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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: Thursday, 5 January 2017

Date: Wednesday, 18 January 2017
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 Monitoring Officer **before** the meeting.

3 Minutes *(Pages 7 - 16)*

To approve the minutes of the previous meeting.

4 **Public Questions**

Please see information at the end of the agenda.

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

These Items will already have received approval in principle from the Executive Councillor. The Executive Councillor will be asked to approve the recommendations as set out in the officer's report.

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

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

These items will require the Executive Councillor to make a decision after hearing the views of the Scrutiny Committee.

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

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

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

5 **Procurement of a new Housing Management Information System**

Report to follow

6 **Adaptations Policy for HRA Property**

Report to follow

7 **Housing Transformation Programme 2017/18** *(Pages 17 - 34)*

8 **Housing Revenue Account Budget Setting Report** *(Pages 35 - 144)*

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

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

9 Housing General Fund Revenue and Capital Budget Proposals for 2017/18 to 2021/22

Report to follow

10 Cambridgeshire Home Improvement Agency - Service Changes

Report to follow

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.

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

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

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Accessible toilets are available on the ground and first floor.

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HOUSING SCRUTINY COMMITTEE 22 September 2016
5.30 - 8.15 pm

Present:

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

Executive Councillor for Housing: Councillor Price

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

Officers:
Strategic Director: Suzanne McBride
Strategic Advisor - Housing and Welfare Reform: Liz Bisset
Head of Housing Services: Tom Bremner
Head of Estates & Facilities: Trevor Burdon:
Housing Advice Service Manager: David Greening
Business Manager & Principal Accountant: Julia Hovells
Manager Temp Housing & Housing Support: Frances Swann
Committee Manager: Toni Birkin

FOR THE INFORMATION OF THE COUNCIL

16/34/HSC Apologies

Apologies were received from Councillor Bird

Councillor Perry was present as the alternate.

16/35/HSC Tenant and Leaseholder Comments

The tenant and leaseholder representatives expressed dissatisfaction with the limited number of items on the agenda which allowed them voting rights. The Chair noted their comments and agreed that greater clarity was needed.

16/36/HSC Declarations of Interest

No interests were declared.

16/37/HSC Minutes

The minutes of the meeting of the 21st June 2016 were agreed and signed as a correct record.

16/38/HSC Public Questions

There were no public questions.

16/39/HSC Supported Housing Update

<u>This Item was chaired by Diana Minns (Vice Chair / Tenant Representative)</u>

Matter for Decision

The report was 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.

Decision of Executive Councillor for Housing

i. Noted the 2015/16 outcomes of the Supported Housing Service.
ii. Approved a review of the community alarms service.

Reason for the Decision

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.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee expressed support for the service and praised its achievements.

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

i. Move on times for those in CCC Mental Health Supported Housing varied. Since 2014, tenancies are fixed term and last for up to 3 years. Many move on within 2 years.
ii. Clarified that the City Council is the only district in the County to offer an emergency attendance response service in addition to the telephone response.
iii. Stated that some flats in Anstey Way had been used as temporary housing and that the properties were no longer used for this purpose.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendation.

16/40/HSC Medium Term Financial Strategy

<u>Recommendation (a) was chaired by Diana Minns (Vice Chair / Tenant Representative) and recommendation (b) was chaired by Councillor Todd-Jones</u>

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

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.

Decision of Executive Councillor for Housing
i. (Recommendation 2a) 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 Officer's report.
   - 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 Officer’s report and summarised in Appendix G.

ii. (Recommendation 2b) Approved proposals for changes in existing housing capital budgets, as introduced in Sections 6 and 7 of the Officer’s report and detailed in Appendix E of the document, with the resulting position summarised in Appendix H, for decision at Council on 20th October 2016.

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

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations

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

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

i. Sought clarification regarding the expected policy revisions regarding the sale of high value stock. Officers confirmed that this was not yet available.
ii. Expressed concerns that completed, new build properties had been left empty due to technical difficulties with the developer.

The Business Manager/Principal Accountant stated the following in response to Members’ questions:

i. It was hoped that the, now vacant, South Area Office would realise the anticipated savings. The property was being actively marketed but to date a sub-let of the lease had not been agreed.
ii. Agreed with the Committee that tenants needed to be keep informed of developments regarding Universal Credit.
iii. Confirmed the approach being taken regarding annual valuation of the housing stock.
iv. It was anticipated that the valuation formulas would change to reflect the impact of new policies such as: Pay to Stay, fixed term or short term tenancies.

The Strategic Advisor - Housing and Welfare Reform stated that the development of Anstey Way was currently delayed. Rent reduction had impacted on the development programme. It was hoped that devolution funding, which came with less constraints, would allow this project to be completed. 'Right to Buy' receipts could not be used for this project.

In response to questions from the Committee the Executive Councillor Housing stated the following:

i. A joint approach with other authorities was being pursued to push for a deferral of 'Pay to Stay' and for an assurance regarding future administration costs of applying the charges.
ii. Whilst no firm commitment had been received, the Executive Councillor was quietly confident that the devolution deal would give a five year boost to the construction of new council housing.

The Committee resolved by 12 votes to 0 with 2 abstentions to endorse the recommendation 2a (i)

The Committee resolved by 6 votes to 0 with 2 abstentions to endorse the recommendation 2b (ii)

The Executive Councillor approved the recommendation.

16/41/HSC Housing Transformation Programme Update

This item was chaired by Councillor Todd-Jones

Matter for Decision
The report provided an update on progress for the Housing Transformation programme. The Housing Transformation programme was 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 were delivering the right outcomes and that resources were targeted towards meeting service and policy objectives; national housing policy and local initiatives had resulted in incremental changes to the service that we now needed to take an overview of; and finally as a result of recent legislation we had to make very significant savings in the Housing Revenue Account.

Decision of Executive Councillor for Housing
i. Endorsed the approach set out in this 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. Sought clarification regarding the terminology used as savings already achieved were not adequately reflected in the report. Officers stated that this would be addressed in the January 2017 report.
ii. Expressed concerns that other issues might be being missed as attention was focused on savings.
iii. Expressed concerns about the impact of budget savings for vulnerable tenants.

Committee Members suggested that cuts to the repairs budget could be false economy as tenant DIY repairs could result in a bigger spent at a later date. Officers confirmed that a clearer policy on what was a landlord responsibility and what was the responsibility of the tenant was under consideration.

The Head of Estates and Facilities undertook to investigate what services were available to tenants unable to undertake repairs that were their responsibility. This might include options for the repairs team to undertake the work and then re-charge it to the tenant. The Officer stated that his team were unable to recommend tradespeople.

The Strategic Advisor - Housing and Welfare Reform said the following in response to Members' questions:

i. It was recognised that vulnerable tenants used more than one service. Currently there were a number of posts which offered support and in the future those services would need to be used in a smarter way. The tenant profile would offer insights into areas of greatest need.
ii. Lessons could be learnt from peer organisations.
iii. The 'Pay to Stay', project group had not yet been established. This could be a joint group with South Cambridgeshire.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendation.

16/42/HSC Social Lettings Agency Business Plan

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

Matter for Decision

The report followed on from the social lettings agency update report brought to this committee in January 2016, 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 aimed 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.

Decision of Executive Councillor for Housing

i. 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 the officer's report – this would allow continuation of the service from April 2017. Continuation of the service would therefore be subject to approval of this budget bid at Council in February 2017.

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 report sought clarification regarding financial forecast in the report.

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

i. Suggested that the report was based on cautious financial assumptions.
ii. Modest gains were expected from the Empty Properties initiative.
iii. The Social Lettings Agency staff had been on a learning curve and rent collection was improving.

The Committee resolved by 6 votes to 0 and 2 abstentions to endorse the recommendation.

The Executive Councillor approved the recommendation.

16/43/HSC Homelessness Prevention Grants 2017-18

This item was chaired by Councillor Todd-Jones

Matter for Decision
This report outlined 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 of the Officer's report. Given the dual financial and homelessness pressures the Council is facing, it is important that the grants programme was both transparent and exposed to scrutiny.

Decision of Executive Councillor for Housing

i. Agreed, 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 the Officer's report.
ii. Agreed 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 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 discussed points to be raised in the response to the withdrawal of funding to the Police for a Street Life Officer. The Housing Advice Service Manager stated that the previous funding had supported engagement and enforcement work. It had not provided a full time post. Police financial pressures had resulted in a change of focus and the funding was no longer seen as the best use of resources.

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

i. There had been an increase in non-engagement from entrenched rough sleepers.
ii. The team was investigating the causes of increased begging.
iii. Grants had been allocated in a targeted way with the grants programme being used to address any identified gaps in services.
iv. A strategic approach had been adopted regarding partnership working.
v. The majority of homelessness services were delivered via County Council budgets.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendation.

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

The Housing 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 the discussions of the open report only and not the confidential appendix.

16/44/HSC Disposal of an HRA Asset - 1 Ferry House

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

Matter for Decision

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 the report provided the background and reasons for the final recommendation.

Decision of Executive Councillor for Housing

i. Agreed 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.

ii. Noted that 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.

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 Business Manager / Principal Accountant.

The Committee resolved by 6 votes to 2 to endorse recommendations (a) and (b) as detailed in the confidential appendix to the report.

<u>The Chair invited the press and public to return to the Committee Room</u>

The Committee resolved by 6 votes to 2 to endorse the redacted recommendations as detailed in the report available to the public.

The Executive Councillor approved the recommendations.

The meeting ended at 8.15 pm

CHAIR

Cambridge City Council **Item**

To:	Executive Councillor for Housing: Councillor Kevin Price
Report by:	Liz Bisset
Relevant scrutiny committee:	Housing Scrutiny Committee 18/1/2017
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 2017/18
Key Decision

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1. Executive summary

1.1.The Housing Transformation programme is effectively the second year of a fundamental review of housing services. A programme of service changes and savings for 2016/17 was agreed in October 2015. This report fulfils the requirement for further service transformation and savings proposals to be identified to meet a number of objectives, including the need to achieve a balanced budget in the longer term.

2. Recommendations

2.1. The Executive Councillor is recommended:

i. To agree the changes to achieve savings as set out in section 4.
ii. To support the future workstreams described in section 7

3. Background

3.1.Government policy on socially rented and affordable housing has undergone a radical shift in recent years, and may shift in emphasis again with the new post Brexit Government. Whatever the future holds, as previous reports to Housing Scrutiny have set out, legislative changes have put significant pressures on our budget, reducing our rental income in the long term through rent reductions and the proposed sale of high value assets to finance Right to Buy (RTB) for housing association tenants. These earlier reports are referenced as background papers in section 5.

3.2. Whilst the proposals on pay to stay have now been scrapped, other impending national policies such as mandatory fixed term tenancies with financial reviews, and the full roll out of Universal Credit, also require us to change the way we deliver housing services.

3.3. Further drivers for change include our gradually diminishing stock through RTB, and changes to the types of people we house. Our tenants are increasingly singles or in two person households. Around 60% are not in employment , and around a quarter have a limiting long term illness or disability. We have proportionally decreasing numbers of younger and older households than in 2008, the base year for our data. The majority of our tenants are aged between 24 and 65. We still have a significant, albeit decreasing, number of older tenants. Almost 39% of our tenants are aged over 65. Generally speaking those we are housing are increasingly vulnerable.

3.4. The context for the Transformation Programme to be implemented in 2017/18 has therefore been the need to balance our budget and live within our means, achieving an operating surplus to meet new demands for changing services.

3.5. In considering the future shape of services it has been important to recognised the core services we want to protect, although not necessarily in their current form. These are lettings and tenancy management, repairs and maintenance, income management, tackling anti-social behaviour (ASB), and supporting vulnerable tenants. In our interaction with residents on all of these core functions they need to be straightforward to access and it needs to be clear who has key responsibility for an issue and how this will be taken forward.

3.6. The Housing Transformation programme also looked at efficiency and value for money. It considered when finances are tighter how to manage expectations about what services we provide through having clear policies, that staff, residents, elected members and others can refer to.

3.7. It is important too that we continue to look after our housing assets, and are clear about what are landlord responsibilities and what are tenant responsibilities. The Housing Transformation programme in this phase has focused on what this means for the way we manage voids and day to day repairs.

4. Savings

4.1. The Budget Setting Report 2017/18 for the Housing Revenue Account (HRA) is also on the agenda for this Housing Scrutiny Committee. It shows how net savings of £1,431,640 can be achieved for 2017/18, to which the housing transformation programme contributes around £874,600 from 2017/18, rising to £995,400 in 2018/19 because savings will be taken after the beginning of 2017/18 to allow for implementation of staff changes. The full saving from this transformation programme will be realised by 2019/20, by which point £1,025,400 will be achieved, once longer term changes have been implemented.

4.2. The MTS provides a full list of all savings and unavoidable expenditures, some of which are unrelated to the housing transformation programme.

4.3. The following table summarises the savings from the housing transformation programme.

Proposal	(Saving or Increase in Income)				
	2017/18	2018/19	2019/20	2020/21	2021/22
Restructure of Housing Services, reviewing both staffing structures and operational costs, with staffing changes expected to be delivered by July 2017	(244,200)	(320,500)	(320,500)	(320,500)	(320,000)
Reduction in Resident Involvement expenditure, with the Annual report combined with one of the issues of Open Door and reductions in grants in line with prior year take up	(7,800)	(7,800)	(7,800)	(7,800)	(7,800)
Savings in the budget identified for transformation of the HRA	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)
Increased service charge income to the HRA as a direct result of charging tenants In flats for the supply of communal electricity and grounds maintenance services, in line with charges passed to leaseholders, and in recognition that these services are provided to these tenants only.	(99,300)	(99,300)	(99,300)	(99,300)	(99,300)

Reduction in ASB and Racial Harassment costs and recharges to the HRA, following a review of the work undertaken currently by the Community Safety Team, which identifies a greater proportion of work being performed for the General Fund	(59,800)	(59,800)	(59,800)	(59,800)	(59,800)
Restructure of Estate and Facilities, reviewing both staffing structures and operational costs, with staffing changes expected to be delivered by July 2017	(238,300)	(257,800)	(257,800)	(257,800)	(257,800)
Restructure of the Stores Team and improved procurement processes following relocation of new in-house team to Cowley Road	(63,700)	(63,700)	(63,700)	(63,700)	(63,700)
Increased income in respect of Estates and Facilities Special Projects Team, with a pilot project to build new homes for the HRA using our own staffing resources	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Increased rental income as a direct result of reduced void times, due to proposed changes in working practices and operational processes	(30,000)	(45,000)	(60,000)	(60,000)	(60,000)
Increased rechargeable repairs cost recovery, as a result of improved working practices and better charging mechanisms	(25,000)	(35,000)	(50,000)	(50,000)	(50,000)
Total Proposals	**(874,600)**	**(995,400)**	**(1,025,400)**	**(1,025,400)**	**(1,025,400)**

4.4. There are two further significant savings identified in the Budget Setting Report, which contribute to the overall savings identified for the HRA. Firstly, the delay in the Government bringing forward precise regulations around sale of high value assets and the communicated delay in implementation results in increased rental income of £182,740, which has been incorporated into financial plans. Secondly, the recently tendered gas servicing contract has delivered savings of £197,800, reducing that required from the Housing Transformation programme.

5. Cultural change

5.1. Many of the changes described in this paper require new ways of working and involve not just structural changes, but also cultural changes in the way we do things. This will take time to embed and the task of all managers will be to work with staff and residents to continue to deliver good quality service, keeping the changes under review, adapting and refining the processes that will underpin change. There will be work to do following the structural changes to work on the responsibilities of each team, how they will work together. Staff will be expected to work flexibly between teams to manage peaks and troughs, as happens to an extent now. A development programme for staff to support new ways of working will be developed once the new structure is in place.

6. Housing Transformation workstreams 2016/17

i. Housing management

6.1.The transformation programme looked across the whole of the housing management function reporting to the Head of Housing Services. This enabled us to consider:

- management and staff capacity and flexibility of roles
- where we could bring activities or teams together in a more logical structure
- where there were overlaps or lack of clarity that was wasteful of resources and confusing to our customers
- improving clarity and accountability to residents as to who had primary responsible for their issue, reducing the number of handoffs between teams

6.2 Overall, savings are achieved from a reduction in management and other staff costs. The introduction of generic job descriptions for similarly graded posts will increase opportunities for displaced staff to be redeployed and reduce redundancies.

6.3. Housing management will be restructured into four functional teams as set out in the functional chart in Appendix 1. (This is not a structure chart and does not describe individual posts). The main features of the proposed new structure can be summarised as follows. There will be four housing teams – housing advice, sheltered and supported housing, city homes and strategy.

6.4. The Resident Involvement and Communications team be part of the sheltered and supported housing manager but the Head of Service will be expected to shape the work of this team, with the aim of strengthening the strategic engagement and communications role with tenants and leaseholders.

City Homes

6.5. There will be for teams in City Homes with each having a responsibility for a particular aspect of housing management.

6.6. The core of this will be the tenancy and estate management team, who will operate across 4 patches. These teams will be responsible for the day to day management of the patches, and key contacts for most tenancy issues that cannot be dealt with by the customer contact centre. They will call upon the specialist support of the 3 other teams - income management and financial inclusion, tenancy support, and estate champions and caretaking, as needed.

6.7. The income and financial inclusion team will bring together the chasing and enforcement element of income management, together with the help and advice we offer on managing and reducing debt. At a time when changes to benefits are putting increasing pressures on households, and the risk of increasing arrears with the roll out of universal credit, a team that focuses on income managements will help us to addresses the challenges we and our tenants face, more effectively. Reception and cashiers roles will be combined to provide a more flexible front of office presence and will be part of this team.

6.8. Estate champions and caretaking will remain as it is, working closely with the tenancy and estate management patch workers for their area.

6.9. The home ownership team’s work involves processing RTB applications for existing tenants, managing shared ownership properties, and providing an interface between the Council and leaseholders around management issues and leaseholders contributions to service charges and planned maintenance programmes. Shared ownership products will increase in number as part of the Council’s development programme. The work of this team therefore straddles housing management and asset management. The financial contribution to planned maintenance programmes and the administration of Section 20 notices is an area the Council could manage better. To improve communication between teams it is proposed to physically co-locate the home ownership section with the asset management team who are responsible for the planned maintenance programme. The team would remain as part of the housing management set-up in City Homes.

Housing advice

6.10. As part of the Housing Transformation programme the Temporary Housing Service (THS) will move to become part of the Housing Advice Service. The existing team structure will be adjusted as part of this move. This creates an opportunity for temporary housing provision to form part of the portfolio of activity delivered by the Council's homelessness and housing advice services and to strengthen inter-dependencies. Both services deliver housing management functions; and the Homelessness Reduction Bill, which is going through the parliamentary process, is going to significantly change the way local authorities deliver services because it will introduce homelessness prevention and alleviation duties. There is likely to be less emphasis on provision of temporary accommodation and more on alleviating homelessness at an earlier stage, using a range of housing options to either alleviate homelessness or discharge full homelessness responsibilities.

Sheltered/supported

6.11 This team will provide an integrated service through the Independent Living Service and Ditchburn Place to older residents in need of support, both in our sheltered housing and in general needs housing (both public and private sector). However the maintenance officer function will move to be managed within Estate & Facilities to be consistent with all of the other maintenance responsibilities.

6.12 The resident involvement team will be line managed as part of this team. Given the level of change taking place in housing services the resident involvement team will play an important role in consultation and communication with residents and as such the Head of Service will be expected to help shape the work of this team.

