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Cambridge City Council

Housing Scrutiny Committee

Date: Wednesday, 17 January 2018

Time: 5.30 pm

Venue: Committee Room 1 & 2, The Guildhall, Market Square, Cambridge, CB2 3QJ

Contact: democratic.services@cambridge.gov.uk, tel:01223 457013

Agenda

1	Apologies	
2	Declarations of Interest	
3	Minutes	(Pages 5 - 18)
4	Public Questions Please see information at the end of the agenda.	
5	Record of Urgent Decisions taken by the Executive Councillor for Housing To note decisions taken by the Executive Councillors for Housing since the last meeting.	
5a	Ditchburn Place	(Pages 19 - 28)
5b	Housing Related Support for Older People	(Pages 29 - 36)

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

6	Repairs Standards and Recharging Report to follow	
7	HRA Garages Charging Review	(Pages 37 - 46)
8	Housing Revenue Account (HRA) Budget Setting Report 2018/19 to 2022/23	(Pages 47 - 150)

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

9 Housing Portfolio Revenue and Capital Budget Proposals for 2018/19 to 2022/23
Report to follow

10 New Social Housing on Markham Close Garage Site
Report to follow

11 New Social Housing on Gunhild Way Garage Site
Report to follow

12 Community-Led Housing
Report to follow

13 Review of the Empty Homes Policy
Report to follow

14 New Build Affordable Housing Update
Report to follow

Housing Scrutiny Committee Members: Todd-Jones (Chair), Bird (Vice-Chair), Baigent, Cantrill, Gawthrope, Holland, Page-Croft and Sheil

Alternates: Barnett, Abbott and T. Moore

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

Executive Councillors: Price (Executive Councillor for Housing)

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HOUSING SCRUTINY COMMITTEE 21 September 2017
5.30 - 7.55 pm

Present: Councillors Todd-Jones (Chair), Baigent, Cantrill, Gawthrope, Holland, Page-Croft, Sheil and Abbott

Executive Councillor for Housing: Councillor Price

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

Officers:
Strategic Director: Suzanne Hemingway
Trainee Housing Development Officer: Amelia Norman
Housing Development Officer: Mark Wilson
Environmental Health Manager – Commercial: Yvonne O'Donnell
Head of Estates & Facilities: Trevor Burdon
Business Manager & Principal Accountant (Shared Housing Finance Team): Julia Hovells
Environmental Health Officer: Claire Adelizzi
Head of Housing: Anita Goddard
Committee Manager: Toni Birkin

FOR THE INFORMATION OF THE COUNCIL

Change to Published Agenda Order

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

17/35/HSC Apologies

Apologies were received from Councillor Bird. Councillor Abbott was present as the alternate.
Councillor Holland left before the vote on item 17/40/HSC

Fire Safety Update

The Head of Estates and Facilities assured the Committee that suggested upgrades and improvements to Fire Safety Equipment in residential units was on-going as part of this year's programme of works.

He undertook to investigate a report that that a resident had been left without working smoke detector for three weeks.

<u>Thanks for Long Service</u>

The Chair requested that the Committees thanks be noted to the following long serving members of staff who were retiring from the Council: Liz Bisset, Alan Carter, Andrew Latchem and Trevor Burdon.

17/36/HSC Declarations of Interest

Name	Item	Interest
Councillor Cantrill	All	Personal: Is a Trustee of Wintercomfort
Councillor Baigent	17/44/HSC	Personal: Is a landlord. Did not take part in the vote on this matter.

17/37/HSC Minutes

The minutes of the meeting of the 20th June 2017 were approved and signed as a correct record.

17/38/HSC Public Questions

There were no public questions.

17/39/HSC Record of Urgent Decision taken by the Executive Councillor for Housing.

5a Shared Ownership Model Lease

This item was Chaired by Diana Minns (Vice Chair / Tenant Representative)

The Committee noted the decision.

The Committee made the following comments regarding the report:

i. Welcomed the model lease.
ii. Questioned what sort of lease tenants taking up the right to buy option were given.

The Business Manager and Principal Accountant confirmed that the Legal department were reviewing leases for some sites and that this could be rolled out to future leaseholders. There were currently eight different types of leases in use and these were last reviewed five years ago. Reviewing them again would be expensive and time consuming.

17/40/HSC Housing Revenue Account Medium Term Financial Strategy

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

Matter for Decision

The Housing Revenue Account (HRA) Medium Term Financial Strategy provided 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 2.1) Approved the Housing Revenue Account Medium Term Financial Strategy, to include all proposals for change in:
    - Financial assumptions as detailed in Appendix B of the Officer's report.
    - 2017/18 revenue budgets as introduced in Section 5 of the Officer's report, 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 of the Officer's report.
    - The revised Rent Setting Policy as detailed in Appendix L of the Officer's report.
ii. (Recommendation 2.2) Approved proposals for changes in existing housing capital budgets, as introduced in Sections 6 and 7 and detailed in Appendix E of the document, with the resulting position summarised in

Appendix H of the document, for decision at Council on 19th October 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 Business Manager and Principal Accountant.

The Committee made the following comments in response to the report:
- i. Suggested that the coming year would be challenging for tenants.
- ii. Stated that members of the public did not understand the terms such as Local Housing Allowance levels or Social Rents or Affordable Rents.
- iii. Improved media messages would allow people to understand the constraints on new homes delivery.
- iv. Questioned why such high reserves were being retained.
- v. Councillor Cantrill welcomed the strategic approach but questioned the ability to deliver the 500 new homes target. He suggested that reserves should be used to address current issues and to deliver 300 homes in addition to the 200 that were already in the pipeline.

The Strategic Director stated that the timeframe set by Government for the delivery of the 500 homes required that work be started on site within 5 years rather than 500 new homes completed. The current programme included a number of small sites. Larger sites were in the pipeline and detailed reports would follow regarding future projects. She confirmed that the Combined Authority would hold the City to account for the delivery of new homes.

The Business Manager and Principal Accountant said the following in response to Members' questions:
- i. Stated that a budget was in place to buy new homes on the open market, in the short term, should Right to Buy receipts be in danger of being lost due to delays in using them.
- ii. Confirmed that some units of shared ownership had proved difficult to sell due to the price and the lack of parking. The units would be revalued with the options of repricing or conversion to rented accommodation under consideration.

iii. The move out of the South Area Office had resulted in savings. However, as no suitable sub-let had been agreed, the savings were less that those predicted.
iv. Confirmed that reserves were always maintained at a three million pounds minimum contingency fund. However, levels were currently higher than expected due to retention of Right to Buy receipts. Delays in the hand-over of new build properties also increased reserves as final payment had not been released on the intended dates.

The Strategic Director and the Business Manager and Principal Accountant the made the following comments in response to Councillor Cantrill's suggestion that the depot site on Mill Road could be delivered as 100% affordable housing:

i. The identified housing need was for one bed properties and building them all in one place would not produce a mixed or balanced community.
ii. Other development had been required to offer a mix of housing tenures and failure to do so on this site would be hard to defend.
iii. The site was a general fund asset the Council had a duty to secure the best value for such assets. This would impact on any future decisions.

The Committee asked for more information regarding Council owned garages, such as: who was currently using them, how many were empty and how many were too small to accommodate modern cars. The Strategic Director undertook to produce a briefing note on council garage stock.

The Committee resolved by 10 votes to 0 with 2 abstentions to endorse the recommendation 2.1 (i) in the Officer's report.

The Committee resolved by 5 votes to 0 with 2 abstentions to endorse the recommendation 2.2 (ii) in the Officer's report.

The Executive Councillor approved the recommendation.

17/41/HSC New Social Housing on Housing Revenue Account Infill Site at Wulfstan Way

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

Matter for Decision

This report provided details of the indicative capacity study to develop the vacant land to the rear of 53 and 55 Wulfstan Way to provide up to 6 new homes. The site was to be brought forward in the Council's social housing programme, to be included in the Housing Revenue Account (HRA) and was recommended to be delivered through Cambridge Investment Partnership (CIP).

Decision of Executive Councillor for Housing

i. Noted the indicative mix of the proposed scheme
ii. Approved the capital budget of £819,500 for site option 1, detailed in the report to cover construction costs, professional fees and on costs to deliver a scheme that meets identified needs of the City.
iii. Approved that delegated authority be given to the Strategic Director to enable the site to be developed through Cambridge Investment Partnership.

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 Trainee Housing Development Officer.

The Trainee Housing Development Officer said the following in response to Members' questions:

i. The land agreements were being finalised and discussions were ongoing with residents.
ii. In response to questions from the committee further investigation into right of way and access issues would be undertaken.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendation.

17/42/HSC New Social Housing on Housing Revenue Account Infill Site at Colville Road Garages

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

Matter for Decision
The report requested that the site was to be brought forward in the Council's social housing programme, to be included in the Housing Revenue Account (HRA) garage and small in-fill sites development programme.

The report requested approval for a capital budget for the HRA in relation to the site at Colville Road Garages.

Decision of Executive Councillor for Housing
i. Noted the indicative mix of the scheme.
ii. Approved the scheme capital budget of £692,987 detailed in the report to cover the construction cost of a scheme, professional fees and other costs to deliver a scheme that meets the identified needs in the City.
iii. Approved that delegated authority be given to the Strategic Director to enable the site to be developed through Cambridge Investment Partnership (CIP).

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 Development Officer.

The Business Manager and Financial Accountant confirmed that standard procurement rules would apply and should the spend exceed the budget by 15% or more, it would be brought back to committee for further approval.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendation.

17/43/HSC The Homelessness Reduction Act - Service Implementation

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

Matter for Decision

The report provided an overview on the introduction of the Homelessness Reduction Act.

The report also outlined the following:

- The financial support available to local authorities to support the wider statutory responsibilities created by the Act

- The anticipated additional resource requirements for the Housing Advice Service and the rationale for assessing these

- New initiatives that the Council has, or is proposing to, put in place to support its new range of statutory responsibilities

- The Homelessness prevention grants programme for 2018-19

Decision of Executive Councillor for Housing

i. Noted the new provisions within the Homelessness Reduction Act and, in particular, the extended range of statutory homelessness duties the Council is obliged to perform under the new Act.
ii. Agreed, subject to any changes that may be made as part of the budget setting process and the formal adoption of the 2018/19 budget by Council, to support a budget bid for additional staffing resources as set out in paragraphs 3.19 to 3.23 of the Officer’s report.
iii. Approved the proposals outlined in this report for expenditure from the Flexible Homelessness Support Grant as outlined in paragraph 3.23 and that any funds carried forward from this grant can be allocated under delegated authority to the Head of Revenues and Benefits, in consultation with the Executive Councillor for Housing.
iv. Approved, subject to any changes that may be made as part of the budget setting process and the formal adoption of the 2018/19 budget by Council, the proposed homelessness prevention grant funding allocations as outlined in appendix 3 of the Officer’s report and agreed to delegate authority for decisions around spending the unallocated funds of £14,358 to the Head of Revenues and Benefits in consultation with the Executive Councillor for Housing.
v. Delegated authority to the Head of Revenues and Benefits, in consultation with the Executive Councillor for Housing, to determine expenditure from the Government’s ‘new burdens’ funding allocation to this local authority, once received later in the autumn.

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

Any Alternative Options Considered and Rejected
Not applicable.

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

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

i. Sought clarification regarding the position of existing service users.
ii. Suggested that the six month safety net was not long enough and would result in a revolving door of repeat applications.

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

i. Those already in the system could continue under existing rules or choose to withdraw and re-apply under the new system.
ii. The provisions required applicants to engage with the service.
iii. Applicants were not limited regarding the number of times they could apply but circumstances must have changed.
iv. There would be many partnership options for discharging the duty to assist.
v. Intentionality was not an issue in the initial stages of the process. The pilot scheme had found that the higher levels of support available had resulted in a much lower levels of finding of intentionality.
vi. A bid had been submitted to the General Fund for additional staffing costs to cover six additional posts.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendation.

17/44/HSC Fee Structure for Fixed Penalty Notices for Housing Act 2004 Offences

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

Matter for Decision

In April of this year The Housing Act 2004 was amended by the Housing and Planning Act 2016. The 2016 Act introduced a range of measures to crack down on rogue landlords including the introduction of civil penalties of up to £30,000 as an alternative to prosecution for certain specified offences.

In serving a Civil Penalty Notice under these amendments the Council must decide a charge on a case by case basis rather than having a fixed fee. Cambridge intends to address this in the same method as other local authorities by creating a charging matrix.

Decision of Executive Councillor for Housing

i. Approved the charge levels for the enforcement of Civil Penalty notices for relevant Housing Act 2004 offences as set out in Appendix 1 of the Officer's report.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Environmental Health Officer.

The Environmental Health Officer said the following in response to Members' questions:

i. Standard Civil Penalty recovery notices would be used to pursue payment defaults.
ii. Confirmed that an initial investigation would establish who was responsible for the property. In the case of an absent landlord, this could be a management agency. Action would be taken against that person or agency.
iii. The policy would be reviewed annually to monitor its impact.
iv. The use of any income raised would be restricted to further enforcement work.
v. Sub-letting leaseholders would be subject to the same regulations.

The Head of Environmental Health confirmed that further regulation on this matter was expected some-time next year. This could result in a further review of staffing levels expected as some point next year.

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

The Executive Councillor approved the recommendation.

17/45/HSC Proposed Changes to the Residential Team Structure within Environmental Health

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

Matter for Decision

Approval was sought for the cessation of the Property Accreditation Scheme including the deletion of the current employment post of Property Accreditation Officer.

Due to a number of factors the effectiveness and value of the Property Accreditation Scheme had greatly reduced therefore a shift of staffing resource was proposed from this non-statutory scheme over to maintained enforcement within the Residential Team with the aim of ensuring continual improvement of standards within the Private Rented housing.

Decision of Executive Councillor for Housing

i. Approved the cessation of the Property Accreditation Scheme including the deletion of the current employment post of Property Accreditation Officer.
ii. Approved increased enforcement activity facilitating further improvements within the private rented sector

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 Environmental Health Officer.

The Committee expressed support for the proposal.

The Committee resolved by 5 votes to 0 and 2 abstentions to endorse the recommendations.

The Executive Councillor approved the recommendation.

17/46/HSC Conversion Of Kingsway Clinic Into Units Of Social Housing

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

Matter for Decision

A clinic had been provided on the ground floor at Kingsway Flats in Arbury since 1965. The current tenants, the NHS, were vacating the premises at the end October 2017. A current lack of demand for this type of property, combined with the poor layout and condition of the clinic and the re-provision of these NHS services elsewhere, made it unlikely that a new tenant would be found.

A team of architects were commissioned to carry out a feasibility study to investigate the possibility of converting the clinic into further units of accommodation to let for general needs purposes and provide the estimated costs of carrying out the work.

Decision of Executive Councillor for Housing

Agreed that the Kingsway Clinic to be converted into 2, 1-bed and 2, 2-bed flats for use as general needs housing, funding the works, estimated to be approximately £477,000, from the existing budget ear-marked for acquisition or new build housing using retained right to buy receipts.

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 and Principal Accountant.

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

i. Sought clarification regarding rent levels.
ii. Questioned how the final option had been selected.
iii. Expressed regret that none of the properties offered disabled access.

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

i. Confirmed that option 2 (2, 1-Bed and 2, 2-bed) had been selected as the conversion costs were similar for all options but the returns would be higher for this configuration.
ii. The properties would be offered at affordable rent levels and would be set at Local Housing Allowance level including service charges.
iii. Confirmed that there was an expectation that Right to Buy receipts would be used to fund properties to be let at affordable rent levels rather than social rent levels.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendation.

The meeting ended at 7.55 pm

CHAIR

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CAMBRIDGE CITY COUNCIL

Record of Executive Decision

DITCHBURN PLACE CARE CONTRACT – COUNTY DECISION TO TENDER

Decision of:	**Councillor Price,** Executive Councillor for Housing		
Reference:	17/URGENCY/HS/7		
Date of decision:	25/10/17	**Recorded on:**	03/11/2017
Decision Type:	Key Decision		

Matter for Decision:

i. Cambridge City Council owns and manages the Ditchburn Place extra-care housing scheme, which currently comprises 36 of the 108 units on the site. For some years, care at the scheme has been provided by the City Council, and delivered in an integrated way alongside housing related support, housing management and premises management functions. .

ii. From January 2011, the care service was the subject of a three-year contract, extended a number of times to July 2016, awarded to the Council by Cambridgeshire County Council following a formal tendering exercise in 2010. Since July 2016 the service has been delivered as part of a partnership arrangement with the County Council.

iii. The City and County Council have extensively explored options for the continued delivery of care services on this basis, but this has proved impossible, and the County Council has now taken the difficult decision to formally tender the service.

Why the decision had to be made (and any alternative options):

Before taking the decision to tender the care service, the City Council and the County Council have explored a number of ways to continue to work in partnership to deliver these services, but the extra care and support contract sum of £554,600 (prior to inflation to 2017/18 prices) is well below what it costs the City Council to provide the service, which was estimated at £716,800 based upon 2016/17 budgeted costs, including all on costs and organisational overheads, but is still above the level of funding that the County Council has to continue the provision of care services on the site. The current price paid to the City Council is well above that paid by the County Council for similar schemes elsewhere in the region, and there is pressure on the County Council to further reduce costs.

The Executive Councillor's decision(s):

iv. Approved that the authority formally decides not to submit a tender for the continued provision of care services at Ditchburn Place.

v. Approved full co-operation with the County Council and prospective bidders for the contract, both during the procurement period and throughout the implementation and delivery of a new contract.

vi. Approved that the authority begin discussions with existing employees who work as part of the care contract in relation to their potential TUPE transfer to another organisation, providing the appropriate support and advice to them throughout this process.

vii. Delegated authority to the Strategic Director to undertake negotiations and agree the transfer of staff to a new care provider once the County Council has completed their procurement.

Reasons for the decision:

It has proved increasingly more difficult over the last 20 years to arrive at a contract sum for the provision of services which is within the budgetary constraints for the County Council, but which goes any way towards meeting the cost of the City Council providing the extra care services.

Scrutiny

The Chair and Spokesperson of Housing Scrutiny

consideration:	Committee were consulted prior to the action being authorised.
Report:	A report detailing the background and financial considerations is attached.
Conflicts of interest:	
Comments:	Councillor Todd-Jones agreed that the current situation was unsustainable but expressed concerns about the future quality of the services and staffing implications. Committee Vice Chair, Diana Minns, expressed similar concerns and stated that were she able, she would vote against this recommendation.

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Item

DITCHBURN PLACE CARE CONTRACT – COUNTY DECISION TO TENDER

To:
Councillor Kevin Price, Executive Councillor for Housing

Report by:
Suzanne Hemingway, Strategic Director, Tel: 01223 - 457461

Email: suzanne.hemingway@cambridge.gov.uk

Wards affected:
Petersfield,

Key Decision

1. Executive Summary

1.1 Cambridge City Council owns and manages the Ditchburn Place extra-care housing scheme, which currently comprises 36 of the 108 units on the site. For some years, care at the scheme has been provided by the City Council, and delivered in an integrated way alongside housing related support, housing management and premises management functions.

