



## Cambridge City Council Housing Scrutiny Committee

**Date:** Thursday, 26 September 2019

**Time:** 5.30 pm

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

**Contact:** [democratic.services@cambridge.gov.uk](mailto:democratic.services@cambridge.gov.uk), tel:01223 457000

### Agenda

- 1 Apologies
- 2 Declarations of Interest
- 3 Minutes (Pages 5 - 18)
- 4 Public Questions

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

##### **Decisions for the Executive Councillor for Housing**

- 5 HRA Asset Management Strategy (Pages 19 - 152)
- 6 Housing Revenue Account (HRA) Medium Term Financial Strategy (Pages 153 - 242)

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

##### **Decisions for the Executive Councillor for Housing**

- 7 Delegation of Powers From Cambridgeshire County Council to Cambridge City Council for Investigation and Enforcement Relating to Provision of Domestic Energy Performance Certificates (Pages 243 - 276)
- 8 Update on the Programme to Build new Council Homes Funded Through the Combined Authority (Pages 277 - 302)

**Housing Scrutiny Committee Members:** Todd-Jones (Chair), Bird (Vice-Chair), Cantrill, Hadley, Porrer, Sheil, Thittala and Matthews

**Alternates:** Barnett, McGerty and O'Reilly

**Tenants and Leaseholders:** Lulu Agate (Tenant Representative), Diane Best (Leaseholder Representative), Kay Harris (Tenant Representative), Diana Minns (Tenant Representative), Christabella Amiteye (Tenant Representative) and Jean-Louis Ayivor (Tenant Representative)

**Executive Councillors:** Johnson (Executive Councillor for Housing)

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- Email: [democratic.services@cambridge.gov.uk](mailto:democratic.services@cambridge.gov.uk)
- Phone: 01223 457000

<b>Housing Scrutiny Committee</b>
<b>Terms of Reference</b>
<b>A.</b> Overview and scrutiny of the strategic and other housing functions for which the Executive Councillor for Housing is responsible, including responsibility for the development of housing strategies and policies, tackling homelessness, the Council's housing responsibilities with regard to the private rented sector, bringing vacant homes back into use, the development of new homes and partnership working with other housing providers.
<b>B.</b> Overview and scrutiny of functions relating to the management of the Council's housing stock.
<b>C.</b> To be the main discussion forum between the Council, its tenants and its leaseholders for all matters relating to the landlord function of Cambridge City Council.
<b>Membership</b>
City Councillors (Such number as shall be decided by the Council from time to time)
Six elected tenants and leaseholders of Cambridge City Council of whom at least five shall be tenants of Cambridge City Council.
<b>Appointment of tenant and leaseholder members</b>
Tenant and leaseholder members shall be co-opted by the Scrutiny Committee following the procedure for election set out in the Overview and Scrutiny Procedure Rules in Part 4E.
<b>Voting</b>

Tenant and leaseholder members are voting members in respect of matters concerning the management of the Council's housing stock (Part 1 of the agenda.) Tenant and leaseholder members may contribute to discussion of other matters (Part 2 of the agenda) but shall not have a vote.

### **Appointment of Chair**

The Chair of the Scrutiny Committee shall be appointed by the Council and be a councillor and shall chair Part 2. The Vice-chair shall be nominated by the elected tenants and leaseholders and shall chair Part 1 if present. If the Chair or Vice-chair is not present, a councillor shall be appointed as the Vice-chair for that meeting.

### **Other matters relating to elected tenants and leaseholders**

These are set out in the Overview and Scrutiny Procedure Rules in Part 4E. They include information about the roles, responsibilities and training of tenant and leaseholder representatives, expenses and allowances, and the circumstances in which they may cease to be members of the Committee.

**HOUSING SCRUTINY COMMITTEE**

18 June 2019

5.30 - 7.40 pm

**Present:** Councillors Bird (Vice-Chair), Cantrill, Hadley, Porrer, Sheil, Thittala, McGerty and O'Reilly

Executive Councillor for Housing : Councillor Johnson

**Tenant/Leaseholder Representatives:** Diane Best, Lulu Agate, Kay Harris, Diana Minns, Christabella Amiteye and Jean-Louis Ayivor

**Officers:**

Strategic Director: Suzanne Hemingway

Strategic Director: Fiona Bryant

Assistant Head of Finance / Business Manager: Julia Hovells

Head of Housing: David Greening

Head of Housing Strategy: Helen Reed

Head of Housing Development Agency: Claire Flowers

Head of Housing Maintenance and Assets: Lynn Thomas

Housing Development Manager: Jim Pollard

Committee Manager: Claire Tunnicliffe

**FOR THE INFORMATION OF THE COUNCIL****19/23/HSC Apologies**

Apologies were received from Councillors Lord and Todd-Jones and Diana Minns (Tenant / Leaseholder Representative).

Councillor McGerty attended as an alternate for Councillor Lord.

**19/24/HSC Declarations of Interest**

Name	Item	Reason
Councillor Cantrill	19/32/HSC	Personal: Trustee of Wintercomfort
Kay Harris	19/31/HSC	Personal: Secretary of Campkin/Hawkins Residents Association member

**19/25/HSC Minutes**

The minutes of the meeting of the 12 March 2019 were approved and signed as a correct record.

**19/26/HSC Appointment of Vice-Chair (Tenant/Leaseholder Rep) for 2019/20**

Diana Minns was appointed as Vice Chair (Tenant / Leaseholder Representative) for 2019/20.

**19/27/HSC Public Questions**

A representative from the Friends of St Albans Road Recreation Ground addressed the committee and raised the following points with regards to the Meadows and Buchan Street development in the north of the city:

- i. Referenced in the City Council's Open Spaces and Recreation Strategy Document that Arbury ward had the lowest proportion of protected open space anywhere in Cambridge.
- ii. With on-going housing developments around the city why were the Council proposing to further reduce the protected open space on St Albans road recreation ground in order to build council flats, rather than find an alternative location.
- iii. Planning proposals was build a new Centre on the recreation ground before the old Meadows centre was demolished.
- iv. Facilities would be crammed onto the remaining smaller area and a number of trees felled; how would this enhance the remaining recreation space?
- v. Many residents and users of the space objected to the development.
- vi. The officer's report for item 11 of the agenda referred to the Meadows & Buchan Street scheme public consultation held in March 2019, followed by a meeting regarding the open space proposals.
- vii. This public consultation was poorly attended as many residents were not aware this had been taking place; no leaflets were sent out and advertising was extremely limited.
- viii. Had attended the subsequent meeting with two other residents. Had not been aware that this meeting was open to the public until two days before.
- ix. Maintenance had been poor on the recreation ground, with benches decaying; hedges hacked back to a low level to simply management.

- x. The existing Meadows was losing its character; how would Cambridge City Council maintain the proposed features of the recreation ground after the development. Did not believe it could.

In response the Executive Councillor for Housing said the following:

- i. Thanked the resident for attending the meeting to express their views and those of the residents association.
- ii. There were currently 2500 people on the Council's housing register in need of affordable housing accommodation.
- iii. Central government had provided funds for the Council to assist with the development of 500 homes or more.
- iv. Space and land were at a premium; the Council were trying to maximise the space to provide the much needed homes.
- v. The Council were still engaging and listening to residents on how best to use the current footprint of the Meadows site.
- vi. Had not yet been determined the total percentage of the open space which would be lost to the development; potentially the figure could be reduced.
- vii. The football pitch and play area would be kept, improvements would be made to biodiversity.
- viii. The Council would ensure that it built a community centre that the city would be proud of.

The following supplementary points were made:

- i. Understood the need to build council houses; there had been large developments in the north of the city with Orchard Park and Darwin Green. The north had been 'hit hard'.
- ii. There were large amounts of green open spaces in the south of Cambridge which had remained untouched; with a further 15-20% being taken away on the recreation ground.
- iii. The recreation ground was heavily used; people drive there from Huntingdon Road as there was not the open space in Darwin Green.
- iv. The recreation ground needed to be kept as it was for the residents' mental health and wellbeing.

The Executive Councillor responded:

- i. The planning application had not yet been formally submitted.
- ii. When the application was submitted there would be an opportunity to make a formal objection as part of the planning process. Those individuals who had made a written representation on the application could also address the Planning Committee when the application came before them for consideration.

- iii. Through the Council's local letting policy developments are built where communities can thrive and be successful; addressing different needs.
- iv. The new development will be a benefit to the community and the city.

## **19/28/HSC To Note Decision Taken by the Executive Councillor for Housing**

### **6a Testing of Electrical Wiring Installations in Council Houses**

The Committee noted the decision.

## **19/29/HSC 2018/19 Housing Revenue Account Revenue and Capital Outturn, Carry Forwards and Significant Variances**

### **Matter for Decision**

The report presented, for the Housing Revenue Account:

- i. A summary of actual income and expenditure compared to the final budget for 2018/19 (outturn position)
- ii. Revenue and capital budget variances with explanations
- iii. Specific requests to carry forward funding available from budget underspends into 2019/20.
- iv. A summary of housing debt which was written off during 2018/19.

### **Decision of Executive Councillor for Housing**

- i. Approved carry forward requests totalling £772,500 in revenue funding from 2018/19 into 2019/20, as detailed in Appendix C of the Officer's report (Part 1 of the recommendation)
- ii. Approved carry forward requests of £5,256,000 in HRA and General Fund Housing capital budgets and associated resources from 2018/19 into 2019/20 to fund re-phased net capital spending, as detailed in Appendix D and the associated notes to the appendix of the Officer's report is recommended to Council (Part 2 of the recommendation)

### **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 Assistant Head of Finance / Business Manager.



The Assistant Head of Finance / Business Manager informed Members that officers will be bringing the revised housing revenue business plan to Committee in September including an updated Assessment Management plan.

However the outturn figures which had been reported at this meeting had raised concern, areas highlighted were repairs spending, the over reliance of the external contractors and increased costs.

The Head of Housing Maintenance and Assets conformed that investigation work had started immediately on revenue, repairs and voids. Officers needed to ensure the service was being managed well financially and operationally. An external consultant would be used to provide additional capacity to assist with these reviews and would be reported to the Housing Scrutiny Committee once completed.

In response the Strategic Director, Head of Housing Maintenance and Assets and the Assistant Head of Finance / Business Manager stated the following in response to Members' questions:

- i. Noted the concerns regarding the underspend in the Decent Homes Programme; to deliver the programme was dependent on a number of factors, such as having planned maintenance contractors in place and the workforce to survey the work and place the task orders. There had also been some tenant refusals.
- ii. Issues with staff shortages in the Technical Services team had meant the complete programme had not been delivered as not all surveys and orders could be not undertaken. Had recruited to some of the vacant posts.
- iii. Acknowledged the comment there were trained resident inspectors who could inspect void properties and make recommendations.
- iv. Agreed the maintenance of Council homes was important and staff were committed to make sure the standards were met.
- v. Could not comment on a particular complaint raised in Committee but the emergency had been dealt with promptly and had been in touch with the complainant and apologised for the length of time they were waiting for the work to be made good.
- vi. This complaint and others had highlighted that some of the Council's processes were not as good as they should have been; processes required modernising and improvement which was why the review had been brought forward.

- vii. The review would explore whether the quality of the housing stock was deteriorating due to the lack of investment.
- viii. The Assessment Management Plan would determine what detailed work was required to the Council's housing stock.
- ix. Significant funding had been taken out of housing maintenance and the delivery of housing services as a result of Government policy changes in 2016.
- x. The new business plan would take into account investment in the Council's own stock and the ability to provide new homes; the balance of investment would be something that the Committee would consider at a future meeting.
- xi. The review would also examine if the organisational structure was fit for purpose
- xii. Planned to build stronger services which would be more responsive to repairs.
- xiii. A new housing management system had been purchased which would improve the business processes and reporting processes and trends would easily be identified.
- xiv. The review would consider whether any rental surplus in the Housing Revenue Account should be used for investment in new homes be set aside to redeem debt.
- xv. Any major variances of over £20,000 were recorded and reported. The column showing 'other' would be the total of all the other cost centres where there were small variances.
- xvi. One in fourteen Council tenants had transitioned to universal credit.
- xvii. The Disabled Facilities Grant came from Government and used in the private sector not for disabled adaptations in the Council's housing stock. As it was a Government grant this had to be requested to be carried forward to use in 2019/20.
- xviii. The new housing management system will allow residents to access their accounts online.
- xix. Welcomed the suggestion of a resident online annual review; officers would work with the Resident Engagement Officer to look at the best ways that residents could provide feedback.

The Committee resolved by 8 votes to 0 to endorse part 1 of the recommendation

The Committee resolved by 5 votes to 0 to endorse part 2 of the recommendation.

The Executive Councillor approved the recommendations

## **19/30/HSC 2018/19 General Fund Revenue and Capital Outturn, Carry Forwards and Significant Variances**

### **Matter for Decision**

The report presented, for the General Fund Housing portfolio.

- i. A summary of actual income and expenditure compared to the final budget for 2018/19 (outturn position)
- ii. Revenue and capital budget variances with explanations
- iii. Specific requests to carry forward funding available from budget underspends into 2019/20.

Members of the Scrutiny Committee were asked to consider and make known their views on the proposals for consideration by the Executive Councillor for Finance and Resources at the Strategy and Resources Scrutiny Committee on 1 July 2019.

### **Decision of the Executive Councillor for Housing**

- i. Approved carry forward requests of revenue funding from 2018/19 to 2019/20, as detailed in Appendix C of the Officer's report, noting that none were proposed for this portfolio on this occasion.
- ii. Approved carry forward requests of £200,000 in capital resources from 2018/19 to 2019/20 to fund re-phased net capital spending, as detailed in Appendix D of the Officer's report.

### **Reason for the Decision**

As set out in the Officer's report.

### **Any Alternative Options Considered and Rejected**

Not applicable.

### **Scrutiny Considerations**

The Committee received a report from the Assistant Head of Finance / Business Manager.

The Committee were advised this would be the last year that individual reports were produced for each portfolio for presentation to the relevant scrutiny committee. In line with the revised budget scrutiny process followed for the 2019/20 budget, one combined 2019/20 General Fund outturn report covering

all portfolios would be produced for scrutiny at Strategy and Resources Scrutiny Committee.

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

The Executive Councillor approved the recommendations.

## **19/31/HSC New Build Housing - Campkin Road**

### **Matter for Decision**

The report referred to the devolution deal with Central Government and sought approval for a capital budget for the scheme based on the indicative capacity study which had been undertaken for the site and the outlined appraisals referenced in the Officer's report and for the delivery route to be adopted.

### **Decision of the Executive Councillor for Housing**

- i. Approved the scheme in principle, recommending to Council, the inclusion of an indicative capital budget for the scheme of £15,964,921 in the Housing Capital Investment Plan, to cover all of the site assembly, construction costs, professional fees and associated other fees to deliver a scheme that meets an identified housing need in Cambridge City.
- ii. Approved that, subject to Council approval of the budget, delegated authority be given to the Exec Cllr for Housing in conjunction with the Strategic Director to enable the site to be developed through Cambridge Investment Partnership (CIP) subject to a value for money assessment to be carried out on behalf of the Council.
- iii. Authorised, subject to Council approval of the budget, the Strategic Director in consultation with the Executive Councillor for housing to approve variations to the scheme including the number of units and mix of property types and sizes outlined in this report.
- iv. Approved the use of the updated Council Home Loss Policy attached as Appendix 3 of the Officer's report.
- v. Delegated authority, subject to Council approval of the budget, to the Strategic Director to commence Compulsory Purchase Order (CPO) proceedings on Leasehold properties to be demolished to enable the development should these be required.
- vi. Delegated authority to the Strategic Director to serve initial Demolition Notices under the Housing Act 1985.

### **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 Senior Development Manager Housing.

In response to comments and questions from the Committee the Senior Development Manager Housing said the following:

- i. Did not have the percentage figures for the area of land the site was to be built on.
- ii. The form of the development had been set by the need to keep the line of trees which ran along Campkin Road.
- iii. Acknowledged there had been previous problems with shared ownership tenures concerning the letting and selling of these properties. The Committee had previously discussed these issues and possible solutions such as changes to the tenure to reintroduce as homes for rent.
- iv. The scheme was for all council rented homes.
- v. There was currently no shared ownership in this scheme.
- vi. The key factor was to deliver rented affordable housing in the city.
- vii. Was aware that parking in the area was difficult. The scheme's proposal was a ratio of 0.65 parking spaces to each dwelling.
- viii. Did not believe the development had a major impact on the availability of open spaces; the most significant aspect of the open space was the line of trees earlier referenced.
- ix. In line with planning policy 5% of the dwellings would be wheel chair adapted.
- x. Through the Climate Change Strategy and action plan the Council were due to go to tender to install electric charging points across the council car parks. The electric charging points would also be addressed through the Council's individual planning applications.
- xi. Tenants affected by the development would be given emergency housing status. They would also be permitted to move back but this would be at a higher rental rate. However there would a range of compensation packages for a loss of their homes in the first instance and

for those tenants who were under occupied would have the option to downsize.

The Executive Councillor informed the Committee the unsold shared ownership units on the Virido development had been approved by Homes England to be turned into Council rented accommodation. Approval from Planning was required to finalise this.

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

The Executive Councillor approved the recommendations.

## **19/32/HSC The Homelessness Reduction Act – 12 Month Review**

### **Matter for Decision**

The reported referred to The Homelessness Reduction Act 2017 ('the Act'), came into effect on 3 April 2018. The Act placed major new duties on authorities to relieve or prevent homelessness.

### **Decision of the Executive Councillor for Housing**

- i. Noted the contents of the report and endorsed the approach the Council had taken as described in the appendix of the officer's report in relation to applying its new powers.

### **Reason for the Decision**

As set out in the Officer's report.

### **Any Alternative Options Considered and Rejected**

Not applicable.

### **Scrutiny Considerations**

The Committee received a report from the Head of Housing which outlined The Homelessness Reduction Act 2017 and the key aspects of the new act.

In response to questions and comments from the Committee the Head of Housing said the following:

- i. With regards to the hidden homeless, intelligence was gained from housing forms submitted to the Council. Applicants would indicate if they

were sofa surfing, moving between properties, or if they had a bedroom of their own in the accommodation where they were staying.

- ii. Officers would follow up with those individuals if there was sufficient concern of an imminent threat of homelessness.
- iii. There had been 212 referrals in six months under the duty to refer from statutory bodies (such as the prison services) to the Council.
- iv. Under the homelessness partnership the council shared good practice with other local authorities.
- v.

The Executive Councillor for Housing thanked the Head of Housing and his team for the work that they had undertaken dealing with the increase in caseloads. He also welcomed the Government's decision to scrap the section 21 notice, the 'no fault' eviction issued to tenants from their landlords.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendations.

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

No conflicts of interest were declared by the Executive Councillor.

### **19/33/HSC Update on the Programme to Build New Council Homes Funded Through the Combined Authority**

#### **Matter for Decision**

The report provided an update on the programme to deliver 500 Council homes with funding from the Combined Authority.

#### **Decision of the Executive Councillor for Housing**

- i. Noted the continued progress on the delivery of the Combined Authority programme.
- ii. Noted the funding structure for the Combined Authority programme.

#### **Any Alternative Options Considered and Rejected**

Not applicable.

#### **Scrutiny Considerations**

The Committee received a report from the Head of Housing Development Agency.

In response to questions and comments from the Committee the Strategic Director and Head of Housing Development said the following:

- i. The Council had its own sustainability housing standard which all dwellings across the housing programme met or exceeded.
- ii. The Council's standard surpassed the national sustainability requirements.
- iii. Each development was treated differently regarding sustainability, as each site had different constraints and requirements.
- iv. The Mill Road development had a 19% improvement on the sustainability building regulations. This was due to certain factors such as a fabric first approach, solar panels, heat and power systems which would reduce admissions significantly.
- v. Electric vehicle charging points would be installed on certain developments.
- vi. Stopping the use of fossil fuels on a development would be a long term project for officers to investigate.
- vii. Passive house standards was impacted by the site constrained as well as type of homes built.
- viii. It was not currently possible to deliver a passive house standard on higher level apartments.
- ix. Reiterated the Council's build programme had been designed to meet a high level of sustainability.
- x. The consultation process on the Meadows and Buchan Street development had been voluntary. This was in advance of the statutory consultation process which would follow.
- xi. Over three thousand leaflets had been distributed to advertise the Meadows and Bucham Street public consultation. Posters had been displayed throughout the area and advertised online. The exhibition finished at 9.00pm for people to attend after work.
- xii. A follow up meeting was then arranged to discuss concerns raised at the exhibition which covered the loss of open space.
- xiii. In respect of the Cromwell Road development the plans put forward had been for 295 houses, which was above the Supplementary Planning Document (SPD) proposal of 225 houses. The profit margin was lower for the council's joint venture partner compared to what they would have received developing the site themselves.
- xiv. Had listened to public consultation on the Meadows and Bucham Scheme. Officers were currently working with architects on how to enhance the public open space; therefore no clear response could have



been given to the public speaker. The public consultation was still open on this matter.

- xv. The demand for housing in the area which the Meadows and Bucham Street stood was one of the highest in the city.
- xvi. The relationship with the Cambridge Investment Partnership (CIP) was 50/50 joint venture but set up as an independent company. All of the accounting was by open book and had audited accounts

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

The Executive Councillor approved the recommendations.

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

No conflicts of interest were declared by the Executive Councillor

### **19/34/HSC Compulsory Purchase of Long-term Empty Property**

The Housing Scrutiny Committee undertook a public interest test and resolved by 4 votes to 3 to exclude members of the public from the meeting on the grounds that, if they were present, there would be disclosure to them of information defined as exempt from publication by virtue of paragraphs 1 & 2 of Part 1 of Schedule 12A of the Local Government Act 1972.

#### **Matter for Decision**

The report outlined a long term empty property which had been unoccupied for 6 months or more and as such further action by the Council was required to bring it back into use.

#### **Decision of Executive Councillor for Housing**

- i. Approved the Compulsory Purchase powers pursuant to Section 17 of the Housing Act 1985 in respect of the empty property referenced in the officer's report, in order to acquire the property and bring it back into residential use.
- ii. Authorised proceedings to make a Compulsory Purchase Order and officers are instructed to take all necessary action to implement the resolution.
- iii. Approved the capital funding as outlined in section 4 (Financial Implications) of the officer's report is made available in respect of the acquisition and associated costs which will be recovered through the sale of the property.

**Scrutiny Considerations**

The Committee received a report from the Empty Homes Officer.

The Committee welcomed the report.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendations.

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

No conflicts of interest were declared by the Executive Councillor.

The meeting ended at 7.40 pm

**CHAIR**



Item

## Housing Revenue Account Asset Management Strategy

**To:**

Housing Scrutiny Committee

26 September 2019

**Report by:**

Lynn Thomas

Head of Housing Maintenance and Assets

Tel: 01223 457831

Email: [lynn.thomas@cambridge.gov.uk](mailto:lynn.thomas@cambridge.gov.uk)

**Wards affected:**

City Wide

### 1. Executive Summary

- 1.1. A comprehensive review of the previous Housing Revenue Account (HRA) Asset Management Strategy (AMS) has been completed and this strategy will replace the previous version dated 2012.
- 1.2. Understanding our housing stock, its condition and the associated investment needs in it is a key component of managing the Council's housing into the future. Our ability to make strategic investment, re-development and disposal decisions in a timely manner is crucial if we are to manage a successful, expanding housing business to meet both current and future housing needs in the city and surrounding areas.
- 1.3. This AMS covers the 5 year period 2019/20 to 2024/25. The strategy concentrates on those activities relevant to the management of the Council's housing related assets but also touches on the wider housing context within the city and forms a component of the HRA Business Plan.
- 1.4. The AMS identifies some of the decisions that will need to be made during the coming years in order to ensure that investment is prioritised in the most cost-effective manner and that the

organisation makes the best use of its assets. The plan recognises that there is a natural tension between competing investment needs, for example investment in the existing housing stock, investment in new affordable housing and investment in housing management service provision.

- 1.5. The AMS aims to return to a partial investment standard model rather than the basic Decent Homes Standard; this will ensure we invest in the current stock at the appropriate time and in the long term will reduce the level of spend in revenue repairs and maintenance.
- 1.6. The Council is committed to reducing its carbon footprint and improving sustainability across its asset portfolio. The Council has declared a climate change emergency in February 2019 and has called on government, industry and regulars to make changes to enable Cambridge to reach net zero carbon by 2030. Policy changes and initiatives are likely to have impact on the housing stock and maintenance in the future. It is not yet clear exactly what will be required to be done to improve the energy performance of the existing housing stock but the Council will start to investigate costs and ways of achieving this in 2020/21.
- 1.7. Some of the new initiatives to be considered and developed are listed below. Although they will have future cost implications, these haven't been built into the HRA Business Plan as they are not yet quantified. They will be incorporated into future iterations of the financial plan as the information becomes available:
  - Implement a new rolling programme of stock condition surveys so properties are inspected every five years
  - Continue the programme of structural surveys of flats blocks and implement survey programme for older flats and houses with structural concrete elements
  - Reduce the electrical inspection cycle to five years in line with best practice
  - Implementation of "Orchard Asset" asset management software – including development of the compliance and energy modules
  - Develop a methodology which identifies high cost investment properties across the stock and calculates net present values – using new software in Orchard Asset

- Implement a programme of estate investment projects
- Establish a programme of re-inspection of asbestos containing materials and implement a new asbestos register based within Orchard Asset
- Implement an annual programme to inspect fire doors to flats and communal areas (including the replacement of non-compliant fire doors)
- Review maintenance requirements for flat roofs and sheds replacement and repair
- Develop a replacement programmes for lifts, door entry systems, communal entrance doors, fire systems, automatic doors, and communal lighting.
- Review the cyclical decoration programme and reduce the external masonry painting programme to a 7- year cycle to tie in with the painting and repair cycle.

## **2. Recommendations**

The Executive Councilor is recommended to:

- 1) Approve the Housing Revenue Account Asset Management Strategy 2019/20 to 2024/25

## **3. Background**

- 3.1 The 2012-2015 HRA Business plan and asset management plan were constructed on the basis of delivering a fuller investment standard than the Decent Homes Standard. In 2015/16 in response to the financial pressure within the business plan, caused by the rent reduction and proposed introduction of the higher value voids levy, it was necessary to return to the basic decent homes standard. This meant for some building elements the lifecycles were extended.
- 3.2 It is proposed within this strategy, subject to funding being available, we return to an investment standard model. This means that building components are replaced proactively when their lifecycles expire as opposed to reactively, when a combination of their age and condition means they fail. This enables us to secure procurement benefits whilst reducing the cost of reactive maintenance (responsive repairs and void costs)

- 3.3 Within this asset strategy we will make greater use of an increased amount of stock condition information to inform decisions on investing in, redevelopment and disposal of the Council's housing stock. These decisions will be based around the Council's agreed priorities and pressures.
- 3.4 The initiatives within the revised AMS have been modelled within the HRA Business Plan to ensure that they are affordable in conjunction with other requirements of the HRA finances over the 30 year life of the business plan.
- 3.5 The objectives of the updated Strategy, which are also reflected in the services Operational Plan, are to:
- Ensure the Asset Management Strategy delivers safe, warm and well-maintained homes for our tenants.
  - Provide a high performing repair and planned maintenance service for our tenants that gives value for money.
  - Work with council tenants to agree priorities and invest in estates improvements to our estates and communities.
- 3.6 Guidance/statute that has been referred to when producing the plan:
- Building Regulations
  - Relevant British Standards
  - Decent Homes standard
  - Health and Safety legislation
  - BS7671:2008 – IET Wiring Regulations
  - Gas regulations
  - Control of asbestos regulations
  - Regulatory Reform (Fire Safety) Order 2005
  - RICS – life expectancy of building components
  - CIBSE – compliance guidance and lifecycles
  - HSE ACoP L8 Prevention & Control of Legionellosis

## **4. Implications**

### **a) Financial Implications**

There are a number of assumptions made within the asset management plan that have been modelled and included within the

HRA Business Plan. The 10 year housing capital investment plan can be found within the AMS at Appendix F.

The AMS has been modelled within the revised HRA Business Plan to ensure that the requirements have been accounted for; the updated HRA Business Plan is being presented separately to Housing Scrutiny Committee in this meeting.

#### **b) Staffing Implications**

The present AMS is delivered by the Estates & Facilities service within its existing resources, although a comprehensive service review is currently being undertaken to ensure we have the appropriate skills and number of resources. The aim is to improve the current performance of the team and provide improved customer service and value for money.

#### **c) Equality and Poverty Implications**

We are not proposing anything that reduces service levels or could have a negative effect on any particular groups. We have taken steps to reduce lifecycle of building components which should mean some doors, windows, roofs and bathrooms are replaced sooner than they otherwise would have done.

This strategy is about investing in the Council's existing assets to maintain them good, condition, and maintain the Decent Homes standard.

#### **d) Environmental Implications**

The Strategy would have a low – medium positive impact during the lifetime of the strategy. The initiatives contained within section 9 Energy Efficiency and sustainability outlines the Council's commitment to reducing its carbon footprint and improving sustainability across its asset portfolio. The strategy will have a medium positive impact on energy use and a low positive impact on Cambridge City to withstand drought.

#### **e) Procurement Implications**

There are no direct procurement implications. There is an E+F service review underway and this is likely to result in review of procurement requirements for the service, in particular looking at the procurement

arrangement for contractors supporting in-house delivery of repairs and voids.

E+F will continue to work closely with corporate procurement and legal teams when procuring contracts for delivery of maintenance services

#### **f) Community Safety Implications**

New initiatives in the asset strategy for

- Implementing a programme of estate improvement projects including replacement street lamp columns and communal lighting and other security improvements at blocks of flats which should help with perceptions of safety on estates and improve lighting
- Decent home back log will address backlog of doors – which will be more secure than existing doors
- Lowering the lifecycle for windows means a new windows programme with start in 20/21 and this will result in more secure and energy efficient windows
- Developing a programme for replacement of door entry systems to ensure communal parts of blocks of flats are secure
- Range of measures to address fire risk including adding heat detectors to all flats

### **5. Consultation and communication considerations**

5.1. Residents and Officers Asset Management Group (ROAM) - This group meets quarterly to discuss maintenance of the Council's housing stock. Its members are tenant and leaseholder representatives and Council officers from the Estates and Facilities team and City Homes. The revised AMS has been discussed at the ROAM group.

5.2. We have consulted with key stakeholders:

- Head of Housing
- Assistant Head of Finance and Business Manager
- Housing Asset Maintenance Accountant
- Housing Services Manager - City Homes
- Home Ownership Team
- Estates & Facilities Surveying team



## **6. Background papers**

Background papers used in the preparation of this report:

HRA Business Plan

## **7. Appendices**

- Housing Revenue Account Asset Management Strategy 2019/20 to 2024/25

## **8. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact: Will Barfield, Asset Manager, Tel: 01223 457843, email:

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# Housing Revenue Account Asset Management Strategy

**September  
2019**

11/9/19 – Will Barfield

Cambridge City Council

# Cambridge City Council Housing Revenue Account Asset Management Strategy

## Version Control

Version	for :	Anticipated Content
11/9/19	Final for Housing Scrutiny Committee	

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## **SECTION 1 – INTRODUCTION**

Understanding our housing stock, its condition and the associated investment needs in it are key components of managing the Council's housing into the future. Our ability to make strategic investment, re-development and disposal decisions in a timely manner is crucial if we are to manage a successful, expanding housing business to meet both current and future housing needs in the city and surrounding area.

### **Definitions**

**Asset management** is the activity that ensures that the land and buildings asset base of an organisation is optimally structured in the best corporate interest of the organisation concerned. It seeks to align the asset base with the organisation's corporate goals and objectives.

An **asset management plan** is a plan covering the organisation's asset strategy together with other related matters, for example, the organisational structure and governance, roles and responsibilities, data and performance management arrangements and performance measurement information.

An **asset strategy** is the organisation's strategy for its asset base.

(Definitions from "RICS Public Sector Asset Management Guidelines –a guide to best practice" January 2008)

### **Background**

This asset management strategy covers the five-year period 2019/20 to 2024/25. It concentrates on those activities relevant to the management of the Council's housing related assets but also touches on the wider housing context within the City and forms a component of the overall HRA business plan.

Before 2012, investment in the housing stock was targeted to achieve and maintain the Decent Homes standard. The level of investment required to comply with the

decent homes standard is not a full investment standard approach to asset management.

The 2012-2015 HRA Business Plan, Asset Management Plan and resulting 30-year Housing Capital Investment Plan were constructed on the basis of delivering at an investment standard in our housing stock. This included a transition to a full investment standard over the first 10 years of the life of the business plan.

After 2015/16, officers considered the difference in costs of returning to the basic decent homes standard for some building elements, to provide flexibility to respond to anticipated increased financial pressures elsewhere across the housing service. Another reason was to be able to re-direct investment into other areas, i.e. new build affordable housing. This resulted in the lifecycles for some building elements being extended.

It is proposed within this strategy, subject to funding being available, to return to a partial investment standard model. This means that building components are replaced proactively when their lifecycles expire as opposed to reactively, when a combination of their age and condition means they fail. This enables us to secure procurement benefits whilst reducing the cost of reactive maintenance (responsive repairs and void costs).

Moving forward, the Asset Management Plan will make greater use of good quality stock condition information to inform the strategic framework within which decisions on investment or disinvestment can be made. It also sets out the Council's priorities and the pressures that will shape the pattern of future investment. Finally it identifies some of the decisions that will need to be made during the coming years in order to ensure that investment is prioritised in the most cost-effective manner and that the organisation makes the best use of its assets. The plan recognises that there is a tension between competing investment needs, for example investment in the existing

housing stock, investment in new affordable housing and investment in housing management service provision.

### New asset management initiatives to be developed 2019/20 - 2024/25

	Implement a new rolling programme of stock condition surveys so properties are inspected every five years
	Continue the programme of structural surveys of flats blocks and implement survey programme for older flats and houses with structural concrete elements
	Reduce the electrical inspection cycle to five years in line with best practice
	Implementation of “Orchard Asset” asset management software – including development of the compliance and energy modules
	Develop a methodology which identifies high cost investment properties across the stock and calculates net present values – using new software in Orchard Asset
	Implement a programme of estate investment projects
	Establish a programme of re-inspection of asbestos containing materials and implement a new asbestos register based within Orchard Asset
	Implement an annual programme to inspect fire doors to flats and communal areas (including the replacement of non-compliant fire doors)
	Review maintenance requirements for flat roofs and sheds replacement and repair
	Develop a replacement programmes for lifts, door entry systems, communal entrance doors, fire systems, automatic doors, and communal lighting.
	Review the cyclical decoration programme and reduce the external masonry painting programme to a 7- year cycle to tie in with the painting and repair cycle.

## **Section 2 – Asset Management Strategy –Aims and Objectives**

### **The Purpose of the Asset Management Strategy**

This asset management strategy has been prepared to complement and inform the HRA Business Plan, setting out priorities for the maintenance, improvement and development of the housing stock and related housing assets.

The Council has limited resources to invest in housing operations and, as such, should aim to direct them to derive maximum benefit for existing and future residents.

This asset management strategy is intended to assist in meeting the Council's vision statements, with particular reference to:

- *A city which strives to ensure that all local households can secure a suitable, affordable local home, close to jobs and neighbourhood facilities*

This asset management strategy aims to balance competing investment needs in order to:

- Keep dwellings in decent, lettable condition
- Replace building components at the end of their life
- Invest in order to minimise future maintenance and repair costs
- Have sufficient resources to proactively identify and address maintenance issues before they require significant investment
- Balance expenditure on response, cyclical and planned works
- Comply with statutory and regulatory servicing and maintenance requirements
- Maintain the external environment as well as individual homes
- Deliver value for money through maintenance contracting and procurement
- Respond to residents' priorities
- Anticipate potential decline in desirability or value of the housing stock
- Make the most of opportunities to develop new housing

## Guiding Principles

The guiding principles are:

- Ensuring the stock complies with relevant regulatory requirements e.g. Decent Home Standard and the Housing Health and Safety Rating System.
- Having up to date stock condition information achieved by surveying assets every five years
- Accepting responsibility as the majority landlord on principal estates, for their reputation as places where people will choose to live
- Maintaining a balanced portfolio of affordable housing, recognising a wide range of housing need
- Developing long term arrangements within the supply chain where possible
- Seeking ways to continually reduce annual expenditure on responsive maintenance
- Re-letting empty properties as quickly as possible to minimise rent loss and Council Tax liability
- Targeting deprived areas and linking in with existing regeneration and neighbourhood plans
- Programming delivery of works in the most cost effective manner.
- Forward planning, transparency and maintaining a five year rolling programme of maintenance projects.
- Incorporating measures to improve the energy efficiency of the housing stock in programmes of work where possible

## Asset Management Components and Tools

The Council has a range of **tools** and **components** in place to assist in the process of delivering the asset management plan.

These **tools** include:

- Stock condition data, collected using reliable and verifiable stock survey techniques.

- A stock condition database maintained and interpreted by Council staff, incorporating both Decent Homes data and the Housing Health and Safety Rating System.
- Tools to assess the viability of re-development
- A highly experienced workforce to deliver maintenance projects within time and cost, working with partners
- An HRA Business Plan to support this plan and the intended work programmes
- Procurement strategy
- In-house delivery team

These tools are the basic equipment required to enable the Council to take informed decisions. Once the strategic decisions have been taken the council is able to use the various components of its plan to deliver results.

