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Cambridge City Council

HOUSING SCRUTINY COMMITTEE

To: **Scrutiny Committee Members:** Councillors Todd-Jones (Chair), Bird (Vice-Chair), Avery, Gawthrope, Holland, R. Moore, Page-Croft and Smart

Alternates: Councillors Perry and T. Moore

Tenants and Leaseholders: Lulu Agate (Tenant Representative) Diane Best (Leaseholder Representative), Kay Harris (Tenant Representative), John Marais (Tenant Representative), Diana Minns (Vice Chair /Tenant Representative), and Mandy Powell-Hardy (Tenant Representative).

Executive Councillor for Housing: Councillor Price

Despatched: *Monday, 12 September 2016*

Date: Thursday, 22 September 2016
Time: 5.30 pm
Venue: Committee Room 1 & 2, The Guildhall, Market Square, Cambridge, CB2 3QJ
Contact: Toni Birkin **Direct Dial:** 01223 457013

AGENDA

1 Apologies

To receive any apologies for absence.

2 Declarations of Interest

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

3 Minutes *(Pages 7 - 20)*

To approve the minutes of the previous meeting.

4 Public Questions

Please see information at the end of the agenda.

<u>Items for Decision by the Executive Councillor for Housing, Without Debate</u>

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.

<u>Items for Debate by the Committee and then Decision by the Executive Councillor for Housing</u>

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

5 Supported Housing Update *(Pages 21 - 32)*

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

6 Medium Term Financial Strategy *(Pages 33 - 96)*

7 Housing Transformation Programme Update *(Pages 97 - 108)*

8 Social Lettings Agency Business Plan *(Pages 109 - 124)*

9 Homelessness Prevention Grants 2017-18 *(Pages 125 - 144)*

Exclusion of Press and Public

NOT FOR PUBLICATION: The appendix to the report relates to an item during which the public is likely to be excluded from the meeting by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Information for the Public

Location

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

Between 9 a.m. and 5 p.m. the building is accessible via Peas Hill, Guildhall Street and the Market Square entrances.

After 5 p.m. access is via the Peas Hill entrance.

All the meeting rooms (Committee Room 1, Committee 2 and the Council Chamber) are on the first floor, and are accessible via lifts or stairs.

Public Participation

Some meetings may have parts that will be closed to the public, but the reasons for excluding the press and public will be given.

Most meetings have an opportunity for members of the public to ask questions or make statements.

To ask a question or make a statement please notify the Committee Manager (details listed on the front of the agenda) prior to the deadline.

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

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HOUSING SCRUTINY COMMITTEE 21 June 2016
7.40 pm

Present:

Scrutiny Committee Members: Councillors Todd-Jones (Chair), Bird (Vice-Chair), Avery, Gawthrope, Holland, R. Moore, Page-Croft and Smart

Executive Councillor for Housing: Councillor Price

Tenant/Leaseholder Representatives: Diane Best, Kay Harris, John Marais, Diana Minns, Mandy Powell-Hardy and Lulu Agate

Officers:
Strategic Advisor - Housing and Welfare Reform: Liz Bisset
Managing Director, Housing Development Agency: Alan Carter
Head of Housing Services: Tom Bremner
Area Housing Manager: Sandra Farmer
Head of Estates & Facilities: Trevor Burdon:
David Greening: Housing Advice Service Manager
Business Manager & Principal Accountant: Julia Hovells
Manager Temp Housing & Housing Support: Frances Swann
Committee Manager: Toni Birkin

FOR THE INFORMATION OF THE COUNCIL

16/20/HSC Apologies

There were no apologies.

16/21/HSC Appointment of Vice-Chair (Tenant/Leaseholder Rep) for 2016/17

Diana Minns was appointed as Vice Chair (Tenant / Leaseholder Representative) for 2015/16.

16/22/HSC Declarations of Interest

No interests were declared.

16/23/HSC Minutes

The minutes of the meeting of the 8th March 2016 agreed and signed as a correct record.

16/24/HSC Public Questions

There were no public questions.

Councillor Bick addresses the Committee as a Ward Council as part of the discussion on item 16/28/HSC. Details can be found with that item.

16/25/HSC 2015/16 Revenue and Capital Outturn, Carry Forwards and Significant Variances – HRA

Recommendation 2a was chaired by Diana Minns (Vice Chair / Tenant Representative) and recommendations 2b was chaired by Councillor Todd-Jones.

Matter for Decision

The report presented a summary of the 2015/16 outturn position (actual income and expenditure) for services within the Housing Revenue Account, compared to the current budget for the year.

Decision of Executive Councillor for Housing

a) Approved carry forward requests totalling £1,987,000 in revenue funding from 2015/16 to 2016/17, as detailed in Appendix C of the Officer's report.

b) Approved that carry forward requests of £2,171,000 in HRA and General Fund Housing capital resources from 2015/16 to 2016/17 to fund rephased net capital spending, as detailed in **Appendix D** and the associated notes to the appendix of the Officer's report is recommended to Council.

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

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations

The Business Manager/Principal Accountant (Shared Housing Finance Team) said the following in response to Members' questions:

i. Underspends were based on fixed targets and evidence of where savings had been realised.
ii. There were high demands on the fencing budgets and the carry forward reflects funds that had been committed but not yet delivered.
iii. Members were assured that the disabled adaptations services had sufficient staff to deliver the service. The fluctuating spends were a characteristic of the services where high cost adaptations could not be predicted.
iv. The Strategic Advisor - Housing and Welfare Reform explained that a clearer policy and criteria was under development. She stated that the intention was to make the criteria used to assess claims clearer to service users. There could be occasions when it was unrealistic to adapt a property and moving might be suggested as a better option.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor for Housing approved the recommendation.

16/26/HSC Housing Transformation Programme

Recommendation 2.1 was chaired by Diana Minns (Vice Chair / Tenant Representative) and recommendation 2.2 chaired by Councillor Todd-Jones.

Matter for Decision

National changes in housing and welfare reform were having a major impact on the Council's housing services in Cambridge, requiring a reshape of services in order to achieve the substantial savings that are required to balance the Housing Revenue Account. The report set out a strategy for achieving savings, mindful of the need to continue to deliver decent services, and which recognised that housing supports some of the most vulnerable and disadvantaged within our community.

Decision of Executive Councillor for Housing

i. Agreed the programme of reviews for Revenue funded services listed in paragraphs 5 of the Officer's report.
ii. Agreed the programme of reviews for Capital funded services listed in paragraph 6 of the Officer's report.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations

The Committee received a report from the Strategic Advisor - Housing and Welfare Reform.

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

i. Expressed concerns that Cambridge City Council had been cheated by central government into accepting debts.
ii. Suggested that a policy of non-compliance was adopted.
iii. Suggested that other authorities would follow if this was to happen.
iv. Next week's devolution decision could have a big impact on any decision made today.
v. Questioned the definition of affordable housing.
vi. Suggested that Officer's work with other authorities to lobby government.

The Executive Councillor for Housing stated that he did not think non-compliance was the answer as the likely outcome would be a decision imposed by someone else. For the best outcome it was better to work within the system.

In response to Members questions, the Strategic Advisor - Housing and Welfare Reform stated:

i. Residents would be consulted on proposed savings at an early stage of the decision making process. Without any savings it was likely that the HRA account would be bankrupt within ten years.
ii. All services would be looked at for potential savings and this would include support services.
iii. It was likely that there would be an impact on arrears. However, specialist staff had been recruited to provide debt and benefits advice.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendation.

16/27/HSC 2015/16 Revenue and Capital Outturn, Carry Forwards and Significant Variances – Housing General Fund Portfolio

This item was chaired by Councillor Todd-Jones

Matter for Decision
The report presented a summary of the 2015/16 outturn position (actual income and expenditure) for services within the Housing Revenue Account, compared to the current budget for the year.

Decision of Executive Councillor for Housing
Agreed that the following proposal be submitted for consideration by the Executive Councillor for Finance and Resources at the Strategy and Resources Scrutiny Committee on 4 July 2016:

- **i.** Proposed carry forward requests in revenue funding from 2015/16 to 2016/17, as detailed in Appendix C of the officer's report, noting that none are proposed for this portfolio on this occasion.
- ii. Proposed carry forward requests of £210,000 in capital resources from 2015/16 to 2016/17 to fund rephased net capital spending, as detailed in Appendix D of the Officer's report.

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

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations

The Committee received a report from the Business Manager/Principal Accountant (Shared Housing Finance Team).

The Committee made the following comments in response to the report:
- i. The empty homes loans budget appeared quite large for a limited return. Could better use be found for the funds?
- ii. Agreed that all homes should be lived in.
- iii. Supported the efforts of officers to return properties to us.

The Business Manager/Principal Accountant (Shared Housing Finance Team) undertook to provide estimated numbers of empty homes in Cambridge.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor for Housing approved the recommendation.

16/28/HSC Homelessness and Strategic Approach to Homelessness in Cambridge City

This item was chaired by Councillor Todd-Jones

Councillor Bick addressed the Committee as a Ward Councillor and made the following points:

i. The Motion considered at the April Council meeting was seeking measures to alleviate the problem of rough sleepers.
ii. This was on the increase.
iii. Members had nothing but admiration for those working with rough sleepers.
iv. Expressed disappointment that the action plan spanned two years when action was needed now.
v. Rough sleepers present different needs to other homeless individuals.
vi. It was not just about the lack of a home but included many other issues.
vii. They were not a subset of the wider homelessness population and needed different solutions.
viii. Visible increase was unsettling to the wider population.
ix. Wider population were not unsympathetic or uncaring and concerns about specific individuals were widespread.
x. However, fears were also on the increase.
xi. Residents reported a desire for more action to be taken to resolve the problem.

Matter for Decision
The report outlined the extent of homelessness pressure in Cambridge, set within a national context of rising numbers of homeless households. The report distinguished between households where the council has a statutory duty under part 7 of the 1996 Housing Act (as amended) and those households to whom the council has no duty. Despite the distinction, the Council commits considerable resources into tackling and preventing homelessness for all of those unfortunate enough to be affected by it.

The report also reflected on the Council's recent performance in attempting to address homelessness in Cambridge and provided Members with a summary of strategic measures that had been employed or had been identified to tackle the issue.

Decision of Executive Councillor for Housing

i. Noted the information on homelessness pressure and service performance as outlined in this report
ii. Approved the homelessness strategy action plan as detailed at appendix 1 of the Officer's report.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Housing Advice Service Manager.

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

i. Street dwellers were a community and were fearful about moving into secure accommodation which would leave them isolated from that community.
ii. Discussion of points raised in the response to benefit changes and the impact on under 35 year olds.

The Housing Advice Service Manager said the following in response to Members' questions:

i. One of the key issues for street homeless in Cambridge was finding a way for them to access housing when they had no recourse to public funding.
ii. The street outreach team endeavoured to take immediate action and would develop individualised action plans.
iii. There were twelve known rough sleepers who had no recourse to public funding.
iv. Action plan dates were completion dates and were realistic.
v. Tenancy sustainment support was offered to rough sleepers moving into secure accommodation.
vi. Confirmed that the situation was constantly changing and needed continuous review.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendation.

16/29/HSC Local Government Ombudsman Decision Relating to Temporary Accommodation

Thjis item was chaired by Councillor Todd-Jones

Matter for Decision

The Committee was asked to note that the Local Government Ombudsman has upheld a complaint relating to the provision of temporary accommodation.

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.

Decision of Executive Councillor for Housing

i. Endorsed the actions taken by officers in response to the finding 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 unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendation.

16/30/HSC New Social Housing on Housing Revenue Account Infill Sites

This item was chaired by Councillor Todd-Jones

Matter for Decision

The report provided details of additional sites to be brought forward in the Council's social housing programme, to be included in the Housing Revenue Account (HRA) garage and small in-fill sites development.

The report requested approval to a capital budget for the HRA garden and back land development.

Decision of Executive Councillor for Housing

i. Approved the additional three sites to be developed for housing.
ii. Noted the indicative unit types and approved that they be progressed for planning approval
iii. Approved the capital budget of £708,630 for the additional development.
iv. Approved that delegated authority be given to the Strategic Director to enter into a legal agreement with building contractors for these sites as part of the HRA Garage and Infill Sites 2015/16 Programme.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Managing Director, Housing Development Agency.

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

i. Sought clarification regarding the impact of devolution.
ii. Discussed potential risks.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendation.

16/31/HSC Social Housing Programme

<u>This item was chaired by Councillor Todd-Jones</u>

Matter for Decision

In July 2014, the Executive Councillor for Housing approved a three year rolling programme of housing sites in the Council's ownership for consideration for development, redevelopment or disposal.

The report provided a review of the programme and specifically sought approval of a revised Three Year Rolling programme that included sites to be investigated in 2016/17 to 2018/19.

Decision of Executive Councillor for Housing

i. Approved revisions made to produce the 3 Year Rolling Programme 2016/17 to 2018/19 in the context of the wider Social Housing Programme.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Managing Director, Housing Development Agency.

He confirmed that any funds delivered by devolution needed to be spent within five years. This was agreed to mean starts on site rather than completed projects.

The Managing Director, Housing Development Agency asked the Committee to note that there were no sites added to the programme this year.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendation.

16/32/HSC Cambridgeshire home improvement agency - adaptations plus framework procurement

<u>This item was chaired by Councillor Todd-Jones</u>

Matter for Decision

Cambridge City Council was the lead authority with overall management responsibility for the Cambridgeshire Home Improvement Agency (CHIA) shared service. In accordance with the City Council's corporate governance, the paper, therefore, sought approval for the CHIA Board decision to procure a comprehensive contractor framework for delivery of adaptations work managed by the Agency. The procurement value was projected to be between £3.5m to £3.7m/year although there was merit in building in some flexibility in the framework to allow for possible future growth. The contract term was initially three years with an option for a one year extension and procurement would be subject to the full terms of EU Procurement legislation.

Decision of Executive Councillor for Housing

i. Approved the CHIA Board decision to proceed with a 3+1 year contractor framework for provision of all adaptations work and specialist equipment.
ii. Authorised Cambridge City Council (on behalf of the partners) to invite and evaluate tenders and to appoint contractors for inclusion in a framework for delivery of all types of adaptations work and provision of specialist equipment.

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 Estates & Facilities.

The Head of Estates & Facilities confirmed that an initial three year contract had been proposed based on legal advice.

The Committee unanimously resolved to endorse the recommendations.
The Executive Councillor approved the recommendation.

<u>Exclusion of the Press and Public</u>

The Scrutiny Committee resolved to exclude members of the public from the meeting on the grounds that, if they were present, there would be disclosure to them of information defined as exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

The minutes below relate to discussion of the open report only and not the confidential appendice.

16/33/HSC Disposal of 23 Magrath Avenue

Matter for Decision

The report was presented, in line with the existing HRA Acquisition and Disposal Policy, to obtain approval for the disposal of a specific HRA asset on the open market.

Following introduction of the Housing and Planning Act in May 2016, the report also proposes a scheme of delegation for the policy and process changes that will be required in response to the need to dispose of higher value vacant dwellings, in anticipation that the authority will receive detailed guidance imminently, and would need to react with some speed.

Decision of Executive Councillor for Housing

i. Approved disposal on the open market, in line with the confidential project appraisal attached at Appendix A, of the HRA asset at 23 Magrath Avenue.
ii. Delegated authority to the Strategic Director (or Strategic Housing Advisor in the absence of a Director), in consultation with the Executive Councillor, Chair and Opposition Spokesperson, to approve a policy and associated process to allow the authority to respond quickly to the need to meet a levy derived from the requirement for all local authorities to dispose of higher value vacant dwellings.

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 (Shared Housing Finance Team).

The Committee made the following comments in response to the report:
i. Requested that in future policy decision should be reported separately to operational matters.

ii. Discussion of points around the need to implement changes quickly and how best to forward plan when there were so many unknowns.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendation.

The meeting ended at 7.40 pm

CHAIR

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Cambridge City Council **Item**

To:	Executive Councillor for Housing
Report by:	Frances Swann, Supported Housing Manager
Relevant scrutiny committee:	Housing Scrutiny Committee *22nd September 2016*
Wards affected:	All wards
Key Decision	No

Supported Housing Update

1. Executive summary

1.1 This report is predominantly for information and at a time of significant change within Housing, Health and Social Care. The Care Act 2014 requires public sector services to work in partnership to deliver preventative services which promote well-being in the community. In recognition that many of the City Council's tenants are vulnerable at some point in their life and during their tenancy, the City Council provides a number of services to its tenants and those in the wider community to ensure that tenancies are sustained and that households remain at home and independent for as long as possible.

1.2 This report focuses on the services within the City Council's Supported Housing and includes:

- Temporary Housing for homeless households
- Independent Living Services for Older People
- Move on housing for people recovering from a mental health condition
- Tenancy Sustainment Service (Mental Health)

2. Recommendations

The Executive Councillor is recommended to:

1) Acknowledge the 2015/16 outcomes of the Supported Housing Service.
2) To approve a review of the community alarms service

3. Background

3.1 Within the City Council's housing stock, there are a number of properties specifically set aside for specialist housing provision, this includes 12 sheltered housing schemes, 83 units of temporary accommodation including 3 hostels, 4 HMO's and 31 dispersed properties for homeless households. There are 22 units of move on accommodation for adults with mental ill health who are either leaving or stepping down from more intensive support services as part of an overall package of rehabilitation or moving towards independence.

3.2 In addition to this, in 2014, the City Council entered into a partnership with the County Council to provide support to older people living either in their own homes or in general housing. As part of this arrangement, the city council provides support to a small number of tenants in 4 non council sheltered housing schemes.

3.3 City Council is also the main provider of the "lifeline" alarm service in the City which has about 700 customers at any one time. The lifeline service enables, typically but not exclusively, older people to call for emergency help in the event of an emergency ie: a fall and make a significant contribution to the avoidance of unnecessary hospital admissions.

3.4 In 2014, in recognition of the impact that poor mental health has on tenancy sustainment, the City Council further invested in two Tenancy Sustainment Officers who work with clients and with agencies to ensure those at risk of homelessness (as a result of their ill health) are supported to access services in order to maintain their tenancy.

3.5 Many of the tenants and clients supported by these services will be either homeless, misusing substances or alcohol, victims of abuse, have a mental health condition, and be in poverty or an older person. As the report highlights, many of the clients will have a dual diagnosis ie: they may have physical ill health and alongside other other issues such as personality disorder or some form of addiction.

3.6 These support services also help tackle wider determinants such as poverty, isolation and loneliness and falls prevention.

3.7 The City Council continues to contribute to the role of the Local Health Partnership by ensuring supported housing services are targeted at those in greatest need.

3.8 This report will highlight the key outcomes achieved across the service.

4.0 Temporary Housing

4.1 There are presently 88 units of temporary accommodation within Cambridge City Council's service. In the last 12m, 155 households moved through temporary accommodation.

4.2 The number of properties varies in accordance with demand and this flexibility has enabled the Housing Advice Service to minimise the use of costly Bed & Breakfast accommodation and to provide basic support for those in greatest need whilst keeping families in their locality, close to their support networks.

4.3 Locally the service differentiates between Emergency Accommodation and is typically very short term (days/weeks) and Temporary Accommodation (weeks/months).

4.4 In 2015/16, 149 households moved through the Emergency Accommodation route with an average stay of 32.2 days. Households placed in Emergency Accommodation have become homeless for a variety of reasons including:

- landlord eviction
- parental eviction
- rough sleeping
- relationship breakdown and domestic abuse

4.5 The majority of households were either single people (40%), single parents with one child (24%) or couples with one child (18%). Almost half of the clients are aged between 16- 29.

4.6 Ethnicity varies, with the largest single groups recorded as White British (55%), Polish (11%) and Turkish (5%). The service is experienced at working with non-white British households and the complexities that language barriers can present.

4.7 Minimising void time in Temporary Housing is a key priority in order to ensure demand for homeless interim accommodation can be met. Over several years now, relet time has been in the region of 7 days and each year the service has a high number of properties which are relet on the same day as they were vacated.

4.8 However, unusually, in the first six months of 2016, demand for temporary housing significantly reduced resulting in an increase in void times. The service has worked closely with the Housing Advice Team to respond to varying demand and to balance the need for available units v minimising rent loss.

4.9 Gross rent charges in temporary housing vary depending on the type of premises and are generally in the region of £150 – 200 per week. Rent arrears vary throughout the year and are closely managed. Arrears levels have been maintained at a consistently low level in the last 5 years and at the end of 2015/16, there were arrears of 0.83% (£4326). This is particularly good given the transient nature of some of the clients, delays and changes in benefit payments of those housed in this type of accommodation and in the likelihood that arrears will accumulate following an unfavourable homeless decision.

4.10 Funding for support from the County Council under the former supporting people regime ended in 2015/16. Those with complex support needs are now referred to Centra Support and lower level support continues to be provided by the temporary housing team in order to achieve an efficient turnover and to prepare, particularly young parents in their ability to manage a tenancy.

4.11 Many clients are already engaged with other services such as Probation, Street Outreach or Family Intervention workers and staff in Temporary Housing work closely with the key workers of those services to assist clients to maintain their tenancies whilst also promoting partnership working.

4.12 Regular drop-in sessions are arranged throughout the year with the Employment Support Worker who offers help with CV's, getting clients into paid or voluntary work, maximising income and benefits, apprenticeships, job applications and interview skills, etc. Temporary Housing staff have successfully referred 9 clients to the service within the last financial year.

4.13 Several safeguarding concerns have been raised for both vulnerable adults and children where staff have identified a serious concern, particularly in regard to women experiencing domestic abuse.

4.14 During 2015/16 Temporary Housing successfully secured almost £14,000 in grants for those on the lowest incomes with the majority coming from the Cambridge Local Assistance Scheme. Although not recorded for this service, this is in addition to the regular support given to enable households to access a variety of benefits.

5.0 Independent Living Service for Older people

5.1 In 2014, the City Council entered into a partnership with the County Council to provide a housing related support service within the City to all older people, irrespective of tenure. The County pays the City Council £180 000 for this service.

5.2 During 2015/16, this service reached 835 older people.

- 31% self referred
- 30% were referred by family
- 24% were referred from Adult Social Care (services like re-ablement and social workers).