6.13. The tenancy support service, which supports those with high needs will move into the sheltered/support team, providing support on a time limited basis for tenants with complex needs or at a time of crisis, with the aim of putting in place sustainable solutions. Long term management of tenants will remain with the tenancy and estate management team.

ii. Estates and Facilities

6.14. The HRA services provided by Estates and Facilities account for around half of our operational budget. It is essential that we maintain our estate in good order and examine the way we carry out our business, making the best use of available resources. The focus of this year's transformation programme has been on:

- increasing efficiency and reducing waste through overly complex systems or ways of operating that lead to significant amounts of unproductive time
- improving clarity on what is the Council's responsibility and what are tenant responsibilities within existing policy
- ensuring that the structure and size and skill set of the workforce reflects the patterns of demand
- developing new business opportunities through new build and work for the general fund.
- bringing activities and teams together into a more logical structure.

6.15. Some of the changes deliver savings, but some do not and are designed to deliver one or more of the above objectives. Savings for Estates and Facilities are achieved through a combination of changing working practices in repairs and voids, reducing the number of operatives overall and technical staff to reflect this, recharging for tenant responsibility repairs, and bringing commercial income in from the work of the special projects team.

6.16 Overall, the Estates and facilities Team is to be reduced by the 7 full time equivalent posts, to better reflect workflow demand and continued efficiencies. This includes the vacant trainee surveyor post, which is now designated as an apprentice surveyor and supported by external funding. The functions reporting to the Head of Estates and Facilities remain the same as show in the structure chart attached as Appendix 2.

Repairs
6.17. A detailed analysis of repairs carried out over the past year has revealed some obvious areas for efficiencies, which together will deliver significant savings. The main changes will be:

- Recharging for repairs that are the tenant's responsibility. An analysis of repairs carried out shows that up to10% of jobs are potentially tenant responsibilities. This is an area where we intend to be more rigorous in implementing current policy. We will need to remind tenants of what is their responsibility and what we will repair.

- We will offer a rechargeable repair service for repairs that are the tenant responsibility, for tenants that require this.

- Reducing the amount of downtime from travelling, visits to the depot and waiting for work to be allocated.

- Redesign van stocks and reduce the need for visits to the depot

Voids and lettings

6.18. The voids team will be expanded into a voids and lettings team, with two assistant housing officer posts moving over from City Homes to provide an end to end service from the point at which notice of termination is confirmed, to the point at which a property is relet. This integrated way of working is the outcome of the deliberations of a working group who concluded that this change will reduce the turnaround time for properties by at least 5 working days, reducing the inefficiency of hand-offs between teams.

Special projects

6.19. The work of the special projects has a growing commercial element. For this reason a new post of principal surveyor with commercial building experience is to be introduced to oversee the work of the special projects team, moving across a vacant principal surveyor post from asset management. The special projects team are currently piloting the delivery of two new build houses, built off site using modern methods of construction, which they will then fit out and finish. The pilot will establish whether they can deliver a cost effective product on small sites. If successful this will provide a future workstream and income to sustain this team. At the same time it will contribute to the Council's broader objective of delivering affordable homes at a competitive price. The team will include a scheduler/work planner post, moving a post from the technical support team.

Stores

6.20. The stores review is completed and recommendations are in the process of being implemented**.** After market testing the service the review concluding that the service should be retained in-house and made more efficient and cost effective through re-procurement of stock items, reduced stock lines, targeted counter services, greater use of site delivery, and better managed van stocks. Savings will be delivered from these new ways of working

Adaptations

6.21. A separate paper on this agenda recommends a clearer and updated framework for managing the budget relating to adaptations in the Council's housing stock. Any savings generated from these recommendations will be in the Capital budget, and will be used to offset against RTB receipts. For this reason the financial impact of changes to adaptations has not been included in the revenue savings required, as explained at the beginning of this report.

7. Future workstreams.

i. Anti-Social behaviour (ASB)

7.1 The services provided by the Council to address ASB are much wider than those paid for by the HRA, which relate to tenancies and housing management. An initial downwards adjustment has been made to the contribution of the HRA to the Safer Communities Team, reflecting the changing balance of the work of this team towards general fund work. A paper will be brought back to this committee following a more thorough review of ASB as it relates to tenancies and housing management.

ii. Senior management

7.2. The senior management structure for housing services remains under review. Any decision on future structures will take into consideration the level of structural and cultural change to be implemented over the next 18 months.

iii. Repairs

7.3. There are some further changes that are being worked on. These are the next phase of work relating to the repairs service. They are designed to improve working practices by cutting out waste through unnecessary administrative tasks, and better use of working time.

- Dynamic scheduling to maximise overall efficiency
- Reviewing and simplifying the schedule of rates
- A review of terms and conditions through the Council's negotiating apparatus

iv. Improving our use of technology

7.4. In carrying out the reviews a recurrent theme was how well, or not, we use technology to improve the ability of our residents to interact with us; to enable staff to work off-site; to reduce the number of times we input data; to use data more intelligently to plan services on a day to day basis and to plan for longer term needs. This is a future piece of work.

7.5. Upgrading IT is a costly investment and needs to be well planned to meet the future objectives of the service and put forward as a project to 3ICT. We need to be clear about what we want to achieve and learn from other housing providers who have already improved digital services for those who use housing services and those who deliver them

Shared services

Sharing more housing services with neighbouring authorities remains under consideration as a future option. We will continue to explore opportunities during 2017.

8. Implications

(a) Financial Implications

The financial implications of the transformation programme will to deliver savings of £874,600 in 2017/18, £965,400 in 2018/19 rising to £1,025,400 in 2019/20 as set out in the table in 4.3.

(b) Staffing Implications

This report proposes the net deletion of 17.2 posts (10.2 from Housing Services 7.00 from Estates and Facilities), which is representative of approximately 11.4% of the total number of posts currently established within the HRA. This net figure is not the same as number of redundancies that may occur, as some of the posts proposed for deletion are vacant. In line with the City Council’s Organisation Change Policy we will endeavour to seek alternative employment for potentially redundant employees through the redeployment pool A detailed consultation paper will be issued to staff following this Scrutiny Committee, which will give detail on the proposals as they affect individual posts and the opportunities to apply for newly created roles.

(c) Equality and Poverty Implications

An EQIA is available for the HRA Budget Setting Report which considers the impact of savings identified in this report , together with other HRA bids and savings.

(d) Environmental Implications

Nil.

(e) Procurement

The Stores review has led to a re-procurement of stock to improve value for money.

(f) Consultation and communication

The housing transformation programme has had a scheduled set of meetings with staff and tenant representatives to keep them up with developing ideas and to seek their feedback. These discussions have helped to shape the proposals presented today.

Clear communication of proposals that impact directly on tenants in this paper will be planned in. Although none of the changes involve changes of policy a communications strategy will be essential as there will be changes in current practice, particularly around rechargeable repairs.

(g) Community Safety

ASB work with tenants and leaseholders is part of a much greater spectrum of work on Community Safety carried out by a number of teams. The Housing Transformation programme is primarily concerned with the interface between generic housing management functions and specialist work carried out by other teams. The HRA contribution to the Safer Communities Team has been adjusted as described. A more thorough review is looking at how HRA funded activity fits within a broader context of other ASB and community safety.

9. Background papers

These background papers were used in the preparation of this report:
Housing Scrutiny Committee reports:
24 September 2015 . Fundamental Review of the Housing Service
http://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=414&MId=2822&Ver=4
21 June 2016. Housing Transformation Programme
http://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=414&MId=3063&Ver=4
22 September. Housing Transformation update
http://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=414&MId=3064&Ver=4

10. Appendices

High level functional structure charts (attached for Housing Management and Estates and Facilities)

11. Inspection of papers

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

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Author's Phone Number: 01223 - 457801
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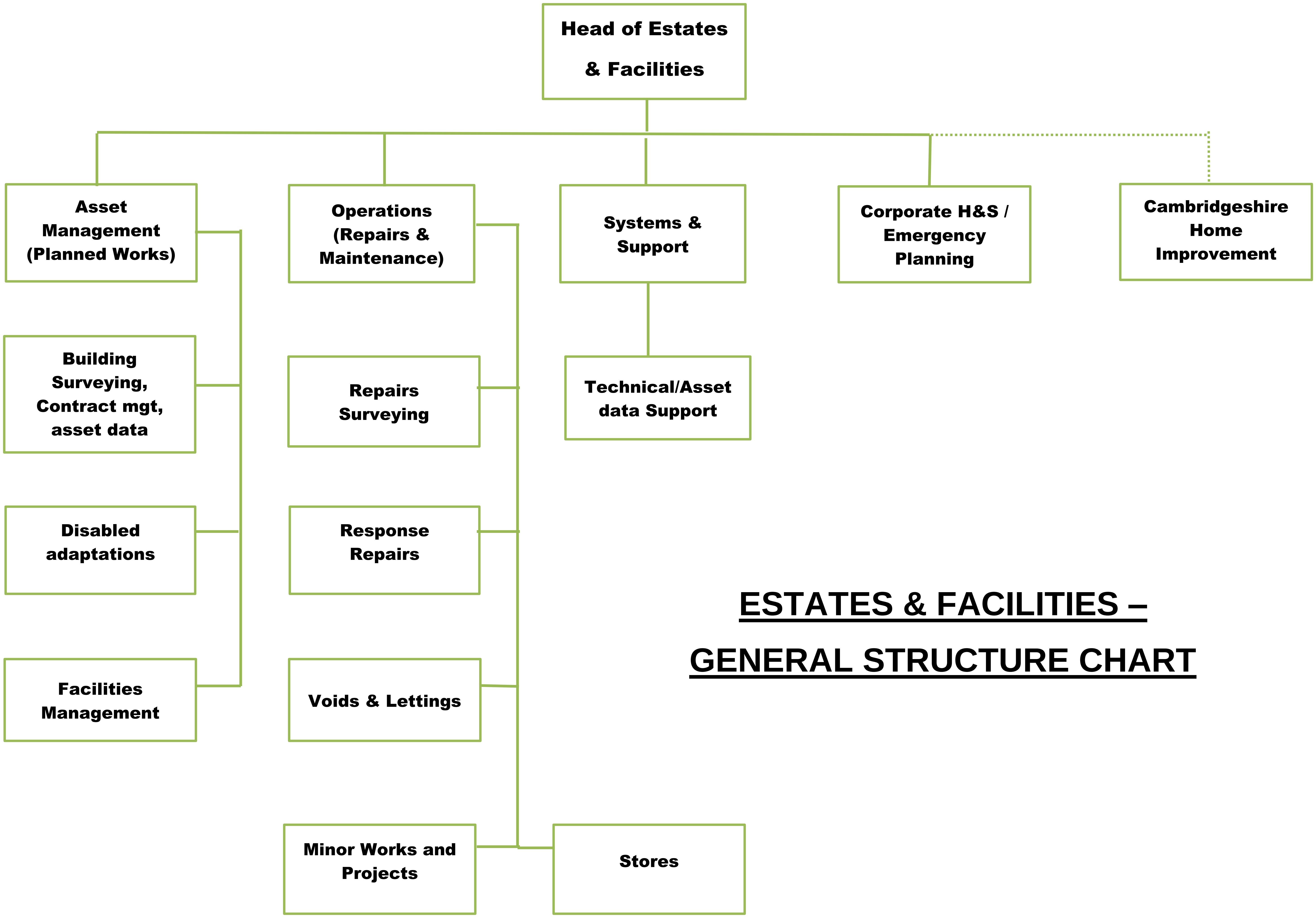

ESTATES & FACILITIES – GENERAL STRUCTURE CHART

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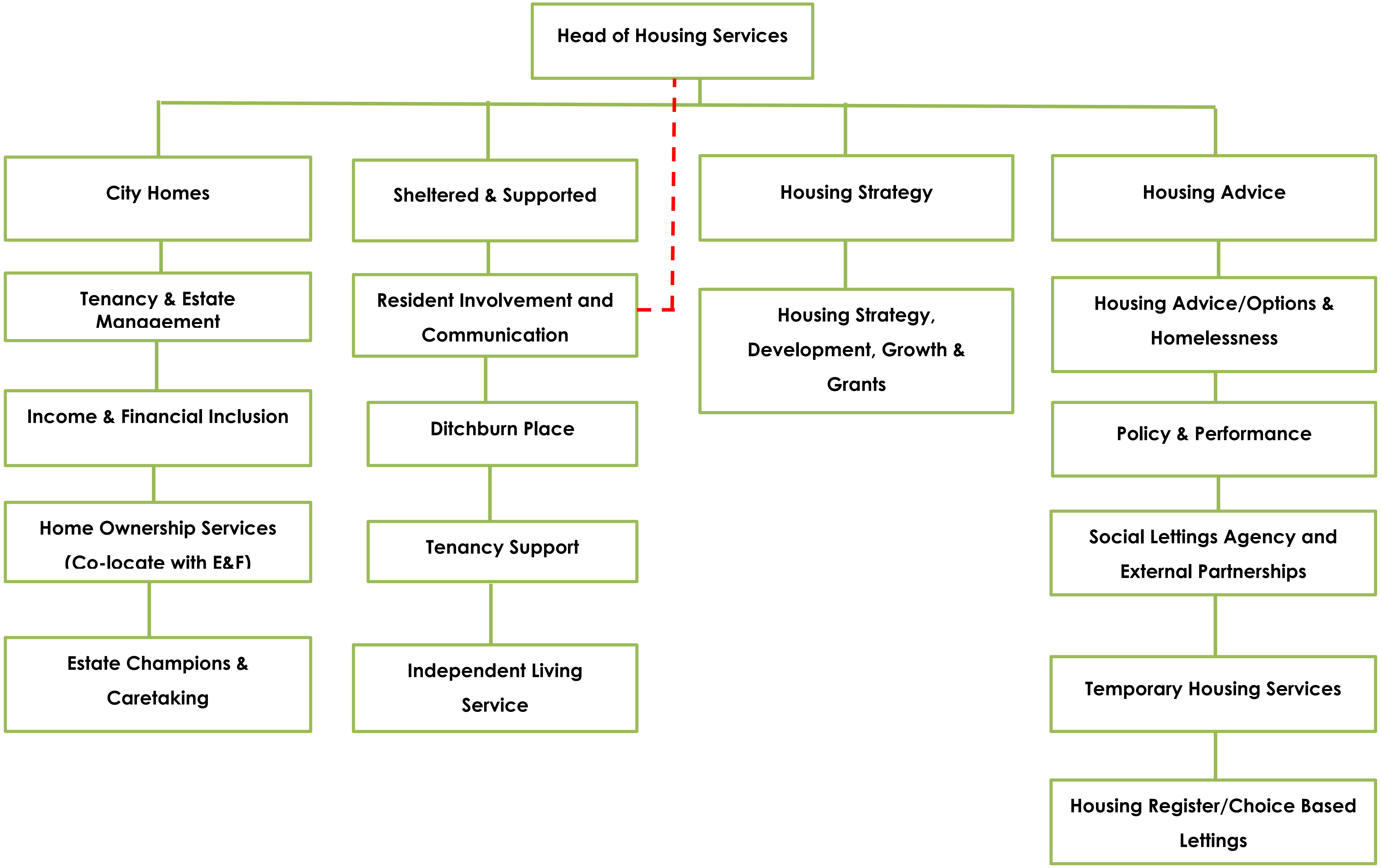
Head of Housing Services
City Homes
Sheltered & Supported
Housing Strategy
Housing Advice
Tenancy & Estate Management
Resident Involvement and Communication
Housing Strategy, Development, Growth & Grants
Housing Advice/Options & Homelessness
Income & Financial Inclusion
Ditchburn Place
Policy & Performance
Home Ownership Services (Co-locate with E&F)
Tenancy Support
Social Lettings Agency and External Partnerships
Estate Champions & Caretaking
Independent Living Service
Temporary Housing Services
Housing Register/Choice Based Lettings

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Cambridge City Council **Item**

To:	Executive Councillor for Housing: Councillor Kevin Price
Report by:	Julia Hovells, Business Manager / Principal Accountant (Housing)
Relevant scrutiny committee:	Housing Scrutiny Committee 18/1/2017
Wards affected:	All Wards

2017/18 HOUSING REVENUE ACCOUNT BUDGET SETTING REPORT

Key Decision

1. Executive summary

1.1 As part of the 2017/18 budget process, the range of assumptions upon which the HRA Business Plan and Medium Term Financial Strategy were based, have been reviewed in light of the latest information available, culminating in the preparation of the HRA Budget Setting Report.

1.2 The HRA Budget-Setting Report provides an overview of the review of the key assumptions. It sets out the key parameters for the detailed recommendations and final budget proposals, and is the basis for the finalisation of the 2017/18 budgets.

1.3 The resulting recommendations refer to the strategy outlined in the HRA Budget Setting Report.

1.4 The HRA Budget Setting Report is presented to this meeting of the Housing Scrutiny Committee on 18th January 2017, to allow consideration and scrutiny of proposals for both the review of rents and service charges and the revenue bids and savings, which form part of the HRA budget. The Executive Councillor for Housing will approve rents, service charges and the final HRA revenue budget, after consideration of any budget amendments for the Housing Revenue Account.

1.5 The Housing Scrutiny Committee will also consider and scrutinise the Housing Capital Investment Plan, including capital bids and all associated funding proposals, prior to the Executive Council for

Housing making final capital recommendations for approval at Council on 23rd February 2017.

2. Recommendations

Under Part 1 of the agenda, the Executive Councillor, is recommended, following scrutiny and debate at Housing Scrutiny Committee, to:

Review of Rents and Charges

a) Approve that council dwellings rents for all social housing properties be reduced by 1%, in line with legislative requirements, introduced as part of the Welfare Reform and Work Act, with effect from 3rd April 2017. This equates to an average rent reduction at the time of writing this report of £1.00 per week on a 52 week basis.

b) Approve that affordable rents are reviewed in line with rent legislation, to ensure that the rents charged are no more than 80% of market rent, with this figure then reduced by 1%, as with social housing. Local policy is to cap affordable rents at the Local Housing Allowance level, which will result in a rent freeze from 3rd April 2017.

c) Approve inflationary increases of 2.4% in garage and parking space rents for 2017/18, in line with the base rate of inflation for the year assumed in the HRA Budget Setting Report.

d) Approve the proposed service charges for Housing Revenue Account services and facilities, as shown in Appendix B of the HRA Budget Setting Report.

e) Approve the proposed leasehold administration charges for 2017, as detailed in Appendix B of the HRA Budget Setting Report.

f) Approve that caretaking, building cleaning, estate services, grounds maintenance, temporary housing premises and utilities, sheltered scheme premises and utilities, digital television aerial, flat cleaning and catering charges continue to be recovered at full cost, as detailed in Appendix B of the HRA Budget Setting Report, recognising that local authorities should endeavour to limit increases to inflation as measured by CPI at September 2016 (1%) plus 1%, wherever possible.

g) Approve that service charges for gas maintenance, door entry systems, lifts and electrical and mechanical maintenance are increased in an attempt recover full estimated costs, as detailed in Appendix B of the HRA Budget Setting Report, recognising that local authorities should endeavour to limit increases to inflation as measured by CPI at September 2016 (1%) plus 1%, equivalent to an increase of 2% in total, wherever possible.

h) Approve the transfer of budgets for smoke detectors, fencing and third party professional fees to revenue, from capital, recognising the work being carried out in these areas in the future.