These **components** include:

1. A 5-year rolling planned maintenance programme, achieving economies by replacing components just before they would otherwise require response repairs, anticipating changes in minimum acceptable standards, and reducing future requirements for cyclical maintenance
  2. Planned cyclical maintenance to prevent deterioration in the physical condition of the stock
- A responsive maintenance service, to ensure that residents remain satisfied with their accommodation and to prevent unplanned deterioration in stock condition.
  - An efficient and effective voids repair service, helping to protect the council's revenue and minimise the number of rejected offers
  - Regeneration of dwellings and estates including refurbishment and remodelling of accommodation to ensure that it remains attractive and meets modern requirements and resident's expectations.

- Demolition or disposal of selected property, to remove obsolete provision or to permit replacement with dwellings that respond more effectively to changing requirements and represent a sounder economic and social investment

### Corporate Asset Management

The Council has a wide-ranging asset portfolio including housing estates, operational buildings common land, community centres, car parks, swimming pools, commercial property, vehicles and equipment.

The Council has a corporate asset management plan dated May 2019 and this focuses on commercial and operational buildings.

## **Section 3 – Asset Profile**

### **Housing Stock Numbers**

The Council's housing stock consists of a mix of dwelling types.

The tables below identify the number of dwellings that the Housing Revenue Account owns and manages.

Housing Category	Actual Stock Numbers as at 31/3/19
General Housing	6,449
Sheltered Housing	510
Supported Housing	22
Temporary Housing (Individual Units)	61
Temporary Housing (HMO's)	24
Miscellaneous Leased Dwellings	18
Shared Ownership Dwellings	109
Total Dwellings	7,193

### **Housing Stock Type**

The housing stock can be summarised by high-level property type and accommodation size, which is useful, when compared to the housing need in the city, in determining where the greatest need for additional affordable housing lies.

Stock Category (Property Type) Excluding Shared Ownership	Actual Stock Numbers as at 31/3/19
Bedsits	97
1 Bed Flat / Maisonette	1522
2 Bed Flat / Maisonette	1370
3 Bed Flat / Maisonette	52
1 Bed House / Bungalow	150
2 Bed House / Bungalow	1092
3 Bed House	2181
4 Bed House	101



Stock Category (Property Type) Excluding Shared Ownership	Actual Stock Numbers as at 31/3/19
5 Bed House	7
6 Bed House	2
Sheltered Housing	510
Total Dwellings	7084

## Housing Stock Categories

Under the national Housing Revenue Account Subsidy system, the Council's housing stock has been categorised across 15 property archetypes:

Stock Category (Property Type)	Actual Numbers as at 31/3/19
Pre 1945 Small Terraced Houses	93
Pre 1945 Semi-Detached Houses	449
All other Pre 1945 Houses	543
1945 - 1964 Small Terraced Houses	72
1945 - 1964 Large Terraced / Semi-Detached / Detached Houses	884
1965 – 1974 Houses	355
Post 1974 Houses	416
Non-Traditional Houses	523
Pre 1945 Low Rise Flats (1 to 2 storeys)	129
Post 1944 Low Rise (1 to 2 storeys)	2,068
Medium Rise Flats	1,247
High Rise Flats	78
Bungalows	203
Pre 1945 Multi-Occupied Dwellings	5
Post 1944 Multi-Occupied Dwellings	19
Total Dwellings	7,084

## Housing Stock age

The Council has an active house building programme. However there are large numbers of older property in the stock. Over 50% of the stock is over 55 years old and

73% of the stock is over 45 years old. The age of the stock has an impact on the cost of repairs and maintenance.

	Age now at least	Number	Cumulative	%	Cumulative % of stock	
Pre 1914	105	107	107	1.5%	1.5%	
1915-1944	75	1136	1243	15.8%	17.3%	% of stock at least 75 years old
1945-1964	55	2536	3779	35.3%	52.5%	% of stock at least 55 years old
1965-1974	45	1506	5285	20.9%	73.5%	% of stock at least 45 years old
1974 - 2004	15	1577	6862	21.9%	95.4%	stock less than 45 years old
Post 2005		331	7193	4.6%	100.0%	New build since 2005
<b>TOTAL</b>			7193			

### Stock modelling archetypes

In preparing for the implementation of self-financing in 2012, the asset base was categorised in a different way to allow financial modelling to be undertaken in respect of specific assets or groups of assets. The table below summarises the categories considered. Many properties could be included across a number of categories, but each one has been assigned to the first category it fits into progressing through the list, ensuring that the investment requirement in each property is considered only once.

Stock Modelling Archetype (Including Shared Ownership)	Actual Stock Numbers as at 31/3/19
Affordable Housing Re-Development (Decision Made)	51
3 Year Affordable Housing Programme	0
Lichfield / Neville Road	181
Shared Ownership	109
Miscellaneous Leases	18

Stock Modelling Archetype (Including Shared Ownership)	Actual Stock Numbers as at 31/3/19
Easiform	501
BISF	33
Unity	89
Caldor	23
Timber-Framed	8
Listed / Special interest Buildings	118
Temporary Housing Hostels / HMO's	68
Temporary Housing Dispersed	9
Sheltered Housing – Category I	72
Sheltered Housing – Category II	51
Sheltered Housing – Extra Care	211
New Build (Post 2000)	287
Flats above Shops	47
Flats Low Rise (1 to 2 storeys)	1689
Flats Medium Rise (3 to 5 storeys)	752
Flats High Rise (6 storeys and over)	51
Bungalows	187
Houses – Detached Pre 1945	492
Houses – Semi-Detached Pre 1945	443
Houses – Terraced Pre 1945	67
Houses – Post 1945	1636
Total Dwellings	7193

### Shared Ownership Housing

The Council currently owns the freehold and a proportional share of 88 shared ownership properties. The shared ownership stock, which is also included in some of the tables above, consists of:

Stock Category (Property Type) Shared Ownership	Actual Stock Numbers as at 31/3/19	Estimated Stock Numbers 31/3/20
1 Bed Flat	18	18

2 Bed Flat	21	21
3 Bed Flat	4	4
1 Bed House	29	29
2 Bed House	25	25
3 Bed House	5	5
4 Bed House	1	1
1 Bed Bungalow	4	4
2 Bed Bungalow	1	1
3 Bed Bungalow	1	1
Total Dwellings	109	109

Shared Ownership dwellings are leased to shared ownership tenants, with the tenant purchasing a share of the property, usually an initial share of 50%, with a requirement to pay the Council rent for the remaining share of the dwelling. The rent due on the share retained by the Council is discounted to take into consideration that the Council no longer has a repairing liability for the dwelling itself.

If the shared ownership property is a flat, as landlord, the Council retains the responsibility to repair any communal areas and the building's external structure.

## Sheltered Housing

Between 2002 and 2012 the Council undertook a programme of major refurbishment of its sheltered housing stock. Ditchburn Place is currently undergoing major refurbishment and extension and is due to be complete in 2020.

Three sheltered housing schemes - Ditton Court, School Court and Stanton House were not included in the sheltered housing modernization programme. Stanton house was refurbished in the early 1990s and Ditton Court and School Court were both built in the 1980s. The future investment requirements for these schemes will need to be assessed.

The Council provides a range of sheltered housing:

- Category 1 sheltered housing is independent accommodation for older people, where direct access to the dwelling is straight off the street.
- Category 2 sheltered housing is also independent accommodation for older people, but access to the dwelling will be from a communal corridor with a designated scheme, with communal facilities, such as communal lounge and kitchen provided to supplement the living accommodation. In addition to this,
- Extra-Care accommodation - the Council owns 36 Extra-Care units where personalised care, catering and laundry services are provided in addition to support services.

The investment requirement to maintain decency in Category 1 housing is not dissimilar to that of general needs properties, whereas the investment requirement in Category 2 and Extra-Care housing is considerably higher, with the need to not only maintain decency in the dwelling, but also to invest heavily in ensuring that all communal facilities meet both health and safety and sheltered housing standards.

A full review of all of the communal facilities and M+E plant in the Council's sheltered housing stock needs to be carried out and this will identify the longer-term investment need and allow detailed timetabling of this activity. In the interim, a provisional sum has been included in the financial modelling presented as part of the business plan, to allow for the anticipated replacement of communal kitchens, bathrooms, boilers, lifts, door entry systems, fire alarm systems, etc.

The table below summarises the sheltered housing stock that the Housing Revenue Account will manage from April 2019.

Sheltered Housing Schemes	Scheme Status	Stock Numbers as at 31/3/19
<u>Category II and Extra Care</u>		
Brandon Court	Refurbished 2012	30
Ditchburn Place	Refurbished 2017-2019	51
Ditton Court	No works planned	27
Mansel Court	Refurbished 2007	25
Rawlyn Court	Refurbished 2005	26
School Court	No works planned	29
Stanton House	Modernised in 1990	33
Talbot House	Refurbished 2009	21
Whitefriars	Refurbished 2001	20
<u>Category I</u>		
Greystoke Court	Maintain Decency	12
Lichfield / Neville Road	Maintain Decency	176
Walpole Road	Maintain Decency	60
Total Sheltered Housing		510

## Non Traditional Housing

The Council has a number of properties built using non-traditional building methods.

Construction Type	Number	Status of Dwellings
Easiform	501	Flats refurbished (134), houses and bungalows no required refurbishment to date (405)
BISF	33	External thermal insulation completed
Unity	94	Upgrading complete, including external thermal cladding and new kitchens and bathrooms
Caldor	23	Upgrading complete, including roofs, external thermal insulation and new kitchen and bathrooms
Timber-Framed	8	Properties have been re-clad with brick
Total	654	

## Easiform

The Council has around 501 Easiform properties, constructed in the decade between 1945 and 1955, making them a Type 2 Easiform construction. Most often, these properties are constructed from cast concrete or concrete panels. Properties are located in the south of the city including; Colville Road, Birdwood Road, Corrie Road, Davy Road, Fanshaw Road, Ekin Road, Godwin Close, Gunhild Way, Peveral Road.

The construction is not particularly thermally efficient. The flats have been refurbished in the past, but the houses have not been identified as requiring any additional works to date. A programme of external wall insulation commenced in 2013/14 and a small number are being completed each year.

## BISF

The housing stock includes 33 properties built using a British Iron and Steel Federation (BISF) construction method, producing pre-fabricated houses, which utilise a simple steel frame construction process. The properties in Foster Road, Paget Road and Byron Square were built post war, in 1947, to deliver housing quickly; meeting the national need to re-supply where housing stock was lost during the war.

The thermal properties of this type of dwelling are poor and they are expensive to heat. In addition extensive redecoration is required to the sheet cladding originally provided to first floor level at each redecoration cycle. In order to address the issues inherent in this type of build, the authority is investing in the application of externally applied thermal insulation with self-coloured render systems significantly improving the thermal properties of the dwelling and reducing running costs for tenants.

## Unity

The 94 Unity houses included in the housing portfolio are all in the south of the city, in Bridewell Road, Colville Road, Godwin Way, Leete Road, Malletts Road, Walpole Road and Wulfstan Way. The properties were built in the early 1950's of a pre-cast reinforced concrete construction with a steel sub frame.

To address the issues inherent in this construction type, the properties were upgraded thermally by the installation of an external insulation system, the roof structure was reinforced and the roof covering replaced by a lightweight profiled metal sheet roof covering. Kitchen & Bathroom upgrades were also carried out whilst the external programme was being completed.

### **Caldor**

The 23 Caldor homes owned and managed within the housing stock were built in the mid 1960's in Cameron Road and Nuns Way. Each house consists of factory assembled prefabricated accommodation units with asbestos-based cladding and flat roofs.

To address the issues inherent in this type of build, the authority carried out major refurbishment works in 2002. The refurbishment included; removal of asbestos, kitchens, bathrooms, new flat roof system, external wall insulation and cladding. The external wall insulation system has a design life of 30+ years provided any damage to the surface finish is repaired immediately, and regular maintenance is undertaken. The flat roofing system has a design life of 30+ years.

### **Timber-Framed**

There are 8 remaining timber-framed properties, built in the mid 1920's in Kings Hedges Road. The properties are all 3 bedroom semi-detached houses. The properties were re-clad with brick in the late 1980s. There are no other specific maintenance issues.

### **Buildings of Historic / Special Interest**

There are a number of properties that the housing service has categorised as being buildings of historic or special interest. This may be due to the nature of the construction or style of the property, the age of the property (pre 1900), the unusual location of the dwelling or distance from other council accommodation.



There is merit in considering the options for each of these dwellings separately, with the potential for re-development, conversion for alternative use or disposal on the open market being financially viable options, which may make a positive contribution on an individual basis to the business plan, facilitating additional investment in new affordable housing.

### Properties used as Temporary Housing

The Council utilises Housing Revenue Account stock to provide Temporary Housing, as one means of meeting the organisation's statutory homeless responsibility. The Temporary Housing stock comprises two homeless hostels and a number of dispersed units across the city.

The investment need in these properties is significant, with a high level of turnover due to the nature of the housing need. The properties are on occasions subject to excessive wear and tear, increasing the responsive repair and void costs associated with this particular category of stock.

The hostel at 116 Chesterton Road which provides a number of separate units and the building is classified as a house in multiple occupation, with residents having shared bathing and catering facilities.

The hostel at New Street is predominantly self-contained accommodation within a hostel environment, but recent changes have resulted in the use of two flats for the provision of 4 bed and breakfast units of accommodation. Although this change is anticipated to further increase the maintenance cost of these dwellings, the General Fund is meeting this cost of emergency bed spaces at a far cheaper overall cost than bed and breakfast in the private sector.

### Miscellaneous Leases

A small number of the Housing Revenue Account's housing stock is leased to organisations. This has assisted the Council in meeting wider strategic housing

objectives to provide a range of different types of housing across the city, meeting a variety of specialist housing need.

A number of the leases have been in place for many years and are subject to continual review from an investment perspective. The investment need for each property needs to be considered alongside any potential alternative use in the longer term.

A number of the properties leased in this way are located in areas of the city where little other council housing exists, and may therefore be candidates for consideration for strategic disposal when the existing leases terminate.

The current miscellaneous lease portfolio is included at appendix B.

### **Leasehold Properties**

As at 1<sup>st</sup> April 2019, the Council held an interest in 1187 leasehold properties with the responsibility to carry out any major repairs to the block structures, as the Council owns the freehold. Major repairs include elements such as replacement of the roof, walls, balconies where all properties benefit but no one property is responsible.

Although the Council funds the initial investment, leaseholders are subsequently invoiced for these works and are requested to pay their share of the cost of the works.

The Council has a legal requirement to consult with leaseholders when work is planned where one leaseholder would have to pay more than £250, (a Section 20 Consultation, under the Commonhold and Leasehold Reform Act 2002). Where the Council do not consult and follow clearly defined processes, the Council's ability to recover costs is limited to £250.

Internal repairs and maintenance (excluding communal areas) remain the responsibility of the individual leaseholder. Day to day maintenance for communal areas of the block is recharged through the leaseholders' service charges.

### Garages

At 1/4/19 the Council manages and maintains 1,556 garages and 41 chargeable parking spaces, mostly in blocks on housing estates.

The garage stock requires significant investment if it is to be retained as a lettable asset into the future. Void levels in Council garages remain high, with a void rent loss of £173,000 in 2018/19 (around 16.7% of total rent for garages).

A survey of garage blocks was undertaken in 2006, identifying an investment need of £955,000 at the time. This survey needs to be repeated and is planned for 2020/21.

Some garage sites that were difficult to let have been developed for new housing, with a number of sites now featuring on the housing development programme.

There is an annual provision of £100,000 capital investment in respect of HRA garages, but there is on-going deterioration in the condition of the ageing garage stock.

The anticipated income from garages in 2019/20 is £786,270.

### Commercial and other property

The Housing Revenue Account owns a small commercial property portfolio, consisting of shops and land utilised for non-housing purposes.

The majority of shops in the Housing Revenue Account are situated on housing estates and were built as part of creating the affordable housing and associated infrastructure and have tenanted social housing built above them.

The portfolio currently includes 24 shops. The shops are let on commercial leases, generating commercial market rental streams of approximately £214,900 per annum.

HRA Commercial Property Location	No of Units	Annual income at 1/4/19
Akeman Street Shops	4	0 – Vacated for demolition and redevelopment
Anstey Way Shops	6	£214,900
Barnwell Road Shops	6	
Campkin Road Shops	4	
Hazelwood Road Shops	1	
Walpole Road Shops	1	
Wulfstan Way Shops	2	
Other Buildings	2	£27,000
Car Parks (One let internally)	2	£43,370
Land / Ground Rents / Allotments/ Access rights		£105,250
<b>Total Commercial Property Portfolio</b>		<b>£379,520</b>

The commercial property portfolio is managed by Property Services under a service-level agreement. The service-level agreement includes meeting the costs of any responsive and end-of-lease repairs that remain the Council's liability under the terms of each lease. An allocation is earmarked in the housing capital programme to meet the costs of structural works or improvements that are required to these properties.

The shops are let on terms whereby the tenant is responsible for internal repairs and re-decoration and the shop front and doors. The Council is responsible for other external repairs and the main structure and roof. The only exception is the shop at Hazelwood Close where the tenant is fully responsible for repairs and decoration.

A review of the required sum for major repairs and improvements across the commercial property portfolio is required to ensure that an appropriate provision is included in future financial estimates. This is scheduled for 2020/21.

In addition to the commercial property managed by Property Services, the Housing Revenue Account owns a number of non-income generating neighbourhood assets, such as the area housing office at 171 Arbury Road, Lichfield Hall and offices, and laundry sites incorporated as part of flat blocks.

## Land Assets

The Housing Revenue Account has multiple land assets across the city, with an audit of these sites having been carried out in 2005, both documenting the sites and identifying those which might have potential development opportunities. These sites are actively investigated, with appropriate sites being brought forward for development decisions where appropriate as part of a rolling 3-year affordable housing programme.

## **Section 4 – Asset information and stock condition data**

### **Stock Condition**

Current Decency Levels, measured against the Decent Homes standard, are as follows:

As at 31<sup>st</sup> March 2019 there were 799 properties that were considered to be non-decent (in addition to 977 refusals), with another 307 anticipated to become non-decent during 2019/20. This represents Decent Homes performance of 89%. It is anticipated that the properties that are non-decent at 31<sup>st</sup> March 2019, are included in the 2019/20 investment programme.

Maintaining decency in the housing stock is an on-going commitment, with properties moving from decent to non-decent on an annual basis, as a components age or condition changes.

### **Ageing property portfolio**

Although the Council has ambitious new build plans 73% of the stock is at least 45 years old (see the table in section above). This the result of large Council housebuilding programme up to the 1970s.

### **Stock Condition Surveys**

The Stock Condition Survey data provides short, medium and long term estimates of the maintenance and repairs costs for the entire stock over a thirty year period and gives an indication of the level of investment specifically required to meet the Decent Homes Standard.

Up until 2013 the Council had completed stock conditions surveys for 90% of the housing stock. No access accounts for the remaining 10%. This was completed using mainly in-house resources. An external review, carried out by BRE, of the quality and accuracy of the stock condition data gathered concluded “the overall findings from our exercise show that the data is generally robust and represents a sound basis upon

which to plan future works”. Inevitably with a database of this size there are some anomalies but these were generally of a minor nature and not significant in overall terms.”

After 2013 resources were directed to surveying communal parts of housing estates that had not been surveyed during the Decent homes programme. Whilst these are not all Decent Homes issues or subject to strict statutory obligations, there are repair and maintenance liabilities in respect of these items.

In 2014 a new five-year cycle of housing stock survey to update stock condition data was planned but not implemented as a result of a series of staffing restructures that affected housing services. The result is that only a very small number of properties have been surveyed since 2013 and most stock condition data is over five years old.

One objective of this asset management strategy is to ensure that assets are surveyed every five years, so no asset date is more than five years old.

A stock surveys plan has been developed and in order to ensure that the backlog of old surveys are updated, an additional full time stock condition surveyor has been appointed in March 2019. This will enable an annual 20% survey to be completed and all properties (subject to access) will have been surveyed within the last five years in four years' time.

This stock survey programme will mean there is up to date information on the condition of the housing stock. This programme will not involve detailed structural assessments or invasive surveys.

<b>Stock Condition Survey Programme 2019 - 2023</b>					
	31/3/19	31/3/20	31/3/21	31/3/22	31/3/23
Total number of assets (including communal parts of blocks of flats)	8379	8379	8379	8379	8379
Assets surveyed within last 5 years	942	2742	4542	6342	8142
Assets with no survey or surveyed more than 5 years ago	7338	5637	3837	2037	237

Apart from dedicated stock condition surveys there are many other sources of stock condition data including:

- Specialist surveys and investigations (e.g. structural surveys, drainage surveys)
- Annual cyclical redecoration and repair surveys
- Annual inspection of housing footpaths - used to identify trip hazards and planned footpaths replacements.
- Gas Servicing – collects age and condition of smoke and heat detectors and consumer units
- Specific estate surveys
- Electrical testing surveys
- Void Property Surveys
- Energy Performance certification surveys
- Risk assessments (including fire risk assessments)
- Servicing and maintenance contracts
- Resident reports



## Structural condition surveys

A structural survey is not the same as a stock condition survey. The stock condition survey programme outlined above will survey property to establish the existence and condition of building components. It could indicate where there are signs of structural issues or defects, but it will not be an invasive survey or involve any further investigation or testing.

Some detailed structural surveys have been carried out to some of our older blocks of flats over the past two years. A programme of structural surveys and re-inspection is under development and it is possible that this could be linked to the stock condition survey programme or to the cyclical repair and redecoration programme.

## Energy Rating and Performance

The Council uses the results from energy surveys to calculate the average energy performance of the housing stock. The Council has data from 3268 energy performance certificates completed since 2009.

The average energy efficiency rating is currently 72, which is a Band C. The average energy rating for a dwelling in England and Wales is band D (rating 60).

We do not currently have a dedicated energy database but this is available within the new Orchard Asset ICT that will be implemented in 2020.

## **Section 5 – Active asset management**

### **Specific stock issues and emerging issues**

There are a number of specific current issues that are affecting the maintenance of the Council's housing stock:

#### **1. Fire safety**

The Council's fire safety management plan is being updated in 2019/20. The following fire safety priorities have been identified:

- Fire Alarms – ensuring there is early warning so that building occupants are alerted to fire and can take action to escape. Financial provision has been made (starting in 2019/20) for heat detectors to be installed in the kitchen of every property. In addition the Council has at least one smoke detector in every property. These are replaced on a ten year rolling programme.
- Means of Escape (in the dwelling) – ensuring that the means of escape arrangements within dwellings are sufficient to enable the occupants to leave the property if there is a fire. A programme of work is being developed to improve fire safety of maisonettes above ground level.
- Means of Escape (in the building) – ensuring that where the property is part of a large building, the means of escape are such that the occupants can leave a building if they wish or are forced to due to the extent of a fire
- Compartmentation – ensuring suitable compartmentation is provided to contain a fire to its compartment of origin. Where appropriate this will include measures to support a stay put policy.
- Fire doors – Around 300 fire doors have been installed that have subsequently failed to meet the new fire safety testing requirements set out in recently revised Building Regulations guidance. It is planned to replace these doors with new doors that meet the current regulations and have been tested and meet fire protection passed requirements. Fire safety regulations now also require that fire doors in flats doors are inspected on an annual basis and a programme will be developed to address this starting in 2019/20

## **2. Structural issues – balconies and walkways in flats and maisonettes**

A programme of detailed structural investigations and surveys has been carried out to some blocks of flats and maisonettes in order to assess locations and condition of structural concrete components. A schedule of flat blocks of three-storeys and above shows the assets where there are walkways, balconies and canopies. The strategy has been to carry out visual surveys and then plan investigative surveys to concrete components, walls, drains, trees. Blocks of flats have been categorized in archetypes and a programme of repair works has been identified. Bids for financial resources to deliver initial programmes of work will be made in September 2019 onwards. A bid for £2,700,000 is included in the current business plan for the estimated cost of works at the Hawkins Road estate, Ekin Road and Cherry Hinton Road. Future bids will be required for further work, and the next phase of projects includes Hanover and Princess Courts, Cockerell Road and flats and maisonettes in the South Arbury area.

There will be a need for additional resources to monitor and assess condition and repairs to structural concrete and brickwork in ageing flat blocks. It is planned to link the on-going assessment and identification of future structural issues with the external cyclical maintenance programme as far as possible. This could involve inspecting and testing concrete lintels prior to re-painting.

## **3. Ageing stock and capacity to deal with emerging issues**

Although the Council has a new build programme, most of the housing stock is over fifty years old and this ageing housing stock requires more maintenance and repair than new houses.

## **4. High cost works affecting leaseholders**

Related to items 2 and 3 above, where work is being carried out to flats, the Council carries out consultation with leaseholders before commencing work in order to ensure that leaseholder contributions can be fully recovered. In some circumstances an

individual leaseholder's contribution to the cost of work can be over £10,000. The Council does try to limit recharges so they are less than £10,000 over a five year period but this is not always possible where major work is required to blocks of flats.

For resident leaseholders who face financial difficulties paying for the costs of maintenance work, payment plans may be agreed subject to an assessment of financial circumstances.

### **5. Re-wiring / electrical testing – changing from 10 year cycle to 5 year cycle**

An electrical testing programme with a ten-year cycle was established 2006.

It is now considered best practice to test the electrical installation in tenanted properties every five years so there are proposals made as part of this strategy to change the testing cycle to five years.

### **6. External wall insulation**

The Council has a large number of solid wall properties. Some are brick and will require re-pointing, some are rendered and require render repairs and painting. In many cases external wall insulation is a solution that addresses repair issues and also increases energy efficiency. The external wall insulation programme is currently being used in this way. There are many properties that have low levels of energy efficiency and there is a growing demand for this type of work from tenants. Currently the investment in wall insulation is not being used to address energy efficiency issues alone.

### **7. Underground drainage and supply pipework repairs**

There are no allowances for underground drainage and supply pipework repairs in the current investment plan. It is likely that investment in drainage systems will be required in the medium term as these components get older.

Drains which carry household waste are normally the Council's responsibility up until the boundary of the property where they connect to public sewers.

Water supply pipes supplying a Council property are usually the responsibility of the Council.

## **8. Works to communal area assets**

There is a wide range of assets requiring maintenance in communal parts of housing estates. These include lifts, door entry systems, communal entrance doors, communal lighting, fire systems, and automatic doors. Date held on these assets has improved and there are some additional elements included in the revised capital plan to cover the maintenance requirements.

## **9. Sulphate attack**

Some properties within the Council's housing portfolio are known to be suffering from sulphate attack to concrete ground floor slabs. The approach to date has been to carry out work when properties become void, however the repairs must eventually be made. Without remedial works, there is a danger of heave occurring, or cracking of the affected concrete slabs. The impact and rate of chemical attack on the slabs is subject to a number of variables including the presence of moisture, level of sulphates and quality of materials employed in the original construction. The cost of remedial work is substantial.

The known existence at one location raises the question as to whether other properties constructed at around the same period of time and to similar design are also subject to similar problems, and therefore pose a further potential demand for additional resources at some time in the future.

To date, a full survey of the known affected site has been undertaken and remedial works have been carried out to 12 properties, completed when properties have become void. There are 98 properties in this area which still potentially require remedial works, at an estimated cost of £17,000 per unit. Consideration needs to be given to whether there would be benefit in undertaking the works in a programmed

way or evaluating alternative options for the site in light of the significant investment required to undertake the necessary works.

A review of the condition of a sample of affected properties is due to be commissioned in 2020/21.

### **Asset Performance / Reviewing high cost investment properties**

Some properties cost more than others in terms of investment requirements. While this is expected across a varied stock, we need to have a greater understanding of these properties and the reasons this is happening. In some cases disproportionate investment in these properties leads to a drain on resources available.

To further understand the impact of these properties, it is an objective of this asset management plan that we will develop an evaluation which will;

- Develop a methodology which identifies high cost investment properties across the stock and calculates net present values
- Examine demand and turnover at a neighbourhood level
- Evaluate service delivery and satisfaction
- Develop income versus expenditure for each property and within each neighbourhood
- Develop an option appraisal of these properties.

To inform and support decision making about the future of our housing assets, we will develop a set of indicators that show how assets are performing. The indicators can be used reactively, i.e. to assess each property as it becomes void; or proactively to identify assets that are not performing against set criteria.



### **Quality considerations**

Quality indicators will be used to assess whether a property is popular with residents and meeting their aspirations, and if it is meeting our standards for condition and energy efficiency. Properties with low satisfaction scores or relatively long letting times and high turnover rates will be highlighted through this indicator and we can look at strategies for addressing these issues.

### **Business considerations**

This indicator is used to assess whether a property is meeting the Council's core housing objectives, or perhaps diverting resources away from the core business of providing affordable rented housing. Properties that score poorly against this indicator could be small units, i.e. bedsits or one-bedroom flats (where the bulk of demand is for larger family sized units); have a significantly higher than average void repair cost; or have a high proportion of leaseholders.

### **Financial considerations**

The financial indicator we will use is Net Present Value (NPV), which shows what a property is costing to maintain over 30 years compared with the income it generates over the same period. A positive NPV indicates the property is generating enough income to support its costs, whereas a negative NPV indicates the reverse.

### **Development potential**

Having understood the performance of a property and identified poorly performing assets the development potential indicator provides information to assess future options forward. Should it not be possible to improve the performance of the property, this indicator provides useful information as we consider whether to redevelop or dispose of the asset. Components of this indicator include planning constraints, block density and the proportion of leasehold units.



## **Section 6 – Asset Acquisitions and Disposals**

### **Right to Buy**

The majority of the Council's housing stock is subject to right to buy legislation, meaning that a secure tenant of the Council is able to purchase their home from the Council at a discounted rate. The changes in the qualifying criteria and the level of discounts available, have led to an increase in the number of properties sold over recent years.

The authority will continue to face challenges, with the potential to be managing a diminishing housing business, without sufficient resource to replace the dwellings lost under Right to Buy.

### **Right of First Refusal**

From October 2004, all properties sold under the right to buy legislation include a clause that requires the purchaser to offer the property back to the Council prior to re-selling it on the open market. This legislation is known as the 'right of first refusal'.

There are strict timescales under which the Council must enact its right should it so choose, currently requiring an urgent decision as part of our decision making processes.

### **Shared Ownership Acquisitions / Disposals**

The Council has a shared ownership property portfolio that currently consists of 109 dwellings. While tenanted, the Council does not have a repairing liability for the property, but when a tenant wants to move on, the Council's current policy is to buy back the sold share, thus allowing the property to be released to another recipient on the shared ownership register. Whilst the property is void, the Council is required to meet any costs associated with returning the property to a lettable standard, although the expectation is that some of the costs may be recovered in the re-sale value of the share sold to a new tenant.

The development of new shared ownership property needs careful consideration. There have been examples where shared ownership flats have been difficult to sell or have not sold at all. These have then been converted to rented properties.

## Strategic Acquisitions / Disposals

The Council has an Acquisition & Disposal Policy with objectives to:

- increase the supply of additional suitable affordable housing owned and managed by the Housing Revenue Account, recognising the increasing demand on the housing register, whilst providing opportunity to re-balance the mix of housing owned by the authority.
- facilitate the acquisition of property / assets that will assist in the delivery of other objectives; for example identified and potential new build opportunities, properties that would meet a specific housing need.
- facilitate the disposal of property / assets that are no longer meeting the service or business need and where the receipt could be better utilised elsewhere.
- provide a framework to assess the viability and value for money of acquiring or disposing of a specific property asset, delivering the flexibility to be able to act within limited timescales, as opportunities arise.

Historically, there has been an ad hoc practice to consider the disposal of single void dwellings in non-estate locations, which require significant investment to meet or maintain the decent homes standard. In future these properties will be subject to an asset performance evaluation before a recommendation is made.

The Housing Revenue Account has historically leased a small number of properties to organisations, as opposed to individuals, where the organisations meet our wider

strategic housing objectives. These properties tend to be individual units in non-estate locations, and a current rolling review of the leases needs to ensure that the most appropriate asset management decision is made in each case, in the best interest of the Housing Revenue Account social housing business.

## **Section 7 – Repairs and Maintenance**

### **Investment Standard and Categories**

Estates and Facilities have adopted a range of stock investment categories to assist with the planning and delivery of maintenance work:

- High risk (fire safety, asbestos containing materials)
- Decent Homes (works to maintain properties at the decent homes / investment standard)
- Statutory (where there is a statutory requirement to complete the work e.g. disability adaptations, HHSRS works, gas and electrical testing)
- Discretionary (works beyond the DH standard and other maintenance, e.g. energy efficiency, fencing, hard surfacing, garages)
- Invest to Save (cyclical repairs and painting)
- Void Standard

Under this strategy, subject to funding being available, we will operate a partial investment standard model. This means that building components are replaced proactively when their lifecycles expire as opposed to reactively, when a combination of their age and condition means they fail. This enables us to secure procurement benefits whilst reducing the cost of reactive maintenance (responsive repairs and void costs)

### **Decent Homes**

Delivering and maintaining decent homes for social housing tenants has been both a national requirement and a local commitment since the inception of the decency standard in 2004.

The original definition of a Decent Home was amended in 2006 to reflect the introduction of the Housing Health and Safety Rating System (HHSRS). This replaced the Housing Fitness Standard, which was the previous methodology included in the decent homes criteria.

To be decent, a home must meet the following criteria:

- It must meet the current statutory minimum standard for housing – a dwelling which fails to meet this criterion would contain one or more hazards assessed as serious (category 1) under the HHSRS standard.
- It must be in a reasonable state of repair – a dwelling which fails to meet this criterion will either:
  1. Have one or more of the **key** building components being old and, because of their condition, need replacing or major repair, or
  2. Have two or more of the **other** building components being old and, because of their condition, need replacing or major repair.

A component is defined as “old” if it is older than its standard lifetime (see table below for component lifetimes).

Components are in poor condition if they need major work, either full replacement or major repair.

The **key** building components identified above are those, which if they fail, could have an immediate impact on the integrity of the dwelling.

The **other** building components include items such as kitchens, bathrooms, radiators and lifts, floor finishes

- It must have reasonably modern facilities and services – a dwelling which fails to meet this criterion are those which do not have three or more of the following:
  1. A reasonably modern kitchen (20 years old or less)
  2. A kitchen with adequate space and layout
  3. A reasonably modern bathroom (30 years old or less)
  4. An appropriately located bathroom and w/c
  5. Adequate insulation against external noise (where external noise is a problem)
  6. Adequate size and layout of common areas in blocks of flats

A home lacking two or fewer of the above is still classed as decent, therefore it is not necessary to modernise kitchens and bathrooms if the home meets the remaining criteria.

- It must provide a reasonable degree of thermal comfort – a dwelling must have both effective insulation and efficient heating. Any dwelling with a sap rating less than 37 fails this criterion

The Decent Homes standard is a minimum standard which all social landlords should meet. Landlords are not expected to make a home decent if it is against the wishes of an individual tenant, and instead are expected to meet the standard at the next opportunity, i.e. when the property becomes void.

For investment purposes the Council has adopted the Decent Homes component lifecycles but in some cases has the Council has adopted a different lifecycle and these are highlighted in the table in Appendix A.

### **Decent Homes “backlog”**

A “backlog” of work exists where components have not been replaced within the current lifecycles, where there has been “no access” or tenants have refused work in the past. The current “backlog” has now been added back in to the business plan to be addressed over the next ten year, with older external doors and bathrooms profiles to be completed over the first five years. Work to address the “backlog” will commence in 2021/22.

### **Review of assumed lifecycles**

Kitchens – the life cycle for kitchen replacement is currently based on investment standard of 25 years. This is less than the Decent homes standard of 30 years but greater than the lifecycle suggested by Savills when they reviewed the Council’s asset data in 2012. It is proposed that the lifecycle remains at 25 years.

Bathrooms – the lifecycle is currently based on the Decent Homes life of 40 years. There are 1090 bathrooms in the stock that are over 40 years old. As a new programme of stock surveys is implemented it is likely that bathrooms that are in poor condition are identified and this may increase requirements in this investment area.

External doors – there are a large number of external doors that are over forty years old. Previously all doors were given an assumed life of forty years. However moving forwards, doors for flats will have a lifecycle of thirty years in line with Decent Homes standards. The estimate cost of doors for flats has been increased to allow for the fact that many flats have fire doors which are more expensive than standard doors

PVCu windows – the lifecycle is currently based on the Decent Homes assumed life of 40 years for houses. However moving forwards, the lifecycle is reduced to 30 years for flats in line with Decent Homes standards. There is a case for reviewing the condition of PVCu windows to check these assumptions are correct. This will be picked up as part of the stock condition survey process. There are maintenance issues with failed double-glazed units. The older double glazing in our stock is less energy efficient and less secure than modern windows.

Smoke detectors – the life cycle is currently 10 years; this is less than the assumed life for smoke detectors which is 15 years

Gas boilers - the lifecycle is currently set at an investment standard of 12 years. This is less than the Decent Homes assumed life of 15 years. This is currently under review. The comprehensive gas maintenance contract services and maintains boilers. Data and failure rates from the gas servicing contractor are used to inform the boiler replacement dates.