5.3 The main reasons for support are shown below

Figure 1) 65+ referrals

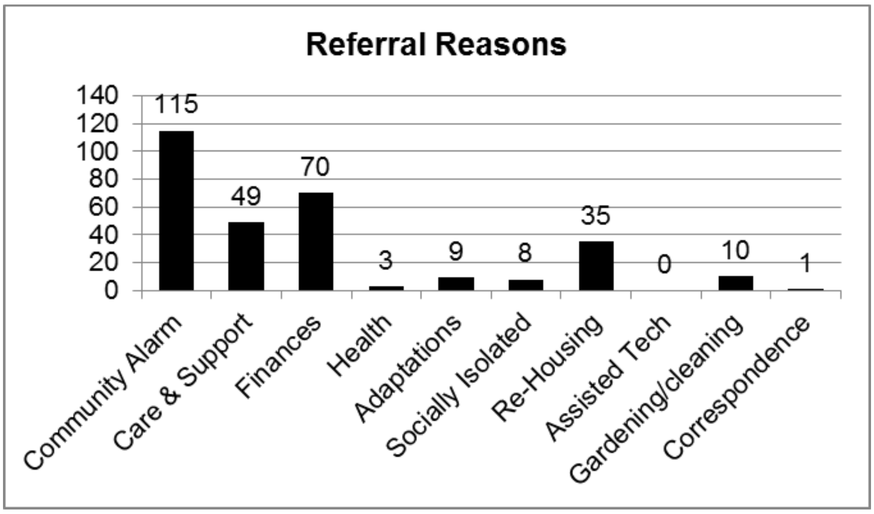
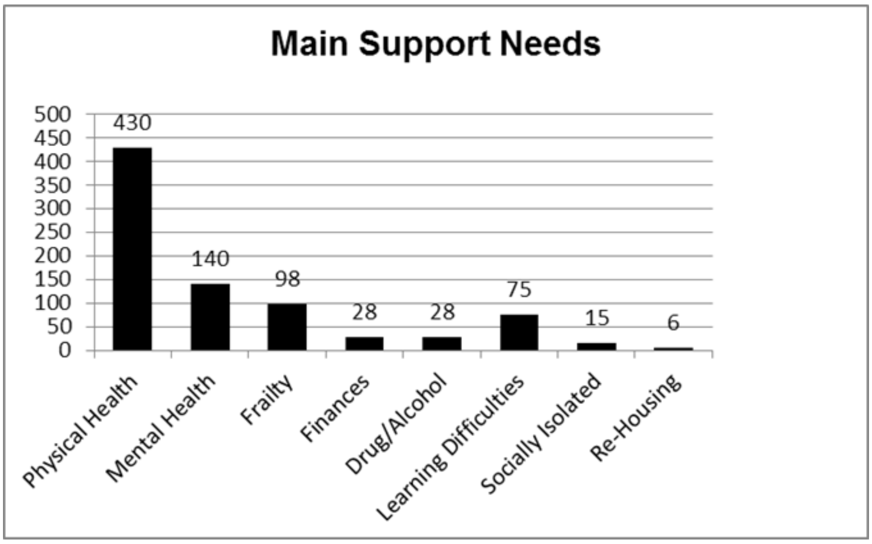
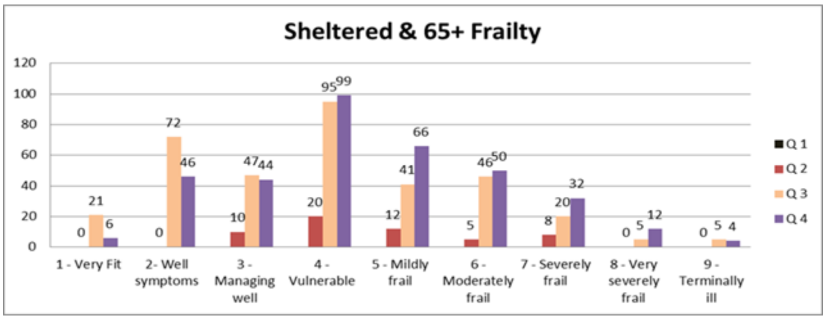


Figure 2) sheltered housing



5.4 78% of those supported live in either sheltered or general housing and 22% are from the private sector or a housing association.

5.5 During 2015/16, (from a non clinical perspective) the service started to measure the frailty of its clients using the Rockwood Frailty Index. The results are shown in Figure 3 below:



5.6 Although demographically Cambridge's population is slightly younger when compared to the rest of the County, a large proportion of the clients supported within this service are considered to be "vulnerably frail" to terminally ill. Preventative support to these clients enables them to remain at home for longer, independent and reduces demand on high costs residential care and nursing homes.

5.7 Figure 1 above shows that of the referrals received to the 65+ service, 17% relate to staff helping older people to access care packages in their own home.

5.8 Around 27% of those referred to 65+ or living in sheltered housing are helped to access *non* housing related benefits. In 2015/16, this service helped a large number of tenants access age related benefits such as Attendance Allowance and successfully increased client's incomes by £192 000 helping many older people avoid poverty.

5.9 The City Council is the only district which continues to provide an emergency response service as part of its community alarms service.

5.10 In 2015/16, of the 1160 calls attended by the emergency response service (part of the alarms service commissioned by the City Council), 393 resulted in an avoided admission. Those clients were assessed and safely settled in their home. Based on costings provided in 2015, by United Care Partnership, if every one of 393 clients avoided admission and an overnight overnight stay, this service would have saved the public sector £247 983.

5.11 However, in 2015/16, the County Council also withdrew a small amount of residual funding to landlords in respect of the community alarms service. In Cambridge, this resulted in a slight increase in the recharged costs to the customer, although some of the impact was reduced through housing benefit.

5.12 There is scope to explore the extent of which the community alarms service also contributes to the public health objective to reduce the number of falls (and subsequent hip fractures) and the City Council would like to review this service possibly in conjunction with South Cambs District Council. The existing telephone response contract (which responds to alarm activations) is due to renewal or tendering in 2017.

5.13 Technological advancements have resulted in more modern community alarm devices being available and there are aspects of the service which could be reviewed in terms of best value for money.

6.0 Move on housing for people recovering from a mental health condition

6.1 The City Council has 22 units of accommodation set aside for single people recovering from a mental health condition.

6.2 Prior to 2012, both the landlord and support function for this accommodation was delivered by two staff employed by Cambridge City Council. In 2012, the County Council changed the way it commissioned support for people in mental health accommodation and chose one provider across the County. As a result, Metropolitan Care and Support provide the support to these tenants.

6.3 This accommodation requires more intensive housing management than general needs housing. The 22 units include a shared house and since 2014, the self contained accommodation is let as fixed term tenancies. The expectation is that most tenants will, with support, move on to independent living within 3 years. In 2015/16, Cambridge City Council received 8 referrals for clients who were predominantly referred from either high support hostels, homeless hostels or from hospital.

6.4 Of the 6 tenants who moved on last financial year,

- 2 moved into independent accommodation
- 1 returned to the family home
- 3 tenants moved into more intensive specialist supported housing

Demand for this accommodation is steady and any void loss exceeding 4 weeks is paid by the County Council.

7.0 Tenancy Sustainment Service (Mental Health)

7.1 This service was introduced in 2014 to address the increasing number of tenants who's behaviour, associated with their mental ill health, was impacting on their tenancy or on their ability to maintain housing resulting in the threat of homelessness.

7.2 The service was funded on the basis that 75% of its referrals would relate to supporting City Council tenants and 25% would be to support housing applicants with a mental health issue that impacts on their ability to access suitable housing. The main referral sources were expected to the Area Housing Teams, the Safer Communities Team and the Housing Advice Service.

7.3 The other aim of the service was to work with health, social care and other agencies to ensure that the pathways for tenants to access mental health services was clear and that these services had a better understanding of the role of social housing in the City.

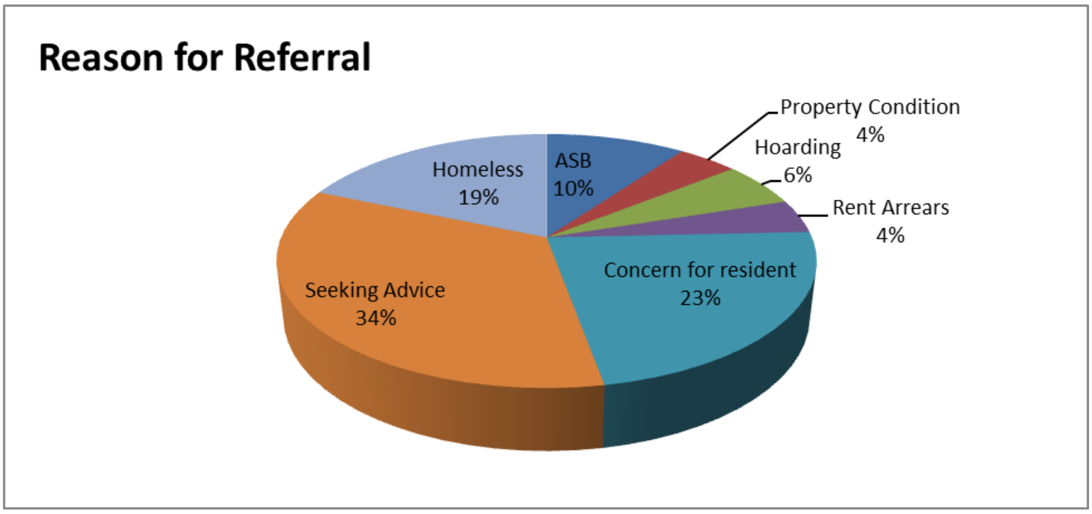
7.4 In 2015/16, the service which consists of two council officers, received 71 new referrals and carried forward 17 clients from the previous year. The main referrers are shown below:

- 28% (City Homes) Area Teams
- 22% Cambs & Peterborough Foundation Trust (CPFT)
- 21% Housing Advice Service
- 7% Safer Communities Anti-Social Behaviour Team

7.5 Of the clients supported in 2015/16, 58% were CCC tenants, 20% lived in hostels, 13% lived in the private sector and 9% were from Housing Associations. Given that 87.5% of funding for this service comes from the Housing Revenue Account, the service needs to review why the number of clients supported in CCC tenancies has reduced.

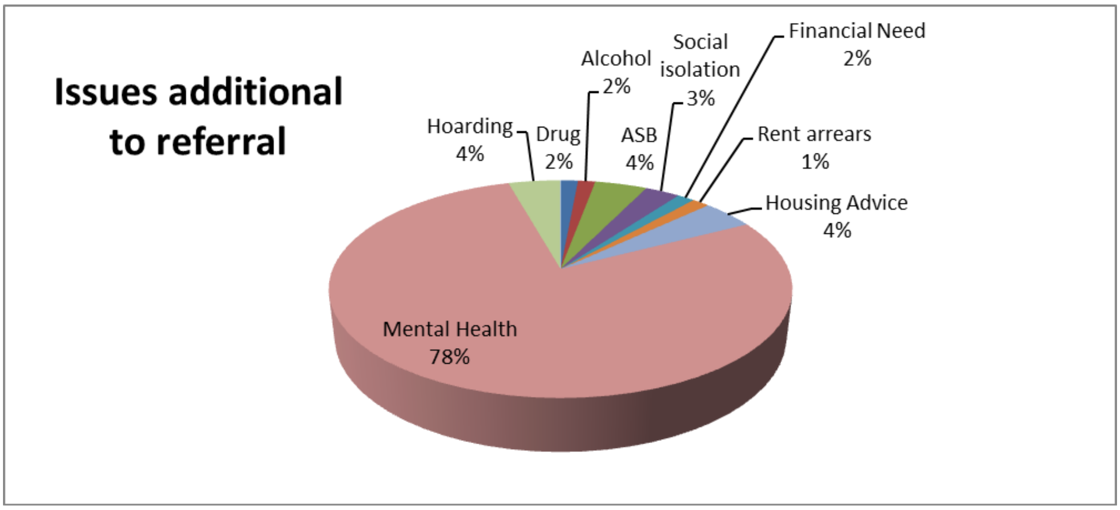
7.6 79% of the clients supported were evenly distributed across all age groups under 49 yrs of age. However, the number of older people supported by the service increased with 21% of clients being over the age of 60.

7.7 The main reasons clients were referred for this preventative support is shown in Figure 4 below:



*Concern for the resident includes reports that the tenants is behaving in a way that indicates they are mentally unwell or that there is some concern about their property.

Figure 5 below shows the assessed need of the client following the initial assessment



7.8 The service outcomes include:

- 48% were clients and professionals who were given advice and appropriate signposting
- 30% were, after the initial crisis had been resolved, referred on to appropriate services for longer term support
- 16% declined the service or were inappropriate referrals
- 100% of tenancies were maintained
- Clients were supported to access £26000 non housing related benefits

8.0 General Overview

8.1 Supported Housing continues to work in conjunction with Health and Social Care to ensure Housing is part of a wider public sector partnership addressing the well-being of social housing tenants and ensuring that their interests are fully represented in developing relevant services. Staff employed within Supported Housing also provide advice to colleagues across the City Council who are dealing with vulnerable customers as part of their interaction with us as a district council.

9.0 Implications

9.1 Financial Implications

No additional implications

9.2 Staffing Implications (if not covered in Consultations Section)

No additional staffing implications

9.3 Equality and Poverty Implications

The report highlights the positive contributions Supported Housing makes to the overall anti-poverty objectives of the City Council. The service has helped clients to increase its financial resources by £230 000 in the last financial year.

The report highlights the positive benefits the service provides to supporting vulnerable people in Cambridge and contributes significantly to the well-being of those most likely to suffer inequalities in the City.

9.4 Environmental Implications

N/A

9.5 Procurement

N/A

9.6 Consultation and communication

The Supported Housing Service is a very customer focussed service. Accessibility to these services is promoted via social media, marketing events and in more traditional formats such as posters and leaflets.

The service represents the City Council on numerous partnerships associated with the well-being of vulnerable people.

There are no consultation requirements from this report.

9.7 Community Safety

The report highlights the positive contribution the service makes to reducing anti-social behaviour and homelessness.

10.0 Background papers

No background papers

11.0 Appendices

No appendices

12.0 Inspection of papers

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

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Cambridge City Council **Item**

To:	Executive Councillor for Housing: Councillor Kevin Price
Report by:	Julia Hovells, Business Manager / Principal Accountant
Relevant scrutiny committee:	Housing Scrutiny Committee 22/9/2016
Wards affected:	All

HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL STRATEGY

Key Decision

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1. Executive Summary

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

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

2. Recommendations

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

The Executive Councillor is recommended:

a) To approve the Housing Revenue Account Medium Term Financial Strategy attached, to include all proposals for change in:

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

- 2016/17 revenue budgets as introduced in Section 5, resulting from changes in financial assumptions and the financial consequences of change, as introduced in Section 5, detailed in Appendix D of the document and summarised in Appendix G.

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

The Executive Councillor is asked to recommend to Council:

b) To approve 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 20th October 2016.

3. Background

3.1 The Housing Revenue Account budget was set for 2016/17 as part of 2016/17 HRA Budget Setting Report, approving a net contribution from reserves in the year of £1,737,420.

3.2 This figure was later amended to reflect approvals to carry forward expenditure originally anticipated to be incurred in 2015/16 into 2016/17 as part of the closedown process for 2015/16. Following these changes, the sum of £1,928,420 was anticipated to be required as a contribution from reserves for the year.

3.3 The HRA Medium Term Financial Strategy revisits the assumptions made as part of the HRA Budget Setting Report, and recommends both changes in these, and in some areas of budgeted expenditure and income for 2016/17 and beyond.

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

4. Implications

(a) **Financial Implications**

The financial implications associated with the HRA Medium Term Financial Strategy are incorporated as part of the document itself and the associated appendices.

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

There are no direct staffing implications associated with this report. Any staffing implications resulting from the Housing Transformation Programme and resulting recommendations will be addressed as part of the reports presented to Housing Scrutiny Committee during the review.

(c) **Equality and Poverty Implications**

An Equalities Impact Assessment is not considered to be required as part of this report.

(d) **Environmental Implications**

There are no adverse environmental implications anticipated as a result of changes proposed in this report.

(e) **Procurement**

There are no direct procurement implications associated with this report. Any external staff resource required to implement Pay to Stay will be procured though the Council's existing temporary staffing contractual arrangements.

(f) **Consultation and communication**

Tenant and Leaseholder representatives are being consulted on the proposals in the HRA Medium Term Financial Strategy as part of the Housing Committee scrutiny process.

(g) **Community Safety**

There are no direct community safety implications associated with the HRA Medium Term Financial Strategy.

5. Background Papers

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

- Housing Revenue Account Mid-Year Financial Review (October 2015)
- Housing Revenue Account Budget Setting Report (February 2016)

6. Appendices

Appendix A Housing Revenue Account Medium Term Financial Strategy.

7. Inspection of Papers

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

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Housing Scrutiny Committee

Housing Revenue Account Medium Term Financial Strategy (HRA Business Plan Update)

CAMBRIDGE
CITY COUNCIL

September 2016

2016/17 to 2045/46

Cambridge City Council

Contents

Appendices

Section 1

Introduction and Local Context

Foreword by the Executive Councillor

The Medium-Term Financial Strategy examines and restates the HRA budget for the current year and updates our financial assumptions and projections for the following four years. It seeks to plot a path through what has been, and continues to be, a period of significant change in national legislation for stock holding councils, in order to minimise and mitigate the impact on our tenants and to continue to invest in building new council homes.

The importance of councils as providers of secure, high quality, low cost rental homes for those for whom home ownership or private sector rent may never be an option is clear, yet the constraints on councils as providers have never been greater. Grant for new affordable rented homes has all but disappeared and many providers across the wider sector are diversifying into low cost home ownership with the changing definition of 'affordable'.

It is crucial that councils continue to make the case to government that the provision of low cost social rented homes is key both to meeting ambitious targets for the supply of new housing and to tackling the housing affordability crisis which is so clear, not just in Cambridge but across the country. Over the past few months this has been at the core of our discussions with the Treasury over the proposed Devolution Deal. Securing £70,000,000 for the HRA to be used with our retained Right to Buy receipts will enable a significant replacement programme of homes lost through Right to Buy and the increased rental receipts will enable further future investment in new homes.

Much work remains to be done but the proposed Devolution Deal offer can provide some hope in the too often bleak landscape for those on our housing needs register.

Councillor Kevin Price.

Executive Councillor for Housing

Background and Executive Summary

The Housing Revenue Account (HRA) Medium Term Financial Strategy is to be read in conjunction with the original HRA 30-Year Business Plan approved in February 2012, which set the scene for the current financial environment and the HRA Budget Setting Report of February 2016.

This report provides opportunity to review assumptions and consider any material changes, which may need the authority to change financial strategy, policy or to take alternative courses of action, to ensure a financially viable Housing Revenue Account in future years. Both revenue and capital investment is considered in this report, with the impact of any proposed changes on the HRA Business Plan clearly identified. A review of the strategic risks facing the HRA is presented at Appendix A.

The HRA Medium Term Financial Strategy re-states the budget for the current year (2016/17), highlighting only significant or exceptional in-year changes for approval, reviews and updates financial assumptions and presents updated projections for the following 4 years from 2017/18 to 2020/21, in the context of the longer-term financial position.

Following a review of the assumptions made previously, it is still clear that the HRA faces significant financial pressure, and although some of the changes made impact the financial forecasts positively, there is still the need to identify significant savings and efficiencies in the HRA, or to increase income generated, in order to maintain a sustainable HRA for in the longer term. There are still a number of areas of uncertainty, and financial forecasts will be reviewed again as further information is made available to the authority.

Timetable

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

Date	Task
2016	
22 September	Executive Councillor for Housing considers HRA Medium Term Financial Strategy and incorporates Housing Scrutiny Committee views in recommendations to Council
20 October	Council considers HRA Medium Term Financial Strategy
2017	
18 January	Executive Councillor for Housing considers HRA Budget Setting Report, considers any alternative budget proposals, approves rent levels and revenue budgets, following consideration of Housing Scrutiny Committee views, making final capital related recommendations to Council
23 February	Council approves HRA Budget Setting Report

Section 2
Housing Stock

Housing and Leasehold Stock

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

Housing Category (Including Shared Ownership)	**Actual Stock Numbers as at 1/4/2016**	**Estimated Stock Numbers as at 1/4/2017**
General Housing	6,414	6,471
Sheltered Housing	510	510
Supported Housing	22	22
Temporary Housing (Individual Units)	47	45
Temporary Housing (HMO's / EA)	30	30
Miscellaneous Leased Dwellings	17	17
Shared Ownership Dwellings	78	88
Total Dwellings	**7,118**	**7,183**
Property Type (Excluding Shared Ownership)	**Actual Stock Numbers as at 1/4/2016**	**Estimated Stock Numbers as at 1/4/2017**
Bedsits	107	107
1 Bed	1,687	1,698
2 Bed	2,376	2,423
3 Bed	2,253	2,248
4 / 4+ Bed	107	109
Sheltered Housing	510	510
Total Dwellings	**7,040**	**7,095**

Leasehold Stock

At 1st April 2016, the Council retained the freehold and managed the leases for 1,145 leasehold flats.

Housing Stock Changes

The table below compares reductions in the general housing stock in the last 10 years through right to buy sales, other sales, re-development and conversion, with increases in the number due to new build dwellings and acquisitions.

Year	Opening Stock	RTB's	Other Disposals / Demolitions	Conversions / Other Changes	Acquisitions / New Builds	Closing Stock
2015/16	7,016	(42)	(4)	5	65	7,040
2014/15	7,164	(51)	(109)	(7)	19	7,016
2013/14	7,235	(60)	(45)	1	33	7,164
2012/13	7,280	(41)	0	(6)	2	7,235
2011/12	7,290	(12)	0	0	2	7,280
2010/11	7,364	(17)	(62)	0	5	7,290
2009/10	7,387	(13)	(2)	(8)	0	7,364
2008/09	7,438	(6)	(44)	(1)	0	7,387
2007/08	7,524	(43)	(42)	(1)	0	7,438
2006/07	7,600	(72)	(2)	(2)	0	7,524
Total		(357)	(310)	(19)	126	

Section 3
The National Policy Context and External Factors

External Factors

In reviewing financial assumptions as a pre-cursor to strategic decision making, it is necessary to consider the assumptions made in respect of external factors, outside of the control of the organisation and to update financial projections in light of any changes or trends in these areas.

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

Inflation Rates

The base rate of inflation used to drive expenditure assumptions in the HRA financial forecasts is the Consumer Price Index (CPI). Having reviewed changes in this measure of inflation over the past 18 months, the average rate of growth has remained low, with rates of below 1% spanning the entire period.

In light of the recent referendum, resulting decision for the UK to leave the European Union and subsequent reduction in the Bank of England Base Rate, it is difficult to accurately predict in which direction this indices will move in the short or medium term.

With this in mind, forecasts for the rate of base inflation have been amended as part of the Medium Term Financial Review to reflect the projections currently being made by the Office for Budgetary Responsibility (OBR), with estimates that prices will increase by 1.9% for 2017/18, increasing to 2.4% from 2018/19 ongoing. This assumption will be revisited again as part of the 2017/18 Budget Setting Report.

Expenditure in respect of building maintenance is inflated in the financial forecasts using the RICS (Royal Institution of Chartered Surveyors) Building Cost Information Service (BCIS) all in tender price index. This index is historically volatile, with huge peaks and troughs in the rates between years, depending upon the level of activity and availability of both labour and materials for the industry.

Again, a decision to leave the European Union is anticipated to have a direct impact in this industry, with current uncertainty about the price that can be secured for building materials, whether financial institutions will continue to lend on the same terms for building projects in the UK, and whether the labour market will be directly impacted.

According BCIS All in Tender Price Index, forecasts for the next 5 years are for growth of 3.7% for the next 3 years, followed by an increase of 4.6% and 6.4% in the last 2 years. These revised assumptions have been incorporated into the financial forecasts, using an average rate of 4.5% form year 6 onwards.

Interest Rates

The Council lends externally, any cash balances held, adopting a mix of investments. If the balances held, whether revenue or capital in nature, relate to the Housing Revenue Account, the interest earned by the authority is credited to the Housing Revenue Account. Although a different mix of investments has been introduced recently, the level of return remains relatively low. Revised interest rate assumptions are included in Appendix B.

In respect of HRA borrowing, the self-financing loan portfolio with the Public Works Loans Board remains, with rates of between 3.46% and 3.53%. Any additional borrowing must still be within the level of the current HRA borrowing cap, resulting in maximum additional borrowing in the region of £16m. There is no indication at a national level that the borrowing cap will be increased in the immediate future.

Although any additional borrowing in the HRA could potentially be met from the General Fund, subject to the availability of resource, for the purpose of financial planning, the assumption that the HRA will borrow externally has been retained.