Revenue – HRA

Revised Budget 2016/17:

i) Approve with any amendments, the Revised Budget identified in Section 4 of the HRA Budget Setting Report, which reflects a net reduction in the use of HRA reserves for 2016/17 of £229,650.

Budget 2017/18:

j) Approve with any amendments, the Non-Cash Limit items shown in Appendix D (1) of the HRA Budget Setting Report.

k) Approve with any amendments, the Savings, Increased Income, Unavoidable Revenue Pressures and Reduced Income proposals, shown in Appendix D (1) of the HRA Budget Setting Report.

l) Approve the resulting Housing Revenue Account revenue budget as summarised in the Housing Revenue Account Summary Forecast 2016/17 to 2021/22 shown in Appendix J of the HRA Budget Setting Report.

Under Part 2 of the agenda, the Executive Councillor for Housing is asked to recommend to Council (following scrutiny and debate at Housing Scrutiny Committee):

Treasury Management

m) Request that, in 2017/18, officers conclude a review of the existing approach to treasury management, which requires 25% of the value of the housing debt to be set-aside by the point at which the loan portfolio matures. The review will consider the risks associated with a recommendation to fully re-finance the loan portfolio, against the potential financial benefit to the business plan in the shorter term of investing the resource in income generating assets. A separate report will be brought back to Housing Scrutiny Committee in 2017/18 following this review.

Housing Capital

n) Approval of capital bids, shown in Appendix D (2) of the HRA Budget Setting Report, to include balcony works at Kings Hedges and Arbury, additional investment in Disabled Facilities Grants, and replacement of the existing housing management information system, where the cost of the latter will be met from an existing repair and renewals fund for IT services.

o) Approval of the transfer of budgets for smoke detectors, fencing and third party professional fees from capital to revenue, recognising the work being carried out in these areas in the future.

p) Approval of the latest Decent Homes Programme, to include updated allocation of decent homes expenditure for new build dwellings, as detailed in Appendix E of the HRA Budget Setting Report.

q) Approval of re-profiling of budget totalling £954,000 for the new build schemes at Water Lane, Hawkins Road and Fulbourn Road, where completion of dwellings is now anticipated in 2017/18, as detailed in Appendices E and H, and summarised in Appendix K, of the HRA Budget Setting Report

r) Incorporation into the Housing Capital Investment Plan, of anticipated grant of £14,000,000 per annum for 5 years, in respect of devolution funding to assist in the delivery of 500 new affordable homes in the city.

s) Approval of a £20,000,000 per annum, new build programme, for 5 years beginning in April 2017, recognising that devolution has been approved, that the authority will receive a grant of £14,000,000 per annum towards the delivery of new affordable homes and will utilise retained right to buy receipts and HRA resources to meet the balance of funding required. This programme will replace the previous RTB New Build Programme and the assumption that the authority may need to provide grants to registered providers when sufficient resource were no longer available to top up retained right to buy receipts.

t) Approval to earmark additional resource of £1,740,000 towards the cost of the re-provision of the existing 23 socially rented homes at Anstey Way, allowing a revised scheme to be brought forward, with any addiitonality on the site being funded from the devolution programme, using devolution grant and retained right to buy receipts.

u) Approval of the revised Housing Capital Investment Plan as shown in Appendix K of the HRA Budget Setting Report.

General

v) Approval of delegation to the Head of Finance, as Section 151 Officer, to make the necessary detailed budgetary adjustments in the HRA, in respect of savings approved as part of the HRA Budget Setting Report, following the outcome of consultation with both tenants and staff about proposed service changes and resulting final savings.

w) Approval of delegation to the Head of Finance, as Section 151 Officer, to approve an in year increase in the budget for disabled facilities grants, in direct relation to any increase in the capital grant funding for this purpose, as received from the County Council through the Better Care Fund.

x) Approval of delegation to the Head of Finance, as Section 151 Officer, to make the necessary detailed budgetary adjustments in the HRA, to reflect the impact of the triennial valuation of the Cambridgeshire Local Government Pension Scheme.

3. Implications

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

(a) Financial Implications

The financial implications associated with decisions are outlined in the HRA Budget Setting Report 2017/18, appended to this report, for consideration by both Housing Scrutiny Committee and Council.

(b) Staffing Implications

Any direct staffing implications are summarised in the HRA Budget Setting Report 2017/18, appended to this report and identified in more detail as part of the Housing transformation Programme Report, which is also presented to Housing Scrutiny Committee as part of this committee cycle.

(c) **Equality and Poverty Implications**

An Equalities Impact Assessment has been undertaken in respect of new budget proposals where any impact (positive or negative) is anticipated. The consolidated assessment is presented at Appendix L of the HRA Budget Setting Report.

(d) **Environmental Implications**

Where relevant, officers have considered the environmental impact of budget proposals, with any impact highlighted in the HRA Budget Setting Report 2017/18, appended to this report.

(e) **Procurement**

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

(f) **Consultation and communication**

Consultation with tenant and leaseholder representatives is an integral part of the Housing Scrutiny Committee process. The views of tenants and leaseholders, in respect of investment priorities, were sought as part of the last STAR tenants and leaseholder survey and subsequent consultation activity, and the findings continue to inform investment priorities, and therefore, this budget process.

(g) **Community Safety**

Any community safety implications are outlined in the HRA Budget Setting Report 2017/18, appended to this report.

4. Background papers

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

Housing Revenue Account Budget Setting Report 2016/17
Housing Revenue Account Medium Term Financial Strategy 2016/17

5. Appendices

The Housing Revenue Account Budget Setting Report 2017/18 is appended to this report.

6. Inspection of Papers

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

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Version 2
Housing Scrutiny Committee

Housing Revenue Account Budget Setting Report 2017/18

January 2017

CAMBRIDGE CITY COUNCIL

Cambridge City Council

Version Control

	Version	for :	Anticipated Content
	1	Draft	Draft content for consultation
Current	2	Housing Scrutiny Committee 18 January 2017	Member Scrutiny Tenant and Leaseholder Representative Input Amendments to Executive proposals Opposition budget amendment proposals Rents and Service Charges approved Revenue budgets considered and approved
	3	Council Meeting 23 February 2017	The Executive Councillor for Housing's recommended final budget proposals Capital budgets considered and approved
	4	FINAL	Final version for publication following Council

Cambridge City Council

Housing Revenue Account Budget Setting Report

2017/18 to 2021/22

Contents

Appendices

Section 1
Introduction

Foreword by the Executive Councillor for Housing

The proposals for our 2017/18 Budget outline how we intend to meet the needs and aspirations of our tenants across the city over the next year. They focus on ensuring the continuing delivery of high quality new council homes and housing services in what remains a challenging and often rapidly changing national policy environment, where our financial assumptions and projections are constantly tested by new announcements or even policy reversals.

As the supply of social housing is under severe pressure, the profile of our tenants is changing. Increasingly they are single or two person households, 60% are not in employment and around 25% have an illness or disability. Almost 40% are over 65, generally speaking those we are housing are increasingly vulnerable and in need of support services, and around a quarter each year are those to whom we agree a duty to house under homelessness legislation. It is imperative that as a council we continue to ensure that Cambridge remains a place where all can live and flourish.

The background to this report remains the impact of the four year 1% rent cut imposed on social landlords last year and the subsequent need for savings. Although the Higher Value Levy has been delayed until the 2018/19 financial year it remains a threat to our ability to plan forward for the Housing Revenue Account with real certainty. The reversal of the government plans to make Pay to Stay compulsory for our tenants and for us as council landlords is welcome. There is though, a clear need to continue to work with other stock holding councils to make the case to government that compulsory sales of council homes (the Higher Value Voids Levy) will seriously damage the ability of councils to make a significant contribution to the housing crisis locally and nationally.

Discussions through the year with government have resulted in a landmark Devolution Deal offer to Cambridge which includes £70,000,000 grant to build new council homes and which will enable us to use the Right to Buy receipts laid out within this budget report. The delivery of at least 500 new council homes at genuinely affordable rents over the next five years is critical in addressing the housing affordability crisis in the city, and the Deal will also unlock the potential for further funding to address housing need in future devolution settlements.

Background

Housing Revenue Account budgets continue to be set in the context of a 30-year business plan, which is fully reviewed twice each year, in September / October when the budget strategy is agreed and again in January / February, when the budget is set.

The resource available to invest in housing services is dependent upon anticipated income streams for the Housing Revenue Account, with the most significant of these being the rental income for the housing stock. Following legislative change introduced through the Welfare Reform and Work Bill 2015, the authority no longer has discretion to set rents at a local level, but is instead required to comply with a national approach where rents will be reduced by 1% per year, for a further three years, from April 2017.

Rent setting regulations, alongside other national changes in housing policy, remove some of the flexibility over longer-term decision making, which was available immediately after self-financing was introduced in April 2012.

With diminishing resources, it is imperative that the Housing Revenue Account continually reviews its priorities for investment, considering:

- The acceptable minimum level of investment in the existing housing stock
- The need to spend on landlord services (housing management, responsive and void repairs)
- The need to support, and potentially set-aside for repayment of, housing debt
- The ability to identify resource for Investment in new affordable housing
- The ability to invest in new initiatives, income generating activities and discretionary services (i.e.; support) if resources allow

To protect the future of the Council's social housing, it is imperative that the organisation sets budgets in the context of their long-term impact on the financial viability of the Housing Revenue Account 30-Year Business Plan.

There is a key requirement to ensure that the HRA can support a significant level of housing debt whilst also ensuring ongoing delivery of housing services. As at April 2016, the authority was supporting a housing debt of £214,456,511. To date, it has been the policy of the HRA to set-aside resource to allow the potential to repay a proportion of the housing debt should the authority so chose, although this approach is currently being reviewed.

Purpose, Scope and Key Dates

Purpose and Scope

The HRA Medium Term Financial Strategy for 2016/17, approved in part at Housing Scrutiny Committee in September 2016, with the capital aspects approved at Council in October 2016, set the financial strategy for the HRA for 2017/18.

Factors affecting the housing service, both internal and external, were considered, alongside emerging changes in national housing policy and the implications of any anticipated changes in the economic environment. The review determined the financial strategy for the HRA and the framework for the detailed budget work to develop proposals for the 2017/18 budget.

As part of the preparation of the HRA Budget Setting Report, the range of assumptions on which the HRA Medium Term Financial Strategy was based, have been reviewed in light of the latest information available to determine whether any aspects of the strategy needed to be revised.

The outcome of the exercise, summarised in this document, provides the basis for the finalisation of the HRA budget and setting of rents and charges for 2017/18, culminating in recommendations to both Housing Scrutiny Committee on 18th January 2017, and ultimately Council on 23rd February 2017.

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

A key aspect of the financial review is consideration of risk and any potential mitigation. Sensitivity analysis of key factors is undertaken, to ensure that effective contingency plans are available to the Council and that an appropriate level of reserves can be maintained in light of changes in assumptions.

The work on the 2017/18 HRA Budget Setting Report takes as its starting point the following key parameters:

- A financial model that assumes revenue resource is set-aside to redeem up to 25% of the housing debt.
- A financial model assuming use of borrowing headroom, for cashflow purposes only, or in order to extend the financial viability of the business plan once rental

income is insufficient to meet the costs of managing and maintaining the housing stock.

- Rent reductions in line with legislation for the period from 2017/18 to 2019/20, returning to rent increases in line with previous government guidelines after this.
- Housing stock that is maintained at a level that allows the authority to comply with the decency standard and more, but no longer at a full investment standard.
- A savings requirement derived from the impact of the latest assumptions in the business plan, which include the impact of the loss of rental income which the 1% rent cut imposes and the anticipated financial impact that a requirement to dispose of void dwellings to meet a government levy will impose.
- An adjustment in responsive repairs expenditure in line with anticipated stock changes.
- Inclusion of a transformation fund of £120,000 for 2017/18 and 2018/19, after which no resource for service development or strategic investment is assumed.
- A minimum working balance for reserves of £2m, with a target level of £3m.

Key Dates

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

Date	Task
2016	
22 September	The Executive Councillor for Housing considered HRA Medium Term Financial Strategy, incorporated Housing Scrutiny Committee, including Tenant and Leaseholder Representative views, and approved revenue aspects, making recommendations to Council in respect of the capital plan.
20 October	Council approved HRA Medium Term Financial Strategy 2016/17
2017	
18 January	Executive Councillor for Housing considers Housing Scrutiny Committee views, before approving HRA revenue budgets and rent levels, and making recommendations to Council in respect of the capital aspects of the HRA Budget Setting Report
23 February	Council approves HRA Budget Setting Report

Section 2

Review of National and Local Policy Context and External Factors

Review of National Policy Context

National Rent Setting Policy

The legislation approved as part of the Welfare Reform and Work Bill 2015, requires both local authority landlords and registered providers to continue to apply a 1% rent reduction for the next three years, from April 2017 to April 2019 inclusive.

There were indications that supported and sheltered housing may be excluded from the requirement to cut rent levels, due to the enhanced level of services provided in this type of accommodation, but following a national review, confirmation has now been received that the 1% rent cut is to be applied to all social rented housing.

Where actual (transitional) rents have still not reached property specific target rent levels, local authorities are permitted to increase the rent to the target rent level only at re-let, recognising that the target rent for each property will also reduce by 1% each year for the next three years.

It is still not clear what will happen to rent levels after 2019/20, with the authority still making the assumption that rent increases can be re-introduced in 2020/21 at the previous levels of CPI plus 1% per annum.

In respect of affordable rents, the government requires local authorities to determine what 80% of the market rent would be for a property, and to apply the 1% reduction to this rent level, with the resulting sum being the maximum which a local authority can charge.

National Tenancy Policy

The Housing and Planning Bill introduced the requirement for local authorities to grant fixed term tenancies of between 2 and 10 years. A longer tenancy can be granted where a child under 9 years of age is resident as part of the household, with the tenancy expiring when the child reaches 19 years of age.

It is anticipated that the requirement will be introduced for all new tenancies in 2017, but this is still subject to confirmation through the release of formal regulations.

Market Rents for Higher Income Households (Pay to Stay)

The Housing and Planning Act 2016 introduced the ability for local authority social landlords to be required to charge up to market rent levels for households on higher incomes.

The policy change, initially intended to be implemented from April 2017, would have required 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 tapered basis. For every £1 over the threshold which a household earns, the rent payable will increase by 15p

On 21st November, in a ministerial statement issued by Gavin Barwell, Minister for Housing and Planning, it was confirmed that the government have decided not to proceed with 'Pay to Stay' on a compulsory basis. Local authorities will still be able to introduce the scheme voluntarily for households earning over £60,000, in line with previous legislation.

It is Government's intention that mandatory fixed term tenancies will be used to ensure that household incomes are taken into consideration when determining whether the tenants still need a socially rented home at the end of a tenancy.

There was also a commitment given by Government to consider whether there other options exist to ensure that high income tenant in social housing make a greater contribution to their housing costs.

Mandatory Disposal of High Value Housing Stock

The ability, as included in the Housing and Planning Act 2016, for Central Government to impose a financial levy on stock owning authorities in respect of the assumed sale of higher value housing stock, is still subject to regulation.

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 regulations are not yet available, It is still anticipated that the 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.

Once regulations are made available, the HRA Acquisition and Disposal Policy will be reviewed under delegation, to ensure that the authority can act quickly to meet any payments due. An officer project team has reviewed the asset holding for the HRA, a land audit is underway and processes are being considered to ensure the new workload can be met, utilising either a fully in-house model, or procuring a proportion of the services required externally.

Following recognition that local authorities will need plenty of time to prepare for the introduction of the levy, it was confirmed in an interview with the Housing Minister in late November 2016, that the government will not be requesting any higher value voids levy payments from councils during 2017/18. On the strength of this, our financial modelling now assumes that we do not begin to hold any voids until October 2017, on the assumption that there may be a levy payable from April 2018. The HRA Budget Setting Report has therefore been constructed on the assumption that the compulsion to sell will still 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 initially, but with payment simply deferred until 2018/19.

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, otherwise entitled to make a claim for Jobseekers Allowance. Universal credit generally includes housing costs for this group and this is paid directly to the customer unless it can be demonstrated that there are budgeting concerns. Claims must be made online. The full digital service that will allow claims from couples and those with children will be rolled out to Cambridge Job Centre in June 2018. The current number of claims continues to be low, with most for people who do not have a rental liability such as non-dependants.

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

Benefit Cap

Preparations for the introduction of the reduced Benefit Cap are progressing well, with early identification of potential customers affected being approximately 150, of which approximately 80 are HRA tenants. The Council is contacting those potentially affected by telephone or by visiting, with a number of these households having been identified as receiving incomes that exempt them from the cap or having started work or increased their hours of work which will remove them from the cap. Application of the cap is a rolling programme, concluding in early January, but as at the end of November 2016, 49 HRA tenants were impacted.

A number of referrals have been made to Citizens Advice for budgeting support and some have been referred to 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 349 HRA tenants affected by the reform, with 295 impacted by a reduction of 14% and 54 by 25%.

Limiting the Child Element to two children

From 1 April 2017, new benefit claims and current benefit claims which increase the family element above two children, will not have additional child elements included in the Housing Benefit calculation.

There are some exemptions for multiple births, result of abuse and adoption, or similar.
It will not impact on current claimants with more than two children, unless they have more children, then the child allowances will not increase, subject to the above exemptions.

Local Housing Allowance (LHA) 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 2019. Local Housing Allowance rates will be the maximum Housing Benefit payable, towards both rent and any service charges. Regulations have not yet been released, but the following is the guidance issued thus far and will apply to both general needs housing and supported, impacting those of working age as well as pensioners:

- The shared accommodation rate for under 35's will not apply to those in Supported Housing for Housing Benefit or the Housing element in Universal Credit.
- In Housing Benefit, those with tenancies before 1 April 2016 will not be affected but all Universal Credit customers will be impacted irrespective of when their tenancy started.

LHA rates are set to be frozen for the remainder of this parliament but may go down if average rents decrease within the Cambridge Broad Rental Market area.

Supported Accommodation Review

DWP has launched a consultation considering the new funding for supported housing once many of the above changes come into effect from April 2017.

Right to Buy Sales

During 2015/16, 141 right to buy applications were received and recorded, resulting in 42 completions. This compares to 103 applications in the previous year, which gave rise to 51 completions.

In the first 6 months of 2016/17, 38 sales have completed, supporting a view that there is an increase in interest in the scheme, where previously a marginal decline had been seen. 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, is thought to have had a bearing of the continued increased level of activity.

Accurately predicting future sales is not possible, but continued interest in the lead up to the introduction of 'Pay to Stay' indicates that the higher level of sales assumed in the Medium Term Financial Strategy should be retained, with 55 sales assumed in 2016/17, 50 sales in 2017/18, reducing by 5 sales per annum, until 25 sales per annum are assumed from 2022/23 onwards.

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

Status	Year	Right to Buy (RTB)			Total
		House	Flat	Bedsit	
Actual Sales	2011/12	7	5	0	12
	2012/13	26	15	0	41
	2013/14	31	28	1	60
	2014/15	26	24	1	51
	2015/16	24	17	1	42
Estimated Sales	2016/17	28	27	0	55
	2017/18	25	25	0	50
	2018/19	23	22	0	45
	2019/20	20	20	0	40
	2020/21	18	17	0	35

Right to Buy Receipts

Under the retention agreement with CLG, the authority now holds a significant sum for re-investment. Receipts must still 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.