Balconies / Walls - the Decent Homes life is 80 years but there are a number of instances of premature failures and structural issues in some of our flats and

maisonettes built in the 1960s and 70s. The survey of flats with balconies and walkways is underway and this will inform a programme of work from 2019 onwards.

### **Adaptations for Disabled People**

A policy for adaptations for disabled tenants was introduced in April 2017 following a review of the adaptations service offered by the Council. The policy introduced means testing for the cost of installations and also recharging for servicing costs.

The investment requirement ranges from the need for minor adaptations, such as grab-rails and ramps, through to more major adaptations such as stair lifts, through floor lifts and assisted bathing facilities, up to the need for major structural changes and extensions to the property to allow ground floor living for a member of a household.

Once a property has been adapted, the Council aims to ensure that properties with specific adaptations are prioritised for the use of those with appropriate need.

Ideally adapted properties are let to tenants who need them but this is not always possible. There is an ongoing need to relocate existing adaptations, renew existing installations and to provide additional installations to meet arising need. The Housing Capital Investment Programme currently includes an annual allocation of £878,000 to meet these costs.

A large number of adaptations have been made in the past and the replacement and updating of existing wet rooms and showers needs to be included in the programme of work. A budget allowance for this is now included in the investment programme.

There is a revenue cost associated with servicing and maintaining specialist equipment that is installed in the housing stock. There are over 300 installed items of equipment that require annual servicing.



## Communal Areas and Estates – asset and investment criteria

There are a number of components within external areas and communal areas of housing estates that had not been assessed as part of the Decent Homes stock condition surveys. Whilst these are not Decent Homes issues or required to meet statutory obligations, the Council has repair and maintenance liabilities in respect of many of these items.

We do not yet have comprehensive stock data for all communal areas so it is not currently possible to profile in *detail* the future investment requirements for these areas. However we do have sufficient information now to in order to make financial provision for specific works to communal areas the capital investment plan. This replaces the previous general allowance for “communal area works”

Revised items have been added to the capital investment plan to cover:

- Lifts and access control systems
- Communal electrical installations/fire systems/communal lighting
- Communal entrance and enclosure doors and glazing
- Other external communal area works

Budget allowances in the capital investment plan provide for works in communal and external areas. These include specific budgets for fire safety works, HHSRS works, hard surfacing, asbestos removal, lifts and door entry systems, and fencing.

An analysis of investment need in communal areas is required in to allow appropriate resource planning. A programme of work is planned to be developed starting in 2020/21.

## Communal parts of flat blocks

There are around 700 communal areas on the Council's housing estates. Most communal parts of flats blocks contain the same basic building elements as dwellings – roof, windows, doors, lights, floor coverings etc. Decent Homes programmes

identified works to dwellings within blocks but did not always cover all the work required to communal parts. There are some specific requirements relating to communal parts, for e.g. doors, ceilings, floor coverings, lights etc., which may receive greater wear and tear and required higher specification components.

### Sheds and store areas

Many houses and flats have external sheds and stores. The Council's maintenance liabilities include:

- Replacement of asbestos cement roofs
- Roofing and rainwater goods
- Doors
- Access pathways
- Electrical installations

### Pathways and Amenity Areas

There are over 300,000 m<sup>2</sup> of pathway and hard standing on Council estates. This is a combination of concrete slabs, **tarmac** and concrete pathways. Assuming £70/m<sup>2</sup> for replacement the total cost for replacement is in excess of £20m. These areas are ageing and subject to insurance claims against the Council.

### Footpaths on housing estates

Pathways have been identified as shown on the Council's mapping system. There is an estimated 190 miles of footpaths that require annual inspection and maintenance in order to proactively record trip hazards and carry out minor repairs. Where footpaths require major work or resurfacing they are added to a holding list which is reviewed annually when planning programmes of work.

### Path ways around block of flats

There is a large quantity of paths and paved areas leading from front doors to communal store sheds / meter cupboard / drying areas / bins stores. The Council is responsible for maintaining these. These are inspected as part of the five-year stock

survey but are not currently looked at as part of the annual footpath inspection. The full investment requirement for these areas has not yet been assessed.

### **Front garden pathways / rear garden /pathways to sheds blocks etc.**

Front garden paths and paths to sheds are the Council's responsibility. These are inspected as part of the five-year stock survey. Some programmes of work have been completed e.g. Ditton Fields estate, but generally repair issues are dealt with as responsive repairs. Rear garden paths are not the Council's responsibility.

### **Estate Roads, Parking areas and shop forecourts**

There are a large number of estate roads and parking areas on Council estates. The Council is responsible for maintenance. These are recorded on the terrier / mapping system but a full survey and maintenance plan is not developed.

There are shop forecourts at Campkin Road shops piazza, Anstey Way shops, Akeman St Shops, Barnwell Road shops, and Wulfstan Court shops

### **Drainage and gully cleaning**

Drains which carry household waste are normally the Council's responsibility up until the boundary of the property where they connect to public sewers.

Water supply pipes supplying a Council property are usually the responsibility of the Council.

The Council is responsible for surface water drainage and gullies on its land and there is currently no programme of planned maintenance although drainage gully locations are identified and mapped.

### **Communal and emergency lighting**

Maintenance activity to communal lighting has historically been undertaken on a reactive basis. During winter months communal lighting is also often the source of a number of complaints.

Many communal lighting systems were replaced around 2005 together with replacing all mechanical/electrical timing gear with new dawn to dusk electronic control mechanisms.

Further benefits could be derived from moving to a planned preventative approach to maintenance of these systems, for example, with lamps being changed in accordance with their design life, whether they have failed or not and in so doing drastically reducing reactive maintenance activity (and costs) in this area and hopefully significantly increasing resident satisfaction. There would also be benefits in changing lights to low energy LED lighting.

A survey of communal lighting was completed to quantify the number and type of communal lights. There are over 4000 lights that the Council is responsible for maintaining. Lighting installations include controls and electrical circuits

Emergency lighting systems have been installed in a number of the Council's blocks of flat in recent years. This is partly a result of fire risk assessments. Emergency lighting systems are installed at Kingsway flats, Hanover and Princess Court and within sheltered housing schemes. Fire risk assessments have identified the need for emergency lighting to be installed in a further 80 blocks of flats and this work will commence in 2019/20

These lights require regular inspection and servicing to ensure it will operate correctly in the event of emergency.

The total energy cost of operating communal and emergency lighting has not been fully assessed but a review is planned as part of a replacement programme which would aim to replace lights with low energy, low maintenance LED lights Lifecycle

## **Estate lighting and lamp columns**

The Council owns over 600 street light columns on housing land. These were surveyed in 2016 and maintenance and a monthly “scouting” programme was implemented in 2017.

Many lamp columns were installed when estates were built and many are now old and the lamp fittings are obsolete. Long term maintenance of lamp columns and replacement of lamp is an issue and cause of complaints and so a replacement programme is being developed to be delivered as part of the estate improvement programme funding approved from 2019 – 2024.

New light fittings will be LED lighting as they have a longer life than traditional bulbs and are more energy efficient and reliable. Street lamp columns are located by grid reference and mapped on the Council’s mapping system. This will be updated in 2020/21 as part of the lamp column replacement programme. This will also make it easier to locate and identify lamp columns in future.

## **TV aerials**

Digital TV aerials were installed in 165 flat blocks over two – storeys high in 2009. The Council maintains 1850 aerial points.

There is residual issue of aerial cables having been installed incorrectly in gutters. The relocation of poorly- sited cables is being programmed in to annual works programmes.

## **Fencing and Boundary Walls**

A new fencing policy was implemented in 2015. More boundary fencing is now chain link fencing with concrete posts. This has a longer life than timber panels that were being installed before 2015.

The extent of Council owned fencing and total maintenance liability has not been fully calculated.

Some work has been undertaken to identify planned works programmes but there is a large volume of tenant repair requests. Information relating to outstanding fencing repairs and/or replacement is collected and stored on a holding list which is reviewed annually and used to plan programmes of work.

There is a need to review large areas of old estate fencing and it is possible that these large scale replacement programmes can be developed and delivered as part of the estate improvement programme funding approved from 2019 – 2024.

### Security and door entry systems

Security in the home, and feeling safe in the surrounding area, is of key importance to tenants and leaseholders of the Council. Investment in environmental improvements, coupled with a pro-active approach to dealing with anti-social behaviour, helps to create a better living environment across housing estates.

Specific investment, for example in door entry systems to control access to the communal areas of flatted accommodation or the introduction of security doors to properties accessed from the street or an open corridor, provides a more secure living environment for residents.

Door entry systems are installed in all Category 2 sheltered schemes, with a contract in place to ensure that controlled access can be granted as required. Key safes are also installed in properties where emergency access may be required. A programme to install new Glass Reinforced Plastic (GRP) front doors to houses is underway.

The Council also has door entry systems on around 100 blocks of flats. Many of these are now reaching the end of their life and replacement will be due in next few years.

## Communal Open Space

The design of the Council's housing estates incorporates large areas of open space that require upkeep and maintenance. The 3-year affordable housing programme facilitates option appraisal for the potential regeneration or better use of this open space and therefore a reduction in ongoing maintenance costs.

Recent investment, utilising funds set aside to meet the Cambridge Standard, has allowed conversion of existing under-utilised communal open space to create additional parking provision on estates, meeting the identified needs of local residents, while also reducing the ongoing maintenance liability for the land.

## Grounds Maintenance

The design of many of the estates requires the council to spend substantial sums on the maintenance of communal open spaces. Grounds maintenance for the housing estate (including sheltered schemes) currently costs £268,000 a year. Grass cutting forms a major proportion of this. City Homes manage this programme of work.

The difficulties associated with maintaining large areas of communal open space are often increased as a result of investment in environmental improvements, with a knock-on effect in terms of increased maintenance liability and therefore cost.

A review of the grounds maintenance across housing land is currently being undertaken, to ensure that standards and the level of investment are sufficient, and that the appropriate end user is meeting the cost of grounds maintenance, where this is right and proper.

The Council is also considering taking a firmer stance on the replacement of damaged garden boundaries, to clarify that work is only carried out when it is not the responsibility of the tenant.

## Recycling and Supporting Infrastructure

Significant investment, anticipated to be in the region of £600,000 by the end of 2012/13, has been directed to address the need to create appropriate recycling facilities across housing estates. The investment has allowed well-placed, practical recycling facilities to be provided in a number of areas across the city, which if utilised as intended, should help increase the volume of waste that the Council is able to recycle, while also reducing the costs to the Council, and therefore the Council tax payer, of removing fly-tipped waste.



## **Section 8 – Health and Safety and Compliance**

Compliance testing is about ensuring the Council is compliant with all of the laws that surround buildings and premises. This ensures residents and employees are kept safe and the Council is legally compliant. Compliance testing is an essential part of the Council's building maintenance requirements.

### **Water hygiene**

Legionnaires' disease is a potentially fatal form of pneumonia which can affect anybody, but which is most likely to affect individuals who are susceptible because of their age, gender, general health or condition of their immune system, etc.

Certain conditions can increase the risk from Legionella:

- a suitable temperature for growth of 20 to 45 degrees centigrade
- a source of nutrient for the organism, i.e.; sludge, scale, rust, algae, other organic matter
- a way of creating and spreading breathable droplets, e.g. the fine spray created by a shower.

Outbreaks of the illness occur from exposure to legionella growing in systems where the water is maintained at a temperature high enough to encourage growth. The types of systems relevant in our housing stock would include hot and cold domestic water systems, used in a variety of premises.

To prevent exposure to the bacteria, the authority must comply with legislation that requires the management, maintenance and treatment of water systems in our property. This will include, but not be limited to, appropriate water treatment and cleaning regimes.

A comprehensive programme of testing for communal appliances, and any associated maintenance, is in place. Sheltered schemes are of particular concern, and the design

of modernised schemes needs to accommodate best practice in order to minimise any risks associated with Legionella. Within communal areas, the best form of control of legionella bacteria is the circulation of very hot water (in excess of 60 degrees). This leaves residual risk of scalding, which therefore has to be separately controlled.

Currently, the authority is seeking a new contractor to undertake water hygiene risk assessments and implement required control measures, for a period of 3 years (with an option to extend for a further 2 years), from April 2013.

## Asbestos

Asbestos was widely used as a building material in the UK from the 1950s through to the mid-1980s. It was used for a variety of purposes and was ideal for fireproofing and insulation. Any building built before 2000 could contain asbestos. Asbestos materials in good condition are safe unless asbestos fibres become airborne, which can happen when materials are damaged, mainly during maintenance or refurbishment work.

There are strict regulations in place whenever work takes place that could expose or disturb materials containing asbestos. Asbestos fibres, if inhaled, can cause serious disease. Therefore all work carried out by the Council are carried out in accordance with the Control of Asbestos Regulations.

Asbestos can be found in a variety of building components, including:

- Asbestos cement products
- Textured coatings
- Floor tiles
- Asbestos insulating board
- Loose asbestos in ceiling or floor cavity

The Council has to comply with the Control of Asbestos Regulations 2012 and ensure the risks presented by asbestos within assets are minimised so far as is reasonably practical

A comprehensive review of the housing stock resulted in the compilation of an asbestos survey database which includes details of all properties that contain any form of asbestos. This database now needs to be updated and renewed and it is planned to moving all existing survey data to the new Orchard asset ICT system that is being implemented in 2019/20.

The Council has an asbestos management plan which details the responsibilities of Duty Holders to;

- Take reasonable steps to find out If there are materials containing asbestos present in any building that we occupy, own or lease and if so the amount, where it is and what condition it is in
- Presume materials contain asbestos unless there is strong evidence that they do not
- Make, and keep up-to-date, a record of the location and condition of the asbestos containing materials – or materials which are presumed to contain asbestos
- Assess the risk of anyone being exposed to fibres from the materials identified
- Prepare a plan that sets out in detail how the risks from these materials will be managed
- Ensure those appointed to undertaking surveying or sampling works hold the appropriate UKAS accreditation
- Take the necessary steps to put the plan into action
- Periodically review and monitor the plan and the arrangements to act on it so that the plan remains relevant and up-to-date
- Provide information on the location and condition of the materials to anyone who is liable to work on or disturb them.

The priorities for work on asbestos containing materials will be:

- Where material is damaged and the risk assessment score is high

- To facilitate other works such as routine maintenance, Decent Homes or Cyclical Maintenance
- To remove high risk elements whilst properties are void
- To proactively reduce the risk profile of the council with an annual programme for the removal of asbestos from the housing stock.

All asbestos containing materials are to be re-inspected at intervals as determined by the risk assessment. The asbestos database will be updated to record inspection findings and actions taken.

### **Fire Risk Assessment and Risk Management**

Under the current fire safety legislation (Regulatory Reform (Fire Safety) Order 2005), the authority has a responsibility to carry out fire safety risk assessments in all communal areas of the housing stock, including flatted accommodation, sheltered schemes, hostels and offices. In respect of flats the liability extends to communal areas and the front doors to living areas. In houses in multiple occupation, the liability extends to include the living areas.

There are three key factors that the authority needs to be aware of in respect of managing fire risk:

- Fire Suppression Systems (sprinklers, fire extinguishers)
- Fire Prevention (fire alarms, smoke control arrangements, smoke detectors, fire doors)
- Fire Risk Assessments (specialist external / trained internal assessors)

Once an initial risk assessment has been undertaken and any remedial works have been identified, the fire risk assessments of higher rise blocks (over 4 storeys) and sheltered housing schemes have a new assessment every year. Fire risk assessments of low-rise blocks are carried out every two years in line with the Council's Fire Risk Management Strategy 2019.

This requirement has been addressed using a risk management approach, with the higher risk areas of accommodation being fire safety risk assessed as a priority.

Risk assessments of all other communal areas are being carried out in a programmed way, with an identified sum of money in the Housing Capital Investment Programme to meet the cost of any remedial works identified.

Fire door annual inspections are to be implemented in 2019.

### **Fire alarm systems / Fire Protection**

Some blocks of flats have fire alarm systems and other fire equipment installed. The Council is responsible for maintenance and regular servicing:

Dry risers at Kingsway / Hanover Court and Princess Court

Automatic smoke vent systems in blocks of flats

Fire protection equipment

Fire alarm systems at sheltered housing schemes and temporary Housing schemes

### **Gas Safety and Risk Management**

The Council is required to meet its landlord obligation to undertake an annual gas safety inspection, which has to be undertaken by a registered engineer. The Council currently operates a contract with Mears for this work across the housing stock as a whole. The obligation for gas safety inspections extends to gas appliances, fittings and flues.

The key objective is to maintain 100% of all properties meet the regulation standard (i.e. have a valid certificate for the gas installation). It is difficult to gain access to some properties and where this is the case the occupiers will be subject to legal proceedings to gain access.

## Electrical installation testing

Testing of electrical wiring installations in Council houses is currently carried out on a ten year cycle. This was implemented in 2006. We also have electrical installations in communal area to block of flats and these have been tested out in 2018.

Estates and Facilities have audited records in 2018/19. This has involved checking the electrical certificates we hold for every property. In auditing records, we have identified a backlog of electrical inspections that will be carried out in 2019/20. This will ensure all of our properties have had electrical inspections the last ten years, subject to access to properties.

An additional budget allocation of £208,000 is required to complete this work. (There are around 1600 properties at cost of around £130 each = £208,000. This estimated cost includes an allowance for urgent repair works that may be identified when the electrical test is completed).

Electrical testing records will be maintained and kept up to date by dedicated officers. Data will be input into the Asset Management system ready for migration to the new Housing ICT system in 2020.

With effect from 2020/21 the cycle for electrical testing will start to be reduced from 10 years to 5 years. This will ensure that testing in tenanted properties and communal parts is tested in accordance with recommendations in the electrical regulations. A budget bid will be required for this and it is planned to submit this in 2021/22.

## PAT testing

The Council carries out testing of electrical appliances we have provided in communal parts of housing estates. These are carried out on annual basis, or according to frequency assessed by a risk assessment.

## Smoke alarms, Heat Detectors and carbon monoxide alarms

Mains powered smoke alarms with a battery backup are installed in Council houses. Most properties have at least one in the hallway and two-storey properties also have one on the landing. It is assumed alarms have a life expectancy of ten years when they are replaced.

The installation and expiry dates of smoke alarms are to be recorded in the new Orchard Asset stock condition database.

Smoke alarms are tested annually as part of the gas maintenance programme, or when other electrical work is carried out.

Failing smoke alarms are currently replaced as day to day repairs or when properties are void.

Assuming all 2+ bedroom houses (3500) have 2 smoke detectors and 1 bedroom properties and flats (3700) have one smoke detector there are 10,000+ smoke detectors in council dwellings, at replacement cost of £120 each.

Carbon monoxide alarms are installed where there are open fires or open-flued appliances; they are not currently required by Building Regulations when replacing gas boilers.

With effect from 2019 heat detectors will be installed in the kitchen of a property whenever new smoke alarms are fitted. These will be mains powered heat detectors alarms with a battery backup. Over a period of ten years all properties will have heat detectors fitted in kitchens.

## **Emergency Lighting inspection and maintenance**

Emergency lighting is installed in sheltered housing schemes and 27 other estates with flats around the city. The lights are designed to illuminate the escape routes in the event of fire or power failure. There is a regime of monthly, six-monthly and annual testing to ensure lighting is working correctly.

## **Lightning conductors**

Lighting conductors are installed on some tall buildings (Hanover Court, Princess Court, Kingsway flats) and these installations required annual testing and certification.

## **Emergency call systems and telephone**

Emergency Call System Maintenance Services are provided to around to 22 housing site – mainly sheltered housing.

Telephone services and lines are maintained to serve plant, lifts, and emergency call systems on housing estates.

## **Passenger lifts / Stair lifts / hoists**

There are passenger lifts on housing estates that are subject to regular servicing and inspection. Lifting equipment must meet LOLER regulations and “thorough examinations” are carried out by specialist contractors alongside regular servicing contracts. A detailed replacement programme is under development.

It is likely that the number of lifts in the stock will increase as a result of the new build programme and planning requirements that lifts to 1<sup>st</sup> floor flats to improve accessibility.



## Roof safety systems

A number of flat blocks where regular roof top maintenance is required have roof safety systems installed. These require annual inspection and certification to ensure they are safe to use. A permanent roof edge projection system is a better solution but this can cost more to install and there may be planning restrictions.

## Changes in Standards / Legislation

It is important to recognise the potential for both legislation and best practice standards to change in respect of any health and safety investment criteria, often with very short timescales to ensure compliance with revised recommendations. As a result of this, a degree of flexibility is required in the investment assumptions made in this area, with a clear risk management approach to responding to changing demand.

## **Section 9 – Energy Efficiency and sustainability**

### **Energy Efficiency**

The Council is committed to reducing its carbon footprint and improving sustainability across its asset portfolio. The Council has declared a climate change emergency in February 2019 and has called on government, industry and regulars to make changes to enable Cambridge to reach net zero carbon by 2030.

In early 2019 the government announced plans for a Future Homes Standard which would end the use of fossil-fuel heating systems in all new houses from 2025. Although gas heating would still be used in existing homes this does signal that over the life of the current 30 year plan the type of heating on our stock may change.

These policy changes and initiatives are likely to have impact on the housing stock and maintenance in the future.

It is not yet clear exactly what will be required to be done to improve the performance of the existing housing stock but the Council will start to investigate costs and ways of achieving this in 2020/21.

### **Investing in schemes to improve energy ratings**

Energy efficiency work can be targeted at lower-performing properties so that the least efficient properties are improved. Currently we rely on the results of Energy Performance Certificate surveys to assess the energy performance of the housing stock.

The Council is aware of the rising energy costs that can make it more difficult for those on low incomes to sustain living independently. There are a number of programme of work that help improve energy efficiency.

We have results from 3268 energy efficiency ratings obtained since 2009 and this provides a good sample of the energy performance of the housing stock.

<b>EPC rating</b>	<b>Number of properties</b>
A	7
B	435
C	1987
D	731
E	96
F	9
G	3
	<b>3,268</b>

It is intended that a review of D, E, F and G rated properties will to be carried out which will identify what measures could be taken to improve energy ratings. The ability to complete these assessments and the required measures/work will be subject to funding being made available through the future budget setting process.

It may be possible in future to set a target for all Council properties to be “C” rated energy performance as minimum for all council houses, however we have not yet assessed the cost of this or the details of the work required.

### **Loft and Cavity-Wall Insulation Programme**

Using funding identified for Energy Works the Council will continue to install loft insulation to 300mm where there is currently less than 150mm. The vast majority of cavity walls are already insulated. There may be an on-going requirement to re-insulate some cavity walls where the insulation has failed - this is generally for properties that were built in the 1970s and early 1980s – however this is difficult to assess and refilling can be hard to achieve.

## **Solid Wall properties and external wall insulation**

The Council has around 1300 properties that were built with solid walls. Although these do not have structural issues, they cannot be insulated with cavity wall insulation. Alternative internal or external insulation solutions will be required to improve thermal performance.

The current external wall insulation programme is concentrating on solid wall houses with existing render that requires repair. There are a large number of solid wall brick faced houses that will need re-pointing in the short to medium term. External wall insulation can be an alternative to re-pointing with the added benefit of additional thermal insulation.

## **Renewable Energy**

A number of renewable energy installations have been incorporated into major sheltered housing refurbishments and new build sites. The Council will continue to explore options and opportunities to install more renewable energy into its buildings.

Currently there are around ninety individual houses or sites that have photovoltaic panel arrays and seventeen of these are registered for Feed-in tariff (FIT) payments.

In the past the Council has been approached by organizations offering initiatives to install large numbers of solar panels on Council house roofs. Some of these were commercially driven by the existence of feed-in-tariffs, which no longer exist for new installations. PV panel can help to address fuel poverty, but there are also potential maintenance implications for the Council.

## Efficient Gas Boilers

Almost all Council dwellings now have hot water and space heating provided by gas boilers. Some properties still have electric heating and electric hot water heating and there are a small number of properties with solid fuel heating.

The cost of installation and replacement and annual maintenance of gas heating systems is the largest single cost item in the 30-year investment programme with costs estimated at £102 million.

The lifecycle of domestic gas boilers is set at twelve years as result of evidence from actual life of condensing boilers. Boiler plus regulations introduced in 2018 have been met with using of standard programmes and thermostats which meet the requirements.

## Electric heating and water heating

There are storage heaters and electric water heating at Hanover Court, Princess Court and Kingsway. These were upgraded in 2013/14 to include more efficient electric heating and water heaters with greater capacity.

There is a need to review the lifecycle and maintenance costs properties with electric heating systems to ensure the Council is obtaining the best possible value for money.

## Windows

The Council invested in UPVC double-glazing to its stock starting in 1980s. Over time standards of security and thermal performance have increased dramatically.

The life cycle for window replacement used in our investment standard is 40 years. From 2020/21 it is proposed to reduce the lifecycle for windows to flats to 30 years in line with the Decent Homes standard. As a result a window replacement programme will commence in 20/21. This will be a significant investment but will improve the security and energy performance of dwellings and minimise maintenance costs.

There will be a review of the window specification before re-starting the window replacement programme. This will include a review of timber and UPVC windows to assess long term sustainability and maintenance issues.

There is a growing issue with failing double glazed units in older windows. These are expensive to replace on an ad hoc basis so jobs are batched up and added to the window programme or the job is held until the windows are due to be replaced.

### **Estates lighting - street lights and communal lights**

New and innovative heating, lighting and building systems will continue to be trialled, as we aim to increase the energy efficiency of all housing and communal areas.

Proposals are being developed to replace HRA street lamps with LED lanterns starting in 2019/20. There is also project under development to replace all communal lighting with LED lights. It is anticipated that these projects will be carried out under the Estates Improvement Programme.

### **Sustainability – building materials**

Where possible materials that are “A” rated in terms of sustainability will be used in housing maintenance and refurbishment contracts.

### **Developing a refurbishment programme to improve energy performance**

While some inefficient homes may be demolished and rebuilt, many could potentially be refurbished to increase their standard of energy efficiency. A package of measures could be combined in to specific project to target energy efficiency projects in a particular street or property type. As mentioned above, a review of D, E, F and G rated properties will be carried out in 20/21 to bring forward proposal what measures could be taken to improve energy ratings.

## **Section 10 - Development and New Build**

All new build housing developed by the Council for the Housing Revenue Account is managed by the Council's Housing Development Agency (HDA).

317 new homes have been complete since April 2012 and the Council has resources under the devolution programme to deliver 500 additional new affordable homes in Cambridge. There are 201 units currently on site and up to 412 units in the development pipeline at various sites around the city. This programme is expected to be completed by 2022/23.

After completion of the 500+ Devolution Programme, the Council is committed to continue a programme to deliver new homes. The current business plan provides for the delivery of up to forty new homes per year. There will be a review of the Council's housing development strategy in 20/21.

### **Development programme**

Potential new build schemes are identified, and incorporated into the rolling affordable housing programme to allow formal feasibility investigation and consultation with stakeholders. Each scheme is subsequently considered and approved at Housing Scrutiny Committee based upon indicative costs, and then incorporated into the Housing Capital Investment Plan. As the scheme design progresses and planning approval is sought, revised and more accurate scheme costs are available, culminating ultimately in a build contract value or affordable housing agreement, which form the final budget for each scheme.

New build Council house sites are proposed on vacant land, in areas that have been identified as an inefficient use of the land, to replace dwellings that are of a poor standard, are hard to let or are in poor condition. The provision of dwellings with

higher quality standards in these locations will be an overall benefit to the Council's housing stock.

It is the aim of the new build programme to provide a net gain of affordable housing in the city. A consideration when investigating potential new build Council house sites is the most appropriate form of housing for that particular site.

### **Affordable Housing**

Part of Cambridge City Council's vision is to recognise and meet the needs for housing of all kinds - close to jobs and neighbourhood facilities. The new build Council houses programme seeks to contribute to this part of the vision by providing good quality affordable housing and market housing on council land. This is achieved through the Housing Investment Programme, where the Executive Councillor for Housing approves areas of Council owned land to be investigated for development.

### **Delivery of new build housing**

There are a number of options for delivery of new build housing. Currently the majority of new build homes are delivered through the Cambridge Investment Partnership (CIP). This is a new build housing development partnership between Cambridge City Council and Hill Partnerships. There are various models that can be used to transfer land and develop new housing with a mix of tenures.

Alternative delivery models also exist, with the HRA able to contract directly with a builder / developer for a site or package of sites, following a competitive process, delivering the housing under a building contract.

The authority can also develop small sites in-house, deploying the existing workforce in the in the Estates and Facilities service area.



## **Impacts on of new build programme on asset management and maintenance**

### **Design Brief**

The current housing design brief has been updated to include future maintenance and housing management considerations. There is a need for Estates and Facilities, City Homes and the Housing Development Agency to work closely together to ensure future new build schemes are designed and specified in order to minimise lifecycle costs, and ensure future maintenance requirements are simple and affordable.

### **Managing the design process**

Most of the Council's new build housing is procured under design and build contracting arrangements. The Council appoints consultants to act as employers agents. However there is also a need for the Council to procure additional specialist advice from time to time with respect to some plant and technology, e.g. the combined heat and power plant for the new development at Mill Road depot. This specialist advice will help the Council to ensure plant is designed taking into account future operation and maintenance and that the Council has sufficient information about design issues during the design process when there is still time to make design changes.

### **Standard components to simplify maintenance**

It is desirable for our assets to have standardised components in order to make future maintenance as cost effective as possible. Details of standard components are recorded and it is planned to re-launch regular supply chain meetings in 2019/20 to ensure that all areas of maintenance and construction (repairs, planned maintenance and new build) are using the best value materials and components in the housing stock.

### Quality Control and managing defects

Some of the Council's new build schemes have had high levels of recorded defects and there is a need to maintain sufficient resources to ensure that these are identified and resolved during the construction phase.

### Integration of new build housing into existing stock

When new build schemes are handed over to the Council, stock details must be added to various ICT systems and databases to ensure that future maintenance is planned, order and completed. New procedures are being put in place to ensure the following information is collected when future new build schemes are handed over:

- Stock survey information
- Health and safety files
- Operation and maintenance manuals
- Details for communal area and mechanical and electrical plant
- Warranties and guarantees
- Certificates

### Additional maintenance requirements

New build development guidance and planning policy can have an impact on future maintenance requirement. The 2018 local plan changes for new build, including adoption of Building Regulation M4 (2): Accessible and Adaptable Dwellings, is likely to lead to additional passenger lifts in the housing stock.

Many new build housing schemes incorporate PV panels on roofs, serving individual dwellings or communal areas. The Council is responsible for maintenance and this can include servicing inverters and responding to repair requests in the event of faults.

The use of external timber boarding and decorative panels on new build housing builds in a future maintenance requirement. The cost of access to get to these panels is usually the item of highest cost. Where possible these costs should be designed out.

### **Communal heating plant and heat metering and billing**

A number of new build flats are designed with communal heating plant and this requires that there are appropriate measure in place to measure consumption and bill residents accurately for the energy they use.

It is important that house builders engage the Councils' utility suppliers at the appropriate stage of the development process to ensure that gas and electricity supplies and metering can be provided at the best tariffs from the outset.

Where there is communal plant it is likely that a specialist metering and billing company will be engaged.

## **Section 11 – Service Delivery and Procurement**

### **Service delivery and procurement summary**

Maintenance services are provided by a mix of in-house and external providers as set out in the table below:

<b>Service</b>	<b>Current arrangement</b>
<b>Housing - Reactive Maintenance</b>	
Reactive repairs service	Estates and Facilities in-house team, supported by external contractors as required
Voids maintenance	Estates and Facilities in-house team, supported by external contractors as required
Flooring	Specialist contractors
Drains	Specialist contractors
Cleaning	Specialist contractors
Glazing	Specialist contractors
Locksmiths	Specialist contractors
Emergency gas boilers	Estates and Facilities in house team or external contractor
<b>Planned maintenance</b>	
Kitchens, bathrooms, electrical works	TSG Building Services
Heating and boilers	as above
Aids and adaptations	as above
Asbestos removal	as above
Electrical testing	as above
M+E installations	as above
Lifts	as above
Mechanical & Electrical Maintenance	as above
Fire systems and equipment	as above
Fire door testing - sites covered by M+E servicing	as above
Air Cooling	as above
Automatic doors	As above
Street lamp maintenance	As above
Door access - housing estates	As above
Closomat Servicing / installation	Total Hygiene
Warden Call maintenance	Chubb
Response centre contract	Tunstall response

Stair lifts and overhead tracking (new installation, servicing and maintenance)	Various specialist contractors
Stair lift servicing and maintenance (existing installations)	EMS lifts
Fencing	TSG
External entrance doors and windows	Foster Property Maintenance
Roof covering and structural work	as above
External and Communal areas - balconies, chimneys, walls, repointing, structural works	as above
Garage refurbishment	as above
Insulation and energy efficiency	as above
Hard landscape, hard standings, footpaths, external works and estate improvements	as above
HHSRS works	as above
Fire Safety works	as above
Planned cyclical redecoration works (revenue)	as above
Major structural works	bespoke procurement for each project
External wall insulation	Procurement framework
Gas Servicing and maintenance	Mears
Fire risk assessment	Fire Safety Express
Water hygiene	Biochemica
Asbestos surveying and air monitoring	Lucion Environmental
Gas	ESPO framework agreement 192 - Call off with Total Gas and Power
Electricity	ESPO framework agreement 191 (30/3/16) - Call off for Total Gas and Power

## Procurement

The current built asset procurement strategy was adopted in 2012. Primary actions outlined in the strategy included market testing of various service elements, which have since been completed.

Hard market testing of planned building maintenance activities resulted in:

1. TSG Building Services plc. being appointed to undertake planned maintenance works (generally internal works) from November 2014 for a period of five years. This contract has now been extended for three years until November 2022.
2. Foster Property Maintenance being appointed to undertake planned maintenance works (generally external works) from November 2017 for a period of five years until November 2022.

Soft Market testing of the reactive and voids maintenance service in 2013 resulted in a robust improvement plan being adopted for the internal service provider. At the end of the improvement plan in September 2013 the Council considered progress made and approved the retention of the service in-house, subject to continued demonstration of value for money.

The use of external contractors by the in-house team to support the delivery of response repairs and voids is currently under review and further procurement will be required in 2020/21.

The following principles guide all procurement activity undertaken by the Council:

We will:

- Strive to achieve best value in all our procurement by making it more economic, efficient and effective
- Consider all practical delivery options

- Commit to a mixed economy of suppliers to meet the needs of service users and the local economy
- Be fair, transparent and consistent in the conduct of all of our procurement
- Be informed by the views of service users (and non users where appropriate) in designing our procurement
- Improve where we can and be open to innovation when planning procurement and working closely with the Council's corporate procurement and legal team
- Use our procurement activities to promote the social economic and environmental well-being of the City where this will achieve best value for the Council
- Identify and manage risk including those relating to the health and safety of the public and officers
- Be effective and committed members of any partnership relationships
- Manage contractual relationships effectively from the start to the end.
- Standardize use of contracts to support service delivery and build expertise in contract management.
- Recognise the importance of well-motivated and well trained staff to the delivery of best value services
- Use our procurement activities to promote equality of opportunity.

### Internal Service Delivery – Response Repairs

The Estates and Facilities in-house team delivers the day-to-day maintenance service. The service delivers approximately 16,000 repairs every year.

The Council completes all the repairs that are required to be completed in accordance with the Right to Repair Regulations 1994.

There is a rechargeable repairs policy that was adopted in 2019. This includes a schedule of work and costs where works are completed that are not the Council's responsibility.

We are currently reviewing historic repair jobs to identify areas where work is completed in excess of the Council's legal requirements. Estates and Facilities is intending to draft a new repairs policy in 2020/21 that will clearly set out which repairs will be completed and where work will no longer be carried out.

As part of Estates and Facilities service review in 2019/20, the number, timing and type of repair appointment slots will be reviewed. This should lead to an improved customer service and a better management of resources.

Many small non-urgent repairs could be ordered in a more efficient way by batching them together before they are ordered. More use will be made of the existing "planned works holding list" so that non-urgent items, many of which may be external repairs, can be ordered and delivered in the most efficient way.

In order to improve the quality of the repairs service a new quality control process will be implemented in 2020/21. This will involve more regular post-inspection of completed repair jobs, with a clear process to identify and record quality issues and ensure measures are put in place to address this.

The current KPI's for this financial year are as follows:

<b>2019/20</b>			
	<b>April</b>	<b>May</b>	<b>June</b>
Overall Percentage of Repairs Completed within Target Times (Target 97%)	<b>98%</b>	<b>97%</b>	<b>97%</b>
Average Cost of a Responsive Repair (Target £120)	<b>£205</b>	<b>£173</b>	<b>£165</b>
Percentage of Jobs issued to External Contractors (Target 20%)	<b>23%</b>	<b>25%</b>	<b>25%</b>
Customer Repair Satisfaction (Target 99%)	<b>95.7%</b>	<b>100%</b>	<b>98.1%</b>



The responsive repair maintenance budget was significantly overspent at the end of 2018/19. This was consistent with previous years spend. Since the beginning of the year the average spend per job has reduced and the aim is continue for this to do so to reach below target.