The external borrowing rate previously assumed for the HRA was 4%, but having reviewed the rates currently available from the PWLB for maturity loans with a 30 year duration, and taken into consideration market projections, it is proposed to reduce this assumption to 2.4%, rising to 2.5% in 2017/18 and then 2.7% from 2018/19 onwards, as part of the HRA Medium Term Financial Strategy, recognising that a certainty rate providing rates at 20 basis points below the standard rate is still available at present.

Although the reduction in the rates available currently mean that the rates are now lower than those secured for the self-financing settlement in 2012, any attempt to re-finance the loans now to take advantage of the lower rates would incur significant early redemption penalties. Any interest saving would be far outweighed by the penalty, which would need to be paid at the point of re-financing.

Right to Buy Sales

In 2015/16, 141 right to buy applications were received and recorded, compared with 103 and 114 in the two previous years respectively. This demonstrates an increase in activity, where previously a marginal decline had been seen. It is possible that renewed interest in the scheme may have been brought about by the anticipated introduction of ‘Pay to Stay’, the requirement for those on higher income to pay up to market rent for living in their council home. In 2015/16, 42 of the applications proceeded to completion of the sale of the property, compared with 51 in 2014/15. In the first 3 months of 2016/17, 21 sales have completed, supporting the view that interest has again increased.

It is impossible to accurately predict future sales, although recently renewed interest in the lead up to the introduction of ‘Pay to Stay’ indicates that an increase in the assumed level of sales may be appropriate for the medium term. With this in mind, it is considered prudent to marginally increase the assumption of sales, with an increase to 55 sales in 2016/17, with 50 sales in 2017/18, then reducing by 5 sales per annum, until 25 sales per annum are assumed from 2022/23 onwards.

Right to Buy Receipts

Still subject to an agreement with CLG, allowing the retention of an agreed proportion of right to buy receipts, subject to a set of specific conditions, the authority now holds a significant sum for re-investment. Receipts must be spent, within 3 years, 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, and not on dwellings receiving any other form of public subsidy, ie; Homes and Communities Agency grant.

Whilst held, the capital receipts can be invested by the authority to earn interest in the short-term, but if not spent appropriately within the 3 year time frame, have to be paid over to central government, with ‘penalty’ interest payable at 4% above the base rate, far exceeding the level of interest that will have been earned in the interim.

There is scope however, subject to progression of the latest devolution offer following public consultation, for money to be made available through this route to be matched with right to buy receipts to deliver new homes in the city.

Appendix C summarises the latest position in respect of receipts held and appropriately re-invested, highlighting that although a deadline has not yet been breached, the timing of investment through our capital programme is absolutely crucial if we are to avoid payment of any penalties.

It may still be necessary to consider some strategic acquisitions in the short-term in order to meet the deadlines, but a decision in this regard, will need to take account of the subsequent impact on our ability to deliver existing new build schemes. The option to pass retained receipts to registered providers still remains, with the registered provider delivering affordable housing to which we would receive nomination rights. The same time constraints apply in this instance, as does the need for the 70% top up funding.

At the end of each quarter, the Head of Finance, as Section 151 Officer, in consultation with the Strategic Director, makes a decision as to whether right to buy receipts are retained or paid directly over to central government. The Executive Councillor for Housing will be informed if the outcome of this decision making process were to be a decision to pay receipts directly back to Central Government. The decision takes account of the ability to identify the 70% top up funding required, and failing this, the potential for the receipt to be passed to a registered provider, with both options maximising the delivery of new homes in the locality. Payment of the sums to central government is only considered if there is a clear risk that the resource cannot be utilised appropriately within the required timeframes, thus mitigating any impact of the need to pay receipts over to central government at a later stage, alongside the interest penalty incurred.

National Housing Policy

National Rent Setting Policy

There is now no discretion at a local level in terms of setting rents. The Welfare Reform and Work Bill included legislation that imposes the requirement on local authorities and registered providers to reduce rents by 1% each year for four years, beginning in April 2016.

For the first year, an exclusion to the legislation was granted in respect of supported housing (sheltered, supported and temporary housing in the City Council's case), which allowed rents in these dwellings to be increased as before, pending the outcome of a review into the rent levels for this type of accommodation.

Cambridge City Council decided, having carefully considered the impact on residents, not to apply the exemption for supported housing in April 2016, as the national announcement confirming the exemption was very late in the process, and after decisions had already been taken to recognise the requirement to reduce rents by 1%.

The outcome of the review of rent levels for supported housing in the longer term is still awaited.

Market Rents for Higher Income Households (Pay to Stay)

The Housing and Planning Act 2016 incorporated a requirement for local authority social landlords to charge up to market rent levels for households on higher incomes, and for HMRC to be able to share information with local authorities to facilitate this.

The policy change will be implemented from April 2017, although a number of bodies are lobbying Government for a delay in this, and will require households earning over £31,000 per annum in taxable income to pay a higher level of rent than the social housing rent restructuring formula dictates, with increased rents introduced on a tapering basis. For every £1 over the threshold which a household earns, the rent payable will increase by 15p. The definition of household will include tenant, joint tenant, spouse, partner or civil partner. Earnings from non-dependent children living in the property, but not included on the tenancy will be disregarded, and any household in receipt of Housing Benefit or Universal Credit will be automatically excluded from the need to pay higher rents.

Local authorities will be able to retain 'reasonable' administrative costs, and for the **first** year of implementation, the sum payable to Central Government will be based upon actual receipts received, indicating that this might not always be the case.

Formal regulations are expected to be published in advance of the need to set rents for 2017/18, with a draft set anticipated by September at the earliest, after which we will be in a position to communicate with individual residents.

Mandatory Disposal of Higher Value Housing Stock

The Housing and Planning Act 2016 also introduced the ability for Central Government to impose a financial levy on stock owning authorities, which equates to the assumption that the authority disposes of a proportion of its higher value housing stock when it falls vacant.

The levy will vary for each financial year, with the value arrived at on a formulaic basis, after a period of consultation with local authorities. Although the formal regulations are still awaited at present, it is anticipated that each authority will have some discretion over which assets it disposes of, in order to meet the levy. Payments are likely to be due periodically throughout each financial year.

An officer project team is currently reviewing the asset holding for the HRA, allowing consideration of a number of options for the disposal criteria which will need to be set. The team are also exploring the options available to the authority in terms of the processes that will need to be introduced and the new workload that will need to be met, utilising either a fully in-house model, or procuring a proportion of the services required externally.

In the absence of any regulations, the HRA Medium Term Financial Strategy has been constructed maintaining the assumption that the compulsion to sell will require the equivalent of approximately 1.8% of the housing stock each year to be disposed of, representative of just under 130 properties per annum at the outset.

Welfare Reforms

Universal Credit

Universal Credit was introduced in Cambridge on the 29th February 2016 and is currently only applicable to single, working age customers who would otherwise have been entitled to make a claim for Jobseekers Allowance. Universal credit does include housing costs for this group and generally this is paid directly to the customer. Claims must be made online, as this is more efficient than paper based alternatives, although the full digital service is not yet available in this area. This means that any follow up to the initial claim is currently paper based. The full digital service will not be available in Cambridge until the rollout of Universal Credit to all claim types. As yet, no date is available but it is not likely to be until at least 2017. The numbers of claims since the end of February have been 171, slightly lower than the DWP's (Department for Work and Pension's) initial estimate of

250. Most of these are for people who do not have a rental liability such as non-dependants and only 7 customers have needed to apply for Council Tax Support and only one of these is a City Homes tenant.

As part of the Delivery Partnership Agreement, requests for Personal Budgeting Support are being accommodated by Cambridge CAB (Citizens Advice Bureau). There have been low numbers of these too and many have not attended the appointment at CAB. CAB, DWP and the City Council are working towards trying to resolve this.

Benefit Cap

Preparations for the introduction of the reduced Benefit Cap are progressing, with the early identification of potential customers being approximately 150, of which approximately 80 are City Homes tenants. DWP have sent letters to all of these customers and Revenues and Benefits will also be contacting them to offer advice and support via the Advice Hub and CAB. The City Council is also working with Cambridge Housing Society to look at ways to help those affected into work.

Removal of the Spare Room Subsidy

Numbers of customers affected by the removal of the spare room subsidy continue to reduce slowly and currently there are 367 City Homes tenants affected by the reform. With 315 impacted by a reduction of 14% and 52 by 25%.

Local Housing Allowance Restriction

Social sector rents used in the calculation of Housing Benefit and the Housing Costs element of Universal Credit will be restricted to the prevailing Local Housing Allowance rates from April 2018 for all new tenancies entered into from April 2016 (unless the tenancy is for a Specified Accommodation, then the tenancy start date is April 2017). There is heavy lobbying by many sectors for exemptions from this reform for Specified Accommodation but there are no details from Government on this at this time.

For claimants under the age of 35, a restriction applies which limits the Housing Benefit payable to the shared room rate, and not the one bedroom rate, as would previously have been applicable. The lower rate restriction was previously applied to those under 25, but now impacts a larger number of residents.

Support for Vulnerable People

Cambridge City Council is still in contract with the County Council for the delivery of tenure neutral support services to older people across the city as a whole, with a term of up to 5 years from 30th April 2014, assuming an extension is agreed from April 2017. The contract sum is £180,000 per annum.

The City Council no longer receives any funding from the County Council for the provision of alarms in sheltered housing, alarms in general needs housing or for support in temporary housing. Across our temporary housing stock enhanced housing management services are still being provided by our own staff team to ensure that rent arrears are minimised and residents are moved on to more permanent accommodation as soon as it becomes available. There is no longer any dedicated support provision in this area.

The authority is also contracted to deliver support services in extra care housing, operating under temporary extensions arrangements whilst the County Council decide upon the most appropriate delivery vehicle for the future.

Section 4
Revenue Resources – Rent and Other Income

Rent Arrears and Bad Debt Provision

Rent collection performance locally remains consistently good, with over 99% of the value of rent due, collected in 2015/16.

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)
31/3/2012	£655,177	1.98%	£863,677
31/3/2013	£661,246	1.86%	£862,042
31/3/2014	£619,986	1.68%	£967,755
31/3/2015	£637,735	1.67%	£763,491
31/3/2016	£598,820	1.51%	£735,539

Performance in the collection of current tenant debt was improved in 2015/16, despite the ongoing impact for residents of both the social sector size criteria reduction in housing benefit and the benefit cap. Officers continue to work proactively with all tenants, but particularly those already, or soon to be, affected by the benefit changes, in an attempt to mitigate any negative financial impact on the Housing Revenue Account. Dedicated staffing resource continues to be directed at supporting those facing financial difficulties, in an attempt to ensure that residents react appropriately to the changes and get all of the financial assistance to which they are entitled.

The collection of former tenant arrears continues to prove challenging, although the focussed effort during 2014/15 to reduce the level of arrears was maintained and improved upon marginally during

2015/16. There is still work to do to ensure that former tenant debt held is that which is realistically collectable, and to facilitate write off of any which isn't. Provision is made in the Housing Revenue Account to write off just under 93% of former tenant debt, but a decision to do this is not taken until all avenues for collection have been exhausted.

Although, over the longer term, the position in respect of rent arrears is anticipated to worsen following the introduction of Universal Credit, the full impact is not expected to be realised immediately, but instead over a period, as tenants are moved to direct payment.

Taking the information above into consideration, it is recommended that the current contribution level of 1.12% that was allowed for assuming the need to collect 100% of rent from April 2016, is reduced in the short-term and instead phased back up to this higher level over a 3 year period. Assumptions of 0.56% in 2016/17, 0.84% in 2017/18 and 1.12% by 2018/19 have been incorporated as part of this review. The level of provision for the longer term will be reviewed once the authority has some experience of payment performance locally.

At 31 March 2016, the total provision for bad debt stood at £1,181,406, representing 89% of the total debt outstanding.

Void Levels

The value of rent not collected as a direct result of void dwellings in 2015/16 was £389,281, representing a void loss of 1.05%, compared with £320,237 in 2014/15, representing a void loss of 0.88%.

The marginal increase in void loss in 2015/16 was due to a combination of the decision to begin holding vacant units at Ditchburn Place pending the refurbishment of the scheme, coupled with 'management or major voids' held pending decision to dispose and some new build units which were unoccupied for longer than anticipated due to some problems identified with the quality of the homes post hand over.

Void performance statistics exclude 'management of major' voids, ensuring that the authority has a proper picture of those dwellings vacant, but anticipated to be available for re-let once any standard void works have been completed.

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

Rent Setting

Although in the background, the national rent setting policy for calculating rents in social housing, 'rent restructuring' remains, as identified in Section 3, National Housing Policy, there has been significant change in national rent policy which impacts this.

Rents levels are required legislatively to be reduced by 1% per annum for 4 years, with the first year of this applied from April 2016. Compared to the previous business plan assumption of an increase of 4%, this change has already significantly impacted the revenue stream for the HRA.

The potential to exempt supported housing from the rent cut, and instead to apply an increase of CPI plus 1% was not exploited locally. The level of rent chargeable in supported housing in future years will be dependent upon the outcome of a national review of supported housing, and the authority will need to decide whether to apply any future exemptions if they exist, subject to their implementation being discretionary.

The authority identified savings as part of the 2016/17 budget, to offset the financial impact of year 1 of the rent loss, but there are a further 3 years reductions anticipated.

Rent Restructuring

Rent restructuring, designed to ensure consistency in rent levels for all social housing tenants irrespective of landlord by introducing a formulaic target rent for each property, is still the prescribed method of calculation for social housing rents.

There is still a significant gap between the target rents for many properties, and the actual level of rent being charged to the existing residents. The authority now only has the ability to close this gap when a property becomes void, which the authority has been doing fully since April 2015.

The average target 'rent restructured' rent at the start of 2016/17 across the general housing stock was £104.83, with the average actual rent charged being £100.26, both recorded on a 52 week basis. The average actual rent was therefore representative of 95.6% of the average target rent, with only 16.7% of this general housing stock being charged at target rent levels.

There were 98 new build properties charged at the higher 'affordable rent' levels, equivalent to the Local Housing Allowance at April 2016.

The gap between actual and target rent levels now equates to an annual loss of income of approximately £1,650,000 across the HRA, compared with the income assumption in the HRA Self-Financing Debt Settlement, where convergence was anticipated by now. Closing this gap may never be realised in many cases, with a significant proportion of properties likely to need to be sold when they fall vacant, to meet the higher value void levy.

Pay to Stay

The requirement for households with annual incomes in excess of £31,000 to be required to pay up to market rent levels will be introduced from April 2017, as described in Section 3.

The increased income collected by local authorities as a result of this change will be payable to central government, with the expectation that a contribution towards the cost of administering the scheme will be retainable locally.

Until work has been undertaken to define the process through which income information will be shared by HMRC and the basis upon which rents will be charged to residents, combined with IT suppliers undertaking development work to provide for as much of the process to be managed electronically as possible, it is impossible to quantify the additional resource that will be required to fulfil our obligations.

Communication with residents will be undertaken in the lead in to April 2017, as soon as the authority is clear about the process being adopted.

Resource of £120,000 was included in the HRA from 2016/17 to meet the anticipated increased costs of collecting rent from 100% of tenants as a result of direct payment. As the introduction of this is being phased, it is proposed to utilise this resource in 2016/17 to meet the up-front costs of implementing 'Pay to Stay', which is also an increased cost of rent collection, just in a different form.

Once the regulations supporting the changes in national rent policy are available, consideration will be given to any required changes in the Rent Setting Policy at a local level as part of the 2017/18 HRA budget setting process, either as part of the HRA Budget Setting Report or as the subject of a specific Housing Scrutiny Committee report at the same time. Rent levels will continue to be set in January of each year, with the Executive Councillor for Housing having the authority to make this decision, following consideration and debate by Housing Scrutiny Committee.

Reserves

Housing Revenue Account General Reserves

Reserves are held partly to help manage risks inherent in financial forecasting and budget-setting. These risks include changes in inflation and interest rates, unanticipated service demands, rent and other income shortfalls, and emergencies, such as uninsured damage to the housing stock. In addition, reserves may be used to support the Housing Capital Investment Plan and, in the short-term, to support revenue spending, for example to spread the impact of savings requirements over more than one financial year. For the Housing Revenue Account the intended target level of reserves remains at £3m, with a minimum level of reserves of £2m. HRA reserves are currently at levels above the target due to the need to identify resource to top up the retained right to buy receipts which we currently hold, thus allowing them to be spent appropriately.

The impact on HRA reserves for 2015/16, and 2016/17 to date is shown in the table below:

Budgeted or Actual Use of / (Contribution to) HRA Reserves	2015/16 £'000	2016/17 £'000
Opening General HRA Reserves	**(14,865)**	**(9,790)**
Changes in HRA Reserves		
Original Budget (Approved in February)	990	1,737
Carry Forwards (Approved in June)	9,272	191
MTFS Mid-Year Review (Approved in October)	192	(190)
Budget Setting Report Revised Budget (February)	(19)	-
Estimated Closing General HRA Reserves	**(4,430)**	**(8,052)**
Actual Outturn for the Year (Reported in June)	5,497	-
Contribution from Ear-Marked Reserves	(422)	-
Actual Closing General HRA Reserves	**(9,790)**	**-**

The original budget for 2016/17 approved a net use of general reserves of £1,737,420, recognising the desire to hold target HRA general reserves of £3,000,000 over the longer term. The budget incorporated a revenue contribution of £11,238,900 to fund capital expenditure.

The financial projections incorporated into this report include the effects of changes in capital scheme approvals and resources, approved carry forwards from 2015/16 and incorporation of changes in anticipated interest due for 2016/17 based upon revised cash balance assumptions as part of this HRA Medium Term Financial Strategy.

The final general HRA reserves position reported at 31 March 2016 was £9,790,590. This included a return to general HRA reserves of £422,307 previously ear-marked for shared ownership repurchases and specific re-investment of monies generated from roof space rental.

The revised projection of the use of general reserves in the current year (2016/17) now indicates that there is expected to be a net use of reserves of £1,738,410, which would leave a balance of £8,052,180 at 31st March 2017.

There is now a proposed use of £11,128,900 of direct revenue financing of capital expenditure in 2016/17 and £6,997,470 in 2017/18. This is possible due to a combination of the current level of HRA reserves, built up from underspending in prior years, coupled with a significant reduction in the level of depreciation assumed to be charged to the HRA from 2017/18 onwards.

Earmarked Funds

In addition to General Reserves, the Housing Revenue Account still maintains a small number of earmarked or specific funds which are held for major expenditure of a non-recurring nature or where the income is received for a specific purpose. See Appendix I for detail of existing balances held.

Section 5
Detailed Review of Revenue Budgets

Housing Transformation Programme

Following a detailed financial review of the HRA and Housing General Fund Services as part of the Fundamental Review of Housing, a first tranche of savings were identified from 2016/17 onwards.

Many of the approved savings for 2016/17 have been delivered as anticipated, with service restructures completed as planned and the south area office vacated as anticipated by the end of June 2016. Delays in finding a suitable sub-tenant for the area office may however result in the saving in this area not being realised from August 2016 as anticipated.

During 2016/17 and 2017/18, a Housing Transformation Programme has been introduced, led by the Strategic Advisor for Housing, which seeks to ensure that the authority is best placed to respond to the changes in the economy and in national housing policy which the HRA faces,
Identifying how services will need to transform to deliver within the financial constraints imposed, whilst still meeting the needs of the most vulnerable.

The work streams being considered as part of the programme include:

- Responsive, Cyclical and Void Repairs
- Housing Management
- Anti-Social Behaviour
- Specialist Housing Services
- Stores
- Garages
- Disabled Adaptations
- Section 20 Works and Cost Recovery
- Corporate Costs and Recharges
- Self-Financing Debt
- Disposal of Higher Value Voids Levy
- Pay to Stay

The initial findings are presented to Housing Scrutiny Committee as part of this committee cycle, with detailed budget proposals to be incorporated as part of the 2017/18 budget process and included in the 2017/18 HRA Budget Setting Report.

2016/17 Mid-Year Budget Changes

As part of the HRA Medium Term Financial strategy, there is no formal mid-year review of service delivery or operational budgets, but there is an opportunity to review the HRA position for the current year from a strategic perspective, allowing incorporation of any major in-year changes in income or financing arrangements as a direct result of changes in the capital programme.

For 2016/17, there is the need to recognise and approve the following changes in the HRA mid-year:

- Revised rental income assumptions as a result of delays in the delivery of the new build programme, increased right to buys, and the assumption that voids may be held in the latter stages of the year pending decisions about the sale of properties to meet the higher value voids levy once known.

- A reduction in the 2016/17 contribution to the bad debt provision, recognising the phased introduction of direct payments as part of welfare benefit changes.

- An increase in the revenue costs associated with the sale of properties under the right to buy that can be capitalised in 2016/17 due to a higher level of sales than anticipated.

- A reduction in the amount of interest that the HRA will expect to pay on notional internal borrowing in 2016/17 due to a reduction in the assumed rate of interest payable.

- An increase in the anticipated interest received on cash balances for 2016/17, as although the interest rate is predicted to reduce, the level of balances held is higher due to underspending in 2015/16, re-phased capital expenditure and increased sales receipts.

- Inclusion of the HRA share (£25,000) of the Employer's Apprenticeship Scheme Levy, to be effective from April 2017. The Council's levy will be based upon 0.5% of the total pay bill.

- Re-allocation of £120,000 rent collection budget to meet the up-front costs of Pay to Stay.

These changes are detailed in Appendix D, and are incorporated into the HRA Summary Forecast at Appendix G.

Section 6
Capital - Existing Stock

Stock Condition / Decent Homes

The authority holds validated stock condition data for its housing stock, which is updated on a continual basis.

The housing service reported achievement of the decent homes standard in the housing stock as at 31 March 2016 at 92%, compared with 97.9% achieving the desired standard at 31 March 2015. There were 553 properties that were considered to be non-decent (in addition to refusals), with another 379 anticipated to become non-decent during 2016/17.

Stock Investment

As part of the Fundamental Review of the Housing Service in 2015/16, the 30-year investment programme was fully reviewed, taking into consideration work completed to date, the stock condition data held for all dwellings and the prices that the authority was contractually committed to for works delivered by its planned maintenance contractors.