1.2 From January 2011, the care service was the subject of a three-year contract, extended a number of times to July 2016, awarded to the Council by Cambridgeshire County Council following a formal tendering exercise in 2010. Since July 2016 the service has been delivered as part of a partnership arrangement with the County Council.

1.3 The City and County Council have extensively explored options for the continued delivery of care services on this basis, but this has proved impossible, and the County Council has now taken the difficult decision to formally tender the service.

2. Recommendations

The Executive Councillor is recommended to:

2.1 Approve that the authority formally decides not to submit a tender for the continued provision of care services at Ditchburn Place.

2.2 Approve full co-operation with the County Council and prospective bidders for the contract, both during the procurement period and throughout the implementation and delivery of a new contract.

2.3 Approve that the authority begin discussions with existing employees who work as part of the care contract in relation to their potential TUPE transfer to another organisation, providing the appropriate support and advice to them throughout this process.

2.4 Delegate authority to the Strategic Director to undertake negotiations and agree the transfer of staff to a new care provider once the County Council has completed their procurement.

3. Background

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3.1. The City Council has delivered extra care services at Ditchburn Place for many years, originally as part of a number of formal contracts, and more recently as part of a partnership arrangement.

3.2 Care services are delivered alongside landlord, premises and housing support related activities to up to 36 extra care residents. This method of delivery has proved very successful over many years, with residents, relatives and the County Council as the body responsible for the commissioning of care, very happy with the level and quality of service provided. The Council has recently secured a 'good' rating following a statutory Care Quality Commission (CQC) inspection.

3.3 However, it has proved increasingly more difficult over the last 20 years to arrive at a contract sum for the provision of services which is within the budgetary constraints for the County Council, but which goes any way towards meeting the cost of the City Council providing the extra care services.

3.4 Before taking the decision to tender the care service, the City Council and the County Council have explored a number of ways to continue to work in partnership to deliver these services, but the extra care and support contract sum of £554,600 (prior to inflation to 2017/18 prices) is well below what it costs the City Council to provide the service, which was estimated at £716,800 based upon 2016/17 budgeted costs, including all on costs and organisational overheads, but is still above the level of funding that the County Council has to continue the provision of care services on the site. The current price paid to the City Council is well above that paid by the County Council for similar schemes elsewhere in the region, and there is pressure on the County Council to further reduce costs.

3.5 A number of factors combine to explain the gap between the contract sum that the County Council can afford to pay and the cost of the City Council providing the care service, but the key factor is the level at which the City Council pays its care staff.

3.6 The City Council, as a living wage employer, pays its care staff well at above minimum wage level and also has a pay policy which recognises the unsocial nature of some of the care hours worked, with generous enhancements for evening, weekend and bank holiday working.

3.7 In addition to the direct care staffing costs being significantly higher than those in the market place, the City Council also has a higher level of on costs and corporate overheads than many other care providers, including the cost of local government pensions.

3.8 Based upon the City Council's costs being significantly higher than the County Council can afford, and recognising that as care is not a core service for the City Council, with the City Council therefore not in a position to continue to subsidise the delivery of the service, the decision was taken to formally tender the service.

3.9 As landlord for the extra care homes at Ditchburn Place, it is critical that the City Council engage proactively with the procurement process, support the County Council in identifying a suitable supplier to take over the provision of care on the site, and work to develop effective relationships with the preferred supplier going forward.

3.10 Both the City and County Councils recognise the impact of this decision on both residents and staff of the scheme, and will endeavor to support both groups through the respective change process.

3.11 Meetings will be held with residents and relatives to explain the process and encourage engagement where possible, recognising the vulnerable nature of this client group and the fact that the current refurbishment programme has already introduced some change for residents.

3.12 Staff will be consulted and informed throughout the process by management and human resources, and will be given the support and advice they need throughout any transfer to a new employer under the TUPE regulations.

3.13 The City Council will work with the preferred supplier to ensure as smooth a transition of services as possible, with a management agreement in place between the parties to ensure clarity for both service providers and service users.

3.14 The new supplier will be well informed as part of the tender process, about the current refurbishment programme and the impact on resident numbers in both the short term (reduced occupancy) and long term (potential for increased extra care bed spaces).

4. Implications

(a) Financial Implications

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The financial implications associated with the decision not to tender for the continued provision of care services at Ditchburn Place are that the City Council will not be required to provide any future financial subsidy for the service.

To date, the direct costs of service provision have broadly been met, but little or no contribution towards management costs and overheads has been received.

Any continuation of delivery would mean that the authority would move into a position where it needed to subsidise the direct costs of care provision, which would fall to the General Fund to meet due to a statutory inability to fund essential care from the HRA.

(b) Staffing Implications

Following 4 members of staff opting to take redundancy as part of a service restructure to reflect the reduction in occupancy in the scheme for a 3 year period whilst the refurbishment takes place, there will be 28 employees impacted by the subsequent decision to tender care services.

The workforce in the care service is made up of full time, part time and zero hours contract employees, all of whom have been identified as staff who will form part of any TUPE consideration to a new care provider.

All staff will be consulted, informed and supported throughout the process by management and human resources.

(c) Equality and Poverty Implications

An Equalities Impact Assessment will be undertaken jointly by the County Council and City Council as part of the pre-procurement process.

(d) Environmental Implications

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

(e) Procurement Implications

There are no direct procurement implications associated with this report.

(f) Community Safety Implications

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

5. Consultation and communication considerations

Consultation and communication with staff, residents and their relatives will take place throughout both the procurement and implementation phases of this project, with the City Council and County Council working together to ensure timely, effective and consistent messaging.

6. Background papers

Background papers used in the preparation of this report:

7. Appendices

There are no appendices associated with this report.

8. Inspection of papers

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

Julia Hovells, Principal Accountant

Telephone: 01954 - 713071 or email: julia.hovells@cambridge.gov.uk.

CAMBRIDGE CITY COUNCIL

Record of Executive Decision

HOUSING RELATED SUPPORT FOR OLDER PEOPLE – DECISION TO ENTER INTO NEW CONTRACT

Decision of:	**Councillor Price,** Executive Councillor for Housing		
Reference:	17/URGENCY/HS/8		
Date of decision:	02/11/17	**Recorded on:**	02/11/17
Decision Type:	Non Key Decision		

Matter for Decision:

Cambridge City Council provides housing related support for older people on a tenure neutral basis across the district. Historically, the council only provided support to tenants living in its own sheltered schemes. From May 2014 the County Council expanded the breadth of the service delivered by the City Council to make it tenure neutral.

Since May 2014 the County Council have paid the City Council £180,000 per annum for the delivery of this wider service.

The County Council had approached the City with a proposal for a new partnership agreement to be affective from April 2018 for a 3 year period with an option to extend for a further year. This agreement would be on the basis of a fixed fee of £180,000 per annum for the life of the new arrangement.

If we were to decide against the proposal, the County would need to go out to full tender for the service, which would take them up to 6 months, ie October 2017 to March 2018, to be ready for a new contractor to step in from 1st April 2018, so they are keen for a decision from the City urgently to enable them to proceed as appropriate.

Why the decision had to be made (and any alternative options):	The City Council is keen to continue to provide these valuable support services to residents in the City, recognising the benefit not only to its sheltered tenants but also its ageing general needs tenants and other residents of the City.
The Executive Councillor's decision(s):	Approved that the authority enter into a new partnership agreement for the provision of housing related support for older people on a tenure neutral basis across the district for up to 4 years from April 2018.
Reasons for the decision:	The benefits to the Council of continuing to deliver housing related support for older people include the ability to continue to deliver joined up services for older people in council accommodation, giving them 1 point of contact for a variety of services and enabling them to sustain their tenancies.
Scrutiny consideration:	The Chair and Spokesperson of Housing Scrutiny Committee were consulted prior to the action being authorised.
Report:	A report detailing the background and financial considerations is attached.
Conflicts of interest:	None
Comments:	

HOUSING RELATED SUPPORT FOR OLDER PEOPLE – DECISION TO ENTER INTO NEW CONTRACT.

To:
Councillor Kevin Price, Executive Councillor for Housing

Report by:
Suzanne Hemingway, Strategic Director, Tel: 01223 - 457461

Email: suzanne.hemingway@cambridge.gov.uk

Wards affected:
All

Non-Key Decision

1. Executive Summary

1.1 Cambridge City Council provides housing related support for older people on a tenure neutral basis across the district. Historically, the council only provided support to tenants living in its own sheltered schemes. From May 2014 the County Council expanded the breadth of the service delivered by the City Council to make it tenure neutral.

1.2 Since May 2014 the County Council have paid the City Council £180,000 per annum for the delivery of this wider service.

1.3 The County Council have approached the City with a proposal for a new partnership agreement to be affective from April 2018 for a 3 year period with an option to extend for a further year. This agreement would be on the basis of a fixed fee of £180,000 per annum for the life of the new arrangement.

1.4 If the City Council decline to enter into a new partnership agreement, the County Council will tender these services alongside other housing related support services across the County.

2. Recommendations

The Executive Councillor is recommended to:

2.1 Approve that the authority enter into a new partnership agreement for the provision of housing related support for older people on a tenure neutral basis across the district for up to 4 years from April 2018.

3. Background

Page: 2

3.1. The City Council has always delivered the housing related support service across its sheltered housing schemes and for the last 4 years on a wider basis across the entire district.

3.2 In sheltered housing, staff deliver support alongside landlord and premises related functions.

3.3 Support services in sheltered housing have been funded since April 2003 by a mixture of funding from the County Council through the Supporting People regime and recharges to tenants.

3.4 Over the years, the funding from the County Council has reduced significantly, resulting in both reductions in the level of support service provided and increases in the contributions made towards the service by the tenants.

3.5 From April 2014 the County Council reduced the support funding to the City Council to £180,000 per annum at the same time as increasing the breadth of service that this funding was intended to provide to ensure that services were offered to all residents within the City.

3.6 The new tenure neutral service, delivered on a partnership basis by the City Council, is designed to provide short term support interventions to any resident over the age of 65.

3.7 The City Council still provides ongoing support services across its own sheltered schemes with service charges levied to meet the cost of providing this service. Currently, the Council protects those in receipt of housing benefit from needing to pay for the support charge.

3.8 The County Council have proposed a new partnership agreement for 3 years with an option to extend for a further year for the continued provision of housing related support for older people at a continued fixed sum of £180,000 per annum.

3.8 The City Council is keen to continue to provide these valuable support services to residents in the City, recognising the benefit not only to its sheltered tenants but also its ageing general needs tenants and other residents of the City.

3.9 If the City Council decline to enter into a new partnership agreement, the County Council have confirmed that they will tender these services alongside other housing related support services across the County. This will mean that there is the potential for City Council employees to transfer to a new support provider, but there will need to be some negotiation due to the mix of landlord and support functions that this team provides.

3.9 The Housing Revenue Account business plan includes the assumption that the authority continues to deliver these services at £180,000 per annum. The risk to the authority is that over the period of the new contract the cost of providing the tenure neutral service may outweigh the income received for it.

3.10 The recent restructure of the housing service reduced the Independent Living team by 1 FTE thus making the delivery of these services more cost effective.

3.11 The benefits to the Council of continuing to deliver housing related support for older people include the ability to continue to deliver joined up services for older people in council accommodation, giving them 1 point of contact for a variety of services and enabling them to sustain their tenancies.

3.12 This report proposes acceptance of the 3 + 1 year partnership agreement being offered by the County Council but recognises that the authority would need to review its position at the end of the initial 3 year period, to determine whether it is financially viable to accept the 1 year extension or to consider any longer term arrangement.

4. Implications

(a) Financial Implications

Page: 4

The financial implications associated with the decision to enter into the new agreement are that the City Council will receive a fixed sum of £180,000 per annum for the next 3 or 4 years with no recognition of any increase for inflation. The fixed level nature of this funding will be incorporated into the business plan for the Housing Revenue Account to ensure that budgets are set with this taken into consideration.

Costs will increase during the life of the agreement and the assumption that this will take place will also be incorporated into financial plans.

(b) Staffing Implications

The Independent Living Service consists of 1.81 FTE Independent Living Supervisors, 7 FTE Independent Living Facilitators and 1 FTE Senior Administrator. The receipt of ongoing funding from the County Council for the provision of housing related support for older people is critical in ensuring that the authority can continue to employ these staff directly.

A decision not to enter into a new agreement with the County Council would result in tendering of the service and the potential for some or all of these employees to be transferred to a new employer under the TUPE regulations.

(c) Equality and Poverty Implications

An Equalities Impact Assessment is not considered necessary if this proposal is supported as services will continue to be provided as they are currently.

(d) Environmental Implications

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

(e) Procurement Implications

There are no direct procurement implications associated with this report.

(f) Community Safety Implications

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

5. Consultation and communication considerations

Consultation about the support services to be delivered in the future is being undertaken by the County Council who are responsible for the provision of these services.

6. Background papers

Background papers used in the preparation of this report:

- Report to Housing Management Board June 2012 - “Supporting People Tender”.

7. Appendices

There are no appendices associated with this report.

8. Inspection of papers

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

Laura Adcock, Housing Service Manager (Supported Housing)

Telephone: 01223 457649 or email: laura.adcock@cambridge.gov.uk.

Julia Hovells, Principal Accountant

Telephone: 01954 713071 or email: julia.hovells@cambridge.gov.uk.

Item

HOUSING REVENUE ACCOUNT GARAGE CHARGING REVIEW

To:
Councillor Kevin Price, Executive Councillor for Housing

Report by:
Julia Hovells, Principal Accountant
Tel: 01954 - 713071

Email: julia.hovells@cambridge.gov.uk

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

Key Decision

1. Executive Summary

1.1 The Housing Revenue Account manages a portfolio of 1,652 garages and 43 parking spaces, which are let as separate tenancies on a weekly rental basis to a variety of customers, including council housing tenants, leaseholders, and other residents of the city, charities, business and commuters.

1.2 The current complex variable charging structure for garages has been in place since a whole scale review of garages in 2013/14. It is now considered timely to review and simplify the process, particularly in light of new garages and parking spaces available as part of the new build programme and in preparation for the intended replacement of the existing Housing Management Information System.

2. Recommendations

2.1 The Executive Councillor is recommended to:

- Approve the garage and parking space charging structure as outlined in Appendix A.

- Approve delegated authority to the Strategic Director to designate an area of garages or parking spaces as being in a high value or high demand area, and therefore attracting the higher rental charge.

3. Background

3.1. At the time of writing this report, the Housing Revenue Account owned 1,629 independent garages and 43 parking spaces, and managed 23 garages on behalf of the General Fund. Of the HRA garages, 146 are currently identified on the 3 year rolling programme for potential demolition and re-development as affordable housing.

3.2 Historically the HRA have had difficulties in letting all of their garages and the void rate is regularly at levels in the region of 20% to 25%. At the end of September 2017 the level of void garage and parking spaces was just over 21%.

3.3 In 2013, a whole scale review of garages was undertaken, which engaged officers, tenant and leaseholder representatives and members, with changes to the charging structure being one of the outcomes.

3.4 The resulting charging structure was complex, as it was based upon the nature of the occupant of the garage and the purpose for which they intended to use the garage. This resulted in a large number of potential permeations of charge, and made it impossible to automate any of the offer or letting process in the Housing Management Information System. The charging structure is confusing for prospective tenants and is complex and administratively burdensome for officers. The existing charging matrix is included at Appendix B for information.

3.5 As a result of the decision to procure a new Housing Management Information System, coupled with the introduction of a number of new garages and parking spaces, some of which carry a significant cost to the HRA, it was decided to review the charging basis.

3.6 An officer working group was convened to explore the options, review what other authorities charge and to make recommendations for change as outlined in this report.

3.7 The charges levied for garages by a number of other local authorities have been assessed for comparison. There is some variation in approaches; Bristol charges council tenants £13.50 per week, has a separate charge for leaseholders at £16.50 a week and charges private tenants £16.66 plus VAT. They allow some storage, but not as the primary use. Norwich has high, normal and low demand zones, and charge council tenants from £5.91 per week to £8.20 for garages and £4.26 for a parking bay, and private residents from £7.94 to £22.96 for a garage and £12.80 for a parking bay. They do not allow use for storage. Reading also uses zones, and charges from £9.35 to £14.55 per week for council tenants and £11.22 to £16.26 for residents; they offer a disabled resident rate also. Reading requires an online application to be completed and for the applicant to state the use for the garage. Oxford does not allow garages to be used for storage without written permission, and charges tenants from £14.85 per week to £16.95 and everyone else from £17.82 to £20.34, depending on area – they have utilised an online mapping system to specify each garage site and its charging schedule.

3.8 The working group recognised that one of the complications with the existing charging structure is that it is person centric as opposed to property centric. If any charging structure were to be based on the property, then as a property is fixed in the IT system, there is the opportunity to automate activity such as offer letters, and to pre-determine the charges for each garage and load them into the system at the beginning of each rent year. The current charging structure requires manual offer letters tailored to each applicant, and for charges to be calculated and input into the system as each garage is let, which is prone to human error.

3.9 Having concluded that a predominantly property based system would be better, the working group considered applying a higher charge for garages or parking spaces which were in a high value or high demand area as an alternative approach. This allows recognition of the cost to the HRA of garages or parking spaces in a high value location (ie; Scholar's Court) and also high demand areas, where garages or parking spaces may be more popular, and a waiting list may exist.

3.10 A high demand area was identified, which spans from the city centre, and this is highlighted on the map at Appendix C. Any garages or parking spaces within the high demand area will attract a higher base rental charge in the proposed charging structure. The high demand area currently encompasses 376 garages or parking spaces, with only 35 of these rented to council housing tenants for storing a motor vehicle at the time of writing this report. 10 of the 35 council housing tenants are already paying the higher rate as the new spaces at Scholar's Court were introduced initially on this basis. The balance is let to other city residents, commuters or businesses.

3.11 Recognising a desire to protect existing council house tenants who currently rent garages or parking spaces in what will be a higher charging area under the new policy, it is proposed that the charge for these 25 tenants will have their charges phased to the higher rate over a period of a number of years, at the rate of £2.00 per week plus the annual inflationary element each year.

3.12 VAT is payable on any garage or parking space let to anyone other than a council housing tenant who rents the garage in connection with the occupation of their home, and is payable by a council housing tenant if they use the garage solely for storage.

3.13 It is proposed within the new charging structure that if a tenant wants to rent a garage for anything other than for storing a motor vehicle, then they rent the garage specifically for storage, which will require officers to manually select a different tenancy type when setting up the tenancy. This will ensure that VAT is charged appropriately. It should be noted however, that the responsibility lies with the tenant to identify that they intend to use the garage for storage purposes, and that routine inspections by officers will not take place, but reports of misuse will be investigated.