The use of sub-contractors since April 2019 has been limited and there is focus on up skilling the direct labour operatives to further their skills so more tasks can be completed in-house, again reducing the percentage of jobs being issued to external contractors and bring this within target.

In the coming 12 months a new scheduling system and mobile working solution will be implemented. This will optimize and plan more efficiently across the city to increase productivity. New mobile devices will be supplied to the operatives and these will be more user friendly to ensure that all information is captured electronically. An increase in productivity will result in higher customer satisfaction rates and a higher percentage of target times being met while getting the job completed 'right first time'.

A regular review of repair standards and responsibilities will be undertaken to ensure that best value for money is being achieved and that the appropriate works are being completed through the responsive repairs budget. Any works that are repetitive against the same property types shall be brought to the attention of the Asset Management team so they can be developed into planned programmes of work.

The responsive repairs team also undertake both minor and major works for other areas such as the Temporary Housing team, corporate building maintenance and Cambridge City Housing Company. These types of works increase the income into Estates and Facilities.

## Internal Service Delivery – Void Repairs

There are around 400 void properties every year (not including temporary housing void properties). The Council has taken management action to further improve the voids management process.

<b>2019/20</b>	<b>April</b>	<b>May</b>	<b>June</b>
Average Cost per Void Property (Target £2250)	£1645	£4463	£5969
Average Time taken (in days) to repair a Void Property (Target 14 days)	28	30.39	31.98

All void properties are re-let in line with the Council's Void Specification and Re-let and Policy Standards. This has currently been reviewed to be more definitive for staff to understand the standards expected of an empty property.

The average void cost and turnaround times are not currently within the KPI target. This area will be focused on to bring these KPI's into target. These KPI's will be achieved by following the void specification and ensuring that, in future, any planned works are completed outside of the void period. Resources across the team will be reviewed to ensure that they are utilised effectively and if further training is required to complete jobs in-house this will be addressed where cost effective.

Any planned works such as Decent Homes improvements will be identified while the property is empty and then passed to the planned works team so they can be undertaken as soon as practicably possible following a new tenant being in situ.

To achieve the fourteen day turnaround target, work will be carried out around earlier inspections in the NTQ period when notified of an empty property so that works can be pre-planned and not reactive to when the property does become vacant.

## Emergency and Urgent Repairs

It is an established best practice target for emergency work to be 10% of all responsive repair activity and for less for urgent and emergency work to be 30% combined. Further, there is an expectation that the proportion of reactive maintenance overall should be minimised by further emphasis being placed on planned rather than reactive maintenance.

A number of actions have been taken in order to address the historically high level of emergencies being issued with Cambridge, including a more assertive stance being adopted by staff when taking 'emergency' repair calls, so as to determine if the request is indeed an emergency. This has proved to be of some benefit in reducing calls incorrectly described as emergencies. Repair categories, following consultation, have also been rationalised and now fall into three categories only i.e. 24 hour, 3 day and 28-day response times. This places additional emphasis on turning around urgent work more quickly. Urgent and emergency repairs are now to be undertaken within 24 hours wherever possible.

The repairs and maintenance improvement plan has actions which aim to address these issues.

## Cyclical redecoration and repairs

Repair and painting of previously painted surfaces is currently carried out on a seven year cycle. External masonry painting is currently carried out to a fourteen year cycle.

The current long cycle is the result of cost savings that were implemented in the past. Most windows are now PVCU and many doors are PVCU or GRP so this has reduced the amount of work in the painting programme. However there is still a large amount of external masonry to be painted and fourteen years is a long gap between painting treatments. It is therefore planned to reduce the fourteen year masonry painting cycle to seven years so it ties in with the rest of the cyclical repair and painting programme.

The next cycle of masonry painting is due to start in 2020 and a review of the programme and estimated costs will take place in 20/21.

### Property Inspections and surveying

A number of routine inspections and surveys are required to built assets and as part of delivering a comprehensive maintenance service:

Annual footpath inspections	An annual programme of footpath inspections ensures all HRA footpaths are inspected for trip hazards. Urgent repairs are ordered immediately and where resurfacing is required this is added to a planned works holding list.
Asbestos re-inspections	There are asbestos containing materials within communal parts of housing estates and these are required to be inspected on a regular basis to ensure they are in good condition and not damaged
Fire door inspections	Fire doors in the housing stock need to be inspected on a regular basis by trained assessor to ensure they are fully operational
Day to day repairs inspections	Some repairs that are reported (to City Homes properties and Cambridge City Housing Company properties) need to be inspected first to diagnose the defect and ensure the correct work is ordered
Party wall inspections	Where private landowners and householders carry out building work to property adjoining Council-owned property this may be covered by Party wall legislation. Estates and Facilities surveyors act on behalf of the Council to protect the Council's interests.
Mutual exchange visits	Surveys are carried out to assist City Homes with technical advice on the condition of properties prior to tenants moving.
Tenant alterations	Tenants have a right to carry out alternation but sometimes this requires a property inspection before and /or after work is completed.

## External Service Delivery - Planned Building Maintenance

### **Decent Homes - Internal Works**

During 2012/13, a large scale procurement exercise was undertaken to select a partner to work with the Council for a period of 5 years from 2012/13, to deliver largely internal planned maintenance services across the housing stock – work streams include:

- Kitchen & bathroom replacements
- Heating.& boiler installs
- Electrical works
- Fixed wiring testing
- Disability Adaptations
- Communal & Emergency lighting replacements
- M&E servicing to: Fire alarms/door entry systems
- Fencing

The contract was awarded to TSG Building Services plc and staff who had previously delivered this programme of works with the previous contractor (Apollo) transferred to TSG in 2014 for a contract which began in November 2014.

### **Decent Homes - External Works**

Foster Property Maintenance Ltd., were appointed following a similar procurement exercise in 2016/17 and their work streams include:

- Re-roofing (Incl. Structural re-roofing)
- Hard surfacing/pavements replacements
- Cyclical decorations & repairs (PTR)
- Gutter cleaning
- Replacement of standard entrance doors & fire doors
- Structural Works
- Loft & Cavity Wall Insulation works
- External Wall Insulation

- Garage upgrades
- Asbestos removal
- Communal flooring

The scope of the planned maintenance contracts includes all of the investment elements associated with the maintenance of the decent homes standard, in addition to investment in garages, asbestos removal, fire safety works, fencing, environmental improvements, works to communal areas and major projects such as sheltered scheme refurbishments. The planned maintenance contracts also deliver the planned revenue investment, which includes the rolling 7-year external paint and repair programme for the housing stock.

### **Gas servicing and maintenance**

The Council has a contract with Mears in conjunction with South Cambridgeshire District Council to inspect, service, maintain and repair gas appliances to all domestic Council-owned dwellings where gas appliances are the Landlord's responsibility, in line with statutory duties of Gas Safety (installation and use) Regulations 1998. The contract was let in July 2016 for a term of five years with the option to extend by a further five years.

Work is underway to improve the IT links between the Council's housing management and asset management information systems and those used by Mears, to eliminate as far as possible any duplication of data input and therefore deliver a more efficient service. KPI data is currently running at a monthly reported compliance figure of 100%.

### **Mechanical and Electrical Services Maintenance**

These works are carried out by TSG Building Services. There are a number of contract areas covering the following aspects of service delivery:

- Mechanical maintenance - covering the inspection, servicing and routine maintenance of all electrical appliances within communal areas. The contract

covers items such as showers, fans, calorifiers, hot and cold water services, radiators, thermo-static mixing valves, cold water tanks, control panels, pumps, gas heaters, and commercial boilers.

- Lift maintenance - The scope of the contract is to inspect, service, maintain & repair passenger lifts in all CCC lifts
- Automatic doors
- Electrical maintenance
- Air cooling equipment maintenance
- Fire safety equipment maintenance - maintenance and inspection of fire equipment in CCC building
- Street lamp columns
- Door entry systems

### Other Cyclical Maintenance

There are a number of assets requiring specialist maintenance services as follows:

- Access control systems - Bi-monthly maintenance/inspection of fob readers & access control equipment to all sheltered blocks & general housing communal entrance doors are carried out under the building services contract.
- TV aerials - A contract for the maintenance & repair of existing communal systems to large flat blocks & sheltered schemes
- MVHR annual servicing – for new build flats with mechanical ventilation systems
- Emergency Call Systems – in sheltered housing
- Lightning Conductors – to a small number of blocks of flats
- Stair lifts / through floor lifts, including Loler inspections
- Specialist baths
- Hoists
- Emergency lighting
- Roof and ladder safety systems
- Insurance inspections

## **Section 12 – Residents and Stakeholders**

### **Tenants & Leaseholders**

Tenants and leaseholders are kept informed about day-to-day repairs and the planned works programme via individual letters and the quarterly tenant and leaseholder magazine, Open Door.

The main contractors that deliver planned works employ resident liaison officers who visit tenants to explain planned maintenance work and ensure work runs smoothly on site.

Where major works are planned on estates, project specific resident consultation meetings are arranged to explain works and answer questions.

### **Leaseholder Consultation meeting**

There is a quarterly leaseholder consultation meeting. All leaseholders are invited. The agenda includes planned maintenance works, services charges and estate matters and service delivery issues.

### **Residents Panel**

The Residents Panel meets quarterly and is designed to be a sounding board housing management and maintenance issues.

### **Estate Improvement Schemes**

All tenants and leaseholders are invited to submit ideas for estate improvement schemes. This is advertised in Open Door. All responses are reviewed by the Council's Resident Engagement Officer.



### **Residents and Officers Asset Management Group (ROAM)**

This group meets quarterly to discuss maintenance of the Council's housing stock. Its members are tenant and leaseholder representatives and Council officers from the Estates and Facilities team and City Homes.

The purpose of the group is to:

- Provide a forum for residents and Council officers to discuss the Council's asset management plan and any issues arising from it.
- Consider the performance of contractors appointed by the Council.
- Consider reports on new initiatives and considers how to implement them.
- Increase residents' capacity to take part in tender evaluation exercises and attend meetings with contractors.
- Provide a pool of trained resident members who can carry out site inspections and report back to the group their findings.

### **Housing Scrutiny Committee**

There are five elected tenant representatives and one elected leaseholder representative that sit on the Council's Housing Scrutiny Committee. In this way tenants and leaseholders play an integral role in the planning and budget-setting within the Decent Homes programme and continue to oversee and agree the spend in relation to planned and day-to-day maintenance.

### **Councillors**

New policies and annual programmes of work are approved by the Executive Councillor for Housing, and subject to scrutiny at the Housing Scrutiny Committee.

Ward Councillors and Council officers communicate on daily basis with regard to delivery of services and questions from constituents.

## **Section 13 – Performance Information**

### **Repairs Satisfaction Surveys**

Repairs satisfaction is currently measured on site via a PDA on completion of each job. It is proposed to introduce a temporary improvement (pending the introduction of the mobile facility) for the Customer Service Centre to carry out satisfaction surveys by phone, entering the responses directly into Orchard.

### **Performance Management**

Performance management is focused on focus on the key components of effective management with key performance indicators that measure time, cost and quality. KPI dashboards have been produced for planned preventative maintenance

#### **Planned maintenance**

- Customer Satisfaction
- Quality of work
- Time predictability
- Cost predictability
- Disability adaptations completed in target time

#### **Voids**

- Average time to complete repair in repair works in a standard void
- Average void re-let time in days

#### **Repairs**

- % of responsive repairs issued to external contractor
- Appointments made as a % of appointable repairs - Direct Works Team only
- Appointments kept as a % of appointments made
- Percentage of emergency repairs completed within target time
- Percentage of urgent repairs completed within target time

- Percentage of routine repairs completed within target time
- Percentage of all reactive repairs completed within target time

### **Gas Servicing**

- Number of gas installations noncompliant

### **Electrical testing**

- Number of properties with no electrical test in past 10 years

KPIs are part of the wider Housing performance management processes (quarterly PI monitoring via SLT & HMT).

### **Asset Management performance**

There is a need to develop a system of more detailed performance measurement within Asset Management: to assess the contribution of assets to the achievement of organisational goals; and property measures designed to measure the performance of asset categories. A review of the entire asset management system will be carried out in order to establish that all of the key elements of asset management are present and represent best practice.

The performance evaluation of the asset management system would cover:

Strategy development	Programme development
Performance management	programme delivery
Leadership	Customer focus
Organisation, roles and responsibilities	Resources and capacity
Sustainability	Data management
Value for money	Change management

## **Section 14 – Action Plans**

### **Estates and Facilities Operational Plan**

The Council's Estate and Facilities team are responsible for delivering asset management services, contract management, facilities management and operational delivery of repairs and voids services. Each of the Council's service areas produces an Operational Plan that sets out service objectives for the coming year.

The Estates and Facilities Operational Plan is included at Appendix C.

### **Asset Management Action Plan**

The asset management action plan is a schedule of projects and activities that will improve the Council's asset management. These include surveying and re-surveying assets to assess condition and investment requirements, forward planning to assess the impact of external changes, and reviewing existing methods of service delivery. The action plan covers a three-year period that will be reviewed and updated annually in order to respond to organizational objectives. An asset management action plan for the medium term has been prepared and is included at Appendix D

## **Section 15 – Information Systems**

### **ICT Infrastructure**

A contract for a new Housing Management ICT System was awarded to Orchard in December 2018. The Council will start to progress with the implementation phase of the project in April 2019. It is expected that the new system will be fully operation by March 2021.

### **Current ICT Infrastructure**

From an asset management and property maintenance perspective the housing revenue account relies on business critical ICT infrastructure, which exists to support the service. There are a number of ICT applications currently deployed, which support various elements of the business.

### **Orchard Housing**

Orchard Housing Management Information System is an integrated housing management application, which operates on a modular basis. The authority currently uses the following modules:

- Key common module, which holds detail of the housing stock owned or managed by the housing revenue account.
- Rents and arrears module, which holds tenancy, rent collection and arrears management information,
- Service charge module which supports all activity in respect of recording details and recovering service charges for leasehold properties
- Right to buy module, this assists in managing the process of selling properties under the right to buy legislation.
- Repairs client module, which records details of all responsive repairs, void repairs and void inspections raised, whether against the dwelling, block or street.

- The appointments module is used to schedule appointments for repairs, both in terms of confirming this to the tenant and arranging the staffing resource required to respond and deliver the required repair.
- The Direct Works Module meets the requirements of a direct labour organisation. The system, based around a common core of people and property information, supports the creation of work tickets, job costing, workforce management, task charging, purchasing, stock recording, stock control and electronic data interchange.
- The Planned Works Module allows the recording of all Decent Homes and planned jobs ordered, whether revenue or capital funded.
- The Lettings and Voids Module is deployed to manage the workflows associated with a vacant property, from the point at which the outgoing tenant gives notice, to when a new tenant occupies the property.

### Mobile Working and Work Scheduling

To support the retention of the responsive and void repairs services in-house, the key requirements to improve productivity and therefore reduce costs are the effective utilization of mobile working and work scheduling solutions.

The use of mobile devices enables operatives to be directed from job to job when they are signed on which saves considerable time. Vehicles carry imprest (common repairs items) stocks and operatives only need to attend the depot to re-stock as required.

An effective work scheduling system will allow operatives to be assigned to jobs in the immediate vicinity of a previous job, or to be re-directed to respond to an emergency / urgent repair in their locality in an efficient manner. A combination of a mobile working solution and work scheduling applications will facilitate an efficient repairs service, incorporating real time communication between front line services and the back office, thus allowing timely communication with customers in line with increased expectations.

## **SAM (Strategic Asset Management)**

SAM is the asset management database currently deployed for assets owned and managed within the housing revenue account. The system enables the age and condition of each dwelling to be recorded on a component-by-component basis, alongside the anticipated investment need for each property, profiled over the longer term.

The system allows for assumptions in the investment profile to be amended to facilitate modelling of a variety of investment scenarios for both business planning and asset management decision-making purposes.

Some stock condition information is maintained on spreadsheets outside the SAM system and it is planned that this will be incorporated into the new Orchard ICT system. This includes electrical testing, gas servicing, smoke detector records, garages, HRA commercial buildings, and communal lighting.

A SAM mobile working application is used for the collection of stock condition data.

## **Data Stocks**

Data Stocks is operated alongside Orchard to facilitate the management of stock, using a bar coding methodology to record stock items and allocate them to both operatives and jobs. The current system is due to be upgraded within the next 12 months. This will include more functionality to show plan in items such as PAT testing, PPE issue and vehicle servicing/MOT dates. Data Stocks is currently used to provide a stores function to internal departments other than Estates and Facilities.

## **Asbestos Database**

The Council has interim arrangements in place for the asbestos database pending the introduction of the new Orchard Asset ICT. The Council previously procured PSI to provide a database to perform the role of an asbestos register. This was not

successfully implemented. The Council has completed many asbestos surveys and holds records but they are not currently located in an easily accessible database.

The majority of the information held would be classed as Management Survey information as it was either Type 1 or Type 2 surveys when undertaken. Where refurbishment works have been undertaken a Type 3 survey, or as is known now as a Refurbishment and Demolition (R&D) survey would have been undertaken.

### **Housecall**

Housecall is a web based application that allows simple reporting of repairs on line by tenants or leaseholders. Its picture based repair diagnostic tool enables the users to accurately identify the repair needed. This system is likely to be replaced by the new Orchard Housing ICT customer interface.

### **NEC3 contract management system (CEMAR)**

CEMAR is a web-based NEC3 contract administration tool that is used by Council staff and contractors. This tool enables a seamless exchange of orders, queries and work completions while insuring full compliance with the contract terms by both parties.

### **Integration with other systems**

Work commenced to facilitate integration with the systems operated by the Council's gas maintenance partner, Morrisons, to allow gas safety inspection information, certificates (CP12's) and boiler serial numbers, to be automatically recorded against a property record in the housing management system, reducing duplication of effort by both organisations. This integration will be developed as part of the implementation of the new Orchard Asset Compliance module.



## **Section 16 – Risk Management**

### **Insurance**

The Council insures its housing stock assets by combining external insurance with the operation of an internal insurance fund. The Housing Revenue Account has a policy to partly 'self-insure' the housing stock, taking an insurance policy with a stop loss of £250,000 per annum. This arrangement requires the authority to meet the first £250,000 of insurance losses in any one insurance year, but serves to significantly reduce the level of annual insurance premium that would otherwise be payable.

The financial risk that this poses requires an annual budget is maintained to meet the costs associated with what would otherwise have been routine insurance claims met by the insurer, coupled with a requirement to maintain HRA balances at such a level that meeting the first £250,000 of any large claim in any one insurance year would not cause irreparable damage to the business.

As a result of this arrangement any works that would normally have resulted in an insurance claim are recorded in such a way that if the threshold is reached in any one insurance year, evidence can be provided and a formal claim can be made.

### **Insurance inspections**

The Council appoints specialist engineers (currently HSB Engineering Insurance) to carry out periodic thorough examination reports for lifts and boilers / pressure vessels.

### **Unforeseen Major Incident**

The risk of a major incident in the city, which affects the housing stock, will always exist. An incident resulting in a loss of more than £250,000 would be expected to be met by the Council's insurer.

A major incident team exist to respond to a major incident in the first instance, with the organisation responding to provide rest centres and temporary / alternative accommodation until work to any Council stock can be undertaken.

### **Compliance failure**

Contractual arrangements are in place to ensure the Council remains compliant with statutory requirements. See Section 8 above.

### **Audit and Review**

The service is subject to regular internal and external audit looking at specific service areas. Recent audits of electrical inspection and gas servicing have resulted in action plans to improve service delivery and reduce risk. We have also commissioned external consultants to review service areas (e.g. HQN's review of leasehold services in 2018)

### **Contractor failure and insolvency**

The risk of contractor failure is mitigated by financial checks and credit references to check risk levels and contract limits. In our long term contractual relationships there is no guaranteed volume of work so programmes can be increased or reduced if necessary.

### **Inflation Rates**

Over the next five years, to 3Q2023, the Building Cost Information Service (BCIS) forecast that tender prices are expected to rise by 29% and building costs are expected to rise by 23%. A great deal of uncertainty remains for the construction industry over this period.

The HRA Business Plan addresses the approach being taken to the volatility that is experienced across a range of inflation rates. The rate that is most likely to impact on the Asset Management Plan is that calculated by the Building Cost Information Service

(BCIS), the all in tender price indices. This inflation rate is widely accepted as the industry norm for price increases in construction industry contracts.

### **Flood Damage**

Some of the Council's housing stock lies within a potential flood plain in the event of exceptional over-flowing of the River Cam. The probability of this plain being inundated is calculated to be a 1 in a 100-year event.

### **Planning Policy Changes**

National and local planning policies can impact the Council's new build programme and future maintenance liabilities. For example local planning policies have recently required the installation of a lift to all flats above ground level and this will increase maintenance costs and services charges.

### **Legislative Changes**

There are risks in any business plan, strategy or financial model that changes in legislation may alter the assumptions being made.

## **Section 17 – Financial Issues and Implications**

### **HRA Business Plan**

The Housing Revenue Account Business Plan sets out the financial model, assumptions and risks for the housing service. The Asset Management Strategy is a component of the HRA business plan.

### **Housing Capital Plan**

The proposed 5-year Housing Capital investment Plan is at Appendix F.

The proposed 30-year investment plan is detailed at Appendix G

There are a number of assumptions that have been made as part of the current investment plan, including:

- There will continue to be a combination of “Decent Homes” and “Investment Standard” approach to maintaining decency in the housing stock, with proactive, planned replacement of some building components and others maintained to a decent homes minimum investment standard, where components are replaced when they fail.
- A communal areas budget of £100,000 per annum in addition to existing items of specified investment in communal areas
- An allocation of £71,000 per annum for replacement communal doors and enclosure doors
- An allocation of £150,000 per annum for replacement of landlord electrical supplies and fire alarm systems and communal lighting
- £100,000 per annum for replacement communal area floor coverings
- Annual investment in garages of £100,000 per annum.
- £50,000 per annum to tackle the on-going work associated with lower categories of asbestos risk.

- Investment of £878,000 per annum in disability adaptations, including an allowance of £100,000 per annum for replacement of existing adaptations
- £200,000 per annum for fencing replacement on an ongoing basis.
- £50,000 per annum to meet the anticipated costs of fire safety works and fire prevention measures across the housing stock.
- £225,000 per annum funding for paths, hard standings and recycling areas
- Budget bid for replacement fire doors

## Section 18 Appendices

### Appendix A – Decent Homes Component Life

Decent Homes Component Life Table – with local asset lives highlighted where different			
Element	Option	Life Assumed	Flats
Balcony*		80	
Balustrade/railing	Metal, timber, concrete, glass, melamine, other	80	
Bathroom		40	
Boiler*	(DH life is 15, local life is 12)	12	
Canopy	Timber, concrete, GRP, metal	40	
Chimney*	Pointing & Render	50	
Communal door*	GRP, timber, PVCu, composite, steel, mixed	40	
Communal lift		20	
Door entry system		15	
Drainage		25	
Electrics*		30	
Enclosure doors	GRP, timber, PVCu, composite, steel, mixed	40	
External doors*	GRP, timber, PVCu, composite, steel	40	30
Garage		80	
Garage door	Timber, composite, steel other	30	
Garage rainwater goods		15	
Garage roof	Metal, asbestos, concrete, felt, other	30	
Glazed areas	PVCu, timber, metal, aluminium, SDG	40	
Heating*	Gas warm air, electric warm air, electric storage heaters	30	
Heating*	Other, solid fuel, electric ceiling heater	30	
Heating	Distribution system and radiators	40	
Kitchen	Small, medium or large (DH life is 30, local life 25)	25	
Roof covering*	Flat roof	30	30
Roof covering*	Pitched roof (Flats: DH life is 30, local life 50)	50	50
Roof structure*		50	30
Shed door	GRP, Timber, PVCu, composite, steel, mixed, other	30	
Shed roof	Metal, asbestos, corrugated sheets, felt, other	30	

# Decent Homes Component Life Table – with local asset lives highlighted where different

Element	Option	Life Assumed	Flats
Shed windows	Timber, PVCu, metal, other	30	
Smoke detector	(DH life is 15, local life 10)	10	
Wall Finish*	Brick, render, cladded, tile hung, metal sheet	60	30 (over 6 storeys)
Walls*	Brickwork (spalling)	30	30
Walls*	Lintels	60	
Wall insulation	Cavity-fill, dry lining	0	
Wall structure*	Brick, block, timber, concrete, combination, other	80	
Water heating	From boiler, on/off peak immersion, gas/electric instantaneous, communal	15	
Window*	PVCu	40	30
Window*	Timber, metal, aluminium, part PVCu	40	30

\* = a “key building component” as defined in Decent Homes standard

## Appendix B - Miscellaneous Leases

Address	Organisation Type	Property Type	Beds	Built	Current repair responsibilities - Council	Current repair responsibilities - Lessee
99 Gwydir St	University	Flat into bedsits	5	1899	Foundations, walls, roof, gutter, downpipes, roof coverings, external doors, window frames, structural element of ceilings drains	internal walls, wall coverings, ceilings, ceiling covering, floors, floorboards, door, door frames, windows, window frames glass, toilet facilities, sanitary & heating appliances, boilers, sewers, drains, water gas pipes and mains within the property, gardens , fences, painting
120 Mill Rd	Housing Society	House	4	1899	Main Structure	Internal
122 Mill Rd	Housing Society	House	4	1899	Main Structure	Internal
28 Elizabeth Way	Charity	House	3	1899	Main Structure	Internal
93 Radegund Rd	Charity	House	3	1945	Main Structure	Internal
1 Ferry House	Charity	House	2	1899	Main Structure	Internal
4 Short St	Charity	House	3	1899	Main Structure	Internal
5 Short St	Charity	House	3	1899	Main Structure	Internal
6 Short St	Charity	House	3	1899	Main Structure	Internal
8 Castle Row	Charity	Flat	1	1945	Main Structure	Internal
9 Castle Row	Charity	Flat	1	1945	Main Structure	Internal
1 School Court	Charity	House	3	1980	Main Structure	Internal
1 Cemetery Lodge	Charity	House	4	circa 1890	Main Structure	Internal
28 Fulbourn Old Drift	Education Dept	House	3	1978	As secure tenancy	As secure tenancy
101 Paget Rd	Education Dept	House	3	1948	As secure tenancy	As secure tenancy
194 Milton Rd	Education Dept	House	3	1927	As secure tenancy	As secure tenancy
12 Mortlock Ave	Education Dept	House	3	1948	As secure tenancy	As secure tenancy
37 Lawrence Way	Community Group	House	3	1962	As secure tenancy	As secure tenancy



## Appendix C

### Estates and Facilities Operational Plan

#### Cambridge City Council



## Estates and Facilities Operational Plan 2019/20

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## SECTION 1 – CONTEXT AND OVERVIEW

### A. PURPOSE OF THIS DOCUMENT

This is the Operational Plan for Estates and Facilities for 2019/20. It describes how objectives will be achieved and business benefits realised within a robust monitoring framework and in the context of the [Corporate Plan](#)

The Plan is divided into the following sections:

- Section 1: Context, Overview and Vision
- Section 2: Operational Plan
- Section 3: Summary of Performance Indicators

### B. VISION FOR THE SERVICE

In order to deliver the council's corporate plan, Estates and Facilities will undertake a review to provide modernised service which:

- Ensures the Asset Management Strategy delivers safe, warm and well-maintained homes for our tenants.
- Energy efficiency improvements will be targeted at lower-performing properties so that the least efficient properties are improved reducing the council's carbon footprint and improving sustainability across our asset portfolio.
- Provides a high performing repair and planned maintenance service for our tenants that gives value for money.
- Works with council tenants to agree priorities and invest in estates improvements to our estates and communities.
- Continues to further develop the role of the Shared Home Improvement Agency
- Works in partnership with Housing Management to implement a new housing management software system.
- Provides consultative expertise to the sustainable development of 500 new council homes funded by the devolution agreement and beyond
- Develops a facilities maintenance and improvement plan to improve our administrative buildings to ensure they are fit for the future
- Invests in our staff and continues to develop apprenticeship opportunities.
- Plans for the impact of Brexit, consulting with suppliers to effectively manage risk
- Ensures compliance across the service area including corporate health and safety

Over the coming financial year, we will be conducting a review of our service, whilst it is not a cost savings exercise it is a chance to review the efficiency of the services that we provide with what resources we do have in order to future proof our department. This will provide a period of change and improvement for all stakeholders involved and due consideration will be given to current working arrangements and processes across the service.

Estates and Facilities play a key role in ensuring the delivery of the Housing Revenue Account's Business Plan, ensuring that all of the council's assets including the homes of council tenants are well maintained and represent value for money in terms of the authority's annual rental income.

## C. DESCRIPTION OF THE SERVICE AND OBJECTIVES

Estates and Facilities comprises four distinct sections which together provide a comprehensive maintenance and improvement service to residents and other council departments, along with health and safety / emergency planning advice and oversight for the council as a whole.

The Operations team carry out approximately 15,500 responsive repairs and the refurbishment and re-letting of an average of 540 void properties per annum. This section is also responsible for a number of cyclical programmes of work such as the servicing of gas appliances, and currently includes a special projects team that undertake larger one-off improvement works to either the housing stock or corporate administrative buildings.

The Asset Management team are responsible for the procurement and management of larger, on-going, planned programmes of major repair and replacement which upgrade the council owned housing stock, estates and administrative building. These programmes of work are carried out in conjunction with external contractors under long term partnership contracts. In addition this team carry out stock condition surveys and record asset data which provide the core information for the Asset Management and Medium Term Financial strategies. Finally, this team incorporates the staff responsible for the day to day facilities management of the corporate administrative buildings, and work in conjunction with the Council's Property Services team to repair and upgrade commercial properties held within the Council's stock portfolio.

The Home Improvement Agency is responsible for the provision of services to elderly and disabled residents living within Cambridge, South Cambridgeshire and Huntingdonshire. Working in liaison with those Councils' Grants Officers, the agency procure and manage contractors who install disabled adaptations for residents of different tenures (apart from Council owned houses) and building repair works for residents who qualify for help with these needs. The Agency operates on a fee earning basis which funds the services they provide.

The Health and Safety / Emergency Planning team provide advice on all aspects of Health and Safety ensuring the Council complies with existing requirements as set out in government legislation and good practise guidelines, and identifies and responds quickly and effectively to newly arising requirements as necessary. The team also are responsible for leading on the Council's Emergency Planning; where risks are identified and planning is put in place to prevent emergencies occurring or to reduce, control and mitigate the impact should one occur.

The objectives set out in section 2 of this operational Plan reflect the need for the service review mentioned earlier, which aims to improve efficiency and value for money within the Operations, Asset Management and Health and Safety teams. The outcomes of the review will complement the project to upgrade the housing management software which is being rolled out over the same period, and will provide enhanced I.T. functionality for the Housing service as a whole. A further key objective is to substantially improve the process for identifying routine maintenance and future improvements required for the corporate administrative buildings. In addition, the service review will ensure that the Council's compliance with health and safety regulations is fit for purpose and robust enough to face future challenges as they arise.

The objectives for 2019-20 also include a focus on delivering the core service and current commitments in full, while exploring the potential for new ways of working and improving customer satisfaction within existing resources.

#### **D. STAFFING OVERVIEW**

The service comprises a management team consisting of a Head of Service and four Operational Managers who lead different aspects of the service. An organisational chart is appended to this plan.

There are currently 103 staff within the service area with an overall staffing budget of £5,903,290.

As mentioned in Section C above, the service has had some difficulty appointing to Surveying posts in the last 12 months which has delayed some of the projects, however, this year will see additional funding bids submitted to enable the service to deliver against its Asset Management Strategy, Environmental Improvements and Facilities Plan. The service has developed two new Trainee Surveyor type roles (in Asset Management and the Home Improvement Agency) to enable the appointment and growth of individuals with potential.

The service continues to be accredited as part of the broader council to Investors in People and staff are encouraged to develop their skills and expertise. The shared Home Improvement Agency, for instance, will be undertaking Trusted Assessor training during the early part of 19/20 which is part of the plans to improve the customer pathway for adaptations for disabled people.