The table below confirms the assumptions currently made in respect of decent homes component lives:

Decent Homes Asset Life Table – With Local Asset Lives Assumed

Element	Option	Original Life Assumed	Current Life Assumed
Balcony		80	80
Balustrade/railing	Metal, timber, concrete, glass, melamine, other	80	80
Bathroom		**30**	**40**
Boiler		**8**	**12**

Element	Option	Original Life Assumed	Current Life Assumed
Canopy	Timber, concrete, GRP, metal	40	40
Chimney	Pointing & Render	50	50
Communal door	GRP, timber, PVCu, composite, steel, mixed	40	40
Communal lift		20	20
Door entry system		15	15
Drainage		25	25
Electrics		30	30
Enclosure doors	GRP, timber, PVCu, composite, steel, mixed	40	40
Front/Back door	GRP, timber, PVCu, composite, steel	40	40
Garage		80	80
Garage door	Timber, composite, steel other	30	30
Garage rainwater goods		15	15
Garage roof	Metal, asbestos, concrete, felt, other	30	30
Glazed areas	PVCu, timber, metal, aluminium, SDG	40	40
Heating	Gas warm air, electric warm air, electric storage heaters	30	30
Heating	Other, solid fuel, electric ceiling heater	30	30
Heating	Gas boilers & radiators	40	40
Kitchen	**Small, medium or large**	**20**	**25**
Roof covering	Flat	30	30
Roof covering	**Pitched**	**50**	**60**
Roof structure		50	50
Shed door	GRP, Timber, PVCu, composite, steel, mixed, other	30	30
Shed roof	Metal, asbestos, corrugated sheets, felt, other	30	30
Shed windows	Timber, PVCu, metal, other	30	30
Smoke detector		15	15
Wall Finish	Brick, render, cladded, tile hung, metal sheet	60	60
Wall structure	Brick, block, timber, concrete, combination, other	80	80
Water heating	From boiler, on/off peak immersion, gas/electric instantaneous, communal	15	15
Window	**PVCu**	**25**	**40**
Window	Timber, metal, aluminium, part PVCu	40	40

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

- Expenditure as approved in the HRA Budget Setting Report in February 2016.
- Re-phasing of expenditure anticipated to take place in 2015/16 into 2016/17 and beyond, as approved in June / July 2016.
- Re-allocation of resource between both expenditure elements and years, of the decent homes and other investment in the housing stock programmes, to ensure appropriate delivery.
- Inclusion of an additional annual allocation of £60,000, recognising the incidence of failure being experienced in external doors prior to their timetable replacement in the programme. This will be reviewed again as part of the wider review of the Decent Homes Programme from 2017/18.
- Removal of the residual allocation for the inflationary element of the capital programme for 2016/17, and reduction in future years, where resource has been identified as not being required in year.
- Inclusion of £130,000 of funding to implement the capital aspects of the Stores Review findings, which as part of the Housing Transformation Programme, recommend retaining a reconfigured, restructured service in-house, but sited at Cowley Road, with reduced stock lines, improved IT capabilities, and improved processes and storage systems. The revenue aspects of the change (£40,750) will be met from the existing 2016/17 transformation fund budget.
- Capital financing has been updated in respect of revised assumptions in right to buy and other capital receipts, grants, revenue funding of capital expenditure and borrowing requirements.

The current HRA Business Plan and resulting Housing Capital Investment Plan are constructed on the basis that a partial investment standard is retained in the housing stock, reduced as part of the Fundamental Review of the Housing Service, but recognising that future consideration needs to be given to the impact of further reducing investment levels over the longer-term and returning to the basic decent homes standard, to provide flexibility to respond to the increased financial pressure that the HRA faces.

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

Asset Management

Consideration continues to be given to the strategic acquisition or disposal of assets, in line with the current HRA Acquisition and Disposal Policy. The policy will have be reviewed and significantly amended once the regulations surrounding the higher value voids levy are available. This legislation will require a completely new approach to the asset management of the housing stock.

Receipts from individual asset disposals are currently recognised in the HRA's reserves only at the point of receipt and after all relevant costs have been provided for, but this will need to change once the new regulations are in place, as it will be necessary to forecast the number of sales which will take place in each period, in order to plan effectively to meet the levy set.

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

Potential Acquisition/Disposal	Comment	Status
13 Shelly Row	2-bedroom house approved for market disposal	Sold
20 Beche Road	4-bedroom house approved for market disposal	Sold
2 Grafton Street	3-bedroom house approved for market disposal	Sold
23 Magrath Avenue	3-bedroom house in need of investment, approved for disposal at HSC in June 2016	Awaiting sale
188 Kendal Way	3-bedroom house currently owned by the County Council (linked to 12 Mortlock Avenue)	Awaiting acquisition
12 Mortlock Avenue	3-bedroom house currently leased to the County Council (linked to 188 Kendal Way)	Awaiting sale
1 Ferry House	2-bedroom house proposed for market disposal	Awaiting decision

New Build & Re-Development

General Approach

All new build housing in the HRA is now being delivered by the newly formed Housing Development Agency, who will project mange these sites alongside sites for a number of other partner organisations, including South Cambridgeshire District Council, Cambridge City Housing Company, Ermine Street Housing, Cambridgeshire County Council and the University. The H.D.A will charge a fee of 3% of gross build cost for affordable housing scheme delivery. The fee will be 1% of the gross build cost of the scheme, if the majority of housing is market or sub-market.

Potential new build schemes are still identified, and incorporated into the 3-year affordable housing rolling programme to allow formal feasibility investigation and consultation with stakeholders. The limited resources available to the HRA, and general economic uncertainty currently mean that schemes need to be carefully scrutinised to ensure continued viability.

Each scheme is considered and approved at Housing Scrutiny Committee based upon indicative costs, and then incorporated into the Housing Capital Investment Plan at the next approval opportunity. As the scheme design progresses and planning approval is sought, revised and more accurate scheme costs are available, culminating ultimately in a build contract value which forms the final budget for each scheme.

As part of the HRA Budget Setting Report or HRA Medium Term Financial Strategy, the latest scheme appraisal costs available at the time are incorporated into the financial models, and therefore the Housing Capital Investment Plan. These costs will not always be the finally agreed contractual sums that the authority enters into in all cases, but ensures that the most up to date data is being utilised.

Current New Build Schemes in Contract

Work continues to deliver the programme of HRA new build housing across the city. At the time of writing this report 123 new homes have been completed since April 2012.

Following some delays in the earlier stages of some new build projects in respect of securing vacant possession and obtaining planning permission, subsequent challenges have been faced in ensuring handover of new homes which meet our expectations. The impact of the delayed revenue stream for some sites may be mitigated in part, by contract clauses allowing negotiation of liquidated and ascertained damages, which will indemnify the Council in respect of a proportion of this loss.

The table below details the new build schemes (including acquisitions) that have reached completion since April 2012:

Scheme	Date Completed	Approved Social Housing Units	External Funding Source	Percentage Social Housing on Site
Jane's Court	November 2013	20	HCA Grant	59%
Anstey Way	January 2015	1	RTB Receipts	50%
Latimer Close	March 2015	12	HCA Grant	60%
Barnwell Road	July 2015	12	HCA Grant	59%
Campkin Road	March 2016	20	HCA Grant	63%
Stanesfield Road	March 2015	4	HCA Grant	50%
Atkins Close	June 2015	8	HCA Grant	100%
Wadloes Road	October 2015	6	RTB Receipts	100%
Colville Road (Acquisitions)	June 2015	6	RTB Receipts	76%
Atkins Close (Acquisitions)	June 2015	4	RTB Receipts	100%
Wadloes Road (Acquisitions)	October 2015	3	RTB Receipts	100%
Colville Road	June 2016	19	HCA Grant	76%
Total		**115**		

In addition to the above, 8 of the 20 units at Aylesborough Close had been handed over at the time of writing this report.

The table below summarises new build schemes currently in progress, providing details of the latest budgeted costs and number of units that will be delivered on each site once complete:

Scheme	Approved Social Housing Units	Approved Shared Ownership Units	External Funding Source	Latest Funding Approved (Capital Cost net of Land Transfer)	HCA Grant, RTB Receipt and Sales Receipt Funding	Net Funding (Capital Cost net of Grant, Land Transfer, Sales and RTB Receipts)
Hawkins Road	9	0	RTB Receipts	1,413,720	(424,120)	989,600
Fulbourn Road	8	0	RTB Receipts	1,320,540	(396,160)	924,380
Ekin Road	6	0	RTB Receipts	1,091,740	(327,520)	764,220
Water Lane *	14	0	HCA Grant	1,510,460	(719,000)	791,460
Aylesborough Close *	20	0	HCA Grant	3,073,000	(775,000)	2,298,000
Clay Farm	78	26	RTB Receipts, Sales Receipts and HCA Grant	16,204,780	(6,163,809)	10,040,971
Homerton	29	10	RTB Receipts and Sales Receipts	7,007,560	(2,354,759)	4,652,801
Total	**164**	**36**				

* Both Water Lane (by £369,000) and Aylesborough Close (by £275,000) scheme budgets have been increased to reflect the need to buy market dwellings on each of the sites, which are then in turn sold on to returning leaseholders, increasing the funding for each scheme by a comparable amount, therefore resulting in no change in net cost to the HRA.

The Housing Capital Investment Plan, an updated version of which is attached at Appendix J, 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, right to buy receipts and sales receipts to be shown separately, and 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 statutorily required, would result in the need to pay the receipt over to Central Government.

Future New Build - Garage and In-Fill Sites

In March 2015, approval was given to proceed with the 2015/16 programme of garage and in-fill sites on HRA land, with initial funding of £3,030,000 to deliver 18 units, incorporated into the financial plans. Based upon the latest indications following discussions with Planning and Urban Design, it is now anticipated that it will be possible to deliver 17 units on the identified sites. The budget for this scheme has therefore been amended to reflect the reduction in units, and to incorporate the impact of price increases since the scheme was given outline approval in March 2015, resulting in a revised budget for this scheme of £3,013,000.

At Housing Scrutiny Committee in September, approval was given to add to this programme with four additional in-fill sites, allocating £709,000 of resource identified for new build to these specific sites. The sites in this programme now include:

Scheme	Site Type	Status	Current Budget Approval (£)	Potential New Build Units
Cadwin Fields and Nuns Way	Garage	Pre-planning	3,013,000	2
Cameron Road	Garage	Pre-planning		6
Wiles Close	Garage	Pre-planning		3
Tedder Way	In-fill	Consultation stage		2
Kendal Way	In-fill	Pre-planning		2
Uphall Road	Garage	Pre-planning, potential in-house build		2
Queensmeadow	In-fill	Feasibility stage	709,000	1
Hills Avenue	In-fill	Feasibility stage		1
Wulfstan Way	In-fill	Feasibility stage		2
Total			**3,722,000**	**21**

Once approved in principle, consultation, further investigative and feasibility work is undertaken, with a view to obtaining planning permission and building out the sites as soon as is practically achievable.

Akeman Street

In January 2016, Housing Scrutiny Committee considered a report for the redevelopment of mixed use HRA site in Akeman Street, where 10 new affordable homes were proposed in place of the current mixed commercial and residential development, which provides only 2 social rented homes.

Although the scheme received approval to proceed, a commitment was made to return to committee with a revised scheme mix, following further consideration of the number of units which could be re-provided on the site and whether any re-provision of commercial or community facility should also be incorporated.

Anstey Way

The Anstey Way site continues to be subject to land assembly activity, with the Council in the process of buying back any leasehold dwellings on the site, whilst also actively re-housing existing tenants in new homes.

The original new build scheme presented for Anstey Way, which would have delivered 34 homes in place of the existing 28, could not be fully funded in light of the financial pressures facing the HRA.

Funding of £1,280,000 was incorporated in the Housing Capital Investment Pan in September 2015 to meet the cost of land assembly for the site, with a subsequent £3,110,000 identified as part of the 2016/17 budget process towards the cost of re-developing the site.

Additional resource of £400,000 has been incorporated in the Housing Capital Investment Plan as part of this report, recognising that the costs of site assembly will be higher than originally anticipated based upon a combination of the current market value of the leasehold flats which are being re-purchased to facilitate the future development of this site and the impact of changes in stamp duty.

Once the site has been vacated, it is anticipated that the bungalows, as a minimum, will be demolished to avoid any unlawful occupation or anti-social behaviour in the locality.

Although options for the site are being explored, no decisions have yet being taken, as the final outcome of the devolution proposals may well increase flexibility in the use of HRA resources, resulting in a wider number of options being available for investing in new homes on this site.

Details of all changes to the new build investment programme are provided and reconciled in Appendix E.

Devolution

Discussions with Central Government in respect of the potential for devolution across East Anglia have culminated in a recent agreement to proceed to public consultation on a governance structure, based upon a brother / sister devolution deal for the region.

The devolution arrangements would see an arrangement for Norfolk and Suffolk together, and a separate arrangement for Cambridgeshire and Peterborough, with both having an elected mayor for their area.

In respect of the Cambridgeshire and Peterborough offer, government funding of £100 million would be made available for housing and infrastructure costs to meet the impact of growth in the area, with a particular focus on the Greater Cambridge area encompassed by the South Cambridgeshire and Cambridge City areas. In addition, £70 million would be made available over 5 years, ring-fenced for social rented housing and to be spent in Cambridge City Council's HRA. A government allocation of £20 million over 30 years would be provided to meet the ongoing costs of supporting infrastructure. If the devolution offer proceeds, the projections for the future of the HRA will look different.

£70 million of funding over 5 years is anticipated to allow the delivery of up to 500 homes over this period, assuming that this is also combined with right to buy receipts where they are available. The new homes would be let at social housing rent levels, using the Local Housing Allowance as a guide for this. The resource could be invested on HRA sites, General Fund sites, or for the delivery of the affordable housing element on Section 106 sites. As the new homes will not carry any liability in the form of prudential borrowing, the assets will make a positive contribution to the HRA business plan from the outset, helping to offset some of the impact of homes lost through right to buy and the higher value voids levy when it is implemented.

The funding and resulting 500 new homes have not been built into the HRA Business Plan at this stage, as there is further work to do before the devolution deal is finalised. However, if agreed, the funding could be used towards the schemes mentioned above in the future new build programme, releasing resource elsewhere to allow the Anstey Way scheme to proceed.

Section 8
Summary and Conclusions

HRA Budget Strategy

The Budget Process

The HRA budget for 2017/18 will incorporate the work being carried out as part of the Housing Transformation Programme. The process will remain broadly similar to that for previous years in terms of timing and detailed administration.

The work being undertaken as part of the Transformation Programme to exemplify savings will allow response to the changes in national housing policy which negatively impact the HRA business model, but would also allow strategic re-direction of resource into other areas of investment, such as new build housing, if the financial pressures are not as currently anticipated.

The potential for devolution alters the short-term position for the HRA, but would not address the delivery of a sustainable HRA over the full 30 years if the higher value voids levy were to be implemented as we are currently assuming. A degree of cost reduction or additional income generation would still be required to ensure the longer-term viability of the business.

The updated base model used to prepare this report incorporates a global reduction in spending as identified in the Housing Transformation Programme report presented to Housing Scrutiny Committee in June 2016. The detail in terms of individual savings proposals, and the impact of reducing budgets by these values, will be presented as part of the 2017/18 budget bids and savings process.

For 2016/17 the HRA Medium Term Financial Strategy incorporates changes in the anticipated interest earned in year from a revenue perspective, recognising that the opening balances at the start of the year were higher than anticipated and adjusts the anticipated level of rental income based upon updated knowledge of the timing of sales and the delivery of new build homes. The level of administrative costs of sales that can be charged to capital has been updated, and has the amount of interest payable on internal borrowing. Also incorporated are changes in the capital programme in respect of the budget now required for specific new build schemes, adjusted as they reach the next milestone in the development process and for non-scheme specific new build investment, based upon the level of investment required to avoid paying nay retained right to buy to Central Government, instead ensuring they are re-invested in the locality.

Approach to HRA Savings

The historic target for annual savings in the HRA of 2% ongoing savings in general management expenditure has been replaced for the next two years with the Housing Transformation Programme target of £1,000,000 per annum, and has been removed after this point. An adjustment in respect of repairs expenditure in line with estimated stock changes has been maintained.

Transformation funding of £120,000 per annum is also incorporated now for a 3 year period, allowing not only the one-off costs associated with change and transformation to be met, but also any ongoing revenue spending that may be required as a result of changes in the housing sector, for example to allow the authority to meet any unmet costs of the Pay to Stay agenda. If not utilised in each year to fund ongoing expenditure, the transformation budget could be offered as a savings towards the target set.

At this stage, pending the outcome of the review of the self-financing debt as part of the transformation programme, the assumption that the authority attempts to set-aside resource for the repayment of up to 25% of the housing debt by the point at which the loan portfolio begins to reach maturity, is retained. The authority will reconsider its approach to set-aside, although any decision in this regard will be taken in full knowledge of the financial risks which will accompany it.

As part of the 2017/18 budget setting process, any areas of new revenue investment, outside of that to be met from the Transformation Programme fund, will need to be offset by the identification of additional savings or increased income generation elsewhere across the HRA.

Until the devolution offer is confirmed finally, one of the key challenges for 2016/17 and beyond, remains the need to identify sufficient resource for investment in new build housing to ensure that the authority can continue to retain right to buy receipts and re-invest them appropriately. with the potential for retained right to buy receipts to need to be paid over to CLG, with interest, currently at 4.5%, calculated from the quarter in which they were originally received.

The level of capital investment in the housing stock was reviewed in 2015/16, resulting in a similar monetary investment requirement to that previously assumed. However, due to escalating building industry costs, now only providing for a lower level of investment in the housing stock overall. Any further savings in spending in respect of the existing stock, would be likely to mean a return to the basic decent homes approach.

The position will be reviewed again as part of the January 2017 HRA Budget Setting Report, with a view to maintaining service delivery in key statutory areas and protecting services for the most vulnerable, whilst attempting to maintain a programme of new build housing where possible.

Base Assumptions

In order to update the Housing Revenue Account Business Plan, the assumptions included in the base plan have been revisited, and confirmed or amended as appropriate in the light of any more up-to-date intelligence and information.
In all cases, the revised assumptions included are derived from the best information available at the current time, utilising both historic trend data and the expert advice and opinion of specialists where appropriate.

The base financial assumptions included in the financial model are included at Appendix B, with continuing uncertainties for the HRA summarised at Appendix K.

Appendix G summarises the revenue budget position for the HRA for the period between 2016/17 and 2020/21, based upon inclusion of the amended financial assumptions that form part of the update to the Self-Financing Business Plan.

Appendix J demonstrates the potential impact of the business plan of changes in some of the base assumptions that have been incorporated as part of this review, including the negative impact if rent increases are not returned to the level of CPI plus 1% from 2020/21 as being assumed.

HRA MTFS Conclusions

Updating the base assumptions for the HRA has had a significant impact on the future financial projections for the housing business.

One of the key positive changes in the business plan is a significant reduction in the assumed level of depreciation to be charged for the housing stock in future years, following a review by our independent external valuers, which resulted in an extension of remaining assets lives for many of the properties within the HRA. A reduction in the level of depreciation reduces the amount of resource which needs to be transferred into the Major Repairs Reserve, where it can then only be spent on capital activity, and instead leaves the resource in the revenue account, where it can be used to fund either revenue or capital activity, thus increasing the flexibility in the use of this resource.

Current financial modelling retains the assumption of the requirement to reduce rents by 1% per annum for four years from April 2016 and the compulsion to sell higher value housing stock on the open market when it becomes void. If we add to this the assumption made as part of the Housing Transformation Programme, that savings totalling £2,000,000 will be identified across 2017/18 and 2018/19, alongside the existing policy that the authority should set-aside revenue resource to be in a position to be able to redeem 25% of the loans when they reach maturity, the HRA is able to set a revenue budget until year 31, 2047/48, after which reserves are diminished within a further 3 years.

Although the revenue position, assuming the savings target of £2,000,000 is delivered in full, is just viable for the life of the business plan, the capital programme is not fundable from year 23, 2039/40, at which point the authority would be forced to breach their debt cap in order to meet the investment need in the housing stock.

Some of the revenue resource released by the change in depreciation levels has been included in the earlier years of the business plan as revenue funding of capital expenditure to provide the top up required alongside retained right to buy receipts, allowing continuation of a new build programme until 2018/19, and avoiding the need to pay sales receipts to central government during this short to medium term period.

It could be argued that this resource could instead be reserved to allow the capital programme to be funded for slightly longer than the 22 years currently funded, but this would negatively impact the revenue position, as the short extension to the new build programme increases the rental stream for the HRA as it goes a little way towards replacing some of the stock lost through right to buy and the assumed sale of higher value voids.

From 2018/19 onwards, a line has been incorporated into the Housing Capital Investment Plan recognising that there may be the need to pass retained right to buy receipts to a registered provider for re-investment in affordable housing where the HRA does not currently have sufficient resource to top this funding up. This would avoid the need to pay the receipts over to central government, and would ensure that the delivery of new homes in the locality is maximised.

The final outcome of the current devolution offer will be key to whether the HRA is able to continue to invest in new build homes itself after 2018/19, or may alternatively need to work with a registered provider to facilitate the delivery. Although not built into the assumptions currently, the one-off additional resource of £70,000,000 to be made available through devolution spread over 5 years would enable the delivery of up to 500 new homes over the medium term.

Any options available to the authority are currently predicated on the assumption that the Housing Transformation Programme will reduce costs or generate additional income of at least £2,000,000. The first £1,000,000 is anticipated to be identified for delivery in 2017/18, allowing for clarity in some of the national housing policy changes before the second tranche of savings are identified in preparation for 2018/19 budgets.

The work streams anticipated to deliver in year 1 are:

- Housing Management
- Repairs, Voids and Building Projects
- Stores
- Central Overheads and Recharges (Phase I)
- Pay to Stay

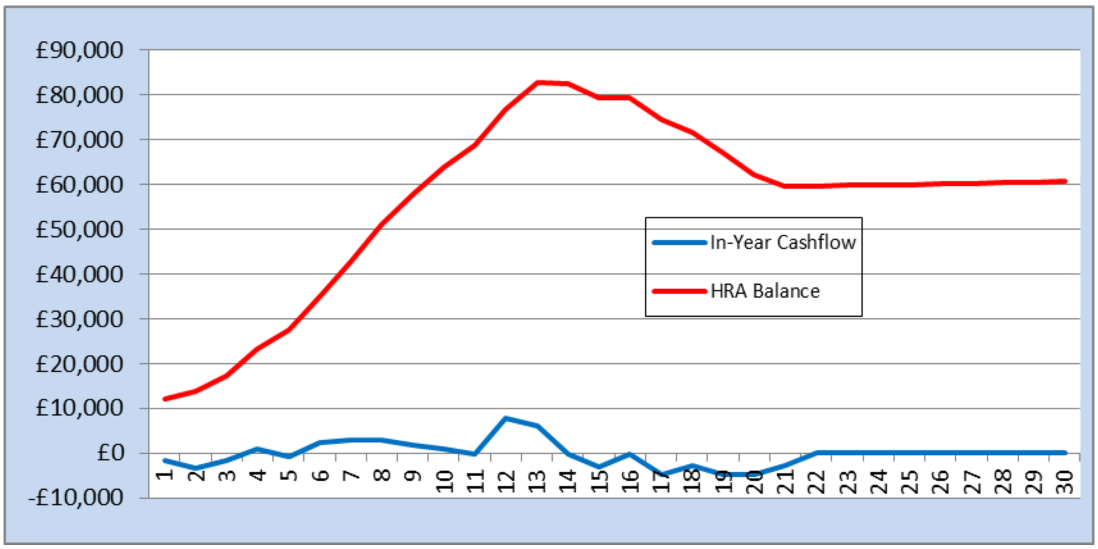
The work streams anticipated to deliver by year 2 are:

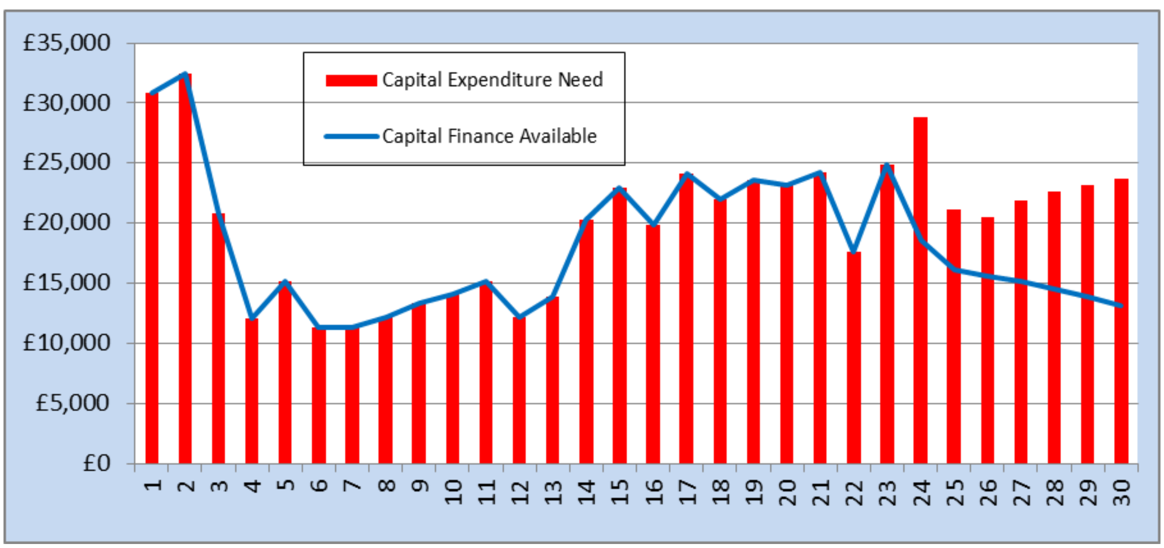
- Repairs Standards Review
- Senior Management Review
- Central Overheads and Recharges (Phase II)
- Debt Repayment
- Disabled Adaptations Investment and Policy
- Decent Homes Investment

The consideration of shared services is also to be explored, within a slightly longer timescale of 2 to 3 years.