Although the capital receipts can be invested by the authority to earn interest in the short-term, 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. With the current Bank of England base rate, this would be 4.25%.

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 G 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.

During 2016/17 a number of strategic acquisitions have, or will have, taken place to ensure that sufficient resource has been invested by March 2017.

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.

Newly arising receipts continue to be retained at the end of each quarter, subject to the delegated approval of the Head of Finance, in consultation with the Strategic Director, with the Executive Councillor for Housing informed if the recommendation were to be to pay receipts directly back to Central Government.

The additional capital spending, and top up funding, required as a result of decisions to retain right to buy receipts are built into the Housing Capital Investment Plan at the next available opportunity.

Review of Local Policy Context

Housing Stock

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

Housing Category	Actual Stock Numbers as at 1/4/2016	Estimated Stock Numbers as at 1/4/2017
General Housing – Social	6,316	6,261
General Housing – Affordable	98	175
Sheltered Housing	510	510
Supported Housing	22	22
Temporary Housing (Individual Units)	47	45
Temporary Housing (HMO / EA's)	30	30
Miscellaneous Leased Dwellings	17	17
Sub Total Rented Dwellings	**7,040**	**7,060**
Shared Ownership Dwellings	78	88
Total HRA Dwellings	**7,118**	**7,148**

Note: General Housing - Affordable are new build homes, which are let as agreed in the HRA Rent Setting Policy, at Local Housing Allowance levels of approximately 60% of market rent.

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

Stock Category (Property Type)	Actual Stock Numbers as at 1/4/2016	Estimated Stock Numbers as at 1/4/2017
Bedsits	107	107
1 Bed	1,687	1,685
2 Bed	2,376	2,404
3 Bed	2,253	2,247
4 Bed	98	98
5 Bed	7	7
6 Bed	2	2
Sheltered Housing	510	510
Total HRA Rented Dwellings	**7,040**	**7,060**

Leasehold Stock

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

Housing Demand

The mix of new housing delivered by the Housing Revenue Account continues to be influenced by a combination of the numbers on the housing register locally coupled with strategic forecasts of future need.

Cambridge City Council currently has just over 1,270 households on the housing register. 536 applicants were housed over the last year, with the majority of lettings being to applicants at band A or B.

The greatest demand for housing is for one and two bedroom properties, with one-bed applicants accounting for 57% of the register, two-bed applicants 32%, three-bed applicants 9% and 2% of applicants waiting for properties with 4 or more bedrooms. Applicants are banded according to housing need, with band A representing the highest housing need and making up approximately 10% of the register. Band B applicants represent approximately 26%, band C 32% and band D 32%.

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 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.

Partnership Working and Shared Services

The organisation, and therefore the HRA, continues to expand the provision of services which are delivered as shared or partnership services with other local authorities.

Shared services with South Cambridgeshire District Council and Huntingdonshire District Council are in place for the provision of ICT and Legal Services, both of which impact the HRA.

The authority continues to share the Head of Finance and Housing Finance Service with South Cambridgeshire District Council, with a view to wider shared finance services once a new financial management system has been implemented across the authorities.

The Housing Development Agency (HDA) is fully operational, with the City Council seconding staff from South Cambridgeshire District Council into a shared service, which the City is managing initially. The HDA is delivering new homes, working with multiple partner agencies, to increase the supply of new affordable housing. The agency will play a key part of the delivery of new homes in the city as part of devolution.

As identified as part of the Housing Transformation Programme, there is still the potential to explore a shared Housing Management Service with South Cambridgeshire District Council, with the potential for a wider shared strategic housing function in the future also.

External Factors

Any update of the financial forecasts for the HRA needs to take into consideration factors outside of the direct control of the authority, which will impact strategic decision making,

Inflation Rates

The base rate of inflation used to drive expenditure assumptions in the HRA financial forecasts is the Consumer Price Index (CPI). Changes in this measure of inflation were reviewed as part of the Medium Term Financial Strategy, with the view remaining that the average rate of growth has remained low, with rates of below 1% now spanning the last 21 months.

However, due to continued uncertainty in the economy during the lead in to exiting the European Union, forecasts for the rate of base inflation were amended as part of the Medium Term Financial Strategy, reflecting the projections being made by the Office for Budgetary Responsibility (OBR). Estimates that prices will increase by 1.9% for 2017/18, and 2.4% from 2018/19 onwards were incorporated into financial forecasts. There is no change to this assumption as part of the 2017/18 Budget Setting Report.

In respect of building maintenance expenditure, inflation is forecast using the RICS (Royal Institution of Chartered Surveyors) Building Cost Information Service (BCIS) all in tender price index. The decision to leave the European Union is still anticipated to have a direct impact in this industry, with continued uncertainty about the price that can be secured for both labour and building materials.

The projections incorporated as part of the Medium Term Financial Strategy, of growth in this indices of 3.7% for the next 3 years, followed by an increase of 4.6% and 6.4% in the last 2 years have been maintained, with the average rate of 4.5% used from year 6 onwards.

Interest Rates

The Housing Revenue Account continues to benefit from interest earned on any cash balances held, with a mix of investments adopted by the authority as a whole. Rates, however, remain low, with the latest interest rate assumptions included in **Appendix A**.

In respect of HRA borrowing, in addition to the self-financing loan portfolio, with rates ranging between 3.46% and 3.53%, the Housing Revenue Account still has additional borrowing capacity before the debt cap is breached of in the region of £16m.

The HRA Medium Term Financial Strategy incorporated the prudent assumption that any additional borrowing would be externalised, with updated PWLB maturity loan rates for loans of a 30 year duration used, in conjunction with market projections. This resulted in the inclusion of a rate of 2.5% in 2017/18, rising to 2.7% from 2018/19 onwards,

Although rates available currently are lower than those secured for the self-financing settlement, re-financing of existing loans to take advantage of the lower rates would incur significant early redemption penalties, with the penalty outweighing any potential interest savings.

Section 3
Housing Revenue Account Resources

Rent

Rent Arrears, Bad Debt Provision and Void Levels

Rent collection performance locally has been 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 more than maintained during 2015/16, but is more concerning for the first half of 2016/17, where arrears are higher, when compared with the profile at this point in previous years. At the end of quarter 2 in 2016/17, current arrears totalled £848,779.54, compared to £805,916.66 at the same point in 2015/16. It is imperative that dedicated staff continue to work proactively with tenants affected by benefit changes, particularly during the rollout of direct payment, which began locally in February 2016,

There is still a considerable challenge in respect of actively pursuing, or proactively writing off, former tenant debt, despite good progress in this area over the last two years. At the end of quarter 2 in 2016/17 former tenant arrears stood at £778,434.27, compared to £725,829.45 at the same point in the preceding year, highlighting the need for continued focus in this area.

The provision for bad and doubtful debt, taking into consideration both the age and value of outstanding debt, stood at £1,181,406 at 31 March 2016, representing 89% of the total debt outstanding.

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%.

Void levels have increased in 2016/17 to date, with void loss up to the end of September 2016 of 1.51%. The higher level is predominantly due to holding vacant units at Ditchburn Place pending refurbishment, at Anstey Way in anticipation of re-development of the site, and at various locations where disposal or a lease has been agreed.

Void performance statistics exclude the afore-mentioned 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.

Operational changes proposed as part of the Housing Transformation Programme suggest that void times in general housing can be further reduced, resulting in an increase in rental income to the HRA.

In recognition of this, the base assumption of 1% voids in general housing has been reduced by 0.08% for 2017/18, 0.12% for 2018/19 and 0.16% for 2019/20.

The proposed requirement to sell high value void properties in the future will impact this assumption in future iterations of the business plan, once the regulations and detailed guidance are made available.

Rent Restructuring and Rent Levels

Property specific target social rents under the rent restructuring regime still apply, but the requirement to reduce social housing rents, including those in supported and sheltered housing by 1% for a further 3 years, means that the target rents will also reduce in line with this.

The authority has the ability to close the gap between target social rent and the actual rent being charged for a dwelling, only when a property becomes void.

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. By the end of September 2016, 19.8% of the social rented housing stock was being charged at target rent levels, compared with 16.7% in April.

The gap between actual and target rent levels now equates to an annual loss of income of approximately £1,340,000 across the HRA, compared with the income assumption in the HRA Self-Financing Debt Settlement, where convergence was anticipated well before now.

There were 120 new build properties charged at the higher ‘affordable rent’ levels, equivalent to the Local Housing Allowance at the end of September 2016.

Rent Policy

The local rent setting policy was last amended in September 2015, and will need to be reviewed to reflect the requirement to reduce social rents for the next 3 years, to provide clarity over the proposals for reviewing affordable rents annually, and to recognise any impact on rents that may arise from the requirement for compulsory fixed term tenancies, once detail and regulations are available.

Rent Setting

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

From April 2017, the authority is required to apply the second year of a four year rent cut in social housing rents of 1% per annum, with confirmation received that supported and sheltered housing are to be included in this directive, and not exempted as was an option in the first year.

The assumption is still being made, in respect of longer-term financial forecasts, that the authority will be able to revert to the previous policy of increasing rents by CPI (as measured at the preceding September), plus 1% each year, from April 2020, followed by CPI plus 0.5% from April 2024.

In respect of affordable rented homes, the government require local authorities to determine what 80% of the market rent is for each dwelling, and ensure that the combined rent and service charges levied for a property does not exceed this level, minus the 1% reduction required from April 2017.

Service Charges

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

The majority of services provided to tenants of Cambridge City Council are now separately identified, with the exception of communal electricity and grounds / estate maintenance to non-sheltered flatted accommodation.

It is proposed, as part of the 2017/18 budget and rent and service setting process, to levy separate charges in respect of communal electricity and grounds / estate maintenance to tenants from April 2017. This will ensure consistency with the charges levied to leaseholders, and if implemented in April 2017, when rent levels are reducing as opposed to increasing, will also limit the financial impact for tenants

Building cleaning and window cleaning services are subject to the final stage of a phased implementation, with full costs to be recovered from April 2017, following price increases as part of externalisation of the service in June 2015.

The approach to setting service charges for 2017/18 is detailed at **Appendix B.**

Other Sources of Income

Garages

The Housing Revenue Account currently owns 1,705 residential garages, and manages a further 23 on behalf of the General Fund.

Of the HRA garages, 61 currently form part of the sites for the 2015/16 garage re-development programme, and so will be demolished once fully vacated, and work begins.

Of the garages available for letting, approximately 23% are currently void, with a corresponding level of void loss to the end of September 2016.

A number of garage blocks are undergoing feasibility work, as garage sites identified in the 3 year rolling affordable housing programme. These 129 garages are either let or are still available for letting at present as no firm decisions have been made about the suitability of the sites for new build.

The HRA has a variable charging structure for garages and parking spaces, with charges reviewed annually as part of the budget process. The proposed garage charging structure for 2017/18 is as follows:

Category	**Rent £ per rent week**	**VAT £ per rent week**	**Total Charge £ per rent week**	**Percentage Increase on previous year**
Parking Spaces (tenants only)	7.72	0.00	7.72	1.9%
Parking Spaces in the Curtilage of the Property (tenants only)	7.72	0.00	7.72	1.9%
Garage in the Curtilage of the Property (tenants only)	9.93	0.00	9.93	1.9%
Tenant of City Homes (for storing a motorised vehicle)	9.93	0.00	9.93	1.9%
Other Resident with Garage within ½ mile of address (for storing a motorised vehicle)	9.93	1.99	11.92	1.9%
Other Resident (Within Cambridge City) with Garage over ½ mile of address (for storing a motorised vehicle)	12.04	2.41	14.45	1.9%
Public Body/Charity	16.58	3.32	19.90	1.9%

(for storing a motorised vehicle)				
Non Cambridge City resident or Business / Commercial / General Storage Use	18.70	3.74	22.44	1.9%
Tenant of City Homes (For general storage)	18.70	3.74	22.44	1.9%
City Homes / Internal Use	18.70	0.00	18.70	1.9%

Commercial Property

Rental income from commercial property continues to fluctuate due to the timing of lease renewals for the small portfolio of shops and other business premises that are owned by the HRA. In 2016/17 the income generated by the commercial property portfolio is anticipated to be in the region of £425,000, which is higher than anticipated due to delays in terminating leases at Akeman Street, where a mixed tenure site is approved for re-development.

With the exception of the Akemen Street site, where there is already a long-term vacant unit, the occupation of the HRA commercial property portfolio is very good at present, with no vacant shop units currently. The performance of these assets needs to be continually reviewed to ensure the HRA prioritises acting in the best financial interests of its social housing tenants.

Interest / Investment Income

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

The interest rates available to the Council remain low, and recovery is still anticipated to be slow.

Other External Funding

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

- Homes and Communities Agency (HCA) Grant – The authority anticipates receiving grant as part of the 2015-18 programme, with balances of £125,000 for Aylesborough Close, £87,500 for Water Lane and £97,125 for Clay farm shared ownership due in 2016/17. A grant of £1,275,000 for the re-development and reconfiguration of Ditchburn Place was also approved, but work has not yet started on site.

- Support Funding – The level of funding via the Supporting People Programme has reduced to a point where the authority now receives £180,000 per annum for support to be provided to older people across the city.

Earmarked & Specific Funds

Earmarked Funds – Revenue Reserves

In addition to General Reserves, the Housing Revenue Account maintains a number of earmarked or specific funds. **Appendix C** details the current level of funding in the reserves.

Repairs & Renewals

These funds are maintained to fund major repairs of HRA-owned administrative premises and periodic replacement of assets such as vehicles, plant, equipment and furniture, particularly in sheltered and supported accommodation.

Major Repairs Reserve

A statutory reserve which receives a sum, transferred from the revenue account, equivalent to the depreciation in respect of the housing stock each year. Resource in the Major Repairs Reserve is then used as a source of funding in the Housing Capital Investment Plan, to meet the capital cost of works to HRA assets, or alternatively to repay housing debt. From April 2017, the transitional measures that allow the authority to limit the depreciation charged in respect of dwellings to the value of the old Major Repairs Allowance ceases, from when the full depreciation value will be transferred into the reserve each year, irrespective on whether the asset base requires this level of investment.

Tenants Survey

The Tenants Survey reserve allows the spread of costs for the STAR Tenants and Leaseholder Survey evenly across financial years, despite the survey only being undertaken formally every two or three years, with the next survey due in 2017/18.

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

The business plan currently assumes that the authority notionally sets aside up to 25% of the value of housing debt over the life of the plan, to retain flexibility in whether to redeem or re-finance some of the loan portfolio as loans mature. This policy is to be reviewed as part of the Housing Transformation Programme, with an alternative view to instead invest any surpluses back into the housing business.

The continued approach of using an ear-marked reserve, as opposed to making a formal voluntary revenue provision (VRP), will allow the HRA to retain flexibility over the use of any resource that is available for set aside in the future.

Earmarked Funds – Capital Receipts

Right to Buy Attributable Debt Ear-Marked Capital Receipt

The HRA retains an element from all right to buy receipts over and above those assumed in the initial self-financing settlement, in recognition of the debt which the authority holds in respect of the asset. The sums retained are held in a separate ear-marked capital balance, allowing them to be utilised to repay debt should the authority so choose, or alternatively reinvest as deemed appropriate.

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

The Right to Buy Receipt Retention Agreement remains in force. To ensure that these resources are separately identified for re-investment, and if necessary, repayment purposes, an ear-marked balance exists to record the balance at the end of each reporting period.

Section 4
Housing Revenue Account Budget

Post-HRA MTFS 2016/17 Approvals

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

Revised Budget 2016/17

The Housing Revenue Account (HRA) revenue budget for the current year (2016/17) was amended as part of the HRA Medium Term Financial Strategy in September 2016. It is not proposed to undertake a further review of current year activity as part of the budget setting process, but instead to report the position at outturn.

The only exceptions to this, are the need to recognise any impact in revenue terms of the need to revisit funding requirements for the Housing Capital Investment Plan in 2016/17 following some re-phasing of new build schemes and recognition that not all of the planned investment in our housing stock will now take place in year. This will result in an impact in both the level of depreciation transferrable in 2016/17 and in interest anticipated to be earned in 2016/17, with a net change of £229,650, as summarised in the table below.

It should also be recognised, that the accounting treatment in respect of some aspects of the current Housing Capital Investment Programme, result in the need to vire budgets for smoke detectors, external professional fees and fencing from capital to revenue, with a corresponding reduction in the level of direct revenue financing of capital to offset the change. This change will have a nil net effect overall, with the same level of expenditure still financed using revenue resources.

2016/17 Revised Budget	Original Budget January 2016 £	HRA MTFS September 2016 £	HRA BSR Proposed Changes £	HRA BSR January 2017 £
Net HRA Use of / (Contribution to) Reserves	1,750,610	1,751,610		
Savings / Increased Income			0	
Unavoidable Revenue Bids			0	
Non-Cash Limit Adjustments			(229,650)	
Revised Net HRA Use of / (Contribution to) Reserves				**1,521,960**
Variation on previously reported projection				(229,650)

The above figures include carry forward approvals from 2015/16 in the second column, in addition to changes approved as part of the Medium Term Financial Strategy in September 2016, with the net saving identified in the current year, as part of the January 2017 committee cycle, incorporated in the right-hand column.

The net reduction in costs for 2016/17 will result in a lower call on the use of Housing Revenue Account reserves than anticipated.

Overall Budget Position - 2017/18 onwards

Overall Budget Position

The overall revenue budget position for the Housing Revenue Account is summarised in the table below, with detail for the period to 2020/21 provided in **Appendix D (1):**

Proposal Type	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Target Included	1,000,000	1,000,000	0%	0%	0%
Reduction required to meet Current Savings Target	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000
2017/18 Budget Items					
Transformation Savings	(560,500)	(656,300)	(656,300)	(656,300)	(656,300)
Savings	(206,900)	(206,900)	(206,900)	(206,900)	(206,900)
Transformation Increased Income	(314,100)	(339,100)	(369,100)	(369,100)	(369,100)
Increased Income	(266,340)	(266,340)	(266,340)	(266,340)	(266,340)
Unavoidable Revenue Pressures	88,800	88,800	88,800	88,800	88,800
Reduced Income	17,500	17,500	17,500	17,500	17,500
Net Savings Position (above) / below Savings Requirement	**(241,540)**	**637,660**	**607,660**	**607,660**	**607,660**
Non-Cash Limit Adjustments	(190,100)	461,470	461,470	461,470	461,470
Net Position for the HRA (above) / below overall assumptions	**(431,640)**	**1,099,130**	**1,069,130**	**1,069,130**	**1,069,130**

Non-Cash Limit Budgets

Non-Cash Limit items are those that do not relate directly to the cost of service provision, including for example direct revenue funding of capital expenditure (DRF), investment income and depreciation. These items are treated outside of the 2017/18 cash limit, with the implications built into the financial forecasts for the HRA as part of the budget process, informing future budget strategy, savings targets and investment priorities. Full details of these for the period to 2020/21 are given in **Appendix D (1).**

Performance against Savings Target

As in previous years, a savings target for the HRA as a whole was adopted. The target of £1,000,000 from 2017/18 and a further £1,000,000 from 2018/19 was set in the context of significant uncertainty in a number of areas of national housing policy. The need to reduce rents by 1% across all social rented housing for a further 3 years is confirmed, and this alone has a significant impact on the future projections for the HRA.

