Value)	£225,000
Stamp Duty	£2,250
Legal Fees	£1,000
Other Costs (Valuation)	£115
Decent Homes Works Required to Re-Let (Estimate)	£10,000
Total Capital Cost	£238,365

Capital Cost Funded from:

Funding:	Amount:	Details:
Reserves	£0	
Repairs & Renewals	£0	
Section 106	£0	
Borrowing	£0	
Right to Buy Receipts	£68,510	
Other	£169,855	Capital Allocation for Property Buy Back

Total Revenue Cost**Per Annum**

Management Costs	£ 470
Maintenance / Repairs	£750
Major Works / Improvements (MRA/Depreciation)	£1,250
Total Revenue Expenditure	£2,470
Revenue Income (Rent)	(£6,730)
Net Revenue Cost / (Surplus)	(£4,260)

Capital Project Appraisal and Committee Report**1.6 What is the project?**

The project seeks to buy back the ex-council dwelling at 10 Ventress Close, which is a two-bedroom maisonette. The property was sold under the Right to Buy. The occupier has approached the Council to enquire whether the Council wishes to buy the property back. The occupier has requested a quick decision by the Council prior to putting the property on the open market.

1.7 What are the aims & objectives of the project?

“Creating a great place to live, learn and work”

The location of 10 Ventress Close is shown on the attached plan (Appendix C). No's 9 – 10a are similar properties 1 is currently tenanted and in council ownership. Together with the large gardens it can be seen from the plan that there is redevelopment potential for the site. The feasibility and viability of the wider redevelopment has been approved to be considered as part of the 3 Year Rolling Programme.

In the interim, using the property as general needs housing provides an extra unit of accommodation, where there is currently pressure on the Housing Register. The location and style of the property provides a unit of accommodation that would suit a couple or small family.

1.8 Summarise the major issues for stakeholders & other departments?

The project requires input from the Estates & Facilities team to identify the Decent Homes potential investment required. An initial stock condition survey was undertaken on 17/11/14

Legal are required to undertake and complete on the purchase of the property, and have already been approached to allocate a Solicitor to this project, which is expected to have a timeframe of 6 to 12 weeks.

The vendor of the property is anticipating a quick decision and to receive full market value for the property.

As some the surrounding properties are already in council ownership, and are let and managed by City Homes, there is not expected to be any adverse impact for neighbouring residents.

1.9 Summarise key risks associated with the project

Risks:

One of the key risks that this project aims to mitigate is avoidance of the potential to need to acquire the property by compulsory purchase order at a later date, should the site be earmarked for re-development. At the compulsory purchase order stage the transaction would be for market value, plus a home loss payment (10% of market value) if the property was the owner's main residence, plus increased fees and any officer time incurred.

Not taking the opportunity to purchase the property at this time may have a detrimental impact on the time frame of any future re-development programme in the area.

If the Council were to purchase the property now, it could save the Council having to meet the additional costs associated with a compulsory purchase (if the property is the main residence of the new owner) at a later date.

1.10 Financial implications

The market value of the property provided by Pocock & Shaw in October 2014 for the Council is £225,000, with the costs of purchase and of achieving the decent homes standard for letting being a further £13,365, bringing the total to £238,365.

Financial viability assessments have been carried out, considering three scenarios. These include:

- Rent at Local Housing Allowance level, with 100% funded through HRA resources (Scenario 1)
- Rent at Local Housing Allowance level, with 30% funded through retained right to buy receipts and 70% HRA resource (Scenario 2)
- Rent at Target Social Rent level, with 30% funded through retained right to buy receipts and 70% HRA resource (Scenario 3)

In all three scenarios, the costs of purchase and making good for re-letting would be recovered through rental income over a number of years, after allowing for the ongoing costs of managing and maintaining the dwelling.

However, a decision to let the property at target social rent (Scenario 3) would result in the authority not realising payback on its investment for 49 years, which is way outside of the 35 year maximum payback period desired.

With rent set at the Local Housing Allowance level, the authority would receive payback in 43 years without the use of right to buy receipts (Scenario 1), or within 34 years with the use of right to buy receipts (Scenario 2).

With this in mind, this business case has been prepared and presented on the basis of charging Local Housing Allowance rent levels and utilizing right to buy receipts to fund 30% of the purchase. Sufficient retained right to buy receipts exist to allow this to happen.

1.11 VAT implications

Retention of the property “bought back” in the Housing Revenue Account, for use as local authority social housing would have no adverse vat implications.

A decision to make alternative use of the property would require specific consideration of any potential negative vat implications, although these would not be anticipated to be significant.

1.12 Other implications

There are no other direct implications associated with this project.

1.13 Estimate of staffing resource required to deliver the project

The Housing Development Officer in the Housing Development Team, with the support of the Housing Development Manager.

The Business Team have undertaken the initial financial analysis required to understand the costs associated with buying back the property.

A Surveyor in the Estates & Facilities Team is required to complete the initial stock investment survey. This is a one-off visit to the property plus time to write the report.

Legal will be required to undertake the actual buying back of the property into HRA ownership. It is unclear at this stage how long this will take, but estimated to be 8-12 weeks.

1.14 Identify any dependencies upon other work or projects

The success of the project in the first instance is the ability of the Estates & Facilities Team and the City Homes Team to get the property up to Decent Homes standard and re-let quickly in order to maximize rental income.

1.15 Background Papers

- 1 Stock Condition Survey results
- 2 Initial Property Valuation - Pocock & Shaw – 10th October 2014.

1.16 Inspection of papers

Lead Officer	Sabrina Walston
Lead Officer's Phone No.	01223 457910
Lead Officer's e-mail:	sabrina.walston@cambridge.gov.uk
Date prepared:	

Capital Project Appraisal - Capital costs & funding - Profiling

Appendix A

	2014/15	2015/16	2016/17	2017/18	2018/19	Comments
	£	£	£	£	£	
Capital Costs						
Building contractor / works	10,000					
Purchase of property, vehicles, plant & equipment	225,000					
Professional / Consultants fees	3,365					
Other capital expenditure:	0					
Total Capital cost	238,365	0	0	0	0	
Capital Income / Funding						
Government Grant						
S106 funding						
R&R funding						
Right to Buy Receipts	68,510					
Existing capital programme funding	169,855					Buy Back Allocation
Revenue contributions						
Total Income	238,365	0	0	0	0	
Net Capital Bid	0	0	0	0	0	

Appendix B

Photographs of the site –front aspect & aerial:



Appendix C



Land Registry
Official copy of
title plan

Title number **CB297138**
Ordnance Survey map reference **TL4756SE**
Scale **1:625 enlarged from 1:1250**
Administrative area **Cambridgeshire :**
Cambridge



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