The first graph below shows the financial forecast for the HRA with the current base assumptions and the anticipated savings from the Housing Transformation Programme included, demonstrating the ability to set-aside revenue resource in the early years to be able to meet the existing policy of 25%.

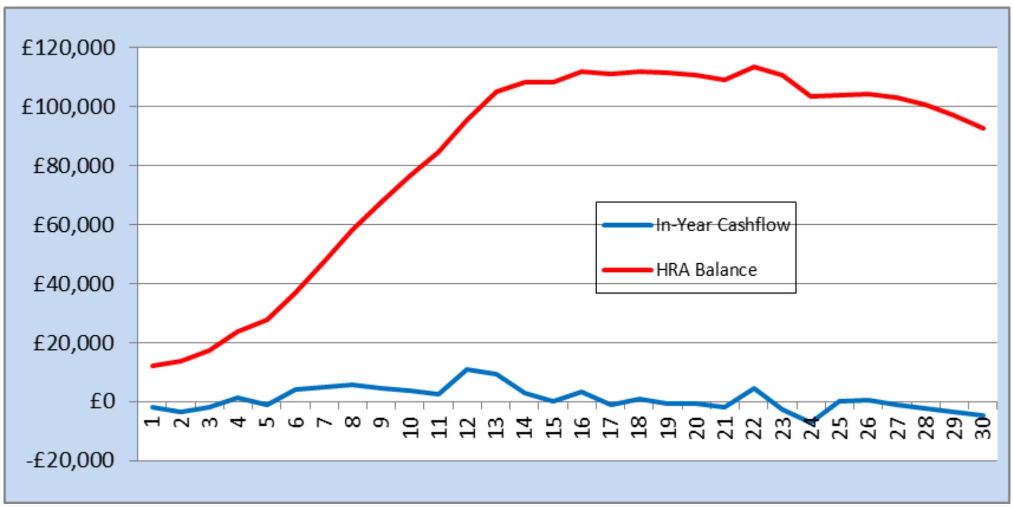
The second graph, however, depicts the inability to finance the required investment in the housing stock from year 23 onwards, which would force the HRA to re-finance all of its borrowing as each loan reaches maturity in order to be able to maintain the housing stock at currently agreed stock condition levels.

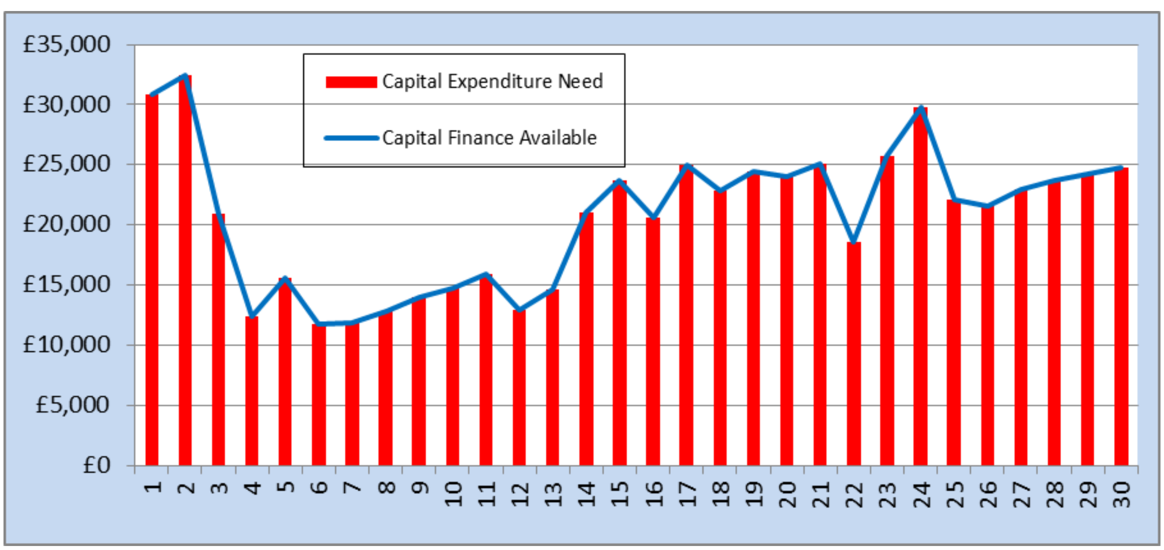




To illustrate the impact which devolution may have, the following graphs depict the position assuming the ability to deliver up to 500 new homes over the medium term. An assumed 440 new homes have been incorporated into the business plan, which would utilise the £70,000,000 devolution funding and all of the uncommitted anticipated retained right to buy receipts over the same period. The base assumption that £2,000,000 of savings will be identified has been retained.

Based upon this scenario, the HRA would be financially viable for life of the business plan, and the ability to fund the required expenditure in the capital programme would be extended for the life of the plan. This does however demonstrate that even with the devolution money, there is still the need to reduce cost in the HRA in the short-term as currently identified, assuming that the high value voids levy materialises as currently assumed.





Appendix A

Key Risk Analysis

Risk Area & Issue arising	Controls / Mitigation Action
Effects of Legislation / Regulation	
Implications of new legislation / regulation or changes to existing are not identified	• Effective, formal, regular review processes are in place for the HRA to ensure that implications are identified, quantified and highlighted
Funding is not identified to meet the costs associated with changes in statutory requirements	• Additional / specific funding requirements for new services can be identified through the budget process, to allow effective prioritisation of resources
HRA Debt Settlement could be re-opened by Government (or not re-opened when changes dictate that it should)	• The Council has processes in place ensuring early engagement in any consultation and collective representation through national housing bodies
Changes in national rent policy impact the ability to support the housing debt or deliver against planned investment programmes	• 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 if statute were to allow
Implementation of Pay to Stay and Fixed Term Tenancies carry administrative costs that far outweigh any allowances provided	• Limited resource is incorporated into financial plans for the ongoing costs associated with housing transformation, with the opportunity to review this annually
Housing Portfolio & Spending Plans	
The Council approves plans which are not sustainable into the future, leading to increasing problems in balancing budgets	• Council has adopted medium and long-term modelling (up to 30 years) for HRA, ensuring decisions are made in context of long-term impact • 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 prudency	
Business Planning assumptions are wildly inaccurate Financial policies, in general, are not sufficiently robust Funding to support the approved Capital Plan is not available	Council has adopted key prudency principles, reflected in: • 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	
There is ineffective use of the resources available to the HRA Failure to deliver Major Housing / Development Projects, i.e. return on capital, project on time etc.	• 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 • Performance and contractor management procedures are robust and contracts are enforceable • 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	
Undue reliance may be placed on external income streams, leading to approval of unsustainable expenditure	• 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
Rent and service charge arrears increase and bad debt rises, as a direct result of the Welfare Benefit Reforms	• Increased resources identified for income management. Performance closely monitored to allow further positive action if required.
Rent income is under-achieved due to a major incident in the housing stock	• Asset Management Plan in place to identify and address key issues in the housing stock to minimise likelihood of widespread incidents
Changes to the right to buy rules, pooling regulations and Pay to Stay result in a continued high level of sales, with the associated commitment to deliver replacement units or pay over receipts with interest	• Sensitivities modelled so potential impacts are understood • Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity
Volatility and competition in the property market impacts the ability to fund capital pressures from the sale of assets	• Policy on applying general capital receipts for strategic disposals only at point of receipt
Volatility and uncertainty in the property market impacts the ability to dispose of assets at appropriate values and within timescales required to meet the higher value voids levy	• Reconsider appropriate level of HRA reserves to hold as a minimum once the levy vale is known • Retain capital receipts realised in advance of the levy in anticipation of the need for them

Appendix B

Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	**1.9% for 2017/18, then 2.4% ongoing**	**General inflation on expenditure included at 1.9% for 2017/18, rising to 2.4% from 2018/19 ongoing, per OBR (Office for Budgetary Responsibility) forecasts.**	**Amended**
Capital Inflation	**3.7% for 3 years, 4.6%, 6.4%, then 4.5% ongoing**	**Based upon the BCIS forecast for the next 5 years, using an average over this period as the ongoing assumption**	**Amended**
Debt Repayment	Set-aside 25% to Repay Debt	Assumes surplus is re-invested in income generating assets, with 25% of resource set-aside to repay debt as loans reach maturity dates, pending review of the set-aside policy as part of the Housing Transformation Programme.	Retained
Capital Investment	Reduced Partial Investment Standard	Base model assumes a reduced partial investment standard in the housing stock, compared with a basic decent homes standard. This will be reviewed again during 2017/18.	Retained
Pay Inflation	**1.9% Pay Progression plus: 2017/18 – 1.0% 2018/19 – 1.0% 2019/20 – 1.0% 2% ongoing**	**Assume allowance for increments at 1.9%. Pay inflation for four years from 2016/17 limited to 1% reflecting recent Government guidance, and a return to 2% thereafter, reflecting economic recovery.**	**Amended**
Employee Turnover	**0% (3% transitional only)**	**Employee budgets assume a turnover saving of 3.0% of gross pay budget only until service restructure, at which point this assumption is removed**	**Amended**
Rent Increase Inflation	-1% from 2016/17 for 4 years, then CPI plus 1% for 4 years, then CPI plus 0.5% from 2024/25	Rent decreases of 1% per annum in line with government guidelines from 2016/17 to 2019/20, then CPI plus 1% until the end of the 10 year period, reverting to inflation plus 0.5% after this. Assume CPI in preceding September is as above.	Retained
Rent Convergence	Voids Only	Ability to move to target rent achieved only through movement of void properties directly to target rent.	Retained
External Lending Interest Rate	**1%, 0.88%, 1.07% then 1.13% ongoing**	**Interest rates based on latest market projections, including the impact of CCLA investment.**	**Amended**
Internal Lending Interest Rate	**1%, 0.88%, 1.07% then 1.13% 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**

Key Area	Assumption	Comment	Status
External Borrowing Interest Rate	**2.4%, 2.5%, then 2.7% ongoing**	**Assumes additional borrowing using Capita predictions of PWLB rates, rising to 2.7% over the next 3 years, including assumed certainty rate.**	**Amended**
Internal Borrowing Interest Rate	**2.4%, 2.5%, then 2.7% ongoing**	**Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route.**	**Amended**
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, pending a review once the impact of the higher value voids levy and other housing policy changes are clear.	Retained
HRA Target Balances	£3,000,000	Maintain HRA target balance at £3,000,000, pending a review once the impact of the higher value voids levy and other housing policy changes are clear.	Retained
Right to Buy Sales	**55, 50, 45, 40, 35, 30, then 25 sales ongoing**	**Pay to Stay expected to sustain a higher level of activity. Assume 55 for 2016/17, reducing by 5 sales per annum, until 25 are assumed ongoing.**	**Amended**
Right to Buy Receipts	Settlement right to buy and assumed one-for-one receipts included	Debt settlement receipts included, assuming the receipts utilised partly for general fund housing purposes. Anticipated one-for one receipts included, but with only those received to date committed to specific new build schemes. Debt repayment proportion contributes to set-aside.	Retained
Void Rates	1%	Assumes 1% per annum from 2017/18 onwards.	Retained
Bad Debts	**0.56% for 2016/17, then 0.84% for 2017/18 and 1.12% ongoing**	**Bad debt provision increased by 100% long term, to reflect the requirement to collect 100% of rent directly, assuming an extension of the existing payment profile across the entire housing stock as Direct payment is implemented from 2016.**	**Amended**
Savings Target	**£1,000,000 for 2017/18 and 2018/19, then removed**	**2 year target included assuming the need to offset loss of rental income and sale of higher value voids. Similar pressure to reduce spending may exist longer term.**	**Amended**
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
Transformation / Spend to Save Fund	**£120,000 for 3 years from 2016/17**	**Policy space replaced by Housing Transformation / Spend to Save Fund for 3 years, with delegation to the Strategic Advisor to Housing.**	**Amended**
Service Reviews	On case by case basis	Service review outcomes assumed to deliver to the HRA as indicated in the review business case.	Retained

Appendix C

Retained 1-4-1 Right to Buy Receipts

Quarter date for Receipt	Retained 1-4-1 Receipt Value (Per Quarter)	Retained 1-4-1 Receipt Value (Cumulative)	Amount of New Build Expenditure Required (Cumulative)	Deadline for Receipt to be spent on New Dwelling	Qualifying Spend by Deadline (Cumulative)	Retained 1-4-1 Receipt Spent (Cumulative)	Balance of Retained 1-4-1 Receipts to be Spent or Paid to CLG (Cumulative)	Further New Build Spend Required by Deadline (Cumulative)
30/09/2012	305,694.44	305,694.44	1,018,981.47	30/09/2015	6,033,316.06	1,809,994.82	0.00	0.00
31/12/2012	1,052,927.43	1,358,621.87	4,528,739.57	31/12/2015	9,420,870.94	2,826,261.28	0.00	0.00
31/03/2013	721,056.95	2,079,678.82	6,932,262.73	31/03/2016	13,631,090.94	4,089,327.28	0.00	0.00
30/06/2013	558,506.21	2,638,185.03	8,793,950.10	30/06/2016	14,432,244.66	4,329,673.40	0.00	0.00
30/09/2013	649,210.49	3,287,395.52	10,957,985.07	30/09/2016			0.00	0.00
31/12/2013	939,637.07	4,227,032.59	14,090,108.63	31/12/2016			0.00	0.00
31/03/2014	1,556,452.02	5,783,484.61	19,278,282.03	31/03/2017			1,453,811.21	4,846,037.37
30/06/2014	1,053,196.82	6,836,681.43	22,788,938.10	30/06/2017			1,053,196.82	3,510,656.07
30/09/2014	517,057.26	7,353,738.69	24,512,462.30	30/09/2017			517,057.26	1,723,524.20
31/12/2014	1,004,106.23	8,357,844.92	27,859,483.07	31/12/2017			1,004,106.23	3,347,020.77
31/03/2015	831,750.78	9,189,595.70	30,631,985.67	31/03/2018			831,750.78	2,772,502.60
30/06/2015	595,447.59	9,785,043.29	32,616,810.97	30/06/2018			595,447.59	1,984,825.30
30/09/2015	902,092.08	10,687,135.37	35,623,784.57	30/09/2018			902,092.08	3,006,973.60
31/12/2015	857,169,10	11,544,304,47	38,481,101.49	30/12/2018			857,169.10	2,857,230.33
31/03/2016	1,591,834,76	13,136,139.23	43,787,130.77	31/03/2019			1,591,834.76	5,306,115.87
30/06/2016	2,263,872.93	15,400,012.16	51,333,373.88	30/06/2019			2,263,872.93	7,546,243.10

Appendix D

2016/17 HRA Mid-Year Revenue Budget Adjustments

Area of Income / Expenditure	Description	Budget Amendment in 2016/17 Budget (£)	Budget Amendment in 2017/18 Budget (£)	Comment
Budgeted use of / (contribution to) HRA Reserves pre MTFS		**1,941,610**		
HRA Summary Account				
Rent Income	Reduction in rent income due to delays in the delivery of the new build programme.	100,650	Incorporated into base assumptions	Built into base for future years
Bad Debt Provision	Reduction in bad debt provision back to level of 0.56% for 2016/17, rising to the higher level of 1.12% by 2018/19.	(206,680)	Incorporated into base assumptions	Short-term and built into base for future years
RTB Capitalisation	Increase in ability to capitalise cost associated with sale of properties under right to buy, as number of sales is predicted to rise.	(28,350)	Incorporated into base assumptions	Short-term and built into base for future years
Interest paid on Borrowing	Interest paid for notional internal borrowing has been reduced as a direct result of a reduction in the interest rate applicable.	(18,820)	Incorporated into base assumptions	Short-term and built into base for future years
Interest earned on HRA Balances	Although interest rates are anticipated to fall, the level of balances held by the HRA result in an estimated increase in the level of interest that will be earned.	(36,800)	Incorporated into base assumptions	Built into base for future years
Apprenticeship Levy	HRA share of the new Apprenticeship Scheme Levy from April 2017	0	25,000	Built into base from 2017/18
Rent Collection Costs	Re-allocation of £120,000 included for collection costs associated with direct payment, to be utilised to meet costs of implementing Pay to Stay	0	One-Off	Re-allocation of existing resource
Total HRA Summary Account		**(190,000)**		
Revised use of / (contribution to) HRA Reserves post MTFS		**1,751,610**		

Appendix E

2016/17 Mid-Year HRA Capital Budget Amendments

Area of Expenditure And Change	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Total Housing Capital Plan Expenditure pre HRA MTFS	**37,646**	**20,996**	**9,255**	**13,200**
General Fund Housing				
Increase in budget for DFG's to enable spending of increased Better Care Fund Grant	26	0	0	0
Decent Homes and Other HRA Stock Investment				
Re-phase funding for School Court communal boiler and plant room replacement to 2017/18	(450)	550	0	0
Vire communal areas uplift budget to boilers in 2017/18 to allow for School Court boiler and plant room replacement	(100)	0	0	0
Include additional provision for door replacements due to accelerated failures	60	60	60	60
Re-phase bathroom replacement funding over following four years for delivery purposes	(200)	50	50	50
Re-phase sulphate attack funding to the end of the programme pending review of this allocation overall	(77)	0	0	0
Include additional funding in other health and safety works for Woburn Close balconies	160	0	0	0
Remove budget for hard surfacing works to meet £100k saving target in discretionary works, whilst delivering a £42k additional one-off saving	(142)	0	0	0
Meet 2016/17 discretionary spend saving from hard surfacing budget	100	0	0	0
Adjust contractor overheads to reflect re-phased spend		72	12	12
Adjustment to allocation for new build decent homes work to recognise delays and additions in the programme	(106)	44	108	192
New Build				
Gross up spend for Water Lane and Aylesborough Close to recognise property acquisitions for returning leaseholders, to be offset by capital receipts	644	0	0	0
Inclusion of additional carry forward for Clay Farm to reflect correction to creditors raised in error as part of post closedown process	521	0	0	0
Inclusion of additional carry forward for Homerton to reflect correction to creditors raised in error as part of post closedown process	261	0	0	0
Re-phasing of spend for Clay Farm	(337)	337	0	0

Area of Expenditure And Change	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Re-phasing of ear-marked resource for Anstey Way	(560)	560	0	0
Amendment to budget for 2015/16 Garage Sites to correct budgeting error, reflect reduction of one unit and add inflation to 2016/17 prices	13	0	0	0
Re-phasing of spend for 2015/16 Garage Sites	(2,233)	2,233	0	0
Inclusion of additional resource for the le4asehold re-purchase that form part of the site assembly costs at Anstey Way	400	0	0	0
Transfer from New Build + RTB Receipts unallocated spend to approved 2016/17 In-Fill Sites	0	(709)	0	0
Include budget for approved 2016/17 In-Fill Sites	0	709	0	0
Re-phase New Build + RTB Receipts unallocated spend to2016/17	(2,645)	2,645	0	0
Inclusion of additional New Build + RTB Receipts unallocated spend to match RTB receipts	0	6,170	12,321	0
Inclusion of assumed grants to Registered Providers where RTB receipts can't yet be met with existing HRA resource, pending Devolution outcome	0	0	2,010	3,000
Other HRA Spend				
Include funding for implementation of stores review, to include new stores and van racking	130	0	0	0
Inflation Allowance				
Remove inflation adjustment for 2016/17 as not to be allocated to work streams and adjust inflation allowed to reflect new base and recognise new build using RTB receipts is cash limited	(2,223)	(1,285)	(993)	(1,401)
Total Housing Capital Plan Expenditure post HRA MTFS	**30,888**	**32,432**	**22,823**	**15,113**

Appendix F

New Build Investment Cashflow

New Build / Re-Development Scheme	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget
	£'0	£'0	£'0	£'0	£'0	£'0
New Build / Re-Development Cash Expenditure (Net of Developer's Cross Subsidy / Notional Land Value)						
Colville Road (Phase 1)	107,000	0	0	0	0	0
Water Lane	678,000	0	0	0	0	0
Aylesborough Close	557,000	0	0	0	0	0
Hawkins Road (Garage Site)	680,000	0	0	0	0	0
Fulbourn Road (Garage Site)	1,293,000	0	0	0	0	0
Ekin Road (Garage Site)	268,000	0	0	0	0	0
Clay Farm	7,796,000	2,717,000	0	0	0	0
Homerton	2,753,000	0	0	0	0	0
Garage Sites 2015/16	780,000	2,233,000	0	0	0	0
In-Fill Sites	0	709,000	0	0	0	0
Anstey Way (Land Assembly)	1,642,000	0	0	0	0	0
Anstey Way (Ear-Marked Funds)	250,000	2,860,000	0	0	0	0
Akeman Street	129,000	1,844,000	0	0	0	0
New Build / Acquisition – + RTB Receipts	1,322,000	9,711,000	12,321,000	0	0	0
Grants to Registered Providers	0	0	2,010,000	3,000,000	3,000,000	3,000,000
New Build / Re-Development Expenditure equivalent to Notional Land Value						
Spend Equivalent to Land Value	545,000	0	0	0	0	0
Total New Build/ Re-Development Expenditure	**18,800,000**	**20,074,000**	**14,331,000**	**3,000,000**	**3,000,000**	**3,000,000**

New Build / Re-Development Scheme	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget
	£'0	£'0	£'0	£'0	£'0	£'0
New Build / Re-Development Grant and Area Committee Funding						
Water Lane	(87,500)	0	0	0	0	0
Aylesborough Close	(125,000)	0	0	0	0	0
Clay Farm	0	(97,125)	*0*	*0*	*0*	*0*
Total New Build / Re-Development Funding	**(212,500)**	**(97,125)**	**0**	**0**	**0**	**0**
Use of Retained Right to Buy Funding						
Hawkins Road (Garage Site)	(204,000)	0	0	0	0	0
Fulbourn Road (Garage Site)	(387,900)	0	0	0	0	0
Ekin Road (Garage Site)	(80,400)	0	0	0	0	0
Clay Farm	(1,706,680)	(601,540)	0	0	0	0
Homerton	(612,780)	0	0	0	0	0
Garage Sites 2015/16	(234,000)	(669,900)	0	0	0	0
In-Fill Sites	0	(212,700)	0	0	0	0
Akeman Street	(30,960)	(442,560)	0	0	0	0
New Build – With RTB Receipts	(396,600)	(2,913,300)	(3,696,300)	0	0	0
Grants to Registered Providers	0	0	(2,010,000)	(3,000,000)	(3,000,000)	(3,000,000)
Total Use of Retained Right to Buy Funding	**(3,653,320)**	**(4,840,000)**	**(5,706,300)**	**(3,000,000)**	**(3,000,000)**	**(3,000,000)**
Total to be funded from HRA Resources (DRF & MRR), Sales Receipts and Non-RTB Capital Receipts	**14,934,180**	**15,136,875**	**8,624,700**	**0**	**0**	**0**
Total HRA Borrowing	**0**	**0**	**0**	**0**	**0**	**0**