For 2016/17, the majority of savings required have been identified as part of the Housing Transformation Programme, which is the subject of a separate report to Housing Scrutiny Committee in this committee cycle.

These savings are summarised separately in the table above, alongside any additional proposals for 2017/18 which are included for decision as part of the HRA Budget Setting Report. Detail of these savings can be found in **Appendix D (1).**

Additional savings that have been identified for 2017/18 are partially offset by the HRA reacting to unavoidable revenue pressures. The net position is an over-achievement against the savings target for 2017/18 of £431,640. With the new savings target of a further £1,000,000 included from 2018/19, the current proposals would result in the need to identify a further £1,099,130 from 2018/19 to meet this target, reducing to £1,069,130 from 2019/20. Again, detail of these can be found in **Appendix D (1).**

No further savings target has been included for the years from 2019/20 onwards, recognising that the current Housing Transformation Programme will significantly reduce expenditure in the HRA, and that there is a critical mass which will need to be retained. This approach will be reviewed as part of the 2017/18 Medium Term Financial Strategy, by which point the impact of changes in national housing policy should be clear.

The result of corporate transformation activity may have a financial impact for the HRA in many cases, but the detail is not always available at the outset of each project. It is difficult to fully predict the impact in monetary terms of savings to the HRA from in-direct service reviews, as the detail surrounding revised recharging mechanisms is not usually completed until the after the transformation activity is complete and resulting changes have been made. For prudency, any anticipated savings to the HRA are only included once the activity is confirmed corporately as being far enough progressed that some certainty can be given to the incidence of impact between the General Fund and the HRA.

Transformation Fund

For 3 years from 2016/17 a budget of £120,000 per annum was included in the Housing Revenue Account, to allow investment in service transformation projects and in spend to save initiatives, in light of the major changes in national housing policy.

The budget is being utilised to deliver the Housing Transformation Programme, and will need to meet any cost of change that service transformation incurs, including the potential for exit costs incurred as part of major service restructuring.

The responsibility for identification and approval of funding for suitable projects for this resource to be invested in, whether one-off, or ongoing in nature, is delegated to the Strategic Housing Advisor, who has specific responsibility for transformation of housing services, to ensure that the authority continues to meet statutory obligations and has a housing offer which is fit for purpose.

Section 5
Housing Capital Budget

Stock Condition and Decent Homes

The authority holds validated stock condition data for its housing stock, which is updated on a continual basis. There is still some work to do to ensure that the authority holds validated, accessible data in respect of the condition of communal areas.

The housing service reported achievement of the decency in the housing stock as at 31 March 2016 at 92%, with 553 properties that were considered to be non-decent (in addition to refusals). A further 379 properties were anticipated to become non-decent during 2016/17.

Budgets for discretionary investment in the housing stock have been reviewed in 2016/17, to ensure ongoing delivery of the agreed £100,000 reduction in expenditure as part of the budget setting process last year. The budget for hard surfacing of recycling areas was reduced in 2016/17, but as this budget was not ongoing in nature, reductions will need to be across other areas of discretionary investment going forward. Following the review it is proposed that budgets are reduced as follows:

- Fire Prevention / Fire safety Works £50,000
- Hard Surfacing (Health and Safety Works) £25,000
- Communal Areas Uplift £25,000

As part of the 2017/18 Budget Setting Report, recognition is also be given to the need to treat some aspects of Housing capital Investment Programme differently, in light of the nature of future expenditure.

Budgets in respect of smoke detectors, fencing and external professional fees, previously reported as part of the Housing Capital programme, are to be transferred to revenue, and included as part of the planned revenue repairs programme. This recognises, for example, that investment in smoke detectors is now predominantly revenue related, as the programme of initial installation is complete, and expenditure in the future will be in respect or repairs and replacements. Budgeting for external professional fees entirely in revenue will ensure that expenditure can be appropriately financed, irrespective of whether the professional advice results in investment in an asset or not. The transfer of revenue funding to capital will be reduced by a corresponding sum, with no change in the level of investment and no net impact on the HRA.

The Housing Capital Investment Plan has therefore been constructed and presented on this basis of the above changes.

Current financial assumptions are constructed on the basis that a partial investment standard is retained in the housing stock, 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. The level of capital investment in the housing stock will be reviewed during 2017/18, as part of the next phase of the Housing Transformation Programme.

New Build Affordable Housing

New Build Schemes On Site / In Progress

Work continues to deliver the programme of HRA new build housing across the city. At the time of writing this report 174 new homes had been completed since April 2012, of which 10 were shared ownership homes.

Following early delays in delivery due to securing vacant possession and planning, there have been further delays during construction and handover. This has not only resulted in the need to re-phase some expenditure between years, but also impacts receipt of the anticipated future revenue streams for each of the sites. The contract clauses that allow for compensation for the loss of rental income (liquidated and ascertained damages) have been evoked in some cases, with invoices of £185,000 having been raised to the contractor to date.

The table below details the new build schemes and acquisitions completed to date:

Scheme	Date Completed	Approved Social Housing / SO 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%

Scheme	Date Completed	Approved Social Housing / SO Units	External Funding Source	Percentage Social Housing on Site
Wadloes Road (Acquisitions)	October 2015	3	RTB Receipts	100%
Colville Road	June 2016	19	HCA Grant	76%
Aylesborough Close	September 2016	20	HCA Grant	59%
Homerton	December 2016	39 (10 Shared Ownership)	RTB & Sales Receipts	40%
Total		**174**		

The table below summarises new build schemes currently on site and in progress, providing details of the anticipated 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
Clay Farm	78	26	RTB & Sales Receipts, HCA Grant	16,204,780	(6,163,809)	10,040,971
Total	**115**	**26**				

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

As part of this HRA Budget Setting Report, approval to re-phase some budget in respect of Hawkins Road, Fulbourn Road and Water Lane is being sought.

Future New Build - Garage and In-Fill Sites

The current programme of garage and in-fill sites, originally approved in March 2015 and added to in June 2016, comprises a programme of 9 small sites, which are anticipated to deliver 21 new homes.

The table below confirms the sites included, with the latest budget approvals and assumed number of new homes which can be delivered, recognising that this is currently subject to both planning approval and procurement of a contractor for some of the sites.

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

Scheme	Site Type	Status	Current Budget Approval (£)	Potential New Build Units
Hills Avenue	In-fill	Pre-planning		1
Wulfstan Way	In-fill	Pre-planning		2
Total			**3,722,000**	**21**

As a pilot project, the Major Projects Team in Estates and Facilities are planning to deliver the new build housing on the site at Uphall Road using our own staff, sub-contracting only those elements where we do not have sufficient expertise in house at this stage. If successful, it is intended to expand this operation in future years, in order to ensure that we make the best use of existing staffing resources and are able to continue to spread fixed overheads for the HRA across a wider service area.

Akeman Street

The scheme for the redevelopment of the mixed use HRA site in Akeman Street, where 10 new affordable homes were proposed in place of the current mixed commercial and residential development, providing only 2 social rented homes, is subject to an agreement to return to Housing Scrutiny Committee with a revised scheme.

The revised scheme is expected to have considered the density of units which could be re-provided on the site and whether any re-provision of commercial or community facility should be incorporated in the final scheme.

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. At the time of drafting this report, 4 of the 5 leasehold flats had been re-acquired, 6 of the 7 tenanted flats and 15 of the 16 tenanted bungalows had been vacated.

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

Following deletion of the original new build scheme presented for Anstey Way, when changes in national housing policy adversely impacted the financial position for the HRA in 2015, a budget of £3,110,000 was ear-marked in the Housing Capital Investment Plan towards the cost of re-developing the site, pending a revised scheme being proposed. As part of this Budget Setting Report, the level of resource ear-marked for investment has been increased by a further £1,740,000, to provide total funding of £4,850,000.

This level of funding is anticipated to allow for the demolition of the existing homes and the re-provision of 23 of the existing dwellings, being those which were previously occupied as social housing, and therefore not eligible to be re-provided using retained right to buy receipts.

This will ensure that when a revised scheme is brought forward, there will be sufficient resource in the programme to build out the entire site, using a combination of HRA resources as identified above for the element of re-provision and devolution funding and retained right to buy receipts for any additionality.

Devolution Grant and RTB Funding - New Build Schemes

Sufficient investment and top up resource to ensure that the authority could appropriately spend all right to buy receipts held up to the end of June 2016 was incorporated into the Housing Capital Investment Plan as part of the HRA Medium Strategy in September.

Following formal approval of the devolution offer by the remaining 2, of the 7 authorities on 22nd November 2016, the new build programme funded by retained right to buy receipts has been replaced with a devolution programme, which utilising the

£70,000,000 grant anticipated to be received over the next 5 years, existing and anticipated right to buy receipts and some of our own resource, is expected to deliver a programme of 500 new homes.

This programme has been incorporated into the Housing Capital Investment Plan based upon the assumption that investment will begin from April 2017.

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

Asset Acquisitions & Disposals

Consideration continues to be given to the strategic acquisition or disposal of assets, in line with the HRA Acquisition and Disposal Policy.

The capital receipt generated by a strategic disposal can currently be retained in full by the authority, subject to utilising it to invest in affordable housing, with receipts recognised only at the point of receipt and after all relevant costs have been provided for. As part of the quarterly decision as to whether the authority should retain right to buy receipts, pass them to a registered provider, or as a last resort pay them over to central government, future anticipated receipts are considered, recognising the risks inherent in making these assumptions.

The authority still expects to be compelled to sell a proportion of its vacant housing stock as part of Higher Value Voids Levy, but awaits detailed regulations. The Acquisition and Disposal Policy will be reviewed once guidance is available in this regard.

As part of the decision as to whether to retain or return right to buy receipts at the end of September 2016, recognitions was given to the delay in bringing forward some of the anticipated new build schemes and the risks that the authority faces in respect of the potential to need to pay receipts over to central government with penalty interest.

As a direct result, it was agreed, under delegation, to use the remainder of the 2016/17 new build or acquisitions budget, which hasn't currently been allocated to specific schemes, to acquire a number of dwellings on the open market. Attention is being focussed primarily in acquiring ex Council flats in blocks where the authority still owns the freehold.

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

Acquisition / Disposal	Comment	Status
23 Magrath Avenue	3-bedroom house in need of investment, approved for disposal on the open market	Sold
188 Kendal Way	3-bedroom house currently owned by the County Council approved for acquisition (linked to 12 Mortlock Avenue)	In progress
12 Mortlock Avenue	3-bedroom house currently leased to the County Council approved for disposal to the County (linked to 188 Kendal Way)	In progress
1 Ferry House	2-bedroom house approved for disposal	Awaiting sale
33 Atkins Close	2-bedroom maisonette in good condition approved for acquisition using right to buy receipts	Completed
82 Verulam Way	2-bedroom flat in need of decent homes works approved for acquisition using right to buy receipts	Completed
1-bed in Arbury	1-bedroom flat in Arbury in good condition approved for acquisition using right to buy receipts	Offer accepted
2-bed in Abbey	2-bedroom flat in Abbey, in need of decent homes works approved for acquisition using right to buy receipts	Offer accepted
2-bed in Trumpington	2-bedroom flat in Trumpington, a strategic investment approved for acquisition using right to buy receipts	Offer accepted

Acquisition / Disposal	Comment	Status
1-bed in Coleridge	1-bedroom flat in Coleridge, in need of decent homes works approved for acquisition using right to buy receipts	Offer accepted

Capital Bids, Savings and Re-Phasing

There are capital bids incorporated as part of the 2017/18 HRA Budget Setting Report. alongside a number of areas of re-allocation and re-phasing.

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

- Inclusion of a bid for £222,000, including fees and contract overheads, to fund balcony resurfacing and structural repairs in flats in Kings Hedges and North Arbury.

- Inclusion of a bid for £500,000, funded from existing repair and renewals funds, to allow the re-procurement of the housing management information system, jointly with South Cambridgeshire District Council.

- Increase of £52,000 in the budget for award of Disabled Facilities Grants in 2017/18, on the basis that additional funding is anticipated from the County Council through the Better Care Fund. Delegated authority is sought to increase the budget during 2017/18 if funding through the Better Care Fund is increased further, as the financial viability of the Shared Home Improvement Agency is dependent upon maximum delivery of grants.

- Inclusion of £602,000 of resource for Disabled Facilities Grants through the Better Care Fund for 2017/18, with future years dependent upon a major review by the County Council and Home Improvement Agencies.

- Virement of budgets for smoke detectors, external professional fees and fencing, previously reported in the Housing Capital Investment Plan, to instead be reported as planned revenue repairs due to the nature of the work involved.

- Inclusion of a 5 year new build programme utilising both anticipated devolution grant and retained right to buy receipts, removing the old right to buy investment programme and the assumption that right to buy receipts will be passed to registered providers as a direct result.

- Inclusion of additional ear-marked resource in the sun of £1,740,000 to fund re-provision of the existing 23 social housing dwellings on the Anstey Way site, allowing the full revised scheme to be brought forward as soon as possible.

- Re-phasing of new build schemes at Hawkins Road, Fulbourn Road, Water Lane and Clay Farm (Virido), recognising further delays on some of these sites, and the latest payment profiles for others.

- Re-phasing of the budget for the refurbishment of the Ditchburn Place scheme, where preparatory work is now in progress, but the full build is expected to take up to 30 months.

- Adjustment to the level of resources held for works to new build dwellings and to meet the cost of inflation, as a result of the changes above.

Section 6
HRA Treasury Management

Background

Statutorily, the Housing Revenue Account is required to set a balanced budget, including recognition of the revenue implications that arise from capital financing decisions, and is also required to review this budget again during each year.

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

HRA Borrowing

As at 1 April 2016, the Housing Revenue Account supported external borrowing of £213,572,000 in 20 maturity loans with the Public Works Loans Board (PWLB), with rates ranging between 3.46% and 3.53% depending upon the term of the loan. The loans have varying maturity dates, with the first £10,678,600 due to be repaid on 28th March 2038, and the last on 28th March 2057.

In addition to the external loans attributable to the HRA, there was the sum of £884,511 of internal borrowing from the General Fund, where the HRA is required to pay the General Fund annual interest on the debt, at a reasonable rate, as part of the Item 8 Debit to the HRA.

The Housing Revenue Account is still subject to an overall debt cap of £230,839,000, which allows borrowing headroom of £16,090,750. With the impact of anticipated changes in national housing policy incorporated into financial plans, additional borrowing is unlikely to be called upon in the short-term. The financial forecasts suggest that the authority will be forced to utilise this borrowing power in the later years of the business plan simply to maintain the existing property portfolio in a decent condition, unless assumptions change or further savings can be identified across the HRA in the intervening period.

If devolution goes ahead, a different approach to using the borrowing headroom may be adopted, as the additional homes delivered through this mechanism may be sufficient to support the additional borrowing as part of their creation.

However, with Devolution yet to be finally agreed, the 2017/18 HRA Budget Setting Report does not review the potential sources of lending, types of borrowing, lengths of loans or rates available, for taking out any additional borrowing at this stage.

Debt Repayment / Re-Investment

Set-Aside for Repayment of HRA Debt

The current debt repayment strategy is to attempt to set-aside sufficient resource to redeem 25% of the HRA debt from the point at which the loan portfolio begins to mature, in 2037/38.

The approach to set-aside for debt redemption is being reviewed as part of the Hosing Transformation Programme, with the expectation that recommendations in this regard will be included in the Medium Term Financial Strategy in September 2017.
To retain flexibility, any surplus generated since April 2012, and any further resource that can be identified for future debt repayment, is not formally set-aside, but is instead held in an ear-marked reserve to allow for either repayment of debt or future re-investment.

Section 7
Summary and Overview

Equality Impact Assessment, Uncertainties and Risk

Equality Impact Assessment

Under current legislation, local authorities continue to have legal duties to pay 'due regard' to the need to eliminate discrimination and promote equality with regard to race, disability, gender, including gender reassignment, age, sexual orientation, pregnancy / maternity, and religion or belief as well as to promote good race relations, and to demonstrate this in the decision making process. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show 'due regard'.

As part of this Budget Setting Report, an Equality Impact Assessment has been undertaken in respect of all new 2017/18 HRA Budget proposals, where any impact is anticipated. The assessment identifies the impact a proposal may have, any mitigation available and includes an action plan identifying how negative impact can be addressed. All Equalities Impact Assessments are available on the Council's website. The Equalities Impact Assessment for the HRA budget as a whole, is presented at **Appendix L.**

Risk Assessment

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

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

HRA Reserves

Housing Revenue Account General Reserves

General reserves are held partly to help manage risks inherent in financial forecasting and budget-setting. These risks include changes in legislative and statutory requirements, inflation and interest rates, unanticipated service needs and, rent and other income shortfalls and emergencies, such as uninsured damage to the housing stock. In addition, reserves may be used to support the Housing Capital Investment Plan and, in the short-term, to support revenue spending, for example to spread the impact of savings requirements over more than one financial year or to invest up front in a project that is anticipated to pay back over a period of time or deliver future savings.

The Local Government Act 2003, requires the Chief Financial Officer to report on the adequacy of reserves and provisions and the robustness of budget estimates.

For the Housing Revenue Account the target level of reserves of £3m, with a minimum level of reserves of £2m, is proposed to be retained, recognising the need to safeguard the Council against the higher levels of risk and uncertainty in the current financial and operational environment for housing.

Financial Assumptions and Sensitivity

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

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

Appendix I provides details of the key sensitivities modelled in the preparation of the HRA Budget Setting Report 2017/18.

Options and Conclusions

Overview

The budget for 2017/18 has been constructed in the wider context of the national position for social housing, with the authority still seeking to achieve a balance in investment against the previously agreed priorities:

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

Continued rent cuts for a further 3 years, coupled with uncertainty in respect of regulation for some other changes in national housing policy, still pose significant financial challenges for the future of the HRA.

The work being undertaken as part of the Housing Transformation Programme seeks to respond to these financial challenges, with a number of recommendations for significant service change, the subject of a separate report in this committee cycle, being proposed from 2017/18.

Other Considerations – Pension Fund Contributions

The council is an employing authority within the Cambridgeshire Local Government Pension Scheme. Contributions to the scheme are subject to revision following regular triennial valuations. The latest valuation, which will determine contributions for the years 2017/18, 2018/19 and 2019/20, is now available in draft and is subject to discussion and agreement with the scheme actuary. Initial indications are that pension contribution rates will be agreed within available budgets for these years and therefore no budget proposals are required.

The council has the opportunity to consolidate lump sum deficit recovery payments due in the three year period into one payment in 2017/18. This would reduce the amount paid in total and is likely to provide a better 'return' on cash than is currently available through the approved investment strategy. The viability of this approach will depend on actuarial and technical accounting considerations which are currently under investigation.

Summary and Conclusions

The work undertaken as part of both the Housing Transformation Programme and the 2017/18 budget process to date, has resulted in the development of proposals for the base budget of the Housing Revenue Account.

In January 2017 Housing Scrutiny Committee will consider the budget proposals, prior to the Executive Councillor for Housing making decisions in respect of the revenue aspects of the budget, making recommendation for the housing capital budget for 2016/17 to 2021/22 to Council for consideration and approval.

The HRA Budget Setting Report recommends, in summary:

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

The meeting of Council on 23rd February 2017 will consider the final proposed Housing Capital Budget as identified in this report for approval.