3.14 The only other manual element of the proposed new charging system is a proposal to retain a higher rate for commuters or businesses renting garages in the city. Charging a higher rate, with an initial premium of £5.00 per rent week, to this group will still provide parking in the city for them at a fair price, but will also ensure that garages used by city residents are offered at a competitive rate by comparison.

3.15 The only accepted method of payment for garage and parking space tenancies is direct debit, and any council tenant in rent arrears on their property is refused a garage or parking space on these grounds.

4. Implications

(a) Financial Implications

In reviewing the garage and parking space charging structure, and moving from a people and use based charge to a property based charge, with a recognition of location, there will be some tenants who receive a significant increase in their charges and others who will realise a significant reduction.

At the time of writing this report, 322 garage or parking space occupants will receive an increase in their charges. The increase in charges will vary from £0.25 to £14.02 per week, plus VAT where applicable. The highest increases are for businesses or commuters renting city centric garages and the next highest are for residents currently renting parking spaces or garages at the current low rates in the these areas. Existing council house tenants, renting a garage or parking space will be protected from an immediate increase.

209 garage or parking space occupants will receive a decrease in their charges. The decrease in charges will vary from £1.65 to £8.77 per week, plus VAT where applicable.

The overall impact for the HRA will be an increase of approximately 7.9% in the income from garages and parking spaces, but this assumes that there is no change in occupancy as a result of the change in pricing structure. The budget process for 2018/19 assumes a 2.6% increase in income, and this assumption has been retained until the impact of these charges are clear, but will be reviewed during 2018/19 as part of the HRA Medium Term Financial Strategy.

(b) Staffing Implications

There are no direct staffing implications associated with this report in terms of employment. However, the new charging structure is far simpler to administer than the current complex manual system, and as a result should cause fewer errors, which take time to resolve and impact on income received.

Following the restructure of the housing service, staff have identified limited capacity to market and let garages, so a simplification of the process will help alleviate this pressure. Prospective tenants should also be encouraged to make on-line applications for a garage or parking space to reduce the administrative burden on officers.

Additional staffing resource identified for transformation of the housing service will also be directed into marketing and letting garages in the short-term in an attempt to ensure better occupancy levels.

(c) Equality and Poverty Implications

An Equalities Impact Assessment has been prepared as part of this report, and will be available on the Council's website.

(d) Environmental Implications

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

(e) Procurement Implications

There are no direct procurement implications associated with this report.

(f) Community Safety Implications

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

5. Consultation and communication considerations

Tenant and Leaseholder representatives are being consulted on the proposals in this report as part of the Housing Committee scrutiny process.

If approved, the new charging structure will be communicated to all existing and future garage and parking space tenants, with the new charges published on the Council's website.

6. Background papers

Background papers used in the preparation of this report:

(a) Garage Charging Review 2013/14

7. Appendices

Appendix A Proposed Garage and Parking Space Charging Structure

Appendix B Current Garage Charging Structure

Appendix C Location Map showing High / Low Value Boundary Line

8. Inspection of papers

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

Julia Hovells, Principal Accountant

Telephone: 01954 - 713071 or email: julia.hovells@cambridge.gov.uk.

Appendix A

New Garage Charging Structure 2018/19

Category	Base Rent £ per rent week	VAT £ per rent week	Total Charge £ per rent week
Parking Spaces in standard area (tenants only)	7.72	0.00	7.72
Parking Spaces in standard area (non-tenants)	7.72	1.54	9.26
Garage in standard area (tenants only)	9.93	0.00	9.93
Garage in standard area (tenants storage use)	9.93	1.99	11.92
Garage in standard area (non-tenants)	9.93	1.99	11.92
Garage or Parking Space in high value / high demand area (tenants only)	18.95	0.00	18.95
Garage in high value / high demand area (tenants storage use)	18.95	3.79	22.74
Garage or Parking Space in high value / high demand area (non-tenants)	18.95	3.79	22.74
A £5.00 premium is added to all base rates above when rented for non-city resident, commuter, business or commercial use			
Non-City Resident / Commuter or Business / Commercial use	12.72	2.54	15.26
Non-City Resident / Commuter or Business / Commercial use in standard area	14.93	2.99	17.92
Non-City Resident / Commuter or Business / Commercial use in high value / high demand area	23.95	4.79	28.74

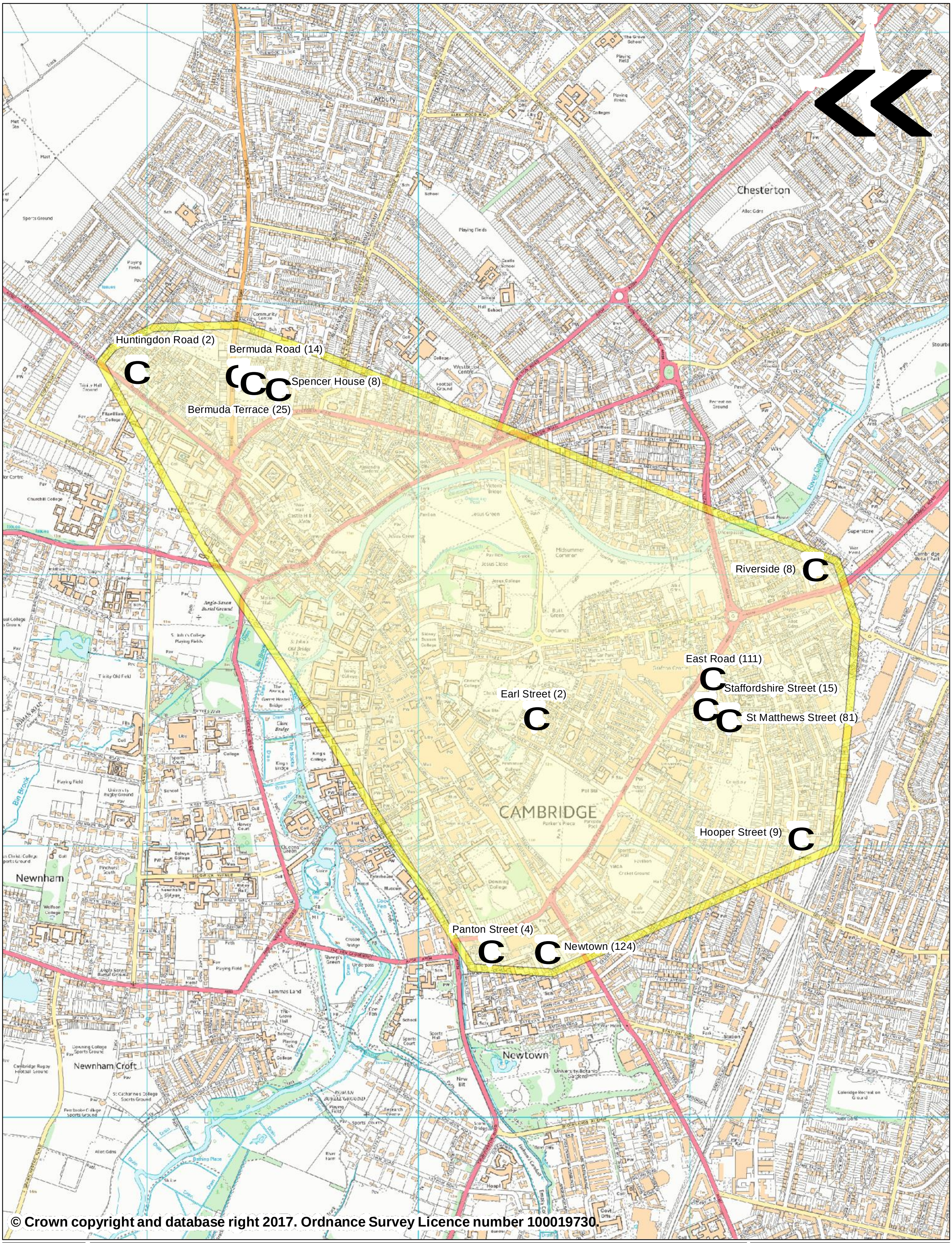
Parking spaces or garages in the curtilage of properties are charged at the prevailing base rate for the area.

Internal council use to be charged at base garage rate excluding VAT.

Appendix B

Garage Charging Structure 2017/18

Category	Rent £ per rent week	VAT £ per rent week	Total Charge £ per rent week
Parking Spaces (tenants only)	7.72	0.00	7.72
Parking Spaces in the Curtilage of the Property (tenants only)	7.72	0.00	7.72
Parking Space (non-tenant)	7.72	1.54	9.26
New Parking Spaces (tenants only)	18.95	0.00	18.95
New Parking Spaces (non-tenants)	18.95	3.79	22.74
Garage in the Curtilage of the Property (tenants only)	9.93	0.00	9.93
Tenant of City Homes (for storing a motorised vehicle)	9.93	0.00	9.93
Other Resident with Garage within ½ mile of address (for storing a motorised vehicle)	9.93	1.99	11.92
Other Resident (Within Cambridge City) with Garage over ½ mile of address (for storing a motorised vehicle)	12.04	2.41	14.45
Public Body/Charity (for storing a motorised vehicle)	16.58	3.32	19.90
Non Cambridge City resident or Business / Commercial / General Storage Use	18.70	3.74	22.44
Tenant of City Homes (For general storage)	18.70	3.74	22.44
City Homes / Internal Use	18.70	0.00	18.70



CAMBRIDGE CITY COUNCIL

Garages - High Value Area and Locations

Date: 28 November 2017

Produced by: 3C Shared Services

Section/Department: Spatial Team

Scale: 1:18,000 @ A4

J:\WORKING\garages\PDFs hvg_labels_area_and_locations

Item

2018/19 HOUSING REVENUE ACCOUNT BUDGET SETTING REPORT

To:
Councillor Kevin Price, Executive Councillor for Housing

Report by:
Julia Hovells, Principal Accountant
Tel: 01954 - 713071

Email: julia.hovells@cambridge.gov.uk

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

Key Decision

1. Executive Summary

1.1 As part of the 2018/19 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 2018/19 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 17th January 2018, 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 22nd February 2018.

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 rented properties be reduced by 1%, in line with legislative requirements, introduced as part of the Welfare Reform and Work Act, with effect from 2nd April 2018. 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 the 1% per annum, as with social housing. Local policy is to cap affordable rents at the Local Housing Allowance level, which will result in rent variations in line with any changes notified to the authority in this level.

c) Approve that rents for shared ownership are reviewed and amended from April 2018, in line with the specific requirements within the lease for each property.

d) Approve new garage and parking space charges for 2018/19, in line with the report presented to Housing Scrutiny Committee as part of this committee cycle, as summarised in Section 3 of the HRA Budget Setting Report

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

f) Approve the proposed leasehold administration charges for 2018/19, as detailed in Appendix B of the HRA Budget Setting Report.

g) 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 2017 (3%) plus 1%, wherever possible.

h) 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 2017 (3%) plus 1%, equivalent to an increase of 4% in total, wherever possible.

Revenue – HRA

Revised Budget 2017/18:

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 2017/18 of £52,810.

Budget 2018/19:

j) Approve with any amendments, any Non-Cash Limit items identified in Section 4 of the HRA Budget Setting Report or shown in Appendix D (1) of the HRA Budget Setting Report.

k) Approve with any amendments, any Savings, Increased Income, Unavoidable Revenue Pressures and Reduced Income proposals, as 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

2017/18 to 2022/23 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) Recognise the decision taken in 2017/18 to defer the review of the current 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 until after it is clear whether or not the policy to introduce a levy in respect of the sale of higher value voids will be implemented.

Housing Capital

n) Approval of capital bids, shown in Appendix D (2) of the HRA Budget Setting Report, to include the replacement of the estate service champion vehicle, recognition of increased costs for the replacement of the housing management information system and the refurbishment / reconfiguration works at Ditchburn Place, and to recognise additional investment in Disabled Facilities Grants in line with anticipated grant awarded through the Better Care Fund via the County Council.

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

p) Approval of the latest budget sums, profiling and associated financing for new build schemes including the scheme approved at Mill Road by Strategy & Resources, based upon the latest cost information from the Cambridge Investment Partnership (CIP) or direct procurements, as detailed in Appendices E and H, and summarised in Appendix K, of the HRA Budget Setting Report

q) Incorporation into the Housing Capital Investment Plan, a Section 106 affordable housing contribution of £1,750,000, to be used as funding towards the delivery of affordable housing within the city, by the HRA.

r) Approval to earmark additional resource of £2,151,000 towards the cost of a denser re-development at Akeman Street, in advance of the revised scheme being presented to Housing Scrutiny Committee in March 2018 for formal decision. This will allow the scheme to proceed should the CIP tendered cost fall within the approved cost envelope or allowable contract parameters.

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

General

t) 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.

u) Approval of delegation to the Strategic Director to review and amend the level of fees charged by the Shared Home Improvement Agency for disabled facilities grants and repair assistance grants, in line with any decisions s made by the Shared Home Improvement Agency Board.

v) Approval of delegation to the Strategic Director, in consultation with the Head of Finance, as Section 151 Officer, to draw down resource from the ear-marked reserve for potential debt redemption or re-investment, for the purpose of open market property acquisition or new build housing development, should the need arise, in order to meet quarterly deadlines for the use of retained right to buy receipts.

4. Implications

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

(a) Financial Implications

The financial implications associated with decisions are outlined in the HRA Budget Setting Report 2018/19, 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 2018/19, 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 2018/19, appended to this report.

(e) Procurement Implications

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 2018/19, appended to this report.

6. Background papers

Background papers used in the preparation of this report:

Housing Revenue Account Budget Setting Report 2017/18

Housing Revenue Account Medium Term Financial Strategy 2017/18

7. Appendices

The Housing Revenue Account Budget Setting Report 2018/19 is appended to this report.

8. Inspection of papers

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

Julia Hovells, Principal Accountant

Telephone: 01954 - 713071 or email: julia.hovells@cambridge.gov.uk.

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Version 1
Housing Scrutiny Committee

Housing Revenue Account Budget Setting Report 2018/19

January 2018

CAMBRIDGE CITY COUNCIL

Cambridge City Council

Version Control

	Version	for :	Anticipated Content
	1	Draft	Draft content for consultation
Current	2	Housing Scrutiny Committee 17 January 2018	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 22 February 2018	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

2018/19 to 2022/23

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Section 1
Introduction

Foreword by the Executive Councillor for Housing

Having a secure and decent place to call home is a basic human need and one which allows families and individuals to flourish, creating strong foundations for communities that are able to support themselves and lifting many out of poverty. Councils have long been major providers of affordable decent homes and this is even more important now given the increasing number of in work families and pensioners in poverty, or living month to month on a financial cliff edge because of the cost of their housing. Cambridge has particular challenges as the high pressures on housing have seen it become ever more unaffordable to middle and low income earners and for some, the consequences mean facing homelessness.

As the landlord to more than 7,000 homes across the city, our role in addressing this is crucial and this budget lays out not only how we are continuing to invest in our existing stock and support tenants in difficult times but also how we are investing in our significant new build programme with plans to build at least 500 additional new council homes through the Devolution Housing Grant. For the third year running and despite the loss of 50 - 60 badly needed council homes a year through Right to Buy, we have increased the total number of homes we own and manage. The greatest threat to this though remains the Higher Value Levy, which could mean the on-going loss of over 100 more homes a year. Uncertainty over its implementation continues to cloud our ability to plan long term. There can be no doubt as to how badly these homes are needed when in the first six months of 2017/2018, we let 268 new tenancies of which 61 were to those on Band A, accepted as homeless.

Over the last seven years we have had a strong focus on mitigating for our tenants the hardship caused to them by welfare reform and that focus remains clear. The rollout of Universal Credit, despite recent changes announced by the government, will be a challenge and those affected by the bedroom tax and the benefit cap will need our continuing support.

Our programme remains ambitious, despite the challenging economic climate, and we are determined to deliver the new homes Cambridge needs, working where appropriate with the Cambridge Investment Partnership which will also enable us to take advantage of development opportunities for new council homes on non-city council owned land. We have delivered 278 new homes since 2015, 242 of those as new council homes. A further 221 are already on site or in the pipeline over 17 sites, all delivered as council homes for rent, including 50% on the Mill Road Depot site and more to come on the linked YMCA site at Gonville Place. Cambridge City Council is setting the pace for other stock holding councils and we will be pressing the government to allow us to lift our HRA debt cap and build even more in the future.

Background

Housing Revenue Account budgets continue to be set in the context of a 30-year business plan, which is 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 income streams for the Housing Revenue Account, the most significant of these being the rental income for the housing stock. The authority is now required to comply with a national approach to rent setting, where rents will be reduced by 1% per year, for a further two years, from

April 2018, after which rent increases will return to inflation as measured by CPI, plus 1% for the following five years.

With income reducing in the short-term, it is imperative that the Housing Revenue Account continually reviews its priorities for investment, considering:

- The minimum level of investment in the existing housing stock
- The need to spend on landlord services (management and maintenance)
- 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)

The Council sets housing budgets in the context of the long-term impact on the financial viability for the Housing Revenue Account 30-Year Business Plan, to ensure delivery of council housing in perpetuity.

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 2017, the authority was supporting a housing debt of £214,321,335.

Purpose, Scope and Key Dates

Purpose and Scope

The HRA Medium Term Financial Strategy for 2017/18, approved in part at Housing Scrutiny Committee in September 2017, with the capital aspects approved at Council in October 2017, set the financial strategy for the HRA for 2018/19.

Internal and external factors impacting the housing service were reviewed, taking account of both emerging changes in national housing policy and the implications of any anticipated change 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 2018/19 budget.

As part of this 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 need to be revised.

The outcome of the exercise, summarised in this document, provides the basis for the setting the HRA budget and rents and charges for 2018/19, culminating in recommendations to both Housing Scrutiny Committee on 17th January 2018, and ultimately Council on 22nd February 2018.

The HRA Budget Setting Report covers both HRA revenue and housing capital spending. As the authority's landlord account, the HRA accounts for all services to tenants and leaseholders and 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 2018/19 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 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 2018/19 and 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.
- A reduced savings requirement for 2018/19 derived from the impact of the latest assumptions in the business plan, which includes the impact of the short-term reduction in rental income, partially offset by the deferral of the assumption of any requirement to dispose of higher value void dwellings to meet a government levy.
- An adjustment in responsive repairs expenditure in line with anticipated stock changes.
- After 2018/19, which includes the last phase of transformation funding, 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
2017	
21 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.
19 October	Council approved HRA Medium Term Financial Strategy 2017/18
2018	
17 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
22 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 authority is still subject to imposed rent reductions of 1% for a further two years following legislation approved as part of the Welfare Reform and Work Bill 2015.

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 two years.

In respect of affordable rents, the government requires local authorities to assess 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.

Following some uncertainty as to what national rent policy will be from April 2020, it has now been confirmed that local authorities will be able to revert to the previously agreed rent increases of CPI plus 1% per annum for a minimum of 5 years from that point. This gives some certainty for business planning purposes, at least in the medium term.