Appendix G

HRA Summary Forecast 2016/17 to 2020/21

Description	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Income					
Rental Income (Dwellings)	(36,799,670)	(36,384,160)	(36,116,660)	(35,507,590)	(35,933,670)
Rental Income (Other)	(1,086,020)	(1,106,650)	(1,133,210)	(1,160,410)	(1,188,260)
Service Charges	(2,573,880)	(2,640,960)	(2,699,130)	(2,758,700)	(2,819,690)
Contribution towards Expenditure	(3,270)	(3,330)	(3,410)	(3,490)	(3,580)
Other Income	(471,750)	(474,090)	(478,690)	(483,230)	(487,710)
Total Income	**(40,934,590)**	**(40,609,190)**	**(40,431,100)**	**(39,913,420)**	**(40,432,910)**
Expenditure					
Supervision & Management - General	3,571,980	3,775,810	3,979,410	4,274,960	4,606,000
Supervision & Management - Special	2,566,540	2,623,920	2,691,330	2,760,480	2,840,820
Repairs & Maintenance	6,588,430	6,420,210	6,592,570	6,778,370	6,990,490
Depreciation – to Major Repairs Res.	8,952,760	9,309,050	9,672,200	10,069,580	10,402,840
Debt Management Expenditure	0	0	0	0	0
Other Expenditure	3,194,140	2,456,040	1,685,260	1,709,020	1,745,200
Total Expenditure	**24,873,850**	**24,585,030**	**24,620,770**	**25,592,410**	**26,585,350**
Net Cost of HRA Services	**(16,060,740)**	**(16,024,160)**	**(15,810,330)**	**(14,321,010)**	**(13,847,560)**
HRA Share of operating income and expenditure included in Whole Authority I&E Account					
Interest Receivable	(335,330)	(296,790)	(348,260)	(421,440)	(487,760)
(Surplus) / Deficit on the HRA for the Year	**(16,396,070)**	**(16,320,950)**	**(16,158,590)**	**(14,742,450)**	**(14,335,320)**
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance					
Loan Interest	7,522,470	7,523,650	7,535,200	7,562,780	7,572,280
Housing Set Aside	0	5,134,870	5,134,870	5,134,870	5,134,870
Appropriation from Ear-Marked Reserve	(13,200)	0	0	0	0
Depreciation Adjustment	(503,690)	0	0	0	0
Direct Revenue Financing of Capital	11,128,900	6,997,470	5,203,380	1,160,760	2,507,290
(Surplus) / Deficit for Year	**1,738,410**	**3,335,040**	**1,714,860**	**(884,040)**	**879,120**
Balance b/f	(9,790,590)	(8,052,180)	(4,717,140)	(3,002,280)	(3,886,320)
Total Balance c/f	**(8,052,180)**	**(4,717,140)**	**(3,002,280)**	**(3,886,320)**	**(3,007,200)**

Appendix H

Housing Capital Investment Plan (5 Year Detailed Investment Plan)

Description	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend					
Disabled Facilities Grants	576	550	550	550	550
Private Sector Housing Grants and Loans	195	195	195	195	195
Choice Based Lettings IT System	25	0	0	0	0
Total General Fund Housing Capital Spend	**796**	**745**	**745**	**745**	**745**
HRA Capital Spend					
Decent Homes					
Kitchens	236	206	190	655	640
Bathrooms	341	275	305	251	1,036
Central Heating / Boilers	655	2,210	544	2,586	3,536
Insulation / Energy Efficiency	236	200	200	200	200
External Doors	206	169	114	112	351
PVCU Windows	0	0	0	0	6
Wall Structure	462	142	140	134	254
Wall Finishes	257	202	174	383	74
External Painting	0	0	0	0	300
Roof Structure	322	300	300	300	300
Roof Covering	342	334	334	334	334
Chimneys	13	1	0	1	0
Electrical / Wiring	497	561	293	555	932
Smoke Detectors	116	116	116	116	116
Sulphate Attacks	25	102	102	102	102
Major Voids / Major Works	60	0	0	0	0
HHSRS Contingency	100	100	100	100	100
Other Health and Safety Works	210	50	50	50	50
Other External Works	0	0	0	0	0

Description	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Capitalised Officer Fees - Decent Homes	323	305	305	305	305
External Professional Fees	17	17	17	17	17
Decent Homes Planned Maintenance Contractor Overheads	486	546	326	647	916
Decent Homes New Build Allocation	0	261	329	418	428
Total Decent Homes	**4,904**	**6,097**	**3,939**	**7,266**	**9,997**
Other Spend on HRA Stock					
Garage Improvements	788	100	100	100	100
Asbestos Removal	100	50	50	50	50
Disabled Adaptations	878	878	878	878	878
Communal Areas Uplift	296	346	346	346	346
Fire Prevention / Fire Safety Works	100	100	100	100	100
Hard surfacing on HRA Land - Health and Safety Works	250	250	250	250	250
Hard surfacing on HRA Land - Recycling	0	0	0	0	0
Communal Areas Floor Coverings	198	100	100	100	100
Lifts and Door Entry Systems	51	13	13	13	13
Fencing	238	200	200	200	200
Reduction in Discretionary Investment	0	-100	-100	-100	-100
Capitalised Officer Fees - Other HRA Stock Spend	114	114	114	114	114
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	375	213	213	213	213
Total Other Spend on HRA stock	**3,388**	**2,264**	**2,264**	**2,264**	**2,264**
HRA New Build / Re-Development					
Roman Court	6	0	0	0	0
3 Year Affordable Housing Programme	3,583	0	0	0	0
3 Year Affordable Housing Programme (Notional Spend - Land Value)	545	0	0	0	0
New Build - Clay Farm	7,796	2,717	0	0	0
New Build - Homerton	2,753	0	0	0	0
Re-Development - Anstey Way (Land Assembly Only)	1,642	0	0	0	0
Anstey Way - Earmarked Resource towards Re-Development	250	2,860	0	0	0
2015/16 Garage & In-Fill Sites	780	2,233	0	0	0

Description	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
2016/17 In-Fill Sites	0	709	0	0	0
Akeman Street	129	1,844	0	0	0
New Build or Acquisition - Unallocated Retained RTB Receipt Investment	1,322	9,711	12,321	0	0
Right of First Refusal Buy Back	0	0	0	0	0
Grants to Registered Providers	0	0	2,010	3,000	3,000
Total HRA New Build	**18,806**	**20,074**	**14,331**	**3,000**	**3,000**
City Homes Estate Improvement Programme					
City Homes Estate Improvement Programme	52	0	0	0	0
Total City Homes Estate Improvement Programme	**52**	**0**	**0**	**0**	**0**
Sheltered Housing Capital Investment					
Ditchburn Place	2,408	1,796	0	0	0
Total Sheltered Housing Capital Investment	**2,408**	**1,796**	**0**	**0**	**0**
Other HRA Capital Spend					
Orchard Upgrade / Mobile Working	23	0	0	0	0
Stores Reconfiguration	130	0	0	0	0
Cambridge Public Sector Network	23	0	0	0	0
Air Cooling Systems in Area Offices	11	0	0	0	0
Shared Ownership Repurchase	300	300	300	300	300
Commercial and Administrative Property	47	30	30	30	30
Total Other HRA Capital Spend	**534**	**330**	**330**	**330**	**330**
Total HRA Capital Spend	**30,092**	**30,561**	**20,864**	**12,860**	**15,591**
Total Housing Capital Spend at Base Year Prices	**30,888**	**31,306**	**21,609**	**13,605**	**16,336**
Inflation Allowance and Stock Reduction Adjustment for Future Years	0	1,126	1,214	1,508	1,867
Total Inflated Housing Capital Spend	**30,888**	**32,432**	**22,823**	**15,113**	**18,203**
Housing Capital Resources					
Right to Buy Receipts	(302)	(305)	(309)	(312)	(315)
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0

Description	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Notional Land Receipts (New Build Schemes)	(545)	0	0	0	0
Major Repairs Reserve	(4,597)	(16,430)	(9,672)	(10,070)	(10,403)
Direct Revenue Financing of Capital	(11,129)	(6,997)	(5,203)	(1,161)	(2,507)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(3,324)	(2,717)	(300)	(300)	(300)
Retained Right to Buy Receipts	(3,653)	(4,840)	(3,696)	0	0
Retained Right to Buy Receipts Passed to Registered Provider	0	0	(2,010)	(3,000)	(3,000)
Disabled Facilities Grant	(576)	(271)	(271)	(271)	(271)
Prudential Borrowing	0	0	(1,362)	0	(1,407)
Total Housing Capital Resources	**(24,126)**	**(31,560)**	**(22,823)**	**(15,114)**	**(18,203)**
Net (Surplus) / Deficit of Resources	6,762	872	0	(1)	0
Capital Balances b/f	**(9,668)**	**(2,906)**	**(2,034)**	**(2,034)**	**(2,034)**
Use of / (Contribution to) Balances in Year	6,762	872	0	(1)	0
Capital Balances c/f	**(2,906)**	**(2,034)**	**(2,034)**	**(2,035)**	**(2,034)**
Other Capital Balances (Opening Balance 1/4/2016)					
Major Repairs Reserve	(3,269)	Fully utilised by 2017/8 as above			
Retained 1-4-1 Right to Buy Receipts	(9,047)	Utilised between 2016/17 to 2018/19 above			
Right to Buy Receipts for Debt Redemption	(5,079)	Retained for future debt repayment			
Total Other Capital Balances	**(17,395)**				

Appendix I

HRA Earmarked & Specific Revenue Funds (£'000)

Repairs & Renewals

	Opening Balance	Contributions	Expenditure to July	Current Balance
General Management	(912.6)	(76.9)	6.7	(982.8)
Special Services	(870.1)	(139.6)	9.2	(1,000.5)
Repairs and Maintenance	(248.8)	(57.6)	0	(306.4)
Total	**(2,031.5)**	**(274.1)**	**15.9**	**(2,289.7)**

Tenants Survey

	Opening Balance	Contributions	Expenditure to July	Current Balance
Tenants Survey	(25.9)	(6.2)	0.0	(32.1)

Debt Set-Aside (Revenue)

	Opening Balance	Contributions	Expenditure to July	Current Balance
Debt Set-Aside	(1,901.7)	0.0	0.0	(1,901.7)

HRA Earmarked & Specific Capital Funds (£'000)

Debt Set-Aside (Capital)

	Opening Balance	Contributions	Expenditure to July	Current Balance
Debt Set-Aside	(5,079.3)	(600.3)	0.0	(5,679.6)

Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to July	Current Balance
MRR	(3,269.9)	0.0	0.0	(3,268.9)

Appendix J

Business Plan Key Sensitivity Analysis

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
General Inflation	General Inflation using CPI of up to 2.4% for expenditure	Volatility in the economy could lead to an increase in expenditure inflation, particularly whilst rents increases are non-existent for the next 4 years. Assume CPI for expenditure of 3% ongoing.	Inability to set a balanced revenue budget from 2045/46.
Rents Inflation	1% reduction for 4 years, then return to CPI plus 1% for remaining 4 years of 10 year rent settlement followed by CPI plus 0.5%	There is no guarantee that there will be the ability to return to previously assumed rent increase if rents are set legislatively, so assume a rent freeze from 2020/21	Inability to set-aside for redemption of debt from revenue resources. Inability to set a balanced revenue budget from 2031/32.
Direct Payments (Universal Credit)	Bad Debts at 0.56%, 0.84%, then 1.12%	Evidence from the pilot authorities for Direct payment indicates that collection rates may fall from 99% to 95%. Assume bad debts at 5% from 2019/20.	Inability to fund the capital programme and set a balanced revenue budget is brought forward by 3 years.

Note: Key sensitivities are modelled independently to demonstrate the financial impact. Combined they would have a cumulative effect.

Appendix K

Areas of Uncertainty

Housing Revenue Account – Revenue Uncertainties
Self-Financing for the HRA
Future uncertainty exists about the ability to manage the cashflow and service the debt for the HRA in a self-financing environment in light of recent national housing policy changes. The debt cap, over which the HRA is not allowed to borrow, currently remains, although additional borrowing at present represents additional risk. The authority has explored a variety of avenues to persuade government that re-opening the debt may be required.
Right to Buy Sales
The number of sales has increased significantly since April 2012, and a slight decline in interest has been piqued again by the announcements surrounding Pay to Stay, which is likely to result in continued high interest. The implications of continued high levels of sales from a revenue perspective are significant, with the potential loss of rental income being the major factor.
Right to Buy Retention Agreement
The resource currently retained in respect of 1-4-1 receipts will exceed the level that the authority is able to support in 70% match funding following national housing policy changes, unless the devolution offer is progressed to deliver £70m of additional investment in HRA homes in the city. At present, sufficient investment required to fulfil the resource held at 30th June 2016 is incorporated into the HRA financial model, but specific sites for all of the investment of the resource have not been identified and approved to proceed. The potential interest that will be payable if the receipts are not utilised within the agreed 3-year period has not been incorporated into the HRA revenue projections.
Ditchburn Place Extra Care
The current care and support contract is operating under temporary arrangements pending decisions by the County Council about the future of this contract at Ditchburn Place. Although technically not an HRA function care is delivered alongside HRA services, and the inextricable links to the provision of landlord services mean that any changes to the delivery of care and support services will impact HRA services also.
HRA Commercial Property
Stock condition surveys and investment profiles are still required in respect of the HRA's commercial property portfolio, to ensure that sufficient resource is identified in the Housing Capital Plan to maintain the properties in a lettable condition. The introduction of the higher value voids levy will accelerate the need for this information.
Welfare Reforms
The negative impact that the introduction of Universal Credit may have on the level of rent arrears and bad debts within the HRA is still unquantifiable, although indications from earlier adopters are that it will be significant.

Housing Revenue Account – Revenue Uncertainties

HRA New Build

Although the current new build programme is now progressing quite well, delays are still being experienced in respect of some of the earlier projects, which has the potential to further impact negatively upon rental income. If any individual development scheme does not proceed, the initial outlay needs to be treated as revenue expenditure, but without the anticipated payback that the capital investment would have resulted in. Until schemes are approved, in contract, and have appropriate planning permission, there are still uncertainties over final costs and dwelling numbers, which could impact the HRA in terms of borrowing costs and anticipated rental streams.

HRA Area Office Closure

Although now vacated, the lease for the south area office does not expire until January 2020, so the option to sub-let the premises in the short term has been deployed. With the current uncertainty in the economy, and many companies holding off on investment decisions, it may prove difficult to find a sub-lessee at the values required to deliver the saving incorporated into the HRA business plan.

National Rent Policy

The change in national rent policy, with what was previously rent guidance, now being legislation, requires rent reductions of 1% per annum from April 2016 for four years. There is no guarantee that rent increases will be re-introduced at CPI plus 1% after this period, although our financial plans are constructed on this basis.

Compulsion to Sell Higher Value Homes Levy

The Housing and Planning Act allows the introduction of an annual levy, representative of the proportion of high value homes which may become vacant in any one year. Until the regulations surrounding the legislation are released, significant uncertainty exists about the value of the levy and the timing within which payments may be due. In addition to the loss of rental income, the process to dispose of a large number of assets in any one year will be costly and administratively burdensome.

Housing Revenue Account - Capital Uncertainties

Ditchburn Place

Funding has been ear-marked for the re-development of the extra care housing at Ditchburn Place. The scheme has been considered using indicative costs, but although tendered, the finalised costs will not be available until all works have been packaged and sub-contracted. The decision to phase the works also poses additional uncertainty in terms of both the costs and the length of the build. Uncertainty exists with regard the future of care provision at Ditchburn Place, which could necessitate a review of the investment decision altogether.

Sulphate Attack

Sulphate attack was identified a number of years ago in a few council dwellings, resulting in the potential need to invest £1.87m to eradicate the problem. Following a risk assessment, the approach taken has been to address the defect when the property is void. Currently 12 of the 110 properties potentially affected have been rectified. Reduced funding of approximately £0.9m is included in the Housing Capital Programme over the next 9 years to continue to fund this risk-based approach. This will not meet the remedial costs of all sites where sulphate has been identified and there is the potential for similar sulphate attacks in the structures of other council dwellings constructed at a similar time, resulting in the need for additional investment.

Disabled Facilities Grants and Private Sector Housing Grants and Loans

Although the external contribution towards DFG's has increased for 2016/17, the Council element of investment in both DFG's and Private Sector Housing Grants and Loans is now wholly dependent upon the generally available element of right to buy receipts in any year, with funding dependent upon 25% of the first 10 to 17 right to buy sale receipts per annum, as assumed to be available for general use in the self-financing settlement. This puts at significant risk the desired level of future investment in this area. As government funding is now managed via the Better Care Fund at County level, a County led, county-wide review may also impact this service in the coming months.

Right to Buy Sales and Retained Right to Buy Receipts

Interest in right to buy has seen another peak, with the introduction of 'Pay to Stay' from April 2017. Under the terms of the agreement signed with CLG, the authority is committed to invest the receipts in new homes within 3 years of the date of the retained 1-4-1 receipt, with this funding meeting no more than 30% of the cost of the dwelling. There is doubt over the level of top up funding that can be afforded by the authority, in light of the recent changes in national housing policy, unless devolution provides a medium term solution. Receipts may be paid over to central government at the end of each quarter, unless there is demonstrable available resource to provide the top up funding required.

Cambridge City Council

Item

To:	Executive Councillor for Housing: Councillor Kevin Price
Report by:	Liz Bisset, Strategic Adviser
Relevant scrutiny committee:	Housing Scrutiny Committee 22/9/2016
Wards affected:	Abbey Arbury Castle Cherry Hinton Coleridge East Chesterton King's Hedges Market Newnham Petersfield Queen Edith's Romsey Trumpington West Chesterton

HOUSING TRANSFORMATION PROGRAMME UPDATE
Not a Key Decision

1. Executive summary

1.1 This report provides an update on progress for the Housing Transformation programme. The Housing Transformation programme is reviewing the way we deliver housing services for three major reasons. It is good practice to periodically review the way we do things to ensure that our services are delivering the right outcomes and that of resources are targeted towards meeting service and policy objectives; national housing policy and local initiatives have resulted in incremental changes to the service that we now need to take an overview of; and finally as a result of recent legislation we have to make very significant savings in the Housing Revenue Account.

2. Recommendations

2.1 The Executive Councillor is recommended:

To endorse the approach set out in this report

3. Background

Managing uncertainty

3.1 We are planning for the future shape and level of resourcing for housing services in a period of considerable uncertainty. Although the

Housing and Planning Act has gained royal assent we do not yet have the detailed regulations. Critical for us will be the level at which the levy from the sale of high value assets to pay for Right To Buy (RTB) for housing association tenants will be pitched. Brexit and the national political changes with a new Prime Minister and new Ministerial appointments have compounded this uncertainty. On the plus side the Cambridgeshire and Peterborough East Anglia Devolution proposal includes funding for 500 socially rented homes in Cambridge, potentially replacing some of the rental income lost through the disposal of high value assets and Right To Buy of our own properties.

3.2 Because of this uncertainty the approach that is being taken here is to find around £1m of savings for 2017/18 (year 1 of these reviews) as a prudent minimum. At the same time work will be progressed on reviews that require a longer time frame to make changes and deliver savings. This strategy would be flexed if greater clarity means that we know we have to make more savings in year 1. The strategy also plans for a further level of savings up to a further £1m in year 2, 2018/19. Decisions for year 1 savings will be taken in January for full implementation by late spring/early summer.

3.3 Housing has an operating budget of £13m from which the majority of savings will need to be found. The following table gives a breakdown of savings to achieve £1m and £2m against broad service areas.

Spend area	Amount & % of total spend	Contribution to £1m/c8% saving	Contribution to £2m/c15% saving
Repairs & maintenance	£6.3m or 48%	£480k	£960k
Housing management	£3.5m or 27%	£270k	£540k
Central costs (re-charges)	£2.8m or 22%	£220k	£440k
Other	£0.4m or 3%	£30k	£60k
Total Operating Budget	**£13m or 100%**	**£1m**	**£2m**

3.4 Arguably we should be reviewing our housing operations periodically, to ensure they provide value for money and meet broader policy objectives. This will include comparing our practices and costs against other similar providers. All of our current reviews are considering aspects of the service we should be reviewing regardless of the current financial situation. The reforms proposed will however need to take account of the level of savings we need to make.

Underpinning principals

3.5 The reviews are informed by a number of principles which will guide the way we carry out reviews. These are:

- The requirement to balance the budget and live within our means
- Achieving some level of operating surplus for unfunded and emerging priorities
- Identifying what constitute our core services and what we want to protect
- Targeting scarce resources on the most vulnerable
- Achieving value for money – managing expectation, time and money well
- Managing and maintaining our assets in good order

3.6 We are committed to involving staff and trade unions in the development of change proposals so that our final proposals are informed by the considerations raised by front line staff as well as management. We are consulting with tenant representative on proposals as they develop and with all tenants and leaseholders about changes that significantly alter service levels or standards, such as changes to our repairs offer.

Work streams

i) Housing management

3.7 This review will be largely completed within the first year – but it is likely that there will need to be ongoing consideration of working smarter and more effectively over the longer term. The service has evolved over time and it is timely to take stock as to what is the right structure for the future, with enough flexibility to take us forward at a time of significant change. Our housing stock has been reducing steadily for years and our structure needs to be able to flex with future changes we know are on the horizon.

3.8 We have increased the level of support we provide to vulnerable tenants, and have a number of posts that provide support to tenants at risk of losing their tenancies, with different emphasis on the support they provide. We will be examining overlapping roles and whether there are clear processes for case management where more than one team are potentially working with an individual or a household. We expect to bring similar posts together into newly constituted teams.

3.9 Management costs make up 17% of Housing Management staff costs, and this is an area for potential savings. Proposals to be explored will include:

- Reducing management posts at all levels.
- Introducing generic job descriptions that allow greater flexibility of roles as circumstances change.
- Reducing the overlap between existing roles, teams and between agencies, including consideration of how cases are managed between teams
- Bringing similar roles together into new team and considering levels of resourcing.
- Changing reporting lines
- Potential for a shared strategic function and possible other services

ii) Repairs, voids, and project work

3.10 This budget accounts for just under half of all of the HRA revenue costs. This year we are focusing on the cost of the basic service and how we can reduce costs. At the moment the HRA meets the full cost of the resources deployed each year regardless of actual demand or productivity. This is not a sustainable approach. In this review we will therefore aim to establish the core level of resources needed to meet actual demands for repairs, voids and project work, taking into account that stock and void numbers are continuing to decline in numbers. Significant progress has already been made in recent years to reduce expenditure on sub-contractors and to reduce the cost of void refurbishment works. Now we are focusing on how to redesign and deliver the whole service to reduce waste in management processes and to increase the overall efficiency and outputs of craft operatives.

3.11 We are evaluating the viability of recasting the project works team on a more commercial basis so that it becomes self-financing, achieving a programme of work costed on a competitive basis. We could simply stop doing project work on the basis that it is not core business but want instead to explore evolving this aspect of the business to succeed as a commercial enterprise.

3.12 The second strand of work which will be a longer piece of work is to review the repairs and voids service standards. Work is being commissioned to benchmark how our repairs offer compares to other providers. We know through our participation in Housemark that this is an area many providers are looking at. It is already apparent that we are not sufficiently rigorous about recharge for repairs that are the tenant's responsibility, and carry out repairs that many providers consider to be the tenant's responsibility.