A significant proportion of the savings identified in the HRA from 2017/18 are brought forward as part of the Housing Transformation Programme, which seeks to ensure a sustainable HRA over the longer-term.

As part of the 2017/18 budget process, additional savings have been identified in other operational areas of the HRA, including reductions in the cost of gas servicing, reduced budgets in respect of energy initiatives and operational costs for the Independent Living Service. Increased rent and service charge income has been identified, due to higher than anticipated rental levels as a result of delays in the implementation of the higher value voids levy, full cost recovery from leaseholders and the agreed lease of an HRA dwelling for commercial purposes.

These savings are partially offset by unavoidable revenue pressures, predominantly due to loss of support income, discontinuation of the use of the Day Centre at Ditchburn Place, reduced recharges to the General Fund for shared amenities and the costs of inspections of lamp columns on housing estates, to mitigate risk.

Non-cash limit adjustments in respect of depreciation, revenue funding of capital expenditure and anticipated interest receipts and payments reduce the net revenue cost of the HRA for 2017/18 and beyond.

The overall position for the HRA for 2017/18 (including non-cash limit adjustments) is over-achieved by £431,640, but this level of over-achievement is not ongoing, with a shortfall against the 2017/18 cash limit of £99,130 in 2018/19. With a further savings target of £1,000,000 included from 2018/19, there is currently a shortfall against the 2018/19 cash limit of £1,099,130.

It is recognised, however, that to deliver further savings, the authority may need to accept significant changes in the level at which services are provided, or in the way in which services are delivered.

The inclusion of the assumption that devolution goes ahead following approval by all 7 authorities, resulting in a programme of 500 new homes over the next 5 years, coupled with the recent announcement that the authority will not be required to make a higher value voids levy payment during 2017/18, has a positive impact on the financial forecast for the Housing Revenue Account.

The HRA's approach to long-term financial planning still incorporates the assumption that any surplus resource will be set-aside in the first instance, until 25% of the loan portfolio can be redeemed at maturity, with any balance available for re-investment in income generating assets, whilst also maintaining reasonable financial assumptions in ongoing investment need in the current housing stock.

In 2017/18, the revenue resource that would have been required to fund new build expenditure should devolution not have gone ahead, is proposed to be transferred into the potential debt redemption / new build reserve. This will, in part, mitigate the risk that could arise from any delay, or lead in, to delivery of new homes using devolution grant, which might otherwise result in a requirement to pay retained right to buy receipts over to central government, with an interest penalty attached. The reserve can then be called upon, if required, to allow acquisition of existing homes on the open market as has taken place in 2016/17.

There is still uncertainty in other areas of national housing policy change, with regulations surrounding the introduction of compulsory fixed term tenancies and the deferred sale of higher value voids levy still awaited. As part of welfare changes, the impact of direct payment through Universal Credit is also yet to be fully quantified and realised.

It is considered prudent, therefore, as part of the next phase of the Housing Transformation Programme in 2017/18, to review the HRA strategic priorities again once some policy change has been implemented and further detail is available in some of the areas where uncertainty still exists.

Any review of the level of savings sought for future years would need to consider not only the need to sustain a 30 year business plan, but also any aspiration for delivery of new build housing from 2022/23 onwards, and an approach as to whether the authority wants to continue to set-aside any resource for the redemption of a proportion of the housing debt.

Business Planning Assumptions Appendix A

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.	Retained
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	Retained
Debt Repayment	Set-aside 25% to Repay Debt	Assumes surplus is re-invested in income generating assets, with 25% of resource set-aside to repay debt as loans reach maturity dates, 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.	Retained
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	Retained
Social Rent Review Inflation	-1% from 2017/18 for 3 years, then CPI plus 1% for 4 years, then CPI plus 0.5% from	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

Key Area	Assumption	Comment	Status
	2024/25		
Affordable Rent Review Inflation	**0% for 2017/18 for 3 years, then CPI plus 1% for 4 years, then CPI plus 0.5% from 2024/25**	**Affordable rents are expected to be reviewed annually, and re-set at up to 80% of market rent**	**Amended**
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%, 1.11%, 1.3% then 1.36% ongoing**	**Interest rates based on latest market projections, including the impact of additional CCLA investment.**	**Amended**
Internal Lending Interest Rate	**1%, 1.11%, 1.3% then 1.36% ongoing**	**Assume the same rate as anticipated can be earned on cash balances held, so as not to detriment the General Fund over the longer term.**	**Amended**
External Borrowing Interest Rate	2.4% for 2016/17, 2.5% for 2017/18, 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.	Retained
Internal Borrowing Interest Rate	2.4% for 2016/17, 2.5% for 2017/18, then 2.7% ongoing	Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route.	Retained
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, 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.	Retained

Key Area	Assumption	Comment	Status
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 ear-marked for direct new build spend. Debt repayment proportion assumed to be set-aside.	Retained
Void Rates	**1% for 2017/18. 0.88% for 2018/19, then 0.4% ongoing**	**Assumes 1% in 2017/18, reducing to 0.88%, then 0.84% from 2019/20, recognising improved void processes,**	**Amended**
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.	Retained
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.	Retained
Responsive Repairs Expenditure	Adjusted pro rata to stock changes	An assumption is made that direct responsive repair expenditure is adjusted annually in line with any change in stock numbers.	Retained
Transformation Fund	£120,000 for 2 further years from 2017/18	Housing Transformation / Spend to Save Fund for 2 further years, with delegation to the Strategic Advisor to Housing.	Retained
Service Reviews	On case by case basis	Service review outcomes assumed to deliver to the HRA as indicated in the review business case.	Retained

Charge Description	Charges 2016/17	Charge Basis	Charges 2017/18
General Stock			
Caretaking Charge	£2.96 to £4.89	Per Week Over 48 Weeks	A
Building Cleaning	£0.01 to £5.75	Per Week Over 48 Weeks	D
Estate Services Champion	£0.16 to £0.47	Per Week Over 48 Weeks	A
Door Entry	£0.14 to £1.54	Per Week Over 48 Weeks	A / B
Passenger Lifts	£0.47 to £2.33	Per Week Over 48 Weeks	A / B
Gas Maintenance / Servicing	£2.17	Per Week Over 48 Weeks	A / B
Digital TV Aerial Charge	£0.39	Per Week Over 48 Weeks	A
Grounds Maintenance	£2.75 to £13.65	Per Week Over 48 Weeks	A
Communal Electricity	£0.16 to £1.92	Per Week Over 48 Weeks	E
Community Alarm Charge	£4.65	Per Week Over 48 Weeks	C
General Sheltered Schemes			
Premises Charge	£0.72 to £24.59	Per Week Over 48 Weeks	A
Communal Heating / Lighting	£2.27 to £7.97	Per Week Over 48 Weeks	A
Individual Heating / Lighting	£4.88 to £11.33	Per Week Over 48 Weeks	A
Water	£2.13 to £4.20	Per Week Over 48 Weeks	A
Grounds Maintenance	£0.97 to £2.43	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£2.80 to £5.11	Per Week Over 48 Weeks	B
Sheltered Support Charge	£6.25 to £7.71	Per Week Over 48 Weeks	C
Sheltered Alarm Charge	£1.70	Per Week Over 48 Weeks	A
Landlord Emergency Contact	£1.05	Per Week Over 48 Weeks	A
Ditchburn Place			
Premises Charge	£2.16 to £52.16	Per Week Over 48 Weeks	A
Flat Cleaning / Laundry Charge	£28.53	Per Week Over 48 Weeks	A

Communal Heating / Lighting	£0.69 to £6.46	Per Week Over 48 Weeks	A
Individual Heating / Lighting	£5.92 to £12.49	Per Week Over 48 Weeks	A
Water	£2.94 to £9.30	Per Week Over 48 Weeks	A
Catering	£123.25	Per Week Over 48 Weeks	A
Grounds Maintenance	£1.81	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£2.63	Per Week Over 48 Weeks	B
Sheltered Support Charge	£7.71	Per Week Over 48 Weeks	C
Extra Care Support Charge	£26.47	Per Week Over 48 Weeks	C
Alarm Charge	£1.70	Per Week Over 48 Weeks	A
Landlord Emergency Contact	£1.05	Per Week Over 48 Weeks	A
Launderette – Wash / Dry	£6.50	Per Load As Requested	A
Temporary Accommodation			
Premises Charge	£30.38 to £59.61	Per Week Over 48 Weeks	A
Individual Heating / Lighting	£12.75 to £27.09	Per Week Over 48 Weeks	A
Water	£7.34 to £11.02	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£3.78 to £7.64	Per Week Over 48 Weeks	B
Independent Living Services			
Private Lifelines - In City	£4.65	Per Week Over 52 Weeks	£4.65
Private Lifelines - Out City	£7.53	Per Week Over 52 Weeks	£7.53
Keysafe / Keyholding Charge	£2.68	Per Quarter	£2.68
Monitoring Charge	£0.38	Per Week Over 52 Weeks	£0.38
Leasehold Charges for Services			
Solicitors' pre-sale enquiries	£110.00	As Requested	£110.00
Copy of lease	£30.00	As Requested	£30.00
Re-mortgage Enquiry/Copy of Insurance schedule	£30.00	As Requested	£30.00
Notice of Assignment / Notice of Charge	£75.00	As Requested	£75.00

Deed of Variations	£150.00	As Requested	£150.00
Home Improvements – Administration Only Inclusive of Surveyor Visit	£30.00 £125.00	As Requested AS Required	£30.00 £125.00
Retrospective consent for improvements	Above + £25.00	As Requested	Above +£25.00
Registering sub-let details	£50.00	As Requested	£50.00
Initial Administration Fee/Survey for Application to purchase Loft Space	£170.00	As Requested	£175.00

Key	
A	These charges are currently (or will be - in the case of any new charges), based on recovering the actual cost of service provision and the proposal is to continue to recover the full estimated cost of providing these services in 2017/18. The exception to this will be in respect of affordable homes, where total rents and service charges will be limited to Local Housing Allowance levels, and therefore full cost recovery will not be possible.
B	These charges were separated out from rent in 2004/05. Charges can be increased to recover up to full cost, recognising that the authority should endeavour to limit increases to inflation at 2% (CPI at September 2016 plus 1%)
C	Charges levied for support activities will be reviewed in line with services being provided following expansion of the support service for older people, where the County Council now commission services across the city as a whole.
D	Charges for building cleaning (communal cleaning and window cleaning) have been phased to full cost recovery, starting in August 2015, with the final stage from April 2017 when full costs will be recharged.
E	Communal electricity only recharged in new build schemes in 2016/17, to be introduced for existing flats from April 2017.
	Charges for the optional household contents insurance scheme will continue to be determined by the insurer but notified to tenants by the Council.

HRA Earmarked & Specific Funds Appendix C

HRA Earmarked & Specific Revenue Funds (£'000)

Repairs & Renewals

	Opening Balance	Contributions	Expenditure to October	Current Balance
General Management	(912.6)	(76.9)	6.7	(982.8)
Special Services	(870.1)	(139.6)	27.3	(982.4)
Repairs and Maintenance	(248.8)	(57.6)	0	(306.4)
Total	**(2,031.5)**	**(274.1)**	**34.0**	**(2,271.6)**

Tenants Survey

	Opening Balance	Contributions	Expenditure to October	Current Balance
Tenants Survey	(25.9)	(6.2)	3.5	(28.6)

Debt Set-Aside (Revenue)

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

Major Repairs Reserve

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

2017/18 Budget - All HRA Revenue Items

Savings

Housing - HRA

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact	Climate Effect *& Poverty Ratings*
S3876	**Savings in operational costs for City Homes**	0	(15,500)	(15,500)	(15,500)	(15,500)	Tom Bremner	Nil
	This saving includes reduced spending in respect of day to day operational and office based costs for City Homes, in areas such as utilities, purchase of equipment, stationery and telephones.							*None*
S3880	**Savings in energy related initiatives across the HRA**	0	(7,100)	(7,100)	(7,100)	(7,100)	Trevor Burdon	-L
	It is proposed to reduce the budget for new energy related initiatives and energy efficiency promotional activity across the HRA, in line with spending levels in prior years, recognising that there is limited staffing capacity to increase activity in this area currently. Any identified increase in activity could be funded from the additional income generated from existing energy efficiency measures, such as photo-voltaic panels.							*None*
S3881	**Reduction in gas servicing, safety inspection and maintenance contract costs**	0	(197,800)	(197,800)	(197,800)	(197,800)	Lui Graziano	Nil
	An exercise to tender for a new gas maintenance supplier has resulted in a significant reduction in anticipated contract costs, with a move to a fixed price arrangement for the basic works required. This saving benefits the HRA, as service charges to tenants have had limitations in increases over the last 12 years, and therefore the contract reduction means that service charges will now recover costs in full.							*None*
S3882	**Reduction in costs anticipated from major restructure of the Housing Service**	0	(228,700)	(305,000)	(305,000)	(305,000)	Tom Bremner	Nil
	A significant restructure of the Housing Service is anticipated, which will deliver savings to the HRA from July 2017.These savings, along with other reductions in the HRA, are unavoidable given the need to balance the HRA on a reduced projected income, following changes imposed on the Council by Government.							*None*
S3886	**Restructure of Estates and Facilities**	0	(220,300)	(239,800)	(239,800)	(239,800)	Trevor Burdon	Nil
	A restructure of Estates and Facilities is anticipated, which will deliver savings to the HRA from July 2017. These savings, along with other reductions in the HRA, are unavoidable given the need to balance the HRA on reduced projected income, following changes imposed on the Council by government. From 2018/19, the ongoing saving is reduced to recognise the desire for the HRA to continue to fund repairs apprentice roles, which are currently funded corporately.							*None*
S3887	**Improved procurement using new in-house Stores Team**	0	(41,500)	(41,500)	(41,500)	(41,500)	Trevor Burdon	Nil
	Following restructure of the Stores Team, and re-location to Cowley Road, improved procurement and supply chain management are anticipated to deliver savings to both the General Fund and the HRA.							*None*

2017/18 Budget - All HRA Revenue Items

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact	Climate Effect *& Poverty Ratings*

Savings

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact	Climate Effect *& Poverty Ratings*
S3888	**Restructure of the Stores Team**	0	(22,200)	(22,200)	(22,200)	(22,200)	Trevor Burdon	Nil
A restructure of the Stores Team is anticipated to reduce staff numbers by one full time equivalent post, delivering savings to both the General Fund and the HRA.								*None*
S3889	**Savings in operational costs for the Independent Living Service**	0	(2,000)	(2,000)	(2,000)	(2,000)	Frances Swann	Nil
This saving includes reduced spending in respect of day to day operational and office based costs for the service, in areas such as stationery and IT costs.								*None*
S3892	**Reduction in Resident Involvement expenditure**	0	(7,800)	(7,800)	(7,800)	(7,800)	Sandra Farmer	Nil
It is proposed to combine the Annual Report in one of the issues of Open Door, to reduce printing and mailing costs, whilst key information is still communicated. A reduction in IT and Resident Association grants is also proposed, reducing budgets in line with prior year expenditure, with no impact therefore on service levels.								*None*
S3894	**Reduction in Technical Services operational costs**	0	(18,000)	(18,000)	(18,000)	(18,000)	Trevor Burdon	Nil
A review of spending in prior years has resulted in the proposal to reduce operational budgets in this area, to include reductions in travel, printing, stationery, training, telephones and equipment purchase costs.								*None*
S3895	**Savings in the budget identified for transformation of the HRA**	0	(6,500)	(6,500)	(6,500)	(6,500)	Liz Bisset	Nil
Removal of the inflationary element of the transformation budget results in the ability to offer a saving to the HRA.								*None*
Total Savings in Housing - HRA		**0**	**(767,400)**	**(863,200)**	**(863,200)**	**(863,200)**		
Total Savings		**0**	**(767,400)**	**(863,200)**	**(863,200)**	**(863,200)**		

2017/18 Budget - All HRA Revenue Items

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact	Climate Effect *& Poverty Ratings*

Increased Income

Housing - HRA

II3872	**Recognition of roof rental income from mobile telephone aerials installed on HRA flat blocks**	0	(9,500)	(9,500)	(9,500)	(9,500)	Sandra Farmer	Nil

A decision during 2015/16 to remove the ear-marked reserve in respect of aerial income to the HRA results in the ability to recognise the net income from the aerials in the HRA revenue budgets each year. *None*

II3874	**Reduction in Anti-Social Behaviour (ASB) costs to the HRA**	0	(59,800)	(59,800)	(59,800)	(59,800)	Lynda Kilkelly	Nil

A review of the incidence of activity between the General Fund and the HRA in respect of Anti-Social Behaviour and Community Cohesion results in a reduction in cost to the HRA, but a corresponding reallocation and increase in cost to the General Fund, ahead of a review of Anti-Social Behaviour work and priorities in 2017/18. *None*

II3877	**Introduction of tenanted service charges for Communal Electricity and Grounds Maintenance**	0	(99,300)	(99,300)	(99,300)	(99,300)	Julia Hovells	Nil

A proposal to separately identify and service charge tenants In flats for the supply of communal electricity and grounds maintenance services, in line with charges already passed to leaseholders, and in recognition that these services are provided to these tenants only. *None*

II3883	**Increased income in respect of Estates and Facilities Special Projects Team**	0	(100,000)	(100,000)	(100,000)	(100,000)	Trevor Burdon	Nil

A pilot project is underway which, if successful, will see the Special Projects Team undertaking new build housing on behalf of the HRA within existing staffing resources, and therefore generating additional income for the HRA in the form of increased capitalised staff costs. This has the potential to generate greater additional income in future years if successful. *None*

II3884	**Increase rechargeable repairs cost recovery**	0	(25,000)	(35,000)	(50,000)	(50,000)	Trevor Burdon	Nil

The introduction of improved working practices following the anticipated Housing Services restructure, and better charging mechanisms are anticipated to allow best cost recovery in respect of repairs that should be fully rechargeable to tenants, particularly at tenancy termination. *None*

II3885	**Increased rental income as a direct result of reduced void times**	0	(30,000)	(45,000)	(60,000)	(60,000)	Julia Hovells	Nil

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact	Climate Effect & Poverty Ratings

Increased Income

Proposed changes to the way in which Housing Services and Estates and Facilities manage the void property process are expected to reduce void turnaround times and therefore generate higher levels of rental income. *None*

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact	Climate Effect & Poverty Ratings
II3893	**Increased leasehold service charge income to the HRA**	0	(60,000)	(60,000)	(60,000)	(60,000)	Julia Hovells	Nil

Estimated service charge income for 2017/18 is expected to be higher than budgeted, due predominantly to recovery of full costs from leaseholders for building cleaning, estate services, management costs and communal repairs, where the latter is now being identified more accurately against blocks. *None*

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact	Climate Effect & Poverty Ratings
II3928	**Increased commercial property rent income to the HRA**	0	(14,100)	(14,100)	(14,100)	(14,100)	Julia Hovells	Nil

Additional rent income is anticipated in 2017/18 in respect of HRA commercial property, as a direct result of a decision to lease the "Engineer's House" on Riverside to the Museum of Technology as a commercial concern, coupled with anticipated rent reviews for existing leases. *None*

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact	Climate Effect & Poverty Ratings
II3929	**Increased dwelling rent income to the HRA**	0	(182,740)	(182,740)	(182,740)	(182,740)	Julia Hovells	Nil

Additional rent income is anticipated in 2017/18 as a direct result in the delay in the release of regulations in respect of the Government proposal to impose their higher value voids levy. This may increase if the regulations are further delayed, or result in a levy that is different to our current assumptions. *None*