National Tenancy Policy

The Housing and Planning Bill introduced a 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 was confirmed in November 2016 that compulsory fixed term tenancies would be the 'tool' used to introduce control over long-term occupancy of council housing, in place of the abolished 'Pay to Stay' proposals.

Implementation is still subject to confirmation through the release of formal regulations, and until these are received, we do not know what level of local discretion may be available to Councils. A report will be presented to Housing Scrutiny Committee once the regulations are available, to allow scrutiny and debate of any national or local proposals.

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.

It is anticipated that any 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 regulations are not forthcoming, it is still anticipated that the authority would have some discretion over which assets it disposes of, in order to meet the levy.

It was confirmed in an interview with the Housing Minister in late November 2016, that the government would not be requesting any higher value voids levy payments from councils during 2017/18, recognising the need for local authorities to prepare once any regulations are published. As there was still no secondary legislation in place for the policy, the decision was taken as part of the HRA Medium Term Financial Strategy to defer the assumption of any payment until at least April 2019.

The income generated from any sale of higher value void council homes would be expected to fund right to buy for housing association tenants, with a wider pilot scheme now set up. The initial pilot scheme was not as successful as anticipated, and this in turn raised questions nationally about whether the forced sale of council homes is the right route to fund the scheme.

In the absence of any confirmation as to the future of the proposed policy, the HRA Budget Setting Report has 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 any payment deferred until 2019/20.

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 not now be rolled out to Cambridge Job Centre until October 2018. Following the November 2017 budget, it has been confirmed that the intention is to retain payment for stays in temporary housing in housing benefit and not to transfer claims for this to universal credit. As part of the November 2017 budget, a two week overlap for Universal Credit claimants moving from Housing Benefit was also introduced, to mitigate the impact of the change.

Cambridge City Council is working with partners at Cambridge Citizens Advice Bureau (CAB) and the local Job Centre Plus to provide Personal Budgeting Support. Whilst there has been low take up via the referral process, some Universal Credit customers are still able to contact Cambridge CAB directly. We are also working with other partners to support digital inclusion and access to support the new Universal Credit claiming process.

Benefit Cap

The project to manage the impact of the reduced Benefit Cap is progressing well. The Council has contacting those affected by letter, 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. Liaison work with social landlords remains key to supporting their tenants and City Homes officers have been working with tenants to find solutions that work for them.

A number of referrals have been made to Cambridge CAB for budgeting support and some have been referred to Cambridge Housing Society to look at ways to help those affected into work. Others may need short term Discretionary Housing Payments (DHP's) to support them until they are able to improve their circumstance. DHPs are used extensively to support those affected by welfare reforms.

There are currently 96 capped claims, with 50 being City Homes tenants. One of these tenants is also currently impacted by the Removal of the Spare Room Subsidy.

Removal of the Spare Room Subsidy

Numbers of customers affected by the removal of the spare room subsidy is remaining steady with 347 HRA tenants currently affected by the reform. 295 are impacted by a reduction of 14% and 52 by 25%. DHP's are also used to support tenants affected by the Removal of the Spare Room Subsidy.

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, do 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 Restriction

Social sector rents used in the calculation of Housing Benefit and the Housing Costs element of Universal Credit were anticipated to be restricted to the prevailing Local Housing Allowance rates from April 2019, with the rates being the maximum Housing Benefit payable, towards both rent and any service charges.

Following a number of representations at national level, at the present time, Government have indicated that they will not apply the Local Housing Allowance restriction to tenants in supported housing, nor the wider social rented sector.

Supported Accommodation Review

DWP and DCLG have launched a further consultation considering new funding for supported housing with an effective date of April 2020.

There are three broad groups being proposed:

- Sheltered housing schemes – a new sheltered rent based on existing social sector rent controls plus eligible service charges. This will be met through claims for Housing Benefit or Universal Credit.

- Short-term and temporary housing schemes with support provided will be supported through a ring fenced grant paid to upper tier authorities who will be responsible for the commissioning of this type of accommodation.
- Longer-term supported housing – these arrangements will continue much as they are with 100% of eligible rent and eligible service charges being met through claims for Housing Benefit or Income Support.

The deadline for the consultation is 23rd January 2018.

Right to Buy

Right to Buy Sales

During 2016/17, 118 right to buy applications were received and recorded, resulting in 58 completions. This compares to 141 applications in the previous year, which gave rise to 42 completions.

In the first 6 months of 2017/18, 46 right to buy applications were received and 26 sales completed, supporting a view that there is now a slowing down in interest following the peek that the threat of 'Pay to Stay' was believed to cause.

Accurately predicting future sales continues to be difficult, but with a small increase in the Bank of England base rate and nothing on the horizon that is anticipated to encourage heightened interest, it is anticipated that interest will remain low, as predicted mid-year.

For the HRA Budget Setting Report 50 sales are assumed in 2017/18, 40 sales in 2018/19, then reducing by 5 sales per annum, until 25 sales per annum are assumed from 2021/22 onwards.

The table below highlights the activity over the last 5 years, detailing the mix of houses, flats and bedsits sold through this process, recognising that an increasing proportion of sales seem to be in respect of houses and not flats.

Status	Year	Right to Buy (RTB)			Total
		House	Flat	Bedsit	
Actual Sales	2012/13	26	15	0	41
	2013/14	31	28	1	60
	2014/15	26	24	1	51
	2015/16	24	17	1	42
	2016/17	36	22	0	58
Estimated Sales	2017/18	29	21	0	50
	2018/19	23	17	0	40
	2019/20	20	15	0	35
	2020/21	17	13	0	30
	2021/22	14	11	0	25

Right to Buy Receipts

At 31 March 2017, the authority held £12,536,236.88 of right to buy receipts under the retention agreement with CLG, to be spent within 3 years of their original receipts date, 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 Devolution Grant, the Council's own resources, or through borrowing and not on replacement dwellings or dwellings receiving any other form of public subsidy.

With a recent increase in the Bank of England base rate to 0.5%, any penalty interest payable on receipts not re-invested appropriately will now be at the rate of 4.5%.

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 critical if we are to avoid payment of any penalties.

As with last year, during 2017/18 a number of strategic acquisitions have, or will have, taken place to ensure that sufficient resource has been invested by March 2018.

The option to pass retained receipts to registered providers still remains, with the same time constraints applicable in this instance, as well as the need for the 70% top up funding.

Newly arising receipts will continue to be retained at the end of each quarter for the current year and following 4 years, as the authority requires the receipts to combine with Devolution Grant to deliver up to 500 new homes. After this period, the decision to retain or pay over receipts each quarter will revert to the Head of Finance, in consultation with the Strategic Director. The Executive Councillor for Housing will be informed if the recommendation were to be to pay receipts directly back to Central Government.

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 1/4/2017**	**Estimated Stock Numbers as at 1/4/2018**
General Housing – Social	6,259	6,209
General Housing – Affordable	169	305
Sheltered Housing	511	511
Supported Housing	22	22
Temporary Housing (Individual Units)	47	48
Temporary Housing (HMO / EA's)	24	24
Miscellaneous Leased Dwellings	17	16
Sub Total Rented Dwellings	**7,049**	**7,135**

Shared Ownership Dwellings	87	112
Total HRA Dwellings	**7,136**	**7,247**

Note: General Housing - Affordable are new build homes, which are let as agreed in the HRA Rent Setting Policy, at Cambridge rent levels, which are capped 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 1/4/2017	Estimated Stock Numbers as at 1/4/2018
Bedsits	103	102
1 Bed	1,684	1,686
2 Bed	2,409	2,476
3 Bed	2,237	2,250
4 Bed	96	101
5 Bed	7	7
6 Bed	2	2
Sheltered Housing	511	511
Total HRA Rented Dwellings	**7,049**	**7,135**

Leasehold Stock

At 1st April 2017, the Council retained the freehold and managed the leases for 1,157 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 2,600 households on the housing register. 561 applicants were housed over the last year, with the majority (79%) of lettings being to applicants at band A or B.

The greatest demand for housing is still for one and two bedroom properties, with one-bed applicants accounting for 64% of the register, two-bed applicants 27%, three-bed applicants 7% and 2% of applicants waiting for properties with 4 or more bedrooms. The proportional need for one bedroom accommodation has increased further over the last 12 months. Applicants are banded according to housing need, with band A representing the highest housing need and making up approximately 5% of the register. Band B applicants represent approximately 20%, band C 42% and band D 33%.

Support for Vulnerable People

Cambridge City Council has recently agreed to continue to contract with the County Council for the delivery of tenure neutral support services to older people across the city as a whole, with a new term of up to 4 years from April 2018. The contract sum will be fixed at £180,000 per annum.

The authority has also been contracted to deliver both care and support services in extra care housing at Ditchburn Place for many years, but following extensive discussions with the County Council, it has been decided that the County Council will re-tender the services, and that the City Council will decline to bid, but will instead work proactively with the new supplier, in its continued capacity as landlord.

External Factors

Update of the financial forecasts for the HRA needs to take into consideration factors outside of the direct control of the authority, which could 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 that there has been a significant increase in the rate of growth over the last 12 months, with 1% at September 2016 rising to 3% by September 2017.

The Bank of England forecasts, however, indicated a stabilising of the economy, with the rates anticipated to reduce to 2.6% for 2018/19, 2.2% for 2019/20, 2.3% for 2020/21, before arriving at the longer-term desired rate of 2%.

The November 2017 Bank of England Inflation Report, forecasts growth at 2.4% for 2019/20, 2.2% for 2020/21, 2.1% for 2021/22, before arriving at the longer-term desired rate of 2%.

As the difference in inflation rate projections is not material, the growth rates incorporated as part of the HRA Medium Term Financial Strategy have been retained.

Building maintenance expenditure inflation has historically been forecast using the RICS (Royal Institution of Chartered Surveyors) Building Cost Information Service (BCIS) all in tender price index due to the nature of the contracts held by the authority.

The latest planned maintenance contract with Fosters has been let as a lump sum priced contract, and instead uses CPI as its measure for contract price increases. The contract with TSG, however, remains an Option C Target Contract, where the BCIS index is still relevant. The work is expected to be split broadly equally between the two contractors.

The latest projections for the BCIS All in Tender Price Index over the next 4 years are for growth of 0.7% for 2019/20, followed by, 4.3%, 4.8% and 6.1% in the following 3 years. Taking an average of these rates of growth gives rise to an increase of 3.98%.

On a similar average basis, the assumptions for CPI over the same period are 2.13%, a difference of 1.85%. As only 50% of the work programme is anticipated to be subject to the BCIS indices, half of the uplift has been applied and a rate of CPI plus 0.93% has been incorporated into the business plan forecasts.

Interest Rates

The Housing Revenue Account benefits 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 assumption is made, for prudency, that any additional borrowing is externalised, with updated PWLB maturity loan rates for loans of a 30 year duration used. Based upon the rates available at the time of drafting this report, a revised rate of 2.89% has been incorporated into the financial assumptions from 2018/19 onwards.

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 2016/17.

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)
31/3/2013	£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
31/3/2017	£645,398	1.63%	£728,050

Performance in the collection of current tenant debt worsened marginally during 2016/17, but is more concerning for the first half of 2017/18, where arrears are higher, when compared with the profile at this point in previous years. At the end of quarter 2 in 2017/18, current arrears totalled £1,084,771.06, compared to £968,534.24, at the same point in 2016/17. It is imperative that dedicated staff continue to work proactively with tenants, particularly those impacted by benefit changes, in an attempt to reduce arrears significantly by the end of the financial year.

There is still a considerable challenge in respect of actively pursuing, or proactively writing off, former tenant debt, despite progress in this area over the last three years. At the end of quarter 2 in 2017/18 former tenant arrears stood at £795,401.63, compared to £778,434.27 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 £1,202,755.80 at 31 March 2017, representing 88% of the total debt outstanding.

The value of rent not collected as a direct result of void dwellings in 2016/17 was £511,864, representing a void loss of 1.38%, compared with £389,281 in 2015/16, representing a void loss of 1.05%.

Void levels have increased in 2017/18 to date, with void loss up to the end of September 2017 of 3.05%. The significantly higher level is due to a combination of holding vacant units at Ditchburn Place pending refurbishment and at Anstey Way in anticipation of demolition and re-development of the site, coupled with difficulties in selling new shared ownership homes and delays in letting new build housing where large numbers were taken at Clay Farm within a short timeframe. Demolition of the Anstey Way site began in early November 2017.

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

On an ongoing basis, an assumption of 0.84% voids in general housing is assumed, recognising the reduction in void times anticipated as part of changes resulting from the Housing Transformation Programme. As part of the Medium Term Financial Strategy a temporarily increase in this assumption in the short-term to 1.25% in 2018/19 and 1% in 2019/20 was incorporated, recognising the release of a considerable amount of new build affordable housing in the city, and the ongoing refurbishment of Ditchburn Place.

The assumption for 2018/19 has been reduced to 1.16% for 2018/19, with the 1% assumed for 2019/20 retained, assuming that the excessively high void level being experienced currently is, in part, temporary in nature.

Rent Restructuring and Rent Levels

Property specific target social rents under the rent restructuring regime still apply for the properties held in the HRA prior to April 2012, but the requirement to reduce social housing rents, by 1% for a further 2 years, means that target rents will continue to 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 2017/18 across the general housing stock was £103.75, with the average actual rent charged being £99.37, both recorded on a 52 week basis. By the end of September 2017, 24% of the social rented housing stock was being charged at target rent levels, compared with 21.1% in April.

The gap between actual and target rent levels now equates to an annual loss of income of approximately £1,198,000 across the HRA, compared with the income assumption in the Self-Financing Settlement, where full convergence was anticipated.

There were 259 new build rented and shared ownership properties charged at the higher 'affordable rent' levels, equivalent to the Local Housing Allowance at the end of September 2017.

Rent Policy

The local rent setting policy was last updated and approved in September 2017. It will be reviewed in September 2020, unless there is the need 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 2018, the authority is required to apply the third year of a four year rent cut in social housing rents of 1% per annum.

The assumption 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, has been confirmed by government, with a commitment at these levels for at least 5 years.

For affordable rented homes, the requirement for 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 each year for the four years from April 2016 remains. As local policy limits affordable rents to the Local Housing Allowance level (approximately 58% of market rent) from the point of introduction, it is argued that the 4 year reduction has already been applied for these properties at inception. As a result, affordable rents are reviewed in line with the Local Housing Allowance each year.

Service Charges

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

Service charges are separately identified on rent accounts, so that tenants are able to see what they are paying for alongside their core rent.

There are significant challenges on some of the new build sites, where the total payable by the tenant is capped at the Local Housing Allowance level. Once all service charges have been separately identified, the balance is shown as rent. If there are considerable services provided to the block or un-adopted estate, the balance of income left as rent to fund the basic landlord services may be insufficient to meet the costs.

The approach to setting service charges for 2018/19 is detailed at **Appendix B.**

Other Sources of Income

Garages

The Housing Revenue Account currently owns 1,632 residential garages and 43 parking spaces, and manages a further 23 garages on behalf of the General Fund. Of the HRA garages, 146 currently form part of the sites identified in the 3 year rolling programme for potential demolition and re-development. Some of these sites already have formal committee approval, whilst others are currently under investigation.

Of the garages available for letting, approximately 23% are currently void, with a level of void loss in the year to date at the end of October 2017 of approximately 26%.

The HRA has a variable charging structure for garages and parking spaces, which is the subject of a fundamental review resulting in a separate report being presented to Housing Scrutiny Committee in this committee cycle. The new charging structure proposed in the Garage and Parking Space Report for 2018/19 is as follows:

Category	Base Rent £ per rent week	VAT £ per rent week	Total Charge £ per rent week
Parking Spaces in standard area (tenants only)	7.72	0.00	7.72
Parking Spaces in standard area (non-tenants)	7.72	1.54	9.26
Garage in standard area (tenants only)	9.93	0.00	9.93
Garage in standard area (tenants storage use)	9.93	1.99	11.92
Garage in standard area (non-tenants)	9.93	1.99	11.92
Garage or Parking Space in high value / high demand area (tenants only)	18.95	0.00	18.95
Garage in high value / high demand area (tenants storage use)	18.95	3.79	22.74
Garage or Parking Space in high value / high demand area (non-tenants)	18.95	3.79	22.74
A £5.00 premium is added to all base rates above when rented for non-city resident, commuter, business or commercial use			
Non-City Resident / Commuter or Business / Commercial use	12.72	2.54	15.26
Non-City Resident / Commuter or Business / Commercial use in standard area	14.93	2.99	17.92
Non-City Resident / Commuter or Business / Commercial use in high value / high demand area	23.95	4.79	28.74

Parking spaces or garages in the curtilage of properties are charged at the prevailing base rate for the area.

Internal council use to be charged at base garage rate excluding VAT.

Commercial Property

The level of rental income from commercial property is dependent upon the timing of lease renewals for the small portfolio of shops and other business premises that are owned by the HRA. In 2018/19 the income generated by the commercial property portfolio is anticipated to be in the region of £410,000, recognising that by this point the Akemen Street site will be subject to demolition and re-development and the Kingsway Clinic will in the process of being converted into 4 flats.

With the exception of the Akemen Street site, 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:

- Devolution Grant – The authority anticipates receiving grant as part of the Devolution Agreement with Government and the Combined Authority, totalling £70,000,000 over a 5 year period

- Homes and Communities Agency (HCA) Grant – The authority was awarded grant as part of the 2015-18 programme, with balances of £97,125 for Clay Farm shared ownership and £637,500 for the reconfiguration of Ditchburn Place due in 2017/18.

- Support Funding – Funding of £180,000 per annum for tenure neutral support to be provided to older people across the city is anticipated for up to a further 4 years from April 2018.

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

Funds are maintained for 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

This is a statutory reserve which is now credited with the full 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.

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,

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

The business plan currently assumes that the authority notionally sets aside 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), allows 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 2017/18 Approvals

There were no revenue decisions impacting the Housing Revenue Account in 2017/18 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 2017/18

The Housing Revenue Account (HRA) revenue budget for the current year (2017/18) was amended as part of the HRA Medium Term Financial Strategy in September 2017.

Although operational budgets for the current year are not formally reviewed as part of this Budget Setting Report, there is the need to recognise any major unavoidable pressure and any material changes in anticipated income for the year, alongside the impact in revenue terms of the need to revisit funding requirements for the Housing Capital Investment Plan in 2017/18 following re-phasing of new build schemes. This also results in an impact in the level of interest anticipated to be earned in 2017/18. A net change of £52,810 in the 2017/18 HRA budget is identified, as summarised in the table below.