3.13 In summary, the repairs and voids review will examine:

- Reducing management and admin costs at all levels
- Introducing more flexible job descriptions that allow more flexibility across roles as things change
- Critically analysing our processes and simplifying to remove unnecessary activities and reporting that does not add value.
- Detailed analysis of actual repairs activities to identify actual core service requirement and level of resourcing required to deliver – target "first time fix", tenant responsibilities, improved repairs reporting
- Training to increase levels of genuine "multi-skilling" of Repairs operatives
- Possible introduction of "dynamic" works scheduling software requiring more flexible working arrangements, routine use of vehicle location technology and changes to employee Terms & Conditions.
- Efficiency of all front line services
- Developing opportunities for other sources of income – new work

3.14 Reviewing the offer to tenants must include consultation with resident representatives and tenants. This will take time and resources to complete, hence the timeframe for this review will extend into year 2.

iii) Stores

3.15 This review is now complete and an improvement plan is in place to be delivered over next 12 months. This will not deliver an immediate saving but will increasingly contribute towards reducing the cost of repairs as the cost of supplying materials reduces. The service will remain in house, having been market tested. The staff team will be restructured, all stocklines will be reviewed and re-procured using compliant pricing frameworks, the processes for control of stock overhauled; and vans refitted to carry a greater range of stock to reduce inefficient multiple stores visits by craft operatives. The new site at Milton Road will be fitted out to accommodate the revamped service.

iv) Senior Management

3.16 A review of senior management will follow on from the reviews next year as a logical consequence of reshaping services.

v) Central recharges

3.17 These are 22% of operating costs. An initial meeting has been held with the Strategic Director and Head of Finance to look at where savings can be found that are at least commensurate with the level of saving being identified for the service as a whole. A starting point will be ensuring that the correct proportion of corporate savings from the support services review and other corporate savings have been correctly allocated to the HRA. Individual recharges and service levels will also be examined. Other recharges such as the Customer Service Centre which have not been recently reviewed will need revisiting.

vi) Debt repayment

3.18 Our strategy to set aside 25% of the value of the debt by the point of maturity of the loans was agreed at a time when we had a healthy HRA balance generating a surplus. The combined impact of the well documented changes as a result of the rent cut and the Housing and Planning Act have impacted on our ability to manage servicing the debt and delivering an acceptable level of service with our current budget. The level of set aside we make for the future will need to balance the need to provide adequate services in the here and now with managing long term risk relating to repayment conditions in 20 years time.

vii) Disabled adaptations

3.19 This is an area where criteria for expenditure need to be tightened as demand increases over time. Any savings will be capital and will not contribute to the £1-2m savings target, but can be used for other priorities such as new build. This review will be completed this year. Work to date has included looking at spend patterns, how long adaptations remain in a property, benchmarking, engagement and consultation with disability groups.

viii) Planned Maintenance Programme and Decent Homes Standards

3.20 The planned maintenance programme which includes the delivery of the decent homes programme is capital funded. The first tranche of savings last year took significant amounts from the decent homes budget to absorb construction inflation and to make savings towards our revenue target. Nonetheless this is a programme we will want to examine again as a part of our total resources across revenue and capital budgets in the light of emerging future priorities and the possible need to release further capital to match fund a new build programme. The current programme exceeds minimum decent homes criteria and also includes additional discretionary workstreams that will all be reviewed as part of this process.

Other related work

3.21 There are a number of other workstream, other than savings reviews, that are underway that are preparing us for the changes ahead, and will inform our future budget strategy. These are:

i) Land audit

3.22 It is many years since we carried out a land and asset audit. The context for managing our assets is very different from when we carried out our previous land audit. We have delivered a programme of new build on HRA land and now view potential sites informed by greater experience of potential build sites. The devolution deal gives us the potential to build 500 new Council homes on City Council land. A further consideration is that we expect that the disposal of high value assets will allow us to meet a levy in part through disposal of other assets we hold, and we need an up to date asset register for this. In summary pro-active management of assets is needed to:

- Inform asset disposal strategy
- Generate capital receipts
- Provide sites for new built

3.23 A brief is being drawn up to commission work on a land audit this year in readiness for future challenges.

ii) Impact of Pay-to-Stay

3.24 The Government has published notification of its intention to implement pay-to-stay for Council tenants where households with an income in excess of £31,000 will make a contribution to their rent on a sliding scale up to market rent. We do not yet have any detail of how income or market rent will be assessed and have written to the new Minister for Housing to express our concern that an implementation date of April 2017 is unrealistic. A project group has been set up to take this forward, working with revenues and benefits and South Cambs colleagues.

iii) Shared services

3.25 We already share services with South Cambridgeshire and Huntington. In addition to legal, ICT and financial services housing have a joint shared service arrangement for the Home Improvement Agency and for the Housing Development Agency. There is the certainly the potential to consider other shared services for part or all of housing services. Experience with other shared services suggest that we should focus on delivering service efficiencies in our separate services first and then consider joining operations to create further efficiencies and savings where that provides benefits, and that is the approach we are taking here.

Engagement

3.26 The changes that are being explored involve staff working in different ways and changes to the way we interact with residents. Engaging all stakeholders in the process of change facilitates a better understanding of why changes are happening and the opportunity to gain from feedback on how people view the impact of change.

3.27 The Housing transformation programme has begun a programme of briefings and workshops to engage staff, trade unions, councillors and tenant representatives. There will be some proposals such as changes to the repairs service which require us to consult a wider body of tenants and proposals will be brought back about how this will be done.

3.28 The changes we are exploring in this transformation programme do imply changes in behaviours and future expectations of staff, members, tenants and leaseholders. It will be important to address cultural as well as structural change as part of the ongoing management of change.

3.29 A round of meetings with staff and trade union representatives has generated some good ideas about what they consider to be core provision and areas to look for savings. The meetings have been well attended, with staff recognising the need for change and engaged in putting forward their ideas.

3.30 Tenant representatives are keen to be involved and contribute their knowledge and understanding of services from a tenant and leaseholder perspective. Of particular interest are ASB, vulnerable residents, and how we manage Section 20 notification for leaseholders. We will engage resident representatives in the next stage of the reviews before the report is brought to committee in January.

Timetable

3.31 For 2017/18 the following timetable will apply. This will be for proposals to achieve the £1m savings target.

Current – September 2016. Consultation on early proposals
22 September 2016. Report to Housing Scrutiny Committee on progress
October – December. Finalise savings proposals for 2017/18
October – December. Consultation with various stakeholders on 2017/18 savings

16 January 2017. Report to Housing Scrutiny Committee with final 2017/18 savings proposals
February 2017. Consultation paper on staffing changes
March/April 2017. Final implementation paper and business case
April/May/June 2017. Implementation

3.32 The conclusions of some of the reviews will not be included in the January Committee report because they will not be completed. These are the more complex reviews or where it makes sense to make decisions at a later stage. The reviews on ASB, the repairs offer, decent homes, senior management and shared services will all report after January 2017. The expected timeframes for reviews to complete are as follows:

Workstream	**For implementation 2017/18**	**For implementation 2018/19**
Housing management restructure	Final proposals in Jan 2017 report	
ASB	Review starting Sept 2016	Review complete June 2017
Response repairs/voids special projects restructure	Final proposals in Jan 2017 report	
Repairs offer	Review starting Sept 2016	Review completed June 2017
Stores	Completed. Implementation now proceeding	
Senior management		No later than April 2019
Central recharges	First tranche proposals in January 2017 report	Further proposals to be brought forward for 18/19 implementation
Debt repayment	Update longer term strategic approach in January 2017 HRA MFS report	
Disabled adaptations	Final proposals in January 2017 report	
Planned maintenance, Decent Homes		Review completed July 2017

3.33 Reviews which continue into next spring/summer 2017 will be brought to committee at the earliest practical date, and the intention is to agree any changes in sufficient time to achieve the required savings for 2018/19.

4. Implications

(a) **Financial Implications**

The aim of the reviews that make up the Housing Transformation programme is to identify savings of between £1 million and £2 million as explained in the report.

(b) **Staffing Implications**

Staff are engaged in the transformation programme as described in the section on engagement. There are no specific proposals on posts at this stage.

(c) **Equality and Poverty Implications**

An EQIA will be done for the January Scrutiny Committee, based on specific change proposals.

(d) **Environmental Implications**

Nil

(e) **Procurement**

None

(f) **Consultation and communication**

See engagement section

(g) **Community Safety**

The ASB review will address community safety issues.

5. Background papers

None

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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Cambridge City Council **Item**

To:	Executive Councillor for Housing: Councillor Kevin Price
Report by:	Tom Bremner, Interim Head of Housing
Relevant scrutiny committee:	Housing Scrutiny Committee 22/9/2016
Wards affected:	Abbey Arbury Castle Cherry Hinton Coleridge East Chesterton King's Hedges Market Newnham Petersfield Queen Edith's Romsey Trumpington West Chesterton

SOCIAL LETTINGS AGENCY BUSINESS PLAN

Key Decision

1. Executive summary

This is a brief report following on from the social lettings agency update report brought to this committee in January of this year, which set out the outcomes, direction of travel and business plan for *Town Hall Lettings (THL)*, the Council's social lettings agency. The January report highlighted the need to identify funding from April 2017 to retain THL, and this report aims to update members on the outcomes and business plan so that officers can obtain 'in principle' approval to submit a budget bid to support the service from the General Fund from 2017-18.

2. Recommendations

The Executive Councillor is recommended:

2.1 To approve, in principle, the proposed business plan for Town Hall Lettings (THL), and support the inclusion of a budget bid as part of the 2017/18 budget setting process to meet the subsidy requirement, as outlined in Appendix 1 of this report – this will allow continuation of the service from April 2017. Continuation of the service will therefore be subject to approval of this budget bid at Council in February 2017.

3. Background

3.1 The report submitted to this committee in January of this year is attached at appendix 2 and provides background on the development of THL and the scope of its operation. A refreshed business plan is attached at appendix 1. Paragraph 3.4 of the January report details the project outcomes as follows:

- The service has engaged with 543 single homeless people (of which 363 were from Cambridge)
- The service has directly placed 201 people into permanent accommodation (of which 147 were from Cambridge)
- It has assisted 59 people to find their own accommodation (of which 35 were from Cambridge)
- It has established long term management agreements with landlords for 9 properties (providing 29 bed spaces at its peak)

These outcomes have now progressed to:

- The service has engaged with 806 single homeless people (of which 523 were from Cambridge)
- The service has directly placed 307 people into permanent accommodation (of which 215 were from Cambridge)
- It has assisted 90 people to find their own accommodation (of which 55 were from Cambridge)
- It has established long term management agreements with landlords for 14 properties (currently providing 34 bed spaces) – two of these properties are provided in support of the council's programme to resettle Syrian refugees.

3.2 In the current financial year the service is on course to place approximately 150 people into accommodation in 16/17. If this projected figure proves to be correct it will represent an increase of one third on the previous year

3.3 Rent collection rates have also improved significantly, from 46% at March 2015 to 81% in 2015-16.

3.4 South Cambridgeshire and Huntingdonshire District Councils continue to be active partners in the scheme along with Cambridge City. There are some funds still remaining from a second tranche of funding for the single homelessness service from the Department of Communities and Local Government. These funds total £62,954 and will be used to subsidise the three local authority contributions across future years. The distribution of these fees is reflected in the THL business plan at appendix 1.

3.5 Since the January report, Town Hall Lettings has taken two of the twenty three Cambridge City Housing Company properties at Water Lane and Aylesborough Close into management. The remaining twenty three are expecting to come into THL management during this financial year.

4. Implications

(a) **Financial Implications**

The social lettings agency will require subsidy from the General Fund from 1st April 2017. These subsidy requirements are outlined in appendix 1.

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

None

(c) **Equality and Poverty Implications**

This report covers the proposed extension of an existing service supporting those in housing need, so an equalities impact assessment has not been deemed to be necessary at this point.

(d) **Environmental Implications**

Nil

(e) **Procurement**

There are no procurement implications

(f) **Consultation and communication**

Legal services, environmental health, business transformation and finance have been consulted internally. Additional legal advice has been sought and received from an external source.

(g) **Community Safety**
There are no community safety implications.

5. Background papers

Appendix 1of the January 2016 report to Housing Scrutiny Committee.

6. Appendices

Appendix 1 – Town Hall Lettings Business Plan 2017-2022
Appendix 2 – Social Lettings Agency Update report to Housing Scrutiny Committee (January 2016)

7. Inspection of papers

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

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Business Plan 2017 – 2022

1. Background.

1.1 Town Hall Lettings (THL) is Cambridge City Council's in-house social lettings agency. It was established in January 2014 as part of a major re-envisioning of the Council's private rented sector (PRS) housing activities in a market becoming increasingly unaffordable. This initiative included the establishment of the single homelessness service (SHS) which introduced a new approach to helping to house single homeless people not in priority need.

1.2 THL and the SHS have proven highly-successful. The SHS has helped to house over 300 single people across the sub-region, of which 215 are Cambridge people. THL's primary brief has been to procure and manage private sector properties to be used as shared accommodation by SHS clients, and at the time of writing, THL has 10 such properties, capable of housing 30 people. As an inducement to landlords to rent to people they would not normally consider, THL pays the owner a guaranteed sum each month and undertakes the management of the property for no fee. THL has housed 56 SHS tenants since its inception, many of whom have successfully moved on into their own accommodation.

Additional work.

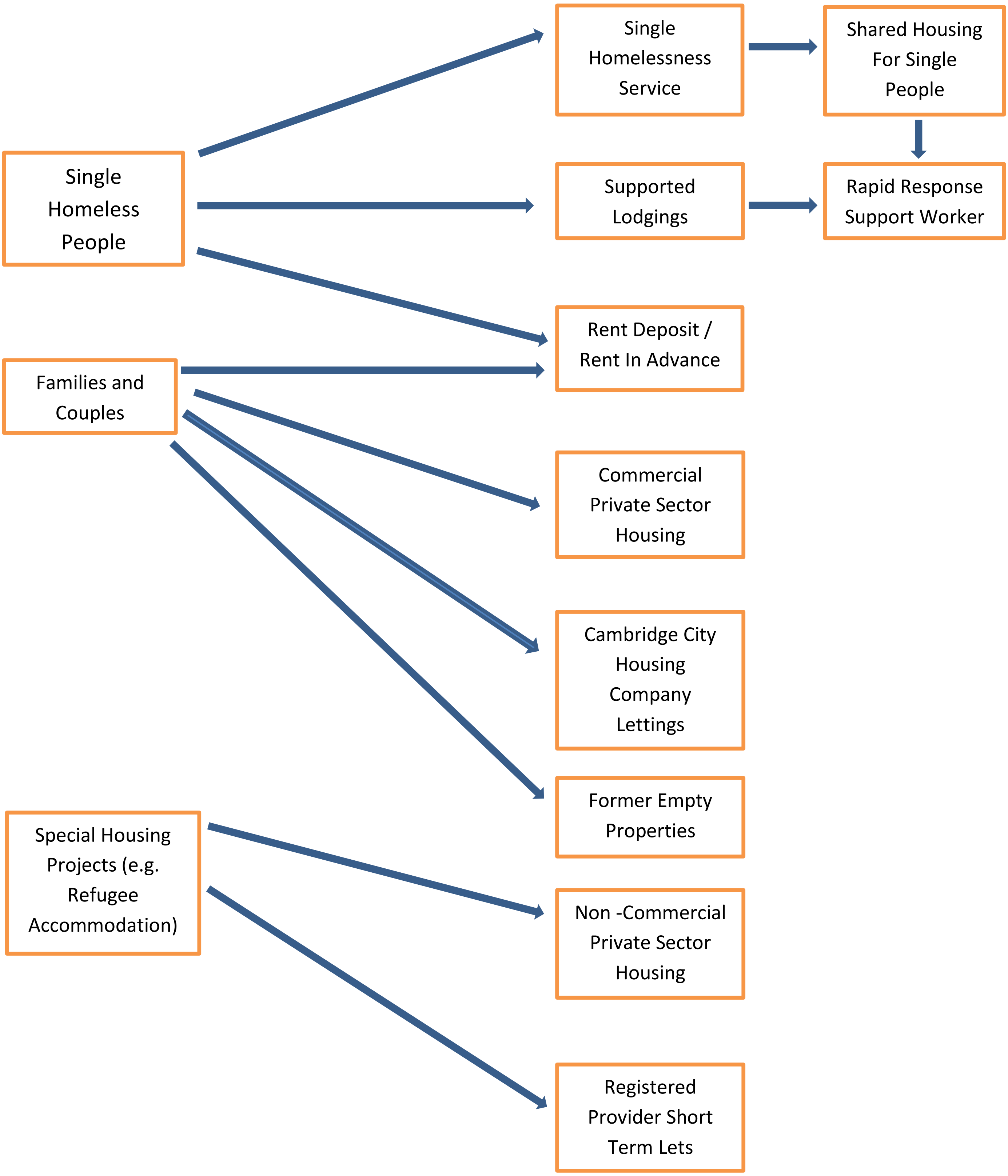
1.3 THL also entered into an agreement with Huntingdonshire and South Cambridgeshire District Councils to source, respectively, 10 and 24 units of accommodation for single people during 2016-17 for which a fee of £518.00 a unit is paid by the authorities to THL.

1.4 At the end of 2015 THL's original brief was extended further to include the management of an initial group of 23 properties owed by Cambridge City Housing Company (CCHC). (CCHC is a private not-for-profit housing provider wholly owned by Cambridge City Council but independent of it. It has a brief to provide accommodation at sub-market rents to households earning too much to have a realistic chance of obtaining socially-rented accommodation but too little to afford to buy a home in Cambridge). THL's net management fee for 2016-17 has been set at £375 per CCHC unit per full year.

1.5 In early 2016 THL's brief was extended still further when it was charged with the management of accommodation being offered by local (Cambridge and district) owners in support of the national programme to resettle Syrian refugees. THL's role has been to assist the home owner to bring the accommodation up to a safe lettable standard and to provide thereafter a full management service for which a fee of 5 percent of rent is charged. Two homes are presently under management with a further two in prospect.

1.6 THL has recently taken over the management of two general needs private sector properties to be used to accommodate local homeless families, and it is anticipated that additional general needs properties will be acquired through the revivified empty homes initiative. It has also built a small but growing portfolio of five 'supported lodgings', under which scheme a person lets a room in their home to a homeless person for a reasonable rent on a long or short term, also offering low level support if required. Finally, THL administers the rent in advance / rent deposit loan scheme which assisted some 39 households to enter private sector accommodation in 2015-16.

THL activities



2. **Securing THL's future**

2.1 It can be seen that THL, working in tandem with the SHS, has established itself as a key part of the Council's housing service. It is highly likely that demand for THL's services will grow over the coming period across all the fronts it currently covers as a result of:

- the continuing decline in private rented sector affordability;
- the rising ratio of house prices to local wage rates;
- growing demand for accommodation as a result of population growth;
- prospective further acquisitions by CCHC;
- 'opportunistic' private rented sector acquisitions as a result of the empty property strategy, registered provider short-term let offers, market-sector lettings and 'socially-minded' sub-market offers (e.g. accommodation offered to refugees and local homeless people);
- a strategic (potentially legislative) reemphasis on homelessness prevention.

2.2 THL has been managed and monitored closely in order to ensure that the services it provides are effective and represent good value for money. THL's main cost is staff, and accordingly we have taken a cautious approach to recruitment. THL's present staffing structure is as follows:

Job	Status
Landlord Liaison Officer / Lettings Officer	Band 5 Full Time Permanent
Single Homelessness Service Coordinator / Letting Officer	Band 5 Full Time Fixed Term to April 2017
Letting Agency Coordinator / Finance Officer	Band 4 25 Hours Fixed Term to April 2017

In January 2016 income and expenditure for 2016-17 was projected to be as follows:

Expenditure	**2016-17 (Projected)**
Landlord Liaison Officer / Lettings Officer	Permanent post; no direct charge to THL
Single Homelessness Service Coordinator / Letting Officer (Band 5)	£37,138
Letting Agency Coordinator / Finance Officer (Band 4 - 25 hours)	£20,168
Direct operating costs, office running costs, overheads	£8,625
Total expenditure	£65,931
Income	
Management Fee Income (Cambridge City Housing Company)	£17,250
Set-Up Fee (Tenants)	£4,600
South Cambridgeshire DC	£12,434
Huntingdonshire DC	£5180
Anti-Poverty Strategy Fund	£36,360
Total income	£75,824
Total estimated subsidy requirement	-£9,893

Due to delays in the handover of CCHC properties, the management and tenancy set-up fees will not equal the projected figure. This shortfall will, however, be offset from fee income from managing the refugee and general needs properties and a small year-end surplus in operating costs is still anticipated.

2.3 A large proportion (81 percent) of the current year's running costs is accounted for by a one-off payment from the spreading prosperity (anti-poverty strategy) budget. In order to put THL's activities on a secure footing and retain staff who have acquired specialist skills, the service needs to move away from annual to longer-term funding.

2.4 THL's projected running cost for the next five years is as follows:

Town Hall Lettings - Income / Expenditure / Subsidy 2017-18 - 2021-22					
Expenditure	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
Procurement, letting management and access scheme officer (Band 5)	£37,881	£38,638	£39,411	£40,199	£41,003
Procurement, letting management and SHS officer (Band 5)	£37,881	£38,638	£39,411	£40,199	£41,003
Letting Agency Coordinator (Band 4)	£30,445	£31,054	£31,675	£32,308	£32,955
Direct operating costs, office running costs, overheads	£8,798	£8,973	£9,153	£9,336	£9,523
THL Payments to Landlords (guaranteed rental sum; building maintenace; council tax; cleaning)	£112,404	£114,652	£116,945	£119,284	£121,670
Total expenditure	£227,408	£231,956	£236,595	£241,327	£246,154
Income					
Salary for Band 5 Officer (Permanent Post)	£37,881	£38,638	£39,411	£40,199	£41,003
Rental Income (THL single homelessness service properties)	£113,200	£115,464	£117,773	£120,129	£122,531
Reembursement of landlord building maintenance outlay	£6,000	£6,120	£6,242	£6,367	£6,495
Management Fee Income (Cambridge Property Company)	£17,250	£17,595	£17,947	£18,306	£18,672
Set-Up Fee (Tenants)	£4,600	£1,000	£3,300	£1,000	£1,000
Management Fee Income (Empty Homes Initiative and Private Landlords)	£3,600	£7,344	£11,016	£14,688	£18,360
Management Fee Income (Refugee and other 'Social' Lettings)	£1,560	£1,989	£2,029	£2,069	£2,111
Residual DCLG grant CCC	£4,197	£4,197	£4,197	£4,197	£4,197
Residual DCLG grant SCDC	£12,434	£8,551	£0	£0	£0
SCDC contribution to service	£0	£3,883	£12,434	£12,434	£12,434
Residual DCLG grant HDC	£5,180	£5,180	£5,180	£5,180	£265
HDC contribution to service	£0	£0	£0	£0	£4,915
Total income	£205,902	£209,961	£219,530	£224,570	£231,983
Total estimated subsidy requirement	**£21,506**	**£21,995**	**£17,066**	**£16,758**	**£14,171**

The above table makes the following assumptions:

1. Salaries include on-costs calculated at plus one-third.
2. All fees, salaries and income, except the tenant set up fee, increase at a rate of 2 percent gross per annum.
3. For CCHC properties only, THL charges a tenant set-up fee of £150 for a first tenant and £50 for a second tenant and that all properties are let to two-tenant households.
4. That half of CCHC properties have a change of tenant in the first three years, attracting further set-up fees (shown here in nominal terms as all accruing in Year 3).
5. THL takes on the management of a further 5 properties a year from the property company from Year 2.
6. From Year 2 THL acquires 4 properties per year to manage for private landlords either directly or through the empty property initiative and that management fee income per property is £720 per annum based on 5 percent of a £1,200 per month rental.
7. That THL achieves 4 'socially-rented ' private sector properties in 2017-18 rising to 5 in 2018-19 and remaining at 5 thereafter.