	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £
Total Increased Income in Housing - HRA	**0**	**(580,440)**	**(605,440)**	**(635,440)**	**(635,440)**
Total Increased Income	**0**	**(580,440)**	**(605,440)**	**(635,440)**	**(635,440)**

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact	Climate Effect *& Poverty Ratings*

Unavoidable Revenue Pressure

Housing - HRA

URP3873	**Increased legal costs in respect of Anti-Social Behaviour**	0	5,800	5,800	5,800	5,800	Lynda Kilkelly	Nil
An increase in ongoing legal fees associated with Anti-Social Behaviour is anticipated based upon recent activity.								*None*
URP3890	**Increase in anticipated price for lamp column inspection and maintenance contract**	0	17,100	17,100	17,100	17,100	John Horwood	Nil
The City Council needs to contract for the planned inspection and maintenance of lamp columns on housing owned land, which is considered unavoidable as it is anticipated to mitigate the likelihood of insurance claims. There is a need to increase the budget originally identified for this work, based upon the latest market indications on price.								*None*
URP3891	**Reduction in the recharge to the General Fund from the HRA for shared amenities**	0	19,300	19,300	19,300	19,300	Julia Hovells	Nil
A review of the recharge between the General Fund and the HRA for contribution towards shared amenity costs has resulted in a reduction in costs to the General Fund, and an increase in costs to the HRA.								*None*
URP3947	**Adjustment to saving expectation already incorporated into the HRA**	0	23,500	23,500	23,500	23,500	Julia Hovells	Nil
Recognition that the HRA has not received the full level of savings anticipated as their share of corporate transformation and shared services. The level of saving the HRA anticipates receiving as a result of corporate change is estimated when a project is commissioned and incorporated into financial projections. The final incidence of saving between the General Fund and the HRA is fully quantified once a project is complete.								*None*
URP3950	**Change to the calculation of holiday pay for employees**	0	23,100	23,100	23,100	23,100	Deborah Simpson	Nil
Following changes to the way in which holiday pay should now be calculated, to include overtime, allowances and commissions in addition to basic pay, the increased cost of amending the holiday pay calculation (based upon 2015/16 costs) is estimated to be an extra total cost to the Council of £70,000, of which £23,100 relates to the HRA.								*Low*
Total Unavoidable Revenue Pressure in Housing - HRA		**0**	**88,800**	**88,800**	**88,800**	**88,800**		
Total Unavoidable Revenue Pressure		**0**	**88,800**	**88,800**	**88,800**	**88,800**		

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact	Climate Effect *& Poverty Ratings*

Reduced Income

Housing - HRA

RI3878	**Reduction in income at Ditchburn Place due to discontinuation of Day Centre Services**	0	10,100	10,100	10,100	10,100	Laura Wilderspin	Nil

Due to the County Council discontinuing the provision of Day Centre Services at Ditchburn Place in late 2015, as part of a county-wide review of services, the City Council is no longer receiving the level of income previously received from the County Council under a lease, for the provision of site base services to the Day Centre. The premises are currently unused, but still leased on a peppercorn basis to the County Council under a historic lease. Discussions are ongoing with the County Council about the future use of this facility. *None*

RI3879	**Reduction in income from Housing Agencies for the Emergency Alarm Service**	0	7,400	7,400	7,400	7,400	Frances Swann	Nil

Due to the removal of / reduction in Supporting People funding from the County Council to a number of housing providers, the housing providers have been forced to reduce service levels, and are no longer able to buy in emergency alarm and response services from the Independent Living Service. This bid includes the assumption that payment to the County Council for provision of the out of hours response service remains at 2016/17 prices. *None*

	2016/17	2017/18	2018/19	2019/20	2020/21
Total Reduced Income in Housing - HRA	**0**	**17,500**	**17,500**	**17,500**	**17,500**
Total Reduced Income	**0**	**17,500**	**17,500**	**17,500**	**17,500**

Appendix [D (1)]

Non-Cash Limit Items

Housing - HRA

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact	Climate Effect *& Poverty Ratings*
NCL3937	**Increase in HRA Depreciation**	0	548,770	548,770	548,770	548,770	Julia Hovells	Nil
	From April 2017, the true cost of depreciation for the housing stock will be reflected in the accounts. This cash limit adjustment will ensure the latest estimate is incorporated based upon recent market valuations and remaining asset lives, to include the impact of new build homes delivered.							*None*
NCL3948	**Reduction in Direct Revenue Financing (DRF) as a result of depreciation changes and adoption of devolution**	0	(5,738,950)	0	0	0	Julia Hovells	Nil
	Reduction in Direct Revenue Funding of capital expenditure as a direct result of the increase in depreciation from April 2017, now coupled with the assumption the authority will also begin to receive devolution funding from April 2017.							*None*
NCL3949	**Increased interest due to the HRA and reduced interest payable by the HRA**	0	(54,790)	(7,300)	(7,300)	(7,300)	Julia Hovells	Nil
	Based upon balances held and assumed spending, the HRA is expected to receive more interest in 2017/18 than previously anticipated. The level of interest payable to the General Fund in respect of internal borrowing will be lower due to a reduction in the HRA Capital Financing Requirement.							*None*
NCL3973	**Increased income from further investment in Local Authority Property Fund (HRA share)**	0	(80,000)	(80,000)	(80,000)	(80,000)	Charity Main	Nil
	Council approved a change to our Treasury Management Strategy in October 2016 which permits a further £5m to be invested in the Local Authority Property Fund. This will also generate additional HRA investment income above our base forecast.							*None*
NCL3982	**Transfer of additional revenue resource into the HRA Potential Debt Redemption / Re-Investment Reserve**	0	5,134,870	0	0	0	Julia Hovells	Nil
	With a reduced call on Direct Revenue Funding of capital expenditure in 2017/18 as a direct result of devolution, it is proposed to instead transfer the resource into this reserve, to allow for the top up of right to buy receipts should the authority be required to acquire dwellings on the open market if insufficient new build can be delivered during 2017/18.							*None*
Total Non-Cash Limit Items in Housing - HRA		**0**	**(190,100)**	**461,470**	**461,470**	**461,470**		

2017/18 Budget - All HRA Revenue Items

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact	Climate Effect *& Poverty Ratings*

Non-Cash Limit Items

Total Non-Cash Limit Items	0	(190,100)	461,470	461,470	461,470
Report Total	0	(1,431,640)	(900,870)	(930,870)	(930,870)

2017/18 Budget - All HRA Capital Items

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact	Climate Effect *& Poverty Ratings*

Capital Bids

Housing - HRA

C3875	**Kings Hedges / North Arbury flats - balcony resurfacing and structural repairs**	0	222,000	0	0	0	Will Barfield	Nil

The Council owns a large number of 1960s built flats where balcony repairs, resurfacing and structural repairs are required. The estimate cost of works to be carried out in 2017/18 is £600,000 and an additional £200,000 plus fees, is required to supplement existing budgets in the housing capital investment plan. *None*

C3936	**Increase in budget for award of Disabled Facilities Grants for 2017/18**	0	52,000	0	0	0	Trevor Burdon	Nil

The budget for the award of Disabled Facilities Grants in 2017/18 has been increased on the basis of a 10% increase on the amount received in 2016/17, less an element of top-slicing by the County Council. Future years are subject to a major review of Better Care Funding and the Home Improvement Agencies. *Low*

C3976	**Full replacement of the Housing Management Information System**	0	500,000	0	0	0	Julia Hovells	Nil

Bid for approval to utilise existing repairs and renewals funding for the replacement of the Housing Management Information System, as part of a joint procurement exercise with South Cambridgeshire District Council. *None*

	2016/17	2017/18	2018/19	2019/20	2020/21
Total Capital Bids in Housing - HRA	**0**	**774,000**	**0**	**0**	**0**
Total Capital Bids	**0**	**774,000**	**0**	**0**	**0**
Report Total	**0**	**774,000**	**0**	**0**	**0**

Appendix E

2017/18 Capital Budget Amendments Summary

Area of Expenditure and Change	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Total Housing Capital Plan Expenditure per HRA MTFS	**30,888**	**32,432**	**22,823**	**15,113**	**18,203**
General Fund Housing					
Increase in Disabled Facilities Grants to match anticipated Better Care Fund Grant	0	52	0	0	0
Decent Homes and Other HRA Stock Investment					
Transfer of budget for smoke detectors to revenue	(116)	(116)	(116)	(116)	(116)
Transfer of budget for external professional fees to revenue	(17)	(17)	(17)	(17)	(17)
Transfer of budget for fencing to revenue	(238)	(200)	(200)	(200)	(200)
Inclusion of bid for works to balconies	0	200	0	0	0
Change in planned maintenance contractor overheads	0	(12)	(35)	(35)	(34)
Change in budget for decent homes works to new build dwellings	0	(4)	121	186	338
New Build					
Inclusion of additional ear-marked resource to fund Anstey Way re-provision and re-phasing of some of the resource for site preparation and demolition	(150)	1,890	0	0	0
Re-phasing of budget for the final aspects of the Water Lane new build scheme	(100)	100	0	0	0
Re-phasing of budget for the final aspects of the Hawkins Road new build scheme	(100)	100	0	0	0
Re-phasing of budget in respect of Fulbourn Road garage site new build scheme	(754)	754	0	0	0
Re-phasing of budget in respect of Clay Farm (Virido) new build scheme	(1,250)	1,250	0	0	0
Inclusion of a 5 year new build programme funded by Devolution Grant	0	20,000	20,000	20,000	20,000
Removal of previous budget for new build required to utilise retained RTB receipts, as replaced with Devolution programme	0	(9,711)	(12,321)	0	0
Removal of grant assumed to pass to a registered provider to utilise right to buy receipts, as Devolution negates this need	0	0	(2,010)	(3,000)	(3,000)

Area of Expenditure and Change	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Sheltered Housing					
Re-phasing of budget for refurbishment of Ditchburn Place	(1,880)	0	1,880	0	0
Other HRA Capital Spend					
Inclusion of repairs and renewals fund spend to re-procure the housing management information system	0	500	0	0	0
Inflation Allowance					
Adjustment in inflation allowed as spend changes		45	142	7	8
Total Housing Capital Plan Expenditure per HRA BSR	**26,283**	**47,263**	**30,267**	**31,938**	**35,182**

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

Risk Area & Issue arising	Controls / Mitigation Action
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
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 G

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	15,053,110.93	4,515,933.28	0.00	0.00
30/09/2013	649,210.49	3,287,395.52	10,957,985.07	30/09/2016	17,584,036.41	5,275,210.92	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			508,273.69	1,694,245.62
30/06/2014	1,053,196.82	6,836,681.43	22,788,938.10	30/06/2017			1,561,470.51	5,204,901.69
30/09/2014	517,057.26	7,353,738.69	24,512,462.30	30/09/2017			2,078,527.77	6,928,425.89
31/12/2014	1,004,106.23	8,357,844.92	27,859,483.07	31/12/2017			3,082,634.00	10,275,446.66
31/03/2015	831,750.78	9,189,595.70	30,631,985.67	31/03/2018			3,914,384.78	13,047,949.26
30/06/2015	595,447.59	9,785,043.29	32,616,810.97	30/06/2018			4,509,832.37	15,032,774.56
30/09/2015	902,092.08	10,687,135.37	35,623,784.57	30/09/2018			5,411,924.45	18,039,748.16
31/12/2015	857,169,10	11,544,304,47	38,481,101.49	30/12/2018			6,269,093.55	20,896,978.49
31/03/2016	1,591,834,76	13,136,139.23	43,787,130.77	31/03/2019			7,860,928.31	26,203,094.36
30/06/2016	2,263,872.93	15,400,012.16	51,333,373.88	30/06/2019			10,124,801.24	33,749,337.46
30/09/2016	1,874,821.59	17,274,833.75	57,582,779.18	30/09/2019			11,999,622.83	39,998,742.76

New Build Investment Cashflow

Appendix H

New Build / Re-Development Scheme	2016/17 Budget £'0	2017/18 Budget £'0	2018/19 Budget £'0	2019/20 Budget £'0	2020/21 Budget £'0	2021/22 Budget £'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	578,000	100,000	0	0	0	0
Aylesborough Close	557,000	0	0	0	0	0
Hawkins Road (Garage Site)	580,000	100,000	0	0	0	0
Fulbourn Road (Garage Site)	539,000	754,000	0	0	0	0
Ekin Road (Garage Site)	268,000	0	0	0	0	0
Clay Farm	6,546,000	3,967,000	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)	100,000	4,750,000	0	0	0	0
Akeman Street	129,000	1,844,000	0	0	0	0
Acquisition / New Build – Using RTB Receipts	1,322,000	0	0	0	0	0
Devolution New Build Programme	0	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Grants to Registered Providers	0	0	0	0	0	0
New Build / Re-Development Expenditure equivalent to Notional Land Value						
Water Lane	545,000	0	0	0	0	0
Total New Build/ Re-Development Expenditure	**16,446,000**	**34,457,000**	**20,000,000**	**20,000,000**	**20,000,000**	**20,000,000**
New Build / Re-Development Grant and Devolution Funding						

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
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*
Devolution New Build Programme	0	(14,000,000)	(14,000,000)	(14,000,000)	(14,000,000)	(14,000,000)
Total New Build / Re-Development Funding	**(212,500)**	**(14,097,125)**	**(14,000,000)**	**(14,000,000)**	**(14,000,000)**	**(14,000,000)**
Use of Retained Right to Buy Funding						
Hawkins Road (Garage Site)	(174,000)	(30,000)	0	0	0	0
Fulbourn Road (Garage Site)	(161,700)	(226,200)	0	0	0	0
Ekin Road (Garage Site)	(80,400)	0	0	0	0	0
Clay Farm	(1,425,430)	(882,790)	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
Acquisition / New Build – Using RTB Receipts	(396,600)	0	0	0	0	0
Devolution New Build Programme	0	(6,000,000)	(6,000,000)	(6,000,000)	(3,000,000)	(3,000,000)
Grants to Registered Providers	0	0	0	0	0	0
Total Use of Retained Right to Buy Funding	**(3,115,870)**	**(8,464,150)**	**(6,000,000)**	**(6,000,000)**	**(3,000,000)**	**(3,000,000)**
Total to be funded from HRA Resources (DRF & MRR), Sales Receipts and Non-RTB Capital Receipts	**13,117,630**	**11,895,725**	**0**	**0**	**3,000,000**	**3,000,000**
Total HRA Borrowing	**0**	**0**	**0**	**0**	**0**	**0**

Key Sensitivity Analysis

Appendix I

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
General Inflation	General Inflation using CPI at 2.4% for expenditure from 2018/19	Volatility in the economy could lead to an increase in external costs. 1% increase in general inflation for expenditure only for the life of the plan.	Business plan is still sustainable for 30 years, with decent homes programme funded.
Rents Inflation	Reduction in real terms of 1% per annum for 3 years, then return to CPI plus 1% and then 0.5%	Assumption that government policy only allows for a return to rent increases at CPI from 2020/21, and not CPI plus 1%.	Debt cap breached in year 31, with general revenue reserves reduced to base target levels.
Capital Investment Real Increase Inflation	Capital Investment Inflation at 4.5% in the longer-term	A real increase of 2.1% is allowed for building inflation for the longer-term. Assume that real inflationary increase required is 3% for remaining life of the plan.	Debt cap breached in year 33, with general revenue reserves reduced to base target levels.
Arrears and Bad Debts / Welfare Reforms	Based on historic activity, with an increase in transactional collection costs	Universal Credit results in 100% of rent being collected directly from tenants. Assume, in addition to the increase in transactional costs, an ongoing increase in bad debt of an additional 4% per annum from 2018/19.	Business plan is still financially viable for the 30 years.

HRA Summary 2016/17 to 2021/22

Appendix J

Description	2016/17 £0	2017/18 £0	2018/19 £0	2019/20 £0	2020/21 £0	2021/22 £0
Income						
Rental Income (Dwellings)	(36,799,670)	(36,596,900)	(36,311,480)	(36,116,230)	(37,309,610)	(38,573,830)
Rental Income (Other)	(1,086,020)	(1,119,500)	(1,146,370)	(1,173,880)	(1,202,050)	(1,230,900)
Service Charges	(2,573,880)	(2,724,240)	(2,784,480)	(2,846,170)	(2,909,340)	(2,974,020)
Contribution towards Expenditure	(3,270)	(3,360)	(3,440)	(3,520)	(3,610)	(3,690)
Other Income	(471,750)	(456,960)	(461,270)	(465,530)	(469,720)	(473,850)
Total Income	**(40,934,590)**	**(40,900,960)**	**(40,707,040)**	**(40,605,330)**	**(41,894,330)**	**(43,256,290)**
Expenditure						
Supervision & Management - General	3,598,890	3,538,300	3,631,420	3,902,860	4,047,150	3,201,190
Supervision & Management - Special	2,458,890	2,454,880	2,518,200	2,583,160	2,659,140	2,737,480
Repairs & Maintenance	7,038,190	6,218,580	6,370,750	6,562,850	6,830,020	7,162,070
Depreciation – t/f to Major Repairs Res.	9,803,750	9,857,820	10,362,540	10,844,900	11,351,600	11,884,290
Debt Management Expenditure	0	0	0	0	0	0
Other Expenditure	3,196,120	3,361,230	2,555,890	2,631,380	2,724,510	2,820,350
Total Expenditure	**26,095,840**	**25,430,810**	**25,438,800**	**26,525,150**	**27,612,420**	**27,805,380**
Net Cost of HRA Services	**(14,838,750)**	**(15,470,150)**	**(15,268,240)**	**(14,080,180)**	**(14,281,910)**	**(15,450,910)**
HRA Share of operating income and expenditure included in Whole Authority I&E Account						
Interest Receivable	(353,600)	(424,080)	(525,200)	(649,810)	(717,730)	(802,740)
HRA (Surplus) / Deficit for the Year	**(15,192,350)**	**(15,894,230)**	**(15,793,440)**	**(14,729,990)**	**(14,999,640)**	**(16,253,650)**
Items not in the HRA Income and Expenditure Account but in the movement on HRA balance						

Loan Interest	7,522,470	7,516,350	7,518,120	7,518,120	7,518,120	7,518,120
Housing Set Aside	0	10,269,740	2,567,440	2,567,440	2,567,440	2,567,440
Appropriation form Ear-Marked Reserve	(13,200)	(500,000)	0	0	0	0
Depreciation Adjustment	(1,566,060)	0	0	0	0	0
Direct Revenue Financing of Capital	10,757,900	925,520	0	0	0	0
(Surplus) / Deficit for Year	**1,508,760**	**2,317,380**	**(5,707,880)**	**(4,644,430)**	**(4,914,080)**	**(6,168,090)**
Balance b/f	(9,790,590)	(8,281,830)	(5,964,450)	(11,672,330)	(16,316,760)	(21,230,840)
Total Balance c/f	**(8,281,830)**	**(5,964,450)**	**(11,672,330)**	**(16,316,760)**	**(21,230,840)**	**(27,398,930)**