2017/18 Revised Budget	Original Budget January 2017 £	HRA MTFS September 2017 £	HRA BSR Proposed Changes £	HRA BSR January 2018 £
Net HRA Use of / (Contribution to) Reserves	2,317,380	2,494,610		
Savings / Increased Income			(152,810)	
Unavoidable Revenue Bids / Reduced Income			100,000	
Non-Cash Limit Adjustments			0	
Revised Net HRA Use of / (Contribution to) Reserves				**2,441,800**
Variation on previously reported projection				(52,810)

The above figures include carry forward approvals from 2016/17 in the second column, in addition to changes approved as part of the Medium Term Financial Strategy in September 2017, with the net saving identified in the current year, as part of the January 2018 committee cycle, incorporated in the right-hand column.

The net reduction in costs for 2017/18 will result in a lower call on the use of Housing Revenue Account reserves than anticipated.

Overall Budget Position - 2018/19 onwards

Overall Budget Position

The overall revenue budget position for the Housing Revenue Account is summarised in the table below and at **Appendix J**, with detail for the period to 2021/22 provided in **Appendix D (1):**

Proposal Type	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Target Included	250,000	0%	0%	0%	0%
Reduction required to meet Current Savings Target	250,000	250,000	250,000	250,000	250,000
2018/19 Budget Items					
Savings	(413,740)	(627,040)	(627,040)	(627,040)	(627,040)
Increased Income	(288,240)	(288,240)	(288,240)	(288,240)	(288,240)
Unavoidable Revenue Pressures	286,100	286,100	286,100	286,100	286,100
Reduced Income	54,700	54,700	54,700	54,700	54,700
Bids	92,000	108,400	108,400	99,200	99,200
Net Savings Position (above) / below Savings Requirement	**(19,180)**	**(216,080)**	**(216,080)**	**(225,280)**	**(225,280)**
Non-Cash Limit Adjustments	0	0	0	0	0
Net Position for the HRA (above) / below overall assumptions	**(19,180)**	**(216,080)**	**(216,080)**	**(225,280)**	**(225,280)**

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 2018/19 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. For 2018/19 the non-cash limit items arrive at a nil net value, with a reduction of £502,530 in the level of depreciation anticipated to be charged in year and therefore transferred to capital as a funding source, directly replaced by the use of direct revenue funding of capital expenditure (DRF) of the same value to ensure that the anticipated funding available is maintained.

Performance against Savings Target

A reduced savings target of £250,000 was incorporated into HRA forecasts for 2018/19 as part of the HRA Medium Term Financial Strategy approved in September 2017. The target was set in the context of a financial position which was improved in the short-term by the assumed deferral of the implementation of the higher value voids levy and in the longer-term by the increase in housing stock anticipated by virtue of Devolution Grant funding.

The savings identified in the table above, and included for decision as part of the HRA Budget Setting Report, are detailed in **Appendix D (1).**

Savings that have been identified for 2018/19 are partially offset by the HRA reacting to unavoidable revenue pressures. The net position is an over-achievement against the savings target for 2018/19 of £19,180, increasing to an over-achievement of £216,080 against the £250,000 single year target by 2019/20. Based upon the current assumptions, no further savings would be sought from 2019/20, unless the budget strategy was amended as part of the 2018/19 Medium Term Financial Strategy in response to any change in financial context or assumptions. Details of the net savings can be found in **Appendix D (1).**

No savings target has been incorporated from 2019/20 onwards, recognising that the Housing Transformation Programme has significantly reduced expenditure in the HRA, and that there is a critical mass which needs to be retained. This approach will be reviewed as part of the 2018/19 Medium Term Financial Strategy, by which point the impact of changes in national housing policy may be clear.

The result of any corporate transformation activity may have a financial impact for the HRA. The detail, and impact in monetary terms, is not always available at the outset of each project. 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 has been used to deliver the Housing Transformation Programme, and to meet any cost of change that service transformation has incurred.

To date, the fund has been allocated to one-off projects only, with no ongoing call on the resource. As a result, the budget proposals for 2018/19 incorporate a reduction in the total budget of £366,200, to retain just £120,000 on an ongoing basis, to allow strategic investment in key areas of the housing service.

The responsibility for identification and approval of funding for suitable projects for this reduced resource to be invested in, whether one-off, or ongoing in nature, is delegated to the Strategic Director, who is responsible for ensuring 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 housing service reported achievement of decency in the housing stock as at 31 March 2017 at 97%, with 215 properties that were considered to be non-decent (in addition to refusals). A further 375 properties were anticipated to become non-decent during 2017/18.

Budgets for decent homes and other investment in the housing stock were reviewed as part of the 2017/18 Medium Term Financial Strategy, with some virement and re-phasing resulting from the review.

Current financial assumptions are constructed on the basis that a partial investment standard is retained in the housing stock, but recognising that future consideration may need 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 any financial pressure that the HRA faces. The level of capital investment in the housing stock will be reviewed again during 2018/19.

New Build Affordable Housing

New Build Schemes Completed

At the time of writing this report 298 new homes had been completed since April 2012, of which 36 were shared ownership homes.

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

Scheme	Date Completed	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%
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%
Clay Farm (Virido)	June to September 2017	104 (26 Shared Ownership)	RTB & Sales Receipts, HCA Grant	50%
Water Lane (Jolley Ford Court)	September 2017	14	HCA Grant	61%
Ekin Road (Ekin Close)	October 2017	6	RTB Receipts	100%
Total		**298 (incl. 36 Shared Ownership)**		

New Build Schemes On Site

The HRA has taken handover of a number of sites during 2017/18, with only a few sites where handover is still awaited. The site in progress are summarised in the table below, 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)	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
Uphall Road	2	0	Devolution / RTB Receipts	322,000	318,500	3,500
Total	**17**	**0**				

As a pilot project, the Major Projects Team in Estates and Facilities are nearing completion of the new build housing on the site at Uphall Road using in-house staff and some sub-contractors where we do not have sufficient expertise in house at this stage. As the pilot project has progressed well, the team have been allocated the site at Kendal Way and subject to planning, the site at Tedder Way for the coming year.

Future New Build

There are a number of sites which have scheme specific approval, but at the time of writing this report, were not on site. These schemes include the General Fund site at Mill Road, where Strategy & Resources approved the transfer of the site to the Cambridge Investment Partnership (CIP) for development, with the intention that the HRA acquire the affordable housing on the site using a mix of Devolution Grant and retained right to buy receipts.

For CIP to be able to build out sites as affordable housing for the HRA, land transfer from the HRA into the CIP on a long lease will be required. The lease will include a break clause, which allows the HRA to, in effect, buy back the affordable housing once built, in return for a payment pre-agreed in the lease. The approach agreed with our legal advisors is that the HRA will be able to make lease instalment payments during the period in which the land is with CIP, as opposed to waiting until the new homes are complete, thus ensuring that retained right to buy receipts are re-invested within the required timescales. The lease instalment payments will demonstrate our intention to invoke the break clause and acquire the affordable housing. The budget has been constructed on the basis that lease instalment payment can be made. This is still subject to agreement by our external auditors. If we are unable to obtain agreement from our external auditors to this approach, there is a risk that the HRA may not be able to make payment until the homes on each site are complete and the break clause in the lease is invoked.

If lease instalment payments can't be made, the HRA will explore alternative options for the re-investment of retained right to buy receipts, which include both the acquisition of land for developments anticipated later in the delivery programme and as a last resort, the acquisition of existing market homes to be let as affordable housing.

The table below details the latest budget requirements for approval as part of the HRA Budget Setting Report and the assumed number of new homes which can be delivered, recognising that this is currently subject to both planning approval and procurement of a contractor or transfer to CIP for some of the sites. The latest budget approvals for sites identified for transfer to CIP are based upon the most recent cost estimates provided by CIP, but will not be finalised until after planning is approved and each site is formally transferred, at which point the lease will include the sum payable for the affordable housing.

Scheme	Approved (Indicative) Social Housing Units	Approved Shared Ownership Units	Latest Budget for Approval (Capital Cost net of Land Transfer)	HCA Grant, RTB Receipt and Sales Receipt Funding	Devolution Grant	Net Capital Cost to the HRA
Nun's Way / Cameron Road	7	0	2,691,000	(807,300)	(1,829,100)	54,600
Wiles Close	3	0				
Tedder Way	2	0				
Kendal Way	2	0				
Queensmeadow	2	0	582,520	(174,750)	(407,770)	0
Hills Avenue	1	0	249,220	(74,770)	(174,450)	0
Wulfstan Way	3	0	827,430	(248,230)	(579,200)	0
Anstey Way	54	0	11,561,210	(1,482,180)	(3,458,420)	6,620,610
Ventress Close	15	0	3,450,270	(721,580)	(1,683,670)	1,045,020
Akeman Street	14	0	4,118,680	(1,044,130)	(2,436,320)	638,230
Colville Road Garages	3	0	866,350	(259,900)	(606,450)	0
Mill Road	92	0	19,366,000	(5,809,800)	(13,556,200)	0
Markham Close	4	0	855,190	(256,550)	(598,640)	0
Gunhild Way	2	0	585,720	(175,710)	(410,010)	0
Total Due	**204**	**0**				

Where the budgets for specific schemes are being proposed for amendment as part of this Budget Setting Report the original approval level and number of units anticipated is compared to the revised budget and number of units included as part of this report;

Scheme	Latest Budget Approval	Original Estimated Units	Revised Budget Approval	Revised Estimated Units
Queensmeadow	430,936	2	582,520	2
Hills Avenue	249,216	1	Retain pending review	1
Wulfstan Way	819,500	6	827,430	3
Anstey Way	10,197,000	54	11,561,210	54
Ventress Close	4,153,000	19	3,450,270	15
Akeman Street	1,986,510	10	4,118,680	14
Colville Road Garages	692,987	3	866,350	3

The costs for the site at Hills Avenue have been indicated as having increased, but a higher budget has not been incorporated as part of this Budget Setting Report, as officers are currently investigating the revised costs and are also exploring alternative delivery options for this site.

The table below confirms the current status for each scheme:

Scheme	Site Type	Status	Potential New Build Units
Nuns Way / Cameron Road	Garage and In-fill	Planning approved	7
Wiles Close	Garage	Planning approved	3
Tedder Way	In-fill	Awaiting planning	2
Kendal Way	In-fill	Planning approved	2
Queensmeadow	In-fill	Pre-planning	2
Hills Avenue	In-fill	Pre-planning	1
Wulfstan Way	In-fill	Pre-planning	3
Anstey Way	Existing Housing	Demolition in progress.	54

Scheme	Site Type	Status	Potential New Build Units
		Pre-planning	
Ventress Close	Existing Housing	Pre-planning	15
Akeman Street	Existing Mixed Use	Design stage	14
Colville Road	Garage Site	Pre-planning	3
Mill Road	GF Commercial	Pre-planning	92

Akeman Street

Although the site at Akeman Street has scheme specific approval for the delivery of 10 new affordable homes, a commitment has been made to return to Housing Scrutiny Committee with a revised and improved scheme, before planning is applied for.

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.

In the interim, budget approval is sought as part of this report for a scheme of 14 units, using the latest cost information that is available to allow the scheme to proceed once detail is available.

Mill Road

Following approval at Strategy and Resources on 13 November 2017, of the transfer of the General Fund owned land at Mill Road, to CIP, the acquisition of the affordable housing on the site, which was approved at 50%, has been incorporated into the Housing Capital Investment Plan. This recognises that he HRA will acquire the affordable housing, once built, funding the scheme using a mix of Devolution Grant and retained right to buy receipts.

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, devolution grant, other 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.

Devolution Grant and RTB Funding – Pipeline New Build Schemes

The devolution programme, which utilising the £70,000,000 grant awarded to the authority over a 5 year period, existing and anticipated right to buy receipts and other HRA resource, is expected to deliver a programme of 500 new homes.

In addition to the schemes identified in the tables above, CIP are considering a programme of pipeline schemes which include other HRA sites, General Fund sites and land externally owned, where acquisition and development may be possible.

The approved new build budget, which is yet to be allocated to specific schemes, has been reviewed as part of this report, and budget has been re-profiled in accordance with the schemes identified in the pipeline and their potential delivery timescales, in an attempt to ensure that the use of retained right to buy receipts is measured as accurately as possible.

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 or regeneration.

It is unclear from when, if at all, the authority will be compelled to sell a proportion of its vacant housing stock as part of Higher Value Voids Levy, with no announcements having been made in this regard recently, and no secondary regulations or guidance in place having been approved or issued, even in drift or consultative form.

In respect of acquisitions, a delegation was approved to the Strategic Director to draw down resource, otherwise set aside for the repayment of debt, to acquire homes on the open market if new build housing was not coming forward quickly enough to avoid the loss of right to buy receipts.

An initial budget of £5,000,000 was drawn down by the Strategic Director at the beginning of 2017/18, and confirmed formally in the HRA Medium Term Financial Strategy, and this budget has been increased by a further £1,000,000, as confirmed in this report. Attention was focussed initially in acquiring ex Council flats in blocks where the authority still owns the freehold, but as the year has progressed, other opportunities have been explored, particularly those where a number of homes can be acquired in a single transaction.

At the time of writing this report, the authority had completed the strategic disposal of 1 dwelling and the acquisition of 8 dwellings in 2017/18, with the following transactions still in progress:

Acquisition / Disposal	Comment	Status
188 Kendal Way	3-bedroom house currently owned by the County Council approved for acquisition (linked to 12 Mortlock Avenue)	In progress, but with delay due to County Council decision making processes
12 Mortlock Avenue	3-bedroom house currently leased to the County Council approved for disposal to the County (linked to 188 Kendal Way)	
101 Gwydir Street	Bedsit in Gwydir Street off Mill Road approved for disposal on the open market	Marketed with offers received
2-bed flat in Abbey	2-bedroom flat in Abbey, with acquisition considered for rental purposes	Offer accepted and in progress
8 x 2-bed flats and 4 x 2-bed maisonettes in Chesterton	Acquisition of 3 small flat blocks with the freehold, available in a single transaction with vacant possession already achieved. In need of some reconfiguration and decent homes work.	Offer accepted and in progress

Capital Bids, Savings and Re-Phasing

There are capital bids incorporated as part of the 2018/19 HRA Budget Setting Report. alongside a number of areas of re-allocation and re-phasing.

Detailed changes are presented in **Appendix E** and capital bids are described in **Appendix D(2)**, 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 £150,000 for the replacement of the Housing Management Information System, to add to the existing allocation for the project which is deemed insufficient to meet the cost of the breadth of services tendered for.
- Inclusion of a bid for £25,000 for the replacement of the Estate Service Champion estate vehicle, which is used for estate inspections, removal of bulky waste and fly-tipping on housing estates.

- Inclusion of a bid of £1,548,000 to increase the budget for the project to reconfigure Ditchburn Place as self-contained accommodation, based upon the latest cost estimates available for the project which is being delivered in phases, with contracts priced and awarded in this way also.

- Re-phasing of capital budgets, and associated contract overheads, for health and safety works and hard surfacing works from 2017/18 into 2018/19 in line with revised delivery timescales.

- Inclusion of £608,000 of estimated resource for Disabled Facilities Grants through the Better Care Fund for 2018/19 and the corresponding expenditure, recognising that this is still subject to confirmation by the County Council and with future years dependent upon a major review by the County Council and Home Improvement Agencies. Delegated authority is sought to adjust this budget once final grant levels have been confirmed.

- Adjustments to budgets for new build schemes that have previous approvals, recognising the latest delivery proposals for the site and associated cost estimates available, as identified in **Appendix E**.

- Re-phasing of new build schemes as identified in **Appendix E**.

- Re-phasing of the new build programme utilising both devolution grant and retained right to buy receipts, recognising the current schemes in the pipeline and their estimated delivery timescales.

- 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.

- Inclusion of a £1,750,000 Section 106 affordable housing contribution as a funding source for the future delivery of affordable housing within the HRA.

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 would provide 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 2017, 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 £749,335 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 a debt cap of £230,839,000, which provides borrowing headroom of £16,090,750. With the latest assumptions incorporated into the financial plans, additional borrowing is unlikely to be called upon in the short-term. The authority may choose to borrow up to the borrowing cap to deliver additional affordable housing, or alternatively to retain the borrowing power for later years of the business plan to ensure the existing property portfolio can still be maintained in a decent condition if other resources reduce.

Announcements as part of the Autumn 2017 Budget, included confirmation that the government will lift the borrowing cap in areas of high affordability pressure, so that more council homes can be built. Local authorities will be invited to bid for increases in their borrowing caps from 2019-20, up to a total of £1 billion by the end of 2021-22. Detail surrounding this is now awaited.

The 2018/19 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. This will need to be undertaken at the point at which any borrowing is considered as part of the coming year's budget.

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 review of this approach, as part of the Hosing Transformation Programme, has been deferred until the outcome of the potential higher value voids levy is known, and this would significantly impact any alternative recommendations made.

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 draw down for future re-investment.

Section 7
Summary and Overview

Equality Impact Assessment, Uncertainties and Risk

Equality Impact Assessment

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 2018/19 HRA Budget proposals, where any impact is anticipated. The assessment identifies the impact of a proposal, any mitigation available and includes an action plan detailing how negative impact can be addressed. All Equalities Impact Assessments are available on the Council's website. The Equalities Impact Assessment for the overall HRA budget is included at **Appendix L.**

Risk Assessment

It is imperative that consideration is given to any changes in the perceived level of internal and external risk that the housing service is subject to, ensuring that the authority is able to sustain a financially viable Housing Revenue Account .

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, in part, to help manage the 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.

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.

During 2018/19 a review will be undertaken in respect of the approach to setting the target and minimum level of reserves for the HRA, to compare the approach taken to that now taken for the General Fund. Any change in approach will be presented as part of the HRA Medium Term Financial Strategy in September 2018.

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 2018/19.

Options and Conclusions

Overview

The budget for 2018/19 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

Imposed rent cuts for a further 2 years continue to negatively impact the housing business, whilst uncertainties in respect of regulation for some other changes in national housing policy, still pose significant challenges in predicting the future for the housing service.

Considerable work has been undertaken over the last 3 years as part of the Housing Transformation Programme, to ensure that the authority is best placed to respond to the financial challenges that it faces. There are still work streams to conclude their findings, but there is also the need for some of the changes already implemented to be allowed to bed in, with changes in working practices and processes to be explored, communicated and widely adopted. A programme of training is ongoing for staff across the Housing Service to assist with this.

Summary and Conclusions

The work undertaken as part of the 2018/19 budget process to date, has resulted in the development of proposals for the base budget of the Housing Revenue Account.

In January 2018 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 2017/18 to 2022/23 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 any revised budget proposals
- Approval of any unavoidable revenue pressure proposals
- Approval of any savings proposals
- Approval of any increased income proposals
- Approval of any non-cash limit items
- Approval of any capital bids, capital savings, revised scheme costs and timings

- Approval of capital resource re-allocation

The meeting of Council on 22nd February 2018 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 2018/19 result from a reduction in the ongoing funding identified for Housing Transformation, where significant savings have been delivered with little need identified for initial investment to deliver the change.

As part of the 2017/18 budget process, additional savings have been identified in other operational areas of the HRA, including reductions in office costs, utilities, pension deficit contributions and interest payable and the proposal to delete the vacant Strategic Housing Advisor post, now that the Transformation Project is nearing completion.