2.5 The assumptions informing the table at 2.4 are cautious, and a higher rate of property acquisition and management would be possible within the staffing levels proposed, up to a point. Looking to the future, provision should be made to bring additional resources bear in a ratio of one officer per additional 25 properties. Based on actual or notional fee income of 10 percent per property let at an average rental of £1200 per month, income is calculated as follows:

£1200 x 12 x 10% x 25 = £36,000

It can be seen that this 25:1 ratio allows for any new post to be (actually or notionally) self-financing.

Cambridge City Council **Item**

To:	Executive Councillor for Housing: Councillor Kevin Price
Report by:	Alan Carter
Relevant scrutiny committee:	Housing Scrutiny Committee 13/1/2016
Wards affected:	Abbey Arbury Castle Cherry Hinton Coleridge East Chesterton King's Hedges Market Newnham Petersfield Queen Edith's Romsey Trumpington West Chesterton

SOCIAL LETTINGS AGENCY UPDATE

Not a Key Decision

1. Executive summary

The Council has been piloting a social lettings (*Town Hall Lettings*) agency for two years. This report builds on the report presented to Housing Scrutiny Committee in March 2015 and aims to inform Members of the proposed direction of travel for *Town Hall Lettings* beyond April 2016. This report details the outcomes delivered by the social lettings agency to date, covers the proposed role for THL in managing the intermediate market and outlines the business plan moving forward.

2. Recommendations

The Executive Councillor is recommended to note:

1) The proposed role for *Town Hall Lettings* in managing the ‘intermediate market’ properties as set out in this paper and appendix 1
2) The 5 year business plan for *Town Hall Lettings* as detailed in appendix 1

3. Background

3.1 *Town Hall Lettings* (THL) was established in January 2014 and forms part of the Council’s wider single homelessness service (SHS). The introduction of the SHS was founded on government funding for single homelessness prevention, launched in 2012. The funding enabled the Council to work with other local authority partners to deliver a service for the sub-region. The remaining funding is insufficient to sustain THL and the SHS beyond 1st April 2016 but a combination of partner funding from South Cambridgeshire District Council and a successful bid to via the Sharing Prosperity Fund has allowed the Council to extend the pilot throughout 2016-17.

3.2 THL makes a strong contribution to helping the Council achieve its stated aims, as embodied in the Annual Statement for 2015-16, *Building a Fairer Cambridge Together.* In particular, it covers the following key areas outlined in the statement:

- investment in new intermediate homes at affordable sub-market rents for those with low priority for social rent homes;
- improving conditions for private sector tenants;
- exploring the feasibility of a social letting agency;
- tackling the problem of empty homes in the City; and
- supporting vulnerable people to sustain independent lifestyles in their own homes and local communities.

3.3 Accommodation outcomes delivered by the single homelessness service have been delivered in a variety of ways since its inception in October 2014. These are shared houses secured at a guaranteed monthly rate from private landlords, rent deposit guarantee arrangements, supported lodgings, properties secured directly from Registered Providers, placements in an ‘adult foyer’ in Cambridge (focusing on education, training and employment) and other private rented sector placements.

3.4 Appendix 1 to this report is a version of a project brief and appraisal paper that went to the Programme Board and Senior Leadership Team (SLT) last year. It represents a summary of the objectives, outcomes and business model for THL and the SHS. The outcomes detailed in that paper can be updated as at 30th November and are as follows:

- The service has engaged with 543 single homeless people (of which 363 were from Cambridge)
- The service has directly placed 201 people into permanent accommodation (of which 147 were from Cambridge)
- It has assisted 59 people to find their own accommodation (of which 35 were from Cambridge)

- It has established long term management agreements with landlords for 9 properties (providing 29 bed spaces at its peak)

3.5 The report to committee in March 2015 noted that the weakest part of the THL operation had been rent collection levels which, at the time, stood at 46%. However, collection rates have significantly improved so that these now stand at 89% for this financial year to the end of October.

3.6 THL will be expanding its operations in two key areas in the forthcoming year. Firstly, it will be managing a new supply of accommodation targeted at the intermediate market and, secondly, managing properties realised through the Council's empty homes strategy.

3.7 The Council has set up a housing company to improve housing supply and primarily serve the needs of people in Cambridge on middle incomes by supplying intermediate housing at around 80% of market rent. The establishment of a housing company and proposals to purchase 24 properties (since reduced to 23) from the developer, Keepmoat, at Water Lane and Aylesborough Close, using resources from the General Fund, were approved at Strategy and Resources Committee in July 2015. THL has been identified as the preferred option for managing this accommodation due to its experience of managing private rented sector tenancies.

3.8 The report at appendix 1outlines the financial operating model for this scheme including management fees paid by the Housing Company to THL and the tenant fees and tenancy deposit arrangements. The management fees are £750 per property and the set-up fees to tenants are £150 for a sole tenancy and £200 for a joint tenancy. Tenants will also be required to provide a tenancy deposit equating to one and a half months' rent.

3.9 Where the Council is able to identify empty properties and bring them back into use, an option for securing their usage into the longer term is for the Council to engage THL as a managing agent and offset any costs the Council has incurred for bringing the property back into use against the income paid to the owner. The Council's empty homes policy sits within the Council's overall Housing Strategy.

3.10 Under the Housing Act 2004, the Council can make Management Orders in respect of both empty properties and Houses in Multiple Occupation. They are used to ensure the health, safety and welfare of persons occupying and neighbouring the property. While an order is in place, the Council effectively take on all duties, powers, obligations and liabilities of the landlord and THL would provide an effective solution to undertaking this duty. During the operation of the Order the rents are received directly to the Council and the Order is a local land charge.

4. Implications

(a) **Financial Implications**

The financial implications of the proposed expansion of THL are contained at appendix 1. The scheme will require subsidy, as outlined in the appendix, but is projected to make a small surplus in year one, due to additional sources of funding, and break even from year 7 onwards. The projected business plan is just for information: there are no funding considerations for the committee at this stage.

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

Expansion of the service would require the addition of a part time post detailed as Letting Agency Coordinator in appendix 1. This would be a fixed term position until the funding position beyond 2016-17 is determined.

(c) **Equality and Poverty Implications**

The project represents an expansion of existing services supporting those in housing need, so an equalities impact assessment has not been deemed to be necessary at this point.

(d) **Environmental Implications**

The environmental impact assessment has identified a minor environmental gain from the project and no adverse environmental effects.

(e) **Procurement**

There are no procurement implications.

(f) **Consultation and communication**

Legal services, environmental health, business transformation and finance have been consulted internally. Additional legal advice has been sought and received from an external source.

(g) **Community Safety**

There are no community safety implications.

5. Background papers

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

None

6. Appendices

Appendix 1 – *Town Hall Lettings* – Project Brief and Appraisal.

7. Inspection of papers

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

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Cambridge City Council | Item

To:	Executive Councillor for Housing: Councillor Kevin Price
Report by:	Tom Bremner, Interim Head of Housing
Relevant scrutiny committee:	Housing Scrutiny Committee 22/9/2016
Wards affected:	Abbey Arbury Castle Cherry Hinton Coleridge East Chesterton King's Hedges Market Newnham Petersfield Queen Edith's Romsey Trumpington West Chesterton

HOMELESSNESS PREVENTION GRANTS PROGRAMME 2017-18
Key Decision

1. Executive summary

This report outlines a programme of grant funding to organisations providing homelessness prevention services. All grant awards are for 2017-18 only and applications for funding are submitted on an annual basis with two exceptions – please refer to paragraphs 3.3 and 3.4. Given the dual financial and homelessness pressures the Council is facing, it is important that the grants programme is both transparent and exposed to scrutiny.

All grants over £5000 are reviewed annually by this committee and decisions on approval or discontinuation are founded on a composite assessment of the following:

- Strategic relevance against four headline areas listed in the Housing Strategy (preventing homelessness and rough sleeping, minimising the use of temporary accommodation and maximising use of longer term housing solutions, enabling people to make informed choices about their housing, promoting sustained and settled lifestyles and minimising social exclusion)
- Financial viability
- Performance against measureable outcomes
- The organisation’s need for financial support from the Council

2. Recommendations

The Executive Councillor is recommended:

1. To agree, subject to any changes that may be made as part of the budget setting process and the formal adoption of the 2017/18 budget by Council, the proposed grant funding allocations as outlined in appendix 1 of this report.
2. To agree delegated authority for the Head or Interim Head of Housing, in consultation with the Executive Councillor for Housing, to agree ad hoc, in year, funding awards as outlined in paragraph 4.6 of this report

3. Background

3.1 The homelessness prevention grant programme is entirely funded from the General Fund. The programme is specifically designed to relieve pressure on the Council's statutory and non-statutory homelessness services and, while most recipients are from the voluntary and charitable sectors, the Council will consider funding statutory partners and internal departments where there are demonstrable homelessness prevention or alleviation outcomes.

3.2 Grant applications were invited in May and officer assessments were concluded in August. The table at appendix 1 lists the proposed allocations for 2017-18 along with details of grants funded in this current year but recommended for discontinuation from 1st April 2017.

3.3 The table at appendix 1 includes two funded projects which are not one year grants but are included in this report because they are funded from this budget and constitute homelessness prevention and alleviation activity. One is for a learning and development service run by Wintercomfort; this is a five year grant, jointly commissioned with the County Council. The service was originally put out to tender but Wintercomfort was the sole bidder when the service was last tendered. In addition the service offers much in terms of added value and, for these reasons a long term grant was agreed.

3.4 The other exception is the funding for Change, Grow, Live (Street and Mental Health Outreach Service). This is a contract and not a grant. The service was re-tendered earlier this year.

4. New awards and discontinuation of existing grants

4.1 This report proposes that the Council takes the street based anti-social behaviour role in house and uses its own Public Realm Enforcement to perform this function from April 2017. This role is currently performed by the police and the numbers are continuing to rise, as are rough sleeping figures. The existing funding for a street life police officer post does not cover the entire cost of this officer and consequently the resource is not employed on a full time basis to tackle street based anti-social behaviour issues. From 2017-18 a new support resource is being introduced to support people begging on the streets to access services, tackle the root causes of their need to beg (most commonly alcohol or drug dependencies) and move away from begging activity altogether. This service will be funded and supported by the Safer Communities section. The Public Realm Enforcement service would work alongside this service to encourage engagement and facilitate enforcement action where individuals are not engaging with the support or where behaviours are problematic for the wider community. The advantage of bringing this work in house is that the work can form dedicated service and more easily directed and monitored.

4.2 A grant to Riverside English Churches Housing Group to assist with resettling service users from its hostels and shared housing in Cambridge is recommended for discontinuation because the organisation has significant funds in reserve and is adjudged not to require City Council funding to continue the service.

4.3 Discontinuation of funding is recommended for the Cambridge Eastern Europeans Homelessness Project. This project has been running for a number of years in Cambridge. Initially it was supported by external funding, but in recent years has been supported by Cambridge City and Fenland District Councils. During this period Change, Grow, Live has incorporated the learning gained from this project into its wider street outreach operation and this, allied with the fact that welfare reforms have made it increasingly difficult to deliver outcomes for this group, has led to the Council agreeing with the provider that a grant application would not be submitted for 17-18. Change, Grow Live will continue to support rough sleepers of Eastern European origin through its wider street outreach and mental health contract with the City and County Councils.

4.4 Funding for Cambridge Link Up is not being continued into 2017-18 as the organisation did not apply for a grant this year.

4.5 Aside from the proposal to fund the Council’s Public Realm Enforcement service, the only other new grant award is for severe weather emergency provision (SWEP). Although SWEP has been coordinated by the Council for a number of years, it has been delivered by several different agencies. For 2017-18 the proposal is for Jimmy’s Cambridge to offer all the accommodation provision on one single site and receive an annual grant from the Council to provide this service. The service would, therefore, be managed by a grant agreement and be funded from the homelessness prevention grants budget. A request will be submitted through the budget setting process to move existing SWEP funds into this budget.

4.6 There is £16,064 in unallocated funds detailed in the table at appendix 1. These funds will be reserved for in year spending to be approved by the Interim Head of Housing in consultation with the Executive Councillor for Housing. Any initiatives to tackle rough sleeping will be prioritised for consideration under this fund given the acute difficulties the Council is facing in this area.

5. Implications

(a) Financial Implications

The financial implications of the homelessness prevention grant programme are outlined at appendix 1. The figures provided assume a 1.9% inflationary uplift on last year's grant programme – this is to be confirmed through the budget setting process.

Existing SWEP funds are to be transferred into the homeless prevention grant funding programme budget (please refer to paragraph 4.5 above)

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

There are TUPE implications for the Council in relation to the member of staff, currently employed by the County Council to provide a rapid response service as part of the single homelessness scheme.

(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.

An EqIA is available as a background paper.

(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 was subject to an OJEU compliant tender process when the service was re-tendered earlier this year. A separate report was brought to this committee last September and permission was given to re-tender the service.

(f) **Consultation and communication**

As part of the full grants value-for money review process conducted during 2015 and the Housing Strategy review, partners have been consulted on strategic direction for homelessness prevention services via the Homelessness Strategy Implementation Partnership in alignment with the Housing Strategy consultation.

(g) **Community Safety**

The contract for Street and Mental Health Outreach Services is specifically shaped to improve community safety by supporting efforts to tackle street-based anti-social behaviour, as is the grant funding for the Public Realm Enforcement service. 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.

5. Background papers

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

Equality Impact Assessment

6. Appendices

Appendix 1 – Homelessness Prevention Grant and contract awards 2017-18

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 2017-18

Grant recipient	Brief service outline	Recommendation for 2017-18 Grant renewal (R) Grant discontinuation (D)	If continued funding is not recommended state reasons	Funding award for 2017-18	Additional notes
Cambridge Link Up	Core support for homelessness service users group	D	No application received	0	
Cambridge Cyrenians	Core grant supporting Cyrenians to provide services to homeless people in need of support.	R		13,094	
Cambridge	Provision of	R		32,557	

Grant recipient	Brief service outline	Recommendation for 2017-18 Grant renewal (R) Grant discontinuation (D)	If continued funding is not recommended state reasons	Funding award for 2017-18	Additional notes
Citizen's Advice Bureau	independent specialist housing advice services through CAB.				
Cambridge Re-use	Provision of furniture and white goods to those affected by poverty and disadvantage.	R		4,076	Reduction in grant award from 2016-17 due to healthy financial position
Wintercomfort	A learning and development service for single homeless	R		91,628	The Council is committed to a 5 year grant for this service

Grant recipient	Brief service outline	Recommendation for 2017-18 Grant renewal (R) Grant discontinuation (D)	If continued funding is not recommended state reasons	Funding award for 2017-18	Additional notes
	or formerly homeless people				which runs until 30.9.18
Cambridge Women's Aid	Provision of an outreach service for women and children fleeing domestic violence.	R		46,466	
Riverside English Churches Housing Group	Young person's emergency bed space	R		4,158	Under £5000 – approved by the Head of Housing
YMCA	Young person's	R		4,158	Under £5000 –

Grant recipient	Brief service outline	Recommendation for 2017-18 Grant renewal (R) Grant discontinuation (D)	If continued funding is not recommended state reasons	Funding award for 2017-18	Additional notes
	emergency bed space				approved by the Head of Housing
CHS Group	Employment advice service for those in housing need	R		36,480	Reduction in grant award from 2016-17 due to healthy financial position
Jimmy's Cambridge	Funding contribution to the Assessment Centre for rough sleepers	R		53,294	

Grant recipient	Brief service outline	Recommendation for 2017-18 Grant renewal (R) Grant discontinuation (D)	If continued funding is not recommended state reasons	Funding award for 2017-18	Additional notes
Centre 33	Advice and advocacy service for young people threatened with homelessness	R		31,181	
Riverside English Churches Housing Group	Pre-tenancy work to support and prepare homeless people for independent living	D		0	The organisation's financial position means it does not require council funding
CHS Group	Young parents'	R		20,380	Increased funding from

Grant recipient	Brief service outline	Recommendation for 2017-18 Grant renewal (R) Grant discontinuation (D)	If continued funding is not recommended state reasons	Funding award for 2017-18	Additional notes
	project				2016-17 because the project requires additional subsidy and is of critical strategic importance to the Council.
Cambridgeshire County Council	Chronically excluded adults service	R		20,788	
Cambridgeshire County Council	Contribution to Countywide	R		27,758	

Grant recipient	Brief service outline	Recommendation for 2017-18 Grant renewal (R) Grant discontinuation (D)	If continued funding is not recommended state reasons	Funding award for 2017-18	Additional notes
	alcohol service				
Internal (City Council)	Rapid response service supporting the Council's single homelessness service			37,392	This service is being taken over by the City Council, having previously been provided by the County council from external government grant
Homeless Link	Shared customer information	R		7,571	This funding is not a grant but is governed by a service level

Grant recipient	Brief service outline	Recommendation for 2017-18 Grant renewal (R) Grant discontinuation (D)	If continued funding is not recommended state reasons	Funding award for 2017-18	Additional notes
	system				agreement between the Council and Homeless Link
Cambridgeshire Constabulary	Street-life policing, tackling rough sleeping, begging and other street-based anti-social behaviour	D	Outcomes on begging and rough sleeping have not been in line with expectations	0	
Change, Grow, Live (formerly CRI	Street and mental health outreach service tackling rough	Not applicable		181,891	

Grant recipient	Brief service outline	Recommendation for 2017-18 Grant renewal (R) Grant discontinuation (D)	If continued funding is not recommended state reasons	Funding award for 2017-18	Additional notes
	sleeping, street-based anti-social behaviour and homelessness prevention for those with mental health problems				
CHS Group (Railway House)	Young person's supported housing project	R		15,591	
Change, Grow, Live (formerly	Service focused on Eastern European	D	Please refer to paragraph 4.3 of	0	

Grant recipient	Brief service outline	Recommendation for 2017-18 Grant renewal (R) Grant discontinuation (D)	If continued funding is not recommended state reasons	Funding award for 2017-18	Additional notes
CRI)	nationals at risk of rough sleeping, requiring housing and employment services		the main report		
Jimmy's Cambridge	Severe Weather Emergency Provision (SWEP) for rough sleepers	NEW	Not applicable	25,658	SWEP has previously been provided by a number of partners. This proposal entails Jimmy's providing all of

Grant recipient	Brief service outline	Recommendation for 2017-18 Grant renewal (R) Grant discontinuation (D)	If continued funding is not recommended state reasons	Funding award for 2017-18	Additional notes
					the accommodation on one site at Zion Baptist Church
Internal - City Council Public Realm Enforcement service	To work in conjunction with the chronically exclude adults service to encourage active engagement with support services and to	NEW	Not applicable	40,455	

Grant recipient	Brief service outline	Recommendation for 2017-18 Grant renewal (R) Grant discontinuation (D)	If continued funding is not recommended state reasons	Funding award for 2017-18	Additional notes
	take enforcement action where support options have been exhausted				
Total amount to cover shortfall in discretionary business rate relief for Cyrenians, CWA, Cambridge Re-Use and	See above	R		8,723	

Grant recipient	Brief service outline	Recommendation for 2017-18 Grant renewal (R) Grant discontinuation (D)	If continued funding is not recommended state reasons	Funding award for 2017-18	Additional notes
Wintercomfort.					
Unallocated funds				£16,064	
TOTAL				719,363	

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Cambridge City Council **Item**

To:	Executive Councillor for Housing
Report by:	Julia Hovells – Housing Business Manager / Principal Accountant
Relevant scrutiny committee:	Housing Scrutiny Committee Date: 22nd September 2016
Wards affected:	Market

Recommendation to sell 1 Ferry House, Midsummer Common, on the open market

Key Decision

NOT FOR PUBLICATION: The appendix to the report relates to an item during which the public is likely to be excluded from the meeting by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972: Information relating to the financial or business affairs of any particular person (including the authority holding that information)

1. Executive summary

1.1 1 Ferry House, Midsummer Common is a high-value HRA asset that became void on 22/08/2016. An appraisal of the options for the property has been completed, and this report provides the background and reasons for the final recommendation.

1.2 Due to the unique location of 1 Ferry House, it was important to the service that all options were considered. They included the following:

a) That the Council sells the property in its current condition and with current access arrangements on the open market.
b) That the Council redevelops the site
c) That the HRA sells 1 Ferry House to the General Fund, who would then offer the property on a commercial basis, following re-classification to A1 use.
d) That the HRA undertake a change of use to A1 commercial use, and leases the property on the open market.
e) That the Council undertakes void works and re-lets the property for an annual rent to someone on the housing waiting list.

2. Recommendations

2.1 The Executive Councillor is recommended:

a) To agree that the HRA sells 1 (The) Ferry House, a 2-bedroom detached house on Midsummer Common in Market ward on the open market. The resulting receipt will be set-aside for re-investment in future new build housing or alternatively as a contribution towards the impending government levy.

b) The only HRA capital costs associated with option (a) will be the administrative costs of the open market disposal, as detailed in the attached appendix. These will be funded from the resulting capital receipt.

3. Background

3.1 The Ferry House has been leased to Cambridge Cyrenians since 2002 who have used the property as respite accommodation the staff and volunteers working at the 4, 5 & 6 Short St Hostel. With the lease due to expire in August 2016, it was deemed an appropriate time to establish whether Ferry House, a unique property in terms of its location and value, was being best utilised by the HRA.

3.2 It was recognised that in order for Cyrenians to continue to provide the 24hr support service to the homeless residents in the Short St Hostel (also leased from the HRA and grant-funded by the Council), it was important that a suitable alternative property could be provided. This was achieved in July 2016 with the offer, and acceptance, of an alternative town centre property. A standardised 7-year lease for both properties has now been issued.

4. Implications

(a) Financial Implications

4.1 The financial implications associated with the decision to dispose of 1 Ferry House are included in the confidential appendix (Appendix A).

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

4.2 The staffing implications of the proposal to dispose of 1 Ferry House are included in the confidential appendix, but are expected to met from within existing resources.

(c) Equality and Poverty Implications

4.3 An EqIA has not been completed, as the disposal of a single vacant dwelling is not anticipated to cause a negative impact on any particular equalities group

(d) **Environmental Implications**

4.4 There are no direct environmental implications associated with the decision to dispose of a single vacant dwelling, with the expectation that it will be sold and continue to be used as a dwelling asset.

(e) **Procurement**

4.5 The anticipated value of the services to market the dwelling would not be expected to require formal procurement, with the ability to obtain a direct quote for the services from a single supplier. Good practice in this market though, might indicate that there is benefit to be had from obtaining three independent prices.

(f) **Consultation and communication**

4.6 Tenant and leaseholders representatives are being consulted in respect of the proposal to dispose of an HRA asset as part of this report.

(g) **Community Safety**

4.7 There are no direct community safety implications associated with the decision to dispose of a single vacant dwelling.

5. Background papers

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

A. Valuation Reports – 1 Ferry House (confidential background paper)

6. Appendices

A. Appendix A – Project Appraisal for the disposal of 1 Ferry House (Confidential)

7. Inspection of papers

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

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