#### **E. FINANCIAL OVERVIEW**

Service Budgets 2019/20:

##### Housing Revenue Account (HRA)

- Responsive repairs and Voids - £3,573,440
- Cyclical Maintenance and Servicing - £2,925,990
- Capital funded improvements - £10,489,000
- New build - £307,000 plus anticipated re-phasing £50,000
- Conversion – Anticipated re-phasing £408,000

Total HRA – £17,753,430

##### General Fund

- Facilities Management – £357,700
- Quality /Health & Safety and Emergency Planning – £143,080
- Improvements to General Fund properties - £568,000
- Cambridgeshire Home Improvement Agency £4,000,000 (service funded from County grants and from DFG derived fee income of 15% of budget)

Total GF – £5, 068, 780

**TOTAL SERVICE BUDGETS 2019/20 - £22, 822 210**

## SECTION 2 – OPERATIONAL OBJECTIVES AND ACTIONS FOR 2019/20

Ref	Activity	Performance Measure	Lead Officer	Staff resource (FTE)	Budget	Completion date
<b>Operational Objective 1: Maintain and improve our assets</b>						
1.1	Asset Management Strategy consulted on, approved and ready for implementation	Strategy approved at September 2019 Committee	Will Barfield	Existing resource	Budget available	End Sept 2019
1.2	Deliver programmes: <ul style="list-style-type: none"> <li>•Walkway waterproofing programme</li> <li>•Street lighting upgrade replacement programme</li> </ul>	First of 3 phases commenced 2019/20 and completed by Mar 2022.  Lighting upgrades completed.	Will Barfield  Will Barfield	Existing resource  Existing resource	Funding bid Sep 19  Budget available	Phase 1 Mar 2019/20 and Phase3 Mar 2022  Mar 2020
1.3	Complete the 2019/20 quota of stock condition surveys	Sample completed	Will Barfield	Additional resource agreed in 19/20 budget	Funding bid Sep 19	Mar 2020
1.4	Work with Housing Management and other stakeholders to identify and deliver the Estate Investment Plan	Plan produced	Will Barfield	Additional resource agreed in 19/20 budget	Budget available	Dec 2019

Ref	Activity	Performance Measure	Lead Officer	Staff resource (FTE)	Budget	Completion date
<b>Operational Objective 2: Develop the efficiency of the repairs service</b>						
2.1	Improvements in repairs turnaround and efficiency, including: <ul style="list-style-type: none"> <li>•Review of job categorisation</li> <li>•Review of how jobs are planned</li> <li>•Review of number of jobs completed per trade</li> <li>•Reduction in number of jobs going to emergency call-out</li> </ul>	More cost-effective service, offering more flexible appointments to customer and fewer jobs going to call-out	Stephanie Duff	Existing resource	Budget available	March 2020
2.2	Increase cost recovery in all areas of responsibility: <ul style="list-style-type: none"> <li>•Responsive</li> <li>•Voids</li> <li>•Special Projects</li> <li>•Temp Housing</li> <li>•Stores</li> </ul>	Monthly budgetary information from Housing Asset Maintenance Accountant shows minimum break-even income vs. costs	Stephanie Duff	Existing resource	Budget available	March 2020
2.3	Develop an Apprenticeship Strategy	Strategy implemented	Lynn Thomas	Existing resource	Budget available	December 2019
2.4	Develop a Datastox/Imprest system to effectively manage the Stores Service	System in place	Stephanie Duff	Existing resource	Budget Available	March 2020

Ref	Activity	Performance Measure	Lead Officer	Staff resource (FTE)	Budget	Completion date
<b>Operational Objective 3: Review and ensure compliance across the service area including corporate health and safety</b>						
3.1	Cambs HIA to liaise with district councils to procure new works contracts thereby ensuring compliance with the procurement regulations	New contracts commissioned	Frances Swann	Existing resource and in conjunction with the Procurement Team	£4000 funded within existing resource	December 2019
3.2	Review E&F health and safety compliance: <ul style="list-style-type: none"> <li>•Asbestos</li> <li>•Hand Arm Vibration Syndrome (HAVS)</li> <li>•Fire safety management</li> <li>•Training Plan (compliance)</li> </ul>	Review completed Action plan in place	Paul Parry	Existing resource	Within existing resource	March 2020
3.3	Review corporate health and safety policies: <ul style="list-style-type: none"> <li>•Working at Height</li> <li>•Employee Protection</li> <li>•Fire Strategy</li> <li>•Display Screen Equipment (DSE)</li> <li>•Lone Working</li> <li>•New and Expectant Mothers</li> <li>•Safety Partnering Agreement</li> </ul>	Review completed and changes publicised	Paul Parry	Existing resource	Within existing resource	March 2020

Ref	Activity	Performance Measure	Lead Officer	Staff resource (FTE)	Budget	Completion date
<b>Operational Objective 4: Deliver the repairs obligations and improve customer satisfaction</b>						
4.1	Full review of repairs offering: <ul style="list-style-type: none"> <li>•Ensure repairs obligations match those we are responsible for</li> <li>•Better customer experience in respect of appointment times and availability</li> </ul>	Reduction in number of repairs carried out that are tenants responsibility	Stephanie Duff	Existing resource	Within existing budget	March 2020
4.2	To research and trial the Repairs MOT approach to properties that have the highest number of repairs reported each year (initially concentrating on the Top 50)	Reduction in number of visits per property.	Stephanie Duff	Existing resource	Within existing budget	December 2019



Ref	Activity	Performance Measure	Lead Officer	Staff resource (FTE)	Budget	Completion date
<b>Operational Objective 5 : Develop the wider role of Estates and Facilities Service (such as Facilities, New Build and HIA)</b>						
<b>5.1 Cambs Home Improvement Agency</b>						
5.1.1	Cambs HIA: Ensure DFG budgets are spent in line with the new Cambridgeshire Repairs and Adaptations Policy (replacing Grants & Loans Policy)	DFG budgets spent	Frances Swann	Existing resource	Within existing budget	March 2020
5.1.2	Cambs HIA: To trial a new bathing pathway pilot in a targeted area in Cambridgeshire. This pilot will aim to deliver a more rapid service for the customer.	New pathway introduced. Time taken to install a level access shower from initial enquiry with an OT to completion is faster.	Frances Swann	1 FTE to be funded by the County Council	£50 000	March 2020
5.1.3	Cambs HIA: Scope the benefits of widening Cambs HIA to include East Cambs and Fenland.	Costed feasibility plan completed.	Frances Swann	Existing resources	Within existing budget	December 2020
<b>5.2 Facilities</b>						
5.2.1	Develop an effective Facilities Plan to ensure the Council's corporate administrative building assets are maintained in good condition.	Planned maintenance is identified and scheduled in the plan	Will Barfield	Existing resource	To be identified	January 2020

5.2.2	Complete improvements to Guildhall Welfare Areas and progress access improvements	Design and works completed. Programme identified for access improvements	Will Barfield	Existing resource	Budget available	January 2020
<b>5.3</b>	<b>Special Projects Team</b>					
5.3.1	Commercial/Special Projects Team to: <ul style="list-style-type: none"> <li>•Convert identified Kingsway communal rooms into flats</li> </ul>	Conversion complete within budget	Stephanie Duff	Existing resource	Budget available	Mar 2020

Ref	Activity	Performance Measure	Lead Officer	Staff resource (FTE)	Budget	Completion date
<b>Operational Objective 6: Service Improvement (Including implementation of the upgraded Housing Management System (Orchard))</b>						
6.1	Analyse data available to review trends.	Outcomes to inform service review	Lynn Thomas	Additional resource required	Budget available	August 2019
6.2	Create an action plan around identified themes to set objectives for the service review.	Action plan is agreed and incorporated in the service review	Jasmina Choukair	1 x fixed term member, external consultant and existing resources.	Budget available	August 2019
6.3	Complete the service review; there are several stages of this review that need time to be implemented to ensure its success	Completed Action plans (each stage) and recommendations implemented	Lynn Thomas	1 x fixed term member, external consultant and existing resources.	Budget available	December 2019 June 2020 June 2021
6.4	Complaints: <ul style="list-style-type: none"> <li>•Reduction in number of complaints received</li> <li>•Reduction in number of complaints escalated to next stage</li> <li>•Improvement in turnaround time of complaint resolution</li> </ul>	Reduction in number of complaints compared to 2018/19  Reduction of stage 2 complaint received compared to 2018/19  100% of complaints responded to within target.	Lynn Thomas	Existing resource	Within existing budget	March 2020

6.5	Complete business process maps to inform the implementation of the upgraded Housing Management ICT repairs system	New ICT system operational and effective	Jasmina Choukair	Fixed term post agreed	Existing resources	Phase one due to be completed by December 2019 Phase two due to be completed by March 2020
6.6	To complete all data cleansing tasks in readiness for the implementation of the upgrade ICT system	Clean data available within the required	Will Barfield	Existing resource	Existing resources	November 2019
Page 140	Cambs HIA: To work in conjunction with 3cICT to procure and implement a new Environmental Health ICT system.	New system implemented	Paul Ashbridge 3cICT/Frances Swann	Existing resources	Separately funded by the district councils	September 2019

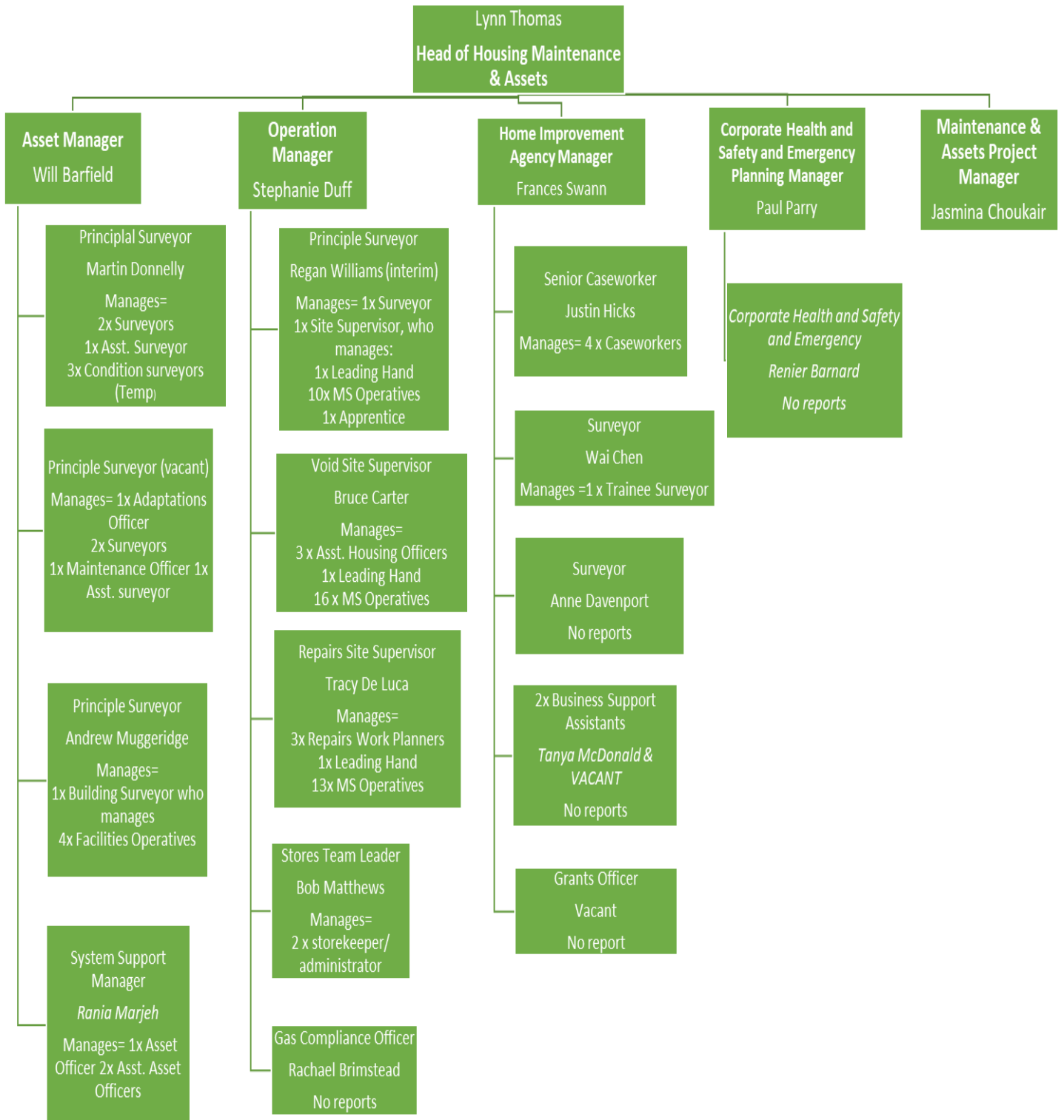
## SECTION 3 – PERFORMANCE INDICATORS (KPIs)

### Organisational, Service and Corporate Plan Performance Indicators

The table below should list Key (KPI) and Local (Service level/LPI) performance indicators (KPIs) that this Service is responsible for reporting against.

KPI Reference and Description		Reporting frequency	2018/19 Target	2019/20 Target
<b>Key Performance Indicators (KPIs)</b> (From Corporate Plan or the suite reported to SMT each quarter)				
Ref.	Description			
V1	Void re-let times: a) General needs b) Sheltered c) New build	Quarterly	28 days 28 days 30 days	28 Days 28 Days 30 Days
V2	Average time to repair standard void	Quarterly	14 days	20 Days
RR1	% of responsive repairs issued to external contractors	Quarterly	20%	20%
RR1	Appointments made a % of appointable repairs	Quarterly	96%	96%
RR1b	Appointments kept as a % of appointments made	Quarterly	90%	90%
RR2	% of emergency repairs completed within target (24 hours)	Quarterly	99%	99%
RR3	% of urgent repairs completed within target (3 working days)	Quarterly	99%	99%
RR4	% of routine repairs completed within target (20 working days)	Quarterly	95%	95%
RR5	% of all reactive repairs completed within target	Quarterly	97%	97%
G1	No of non-compliant gas installations	Quarterly	0	0
ES1	Overall customer satisfaction with repairs service	Quarterly	99%	99%

## Appendix A- Staff Structure



## Appendix D - Asset management 3-year action plan 2019-22

Action	2019/20	2020/21	2021/22
<b>Property Management actions</b>			
Review and implement new street lamp columns mapping and identification		✓	
Re-survey garages, review investment and implement an improvement programme			✓
Revise procedures to ensure new build properties are integrated into maintenance programmes	✓		
Review communal facilities in sheltered housing to identify investment and detailed timetabling of this activity		✓	
Review requirements for un-modernized sheltered housing at Stanton House, Ditton Court and School Court		✓	
Identify the resources required to inspect and survey structural condition of flats and concrete on cyclical basis	✓		
Review long term maintenance requirements for miscellaneous leases		✓	✓
Develop proposals for additional resources for cyclical structural condition surveys and testing	✓		
Identify a programme of electrical re-wiring to landlord installations in flat blocks	✓	✓	
<b>Active asset management actions</b>			
Implement a NPV asset appraisal mechanism as part of the Orchard asset software		✓	
Put forward proposals to dispose of property uneconomic to maintain		✓	
Implement the new housing ICT system including Orchard Asset to replace Northgate SAM.	✓	✓	
Carry out data cleansing of the existing stock condition database ready for import to Orchard Asset	✓		
Implement a new five-year cycle of stock condition surveys	✓		
Revise the housing maintenance procurement strategy		✓	
Implement a new asbestos database located within Orchard Asset		✓	
Complete a value for money review for gas boiler installations			✓
<b>Repairs and Maintenance actions</b>			
Survey / inspect external render systems to establish maintenance requirements			✓

Action	2019/20	2020/21	2021/22
Implement projects arising from the estate improvement programme	✓	✓	✓
Establish a programme of “planned repairs”		✓	
Implement a programme of annual fire door inspections for flats and communal fire doors	✓		
Review the electrical testing programme and put forward proposal to implement 5 year testing cycle		✓	
Identify maintenance requirements for flat roof replacement and repairs		✓	
Establish a maintenance programme for communal lighting and replacement programme for street lamp columns	✓		
Complete structural surveys of balconies and walkways and implement programme of work	✓		
Review works requirements for HRA commercial property		✓	
Develop a replacement programme for lifts, access control and other systems on housing estates.	✓		



## Appendix E – New Build Schemes on site and in pipeline

<b>Schemes on site</b>	<b>Approved Indicative Social Housing Units</b>	<b>Gain in Affordable Housing Units</b>
Mill Road	118	118
Anstey Way	56	29
Nun's Way / Cameron Road	7	7
Wiles Close	3	3
Ditchburn Place	2	2
Queensmeadow	2	2
Wulfstan Way	3	3
Colville Road Garages	3	3
Markham Close	5	5
Gunhild Way	2	2
<b>Total</b>	<b>201</b>	<b>174</b>
<b>Schemes in pipeline</b>	<b>Approved Indicative Affordable Housing Units</b>	<b>Gain in Affordable Housing Units</b>
Tedder Way	2	2
Kendal Way	2	2
Ventress Close	15	13
Akeman Street	14	12
Kingsway	4	4
Cromwell Road	118	118
Colville Road	62	42
Meadows and Buchan	106	106
Clerk Maxwell Road	14	14
Campkin Road	75	50
<b>Total Due</b>	<b>Up to 412</b>	<b>Up to 363</b>

## Appendix F

### 10-Year Housing Capital Investment Plan

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund Housing Capital Spend</b>										
Disabled Facilities Grants	754	550	550	550	550	550	550	550	550	550
Private Sector Housing Grants and Loans	195	195	195	195	195	195	195	195	195	195
<b>Total General Fund Housing Capital Spend</b>	<b>949</b>	<b>745</b>	<b>745</b>	<b>745</b>	<b>745</b>	<b>745</b>	<b>745</b>	<b>745</b>	<b>745</b>	<b>745</b>
<b>HRA Capital Spend</b>										
<b>Decent Homes</b>										
Kitchens	655	682	303	466	621	753	1,136	747	1,474	1,367
Bathrooms	331	1,049	188	47	158	650	653	146	67	363
Central Heating / Boilers	2,586	3,838	1,866	2,050	1,850	2,675	1,902	2,129	2,315	1,685
Insulation / Energy Efficiency	833	1,344	891	807	676	519	420	970	181	1,184
External Doors	148	116	52	72	20	58	52	75	57	58
PVCU Windows	0	689	467	241	855	538	1,062	380	328	1,111
Wall Structure	634	2,246	6	6	19	2	250	94	505	681
External Painting	0	357	357	357	357	357	357	357	357	357
Roof Structure	398	300	300	300	300	300	300	300	300	300
Roof Covering	542	688	1,106	200	690	1,918	1,647	994	1,058	935
Chimneys	1	2	0	0	2	2	0	0	0	7
Electrical / Wiring	555	296	274	445	388	483	209	266	4	19
Sulphate Attacks	102	102	102	102	102	102	102	102	102	102

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HHSRS Contingency	229	100	100	100	100	100	100	100	100	100
Other Health and Safety Works	269	50	50	50	50	50	50	50	50	50
Other External Works	0	0	0	0	0	0	0	0	0	0
Capitalised Officer Fees - Decent Homes	305	305	305	305	305	305	305	305	305	305
Decent Homes Backlog	0	0	4,716	4,716	4,716	4,716	4,716	3,811	3,811	3,811
Decent Homes Planned Maintenance Contractor Overheads	842	1,305	667	576	680	936	906	738	759	915
Decent Homes New Build Allocation	477	163	732	1,009	1,092	1,180	1,271	1,364	1,463	1,564
<b>Total Decent Homes</b>	<b>8,907</b>	<b>13,632</b>	<b>12,482</b>	<b>11,849</b>	<b>12,981</b>	<b>15,644</b>	<b>15,438</b>	<b>12,928</b>	<b>13,236</b>	<b>14,914</b>
<b>Other Spend on HRA Stock</b>										
Garage Improvements	195	100	100	100	100	100	100	100	100	100
Asbestos Removal	50	50	50	50	50	50	50	50	50	50
Disabled Adaptations	878	878	878	878	878	878	878	878	878	878
Communal Areas Uplift	100	100	100	100	100	100	100	100	100	100
Communal Electrical Installations / Fire Systems / Communal Lighting	150	150	150	150	150	150	150	150	150	150
Communal Entrance / Enclosure Doors + Glazing	71	329	71	76	136	71	140	71	73	185
Fire Prevention / Fire Safety Works	921	50	50	50	50	50	50	50	50	50
Hard surfacing on HRA Land - Health and Safety Works	508	225	225	225	225	225	225	225	225	225
Communal Areas Floor Coverings	295	100	100	100	100	100	100	100	100	100
Lifts and Door Entry Systems	138	231	9	0	38	28	75	0	0	40
Estate Investment	1,000	1,000	1,000	1,000	1,000	0	0	0	0	0
Capitalised Officer Fees - Other HRA Stock Spend	114	114	114	114	114	114	114	114	114	114

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	364	243	191	190	201	193	205	190	190	207
<b>Total Other Spend on HRA stock</b>	<b>4,784</b>	<b>3,570</b>	<b>3,038</b>	<b>3,033</b>	<b>3,142</b>	<b>2,059</b>	<b>2,187</b>	<b>2,028</b>	<b>2,030</b>	<b>2,199</b>
<b>HRA New Build / Re-Development</b>										
Anstey Way	5,876	0	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites (Nuns & Cameron / Wiles / Teddar)	1,793	0	0	0	0	0	0	0	0	0
Kendal Way	346	0	0	0	0	0	0	0	0	0
Queensmeadow	461	63	0	0	0	0	0	0	0	0
Wulfstan Way	552	194	0	0	0	0	0	0	0	0
Markeman Street	1,949	2,419	0	0	0	0	0	0	0	0
Ventress Close	1,362	1,557	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	573	202	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	9,333	9,333	1,669	0	0	0	0	0	0	0
Gunhild Way	414	177	0	0	0	0	0	0	0	0
Markham Close	806	283	0	0	0	0	0	0	0	0
Cromwell Road (Including Land Acquisition)	3,070	4,539	5,740	0	0	0	0	0	0	0
Kingsway Clinic Conversion	382	0	0	0	0	0	0	0	0	0
Ditchburn Place New Build	143	0	0	0	0	0	0	0	0	0
Colville Road	4,257	11,373	0	0	0	0	0	0	0	0
Meadows and Buchan Street	1,765	13,613	9,832	0	0	0	0	0	0	0
Clerk Maxwell Road	714	2,033	0	0	0	0	0	0	0	0
Campkin Road	4,811	11,154	0	0	0	0	0	0	0	0
Keepmoat Defect Management (10 Schemes)	60	0	0	0	0	0	0	0	0	0

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Acquisition or New Build (Unallocated)	0	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Total HRA New Build</b>	<b>38,667</b>	<b>56,940</b>	<b>27,241</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Sheltered Housing Capital Investment</b>										
Ditchburn Place	772	0	0	0	0	0	0	0	0	0
<b>Total Sheltered Housing Capital Investment</b>	<b>772</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other HRA Capital Spend</b>										
Orchard Replacement / Mobile Working	543	0	0	0	0	0	0	0	0	0
Stores Reconfiguration	55	0	0	0	0	0	0	0	0	0
Estate Service Champion Estate Vehicle	0	0	0	0	0	0	0	0	0	0
Shared Ownership Repurchase	300	300	300	300	300	300	300	300	300	300
Commercial and Administrative Property	30	30	30	30	30	30	30	30	30	30
<b>Total Other HRA Capital Spend</b>	<b>928</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>
<b>Total HRA Capital Spend</b>	<b>54,058</b>	<b>74,472</b>	<b>43,091</b>	<b>25,212</b>	<b>26,453</b>	<b>28,033</b>	<b>27,955</b>	<b>25,286</b>	<b>25,596</b>	<b>27,443</b>
<b>Total Housing Capital Spend at Base Year Prices</b>	<b>55,007</b>	<b>75,217</b>	<b>43,836</b>	<b>25,957</b>	<b>27,198</b>	<b>28,778</b>	<b>28,700</b>	<b>26,031</b>	<b>26,341</b>	<b>28,188</b>
Inflation Allowance and Stock Reduction Adjustment for Future Years	0	410	908	1,408	2,013	2,811	3,233	3,089	3,527	4,371
<b>Total Inflated Housing Capital Spend</b>	<b>55,007</b>	<b>75,627</b>	<b>44,744</b>	<b>27,365</b>	<b>29,211</b>	<b>31,589</b>	<b>31,933</b>	<b>29,120</b>	<b>29,868</b>	<b>32,559</b>
<b>Housing Capital Resources</b>										
Right to Buy Receipts	(474)	(478)	(483)	(483)	(483)	(483)	(483)	(483)	(513)	(518)
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0	0	0	0	0	0

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Repairs Reserve	(19,308)	(14,164)	(11,857)	(12,350)	(12,666)	(12,988)	(13,312)	(13,652)	(14,000)	(14,357)
Direct Revenue Financing of Capital	(2,911)	(12,510)	(17,110)	(11,261)	(12,791)	(14,847)	(14,867)	(11,714)	(12,084)	(14,413)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(1,028)	(2,050)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)
Devolution Grant	(19,492)	(29,076)	(7,295)	0	0	0	0	0	0	0
Retained Right to Buy Receipts	(8,417)	(10,608)	(5,922)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)
Disabled Facilities Grant	(682)	(271)	(271)	(271)	(271)	(271)	(271)	(271)	(271)	(271)
Prudential Borrowing	0	0	0	0	0	0	0	0	0	0
<b>Total Housing Capital Resources</b>	<b>(52,312)</b>	<b>(69,157)</b>	<b>(43,238)</b>	<b>(27,365)</b>	<b>(29,211)</b>	<b>(31,589)</b>	<b>(31,933)</b>	<b>(29,120)</b>	<b>(29,868)</b>	<b>(32,559)</b>
Net (Surplus) / Deficit of Resources	2,695	6,470	1,506	0	0	0	0	0	0	0
<b>Capital Balances b/f</b>	<b>(10,671)</b>	<b>(7,978)</b>	<b>(1,506)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
Use of / (Contribution to) Balances in Year	2,693	6,472	1,506	0	0	0	0	0	0	0
<b>Capital Balances c/f</b>	<b>(7,978)</b>	<b>(1,506)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Other Capital Balances (Opening Balance 1/4/2019)</b>										
Major Repairs Reserve	(11,231)	Utilised in future years to fund investment in the housing stock								
Retained 1-4-1 Right to Buy Receipts	(13,932)	Utilised between 2019/20 and 2020/21 above								
Right to Buy Receipts for Debt Redemption	(9,031)	Retained for future debt repayment								
<b>Total Other Capital Balances</b>	<b>(34,194)</b>									



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Item

## **HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL STRATEGY 2019/20**

**To:**

Councillor Richard Johnson, Executive Councillor for Housing

**Report by:**

Julia Hovells, Assistant Head of Finance and Business Manager

Tel: 01223 457248

Email: [julia.hovells@cambridge.gov.uk](mailto: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 (HRA) Medium Term Financial Strategy, considered and approved in September / October of each year is one of two long-term strategic planning documents produced each year for housing landlord services provided by Cambridge City Council.
- 1.2 The Housing Revenue Account (HRA) Medium Term Financial Strategy provides an opportunity to review the assumptions incorporated as part of the longer-term financial planning process, recommending any changes in response to new legislative requirements, variations in external economic factors and amendments to service delivery methods, allowing incorporation into budgets and financial forecasts at the earliest opportunity.

## **2. Recommendations**

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

The Executive Councillor is recommended to:

2.1 Approve the Housing Revenue Account Medium Term Financial Strategy attached, to include all proposals for change in:

- Financial assumptions as detailed in Appendix B of the document.
- 2019/20 revenue budgets and future year forecasts as introduced in Section 5, resulting from changes in financial assumptions and the financial consequences of change and the need to respond to unavoidable pressures, as introduced in Section 5, detailed in Appendix D of the document and summarised in Appendices G (1) and G (2).
- The level of fees charged to new build schemes by the Housing Development Agency, as detailed in Section 7 of the Housing Revenue Account Medium Term Financial Strategy.

2.2 Approve that delegated authority be given to the Strategic Director to be in a position to confirm that the authority can annually renew its investment partner status with Homes England.

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

The Executive Councillor is asked to recommend to Council:

2.3 To approve proposals for changes in existing housing capital budgets, as introduced in Sections 6 and 7 and detailed in Appendix E of the document, with the resulting position summarised in Appendix H, for decision at Council on 17th October 2019.

- 2.4 To approve the revised funding mix for the delivery of the Housing Capital Programme, recognising the latest assumptions for the use of Devolution Grant, Right to Buy Receipts, HRA Resources, Major Repairs Allowance and the specific use of Section 106 Funding for investment in affordable housing against the Campkin Road scheme.

### **3. Background**

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- 3.1. The Housing Revenue Account budget was set for 2019/20 as part of 2019/20 HRA Budget Setting Report, approving a net contribution to reserves in the year of £1,403,700.
- 3.2 This figure was later amended to reflect approvals to carry forward expenditure originally anticipated to be incurred in 2018/19 into 2019/20 as part of the closedown process for 2018/19. Following these changes, the reduced sum of £631,200 was anticipated to be made as a contribution to reserves for the year.
- 3.3 The HRA Medium Term Financial Strategy revisits the assumptions made as part of the HRA Budget Setting Report, and recommends both changes in these and in some areas of budgeted expenditure and income for 2019/20 and beyond.
- 3.4 The resulting financial impact for the Housing Revenue Account is explained and summarised in the attached document and appendices.
- 3.5 As part of the HRA Medium Term Financial Strategy, the previously earmarked sum of £10,000,000 per annum over the life of the plan has been retained in respect of building new homes. However, financial modelling has been undertaken to quantify the potential financial impact of accelerating delivery over the first 10 year period after the Devolution Programme is complete. The modelling has been based upon a number of basic assumptions at this stage, as there is still detailed work to be done before any future new build programme can be presented for consideration. Officers are exploring potential development sites, considering wider land availability, exploring the delivery vehicles that may be available to the authority, considering the specification to which

we may want to build in the future and considering the impact of adopting differing rent levels for new homes.

- 3.6 No decisions in respect of the future HRA new build programme are proposed as part of this report and the as this will be the subject of a detailed future report to Housing Scrutiny Committee.
- 3.7 To be in a position to be able to bid for any funding or additional borrowing capacity provided through Homes England for the provision of social, affordable or intermediate housing, the authority is required to remain an investment partner with Homes England. To remain as an investment partner, as Cambridge City Council is currently, the authority is required to confirm annually that there have been no material changes to its membership status and that there is authority in place for continued membership.
- 3.8 As part of this covering report for the HRA Medium Term Financial Strategy, delegated authority is requested to allow the Strategic Director to continue to make this annual confirmation.

## **4. Implications**

### **(a) Financial Implications**

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

### **(b) Staffing Implications**

The report recommends increased investment in the housing stock, but also incorporates additional contract overheads to accommodate the externalisation of the additional work. There is not expected to be any direct impact on staff employed by the authority as a result of the additional investment.

### **(c) Equality and Poverty Implications**

An Equalities Impact Assessment is not considered to be required as part of this report, but will be carried out as part of the 2020/21 HRA budget process and preparation of the 2020/21 HRA Budget Setting Report.

### **(d) Environmental Implications**

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

### **(e) Procurement Implications**

Any procurement implications arising from the recommendations for additional investment in this report will be addressed by the relevant service areas.

### **(f) Community Safety Implications**

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

## **5. Consultation and communication considerations**

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

## **6. Background papers**

Background papers used in the preparation of this report:

(a) Housing Revenue Account Mid-Year Financial Review (October 2018)

(b) Housing Revenue Account Budget Setting Report (February 2019)

## **7. Appendices**

Appendix A Housing Revenue Account Medium Term Financial Strategy

## **8. Inspection of papers**

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

Julia Hovells, Assistant Head of Finance and Business Manager

Telephone: 01223 457248 or email: [julia.hovells@cambridge.gov.uk](mailto:julia.hovells@cambridge.gov.uk).

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

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# Section 1

## Introduction and Local Context

### Foreword by the Executive Councillor

The City Council's Housing Revenue Account (HRA) Medium-Term Financial Strategy (MTFS) permits this authority to review and, if necessary, update key financial and policy assumptions that underpin the HRA's long-term business plan. It also permits in-year changes to the current HRA budget agreed earlier this year, and, in addition, sets the scene for the 2020/21 budget.

Since the approval of the HRA Budget Setting Report, the Government have still not allowed the appropriate Parliamentary time to formally repeal the provisions of the Housing and Planning Act 2016 that relate to the compulsory disposal of vacant higher value housing stock, as set out in its August 2018 Green Paper. Following this statement, we had deferred any assumption that we would be required to dispose of our higher value assets. However, as significant time has elapsed since the publication of the Green Paper, we are making a judgement now to fully remove from the HRA business plan the assumption that we would pay any levy. This brings us into line with many other stock holding authorities and will have a positive impact on the business with respect to anticipated future rental income.

We are also still waiting for the Government's response to the consultation on the future of Right to Buy. The Council welcomes some proposals made, for example increasing the percentage of the receipts from a sale that can be spent on financing new social rented homes from 30% to 50%, and for local authorities to keep these receipts for a longer period of time before being required to hand this money to the Treasury. It is clear, however, that Right to Buy has had a detrimental impact on stock numbers since reforms in 2012/13 increased the sale discount made available to tenants. The latest data shows that annual sales are continuing to slow and are now beginning to return to pre-2012 levels. Our current council house building programme will assist in replenishing stock levels, but the view of the Labour administration is that Right to Buy should be halted, rather than be expanded to cover housing associations which is what the Government has proposed.

It was confirmed in February of this year that from April 2020 rents will return to an annual increase of up to CPI plus 1% for a period of five years. This will, of course, result in an anticipated higher level of rental income. The previous four years' worth of rent cuts of 1% each year had placed great pressure on the HRA, requiring work to make efficiencies through the Housing Transformation Programme. With an improving internal financial outlook, together with increasing information on the current condition of our housing stock, the updated HRA Asset Management Strategy has identified areas where accelerated investment in some areas can be made.

Rent arrears as a percentage of gross rent collection levels have remained relatively stable despite the roll out of Universal Credit. This is certainly at least in part due to the investment the Council has made, together with partners like the Citizens' Advice Bureau, to prepare tenants for social security reforms. The Council bolstered its Income Management Team to ensure adequate support is in place for those who might be adversely affected, for example working on a one-to-one basis to assist tenants with budget management skills, supporting them in claiming for benefits online if they have trouble in doing so, and making earlier interventions to support tenants in financial difficulty to avoid the possibility of a tenancy ending.

This MTFS also provides an update on work to deliver the new council homes part-funded by the Devolution Grant. All sites have now been identified in meeting the target of 500 new homes, and the Council is on track to exceed this figure, with 537 units now projected to be completed by 2022/23. All homes being constructed go beyond national standards with respect to sustainability. The document crucially also signals the Council's commitment to take full advantage of the removal of the HRA cap, with initial modelling work conducted on a new target to deliver one thousand new homes over a ten year period to 2032/33 once current projects have concluded. This would be the largest council house building programme seen in Cambridge since the 1960's.

*Councillor Richard Johnson.*

Executive Councillor for Housing

# Background and Executive Summary

The Housing Revenue Account (HRA) 30-Year Self-Financing Business Plan, originally approved in February 2012, is reviewed twice each year, with the Housing Revenue Account Medium Term Financial Strategy being the first of these updates.

The report considers any necessary change in financial strategy, policy or direction of travel for the business, following review of key assumptions and consideration of any material changes, to ensure a financially viable Housing Revenue Account in future years. Both revenue and capital investment is considered, with the impact of any proposed changes on the HRA Business Plan clearly identified. A review of strategic risks facing the HRA is presented at Appendix A. This year, the HRA Medium Term Financial Strategy is presented alongside an update of the HRA Asset Management Strategy, which has not been reviewed for some time. The HRA Medium Term Financial Strategy re-states the budget for the 2019/20, highlighting only significant or exceptional in-year changes for approval, reviews and updates financial assumptions and presents updated projections for the following 9 years from 2020/21 to 2028/29, in the context of the 30 year plan.

Removal of the assumption that the sale of higher value voids levy will ever be introduced, has improved the financial forecasts for the HRA over the longer-term, providing the capacity to address the majority of the increased investment need in our existing housing stock that has arisen following a major review of our Asset Management Strategy and resulting 30 Year Housing Capital Investment Plan. To facilitate additional investment in further new homes, it will be necessary for the HRA to borrow resource, which is possible now that the HRA Borrowing Cap no longer exists. It is critical though that any borrowing can be fully supported, and that it doesn't negatively impact the longer-term HRA Business Plan.

This iteration of the HRA Business Plan maintains the previous assumption that the authority will earmark £10,000,000 per annum for the delivery of new affordable homes, but also considers the potential impact on the business plan and financial forecasts if the authority were to escalate this investment in new homes, and deliver more homes in the 10 years following the end of the existing Devolution Programme. This report does not propose decisions in this regard as the future new build investment programme has not yet been developed in detail, and will be the subject of a separate report in a later committee cycle.

# Timetable

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

Date	Task
<b>2019</b>	
26 September	Executive Councillor for Housing considers HRA Medium Term Financial Strategy incorporating Housing Scrutiny Committee views in recommendations to Council
17 October	Council considers HRA Medium Term Financial Strategy
<b>2020</b>	
15 January	Executive Councillor for Housing considers HRA Budget Setting Report, alternative budget proposals, approves rent levels and sets revenue budgets, considering Housing Scrutiny Committee views, making capital recommendations to Council
13 February	Council approves HRA Budget Setting Report

# Section 2

## Housing Stock

### Housing and Leasehold Stock

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

Housing Category (Including Shared Ownership)	Actual Stock Numbers as at 1/4/2019	Estimated Stock Numbers as at 1/4/2020
General Housing	6,449	6,445
Sheltered Housing	510	510
Supported Housing	22	22
Temporary Housing (Individual Units)	61	61
Temporary Housing (HMO's / EA)	24	24
Miscellaneous Leased Dwellings	18	18
Shared Ownership Dwellings	109	97
<b>Total Dwellings</b>	<b>7,193</b>	<b>7,177</b>

Property Type (Including Shared Ownership)	Actual Stock Numbers as at 1/4/2019	Estimated Stock Numbers as at 1/4/2020
Bedsits	97	97
1 Bed	1,703	1,691
2 Bed	2,529	2,534
3 Bed	2,243	2,234
4 Bed	102	102
5 Bed	7	7
6 Bed	2	2
Sheltered Housing	510	510
<b>Total Dwellings</b>	<b>7,193</b>	<b>7,177</b>

## Leasehold Stock

At 1<sup>st</sup> April 2019, the Council retained the freehold and managed the leases for 1,184 leasehold flats.

## Housing Stock Changes

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

Year	Opening Stock	RTB's	Other Disposals / Demolitions	Conversions / Other Changes	Acquisitions / New Builds	Closing Stock
2018/19	7,103	(27)	(2)	(1)	11	7,084
2017/18	7,049	(47)	(29)	(1)	131	7,103
2016/17	7,040	(58)	(7)	(1)	75	7,049
2015/16	7,016	(42)	(4)	5	65	7,040
2014/15	7,164	(51)	(109)	(7)	19	7,016
2013/14	7,235	(60)	(45)	1	33	7,164
2012/13	7,280	(41)	0	(6)	2	7,235
2011/12	7,290	(12)	0	0	2	7,280
2010/11	7,364	(17)	(62)	0	5	7,290
2009/10	7,387	(13)	(2)	(8)	0	7,364
Total		(368)	(259)	(18)	342	

# Section 3

## The National Policy Context and External Factors

### External Factors

In strategic decision making, it is critical that all financial assumptions are reviewed, also taking account of external factors, outside of the control of the organisation and that financial projections are adjusted in light of any changes or trends in these.

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

#### **Inflation Rates**

The base rate of inflation used to drive expenditure assumptions in the HRA financial forecasts is the Consumer Price Index (CPI). The last 12 months has seen variations in the rate from a high of 2.7% in August 2018 to as low as 1.8% in January 2019, rising marginally again by July 2019 to 2.1%.

The Office for Budget Responsibility (OBR) is currently still predicting a return to the Bank of England's target level for CPI of 2% in the medium-term, with a small dip marginally below this level predicted before stabilisation. The Bank of England predictions following their August meeting, also indicate a short-term dip to 1.7% this year, but then predict an increase in CPI from 2021/22 onwards, until a higher rate of 2.4% is evident by the end of 2022.

Ongoing uncertainty surrounding the UK leaving the European Union, coupled with further changes in government at a national level, make it difficult to accurately predict in which direction this indices may actually move in the short or medium term.

With this in mind, forecasts for the rate of base inflation have been amended (using an annual average of the mid-year rates published by the Bank of England) as part of the

Medium Term Financial Review, from 2.1% to 1.8% for 2020/21, rising to 2.1% for 2021/22, 2.3% for 2022/23 and then assuming 2.4% on an ongoing basis from 2023/24. This will be reviewed again as part of the HRA Budget Setting Report in January 2020.

The assumptions surrounding building maintenance expenditure inflation are derived from a mix of forecast using the RICS (Royal Institution of Chartered Surveyors) Building Cost Information Service (BCIS) all in tender price index and CPI. This recognises that the older planned maintenance contract (TSG) is let as an Option C Target Contract which uses the BCIS as an inflation driver, and those let more recently (Fosters) have been let as lump sum priced contracts, instead adopting CPI as the measure of inflation for contract price increases. Upon re-tender, it is anticipated that all contracts will be let using CPI as the measure for inflation.

The latest projections for the BCIS Index over the next 4 years currently predict a higher rate of growth of 2.7% for 2020/21, followed by, 4.6%, 5.2% and 6.3% in the following 3 years. Taking an average of these rates of growth gives rise to an annual increase of 4.7%.

On a similar average basis, the assumptions for CPI over the same period are 2.15%, a difference of 2.55%. 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 1.28% has been incorporated into the business plan forecasts for the next 5 years, reverting to standard CPI after this, assuming that new contracts will be tendered using CPI as the standard measure of inflation.