Housing Capital Investment Plan

Appendix K

Description	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend						
Disabled Facilities Grants	576	602	550	550	550	550
Private Sector Housing Grants and Loans	195	195	195	195	195	195
Choice Based Letting IT System	25	0	0	0	0	0
Total General Fund Housing Capital Spend	**796**	**797**	**745**	**745**	**745**	**745**
HRA Capital Spend						
Decent Homes						
Kitchens	236	206	190	655	640	252
Bathrooms	341	275	305	251	1,036	189
Central Heating / Boilers	655	2,210	544	2,586	3,536	1,463
Insulation / Energy Efficiency	493	402	374	583	274	758
External Doors	206	169	114	112	351	99
PVCU Windows	0	0	0	0	6	30
Wall Structure	462	142	140	134	254	73
External Painting	0	0	0	0	300	300
Roof Structure	322	300	300	300	300	300
Roof Covering	342	334	334	334	334	334
Chimneys	13	1	0	1	0	1
Electrical / Wiring	497	561	293	555	932	435
Sulphate Attacks	25	102	102	102	102	102
Major Voids / Major Works	60	0	0	0	0	0
HHSRS Contingency	100	100	100	100	100	100

Description	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Other Health and Safety Works	210	250	50	50	50	50
Other External Works	0	0	0	0	0	0
Capitalised Officer Fees - Decent Homes	323	305	305	305	305	305
Decent Homes Planned Maintenance Contractor Overheads	486	556	313	634	904	493
Decent Homes New Build Allocation	0	257	450	604	766	934
Total Decent Homes	**4,771**	**6,170**	**3,914**	**7,306**	**10,190**	**6,218**
Other Spend on HRA Stock						
Garage Improvements	788	100	100	100	100	100
Asbestos Removal	100	50	50	50	50	50
Disabled Adaptations	878	878	878	878	878	878
Communal Areas Uplift	296	321	321	321	321	321
Fire Prevention / Fire Safety Works	100	50	50	50	50	50
Hard surfacing on HRA Land - Health and Safety	250	225	225	225	225	225
Hard surfacing on HRA Land - Recycling	0	0	0	0	0	0
Communal Areas Floor Coverings	198	100	100	100	100	100
Lifts and Door Entry Systems	51	13	13	13	13	13
Capitalised Officer Fees - Other HRA Stock Spend	114	114	114	114	114	114
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	375	191	191	191	191	191
Total Other Spend on HRA stock	**3,150**	**2,042**	**2,042**	**2,042**	**2,042**	**2,042**
HRA New Build / Re-Development / Acquisition						
Roman Court	6	0	0	0	0	0
3 Year Affordable Housing Programme	2,629	954	0	0	0	0

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Description	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
3 Year Affordable Housing Programme (Notional Spend - Land Value)	545	0	0	0	0	0
New Build - Clay Farm	6,546	3,967	0	0	0	0
New Build - Homerton	2,753	0	0	0	0	0
Re-Development - Anstey Way (Land Assembly Only)	1,642	0	0	0	0	0
Anstey Way - Earmarked Resource towards Re-Development	100	4,750	0	0	0	0
2015/16 Garage & In-Fill Sites	780	2,233	0	0	0	0
2016/17 In-Fill Sites	0	709	0	0	0	0
Akeman Street	129	1,844	0	0	0	0
Acquisition or New Build - Retained RTB Receipt Investment	1,322	0	0	0	0	0
New Build - Devolution Programme	0	20,000	20,000	20,000	20,000	20,000
Grants to Registered Providers	0	0	0	0	0	0
Total HRA New Build	**16,452**	**34,457**	**20,000**	**20,000**	**20,000**	**20,000**
City Homes Estate Improvement Programme						
City Homes Estate Improvement Programme	52	0	0	0	0	0
Total City Homes Estate Improvement Programme	**52**	**0**	**0**	**0**	**0**	**0**
Sheltered Housing Capital Investment						
Ditchburn Place	528	1,796	1,880	0	0	0
Total Sheltered Housing Capital Investment	**528**	**1,796**	**1,880**	**0**	**0**	**0**
Other HRA Capital Spend						
Orchard Replacement / Mobile Working	23	500	0	0	0	0

Description	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Stores Reconfiguration	130	0	0	0	0	0
Cambridge Public Sector Network	23	0	0	0	0	0
Air Cooling Systems in Area Offices	11	0	0	0	0	0
Shared Ownership Repurchase	300	300	300	300	300	300
Commercial and Administrative Property	47	30	30	30	30	30
Total Other HRA Capital Spend	**534**	**830**	**330**	**330**	**330**	**330**
Total HRA Capital Spend	**25,487**	**45,295**	**28,166**	**29,678**	**32,562**	**28,590**
Total Housing Capital Spend at Base Year Prices	**26,283**	**46,092**	**28,911**	**30,423**	**33,307**	**29,335**
Inflation Allowance and Stock Reduction Adjustment for Future Years	0	1,171	1,356	1,515	1,875	2,066
Total Inflated Housing Capital Spend	**26,283**	**47,263**	**30,267**	**31,938**	**35,182**	**31,401**
Housing Capital Resources						
Right to Buy Receipts	(302)	(305)	(309)	(312)	(315)	(318)
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0	0
Notional Land Receipts (New Build Schemes)	(545)	0	0	0	0	0
Major Repairs Reserve	(923)	(18,551)	(8,570)	(10,096)	(15,286)	(11,826)
Direct Revenue Financing of Capital	(10,758)	(926)	0	0	0	0
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(3,301)	(17,543)	(14,908)	(15,049)	(16,310)	(15,294)
Retained Right to Buy Receipts	(3,116)	(8,464)	(6,000)	(6,000)	(3,000)	(3,000)
Retained Right to Buy Receipts Passed to Registered Provider	0	0	0	0	0	0
Disabled Facilities Grant	(576)	(602)	(271)	(271)	(271)	(271)

Description	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Prudential Borrowing	0	0	0	0	0	0
Total Housing Capital Resources	**(19,521)**	**(46,391)**	**(30,058)**	**(31,728)**	**(35,182)**	**(30,709)**
Net (Surplus) / Deficit of Resources	6,762	872	209	210	0	692
Capital Balances b/f	**(9,668)**	**(2,906)**	**(2,034)**	**(1,825)**	**(1,825)**	**(1,615)**
Use of / (Contribution to) Balances in Year	6,762	872	209	210	0	692
Capital Balances c/f	**(2,906)**	**(2,034)**	**(1,825)**	**(1,615)**	**(1,825)**	**(923)**
Other Capital Balances (Opening Balance 1/4/2016)						
Major Repairs Reserve	(3,269)	Utilised to fund the decent homes programme				
Retained 1-4-1 Right to Buy Receipts	(9,047)	Built into spending by 2018/19				
Right to Buy Receipts for Debt Redemption	(5,079)	Set-aside for potential debt redemption				
Total Other Capital Balances	**(17,395)**					

APPENDIX L

Cambridge City Council Equality Impact Assessment

Completing an Equality Impact Assessment will help you to think about what impact your strategy, policy, plan, project, contract or major change to your service may have on people that live in, work in or visit Cambridge, as well as on City Council staff.

The template is easy to use. You do not need to have specialist equalities knowledge to complete it. It asks you to make judgements based on evidence and experience. There are guidance notes on the intranet to help you. You can also get advice from Suzanne Goff, Strategy Officer on 01223 457174 or email suzanne.goff@cambridge.gov.uk or from any member of the Joint Equalities Group.

1. Title of strategy, policy, plan, project, contract or major change to your service:
Budget Setting Report 2017/18

2. What is the objective or purpose of your strategy, policy, plan, project, contract or major change to your service?
The HRA Budget Setting Report enables the City Council to set a balanced budget for 2017/18 that reflects the Council's vision statements and takes into account councillor's priorities in its proposals for achieving the savings required. The report provides an overview of the finances for the HRA. It covers both HRA revenue and housing capital spending, highlighting the inter-relationships between the two. This EQIA assesses the equality impacts of the Housing Revenue Account (HRA) element of the City Council's budget; a separate EQIA has been completed for the General Fund (GF) element of the Council's budget.

3. Who will be affected by this strategy, policy, plan, project, contract or major change to your service? (Please tick those that apply)
☒ Residents ☐ Visitors ☒ Staff
A specific client group or groups (please state): This is a composite EqIA for all 2017 -2018 HRA budget bids and it covers all Council Housing

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

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

5. Responsible directorate and service
Directorate: Strategic Director Service: Corporate Strategy and Finance have coordinated the document, with input from Housing Services and Estates and Facilities in particular.

6. **Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service?**
☐ No ☒ Yes (please give details): This report involves cross organisation responsibility and input from various departments in the Council. The budget also affects some of our partnership working, notably with South Cambridgeshire District Council and Huntingdonshire District Council, and has the potential to impact the County Council in respect of the delivery of support activity and housing plus services. Delivery of the Housing Transformation Programme in particular requires significant input from: • Human Resources: Staffing implications, advice on job descriptions and roles, advice on appointing & redundancies, advice on working condition changes • Finance: support on costing the new structures, identifying programmes of savings to reduce recharges from Central Support Services to the HRA, supporting business process re-engineering in the new structure. • Unions: changes to work roles and responsibilities and working practices • Revenues & Benefits: collaborative working on legislative changes (Universal Credit) • ICT: support in respect of new system requirements to streamline services and accommodate legislative changes • Property Services: support and collaborative working around meeting the anticipated Government Higher Value Voids Levy

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

(a) Age (any group of people of a particular age, including younger and older people – in particular, please consider any safeguarding issues for children and vulnerable adults)
<u>**Older People**</u> ***Loss of Income from The County Council due to discontinuation of Day Centre Services*** at Ditchburn will have directly impacted residents who made use of the support offered by the Centre's activities. Closure of this facility was a County Council decision, and therefore out of the control of the City Council. The resulting loss of income from the County for hiring the Centre makes a small but furthering reduction in income to the HRA as a whole. ***Reduced use of the Independent Living Services' emergency alarm and response service*** by other housing providers following cuts to Supporting People funding may negatively impact those vulnerable older residents living in the affected housing schemes. Although the housing is not Council owned, there is recognition of the impact on the wider community. The resulting loss of income for using Independent Living Services makes a small but furthering reduction in income to the HRA as a whole. ***Restructuring the teams in the Housing Service*** will see ***the introduction of an integrated Sheltered / Supported team*** who will be proactive in providing support to older residents with needs in both the public & private sector and in both sheltered and general needs housing, which will have a positive impact on older tenants, and hopefully go some way to mitigating the impact of the cuts to services above. ***The Housing Transformation Programme staffing changes*** may impact older members of the workforce. The majority of staff who are currently funded through the HRA are under 55. 22.6% are 55-64 and 3.6% are over 65. The restructure of teams in the Housing Service is likely to affect all age groups, but the project will maintain the standards as set out in the Equalities Policy in relation to age, at all times. ***Recharging for repairs*** that are the responsibility of the tenant may have a greater financial and physical impact on older tenants, who may be less able to complete the work themselves, and will therefore need to pay for the work to be completed. ***Reducing spend in the HRA for anti-social behaviour support from the Safer Communities Team*** could have an impact on those older, vulnerable tenants experiencing ASB or harassment where they live. ***Full replacement of the Housing Management system*** - the chosen system is likely to require users to self-serve for a number of services. This may have a negative impact on older tenants who may not have the necessary computer skills to benefit from the tools on offer. ***Increase in funding for lamp column inspection*** is expected to have a positive impact on older, frailer residents, as the purpose of this programme is to reduce any incidences of trips and falls.

(b) Disability (including people with a physical impairment, sensory impairment, learning disability, mental health problem or other condition which has an impact on their daily life)
Restructuring the teams in the Housing Service will see ***the introduction of an integrated Sheltered / Supported team*** who will be active in providing support to residents with disability needs in both the public & private sector and in both sheltered and general needs housing. ***Reducing spend in the HRA for anti-social behaviour support from the Safer Communities Team*** could have an impact on tenants with disabilities experiencing ASB or harassment where they live. ***Recharging for repairs*** that are the responsibility of the tenant may have a greater financial and physical impact on disabled tenants, who may be less able to complete the work themselves, and will therefore need to pay others to do the work. ***Increasing the budget for Disabled Facilities Grants*** will have a positive impact on residents who have a disability and require aids to continue living in their current home. ***Full replacement of the Housing Management system*** - the chosen system is likely to require users to self-serve for a number of services. This may have a negative impact on tenants with a disability who may require support to benefit from the tools on offer. ***Increase in funding for lamp column inspection*** is expected to have a positive impact on physically disabled residents, as the purpose of this programme is to reduce any incidences of trips and falls.

(c) Gender
Staff - The restructure of teams in the Housing Service is likely to affect staff of both genders, but has the potential to have a disproportionate impact on one gender, depending upon the outcome of the selection process for new roles. The project will maintain the standards as set out in the Equalities Policy in relation to flexible working at all times.

(d) Pregnancy and maternity
Staff - The restructure of teams in the Housing Service is likely to affect a number of staff, including those who are pregnant or on maternity leave, but the project will maintain the standards as set out in the Equalities Policy in relation to pregnancy & maternity, at all times.

(e) Transgender (including gender re-assignment)
Reducing spend in the HRA for anti-social behaviour support from the Safer Communities Team could have an impact on transgender tenants experiencing ASB or harassment where they live. ***Staff - The restructure of teams in the Housing Service*** is likely to affect a number of staff, but the project will maintain the standards as set out in the Equalities Policy in relation to transgender staff, at all times.

(f) Marriage and Civil Partnership
No disproportionate impact has been identified in relation to marriage or civil partnership in the bid proposals contained in the 2017/18 HRA Budget Setting Report.

(g) Race or Ethnicity
Staff - The restructure of teams in the Housing Service is likely to affect a number of staff, but the project will maintain the standards as set out in the Equalities Policy in relation to ethnicity, at all times.

(h) Religion or Belief
Staff - The restructure of teams in the Housing Service is likely to affect a number of staff, but the project will maintain the standards as set out in the Equalities Policy in relation to religion or belief, at all times.

(i) Sexual Orientation
Staff - The restructure of teams in the Housing Service is likely to affect a number of staff, but the project will maintain the standards as set out in the Equalities Policy in relation to sexual orientation, at all times.

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

The ***Restructure of the Housing Services Teams*** should have a positive impact on all groups, as it will be designed to provide a more streamlined, accountable service for all tenants, but in particular vulnerable clients, by reducing the number of hand-offs between teams:

- A ***reconfigured Tenancy & Estate Management Team*** will offer all tenants on-the-ground support for their tenancy, as well as supporting tenants in understanding their fixed-term tenancy, and sign-posting to the other Housing Teams as required.

- The ***Tenancy Support Team*** will provide all tenants with temporarily high support needs, to manage their tenancy, with sign-posting to the other Housing Teams or to external support as required.

- An ***Income & Financial Inclusion Team*** will provide all tenants with a service that balances the need to recover debt with the help and support tenants may need to manage their finances. This team will be on hand to support tenants through the roll-out of universal credit and pay-to-stay

- An ***integrated Temporary Housing & Housing Advice service*** will provide a logical and more streamlined service for homeless clients.

Recharging for repairs that are the responsibility of the tenant will have a negative financial impact on all tenants who will be expected to pay for repairs they cannot undertake themselves. The extent of this on all equalities groups will need to be monitored.

Savings in energy-related initiatives could have a negative impact those on lower incomes.

Expanding the Voids Team into a Voids & Lettings team will have a positive impact on all groups, as reducing void times by at least 5 working days will ensure properties are ready to let more quickly to someone on the waiting list, as well as increasing rental yield.

Changes to the calculation of holiday pay for employees will have a positive impact on all employees, but in particular those on lower incomes working shifts and claiming overtime, as these earnings will now be included in the calculation.

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

9. **Conclusions and Next Steps**
• If you have not identified any negative impacts, please sign off this form. • If you have identified potential negative actions, you must complete the action plan at the end of this document to set out how you propose to mitigate the impact. If you do not feel that the potential negative impact can be mitigated, you must complete question 8 to explain why that is the case. • If there is insufficient evidence to say whether or not there is likely to be a negative impact, please complete the action plan setting out what additional information you need to gather to complete the assessment.
All completed Equality Impact Assessments must be emailed to Suzanne Goff, Strategy Officer, who will arrange for it to be published on the City Council's website. Email suzanne.goff@cambridge.gov.uk

10. **Sign off**
Name and job title of assessment lead officer: Julia Hovells Names and job titles of other assessment team members and people consulted: Catherine Buckle – Business Development Manager (Housing) Date of completion: 24/11/2016 Date of next review of the assessment: Summer 2017.

Action Plan

Equality Impact Assessment title: **2017/18 HRA Budget Setting Report**

Date of completion: **24/11/2016**

Equality Group	**All Groups**
Details of possible disadvantage or negative impact	***The Housing Transformation Programme staffing changes*** may impact all equalities groups.
Action to be taken to address the disadvantage or negative impact	The project will maintain the standards as set out in the Cambridge City Council Equalities Policy, at all times.
Officer responsible for progressing the action	Liz Bisset
Date action to be completed by	March 2017

Equality Group	**Age & Disability**
Details of possible disadvantage or negative impact	***Recharging for repairs*** that are the responsibility of the tenant may have a greater financial and physical negative impact on older tenants, or tenants with a disability
Action to be taken to address the disadvantage or negative impact	Monitoring by the Income Recovery Team of who is being affected the most by the charges to be undertaken, and remedial action taken as necessary. Offering a Handyman services within Estates & Facilities to ensure the work is undertaken fairly to be introduced.
Officer responsible for progressing the action	Trevor Burdon / Tom Bremner
Date action to be completed by	March 2017

Equality Group	**Age, Disability, Transgender, Sexual Orientation, Faith or Religious belief**
Details of possible disadvantage or negative impact	***Reducing spend in the HRA for anti-social behaviour support from the Safer Communities Team*** could have an impact on those older, vulnerable, Transgender, LGBT or tenants of different religions or beliefs, experiencing ASB or harassment where they live.
Action to be taken to address the disadvantage or negative impact	An Anti-social Behaviour Review is currently underway, and findings will be incorporated with the Housing Services restructure to ensure all residents continue to receive a fair and consistent ASB service.
Officer responsible for progressing the action	Tom Bremner / Debbie Kaye
Date action to be completed by	Summer 2017

Equality Group	**Age & Disability**
Details of possible disadvantage or negative impact	***Full replacement of the Housing Management system*** may have a negative impact on older or disabled tenants who may not have the necessary computer skills to benefit from the tools on offer.
Action to be taken to address the disadvantage or negative impact	The Project Board will oversee the selection of the new system to ensure it is fit for purpose, and Housing Services operational staff will need to monitor usage to gauge what support systems need to be put in place for those tenants who require it.
Officer responsible for progressing the action	Suzanne McBride / Tom Bremner
Date action to be completed by	April 2018

Other factors that may lead to inequality	
Details of possible disadvantage or negative impact	***Savings in energy-related initiatives*** could have a negative impact those on lower incomes.
Action to be taken to address the disadvantage or negative impact	Demand for the initiatives previously offered could be monitored to see how much impact removing them has on tenants.
Officer responsible for progressing the action	Trevor Burdon
Date action to be completed by	Mar 2018

Other factors that may lead to inequality	
Details of possible disadvantage or negative impact	***Full replacement of the Housing Management system*** may have a negative impact on tenants on lower incomes who may not have access to a personal computer to benefit from the tools on offer.
Action to be taken to address the disadvantage or negative impact	The new system will be designed to be used on a smart phone or tablet, reducing the need to obtain access to a personal computer or internet café.
Officer responsible for progressing the action	Julia Hovells
Date action to be completed by	Mar 2018

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