Increased rent and service charge income has been identified, due in part to the decision to defer the assumption around any implementation of the higher value voids levy, coupled with increases in photo-voltaic income and in interest anticipated to be received on cash balances held.

These savings are partially offset by unavoidable revenue pressures, predominantly due to increased costs in respect of responsive and cyclical repairs, the need to recruit an additional surveyor to address health and safety and risk management across the housing stock, and the need to meet the cost of higher than anticipated service charges at Scholar's Court.

Non-cash limit adjustments in respect of depreciation and revenue funding of capital expenditure directly offset each other, having a nil net effect on the HRA. These have therefore not been detailed in **Appendix D(1)** as they have been treated as virements.

The overall position for the HRA for 2018/19 (including non-cash limit adjustments) is over-achieved by £19,180, increasing in 2019/20, by which point the savings target of £250,000 will be over-achieved by £216,080 on an ongoing basis.

There is currently no savings target incorporated form 2019/20 onwards, and it is recognised that to deliver further savings, the authority would need to accept significant changes in the level at which services are provided, or in the way in which services are delivered.

By the same token, there is no resource identified in future years for strategic investment or priority policy investment, so any areas of unavoidable revenue pressure or additional strategic investment identified, will need to be funded by the identification of savings elsewhere in the HRA.

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. The review of this approach has been deferred until the outcome of the higher value voids levy is known, and this would significantly impact any recommendations arising from this review.

The inclusion of Devolution Grant in the financial projections, resulting in a programme of 500 new homes over a 5 year period, and a net increase in the housing stock over this period, with new homes outweighing those anticipated to be lost through the right to buy.

One of the biggest risks for the HRA in 2018/19 will be the ability to invest in new homes, using Devolution Grant and retained right to buy receipts, quickly enough to avoid the need to hand any right to buy receipts to central government, with interest penalties attached.

Officers are exploring routes to accelerate delivery of new homes through CIP, and also the potential to acquire land in advance of the delivery of new affordable homes on privately owned sites in the city. There may still be the need to acquire further existing homes on the open market in 2018/19, but this could jeopardise the ability to deliver 500 homes through the Devolution Programme, if right to buy receipts and other HRA resources are directed into strategic acquisition of market homes to be used for affordable rent.

In 2018/19, the delegation to the Strategic Director, to allow revenue resource previously transferred into the potential debt redemption / new build reserve to be drawn down to allow the strategic acquisition of market housing for use as affordable rented homes is retained. This will continue to mitigate the risk that delay, or lead in, to the delivery of new homes may result in a requirement to pay retained right to buy receipts over to central government, with an interest penalty attached.

There is still uncertainty in other areas of national housing policy change, with regulations surrounding the introduction of compulsory fixed term tenancies still awaited and the future of the proposals around legislation for the sale of higher value voids levy still unclear.

As part of welfare changes, the local impact of direct payment through Universal Credit is also yet to be quantified and realised, but with concerns still evident based upon the experience of authorities who are further progressed in terms of rollout.

Any review of the need to identify savings in future years will need to consider not only the need to sustain a 30 year business plan, but also the impact of any emerging housing legislation, the authorities aspirations for delivery of new build housing in the future, and the approach to continuing to set-aside resource for the redemption housing debt.

Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	2.6% for 2018/19, then 2.2%, 2.3% and 2% ongoing	General inflation on expenditure included at 2.6% for 2018/19, falling to 2.2% for 2019/20, 2.3% for 2020/21, and then 2% ongoing, per Bank of England) forecasts.	Retained
Capital Inflation	**3.53% for 2018/19, 3.13%, 3.23%, then 2.93% ongoing**	**Based upon the mix of BCIS and CPI forecasts for the next 4 years, using an average over this period.**	**Amended**
Debt Repayment	Set-aside 25% to Repay Debt	Assumes surplus is re-invested in income generating assets, with 25% of resource set-aside to repay debt as loans reach maturity dates, pending review of the set-aside policy once sale of higher value voids levy is known.	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 2018/19.	Retained
Pay Inflation	1.5% Pay Progression & Pay Inflation for 2018/19 onwards at 2.0%	Assume allowance for increments at 1.5% and cost of living pay inflation at 2% on an ongoing basis.	Retained
Employee Turnover	3%	Employee budgets assume a 3% turnover, unless service area is a single employee, or is a shared service, externally recharged service or trading account.	Retained
Social Rent Review Inflation	-1% from 2018/19 for 2 years, then CPI plus 1% for 5 years, then CPI	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	Retained

Key Area	Assumption	Comment	Status
	plus 0.5% from 2025/26	CPI in preceding September is as above.	
Affordable Rent Review Inflation	CPI for 2 years, then CPI plus 1% for 5 years, then CPI plus 0.5% from 2025/26	Affordable rents to be reviewed annually in line with Local Housing Allowance, ensuring that they do not exceed 80% of market rent less the 4 years of 1% rent cuts.	Retained
Rent Convergence	Voids Only	Ability to move to target rent achieved only through movement of void properties directly to target rent.	Retained
External Lending Interest Rate	1.11%, 1.3%, 1.3% then 1.36% ongoing	Interest rates based on latest market projections, including the impact of additional CCLA investment.	Retained
Internal Lending Interest Rate	1%, 1.11%, 1.3%, 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.	Retained
External Borrowing Interest Rate	2.8%	Assumes additional borrowing using Capita predictions of PWLB rates, currently 2.8%, including assumed certainty rate.	Retained
Internal Borrowing Interest Rate	2.8%	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, pending review in 2018/19
Right to Buy Sales	50, 40, 35, 30, then 25 sales ongoing	An uncertain economy expected to result in a marginal decline in activity. Assume 50 for 2017/18, reducing to 40 in 2018/19, then by 5 sales per annum, until 25 are assumed ongoing.	Retained
Right to Buy Receipts	Settlement right to buy	Debt settlement receipts included, assuming the receipts utilised partly for	Retained

Key Area	Assumption	Comment	Status
	and assumed one-for-one receipts included	general fund housing purposes. Anticipated one-for one receipts included, and ear-marked for direct new build spend. Debt repayment proportion assumed to be set-aside.	
Void Rates	**1.16% for 2018/19. 1% for 2019/20, then 0.84% ongoing**	**Assumes 1.16% in 2018/19, reducing to 1%, then 0.84% from 2020/21, recognising refurbishment works and improved void processes longer-term**	**Amended**
Bad Debts	0.84% for 2017/18 then 1.12% ongoing	Bad debt provision increased by 100% long term from base of 0.56%, reflecting the requirement to collect 100% of rent directly, assuming an extension of the existing payment profile for housing stock as direct payment is phased in	Retained
Savings Target	£250,000 for 2018/19, then to be reviewed	Final year target amended to reflect assumed deferral of sale of higher value voids levy, retaining an efficiency target of £250,000 for 2018/19. Additional pressure to reduce spending may exist longer term once national policy is clear.	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 2018/19, then nil	Housing Transformation / Spend to Save Fund for 1 further year (now 3 in total), with delegation to Director to spend.	Retained

Service Charges

Appendix B

Charge Description	Charges 2017/18	Charge Basis	Charges 2018/19
General Stock			
Caretaking Charge	£3.26 to £4.24	Per Week Over 48 Weeks	A
Building Cleaning	£0.01 to £6.59	Per Week Over 48 Weeks	A
Estate Services Champion	£0.16 to £0.49	Per Week Over 48 Weeks	A
Door Entry	£0.17 to £1.47	Per Week Over 48 Weeks	A / B
Passenger Lifts	£0.33 to £2.40	Per Week Over 48 Weeks	A / B
Gas Maintenance / Servicing	£2.17	Per Week Over 48 Weeks	A / B
Digital TV Aerial Charge	£0.28	Per Week Over 48 Weeks	A
Grounds Maintenance	£0.01 to £13.65	Per Week Over 48 Weeks	A / B
Communal Electricity	£0.0.7 to £1.95	Per Week Over 48 Weeks	A / B
Community Alarm Charge	£5.04	Per Week Over 48 Weeks	C
Third Party Service Charge	£12.05 to £22.84	Per Week Over 48 Weeks	A
General Sheltered Schemes			
Premises Charge	£0.64 to £22.03	Per Week Over 48 Weeks	A
Communal Heating / Lighting	£1.99 to £7.72	Per Week Over 48 Weeks	A
Individual Heating / Lighting	£4.80 to £11.02	Per Week Over 48 Weeks	A
Water	£1.42 to £4.25	Per Week Over 48 Weeks	A
Grounds Maintenance	£1.02 to £2.51	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£2.88 to £5.26	Per Week Over 48 Weeks	B
Sheltered Support Charge	£6.00 to £7.40	Per Week Over 48 Weeks	C
Sheltered Alarm Charge	£1.86	Per Week Over 48 Weeks	A
Landlord Emergency Contact	£1.14	Per Week Over 48 Weeks	A
Ditchburn Place			
Premises Charge	£2.24 to £48.71	Per Week Over 48 Weeks	A

Flat Cleaning / Laundry Charge	£27.13	Per Week Over 48 Weeks	A
Communal Heating / Lighting	£0.72 to £6.76	Per Week Over 48 Weeks	A
Individual Heating / Lighting	£6.64 to £13.07	Per Week Over 48 Weeks	A
Water	£2.67 to £3.91	Per Week Over 48 Weeks	A
Catering	£123.25	Per Week Over 48 Weeks	A
Grounds Maintenance	£1.85	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£2.71	Per Week Over 48 Weeks	B
Sheltered Support Charge	£7.40	Per Week Over 48 Weeks	C
Extra Care Support Charge	£26.47	Per Week Over 48 Weeks	C
Alarm Charge	£1.86	Per Week Over 48 Weeks	A
Landlord Emergency Contact	£1.14	Per Week Over 48 Weeks	A
Launderette – Wash / Dry	£6.50	Per Load As Requested	A
Temporary Accommodation			
Premises Charge	£37.10 to £63.10	Per Week Over 48 Weeks	A
Individual Heating / Lighting	£13.46 to £28.59	Per Week Over 48 Weeks	A
Water	£6.91 to £10.37	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£3.08 to £5.76	Per Week Over 48 Weeks	B
Independent Living Services			
Private Lifelines - In City	£4.65	Per Week Over 52 Weeks	£4.93
Private Lifelines - Out City	£7.53	Per Week Over 52 Weeks	£7.53
Keysafe / Keyholding Charge	£2.68	Per Quarter	£2.75
Monitoring Charge	£0.38	Per Week Over 52 Weeks	£0.39
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	£90.00
Deed of Variations Administration Only CCC Solicitor Fee and Own Solicitor Fee	£150.00	As Requested	£50.00 £550.00+
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
Advice Interview for Prospective Purchasers	New	As Requested	£50.00
Initial Administration Fee/Survey for Application to purchase Loft Space	£175.00	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 2018/19. 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 always be possible. Where possible service charges will be amended, with the rent element acting as the balancing figure.
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 3% (CPI at September 2017 plus 1%)
C	Charges levied for support activities will be reviewed in line with services being provided following renegotiation of the support service for older people, where the County Council commission services across the city as a whole.
	Charges for the optional household contents insurance scheme will continue to be determined by the insurer but notified to tenants by the Council.

HRA Earmarked & Specific Funds Appendix C

HRA Earmarked & Specific Revenue Funds (£'000)

Repairs & Renewals

	Opening Balance	Contributions	Expenditure to October	Current Balance
General Management	(982.8)	(80.7)	0.5	(1,063.0)
Special Services	(963.1)	(142.3)	30.7	(1,074.7)
Repairs and Maintenance	(306.3)	(63.3)	0	(369.6)
Total	**(2,252.2)**	**(286.3)**	**31.2**	**(2,507.3)**

Tenants Survey

	Opening Balance	Contributions	Expenditure to October	Current Balance
Tenants Survey	(28.6)	(6.3)	0.0	(34.9)

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	(6,876.7)	(600.3)	0.0	(5,679.6)

Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to October	Current Balance
MRR	(3,269.9)	(1,031.2)	0.0	(4,301.1)

2018/19 Budget - All Revenue Items (HRA)

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect *& Poverty Ratings*

Savings

Housing - HRA

S4028	**Reduction in interest anticipated to be payable by the HRA**	(12,640)	(11,240)	(11,240)	(11,240)	(11,240)	Julia Hovells	Nil
Using the latest rates assumed for interest payable to the General Fund for internal borrowing, the HRA expects to pay less in interest than previously assumed, where an external PWLB interest rate was assumed.								*None*
S4029	**Savings in operational costs across the Housing Revenue Account**	0	(22,700)	(22,700)	(22,700)	(22,700)	Julia Hovells	Nil
This saving is anticipated due to reduced operational expenditure such as IT, training, special projects and office running costs across Estates and Facilities, City Homes and HRA Departmental Overheads service areas.								*None*
S4031	**Savings in salary costs due to staff turnover and retention**	0	(25,800)	(25,800)	(25,800)	(25,800)	Julia Hovells	Nil
This saving is delivered due to new staff being appointed at lower points on the scale, and retained staff at top of scale not being in receipt of incremental progression.								*None*
S4033	**Deletion of the Strategic Housing Advisor post**	0	(54,600)	(54,600)	(54,600)	(54,600)	Suzanne Hemingway	Nil
Following completion of a 3 year programme of transformation of the Housing Service, the part-time vacant post of Strategic Housing Advisor and the associated costs of employing this post are proposed to be deleted. Future change and transformation of the Housing Service will now be led by the Strategic Director.								*None*
S4034	**Temporary Housing operational savings**	0	(18,700)	(18,700)	(18,700)	(18,700)	David Greening	Nil
It is proposed to reduce budgets across the temporary housing service based upon prior year activity, with reductions in utilities, telephone and IT costs.								*None*
S4082	**Removal of years 1 and 2 ongoing transformation funding**	0	(246,200)	(246,200)	(246,200)	(246,200)	Suzanne Hemingway	Nil
An ongoing transformation fund of £120,000 per annum for 3 years was included in the HRA to deliver major service transformation. As expenditure in years 1 and 2 has been one-off in nature, it is proposed to remove the ongoing budgetary provision, leaving £120,000 only (year 3 fund) , from April 2018 onwards.								*None*
S4103	**Reduced pension deficit contributions from the HRA**	0	(34,500)	(247,800)	(247,800)	(247,800)	Julia Hovells	Nil

2018/19 Budget - All Revenue Items (HRA)

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect *& Poverty Ratings*

Savings

Following the latest triennial review and negotiations for a 3 year up-front settlement, the anticipated contributions from the HRA to meet the pension deficit are lower than previously budgeted.								*None*
Total Savings in Housing - HRA		**(12,640)**	**(413,740)**	**(627,040)**	**(627,040)**	**(627,040)**		
Total Savings		**(12,640)**	**(413,740)**	**(627,040)**	**(627,040)**	**(627,040)**		

2018/19 Budget - All Revenue Items (HRA)

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect *& Poverty Ratings*

Increased Income

Housing - HRA

II4030	**Increased income from photovoltaic installations on HRA buildings**	0	(9,200)	(9,200)	(9,200)	(9,200)	Will Barfield	Nil

As new build sites and refurbishment schemes progress, the income from photovoltaic generation and feed in tariffs increases. *Low*

II4104	**Increased rental income in the HRA**	0	(162,500)	(162,500)	(162,500)	(162,500)	Julia Hovells	Nil

An increase in rental income is anticipated in 2018/19 due to the deferral of the assumption around the sale of higher value voids coupled with budgeting assuming that all new shared ownership homes are sold by April 2018, with sales values and proportions sold based upon experience to date. *None*

II4105	**Net increase in service charge income in the HRA**	0	(17,600)	(17,600)	(17,600)	(17,600)	Julia Hovells	Nil

A net increase in service charge income to the HRA is anticipated after allowing for the anticipated expenditure and associated income for all new build sites delivered to date. The net increase is due to additional income anticipated to be received from leaseholders, partly offset by reductions in cleaning and utility charges. *None*

II4123	**Interest due to the HRA**	(140,170)	(98,940)	(98,940)	(98,940)	(98,940)	Julia Hovells	?

Based upon the latest estimated revenue and capital balance projections, coupled with the latest interest rate assumptions, the HRA is anticipated to receive a higher level of interest from 2018/19.