## **Interest Rates**

The Housing Revenue Account is entitled to a proportion of interest earned on revenue and capital cash balances invested by the authority, with a mix of investments adopted by the Council. The rate of interest assumed for 2019/20 in the HRA Budget Setting Report was 1.25%, rising to 1.3% from 2020/21.

This was based upon the HRA clawing back interest from the General Fund at the average interest rate earned by the authority across all of its investments. However, the authority has a



range of investments with varying levels of risk, and therefore interest rates attached to each. The General Fund effectively indemnifies the HRA against any downside risk on the value of investments, and there is an argument that as the General Fund bears the risk associated with achieving the higher rates, that it should benefit from the interest earned at these rates. If the HRA earned the average term deposit rate, the rate achieved from investments with minimal risk, the rate of return would be an estimated 0.8%.

Following a corporate review of the approach to the allocation of investments, the risk and the resulting interest receipts, the HRA Medium Term Financial Strategy has been constructed on the basis that HRA claws back interest on the lower risk investments only, with an interest rate of 0.8% assumed from 2019/20 on an ongoing basis. The revised interest rate assumptions are included in **Appendix B**.

In respect of HRA borrowing, the self-financing loan portfolio with the Public Works Loans Board remains, with rates of between 3.46% and 3.53%.

Now that the HRA borrowing cap has been abolished, subject to financial viability, and the ability to support the borrowing, the authority can borrow to invest in the provision of affordable housing without external constraint.

Any transfer of land between the General Fund and the HRA to allow development, currently still impacts the HRA Capital Financing Requirement, effectively increasing borrowing. Although there is now no cap on borrowing, such decisions must still be made in the knowledge of the revenue impact of transferring the land. The outcome of a government consultation which sought to allow the transfer of land between funds at nil value is still awaited.

The assumption is made 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 2.44% has been incorporated into any borrowing assumptions from 2019/20 onwards. To ensure prudence, this rate does not take account of the potential 20 basis point reduction that may be available to the authority

through the certainty rate currently in place if the authority shares its long term borrowing strategy and capital investment plans with government.

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

## **Right to Buy Sales**

In 2018/19, 60 right to buy applications were received and recorded, compared with 65 in 2017/18. A total of 30 applications have been received in the first 5 months of 2019/20. This seems to confirm that interest has now stabilised at the lower levels experienced prior to the introduction of self-financing for the HRA, before proposals for change in housing policy and the reinvigoration of the scheme that increased interest for a period.

In 2018/19, 27 of the applications proceeded to completion of the sale of the property, compared with 47 in 2017/18. In the first 5 months of 2019/20, 14 sales have completed, supporting the view that interest may now have stabilised.

It is difficult to predict future sales, although the continued lower level of initial interest in the scheme, coupled with the uncertainty in the country at national level, caused by anticipated exit from the European Union indicate it may be prudent to retain the assumption of a future decrease in sales, with 35 sales in 2019/20, reducing by 5 sales per annum, until 25 sales per annum are assumed from 2021/22 onwards.

## **Right to Buy Receipts**

At 31 March 2019, the authority held £13,932,386.83 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.

The authority is currently unable to directly utilise capital receipts from the sale of land and other housing assets, Section 106 receipts or other forms of public subsidy as a form of match funding for retained right to buy receipts.

With an increase in the Bank of England base rate to 0.75% from July 2018, any penalty interest payable on receipts not re-invested appropriately is currently at a rate of 4.75%.

A government consultation, which closed on 9 October 2018, considered the following amendments to the regulations surrounding the use and application of retained right to buy receipts:

- Extending the spending deadline from 3 to 5 years for receipts currently held, whilst retaining the 3 year timeframe for any future receipts received.
- Increasing the level of right to buy receipts which can be used to finance a new home from the current cap of 30%, to 50% in respect of social rented homes, where authorities meet the eligibility criteria for the Affordable Homes Programme and can demonstrate a need for social housing over other affordable housing.
- Deter the use of receipts for acquisition of existing market homes by limiting the value of an acquisition to the cost of delivery of a new home as determined by Homes England and the Greater London Authority. This would mean a cap on the value of an acquisition for Cambridge City Council of £167,000.
- Allowing right to buy receipts to be used to fund shared ownership homes as well as rented.
- Allowing land held by the General Fund to be transferred to the HRA for the delivery of affordable homes at zero value, but with some suggestion a time limit may be

imposed on how long the General Fund will have had to hold the land prior to transfer.

- Consideration of changes to allow transfer of receipts to a Housing Company or ALMO (Arm's Length Management Organisation), subject to some constraints.
- Allowing a 3 month 'interest free' window after each quarter to allow authorities to make decisions about whether to retain or pay over receipts.

The outcome of the consultation is still awaited at the time of writing this report.

**Appendix C** summarises the latest position in respect of receipts held and appropriately re-invested. The authority has avoided breach of any re-investment deadlines to date, with sufficient resource invested to avoid any penalty until at least June 2019.

Newly arising receipts will be retained without question at the end of each quarter for the current year and the following 2 years, as the authority requires the receipts to combine with Devolution Grant to deliver over 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, taking into consideration any need to borrow to appropriately re-invest the resource and the implications of this on the business plan. The Executive Councillor for Housing will be informed if the recommendation were to be to pay receipts directly back to Central Government.

The Strategic Director retains a delegation to draw down funds from HRA ear-marked reserves to acquire homes on the open market, if required, to ensure that investment is made well in advance of the prescribed deadlines.

# National Housing Policy

## National Rent Setting Policy

Following four years of 1% rent cuts, the authority expects to return to annual rent increases of a maximum of inflation, measured by CPI in the preceding September, plus 1% for a period of 5 years.

A government consultation, 'Rents for social housing from 2020', conducted between September and November 2018, resulted in the following outcomes being published in February 2019:

- From April 2020, local authority rents will be regulated by the Regulator of Social Housing, alongside housing associations and other registered providers.
- The Regulator's rent standard will apply to local authorities
- Rent increases will be limited to an increase of up to CPI plus 1% from April 2020 for 5 years, with properties below target rent levels still waiting until they are vacated to be moved directly to target rent.
- Target rents continue to be set with reference to January 1999 property values
- The 5% flexibility remains, but with the policy wording softened to remove the need to utilise the flexibility in a balanced way, but instead to ensure that there is a clear rationale for using the flexibility which takes into account local circumstances and affordability.
- Affordable rents increases are also limited to a maximum increase of CPI plus 1% from April 2020, but with the ability to re-set the rent at up to 80% of market rent upon re-let

- An authority can request an exemption from the rent standard from the Secretary of State, where the government rent policy would cause unavoidable and serious financial difficulty

The Regulator of Social Housing has carried out a further consultation between May and the end of July 2019, surrounding the detailed rules and expectations of the Rent Standard to be applicable from April 2020 in light of the Direction published by Government.

## **Housing Green Paper**

Consultation on the Ministry of Housing, Communities and Local Government green paper 'A new deal for social housing' concluded on 6 November 2018, with Cambridge City Council submitting a formal response alongside many other stakeholders.

The formal outcome of the consultation and any resulting change in legislation is still awaited at the time of writing this report.

The five key principles in the consultation document were:

- a safe and decent home with a sense of security and ability to get on in life;
- improving and speeding up how complaints are resolved;
- empowering residents, ensuring voices are heard and landlords held to account;
- tackling stigma and celebrating thriving communities, challenging stereotypes
- building much needed social homes ensuring a springboard to home ownership.

The consultation considered a vast number of points, including:

- introduce further safety measures in social housing and reviewing the decent homes standard and engaging residents in how to ensure homes are safe
- improve mediation for residents, ensuring access to advice and support, review process for the handling of complaints.
- review performance reporting, regulation and resident engagement

- Tackle stigma in social housing, provide good neighbourhood management, tackle anti-social behaviour.

Also raised in the consultation was the need to strike a balance between funding housing associations to deliver new homes, and increase borrowing caps to allow local authorities' to build more by providing certainty over longer-term funding. This point was addressed in late 2018, with the abolition of the HRA borrowing cap and issue of an amending determination to implement this with immediate effect.

## **Mandatory Disposal of Higher Value Housing Stock**

The Housing and Planning Act 2016 allowed Central Government to choose to impose a financial levy on stock owning authorities in respect of the assumed sale of higher value vacant housing stock.

The Housing Green Paper 'A new deal for social housing', indicated a clear commitment from government to revoke the legislation that would allow the levy to be introduced, with the following statement made:

*'Therefore to increase councils' confidence to plan ambitious house building programmes, we are confirming in this Green Paper that the Government will not bring the Higher Value Assets provisions of the Housing and Planning Act 2016 into effect. We will look to repeal the legislation when Parliamentary time allows'.*

No further announcements or activity has taken place in this area since the green paper was published.

In previous iterations of the business plan, the assumption that the authority will be required to dispose of assets to meet a levy has simply been deferred, pending confirmation that the legislation will be formally repealed in the outcome of the green paper.

In the absence of any formal announcement, and due to the time elapsed, this iteration of the business plan as part of the HRA Budget Setting Report makes the assumption that the

legislation will be repealed in due course, and completely removes the expectation that any levy will be payable.

# Welfare Reforms

## **Universal Credit**

Universal Credit full service in Cambridge started 17<sup>th</sup> October 2018.

Tenants needing to apply for one of the six legacy benefits for the first time now need to apply for Universal Credit instead. Existing legacy benefit claimants will be 'naturally migrated' to Universal Credit if they have a prescribed change in their circumstance.

Tenants in temporary or specified accommodation will receive Universal Credit for their living costs but Housing Benefit for their housing costs.

To support existing Housing Benefit claimants (unless temporary or supported accommodation) with the transition to Universal Credit, an additional payment of two weeks Housing Benefit is made.

Cambridge City Council continues to work with partners and the local Jobcentre Plus, including the funding of a post in the Jobcentre to provide Personal Budgeting Support (PBS). This arrangement has seen significant increases in the numbers receiving support compared to before the initiative started.

From April 2019, the DWP has been funding Citizens Advice through a national partnership to assist people with applying for Universal Credit. However, this does not include the PBS currently funded by Cambridge City Council.

There has been extensive engagement over the last 12 months with several articles in Open Door, support offered on a 1-2-1 basis when it is known that a tenant has moved to Universal



Credit and a leaflet has been sent to every working age Housing Benefit claimant explaining what they can do to prepare for the changes.

With high numbers of changes in the current benefit caseload, it is expected that many tenants will move to Universal Credit due to one of the specified changes in circumstances. From early 2020 to December 2023, a process of managed migration will move remaining Housing Benefit claimants to Universal Credit. Details of how and when are still being considered by government.

## **Benefit Cap**

The project to manage the impact of the reduced Benefit Cap is continuing to support those affected. Referrals have been made to Cambridge Citizens Advice 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 (DHPs) to support them until they are able to improve their circumstances. DHPs are used extensively to support those affected by welfare reforms and are typically awarded with conditionality, the purpose of which is to assist the tenant in no longer being subject to the Benefit Cap. A big part of this is the work carried out by City Homes, who assist tenants to find solutions that work for them.

## **Removal of the Spare Room Subsidy**

Numbers of customers affected by the removal of the spare room subsidy is remaining steady with 343 HRA tenants currently affected by the reform (355 in 2017). 291 are impacted by a reduction of 14% and 52 by 25%. DHPs are also used to support tenants affected by the Removal of the Spare Room Subsidy. Similar to the Benefit Cap, DHPs are typically awarded with attached conditionality that seeks to assist the tenant in no longer being subject to 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.

## **Supported Accommodation Review**

A review of the funding of this type of accommodation has taken place; the government has decided that none of the suggested proposals will be taken forward. Housing Benefit will remain in place to fund this accommodation.

It is the DWP's intention "to develop a robust oversight regime" of supported accommodation. We welcome this, as supported accommodation has historically been an area where local authorities sustain significant subsidy losses. There remains a risk to wider council finances, although this has no direct impact on the HRA.

# Support for Vulnerable People

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

The authority has been contracted to deliver both care and support services in extra care housing at Ditchburn Place for many years. The County Council is still exploring options for the continued delivery of care at Ditchburn Place following an inability to award the contract through a formal tender process. The City Council is actively supporting this process, and as landlord, will work proactively with any new supplier to minimise the impact of any change for residents and staff.

# Section 4

## Revenue Resources – Rent and Other Income

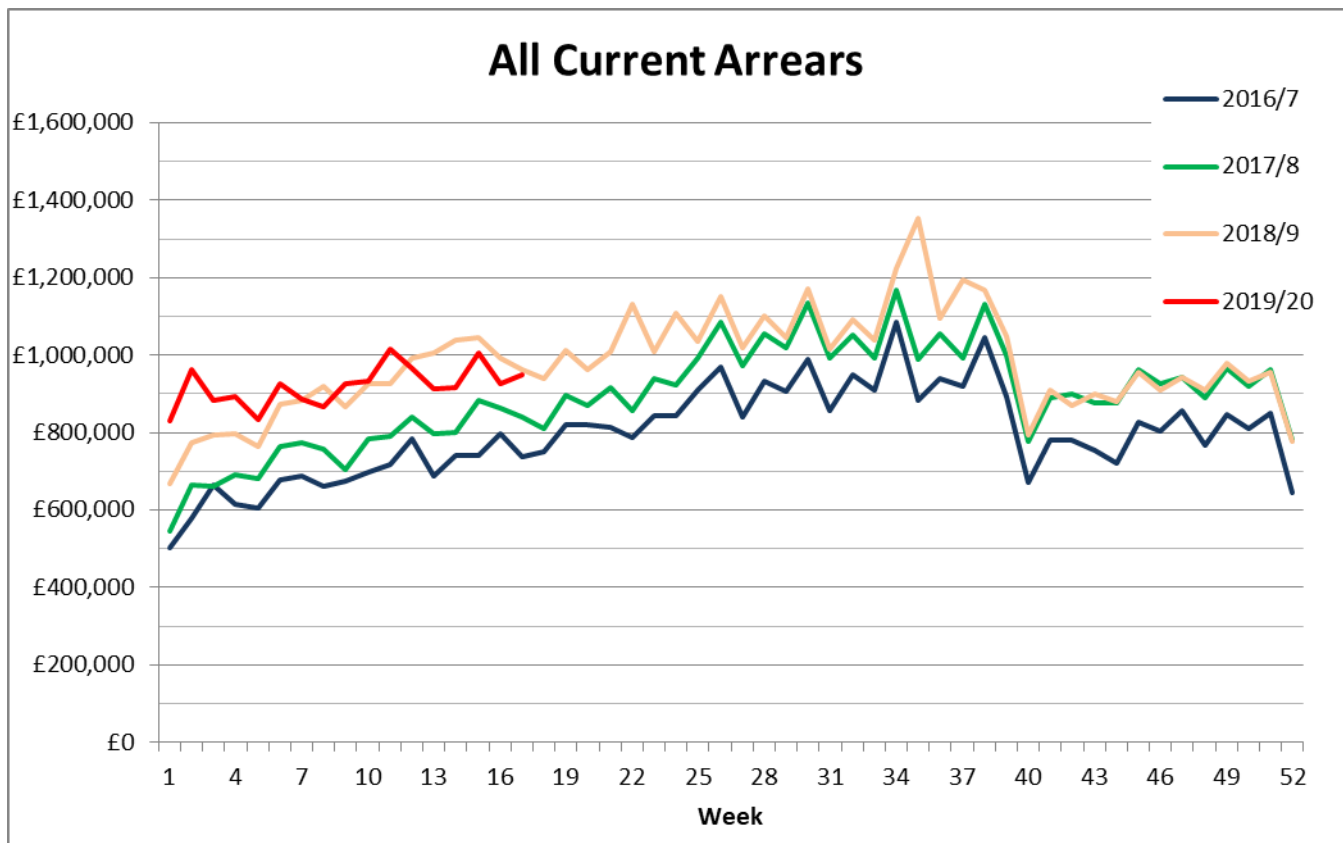
### Rent Arrears and Bad Debt Provision

Rent collection performance has been broadly maintained, with just under 98% (97.97%) of the value of rent due, collected in 2018/19, compared with marginally over 98% (98.06%) in the previous year.

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

Financial Year End	Value of Year End Arrears in Accounts (Current Tenants)	Current Tenant Arrears as a Percentage of Gross Debit Raised in the Year	Value of Year End Arrears in Accounts (Former Tenants)
31/3/2015	£637,735	1.67%	£763,491
31/3/2016	£598,820	1.51%	£735,539
31/3/2017	£645,398	1.63%	£728,050
31/3/2018	£779,904	1.96%	£871,620
31/3/2019	£776,961	1.93%	£932,156

Performance in the collection of current tenant debt has been maintained during 2018/19, with the ongoing impact for residents of direct payment having a gradual impact, which is being actively managed. Increased staffing in this area, focussed on the impact of the Welfare Reforms are helping to mitigate the immediate impact on arrears levels.



A dedicated Income Management Team continue to work proactively with all tenants, but particularly those already, or soon to be, affected by the benefit changes, in an attempt to mitigate any negative financial impact on the Housing Revenue Account. An action plan is in place to ensure that residents are supported, whilst income recovery is maximised:

- Support a smooth transition to support for housing costs via Universal Credit for those currently receiving Housing Benefit and other legacy benefits.
- Improve tenants' budgeting skills
- Reduce levels of personal debt and increase disposable income.
- Assist customers in accessing affordable credit thereby avoiding high cost and illegal money lenders.
- Reduce the number of tenancy terminations by tenants affected by welfare reforms.
- Support online access and digital capability, as UC is an online claim.

The Income Management Team has been expanded by one full time additional Financial Inclusion Officer, to increase capacity to work with affected tenants as quickly as possible once they are impacted by change. And an additional Assistant Housing Officer to further support the work of the team, with a particular focus on arrears recovery support, leading to the administration of court proceedings, where required. This leaves funding to meet the additional direct costs of collecting the rent directly, ie; cash collection costs. A bid, as part of the 2019/20 budget process made a further £50,000 of resource available in 2019/20, specifically to support tenants through the transition from Housing Benefit to Universal Credit.

Following a consultation in late 2018, the authority moved to collecting the annual rent due from tenants over 52 or 53 weeks in each year as opposed to the 48 weeks previously adopted. Tenants pay the same sum over the rent year, but have less to pay in any one week and no longer benefit from non-payment weeks at Christmas and around Easter. This change brings the City Council in line with many other local authorities and housing associations and is more consistent with the way in which Universal Credit is being calculated and paid. There is still an ongoing debate at national level about the 53<sup>rd</sup> rent week in 2019/20, with the DWP refusing to recognise the impact of the way that Universal Credit is calculated in this regard, and effectively not paying for this one week every 6 or 7 years. The authority will continue to lobby in this regard on tenants' behalf.

Tackling former tenant arrears is increasingly challenging, with a further increase evident during 2018/19. Debt that is not realistically collectable is still recommended for write off, but the process through which this happens requires some review to avoid unnecessary delay. Provision is made in the Housing Revenue Account to write off 90.5% of former tenant debt, but a decision to do this is not taken until all avenues for collection have been exhausted.

The annual contribution to the bad debt provision is 1.5% from 2019/20. This assumption has been retained as part of this review. The level of provision for the longer term will be reviewed once the authority has more experience of payment performance locally after the full rollout of Universal Credit.

At 31 March 2019, the total provision for bad debt stood at £1,406,154, representing 82% of the total debt outstanding.

## Void Levels

The value of rent not collected as a direct result of void dwellings in 2018/19 was £723,924 representing a void loss of 1.91%, compared with £902,193 in 2017/18, representing a void loss of 2.39%.

The value of rent lost through void dwellings during 2018/19 was lower than in 2017/18, and was within the higher target of 2% recognised as part of the 2018/19 HRA Medium Term Financial Strategy. The increase in void assumptions to 2% for 2018/19 was due to a combination of holding vacant properties prior to demolition and re-build coupled with vacant units at Ditchburn Place during refurbishment.

One of the key contributors to the void levels in 2018/19 remained the shared ownership housing at Virido, with void loss of approximately £214,000 due to the time taken to sell the initial share in the new build shared ownership homes. This has recently been resolved, with planning approval being granted to convert the unsold units to affordable rented homes. Void loss at Ditchburn Place was in the region of £124,000 in 2018/19 due to the planned refurbishment programme, which is expected to complete imminently. £30,000 of the void loss related to Tuscan Court, where property was acquired on the open market and fully refurbished before being let and a further £16,000 related to schemes being vacated for redevelopment.

Work undertaken to review the void and lettings processes as part of the Housing Transformation Programme, resulted in an extensive action plan for the improvement of void performance. The Repairs Review, being carried out during 2019/20 will build on this learning and further improve general void performance. It must be recognised however, that there will always be the impact of management voids caused by decisions such as redevelopment of a housing estate.

If the impact of the irregular void transactions (detailed above) are removed from the statistics, the void performance in general voids for 2018/19 would have been 0.9%. As a result of this the longer-term business planning assumption of 1.0% is still considered realistic. It needs to be recognised that there will be a continued higher incidence of void activity whilst further new build development sites are vacated. It is therefore proposed to adopt a marginally higher assumption of 1.75% for 2019/20.

## Rent Setting

Rent levels are set in January of each year, with the Executive Councillor for Housing having authority to make the decision, following pre-scrutiny by Housing Scrutiny Committee. From April 2020, the authority expects to return to a position where rents can be increased by up to a maximum of inflation plus 1%, using the Consumer Price Index (CPI) as the measure of inflation.

In respect of affordable rented homes, the same inflation plus 1% ruling will apply for existing tenants, with the ability to re-set the rent at up to 80% of market rent when a property is vacated, should the authority so choose. Affordable rents at up to 80% of market rent must combine both the rent and service charges levied for any property. However, local policy is to limit affordable rents to the Local Housing Allowance level (recently benchmarked at approximately 54% of market rent currently) from the point of introduction.

Local authority rent levels will be governed by the Regulator of Social Housing from April 2020 onwards, instead of being controlled DWP through the limit rent system as they have been previously.

### **Rent Restructuring**

Property specific target social rents under the rent restructuring regime still apply.

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, and actively does this.

The average target 'rent restructured' rent at the start of 2019/20 across the general housing stock was £101.69, with the average actual rent charged being £97.97, both recorded on a 52 week basis. By April 2019, 25% of the social rented housing stock was being charged at target rent levels, compared with 21% in April of the previous year.

The gap between actual and target rent levels in the general housing stock now equates to an annual loss of income of approximately £1,325,200 across the HRA, compared with the income assumption in the HRA Self-Financing Debt Settlement of 2012, where convergence was assumed.

There were 297 new build properties charged at the higher 'affordable rent' levels, equivalent to the Local Housing Allowance at 1<sup>st</sup> April 2019.

## Reserves

### **Housing Revenue Account General Reserves**

Reserves are held to help manage risks in business operation, financial forecasting and budget-setting. Risks include changes in inflation and interest rates, unanticipated service demands, rent and other income shortfalls, and emergencies, such as uninsured damage to the housing stock or unanticipated major repairs. Reserves may also be used fund investment which is anticipated to deliver savings in the longer-term. For the Housing Revenue Account the target level of reserves is £3,000,000, with a minimum level of reserves of £2,000,000. HRA reserves are currently held at levels above target, due to decisions to fund some re-provision of existing homes on development sites, where retained right to buy receipts and devolution funding can't be used for this purpose.



The impact on HRA reserves for 2018/19, and 2019/20 to date is shown in the table below:

<b>Budgeted or Actual Use of / (Contribution to) HRA Reserves</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>
Opening General HRA Reserves	<b>(9,018)</b>	<b>(11,539)</b>
<b>Changes in HRA Reserves</b>		
Original Budget (Approved in February)	(3,281)	(1,404)
Carry Forwards (Approved in June)	699	773
MTFS Mid-Year Review (Approved in October)	209	498
Budget Setting Report Revised Budget (February)	301	-
Estimated Closing General HRA Reserves	<b>(11,090)</b>	<b>(11,672)</b>
Actual Outturn variance for the Year (Reported in June)	(2,521)	-
Contribution from Ear-Marked Reserves	-	-
Actual Closing General HRA Reserves	<b>(11,539)</b>	-

The original budget for 2019/20 approved a net contribution to general reserves of £1,403,710, incorporating set-aside of £4,472,200 for potential debt repayment or re-investment, but with no assumed revenue contribution to fund capital expenditure for the year.

The financial projections incorporated into this report include the effects of changes in capital scheme approvals and resources, approved carry forwards from 2018/19, changes in estimated rental income for 2019/20, in interest due for the year based upon revised cash balance assumptions, in the level of depreciation assumed to be chargeable to the HRA and in the bad debt provision required for the year, based upon the latest stock estimates. Changes are also incorporated to reflect the need to increase budgets in year to recognise the true costs of repair works that need to be given to specialist contractors, to carry out a backlog of electrical testing to communal areas and to address the loss of income from South Cambridgeshire District Council following the cessation of the Shared Housing Finance Service.

The final general HRA reserves position reported at 31 March 2019 was £11,539,346.

The revised projection of the use of general reserves in the current year (2019/20) now indicates that there is expected to be a net contribution to reserves of £132,520, which would leave a balance of £11,671,866 at 31<sup>st</sup> March 2020.

There is now a proposed use of £2,911,300 of direct revenue financing of capital expenditure in 2019/20, to fund some of the costs of re-developing existing HRA homes, with the use of this resource offset by a corresponding reduction in the sum to be set-aside in 2019/20 for potential debt repayment.

## **Earmarked Funds**

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

# Section 5

## Detailed Review of Revenue Budgets

### Housing Futures Programme

Following a period of three years (2016/17 to 2018/19), where significant savings were sought in the HRA in response to the financial pressure faced as a result of the need to reduce rents for four years, the external financial position for the business has stabilised somewhat.

The Housing Futures Programme now seeks to continue to drive out efficiencies in business operation, allowing resource to be strategically re-directed into other areas of investment, to meet emerging demands or to deliver new or enhanced services.

A number of service areas are identified for consideration during 2019/20, with the key aim of ensuring that the authority is best placed to respond to changes in the economy and in national housing policy whilst still meeting the needs of the most vulnerable:

- Stock Condition Survey (finalisation of work commenced in 2018/19)
- Repairs Full Service Review (brought forward from 2020/21)
- Rechargeable Repairs (deferred to fit with implementation of new Housing Management Information System in April 2020).
- Review of recharges between the General Fund and the HRA
- Review of services recharged to the HRA (grounds maintenance, street cleaning, etc)

The Repairs Review is a significant work stream, with external consultancy support in place to ensure delivery within the anticipated timescales. Operations, Stores and Asset Management functions will all be reviewed, looking at end to end business processes, reviewing roles, responsibilities and staffing structures where appropriate. The review aims to improve

efficiency across the service as a whole, reducing cost whilst also improving customer satisfaction.

Recommendations resulting from the above 2019/20 work streams will be presented to Housing Scrutiny Committee where appropriate, with any detailed resulting budget proposals to be incorporated as part of the 2020/21 budget process and included in the 2020/21 HRA Budget Setting Report.

## 2019/20 Mid-Year Budget Changes

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

For 2019/20 there is the need to recognise and approve the following changes in the HRA mid-year:

- Inclusion of £183,600 per annum from 2019/20 onwards to recognise the budget required to meet the cost of sub-contracted work in response repairs, where specialist contractors are needed to undertake the necessary works.
- Inclusion of a one-off budget in 2019/20 of £208,000 to undertake the backlog of electrical inspections in communal areas that have been identified as best practice following health and safety compliance audit activity.
- Following cessation of the shared housing finance service with South Cambridgeshire District Council there is the need to recognise loss of £44,670 of fee income.
- An increase in depreciation of £121,430 based upon the latest stock projections and depreciable asset values.

- An increase in anticipated rental income of £335,290, recognising the complete removal of the assumption that any sale of higher value voids levy will ever be implemented, coupled with a reduction in right to buy activity and delays in securing vacant possession of some new build development sites.
- An increase in the value of contribution to the bad debt provision for 2019/20, as this is linked directly to a percentage of the estimated rental income for the year.
- Inclusion of direct revenue funding of capital expenditure of £2,911,300 to meet some of the cost of redevelopment of existing HRA homes, where Devolution Grant and right to buy receipts can't be used to fund the expenditure, with a corresponding reduction in the sum to be set-aside for potential debt repayment for the current year.
- A reduction in the anticipated interest received on cash balances for 2019/20, as although the level of balances held is higher due to underspending in 2018/19 and re-phased capital expenditure, a change in the approach taken to recovering interest from the General Fund significantly reduces the sums anticipated. The interest paid by the HRA on notional internal borrowing will also reduce marginally as a result of this change.

These changes are detailed in **Appendix D**, and are incorporated into the HRA Summary Forecasts at **Appendix G (1)** and **Appendix G (2)**

# Section 6

## Capital and Planned Revenue - Existing Stock

### Stock Condition / Decent Homes

The authority holds validated stock condition data for its housing stock, which is continually being updated. An exercise has been in progress for the past 12 months to increase the breadth of this data to help inform strategic decision making.

The housing service reported achievement of the decent homes standard in the housing stock as at 31 March 2019 at 89%, compared with 95% achieving the desired standard at 31 March 2018. There were 799 properties that were considered to be non-decent (in addition to 977 refusals), with another 307 estimated to become non-decent during 2019/20.

### Stock Investment

A major review of the investment need in the housing stock has been undertaken in 2019/20 as part of the work to increase the level of stock condition data held and to produce an updated Asset Management Strategy. It has been a number of years since the detailed stock condition investment data has been reviewed and updated as part of the HRA Business Plan.

The review enables unit prices to be updated for each decent homes and other investment component, ensuring that the latest contract prices are incorporated into the 30 year investment programme.

As part of the Housing Transformation Programme, when faced with significant financial pressure in the HRA, the authority also took decisions to reduce the level of investment in some areas. The review has provided the opportunity to revisit these decisions and to re-accelerate investment in some areas.

Following the HRA Self-Financing Settlement in April 2012, the authority approved an investment standard above that required by basic decent homes. This full investment standard sought to replace components based upon just age, and not a combination of age and condition.

This standard was significantly paired back by April 2016 following announcements of a 1% cut in rents for four years. The authority has most recently adopted a decent homes standard, with life cycles extended to recognise not only age, but the potential for the condition of components to delay the need to replace them further.

As part of this review of investment in the asset base, the opportunity has been taken to reduce some of the life cycle replacement periods, recognising that the need to invest prior to failure will increase planned investment, but also that it will reduce the cost of reactive repairs, helping to manage the current overspending in this area. The backlog of decent homes investment, against the components detailed in the table below, which was removed when the HRA faced significant financial pressure, has also been reinstated as part of this review.

Element	Option	Life Assumed
Balcony		80
Balustrade/railing	Metal, timber, concrete, glass, melamine, other	80
Bathroom		40
Boiler		12
Canopy	Timber, concrete, GRP, metal	40
Chimney	Pointing & Render	50
Communal door	GRP, timber, PVCu, composite, steel, mixed	40

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



Following updated Fire Risk Assessments and revised fire safety regulations, a number of actions are required. We identified some opportunities to increase the level of fire protection in flatted accommodation above the level of compliance it already achieves.

A work programme has been developed to introduce measures which will improve early heat detection for fire prevention purposes and to protect means of escape.

Funding was incorporated into the Housing Revenue Account for internal fire doors, windows and emergency lighting in a small proportion of the housing stock and for the programmed installation of heat detectors in all general housing properties in line with those now installed as standard in new build homes. As part of this business plan review funding of £360,000 is requested to allow for the replacement of approximately 300 external doors, now that the authority has received details of the standard required and identified a supplier who can provide these.

Additional resource of £2,700,000 is also requested as part of this HRA Medium Term Financial Strategy, to undertake remedial structural works to balconies and walkways across three housing areas / estates. There is the potential for similar investment to be required in other blocks of similar age and construction, but until the specialist surveys have been completed, this can't be confirmed or quantified. Capital bids will need to be made as part of the 2020/21 budget process to allow further works to be undertaken if they are required.

Following stock condition survey work over the last 12 months, further analysis is now required on a property by property basis, to identify individual properties or blocks of flats where there is a significant investment need anticipated over and above that driven by the decent homes standard. For these assets there will be decisions to make about their overall contribution to the business plan, and whether they should be retained and improved, or alternatively disposed of or demolished and re-developed. No additional structural costs have been built into this iteration of the business plan, as until the work has been undertaken it is impossible to predict the decision that will be made or the costs that will be involved.

As a result of the fundamental review of planned investment, the current HRA Business Plan and resulting Housing Capital Investment Plan remain constructed on the basis that a partial investment standard is retained in the housing stock, but with accelerated investment in some areas to bring them back to nearer the full investment standard. This coupled with using the most up to date contract component prices results in a significantly higher level of investment over the life of the plan than previously incorporated.

It should be recognised however that the increased investment need in the existing housing stock has a direct impact on the resource available for other areas of the programme, such as the delivery of new homes. To maintain a significant new build programme alongside investing at a higher level in the existing stock, will require a significant amount of borrowing, with the need to ensure that the business can support this over the longer-term.

From a delivery perspective planned maintenance investment is currently broadly split between two main contractors, with Fosters responsible for the delivery of the majority of external planned works to the housing stock, blocks and estates, whilst TSG deliver the majority of internal planned investment. The contract with TSG runs until November 2019, with the ability to extend by a further 3 years and the contract with Fosters runs until July 2022, also with the potential to extend for a further 3 years.

The Council declared a climate change emergency in February 2019 and has called on government, industry and regulars to make changes to enable Cambridge to reach net zero carbon by 2030. There is a clear commitment to reducing the carbon footprint and improving sustainability across the asset portfolio, with the HRA stock representing a proportion of the portfolio.

Government plans for a Future Homes Standard and other policy changes and initiatives are also likely to impact the housing stock and maintenance of it in the future.

It is not yet clear exactly what will be required to improve the performance of the existing housing stock, but the Council will consider investment in this area as part of the 2020/21

budget process to allow both the identification and scoping of works and the resulting capital investment.

**Appendix H** provides detail of the revised 10-Year Housing Capital investment Plan, and incorporates the following items in relation to existing stock:

- Expenditure as approved in the HRA Budget Setting Report in February 2019.
- Re-phasing of expenditure anticipated to take place in 2018/19, into 2019/20 and beyond, as approved in June / July 2019.
- Inclusion of £2,700,000 (£500,000 in 2019/20 and £2,200,000 in 2020/21) to take the required remedial action to address structural balcony and walkway issues in three areas or estates across the city.
- Inclusion of £360,000 to replace external fire doors now that the updated standard has been made available.
- A full review of the 30 year Housing Capital Investment Plan to accommodate the latest stock condition data held, to incorporate the latest contract prices being realised and to adjust investment in some areas to mitigate the increase in response repairs being realised due to component failures.
- Inclusion of the investment required to tackle the backlog of decent homes work over the 10 year period from 2021/22 (5 years in respect of bathrooms and doors) alongside delivery of the programmed works, where this assumption had previously been removed in response to financial constraints imposed on the HRA by the 1% rent cuts.

These, and other changes, are summarised in **Appendix E** and incorporated into the revised Housing Capital Investment Plan at **Appendix H**.

# Section 7

## Capital & Asset Management – New Build & Re-Development

### Asset Management

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

Receipts from individual asset disposals are currently recognised in the HRA's reserves at the point of receipt and after all relevant costs have been provided for, and this approach will be continued unless there is any change in the indicated direction of travel for repealing the legislation that would have introduced the sale of higher value voids levy.

During 2018/19, the HRA only acquired two properties on the open market to assist with appropriately reinvesting right to buy receipts, including one property previously owned by the County Council and another as part of a re-development decision.

Although there are a number of properties currently being acquired on re-development sites at Colville Road and Campkin Road, there are no other strategic market acquisitions or disposals in process currently.

Acquisition / Disposal	Comment	Status
None	None in progress currently	N/A

The re-development of Colville Road and Campkin Road require the acquisition of 4 and 7 leasehold properties respectively. At the time of writing this report 1 property had been bought back, with the remaining 10 still under negotiation.

# New Build

## General Approach

All new build housing in the HRA is managed by the Housing Development Agency (HDA). There are still a number of options considered for the delivery of new homes.

One option remains for delivery of new homes through the Cambridge Investment partnership (CIP), but with 4 potential relationship arrangements depending upon the site ownership and the value of the build. The options through CIP include:

- Lease the land to CIP and acquire the affordable housing through an Affordable Housing Agreement. This option was adopted for Anstey Way and Mill Road Phase I, but does incur a Stamp Duty Land Tax (SDLT) liability
- Provide a license to CIP and acquire the affordable housing through an Affordable Housing Agreement. This option incurs no SDLT liability and is suitable for new schemes, such as Ventress Close, Akeman Street and Garage Sites, that are under the OJEU threshold
- For schemes required to deliver affordable under Section 106, the site is transferred to CIP under a Land and Development agreement, with the land for the affordable housing transferred back to the Council (HRA) at this point. This option incurs no SDLT liability, and may be suitable for Mill Road Phase II and Cromwell Road
- For schemes over the OJEU threshold, Hill can be appointed through an existing framework, where direct call off may be appropriate. This route may be suitable for Meadows, Buchan, Colville Road and Campkin Road

Alternative delivery models also exist, with the HRA able to contract directly with a builder / developer for a site or package of sites, following a competitive process, delivering the housing under a JCT build contract or similar.