	2017/18	2018/19	2019/20	2020/21	2021/22
Total Increased Income in Housing - HRA	**(140,170)**	**(288,240)**	**(288,240)**	**(288,240)**	**(288,240)**
Total Increased Income	**(140,170)**	**(288,240)**	**(288,240)**	**(288,240)**	**(288,240)**

2018/19 Budget - All Revenue Items (HRA)

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect *& Poverty Ratings*

Unavoidable Revenue Pressure

Housing - HRA

URP4022	**Appointment of a Statutory Inspection and Energy Surveyor and increase in hours of the Assistant Surveyor (Adaptations) post**	0	45,500	45,500	45,500	45,500	Will Barfield	Nil

Following recent tragic events at Grenfell Tower, it is necessary to employ a Statutory Inspection and Energy Surveyor to ensure that all health and safety and fire safety work is identified and carried out in a timely manner, and that any changes in legislation are responded to quickly and effectively. This bid also recognises the need to increase the Assistant Surveyor (Adaptations) post by 7 hours to be full time, following the decision made in January 2017, to introduce a new charging structure for adaptation work. *None*

URP4023	**Net increase in cyclical and planned revenue repairs expenditure**	0	34,200	34,200	34,200	34,200	Will Barfield	Nil

Recognition of an increased need to spend in cyclical maintenance in respect of TV aerial relocation, fire safety equipment and disabled adaptation servicing and maintenance, partially offset by reductions in electrical supply costs, lift maintenance contracts and by cash limiting the fencing annual budget of £200,000. *None*

URP4032	**Increased service charges at Scholar's Court**	0	16,400	16,400	16,400	16,400	Julia Hovells	Nil

The service charges payable to Carter Jonas for managing the Scholar's Court housing development are higher than the standard level of service charges assumed for HRA sites. *None*

URP4106	**Increase in the cost of response repairs in the HRA**	100,000	190,000	190,000	190,000	190,000	Lui Graziano	Nil

The cost of response repairs across the HRA is expected to continue at the higher rate experienced during 2016/17. Although additional income is being received for special project work, the team are being required to be deployed to tackle day-to-day work when staff are absent, and an element of work is still needing to be sub-contracted. For 2017/18 the increase in costs is due to the need to survey some balconies as an urgent task. *None*

Total Unavoidable Revenue Pressure in Housing - HRA	**100,000**	**286,100**	**286,100**	**286,100**	**286,100**
Total Unavoidable Revenue Pressure	**100,000**	**286,100**	**286,100**	**286,100**	**286,100**

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect & Poverty Ratings

Reduced Income

Housing - HRA

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect & Poverty Ratings
RI4024	**Net reduction in income at Ditchburn Place as a result of the refurbishment project**	0	21,600	21,600	21,600	21,600	Laura Adcock	Nil

A reduction in catering and other income is anticipated at Ditchburn Place as a direct result of the project to refurbish the scheme to create self-contained accommodation. The loss of income is partially offset by a reduction in anticipated spending on utilities and other operational costs. *None*

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect & Poverty Ratings
RI4027	**Net impact of changes in anticipated income and expenditure for the Independent Living Service**	0	13,200	13,200	13,200	13,200	Laura Adcock	Nil

This reduced income bid combines the impact of a reduction in income for emergency alarms and a cash limited sum anticipated from the County Council for the provision of support to older people with an increase in the sum payable to the County Council for the out of hours response service. *None*

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect & Poverty Ratings
RI4100	**Reduction in commercial property income HRA**	0	19,900	19,900	19,900	19,900	Julia Hovells	Nil

A lower level of commercial property income is anticipated in 2018/19 due predominantly to the decision not to re-let the clinic at Kingsway, but instead to convert it into 4 flats for rental. *Low*

	2017/18	2018/19	2019/20	2020/21	2021/22
Total Reduced Income in Housing - HRA	**0**	**54,700**	**54,700**	**54,700**	**54,700**
Total Reduced Income	**0**	**54,700**	**54,700**	**54,700**	**54,700**

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect & Poverty Ratings

Bids

Housing - HRA

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect & Poverty Ratings
B4026	**Running costs for the Estate Service Champion Van**	0	2,000	2,000	2,000	2,000	Sandra Farmer	Nil

The Estate Service champions have an outdated van which is used for a variety of tasks across our housing estates, including the removal of bulky waste and supporting community action days. The van is now in need of replacement, with a capital bid allowing for the purchase of a 3.5 ton tipper and this revenue bid allowing for the tax, insurance, servicing, repairs and fuel associated with running the vehicle. *None*

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect & Poverty Ratings
B4101	**Staffing – Fraud Prevention Officer**	0	24,600	24,600	24,600	24,600	Julia Hovells	Nil

In order to maintain current staffing levels a bid is being made for funding of a fraud prevention officer in light of the end of DCLG funding for this post. It is proposed to fund 60% of this post from the HRA as there is a significant incidence of reclaim of council owned dwellings as part of this work. (Linked to proposal B4004). *Low*

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect & Poverty Ratings
B4119	**Increase in the ongoing support and maintenance costs for the Housing Management Information System**	0	30,000	30,000	30,000	30,000	Julia Hovells	Nil

Based upon the breadth of the specification that has been tendered, and the latest price indications from the marketplace, the existing budget for the ongoing support and maintenance of the Housing Management Information System is anticipated to be insufficient to meet the full cost of supporting all modules and associated add-on products. *None*

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect & Poverty Ratings
B4131	**Proposal for a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour**	0	9,000	9,000	9,000	9,000	Julia Hovells	Nil

The proposal is to introduce a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour. For employees the weighting will be paid in addition to salary and the Living Wage supplement, to bring the hourly rate to an equivalent of £10 per hour. For agency workers the weighting will apply in addition to current hourly rates and the Living Wage arrangements. The weighting will be variable, depending upon the current hourly rate and the Living Wage supplement payable at that time. *High*

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect & Poverty Ratings
B4132	**Digital Team Staffing - Joint 3C Approach**	0	26,400	42,800	42,800	33,600	Jonathan James	Nil

To create a collaborative Digital Structure working within 3C ICT that will give respective digital initiatives greater impetus and focus. The resources include the vital future hosting and development costs associated with the council's website, and will also facilitate C4065 as well as a transformational digital programme of work within the council. Strong public support for digital transformation and channel shift was evidenced in the City Council's recent budget consultation exercise. HRA element [Linked to B4068]

2018/19 Budget - All Revenue Items (HRA)

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect *& Poverty Ratings*

Bids

Total Bids in Housing - HRA	0	92,000	108,400	108,400	99,200
Total Bids	0	92,000	108,400	108,400	99,200
Report Total	(52,810)	(269,180)	(466,080)	(466,080)	(475,280)

2018/19 Budget - All Capital Items (HRA)

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect *& Poverty Ratings*

Capital Bids

Housing - HRA

Reference	Item Description	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	Contact	Climate Effect & Poverty Ratings
C4025	**Replacement of the Estate Service Champion Van**	0	25,000	0	0	0	Sandra Farmer	+L
The Estate Service champions have an outdated van which is used for a variety of tasks across our housing estates, including the removal of bulky waste and supporting community action days. The van is now in need of replacement, with this bid allowing for the purchase of a 3.5 ton tipper.								*None*
C4118	**Increase in purchase and implementation costs for the Housing Management Information System**	0	150,000	0	0	0	Julia Hovells	Nil
Based upon the breadth of the specification that has been tendered, and the latest price indications from the marketplace, the existing budget for the replacement of the Housing Management Information System of £500,000 is anticipated to be insufficient to meet the full cost of all modules and associated add-on products.								*None*
C4121	**Increase in costs for the refurbishment of Ditchburn Place**	0	1,548,000	0	0	0	Julia Hovells	Nil
Based upon the latest information arising from the gateway review of this project, it is clear that the budgeted sum for this scheme will be insufficient to meet the full cost once all work packages have been fully procured and instructed. Any decision not to increase the budget, may result in a reduced scope of works for the scheme. Full review of the contract cost plan is currently in progress.								*None*
Total Capital Bids in Housing - HRA		**0**	**1,723,000**	**0**	**0**	**0**		
Total Capital Bids		**0**	**1,723,000**	**0**	**0**	**0**		
Report Total		**0**	**1,723,000**	**0**	**0**	**0**		

Appendix E

2018/19 Capital Budget Amendments Summary

Area of Expenditure and Change	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Total Housing Capital Plan Expenditure per HRA MTFS	**25,102**	**49,159**	**35,130**	**36,598**	**32,994**
General Fund Housing					
Increase in Disabled Facilities Grants to match anticipated Better Care Fund Grant	0	58	0	0	0
Decent Homes and Other HRA Stock Investment					
Re-phasing of budget for health and safety works	(162)	162	0	0	0
Re-phasing of budget for hard surfacing works	(132)	132	0	0	0
Re-phasing of contractor overheads associated with delivery of above	(32)	32	0	0	0
Change in budget for decent homes works to new build dwellings	0	(14)	(98)	(103)	(44)
New Build					
Draw down of additional funds under delegation for strategic acquisition of market housing for use as affordable rented	1,000	0	0	0	0
Re-phasing of budget for the conversion of Kingsway clinic into 4 flats	(410)	410	0	0	0
Removal of budget ear-marked for up front work on General Fund sites as approach to purchase now agreed	(320)	0	0	0	0
Increase in budget for Anstey Way and re-phasing based upon CIP delivery estimates	(375)	(597)	2,336	0	0
Increase in budget for 2016/17 in-fill sites and re-phasing based upon CIP delivery estimates	63	49	31	0	0
Increase in budget ear-marked for larger scheme at Akeman Street and re-phasing based upon CIP delivery estimates	(51)	(214)	2,400	0	0
Reduction in budget for Ventress Close and re-phasing based upon CIP delivery estimates	(235)	(1,313)	845	0	0
Increase in budget for Colville Road garage site and re-phasing based upon CIP delivery estimates	49	89	36	0	0
Inclusion of budget for Mill Road as per	0	3,268	6,891	9,206	0

Area of Expenditure and Change	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Leader's decision at S&R					
Inclusion of budget for scheme at Gunhild Way	29	413	144	0	0
Inclusion of budget for scheme at Markham Close	0	237	619	0	0
Re-phasing of CIP new build and re-development programme part funded by Devolution Grant	0	(11,499)	(6,235)	15,907	(2,760)
Removal of budget ear-marked for re-development as costs now incorporated within pipeline schemes	0	(2,000)	(2,000)	(2,000)	(2,000)
Sheltered Housing					
Increase in the budget for refurbishment of Ditchburn Place	0	1,548	0	0	0
Other HRA Capital Spend					
Re-phasing of budget for re-procurement of the housing management information system	(500)	500	0	0	0
Increase in budget for re-procurement of the housing management information system	0	150	0	0	0
Inclusion of a budget to replace the Estate Service Champion estate vehicle	0	25	0	0	0
Inflation Allowance					
Adjustment in inflation allowed as spend changes	0	510	562	448	(25)
Total Housing Capital Plan Expenditure per HRA BSR	**24,026**	**41,105**	**40,661**	**60,056**	**28,165**

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. Minimum reserves are held to allow immediate investment if required.
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 Fixed Term Tenancies carries administrative cost and dictates the need for system change at a time when the Housing Management Information System is being re-procured	• Limited resource is incorporated into financial plans for the ongoing costs associated with housing transformation, with the opportunity to review this annually. Project Board for system replacement are aware of the potential need for changes to IT systems
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 Target levels of reserves are set for the HRA to enable uneven pressures to be effectively dealt with, and to provide cover against unforeseen events / pressures

Risk Area & Issue arising	Controls / Mitigation Action
Financial planning lacks appropriate levels of prudency	
Business Planning assumptions are wildly inaccurate Financial policies, in general, are not sufficiently robust Funding to support the approved Capital Plan is not available	Council has adopted key prudency principles, reflected in: • Use of external expert opinion and detailed trend data to inform assumptions • Ongoing revenue funding for capital is reviewed for affordability as part of the 30-year modelling process • Adoption of strict medium / long-term planning • Policy on applying general capital receipts for strategic disposals only at point of receipt
Use of resources is not effectively managed	
There is ineffective use of the resources available to the HRA Failure to deliver Major Housing / Development Projects, i.e. return on capital, project on time etc.	• Council employs robust business planning processes for the HRA • Council has adopted a standard project management framework • A business cases is required for all strategic acquisitions, disposals and one-off areas of significant investment • Performance and contractor management procedures are robust and contracts are enforceable • The Council's accounts are audited on an annual basis, with assurance given that the authority is delivering economy, efficiency and effectiveness in its use of resources

Risk Area & Issue arising	Controls / Mitigation Action
External income / funding streams	
Undue reliance may be placed on external income streams, leading to approval of unsustainable expenditure	• Modelling over the medium and long-term is conducted for key income sources, including sensitivity analysis of potential changes • Council seeks to influence national settlements and legislative changes through response to formal consultation and the provision of information to negotiation bodies such as LGA and CIH
Rent and service charge arrears increase and bad debt rises, as a direct result of the Welfare Benefit Reforms	• Increased resources identified for income management. Performance closely monitored to allow further positive action if required.
Rent income is under-achieved due to a major incident in the housing stock	• Asset Management Plan in place to identify and address key issues in the housing stock to minimise likelihood of widespread incidents
Delays in delivery of new build housing risks the need to pay receipts to central government with interest penalties attached	• Ability to divert resource into market acquisitions • Potential to acquire land in advance of development
Proposed accounting treatment for payments to CIP may not be supported by external auditors	• Proactive early engagement with external auditors • Alternative routes for investment of resource being explored
Changes to the right to buy rules and pooling regulations result in a continued high level of sales, with the associated commitment to deliver replacement units or pay over receipts with interest	• 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 any higher value voids levy	• Reconsider appropriate level of HRA reserves to hold as a minimum once any 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	15,331,604.93	4,599,481.48	0.00	0.00
30/09/2013	649,210.49	3,287,395.52	10,957,985.07	30/09/2016	17,863,405.41	5,359,021.62	0.00	0.00
31/12/2013	939,637.07	4,227,032.59	14,090,108.63	31/12/2016	25,179,180.06	6,473,754.02	0.00	0.00
31/03/2014	1,556,452.02	5,783,484.61	19,278,282.03	31/03/2017	24,483,659.29	7,345,097.79	0.00	0.00
30/06/2014	1,053,196.82	6,836,681.43	22,788,938.10	30/06/2017	26,193,353.11	7,858,005.93	0.00	0.00
30/09/2014	517,057.26	7,353,738.69	24,512,462.30	30/09/2017	27,436,808.73	8,231,042.62	-	-
31/12/2014	1,004,106.23	8,357,844.92	27,859,483.07	31/12/2017			126,802.30	422,674.34
31/03/2015	831,750.78	9,189,595.70	30,631,985.67	31/03/2018			958,553.08	3,195,176.94
30/06/2015	595,447.59	9,785,043.29	32,616,810.97	30/06/2018			1,554,000.67	5,180,002.24
30/09/2015	902,092.08	10,687,135.37	35,623,784.57	30/09/2018			2,456,092.75	8,186,975.84
31/12/2015	857,169.10	11,544,304.47	38,481,101.49	30/12/2018			3,313,261.85	11,044,206.17
31/03/2016	1,591,834.76	13,136,139.23	43,787,130.77	31/03/2019			4,905,096.61	16,350,322.04
30/06/2016	2,263,872.93	15,400,012.16	51,333,373.88	30/06/2019			7,168,969.54	23,896,565.14
30/09/2016	1,874,821.59	17,274,833.75	57,582,779.18	30/09/2019			9,043,791.13	30,145,970.44
31/12/2016	1,293,367.76	18,568,201.51	61,894,005.04	31/12/2019			10,337,158.89	34,457,196.30
31/03/2017	1,313,143.16	19,881,344.67	66,271,148.90	31/03/2020			11,650,302.05	38,834,340.17
30/06/2017	2,045,445.56	21,926,790.23	73,089,300.80	30/06/2020			13,695,747.61	45,652,492.04
30/09/2017	1,779,600.43	23,706,390.66	79,021,302.23	30/09/2020			15,475,348.04	51,584,493.47

New Build Investment Cashflow

Appendix H

New Build / Re-Development Scheme	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget
	£'0	£'0	£'0	£'0	£'0	£'0
New Build / Acquisition / Re-Development Cash Expenditure (Net of Developer's Cross Subsidy / Notional Land Value)						
Hawkins Road	61,000	0	0	0	0	0
Fulbourn Road	646,000	0	0	0	0	0
Clay Farm	4,109,000	0	0	0	0	0
Garage Sites 2015/16 (4 sites)	523,000	2,090,000	0	0	0	0
Garage Sites 2015/16 - Uphall Road	317,000	0	0	0	0	0
Hills Avenue	29,170	220,050	0	0	0	0
Queensmeadow	45,240	537,280	0	0	0	0
Wulfstan Way	58,580	737,860	30,990	0	0	0
Anstey Way	842,290	5,364,750	4,039,170	0	0	0
Akeman Street	48,150	1,670,450	2,400,080	0	0	0
Ventress Close	788,210	1,816,810	845,250	0	0	0
Acquisitions or New Build - Retained RTB Investment	5,590,000	0	0	0	0	0
Kingsway Clinic Conversion	0	410,000	0	0	0	0
Colville Road (Garage Site)	49,020	781,820	35,510	0	0	0
Mill Road	0	3,268,300	6,891,440	9,206,260	0	0
Gunhild Way	28,680	413,370	143,670	0	0	0
Markham Close	0	236,650	618,540	0	0	0
Devolution, RTB and Re-development CIP Programme	0	8,101,020	13,764,560	35,906,900	17,239,920	9,815,980
Re-Development Programme	0	0	0	0	0	0
Total New Build/ Re-Development Expenditure	**13,135,340**	**25,648,360**	**28,769,210**	**45,113,160**	**17,239,920**	**9,815,980**

New Build / Re-Development Scheme	2017/18 Budget £'0	2018/19 Budget £'0	2019/20 Budget £'0	2020/21 Budget £'0	2021/22 Budget £'0	2022/23 Budget £'0
New Build / Re-Development HCA Grant Funding						
Clay Farm	(97,125)	0	0	0	0	0
New Build Devolution Grant Funding						
Garage Sites 2015/16 (4 sites)	(366,100)	(1,463,000)	0	0	0	0
Garage Sites 2015/16 - Uphall Road	(221,900)	0	0	0	0	0
Hills Avenue	(20,410)	(154,040)	0	0	0	0
Queensmeadow	(31,670)	(376,100)	0	0	0	0
Wulfstan Way	(41,010)	(516,500)	(21,690)	0	0	0
Anstey Way	(167,050)	(1,877,660)	(1,413,710)	0	0	0
Akeman Street	0	(996,270)	(1,440,050)	0	0	0
Fentress Close	(68,680)	(1,102,200)	(512,790)	0	0	0
Kingsway Clinic Conversion	0	(287,000)	0	0	0	0
Colville Road (Garage Site)	(34,310)	(547,280)	(24,860)	0	0	0
Mill Road	0	(2,287,810)	(4,824,010)	(6,444,380)	0	0
Gunhild Way	(20,080)	(289,360)	(100,570)	0	0	0
Markham Close	0	(165,660)	(432,980)	0	0	0
Devolution, RTB and Re-development CIP Programme	0	(1,763,520)	(8,225,640)	(21,457,890)	(10,302,550)	(2,001,270)
Total New Build / Re-Development Funding	**(1,068,335)**	**(11,826,400)**	**(16,996,300)**	**(27,902,270)**	**(10,302,550)**	**(2,001,270)**
Use of Retained Right to Buy Funding						
Hawkins Road (Garage Site)	(18,300)	0	0	0	0	0
Fulbourn Road (Garage Site)	(193,800)	0	0	0	0	0
Clay Farm	(914,740)	0	0	0	0	0
Garage Sites 2015/16 (4 sites)	(156,900)	(627,000)	0	0	0	0
Garage Sites 2015/16 - Uphall Road	(95,100)	0	0	0	0	0

Hills Avenue	(8,750)	(66,020)	0	0	0	0
Queensmeadow	(13,570)	(161,180)	0	0	0	0
Wulfstan Way	(17,570)	(221,360)	(9,300)	0	0	0
Anstey Way	(71,590)	(804,710)	(605,880)	0	0	0
Akeman Street	0	(426,970)	(617,160)	0	0	0
Ventress Close	(29,440)	(472,370)	(219,770)	0	0	0
Acquisition or New Build - Retained RTB Investment	(1,677,000)	0	0	0	0	0
Kingsway Clinic Conversion	0	(123,000)	0	0	0	0
Colville Road (Garage Site)	(14,710)	(234,550)	(10,640)	0	0	0
Mill Road	0	(980,490)	(2,067,430)	(2,761,880)	0	0
Gunhild Way	(8,600)	(124,010)	(43,100)	0	0	0
Markham Close	0	(71,000)	(185,550)	0	0	0
Devolution, RTB and Re-development CIP Programme	0	(755,790)	(3,525,290)	(9,196,240)	(3,679,480)	(2,514,010)
Total Use of Retained Right to Buy Funding	**(3,220,070)**	**(5,068,450)**	**(7,284,120)**	**(11,958,120)**	**(3,679,480)**	**(2,514,010)**
Total to be funded from HRA Resources (DRF & MRR) and Sales Receipts	**8,846,935**	**8,753,510**	**4,488,790**	**5,252,770**	**3,257,890**	**5,300,700**
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% for expenditure long-term	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.	£63 million negative revenue impact across the 30 year life of the plan.
Sale of Higher Value Voids Levy	Assumed deferred payment from April 2019	The implementation of the policy could be accelerated. Assume payment due from April 2018.	Ongoing reduction in rental income from 2018/19 of £651,000.
Sale of Higher Value Voids Levy	Assumed deferred payment from April 2019	Uncertainty over the policy could lead to an announcement that the legislation is to be abolished. Assume no higher value voids levy.	£263 million of additional resource over the 30 year life of the plan, which could be re-invested in new homes or the delivery of additional housing services.
Capital Investment Real Increase Inflation	Capital Investment Inflation at 2.93% in the longer-term	A real increase of 0.93% is allowed for building inflation for the longer-term. Assume that real inflationary increase required is 2% for remaining life of the plan.	Debt cap is breached by year 15, and the authority is unable to maintain decency in its housing stock or build new homes.
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, a bad debt rate of 10% per annum from 2018/19.	Debt cap is breached by year 6 and the authority is unable to maintain decency in its housing stock or build new homes