The authority can also build out sites in-house, deploying the existing workforce in the Special Projects Team in the Estates and Facilities service area.

Where the Cambridge Investment Partnership are involved in the delivery of a site, they will continue to design and price the delivery of new build housing to the HRA, to include build cost, fees (architects, etc) and their fee for effectively project managing both the supply chain and the delivery of new homes. Some staff time for the H.D.A team continues therefore to be charged directly to CIP as part of the CIP Investment Team costs. The H.D.A charge a fee for their role in the detailed project management for the delivery of new homes from the Council's perspective, but the fee is lower, recognising the proportion of the team being funded by the Cambridge Investment Partnership, as part of the wider Investment Team.

The fees charged by the H.D.A have been reviewed as part of this Medium Term Financial Strategy. The proposed level of H.D.A fees for schemes approved from September 2019 onwards are:

- HRA housing schemes delivered using CIP – 2%
- HRA housing schemes delivered by H.D.A directly – 3%
- 1% addition to be added to each of the above if scheme includes re-development

Potential new build schemes are identified, and incorporated into the rolling affordable housing programme to allow formal feasibility investigation and consultation with stakeholders. Each scheme is subsequently considered and approved at Housing Scrutiny Committee based upon indicative costs, and then incorporated into the Housing Capital Investment Plan at the next approval opportunity. As the scheme design progresses and planning approval is sought, revised and more accurate scheme costs are available, culminating ultimately in a build contract value or affordable housing agreement, which form the final budget for each scheme.

Some of the HRA sites incorporate an element of re-development and therefore re-provision of existing homes, usually with the density of the new site being significantly increased.

Resource is also ear-marked in the Housing Capital Investment Plan for other potential sites to be brought forward, allowing this resource to be vired to specific scheme budgets once scheme specific approvals are presented for decision.

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

## New Build Schemes Completed

At the time of writing this report 327 new homes had been completed since April 2012, of which 36 were shared ownership homes.

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

<b>Scheme</b>	<b>Date Completed</b>	<b>Social Housing / SO Units</b>	<b>External Funding Source</b>	<b>Percentage Social Housing on Site</b>
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%

<b>Scheme</b>	<b>Date Completed</b>	<b>Social Housing / SO Units</b>	<b>External Funding Source</b>	<b>Percentage Social Housing on Site</b>
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%
Scholar's Court, Homerton	December 2016	39 (10 Shared Ownership)	RTB & Sales Receipts	40%
Virido, Clay Farm	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%
Uphall Road	February 2018	2	RTB Receipts & Devolution Grant	100%
Fulbourn Road	February 2018	8	RTB Receipts	100%
Hawkins Road	April 2018	9	RTB Receipts	100%
Nuns Way/Cameron Road	September 2019	7	RTB Receipts & Devolution Grant	100%
Wiles Close	September 2019	3	RTB Receipts & Devolution Grant	100%
<b>Total</b>		<b>327 (incl. 36 Shared Ownership)</b>		

## New Build Schemes On Site

Sites where work is in progress are summarised in the table below, with details of the anticipated costs and number of units that will be delivered on each site once complete:



<b>Scheme</b>	<b>Approved Indicative Social Housing Units</b>	<b>Gain in Affordable Housing Units</b>	<b>Latest Budget Approved / for Approval</b>	<b>RTB Receipt / Sales Receipt Funding</b>	<b>Devolution Grant</b>	<b>Net Capital Cost to the HRA</b>
Mill Road	118	118	24,965,630	(7,489,690)	(17,475,940)	0
Anstey Way	56	29	11,489,640	(1,886,750)	(3,551,230)	6,051,660
Ditchburn Place	2	2	332,000	(99,600)	(232,400)	0
Queensmeadow	2	2	621,040	(186,310)	(434,730)	0
Wulfstan Way	3	3	816,810	(245,040)	(571,770)	0
Colville Road Garages	3	3	847,300	(254,190)	(593,110)	0
Markham Close	5	5	1,186,650	(355,990)	(830,660)	0
Gunhild Way	2	2	664,140	(199,240)	(464,900)	0
<b>Total</b>	<b>191</b>	<b>164</b>				

## New Build Schemes in the Pipeline

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 HRA sites, General Fund sites and land acquisition sites, where the intention is for the HRA to deliver the 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 the Affordable Housing Agreement is entered into.

Scheme	Approved Indicative Affordable Housing Units	Gain in Affordable Housing Units	Latest Budget for Approval	RTB Receipt and Sales Receipt Funding	Devolution Grant / Section 106 Funding	Net Capital Cost to the HRA
Tedder Way	2	2	389,000	(116,700)	(272,300)	0
Kendal Way	2	2	374,000	(112,200)	(261,800)	0
Ventress Close	15	13	3,689,920	(783,910)	(1,828,600)	1,077,410
Akeman Street	14	12	4,422,010	(910,010)	(2,123,360)	1,388,640
Kingsway	4	4	410,000	(123,000)	(287,000)	0
Cromwell Road	118	118	24,865,800	(7,459,740)	(17,406,060)	0
Colville Road	69	49	15,690,580	(3,040,130)	(7,093,630)	5,556,820
Meadows and Buchan	106	106	25,398,270	(3,006,130)	(13,005,670)	9,386,470
Clerk Maxwell Road	14	14	2,746,760	(824,030)	(1,922,730)	0
Campkin Road	75	50	15,965,000	(2,823,740)	(1,750,000)	11,391,260
<b>Total Due</b>	<b>419</b>	<b>370</b>				

The Special Projects Team in Estates and Facilities are anticipated to deliver the new homes at Kingsway.

As part of this report, a scheme specific budget has been separately identified for Campkin Road, following scheme specific approval at Housing Scrutiny Committee and Council in June and July 2019.

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 is summarised in the table below. This incorporates the latest cost estimates provided by CIP for the current number of units being proposed on each site, with increased units at both Mill Road and Colville Road, the latest contract values and recognises that Stamp Duty Land Tax

may not now be incurred in every instance, with a revised approach to the delivery of units being adopted for some sites.

The budget for the Akeman Street scheme has been revised based upon the latest costs provided by CIP, to include the costs of the commercial and community provision being identified separately.

<b>Scheme</b>	<b>Latest Budget Approval</b>	<b>Original Estimated Units</b>	<b>Revised Budget Approval</b>	<b>Revised Estimated Units</b>
Mill Road (Phase I and II)	24,636,730	116	24,965,630	118
Queensmeadow	619,590	2	621,040	2
Wulfstan Way	907,740	3	816,810	3
Colville Road Garages	900,460	3	847,300	3
Markham Close	1,063,870	5	1,186,650	5
Gunhild Way	655,040	2	664,140	2
Ventress Close	3,665,550	15	3,689,920	15
Akeman Street (includes community and commercial)	4,151,330	14	4,422,010	14
Cromwell Road	25,254,300	118	24,865,800	118
Colville Road	13,781,590	62	15,690,580	69
Meadows and Buchan	26,379,880	106	25,398,270	106
Clerk Maxwell	2,837,760	14	2,746,760	14

Although budgets have increased overall, the changes do incorporate the delivery of an additional 9 units on the sites at Colville Road and Mill Road when compared with previous assumptions.

The table below confirms the current status for each pipeline scheme:

<b>Scheme</b>	<b>Site Type</b>	<b>Status</b>	<b>Potential New Build Units</b>
Tedder Way	In-fill	Awaiting planning	2
Kendal Way	In-fill	Planning approved	2
Ventress Close	Existing Housing	Planning approved	15
Akeman Street	Existing Mixed Use	Planning approved	14
Kingsway	Commercial	Planning approved	4
Cromwell Road	Commercial	Planning approved	118
Colville Road	Existing Housing	Awaiting planning	69
Meadows and Buchan	Community Facility	Pre-planning	106
Clerk Maxwell Road	Section 106 Site	Awaiting planning	14
Campkin Road	Existing Housing	Pre-planning	75

## **Tedder Way**

This scheme was previously anticipated to be delivered by the in-house team, but will now be subject to external tender, to allow the Special Projects Team to concentrate resource in delivering the scheme at Kingsway. The review of the Repairs Service will consider the approach to internal delivery of future new build schemes.

## **Akeman Street**

Planning approval was granted in June 2019. There have been some issues on the site, with the presence of Japanese Knotweed requiring a greater degree of excavation and site clearance activity to be undertaken before the build can formally begin. These enabling works are however expected to begin imminently, with the community centre to be re-located to alternative premises in Akeman Street whilst construction is in progress.

## **Colville Road**

To secure vacant possession for the re-development of the site at Colville Road, it is necessary to re-locate a total of 20 tenants, with 6 of these households having moved at the time of writing this report, and to buy back 4 leasehold flats, with 1 of these purchases having completed to date.

## **Meadows and Buchan Street**

This scheme sees the re-development of two General Fund sites at Buchan Street and the Meadows, where both are currently entirely community provision. The original scheme proposed 106 new homes, with 21 on the Buchan Street site and 85 homes on the Meadows site, with the community provision combined and re-provided on the Meadows site, and some new retail space at Buchan Street. The cost of the retail units and community centre re-provision will be met by the General Fund (unless Secretary of State approval were obtained to allow the HRA to fund or contribute towards the costs of these community assets). Following public consultation and early discussions with planning, the scheme is undergoing a major re-design before being presented for formal planning approval. This re-design may impact both costs and timescales, and any changes in either will be incorporated into the HRA business plan at the next available opportunity.

## **Campkin Road**

Following scheme specific approval in Housing Scrutiny Committee in June 2019, and approval of the full budget for the scheme at Council in July 2019, work is now underway to secure vacant possession of the site and to obtain planning permission.

There is a need to relocate a total of 25 tenants, with 1 of these households having moved at the time of writing this report, and to buy back 7 leasehold flats.

The number of homes to be delivered at Campkin Road may well change from the original assumptions incorporated into our financial plans. Pre-app discussions are under way with planners and there are issues relating to the surface water. Flood risk studies are being commissioned currently and will be reviewed with the design team. Until this is known the budget and number of homes will remain as per those detailed in the approved scheme.

As part of this report, it is also proposed that £1,175,000 of Section 106 resource be utilised towards the cost of the scheme, as Devolution Grant is expected to have been fully exhausted by this point.

## **General Fund Sites**

Where any General Fund sites are taken forward for development with the potential for the HRA to acquire the affordable homes, there is the need to consider the impact of the transfer of land between the General Fund and the HRA and any resulting impact on the HRA Capital Financing Requirement. Under current legislation, any increase in this results in increased interest costs to the HRA. The potential for land to be transferred from the General Fund to the HRA at nil value was part of a government consultation, for which the outcome is still awaited. If General Fund sites are built out by the Cambridge Investment Partnership, with the intention of the Council being to exercise the break clause in a lease in order to acquire the affordable homes, it is considered necessary for this land to be appropriated between the General Fund and the HRA at existing use value prior to lease to the Cambridge Investment Partnership.

## **Devolution Grant and RTB Funding**

The devolution programme, which utilises £70,000,000 of grant awarded to the authority over a 5 year period from the latter part of 2017/18 to deliver 500 new affordable homes, is now a fully committed, scheme specific programme.

The last of the 500+ homes are expected to be delivered by 2022/23.

## **Future New Build**

After completion of the 500+ Devolution Programme, the authority is committed to continue a programme to deliver new homes. Following the abolition of the HRA Borrowing Cap, it is now possible to increase the supply of new homes that can be delivered, assuming that the authority is content to borrow to achieve this, that the business plan can support the costs of borrowing and that suitable land sites can be identified to achieve this.

With the current Devolution Programme of 500 homes identified and well underway in delivery terms, consideration is being given to the future programme. With confidence that 500 homes will be delivered over an approximate 5 year time period through the Devolution Programme, it is anticipated that delivery could continue at this pace, subject to land supply and financial viability.

Although this iteration of the business plan maintains the previous broad assumption that £10,000,000 per annum is ear-marked for investment in the delivery of new homes for the life of the 30 year plan, consideration has been given to the impact of delivering a greater number of homes over the initial 10 year period following completion of the Devolution Programme, to model the impact that this would have on the housing business.

The future new build investment programme has not yet been developed in detail, as officers are still exploring potential development sites, considering wider land availability, exploring the delivery vehicles that may be available to the authority and considering the specification to which we may want to build in the future. The HRA Future New Build programme will be the subject of a future report to Housing Scrutiny Committee.

With this in mind, as part of this report, early financial modelling has been undertaken to quantify the impact of accelerating the delivery of new homes over the decade following the Devolution Programme, to provide an indication of what may be possible.

With no detailed decisions in place at this stage, a number of key assumptions have been made in respect of this modelling as follows:

- 1,000 new homes are delivered over the 10 year period following the Devolution Programme
- The cost of each home has been estimated at £250,000
- New homes will be built to our current affordable homes new build specification
- New homes will be built on HRA land or Section 106 development sites where 40% affordable housing is a planning requirement

- New homes are all let at affordable rent levels using the Local Housing Allowance as a cap in line with current policy
- Modelling has been undertaken on the assumption that all 1,000 are new provision (Option A) and a variant has been considered where there is the potential for 25% of the 1,000 homes to be as a result of demolition and re-development of existing homes, to recognise where this may be needed to tackle both the condition and sustainability of some of the older housing stock (Option B).

Option A – Potential to deliver 1,000 new homes with the above assumptions.

- This option would require £156,000,000 of additional borrowing to deliver the new homes, but would still allow set-aside of resource in line with the current policy over the life of the plan to redeem the housing debt.

Option B – Potential to deliver 1,000 new homes with the above assumptions, but with 250 of these replacing exiting HRA homes and 750 delivering additionality

- This option would require £163,000,000 of additional borrowing to deliver the new homes, but would still allow set-aside of resource in line with the current policy over the life of the plan to redeem the housing debt. There would be a lower level of resource available for debt redemption or re-investment under this option of approximately £37,000,000.

Any requirement to purchase land or any increase in the new build specification would result in an increased cost that would mean a higher degree of borrowing or delivery of fewer potential units overall. Any decision to reduce the rent levels charged for the new homes would also impact the number of homes that could be delivered, as the funds available to support the borrowing would be lower.

With carbon impact in mind, future investment in new homes will need to consider lower carbon development, whilst also balancing the delivery of new homes against the desire to reduce the carbon impact in our existing housing stock. Demolition and re-development of



existing homes may be required in some cases, with the need to consider introducing retrofit solutions to existing homes in other cases.

Any opportunity to secure additional future funding through the Combined Authority or Homes England will be fully explored, thus mitigating the amount of resource that the HRA would need to borrow.

Retention of the previous ear-marked sum of £10,000,000 per annum in the Housing Capital Investment Plan for potential future sites ensures that resource is available for schemes that may come forward whilst the wider programme is still being developed. With this overall budget approval in place, it allows draw down when a scheme is brought forward for scheme specific approval to Housing Scrutiny Committee.

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

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

## **Capital Programme**

**Appendix H** provides detail of the revised 10-Year Housing Capital investment Plan, and incorporates the following items in respect of new build and acquired housing:

- Expenditure as approved in the HRA Budget Setting Report in February 2019.
- Re-phasing of expenditure anticipated to take place in 2018/19 into 2019/20 and beyond, as approved in June / July 2019.

- Re-allocation of new build budget between the unallocated / generic new build budget and individual scheme specific budgets, in line with approval to proceed with the schemes at Campkin Road.
- Inclusion of a total capital budget of £15,965,000 for the re-development of the Campkin Road site, following approval of the scheme at Housing Scrutiny Committee in June 2019, and of the increased budget requirement (over and above that ear-marked in the HRA) at Council in July 2019.
- Approval to increase the budget at Akeman Street to reflect the latest cost estimates based upon delivery of 14 residential units, alongside 3 commercial units and a community centre.
- Approval to adjust budgets for Clerk Maxwell Road, Colville Garages, Cromwell Road, Gunhild Way, Markham Close, Meadows and Buchan, Queens Meadow, Ventress Close and Wulfstan Way to reflect the latest cost estimates available and to remove the anticipated cost of Stamp Duty Land Tax, where these are no longer expected to be payable.
- Approval to increase the budget for the combined Mill Road phase I and II schemes, recognising the provision of 2 additional affordable units on the overall site.
- Approval to increase the budget for the Colville Road scheme, recognising the provision of 7 additional affordable units on the site.
- As part of this HRA Medium Term Financial Strategy, approval to re-phase budgets in respect of a number of new build sites, as detailed in **Appendix E**, with the resulting changes incorporated in to the Housing capital investment Plan at **Appendix H**, is also being sought.
- Capital financing has been updated in respect of revised assumptions in right to buy and other capital receipts, grants, revenue funding of capital expenditure, use of Section 106 resources and borrowing requirements.

# Section 8

## Summary and Conclusions

### HRA Budget Strategy

#### **The Budget Process**

The HRA budget for 2020/21 will incorporate the outcome of work carried out as part of the Housing Futures Programme. The budget process itself will remain broadly similar to that for previous years in terms of timing and detailed administration.

Work undertaken as part of the Housing Transformation Programme, the incorporation of Devolution Grant and the removal of the assumption that any higher value voids levy will be payable, is positive for the authority. This allows the HRA to address the challenges that have been identified as part of the review of the investment need in the existing housing stock, where significant additional resource is required to maintain the stock in a safe and lettable condition.

Changes in assumptions made as part of this update of the HRA Business Plan that have a positive impact for the HRA, include removal of the assumption about the sale of higher value voids levy, but also the impact of the removal of the HRA borrowing cap, both of which introduce greater flexibility for the business.

Other changes in assumptions result in a negative impact, with a significant increase in the capital investment in the existing housing stock required over the next 30 years following a robust review of the investment strategy. The Housing Capital Investment Plan has been updated to include the latest contract prices for all elements of the decent homes programme and recognition has been given to the fact that some of the asset component

lives have previously been shortened too much, resulting in the appearance of failures in the form of additional response repairs and complaints.

The net impact of these initial changes does however improve the outlook for the HRA in the longer term, and therefore this report proposes retention of a budget strategy where efficiency savings are sought to ensure that value for money can be demonstrated and that tenants and leaseholders continue to receive services at the best price possible, whilst also incorporating a strategic investment fund, which will allow re-direction of resources into key areas of the Housing Service to meet the ongoing challenges that providers of affordable housing are facing.

The robust approach to financial management for the HRA, where efficiencies are sought wherever possible, enables strategic re-direction of resource into other areas of investment, such as new build housing, if all of the financial pressures are not as originally anticipated.

The detail in terms of individual savings proposals, and the impact of reducing budgets by these values, will be presented as part of the 2020/21 budget bids and savings process, to ensure that these can be weighed up against any strategic re-investment proposed.

There is a strong desire to significantly increase the supply of new affordable housing to be owned and managed within the HRA.

As part of this iteration of the business plan consideration has been given to the financial impact of the delivery of 1,000 homes over the 10 years following completion of the 500 homes being built as part of the Devolution Programme. This could see significantly more investment in new homes than previously incorporated into financial plans. To facilitate this level of investment, there would however, be the need to exercise our ability to borrow, as there is not sufficient resource available in the HRA directly. There is no assumption of any further funding from MHCLG through the Combined Authority, and the level of right to buy receipts is expected to reduce as the number of sales decline. The HRA business plan could, subject to all of the assumptions included in the modelling undertaken, support the proposed borrowing in terms of the interest that will be payable on the loans.

For 2019/20 the HRA Medium Term Financial Strategy incorporates changes in the anticipated rental income for the current year, changes in interest earned in year from a revenue perspective, recognising that the opening balances at the start of the year were higher than anticipated, and adjusts the anticipated contribution required to the bad debt provision. The report proposes some changes in operational budgets, both in respect of response repairs and cyclical repairs and also recognises the loss of income resulting from the cessation of the shared housing finance service.

Changes in the capital programme in respect of the budget now required for specific new build schemes have been incorporated, with budgets adjusted as schemes reach the next milestone in the development process. Longer-term, budgets for non-scheme specific new build investment or acquisition have been retained at £10,000,000 per annum, ensuring that the level of investment required to avoid paying any retained right to buy receipts to Central Government is maintained, instead ensuring these receipts can be re-invested in the locality.

## **Approach to HRA Savings**

In line with the budget strategy outlined in the 2018/19 HRA Medium Term Financial Strategy, it is recommended that a savings target is retained, but in the form of an efficiency target. It is also proposed to continue to include a corresponding strategic reinvestment fund.

The continued inclusion of a 4% of general management and repairs administration expenditure (£130,000 per annum) efficiency target is considered prudent in light of continued uncertainty in some areas of national housing policy, and allows resource to be identified for strategic reinvestment in other areas of the housing service. The removal of the sale of higher value voids levy assumption from our financial planning does not mean that the legislation will definitely be repealed and inclusion of an efficiency target, and an associated strategic reinvestment fund ensures that the authority is best placed to respond to any change. The authority will need to review and evaluate its position for 2021/22 onwards, once there is further clarity at a national level.

The assumption that repairs expenditure is adjusted in line with any stock changes is also retained.

Retention of strategic reinvestment funding of £130,000 per annum, funded from any efficiency savings identified, for the next 5 year period, from 2020/21, allows the authority to either redirect resource into key areas or alternatively to hold off in the event of financial pressure, allowing the efficiency savings identified to contribute to an overall reduction in HRA expenditure in response to any national policy announcements. There is also the option in any one year, if efficiency savings are not identifiable, to waive any strategic reinvestment, thus negating the need to make savings which may detrimentally impact the delivery of key housing services.

Despite the need to borrow short-term in the early years of the plan whilst the backlog of investment in the existing housing stock is tackled, alongside the delivery of new affordable homes, the longer-term assumption that the authority attempts to set-aside resource for the repayment of up to 25% of the self-financing housing debt by the point at which the loan portfolio begins to reach maturity has been retained. The authority will review this, and will reconsider its approach to debt set-aside once the future new build programme has been developed and legislation around the sale of higher value vacant homes levy has formally been repealed.

As part of the 2020/21 budget setting process, any areas of new revenue investment, will need to be offset by the identification of savings or increased income generation elsewhere across the HRA.

There is sufficient resource available to match fund retained right to buy receipts with the 70% of additional investment required. The key challenge remains the ability to bring forward enough new build housing in quick enough timeframes to allow the investment of these resources within the currently prescribed timeframes. Failure to invest the retained right to buy receipts within the required 3 year timeframe will still carry the penalty of paying them to central government with interest currently at 4.75%, calculated from the quarter in which they were originally received.

The position for the HRA will be reviewed again as part of the January 2020 HRA Budget Setting Report, with a view to maximising investment in new homes, maintaining service

delivery in key statutory areas and protecting services for the most vulnerable, whilst also ensuring that the existing housing stock is maintained to the latest standards.

## Base Assumptions

In order to update the Housing Revenue Account Business Plan, the assumptions included in the base plan have been revisited, and confirmed or amended as appropriate in the light of any more up-to-date intelligence and information.

In all cases, the revised assumptions included are derived from the best information available at the current time, utilising both historic trend data and the expert advice and opinion of specialists where appropriate.

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

**Appendix G** summarises the revenue budget position for the HRA for the period between 2019/20 and 2028/29, based upon inclusion of the amended financial assumptions that form part of the update to the Self-Financing Business Plan.

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

## HRA MTFS Conclusions

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

Changes to the anticipated level of investment required across the housing stock over the life of the business plan have had a material negative impact on financial projections, whilst

the removal of the assumption that a sale of higher value voids levy will ever be imposed has had a significantly positive impact, providing the headroom to be able to consider the higher level of investment in the housing stock.

Delivery against some of the key assumptions is critical to the success of the housing business plan, with the assumption of a return to rent increases at CPI plus 1% for five years from April 2020 being one of the critical assumptions included. Despite having received national confirmation of this policy, finer detailed is awaited from the Regulator of Social Housing, who will be responsible for controlling the new rent regime.

A key risk remains the still unquantifiable impact of the full rollout of Universal Credit, with the authority still working proactively with affected residents in an attempt to mitigate the impact initially being felt, and the increasing impact anticipated.

Another key risk remains the authority's ability to invest retained right to buy receipts within the timescales, despite sufficient match funding for these. However, with a number of key schemes now either on site, or anticipated to be on site imminently, the required level of investment should be met over the next two years. There is now less reliance on the use of this resource in respect of re-development sites, where it can only be used towards the cost of additionality on the site, and where there are often far greater lead in times between scheme decision and start on site, whilst vacant possession is secured.

Although delivery of significant savings in the short to medium term is not critical to the success of the business plan, the inclusion of an efficiency target, offset by a corresponding strategic reinvestment fund is still considered to be a prudent approach to ensuring that resources are targeted to the areas that most need them, and that flexibly is maintained to allow response to both local demands and national housing policy change.



# Appendix A

## Key Risk Analysis

Risk Area & Issue arising	Controls / Mitigation Action
<b>Effects of Legislation / Regulation</b>	
<p>Implications of new legislation / regulation or changes to existing are not identified</p>	<ul style="list-style-type: none"> <li>• Effective, formal, regular review processes are in place for the HRA to ensure that implications are identified, quantified and highlighted</li> </ul>
<p>Delays in announcement of detail surrounding housing policy change negatively impacts decisions taken at a local level</p>	<ul style="list-style-type: none"> <li>• Decisions taken in the context of a business plan which recognises the uncertainty. Savings taken have impacts exemplified to ensure impact is mitigated</li> </ul>
<p>Funding is not identified to meet the costs associated with changes in statutory requirements</p>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
<p>HRA Debt Settlement could be re-opened by Government (or not re-opened when changes dictate that it should)</p>	<ul style="list-style-type: none"> <li>• The Council has processes in place ensuring early engagement in any consultation and collective representation through national housing bodies</li> </ul>
<p>Changes in national rent policy impact the ability to support the housing debt or deliver against planned investment programmes</p>	<ul style="list-style-type: none"> <li>• Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible</li> <li>• Consideration could be given to deviating from national rent policy at a local level if statute were to allow</li> </ul>
<p>Implementation of Fixed Term Tenancies carries administrative cost and would dictate the need for system change at a time when the Housing Management Information System is being replaced</p>	<ul style="list-style-type: none"> <li>• Project Board for system replacement are aware of the potential need for changes to IT systems and have discussed this with suppliers as part of the tender process</li> <li>• Fixed term tenancies may now not be imposed, depending upon outcome of Housing Green Paper</li> </ul>

Risk Area & Issue arising	Controls / Mitigation Action
<b>Housing Portfolio &amp; Spending Plans</b>	
<p>The Council approves plans which are not sustainable into the future, leading to increasing problems in balancing budgets</p>	<ul style="list-style-type: none"> <li>• Council has adopted medium and long-term modelling (up to 30 years) for HRA, ensuring decisions are made in context of long-term impact</li> <li>• The Business Plan includes long-term trend analysis on key cost drivers</li> <li>• 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</li> </ul>
<b>Financial planning lacks appropriate levels of prudence</b>	
<p>Business Planning assumptions are wildly inaccurate</p> <p>Financial policies, in general, are not sufficiently robust</p> <p>Funding to support the approved Capital Plan is not available</p>	<p>Council has adopted key prudence principles, reflected in:</p> <ul style="list-style-type: none"> <li>• Use of external expert opinion and detailed trend data to inform assumptions</li> <li>• Ongoing revenue funding for capital is reviewed for affordability as part of the 30-year modelling process</li> <li>• Adoption of strict medium / long-term planning</li> <li>• Policy on applying general capital receipts for strategic disposals only at point of receipt</li> </ul>
<b>Use of resources is not effectively managed</b>	
<p>There is ineffective use of the resources available to the HRA</p> <p>Failure to deliver Major Housing / Development Projects, i.e. return on capital investment, project on time etc.</p> <p>Value for money in terms of investment in new build homes is challenged</p>	<ul style="list-style-type: none"> <li>• Council employs robust business planning processes for the HRA</li> <li>• Council has adopted a standard project management framework</li> <li>• A business case is required for all strategic acquisitions, disposals and one-off areas of significant investment</li> <li>• Performance and contractor management procedures are robust and contracts are enforceable</li> <li>• 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</li> <li>• Council adopts a mix of delivery vehicles</li> <li>• Council employs cost consultants to demonstrate price comparability with the local market</li> </ul>

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

# Appendix B

## Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	1.8% for 2020/21, then 2.1%, 2.3% and 2.4% ongoing	General inflation on expenditure included at 1.8% for 2020/21, 2.1% for 2021/22, 2.3% for 2022/23, then 2.4% ongoing, per Bank of England) forecasts of August 2019.	Amended
Capital and Planned Repairs Inflation	CPI plus 1.28%	Based upon the mix of BCIS and CPI forecasts for next 4 years, using averages over this period. Reverts to CPI after 5 years.	Amended
Debt Repayment	Set-aside 25% to Repay Self-Financing 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 in conjunction with any borrowing being considered.	Retained
Capital Investment	Partial Investment Standard	Base model assumes a partial investment standard in the housing stock, compared with a basic decent homes standard.	Amended
Pay Inflation	1.5% Pay Progression & Pay Inflation at 2.5% for 2020/21, then 2%	Assume allowance for increments at 1.5% and cost of living pay inflation at 2.5% for 2021, then 2% on an ongoing basis.	Amended
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	CPI plus 1% for 5 years from 2020/21, then CPI plus 0.5% from 2025/26	Rent increases of up to CPI plus 1% for 5 years, reverting to inflation plus 0.5% after this. Assume CPI in preceding September is as above.	Retained
Affordable Rent Review Inflation	CPI plus 1% for 5 years from 2020/21, then CPI plus 0.5% from 2025/26	Affordable rents to be reviewed annually in line with Local Housing Allowance, ensuring that they match the LHA unless it rises above CPI plus 1%, in which case the lower will apply.	Retained
Rent Convergence	Voids Only	Ability to move to target rent achieved only through movement of void properties	Retained

Key Area	Assumption	Comment	Status
		directly to target rent.	
External Lending Interest Rate	0.8%	<b>Interest rates based on latest market projections, recognising that the HRA will benefit from low risk investments only</b>	<b>Amended</b>
Internal Lending Interest Rate	0.8%	<b>Assume the same rate as anticipated can be earned on cash balances held, so as not to detriment either the HRA or the General Fund longer-term.</b>	<b>Amended</b>
External Borrowing Interest Rate	2.44%	<b>Assumes additional borrowing using current PWLB rates.</b>	<b>Amended</b>
Internal Borrowing Interest Rate	2.44%	<b>Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route.</b>	<b>Amended</b>
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, pending a review once the business plan and asset investment strategy has been fully reviewed.	Retained
HRA Target Balances	£3,000,000	Maintain HRA target balance at £3,000,000, pending a review once the business plan and asset investment strategy has been fully reviewed.	Retained
Right to Buy Sales	35, 30, then 25 sales ongoing	An uncertain economy expected to result in a marginal decline in activity. Assume 35 in 2019/20 then reducing by 5 sales per annum, until 25 are assumed ongoing.	Retained
Right to Buy Receipts	Settlement right to buy and assumed one-for-one receipts included	Debt settlement receipts included, assuming the receipts utilised partly for general fund housing purposes. Anticipated one-for-one receipts included, and ear-marked for direct new build spend. Debt repayment proportion assumed to be set-aside.	Retained
Void Rates	1.75% for 2019/20, then 1% ongoing	<b>Assumes 1.75% to include known void loss for re-development sites in 2019/20, reducing to 1%, from 2020/21, recognising refurbishment works and improved void processes longer-term</b>	<b>Amended</b>
Bad Debts	1.5% from 2019/20 ongoing	Bad debt provision increased to 1.5% reflecting experience in 2017/18 and the requirement to collect 100% of rent directly more widely from October 2018.	Retained
Savings Target	£130,000 (4% of	Retain an efficiency target of £130,000	Retained

Key Area	Assumption	Comment	Status
	general and repairs administrative expenditure)	from 2020/21 for 5 years. Allows strategic reinvestment or alternatively a response to pressure from national housing policy change.	
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
Strategic Investment Fund	£130,000	Housing Strategic Investment Fund included from 2020/21 for 5 years.	Retained

# Appendix C

## Retained 1-4-1 Right to Buy Receipts

Quarter date for Receipt	Retained 1-4-1 Receipt Value (Per Quarter)	Retained 1-4-1 Receipt Value (Cumulative)	Amount of New Build Expenditure Required (Cumulative)	Deadline for Receipt to be spent on New Dwelling	Qualifying Spend by Deadline (Cumulative)	Retained 1-4-1 Receipt Spent (Cumulative)	Balance of Retained 1-4-1 Receipts to be Spent or Paid to CLG (Cumulative)	Further New Build Spend Required by Deadline (Cumulative)
31/03/2015	831,750.78	9,189,595.70	30,631,985.67	31/03/2018	34,063,317.03	10,218,995.11	0.00	0.00
30/06/2015	595,447.59	9,785,043.29	32,616,810.97	30/06/2018	44,963,531.08	13,489,059.32	0.00	0.00
30/09/2015	902,092.08	10,687,135.37	35,623,784.57	30/09/2018	45,811,867.07	13,743,560.12	0.00	0.00
31/12/2015	857,169.10	11,544,304.47	38,481,014.90	30/12/2018	47,212,958.99	14,163,887.70	0.00	0.00
31/03/2016	1,591,834.76	13,136,139.23	43,787,130.78	31/03/2019	54,012,650.36	16,203,795.11	0.00	0.00
30/06/2016	2,263,872.93	15,400,012.16	51,333,373.87	30/06/2019	57,282,779.08	17,184,833.72	0.00	0.00
30/09/2016	1,874,821.59	17,274,833.75	57,582,779.17	30/09/2019			90,000.03	300,000.08
31/12/2016	1,320,457.44	18,595,291.19	61,984,303.97	31/12/2019			1,410,457.47	4,701,524.88
31/03/2017	1,313,143.16	19,908,437.35	66,361,447.83	31/03/2020			2,723,600.63	9,078,668.75
30/06/2017	2,045,445.56	21,953,879.91	73,179,599.70	30/06/2020			4,769,046.19	15,896,820.62
30/09/2017	1,779,600.43	23,733,480.34	79,111,601.13	30/09/2020			6,548,646.62	21,828,822.05
31/12/2017	2,229,968.03	25,963,448.37	86,544,827.90	31/12/2020			8,778,614.65	29,262,048.82
31/03/2018	646,869.52	26,610,317.89	88,701,059.63	31/03/2021			9,425,484.17	31,418,280.55
30/06/2018	1,556,719.56	28,167,037.45	93,890,124.83	30/06/2021			10,982,203.73	36,607,345.75
30/09/2018	548,341.57	28,715,379.02	95,717,930.07	30/09/2021			11,530,545.30	38,435,150.98
31/12/2018	1,210,892.84	29,926,271.86	99,754,239.53	30/12/2021			12,741,438.14	42,471,460.45
31/03/2019	209,910.09	30,136,181.95	100,453,939.83	31/03/2022			12,951,348.23	43,171,160.75
30/06/2019	1,408,403.81	31,544,585.76	105,148,619.20	30/06/2022			14,359,752.04	47,865,840.12

# Appendix D

## 2019/20 HRA Mid-Year Revenue Budget Adjustments

Area of Income / Expenditure	Description	Budget Amendment in 2019/20 Budget (£)	Budget Amendment in 2020/21 Budget (£)	Comment
<b>Budgeted use of / (contribution to) HRA Reserves pre MTFS</b>		<b>(631,200)</b>		
<b>HRA General Management</b>				
Shared Housing Finance Recharge Income	Cessation of the shared housing finance team results in the unavoidable loss of income from South Cambridgeshire District Council	44,670	44,670	Built into base for future years
<b>Total HRA General Management</b>		<b>44,670</b>		
<b>HRA Repairs</b>				
Electrical Testing	Funding approved under urgency to complete an identified backlog of electrical inspections	208,000	0	One-off cost to catch up backlog
Response Repairs	Increased funding for sub-contracted specialist response repair activity	183,600	183,600	Built into base for future years
<b>Total HRA Repairs</b>		<b>391,600</b>		
<b>HRA Summary Account</b>				
Bad Debt Provision	Increase in bad debt provision linked to increase in rental income assumptions	8,060	Incorporated into base assumptions	Built into base for future years
Rent Income	Increase in rental income for 2019/20 and beyond due to removal of sale of higher value voids levy and delays in decant on redevelopment sites	(335,290)	Incorporated into base assumptions	Built into base for future years
Dwelling Depreciation	Increase in the estimated level of depreciation based upon the latest stock numbers and property values	121,430	Incorporated into base assumptions	Built into base for future years
Interest earned on HRA Balances	The HRA will benefit from a lower rate of interest following a review of the approach to	275,250	Incorporated into base	Built into base for future years



Area of Income / Expenditure	Description	Budget Amendment in 2019/20 Budget (£)	Budget Amendment in 2020/21 Budget (£)	Comment
			assumptions	
Interest paid on Borrowing	The change in interest rate assumed receivable by the HRA also impacts the rate assumed to be payable on notional internal borrowing from the General Fund	(7,040)	Incorporated into base assumptions	Built into base for future years
Direct Revenue Financing of Capital Expenditure (DRF)	Increase in DRF to contribute to the costs of securing vacant possession on HRA re-development sites	2,911,300	Incorporated into base assumptions	Built into base for future years
Debt Set-Aside	Reduction in set-aside for potential debt repayment or re-investment, with decision to re-invest in 2019/20, using DRF to facilitate this	(2,911,300)	Incorporated into base assumptions	Built into base for future years
<b>Total HRA Summary</b>		<b>62,410</b>		
<b>Revised use of / (contribution to) HRA Reserves post MTFS</b>		<b>(132,520)</b>		