HRA Summary 2017/18 to 2022/223

Appendix J

Description	2017/18 £0	2018/19 £0	2019/20 £0	2020/21 £0	2021/22 £0	2022/23 £0
Income						
Rental Income (Dwellings)	(36,740,450)	(36,661,380)	(35,941,360)	(36,873,090)	(38,407,150)	(39,854,670)
Rental Income (Other)	(1,119,500)	(1,128,710)	(1,153,540)	(1,180,070)	(1,203,670)	(1,227,750)
Service Charges	(2,724,240)	(3,004,310)	(3,065,580)	(3,131,050)	(3,189,280)	(3,248,690)
Contribution towards Expenditure	(3,360)	(3,450)	(3,520)	(3,600)	(3,680)	(3,750)
Other Income	(456,960)	(455,500)	(458,880)	(462,640)	(464,960)	(474,260)
Total Income	**(41,044,510)**	**(41,253,350)**	**(40,622,880)**	**(41,650,450)**	**(43,268,740)**	**(44,809,120)**
Expenditure						
Supervision & Management - General	3,658,940	3,399,340	3,510,770	3,582,320	3,615,770	3,773,350
Supervision & Management - Special	2,311,720	2,584,280	2,650,680	2,720,770	2,786,990	2,854,940
Repairs & Maintenance	6,590,940	6,571,740	6,744,650	6,978,550	7,237,770	7,552,640
Depreciation – t/f to Major Repairs Res.	9,765,080	10,041,820	10,309,370	10,461,630	10,661,380	10,878,030
Debt Management Expenditure	0	0	0	0	0	0
Other Expenditure	3,362,380	3,615,220	3,693,040	3,778,450	3,853,060	3,937,650
Total Expenditure	**25,689,060**	**26,212,400**	**26,908,510**	**27,521,720**	**28,154,970**	**28,996,610**
Net Cost of HRA Services	**(15,355,450)**	**(15,040,950)**	**(13,714,370)**	**(14,128,730)**	**(15,113,770)**	**(15,812,510)**
HRA Share of operating income and expenditure included in Whole Authority I&E Account						
Interest Receivable	(589,280)	(718,490)	(685,310)	(646,110)	(613,410)	(679,380)
HRA (Surplus) / Deficit for the Year	**(15,944,730)**	**(15,759,440)**	**(14,399,680)**	**(14,774,840)**	**(15,727,180)**	**(16,491,890)**
Items not in the HRA Income and Expenditure Account but in the movement on HRA balance						

Loan Interest	7,502,580	7,503,980	7,515,220	7,515,220	7,515,220	7,515,220
Housing Set Aside	6,769,740	4,472,200	4,472,200	4,472,200	4,472,200	4,472,200
Appropriation form Ear-Marked Reserve	(500,000)	0	0	0	0	0
Depreciation Adjustment	0	0	0	0	0	0
Direct Revenue Financing of Capital	4,614,210	502,530	4,787,180	6,620,790	1,426,740	4,235,010
(Surplus) / Deficit for Year	**2,441,800**	**(3,280,730)**	**2,374,920**	**3,833,370**	**(2,313,020)**	**(269,460)**
Balance b/f	(10,178,140)	(7,736,340)	(11,017,070)	(8,642,150)	(4,808,780)	(7,121,800)
Total Balance c/f	**(7,736,340)**	**(11,017,070)**	**(8,642,150)**	**(4,808,780)**	**(7,121,800)**	**(7,391,260)**

Housing Capital Investment Plan

Appendix K

Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend						
Disabled Facilities Grants	605	608	550	550	550	550
Private Sector Housing Grants and Loans	195	195	195	195	195	195
Total General Fund Housing Capital Spend	**800**	**803**	**745**	**745**	**745**	**745**
HRA Capital Spend						
Decent Homes						
Kitchens	206	274	655	640	252	484
Bathrooms	275	305	331	1,036	189	52
Central Heating / Boilers	1,210	1,583	2,586	3,536	1,463	1,568
Insulation / Energy Efficiency	112	758	583	274	758	539
External Doors	169	114	112	351	99	69
PVCU Windows	0	0	0	6	30	0
Wall Structure	292	140	134	254	73	38
External Painting	0	0	0	300	300	300
Roof Structure	175	450	300	300	300	300
Roof Covering	361	334	334	334	334	334
Chimneys	1	0	1	0	1	0
Electrical / Wiring	581	493	555	932	435	251
Sulphate Attacks	27	102	102	102	102	102
Major Voids / Major Works	0	0	0	0	0	0
HHSRS Contingency	50	150	100	100	100	100
Other Health and Safety Works	150	212	50	50	50	50

Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Other External Works	0	0	0	0	0	0
Capitalised Officer Fees - Decent Homes	305	305	305	305	305	305
Decent Homes Planned Maintenance Contractor Overheads	397	542	643	904	493	461
Decent Homes New Build Allocation	219	255	384	535	757	989
Total Decent Homes	**4,530**	**6,017**	**7,175**	**9,959**	**6,041**	**5,942**
Other Spend on HRA Stock						
Garage Improvements	123	100	100	100	100	100
Asbestos Removal	100	50	50	50	50	50
Disabled Adaptations	878	878	878	878	878	878
Communal Areas Uplift	23	651	321	321	321	321
Fire Prevention / Fire Safety Works	96	50	50	50	50	50
Hard surfacing on HRA Land - Health and Safety	152	357	225	225	225	225
Communal Areas Floor Coverings	58	170	100	100	100	100
Lifts and Door Entry Systems	13	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	159	249	191	191	191	191
Total Other Spend on HRA stock	**1,716**	**2,632**	**2,042**	**2,042**	**2,042**	**2,042**
HRA New Build / Re-Development / Acquisition						
3 Year Affordable Housing Programme (Hawkins Road / Fulbourn Road)	707	0	0	0	0	0
Clay Farm	4,109	0	0	0	0	0
Anstey Way	842	5,365	4,039		0	0

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
2015/16 Garage & In-Fill Sites	523	2,090	0	0	0	0
Uphall Road	317	0	0	0	0	0
2016/17 In-Fill Sites (Queensmeadow / Hills Avenue / Wulfstan Way)	133	1,495	31	0	0	0
Akeman Street	48	1,670	2,400	0	0	0
Ventress Close	788	1,817	845	0	0	0
Colville Road Garage Site	49	782	36	0	0	0
Mill Road	0	3,268	6,891	9,206	0	0
Gunhild Way	29	413	144	0	0	0
Markham Close	0	237	619	0	0	0
Acquisition or New Build - Retained RTB Receipt Investment	5,590	0	0	0	0	0
Kingsway Clinic Conversion	0	410	0	0	0	0
New Build - CIP Programme (Devolution New Build and Re-Development)	0	8,101	13,765	35,907	17,240	9,816
Re-development of Existing HRA Stock	0	0	0	0	0	0
Total HRA New Build	**13,135**	**25,648**	**28,770**	**45,113**	**17,240**	**9,816**
City Homes Estate Improvement Programme						
City Homes Estate Improvement Programme	21	0	0	0	0	0
Total City Homes Estate Improvement Programme	**21**	**0**	**0**	**0**	**0**	**0**
Sheltered Housing Capital Investment						
Ditchburn Place	2,137	3,428	0	0	0	0
Total Sheltered Housing Capital Investment	**2,137**	**3,428**	**0**	**0**	**0**	**0**

Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Other HRA Capital Spend						
Orchard Replacement / Mobile Working	23	650	0	0	0	0
Stores Reconfiguration	130	0	0	0	0	0
Estate Service Champion Estate Vehicle	0	25	0	0	0	0
Shared Ownership Repurchase	300	300	300	300	300	300
Commercial and Administrative Property	63	30	30	30	30	30
Total Other HRA Capital Spend	**516**	**1,005**	**330**	**330**	**330**	**330**
Total HRA Capital Spend	**22,055**	**38,730**	**38,317**	**57,444**	**25,653**	**18,130**
Total Housing Capital Spend at Base Year Prices	**22,855**	**39,533**	**39,062**	**58,189**	**26,398**	**18,875**
Inflation Allowance and Stock Reduction Adjustment for Future Years	1,171	1,572	1,599	1,867	1,767	1,872
Total Inflated Housing Capital Spend	**24,026**	**41,105**	**40,661**	**60,056**	**28,165**	**20,747**
Housing Capital Resources						
Right to Buy Receipts	(527)	(532)	(537)	(543)	(548)	(548)
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0	0
Major Repairs Reserve	(8,293)	(17,063)	(10,311)	(10,462)	(10,661)	(10,878)
Direct Revenue Financing of Capital	(4,614)	(503)	(4,787)	(6,621)	(1,427)	(4,235)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(4,398)	(300)	(300)	(300)	(300)	(300)
Devolution Grant	(971)	(11,826)	(16,996)	(27,902)	(10,303)	(2,001)
Retained Right to Buy Receipts	(3,220)	(5,068)	(7,284)	(11,958)	(3,680)	(2,514)
Disabled Facilities Grant	(605)	(608)	(271)	(271)	(271)	(271)
Prudential Borrowing	0	0	0	0	0	0

Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Total Housing Capital Resources	**(22,628)**	**(35,901)**	**(40,486)**	**(58,057)**	**(27,189)**	**(20,747)**
Net (Surplus) / Deficit of Resources	1,398	5,204	175	1,999	976	(0)
Capital Balances b/f	**(9,752)**	**(8,354)**	**(3,149)**	**(2,974)**	**(974)**	**0**
Use of / (Contribution to) Balances in Year	1,398	5,205	175	2,000	974	0
Capital Balances c/f	**(8,354)**	**(3,149)**	**(2,974)**	**(974)**	**0**	**0**
Other Capital Balances (Opening Balance 1/4/2017)						
Major Repairs Reserve	(5,549)	Utilised to fund the decent homes programme				
Retained 1-4-1 Right to Buy Receipts	(12,536)	Built into spending by 2019/20				
Right to Buy Receipts for Debt Redemption	(6,877)	Set-aside for potential debt redemption				
Total Other Capital Balances	**(24,962)**					

Equalities Impact Assessement Appendix L

1. **Title of strategy, policy, plan, project, contract or major change to your service:**
HRA Budget Setting Report 2018/19
2. **Webpage link to full details of the strategy, policy, plan, project, contract or major change to your service (if available)**
3. **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 2018/19 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.
4. **Responsible Service**
Directorate:Strategic Director Service: Corporate Strategy and Finance have coordinated the document, with input from Housing Services and Estates and Facilities in particular.

5. **Who will be affected by this strategy, policy, plan, project, contract or major change to your service? (Please tick those that apply)**
☒ Residents of Cambridge City ☐ Visitors to Cambridge City ☒ Staff
Please state any specific client group or groups (e.g. City Council tenants, tourists, people who work in the city but do not live here):

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

This is a composite EqIA for all 2018 -2019 HRA budget bids and it covers all Council Housing Revenue Account services.

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

☐ New
☐ Major change
☒ Minor change

7. **Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service? (Please tick)**

☐ No
☒ Yes (Please provide 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.

8. **Has the report on your strategy, policy, plan, project, contract or major change to your service gone to Committee? If so, which one?**

The HRA Budget Setting Report 2018-19 is being presented to Housing Scrutiny Committee in January 2018.

9. **What research methods/ evidence have you used in order to identify equality impacts of your strategy, policy, plan, project, contract or major change to your service?**

None at this stage – this is an overall EqIA that addresses where monitoring and research may be required at the service impacts outlined in the Budget are rolled out. It is expected that those responsible for implementing services will complete a specific EqIA as required.

10. **Potential impacts**
For each category below, please explain if the strategy, policy, plan, project, contract or major change to your service could have a positive/ negative impact or no impact. Where an impact has been identified, please explain what it is. Consider impacts on service users, visitors and staff members separately.

(a) Age - Any group of people of a particular age (e.g. 32 year-olds) , or within a particular age range (e.g. 16-24 year-olds) – in particular, please consider any safeguarding issues for children and vulnerable adults
Appointment of a Statutory Inspection and Energy Surveyor and increase in hours of the Assistant Surveyor (Adaptations) post will have a positive impact on the safety of residents living in blocks of flats, and those older tenants who require adaptations to their homes to support independent living. **The replacement of the Estate Service Champion estate vehicle, which is used for estate inspections, removal of bulky waste and fly-tipping on housing estates** will have a positive impact on all tenants living in communities that are suffering with fly tipping or the accumulation of bulky waste. As the van will be used to support Community Days, where residents are encouraged to bring bulky waste for disposal, this will have a positive impact on older or vulnerable tenants who will be able to get support to dispose of items they are not able to carry. **Increase in costs for the refurbishment of Ditchburn Place as self-contained accommodation** will have a positive effect on current and future residents of this supported scheme; providing an enhanced level of independence whilst still maintaining the necessary levels of support for older, more vulnerable tenants. **Changes in anticipated income and expenditure for the Independent Living Service:** an increase in the sum payable to the County council for the out of hours response service and a reduction in income from the community alarm service could have an impact on older and vulnerable residents if the extra budget required to cover the delivery of the service is not agreed.
(b) Disability - A person has a disability if she or he has a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities
The replacement of the Estate Service Champion estate vehicle, which is used for estate inspections, removal of bulky waste and fly-tipping on housing estates : will have a positive impact on all tenants living in communities that are suffering with fly tipping or the accumulation of bulky waste. As the van will be used to support Community Days, where residents are encouraged to bring bulky waste for disposal, this will have a positive impact on disabled tenants who will be able to get support to dispose of items they are not able to carry. **Appointment of a Statutory Inspection and Energy Surveyor and increase in hours of the Assistant Surveyor (Adaptations) post** will have a positive impact on the safety of residents living in blocks of flats, and disabled tenants who require adaptations to their homes to support independent living. **Increase the budget for the project to reconfigure Ditchburn Place as self-contained accommodation** will have a positive effect on current and future disabled residents of this supported scheme; providing an enhanced level of independence whilst still maintaining

(a) Age - Any group of people of a particular age (e.g. 32 year-olds) , or within a particular age range (e.g. 16-24 year-olds) – in particular, please consider any safeguarding issues for children and vulnerable adults
the necessary levels of support for more vulnerable tenants. **Inclusion of £602,000 of resource for Disabled Facilities Grants through the Better Care Fund for 2017/18** will have a positive impact on disabled residents who require adaptations to enable them to live independently in their own home. **Changes in anticipated income and expenditure for the Independent Living Service:** an increase in the sum payable to the County council for the out of hours response service and a reduction in income from the community alarm service could have an impact on disabled residents if the extra budget required to cover the delivery of the service is not agreed.
(c) Sex – A man or a woman.
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.
(d) Transgender – A person who does not identify with the gender they were assigned to at birth (includes gender reassignment that is the process of transitioning from one gender to another)
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.
(e) Pregnancy and maternity
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.
(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 - The protected characteristic 'race' refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins.
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.

(h) Religion or belief
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.
(i) Sexual orientation
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.
(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
Funding contribution for a Fraud Prevention Officer – positive impact on all tenants who are waiting to receive a council property that is currently occupied fraudulently. **The replacement of the Estate Service Champion estate vehicle, which is used for estate inspections, removal of bulky waste and fly-tipping on housing estates**: will have a positive impact on all tenants living in communities that are suffering with fly tipping or the accumulation of bulky waste. As the van will be used to support Community Days, where residents are encouraged to bring bulky waste for disposal, this will have a positive impact on tenants who will be able to dispose of items for free. **Proposal for a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour** will have a positive effect on all staff who are currently struggling with affordability in the Cambridge market. **Increase in purchase and implementation costs for the Housing Management Information System, Net increase in cyclical and planned revenue repairs expenditure, Increased service charges at Scholar's Court, Increase in the cost of response repairs in the HRA, Reduction in commercial property income HRA:** any increase in the cost of services may need to be passed onto tenants or leaseholders as increased service charge where applicable.

11. Action plan – New equality impacts will be identified in different stages throughout the planning and implementation stages of changes to your strategy, policy, plan, project, contract or major change to your service. How will you monitor these going forward? Also, how will you ensure that any potential negative impacts of the changes will be mitigated? (Please include dates where possible for when you will update this EqIA accordingly.)

1. Housing Transformation Board to continue to invest time in implementing process reviews to ensure the reconfigured housing service is working effectively, and there is no negative impact on customers or staff.
2. Housing Transformation Board continue to monitor and manage increase in the costs of services against savings identified to ensure services remain affordable for tenants and leaseholders, and for the council to deliver, whilst rents are still required to be reduced each year until 2020.

12. Do you have any additional comments?

Reduction in interest anticipated to be payable by the HRA, Savings in operational costs across the Housing Revenue Account, Temporary Housing operational savings, reduced pension deficit contributions from the HRA: where savings can be made from back office functions, this will have an overall positive impact on all tenants and leaseholders as cuts to funding do not have to be made from front line services.

Savings in salary costs due to staff turnover and retention, Deletion of the Strategic Housing Advisor post, Removal of years 1 and 2 on-going transformation funding: The outcome of years 1 -3 of the Housing Transformation Programme has meant further savings can now be secured without the need to further change front line services. However it is important that monitoring of services going forward is undertaken, to ensure there is no negative impact on customers from the years 1-3 service reconfiguration.

Increased income from photovoltaic installations on HRA buildings, Increased rental income in the HRA, Net increase in service charge income in the HRA, Interest due to the HRA: An increase in income to the HRA has on overall positive impact on tenants and leaseholders in continuing to help protect services from future cuts.

13. Sign off

Name and job title of lead officer for this equality impact assessment:
Catherine Buckle – Business Development Manager (Housing)
Names and job titles of other assessment team members and people consulted:
Julia Hovells – Business Manager / Principal Accountant
Date of EqIA sign off: 28/11/17
Date of next review of the equalities impact assessment:
Sent to Helen Crowther, Equality and Anti-Poverty Officer?
☒ Yes
☐ No
Date to be published on Cambridge City Council website (if known):
04/01/18

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