# Appendix E

## 2019/20 Mid-Year HRA Capital Budget Amendments

Area of Expenditure And Change	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<b>Total Housing Capital Plan Expenditure pre HRA MTFS</b>	<b>56,832</b>	<b>67,804</b>	<b>31,348</b>	<b>23,477</b>	<b>23,257</b>
<b>General Fund Housing</b>					
Increase in budget for DFG's to enable spending of increased Better Care Fund Grant	29	0	0	0	0
<b>Decent Homes and Other HRA Stock Investment</b>					
Include funding in wall structures for identified balcony works	500	2,200	0	0	0
Include funding for replacement external doors, now that standards have been confirmed	360	0	0	0	0
Adjust funding for Kitchens following investment review	0	42	51	(18)	100
Adjust funding for Bathrooms following investment review	0	13	(1)	(5)	16
Adjust funding for Heating / Boilers following investment review	0	302	403	482	297
Adjust funding for Insulation / Energy / Wall Finishes following investment review	0	1,070	133	268	101
Adjust funding for External Doors following investment review	0	(235)	(47)	3	(126)
Adjust funding for PVCU Windows following investment review	0	683	437	241	855
Adjust funding for Wall Structure following investment review	0	(208)	(67)	(32)	(28)
Adjust funding for External Painting following investment review	0	57	57	57	57
Adjust funding for Roof Covering following investment review	0	354	772	(134)	356
Adjust funding for Chimneys following investment review	0	2	(1)	0	1
Adjust funding for Electrical / Wiring following investment review	0	(636)	(161)	(286)	(53)
Re-inclusion of Decent Homes Backlog works over 10 years	0	0	4,716	4,716	4,716
Adjust funding for Communal Doors following investment review	0	258	0	5	65
Adjust funding for Lifts and Door Entry following investment review	0	218	(4)	(13)	25
Adjust funding for Contractor Overheads following	147	453	174	114	183

Area of Expenditure And Change	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
investment review					
Adjustment to allocation for new build decent homes work to recognise delays and additions in the programme	134	(255)	(390)	(620)	(189)
<b>New Build</b>					
Increase budget and re-phasing for Queensmeadow	48	(46)	0	0	0
Reduce budget and re-phasing for Wulfstan Way	(118)	27	0	0	0
Increase budget and re-phasing for Akeman Street mixed use site	1,299	(1,028)	0	0	0
Increase budget and re-phasing for Ventress Close	(340)	364	0	0	0
Reduce budget and re-phasing for Colville Road garage site	(105)	52	0	0	0
Increase budget and re-phasing for Mill Road (I & II)	(27)	317	39	0	0
Increase budget and re-phasing for Gunhild Way	82	(73)	0	0	0
Increase budget and re-phasing for Markham Close	(81)	203	0	0	0
Reduce budget and re-phasing for Cromwell Road	108	(40)	(457)	0	0
Increase budget and re-phasing for Colville Road	380	1,529	0	0	0
Reduce budget and re-phasing for Meadows and Buchan	(1,358)	1,330	(953)	0	0
Reduce budget and re-phasing for Clerk Maxwell	(965)	874	0	0	0
Inclusion of budget for Campkin Road following scheme specific approval	4,811	11,154	0	0	0
Adjustment to ear-marked resources held for new build reflecting virement to specific schemes	(4,599)	(9,412)	0	0	0
Increase budget ear-marked for the delivery of new build and re-developed homes	0	0	10,000	0	0
Include budget to tackle defects challenge for Keepmoat schemes	60				
<b>Sheltered Housing</b>					
No changes	0	0	0	0	0
<b>Other HRA Spend</b>					
No changes	0	0	0	0	0
<b>Inflation Allowance</b>					
Adjust inflation allowed to reflect new base and revised inflation assumptions	(2,190)	(1,746)	(1,305)	(890)	(422)
<b>Total Housing Capital Plan Expenditure post HRA MTFS</b>	55,007	75,627	44,744	27,365	29,211

# Appendix F

## New Build Investment Cashflow

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New Build / Re-Development Scheme	2019/20 £'0000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
<b>New Build / Acquisition / Re-Development Cash Expenditure</b>										
Anstey Way	5,876	0	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites	1,793	0	0	0	0	0	0	0	0	0
Kendal Way	346	0	0	0	0	0	0	0	0	0
Queensmeadow	461	63	0	0	0	0	0	0	0	0
Wulfstan Way	552	194	0	0	0	0	0	0	0	0
Akeman Street	1,949	2,419	0	0	0	0	0	0	0	0
Ventress Close	1,362	1,557	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	573	202	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	9,333	9,333	1,669	0	0	0	0	0	0	0
Gunhild Way	414	177	0	0	0	0	0	0	0	0
Markham Close	806	283	0	0	0	0	0	0	0	0
Cromwell Road	3,070	4,539	5,740	0	0	0	0	0	0	0
Kingsway Clinic Conversion	382	0	0	0	0	0	0	0	0	0
Ditchburn Place New Build	143	0	0	0	0	0	0	0	0	0
Colville Road	4,257	11,373	0	0	0	0	0	0	0	0
Meadows and Buchan Street	1,765	13,613	9,832	0	0	0	0	0	0	0
Clerk Maxwell Road	714	2,033	0	0	0	0	0	0	0	0
Campkin Road	4,811	11,154	0	0	0	0	0	0	0	0
Keepmoat Defect Management	60	0	0	0	0	0	0	0	0	0
Acquisition / New Build (Unallocated)	0	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000

New Build / Re-Development Scheme	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'0000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Total New Build/ Re-Development Expenditure</b>	<b>38,667</b>	<b>56,940</b>	<b>27,241</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>New Build Devolution Grant Funding</b>										
Anstey Way	(2,107)	0	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites	(1,255)	0	0	0	0	0	0	0	0	0
Kendal Way	(242)	0	0	0	0	0	0	0	0	0
Queensmeadow	(323)	(44)	0	0	0	0	0	0	0	0
Wulfstan Way	(386)	(136)	0	0	0	0	0	0	0	0
Akeman Street	(921)	(1,172)	0	0	0	0	0	0	0	0
Ventress Close	(805)	(945)	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	(401)	(141)	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	(6,533)	(6,533)	(1,168)	0	0	0	0	0	0	0
Gunhild Way	(290)	(124)	0	0	0	0	0	0	0	0
Markham Close	(564)	(198)	0	0	0	0	0	0	0	0
Cromwell Road	(2,149)	(3,177)	(4,018)	0	0	0	0	0	0	0
Kingsway Clinic Conversion	(267)	0	0	0	0	0	0	0	0	0
Ditchburn Place New Build	(100)	0	0	0	0	0	0	0	0	0
Colville Road	(1,413)	(5,653)	0	0	0	0	0	0	0	0
Meadows and Buchan Street	(1,237)	(9,530)	(2,109)	0	0	0	0	0	0	0
Clerk Maxwell Road	(500)	(1,423)	0	0	0	0	0	0	0	0
Campkin Road	0	0	0	0	0	0	0	0	0	0
<b>Total New Build / Re-Development Funding</b>	<b>(19,492)</b>	<b>(29,076)</b>	<b>(7,295)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Use of Retained Right to Buy Funding</b>										
Anstey Way	(903)	0	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites	(538)	0	0	0	0	0	0	0	0	0
Kendal Way	(104)	0	0	0	0	0	0	0	0	0

New Build / Re-Development Scheme	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'0000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Queensmeadow	(138)	(19)	0	0	0	0	0	0	0	0
Wulfstan Way	(165)	(58)	0	0	0	0	0	0	0	0
Akeman Street	(394)	(502)	0	0	0	0	0	0	0	0
Ventress Close	(345)	(405)	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	(172)	(61)	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	(2,800)	(2,800)	(501)	0	0	0	0	0	0	0
Gunhild Way	(124)	(53)	0	0	0	0	0	0	0	0
Markham Close	(242)	(85)	0	0	0	0	0	0	0	0
Cromwell Road	(921)	(1,362)	(1,722)	0	0	0	0	0	0	0
Kingsway Clinic Conversion	(115)	0	0	0	0	0	0	0	0	0
Ditchburn Place New Build	(43)	0	0	0	0	0	0	0	0	0
Colville Road	(606)	(2,423)	0	0	0	0	0	0	0	0
Meadows and Buchan Street	0	0	(2,949)	0	0	0	0	0	0	0
Clerk Maxwell Road	(214)	(610)	0	0	0	0	0	0	0	0
Campkin Road	(593)	(2,230)	0	0	0	0	0	0	0	0
Acquisition or New Build (Unallocated)	0	0	(750)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)
<b>Total Use of Retained Right to Buy Funding</b>	<b>(8,417)</b>	<b>(10,608)</b>	<b>(5,922)</b>	<b>(2,700)</b>	<b>(2,700)</b>	<b>(2,700)</b>	<b>(2,700)</b>	<b>(2,700)</b>	<b>(2,700)</b>	<b>(2,700)</b>
<b>Total to be funded from HRA Resources (DRF &amp; MRR) and Sales Receipts</b>	<b>10,758</b>	<b>17,256</b>	<b>14,024</b>	<b>7,300</b>	<b>7,300</b>	<b>7,300</b>	<b>7,300</b>	<b>7,300</b>	<b>7,300</b>	<b>7,300</b>
<b>Total HRA Borrowing</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Appendix G (1)

## HRA Summary Forecast 2019/20 to 2023/24

Description	2019/20 £0	2020/21 £0	2021/22 £0	2022/23 £0	2023/24 £0
Income					
Rental Income (Dwellings)	(36,484,730)	(37,958,600)	(40,616,510)	(43,828,190)	(45,840,170)
Rental Income (Other)	(1,199,740)	(1,221,340)	(1,246,980)	(1,275,660)	(1,306,280)
Service Charges	(2,969,250)	(3,018,630)	(3,077,280)	(3,142,860)	(3,212,870)
Contribution towards Expenditure	(679,430)	(691,660)	(706,180)	(722,420)	(739,760)
Other Income	(458,880)	(460,520)	(463,440)	(474,100)	(485,480)
<b>Total Income</b>	<b>(41,792,030)</b>	<b>(43,350,750)</b>	<b>(46,110,390)</b>	<b>(49,443,230)</b>	<b>(51,584,560)</b>
Expenditure					
Supervision & Management - General	4,084,860	3,725,850	3,866,070	4,160,830	4,306,740
Supervision & Management - Special	3,174,520	3,146,750	3,224,020	3,308,090	3,396,890
Repairs & Maintenance	7,841,170	7,543,470	7,628,700	7,979,610	8,271,250
Depreciation – to Major Repairs Res.	11,070,740	11,171,550	11,857,240	12,349,290	12,664,570
Debt Management Expenditure	0	0	0	0	0
Other Expenditure	4,034,970	4,113,480	4,212,110	4,335,540	4,451,410
<b>Total Expenditure</b>	<b>30,206,260</b>	<b>29,701,100</b>	<b>30,788,140</b>	<b>32,133,360</b>	<b>33,090,860</b>
<b>Net Cost of HRA Services</b>	<b>(11,585,770)</b>	<b>(13,649,650)</b>	<b>(15,322,250)</b>	<b>(17,309,870)</b>	<b>(18,493,700)</b>
HRA Share of operating income and expenditure included in Whole Authority I&E Account					
Interest Receivable	(525,700)	(390,710)	(252,190)	(197,580)	(191,410)
<b>(Surplus) / Deficit on the HRA for the Year</b>	<b>(12,111,470)</b>	<b>(14,040,360)</b>	<b>(15,574,440)</b>	<b>(17,507,450)</b>	<b>(18,685,110)</b>
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance					
Loan Interest	7,506,750	7,532,410	7,532,410	7,532,410	7,532,410
Housing Set Aside	1,560,900	(2,165,000)	(9,145,000)	(1,280,000)	(1,696,000)
Appropriation from Ear-Marked Reserve	0	0	0	0	0
Direct Revenue Financing of Capital	2,911,300	12,509,920	17,109,620	11,260,810	12,791,340
<b>(Surplus) / Deficit for Year</b>	<b>(132,520)</b>	<b>3,836,970</b>	<b>(77,410)</b>	<b>5,770</b>	<b>(57,360)</b>
Balance b/f	(11,539,346)	(11,671,866)	(7,834,896)	(7,912,306)	(7,906,536)
<b>Total Balance c/f</b>	<b>(11,671,866)</b>	<b>(7,834,896)</b>	<b>(7,912,306)</b>	<b>(7,906,536)</b>	<b>(7,963,896)</b>

# Appendix G (2)

## HRA 10 Year Summary Forecast 2019/20 to 2028/29

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income										
Rental Income (Dwellings)	(36,485)	(37,958)	(40,617)	(43,828)	(45,840)	(47,550)	(49,123)	(50,744)	(52,415)	(54,139)
Rental Income (Other)	(1,200)	(1,221)	(1,247)	(1,276)	(1,306)	(1,338)	(1,370)	(1,403)	(1,436)	(1,471)
Service Charges	(2,969)	(3,019)	(3,077)	(3,143)	(3,213)	(3,285)	(3,363)	(3,444)	(3,527)	(3,611)
Contribution towards Expenditure	(679)	(692)	(706)	(722)	(740)	(758)	(776)	(794)	(813)	(833)
Other Income	(459)	(461)	(463)	(474)	(485)	(497)	(509)	(521)	(534)	(547)
<b>Total Income</b>	<b>(41,792)</b>	<b>(43,351)</b>	<b>(46,110)</b>	<b>(49,443)</b>	<b>(51,584)</b>	<b>(53,428)</b>	<b>(55,141)</b>	<b>(56,906)</b>	<b>(58,725)</b>	<b>(60,601)</b>
Expenditure										
Supervision & Management - General	4,085	3,726	3,866	4,161	4,307	4,432	4,581	4,736	4,895	5,060
Supervision & Management - Special	3,174	3,147	3,224	3,308	3,397	3,488	3,582	3,678	3,777	3,879
Repairs & Maintenance	7,841	7,543	7,629	7,980	8,271	8,594	8,765	9,149	9,480	9,780
Depreciation – to Major Repairs Res.	11,071	11,172	11,856	12,349	12,665	12,988	13,312	13,651	14,000	14,357
Debt Management Expenditure	0	0	0	0	0	0	0	0	0	0
Other Expenditure	4,035	4,113	4,212	4,335	4,451	4,566	4,681	4,799	4,919	5,043
<b>Total Expenditure</b>	<b>30,206</b>	<b>29,701</b>	<b>30,787</b>	<b>32,133</b>	<b>33,091</b>	<b>34,068</b>	<b>34,921</b>	<b>36,013</b>	<b>37,071</b>	<b>38,119</b>
<b>Net Cost of HRA Services</b>	<b>(11,586)</b>	<b>(13,650)</b>	<b>(15,323)</b>	<b>(17,310)</b>	<b>(18,493)</b>	<b>(19,360)</b>	<b>(20,220)</b>	<b>(20,893)</b>	<b>(21,654)</b>	<b>(22,482)</b>
HRA Share of operating income and expenditure included in Whole Authority I&E Account										
Interest Receivable	(526)	(390)	(252)	(198)	(191)	(178)	(165)	(170)	(191)	(207)
<b>(Surplus) / Deficit on the HRA for the Year</b>	<b>(12,112)</b>	<b>(14,040)</b>	<b>(15,575)</b>	<b>(17,508)</b>	<b>(18,684)</b>	<b>(19,538)</b>	<b>(20,385)</b>	<b>(21,063)</b>	<b>(21,845)</b>	<b>(22,689)</b>
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance										
Loan Interest	7,507	7,532	7,532	7,532	7,532	7,532	7,532	7,533	7,533	7,533



Housing Set Aside	1,561	(2,165)	(9,144)	(1,280)	(1,696)	(419)	0	0	0	0
Appropriation from Ear-Marked Reserve	0	0	0	0	0	0	0	0	0	0
Direct Revenue Financing of Capital	2,911	12,510	17,110	11,261	12,791	14,847	14,867	11,714	12,084	14,413
<b>(Surplus) / Deficit for Year</b>	<b>(133)</b>	<b>3,837</b>	<b>(77)</b>	<b>5</b>	<b>(57)</b>	<b>2,422</b>	<b>2,014</b>	<b>(1,816)</b>	<b>(2,228)</b>	<b>(743)</b>
Balance b/f	(11,539)	(11,672)	(7,835)	(7,912)	(7,907)	(7,964)	(5,542)	(3,528)	(5,344)	(7,572)
<b>Total Balance c/f</b>	<b>(11,672)</b>	<b>(7,835)</b>	<b>(7,912)</b>	<b>(7,907)</b>	<b>(7,964)</b>	<b>(5,542)</b>	<b>(3,528)</b>	<b>(5,344)</b>	<b>(7,572)</b>	<b>(8,315)</b>

# Appendix H

## Housing Capital Investment Plan (10 Year Detailed Investment Plan)

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund Housing Capital Spend</b>										
Disabled Facilities Grants	754	550	550	550	550	550	550	550	550	550
Private Sector Housing Grants and Loans	195	195	195	195	195	195	195	195	195	195
<b>Total General Fund Housing Capital Spend</b>	<b>949</b>	<b>745</b>	<b>745</b>	<b>745</b>	<b>745</b>	<b>745</b>	<b>745</b>	<b>745</b>	<b>745</b>	<b>745</b>
<b>HRA Capital Spend</b>										
<b>Decent Homes</b>										
Kitchens	655	682	303	466	621	753	1,136	747	1,474	1,367
Bathrooms	331	1,049	188	47	158	650	653	146	67	363
Central Heating / Boilers	2,586	3,838	1,866	2,050	1,850	2,675	1,902	2,129	2,315	1,685
Insulation / Energy Efficiency	833	1,344	891	807	676	519	420	970	181	1,184
External Doors	148	116	52	72	20	58	52	75	57	58
PVCU Windows	0	689	467	241	855	538	1,062	380	328	1,111
Wall Structure	634	2,246	6	6	19	2	250	94	505	681
External Painting	0	357	357	357	357	357	357	357	357	357
Roof Structure	398	300	300	300	300	300	300	300	300	300
Roof Covering	542	688	1,106	200	690	1,918	1,647	994	1,058	935
Chimneys	1	2	0	0	2	2	0	0	0	7
Electrical / Wiring	555	296	274	445	388	483	209	266	4	19
Sulphate Attacks	102	102	102	102	102	102	102	102	102	102

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HHSRS Contingency	229	100	100	100	100	100	100	100	100	100
Other Health and Safety Works	269	50	50	50	50	50	50	50	50	50
Other External Works	0	0	0	0	0	0	0	0	0	0
Capitalised Officer Fees - Decent Homes	305	305	305	305	305	305	305	305	305	305
Decent Homes Backlog	0	0	4,716	4,716	4,716	4,716	4,716	3,811	3,811	3,811
Decent Homes Planned Maintenance Contractor Overheads	842	1,305	667	576	680	936	906	738	759	915
Decent Homes New Build Allocation	477	163	732	1,009	1,092	1,180	1,271	1,364	1,463	1,564
<b>Total Decent Homes</b>	<b>8,907</b>	<b>13,632</b>	<b>12,482</b>	<b>11,849</b>	<b>12,981</b>	<b>15,644</b>	<b>15,438</b>	<b>12,928</b>	<b>13,236</b>	<b>14,914</b>
<b>Other Spend on HRA Stock</b>										
Garage Improvements	195	100	100	100	100	100	100	100	100	100
Asbestos Removal	50	50	50	50	50	50	50	50	50	50
Disabled Adaptations	878	878	878	878	878	878	878	878	878	878
Communal Areas Uplift	100	100	100	100	100	100	100	100	100	100
Communal Electrical Installations / Fire Systems / Communal Lighting	150	150	150	150	150	150	150	150	150	150
Communal Entrance / Enclosure Doors + Glazing	71	329	71	76	136	71	140	71	73	185
Fire Prevention / Fire Safety Works	921	50	50	50	50	50	50	50	50	50
Hard surfacing on HRA Land - Health and Safety Works	508	225	225	225	225	225	225	225	225	225
Communal Areas Floor Coverings	295	100	100	100	100	100	100	100	100	100
Lifts and Door Entry Systems	138	231	9	0	38	28	75	0	0	40
Estate Investment	1,000	1,000	1,000	1,000	1,000	0	0	0	0	0
Capitalised Officer Fees - Other HRA Stock Spend	114	114	114	114	114	114	114	114	114	114

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	364	243	191	190	201	193	205	190	190	207
<b>Total Other Spend on HRA stock</b>	<b>4,784</b>	<b>3,570</b>	<b>3,038</b>	<b>3,033</b>	<b>3,142</b>	<b>2,059</b>	<b>2,187</b>	<b>2,028</b>	<b>2,030</b>	<b>2,199</b>
<b>HRA New Build / Re-Development</b>										
Anstey Way	5,876	0	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites (Nuns & Cameron / Wiles / Teddar)	1,793	0	0	0	0	0	0	0	0	0
Kendal Way	346	0	0	0	0	0	0	0	0	0
Queensmeadow	461	63	0	0	0	0	0	0	0	0
Wulfstan Way	552	194	0	0	0	0	0	0	0	0
Markeman Street	1,949	2,419	0	0	0	0	0	0	0	0
Ventress Close	1,362	1,557	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	573	202	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	9,333	9,333	1,669	0	0	0	0	0	0	0
Gunhild Way	414	177	0	0	0	0	0	0	0	0
Markham Close	806	283	0	0	0	0	0	0	0	0
Cromwell Road (Including Land Acquisition)	3,070	4,539	5,740	0	0	0	0	0	0	0
Kingsway Clinic Conversion	382	0	0	0	0	0	0	0	0	0
Ditchburn Place New Build	143	0	0	0	0	0	0	0	0	0
Colville Road	4,257	11,373	0	0	0	0	0	0	0	0
Meadows and Buchan Street	1,765	13,613	9,832	0	0	0	0	0	0	0
Clerk Maxwell Road	714	2,033	0	0	0	0	0	0	0	0
Campkin Road	4,811	11,154	0	0	0	0	0	0	0	0
Keepmoat Defect Management (10 Schemes)	60	0	0	0	0	0	0	0	0	0

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Acquisition or New Build (Unallocated)	0	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Total HRA New Build</b>	<b>38,667</b>	<b>56,940</b>	<b>27,241</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Sheltered Housing Capital Investment</b>										
Ditchburn Place	772	0	0	0	0	0	0	0	0	0
<b>Total Sheltered Housing Capital Investment</b>	<b>772</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other HRA Capital Spend</b>										
Orchard Replacement / Mobile Working	543	0	0	0	0	0	0	0	0	0
Stores Reconfiguration	55	0	0	0	0	0	0	0	0	0
Estate Service Champion Estate Vehicle	0	0	0	0	0	0	0	0	0	0
Shared Ownership Repurchase	300	300	300	300	300	300	300	300	300	300
Commercial and Administrative Property	30	30	30	30	30	30	30	30	30	30
<b>Total Other HRA Capital Spend</b>	<b>928</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>
<b>Total HRA Capital Spend</b>	<b>54,058</b>	<b>74,472</b>	<b>43,091</b>	<b>25,212</b>	<b>26,453</b>	<b>28,033</b>	<b>27,955</b>	<b>25,286</b>	<b>25,596</b>	<b>27,443</b>
<b>Total Housing Capital Spend at Base Year Prices</b>	<b>55,007</b>	<b>75,217</b>	<b>43,836</b>	<b>25,957</b>	<b>27,198</b>	<b>28,778</b>	<b>28,700</b>	<b>26,031</b>	<b>26,341</b>	<b>28,188</b>
Inflation Allowance and Stock Reduction Adjustment for Future Years	0	410	908	1,408	2,013	2,811	3,233	3,089	3,527	4,371
<b>Total Inflated Housing Capital Spend</b>	<b>55,007</b>	<b>75,627</b>	<b>44,744</b>	<b>27,365</b>	<b>29,211</b>	<b>31,589</b>	<b>31,933</b>	<b>29,120</b>	<b>29,868</b>	<b>32,559</b>
<b>Housing Capital Resources</b>										
Right to Buy Receipts	(474)	(478)	(483)	(483)	(483)	(483)	(483)	(483)	(513)	(518)
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0	0	0	0	0	0

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Repairs Reserve	(19,308)	(14,164)	(11,857)	(12,350)	(12,666)	(12,988)	(13,312)	(13,652)	(14,000)	(14,357)
Direct Revenue Financing of Capital	(2,911)	(12,510)	(17,110)	(11,261)	(12,791)	(14,847)	(14,867)	(11,714)	(12,084)	(14,413)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(1,028)	(2,050)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)
Devolution Grant	(19,492)	(29,076)	(7,295)	0	0	0	0	0	0	0
Retained Right to Buy Receipts	(8,417)	(10,608)	(5,922)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)
Disabled Facilities Grant	(682)	(271)	(271)	(271)	(271)	(271)	(271)	(271)	(271)	(271)
Prudential Borrowing	0	0	0	0	0	0	0	0	0	0
<b>Total Housing Capital Resources</b>	<b>(52,312)</b>	<b>(69,157)</b>	<b>(43,238)</b>	<b>(27,365)</b>	<b>(29,211)</b>	<b>(31,589)</b>	<b>(31,933)</b>	<b>(29,120)</b>	<b>(29,868)</b>	<b>(32,559)</b>
Net (Surplus) / Deficit of Resources	2,695	6,470	1,506	0	0	0	0	0	0	0
<b>Capital Balances b/f</b>	<b>(10,671)</b>	<b>(7,978)</b>	<b>(1,506)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
Use of / (Contribution to) Balances in Year	2,693	6,472	1,506	0	0	0	0	0	0	0
<b>Capital Balances c/f</b>	<b>(7,978)</b>	<b>(1,506)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Other Capital Balances (Opening Balance 1/4/2019)</b>										
Major Repairs Reserve	(11,231)	Utilised in future years to fund investment in the housing stock								
Retained 1-4-1 Right to Buy Receipts	(13,932)	Utilised between 2019/20 and 2020/21 above								
Right to Buy Receipts for Debt Redemption	(9,031)	Retained for future debt repayment								
<b>Total Other Capital Balances</b>	<b>(34,194)</b>									

# Appendix I

## HRA Earmarked & Specific Revenue Funds (£'000)

### Repairs & Renewals

	Opening Balance	Contributions	Expenditure to July	Current Balance
General Management	(949.3)	(80.3)	3.0	(1,026.6)
Special Services	(1,117.2)	(146.1)	57.4	(1,205.9)
Repairs and Maintenance	(429.7)	(60.2)	0.0	(489.9)
<b>Total</b>	<b>(2,496.2)</b>	<b>(286.6)</b>	<b>60.4</b>	<b>(2,722.4)</b>

### Tenants Survey

	Opening Balance	Contributions	Expenditure to July	Current Balance
Tenants Survey	(41.2)	(6.3)	0.0	(47.5)

### Debt Set-Aside (Revenue)

	Opening Balance	Contributions	Expenditure to July	Current Balance
Debt Set-Aside	(13,143.6)	(4,472.2)	0.0	(17,615.98)

## HRA Earmarked & Specific Capital Funds (£'000)

### Debt Set-Aside (Capital)

	Opening Balance	Contributions	Expenditure to July	Current Balance
Debt Set-Aside	(9,031.2)	(364.8)	0.0	(9,396.0)

### Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to July	Current Balance
MRR	(11,230.6)	0.0	0.0	(11,230.6)

# Appendix J

## Business Plan Key Sensitivity Analysis

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
Rents Inflation	CPI plus 1% for 5 years, followed by CPI plus 0.5%	Although confirmed by government, for the next 5 years, there is no guarantee that there will be the ability to return to previously assumed rent increases if rents are set legislatively after 2024/25, so assume CPI only from 2025/26.	Borrowing increases by £16 million during the life of the plan and the resource available for debt redemption at the end of the 30 years is £68 million lower.
Sale of Higher Value Assets	Assumed that legislation is repealed and policy is never implemented.	Assume that the primary legislation is not repealed and the policy is implemented after all.	Borrowing increases by £445 million during the life of the plan to sustain the basic business activity and the HRA ceases to be able to set a budget and operate from year 14 onwards.
Direct Payments (Universal Credit)	Bad Debts at 1.5%	Evidence from the pilot authorities for direct payment indicated that collection rates may fall from 99% to 95%. Assume bad debts at 5% from 2020/21.	Borrowing increases by £26 million during the life of the plan and the resource available for debt redemption at the end of the 30 years is £40 million lower.
Cost of HRA New Build post the 500 homes	Cost of £250,000 per units assumed, based upon use of HRA land or S106 sites built to current standards.	Assume that the authority opts to build sustainable homes, with build costs at 50% more per square metre, resulting in costs of £375,000 per unit.	Borrowing increases by £69 million during the life of the plan and the resource available for debt redemption at the end of the 30 years is £61 million lower.

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



# Appendix K

## Areas of Uncertainty

### Housing Revenue Account – Revenue Uncertainties

#### Self-Financing for the HRA

Future uncertainty still exists about the ability to manage the cashflow and service / re-pay the debt for the HRA in a self-financing environment. Despite the end of 4 years of rent cuts, rent are still controlled at national level, which was never the intention of operating in a self-financing environment.

#### Right to Buy Sales

The number of sales increased significantly from April 2012, but have now reduced and stabilised. Current uncertainty in the economy may result in further decline in sales in the coming years, although this is impossible to predict accurately.

#### Right to Buy Retention Agreement

Resource retained in respect of 1-4-1 receipts must be appropriately re-invested in the HRA, with reliance on the £70 million Devolution Grant currently. At present, sufficient investment is incorporated into the HRA financial model to avoid penalty, but specific sites for all of the future investment required have not been identified and approved to proceed. Potential interest that will be payable if the receipts are not utilised within the agreed 3-year period has not been incorporated into the HRA revenue projections.

#### Ditchburn Place Extra Care

The current care and support contract is operating under temporary arrangements whilst the County Council seek to contract directly with another care provider. Although technically not an HRA function care is delivered alongside HRA services, and the inextricable links to the provision of landlord services mean that any changes to the delivery of care and support services will impact HRA services also.

#### HRA Commercial Property

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

#### HRA New Build

Delays in the delivery of the new build programme impact negatively upon rental income. If any individual development scheme does not proceed, the initial outlay needs to be treated as revenue expenditure, but without the anticipated payback that the capital investment would have resulted in. Until schemes are approved, in contract, and have appropriate planning permission, there are still uncertainties over final costs and dwelling numbers, which could impact the HRA in terms of anticipated rental streams.

#### Welfare Reforms

The negative impact that the introduction of Universal Credit may have on the level of rent arrears and bad debts within the HRA is still unquantifiable in totality, although expectations are that we will see a significant increase in arrears levels.

## Housing Revenue Account – Revenue Uncertainties

### National Rent Policy

The change in national rent policy, with what was previously rent guidance, now being legislation, removes all local control over the setting of rent levels. Although a return to increases of CPI plus 1% has been confirmed for the next 5 years, there is no certainty over what will happen from April 2025.

### Compulsion to Sell Higher Value Homes Levy

The Housing and Planning Act allowed the introduction of an annual levy, representative of the proportion of high value homes which may become vacant in any one year. In addition to the loss of rental income, the process to dispose of a large number of assets in any one year would be costly and administratively burdensome. It is now assumed, based upon the content of the Housing Green Paper that the primary legislation will be repealed, but until this formally happened there is still an inherent risk in business planning with the levy incorporated into financial assumptions.

## Housing Revenue Account - Capital Uncertainties

### Sulphate Attack

Sulphate attack was identified a number of years ago in a few council dwellings, resulting in the potential need to invest £1.87m to eradicate the problem. Following a risk assessment, the approach taken has been to address the defect when the property is void. Currently 12 of the 110 properties potentially affected have been rectified. Reduced funding of approximately £1m is included in the Housing Capital Programme over the next 10 years to continue to fund this risk-based approach. This will not meet the remedial costs of all sites where sulphate has been identified and there is the potential for similar sulphate attacks in the structures of other council dwellings constructed at a similar time, resulting in the need for additional investment.

### Disabled Facilities Grants and Private Sector Housing Grants and Loans

Although DFG's are currently fully funded by the Better Care Fund, any future top up investment by the authority in DFG's or funding for Private Sector Housing Grants and Loans, is wholly dependent upon the generally available element of right to buy receipts in any year, with funding dependent upon 25% of the first 10 to 17 right to buy sale receipts per annum, as assumed to be available for general use in the self-financing settlement. This could put at significant risk the desired level of investment in this area, particularly if funding via the Better Care Fund were to reduce.

### Right to Buy Sales and Retained Right to Buy Receipts

Interest in right to buy has declined and stabilised over the last two years, following abolition of the 'Pay to Stay' policy, coupled with economic uncertainty. Under the agreement with CLG, the authority is committed to invest the receipts in new homes within 3 years of the date of the receipt, with this funding meeting no more than 30% of the cost of a dwelling. Once Devolution Grant is exhausted, the authority will be required to identify the 70% top up funding itself or through borrowing, with this assumption incorporated. Receipts may need to be paid over to central government at the end of each quarter, if delays in the delivery of new homes mean that deadlines are breached.

### Fire Safety Works in Flatted Accommodation

The authority still awaits information on the potential for changes to fire safety regulations, which may impact the future investment need in flatted accommodation particularly. The cost of any works required under revised regulations will need to be met from reserves in the short-term, with a wider review of stock investment budgets to follow. In the short-term funding is requested as part of this HRA MTFS to meet current recommendations in respect of fire doors.



## Item

### **DELEGATION FROM CAMBRIDGESHIRE COUNTY COUNCIL TO CAMBRIDGE CITY COUNCIL FOR ENFORCEMENT OF ENERGY PERFORMANCE CERTIFICATES**

#### **To:**

Councillor Richard Johnson, Executive Councillor for Housing  
Housing Scrutiny Committee 26th September 2019

#### **Report by:**

Philip Winter, Project Officer – (Private Rented Sector)  
Tel: 01223 - 457626

Email: philip.winter@cambridge.gov.uk

#### **Wards affected:**

All

Not a Key Decision

## **1. Executive Summary**

- 1.1 The Energy Performance of Buildings (England and Wales) Regulations 2012 sets out the legal obligation for landlords to provide energy performance certificates to new and prospective tenants in the majority of rented homes. Currently this legislation is only enforceable by the local weights and measures service, this service sits within the Cambridgeshire County Council remit.
- 1.2 The Energy Performance Certificate hereinafter referred to as EPC provides a rating for the energy performance of a home. The rating ranges from A to G with A being the most efficient. The rating is based on factors such as age, layout, heating, lighting and insulation. The ratings are all carried out to a set standard meaning all property EPCs are directly comparable. The EPC is presented in such a way to allows occupiers / prospective occupiers of the property to make an informed decision relating to energy costs and the thermal efficiency of the building.

Appendix A sets out where the regulations require that an EPC should be provided.

- 1.3 A breach of the aforementioned regulations will take place if the person who is responsible for letting the property has not provided an EPC to new tenants where the regulations require them to do so. A penalty notice may be served by the enforcing authority for a breach of the regulations. The penalty notice is fixed at £200 where the building is a dwelling. There is a right of appeal to the county court if the responsible person feels the notice should not have been served, however in most cases the offence will be clear.
- 1.4 The delegation of these powers from the County Council to Cambridge City Council will lead to an improved customer journey by creating the ability for complaints relating to private sector housing to be addressed accordingly by a single authority. A copy of the proposed delegation is attached Appendix B.

## **2. Recommendations**

The Executive Councillor is recommended to:

- a) Approve for Cambridge City Council to seek delegation from Cambridgeshire County Council for Part 7 Enforcement of The Energy Performance of Buildings (England and Wales) Regulations 2012.
- b) To approve investigation and enforcement by the Council for non-compliance of providing an energy performance certificate in cases where it is deemed appropriate.
- c) To approve the Environmental Health Manager to make a decision on the continuation of the delegation on a biannual basis or to give notice to terminate the delegation as appropriate.

### 3. Background

- 3.1 The Residential Team, Environmental Services, Cambridge City Council investigate complaints made by tenants within the private rented sector regarding their living conditions. Although varied, these complaints in some cases relate to problems such as damp, cold or inadequate heating. The 2015 stock modelling report indicates that around 7% of privately rented properties within Cambridge City have an excess cold hazard associated with them as defined under Part 1 of the Housing Act 2004.
- 3.2 If a tenant is living in a property that is difficult to heat due to the structure of the building or is expensive to heat due to the heating type it is more likely they will be in fuel poverty. Fuel poverty in England is measured using the Low Income High Costs (LIHC) indicator, which considers a household to be fuel poor if:
- they have required fuel costs that are above average (the national median level); and
  - were they to spend that amount, they would be left with a residual income below the poverty line.

In 2017, 10.9 per cent of households in England (2.532 million households) were classed as fuel poor. (Figures from Department for Business, Energy & Industrial Strategy). The latest figures for Cambridge estimated that 12.3% of households are classed as fuel poor (6,075 households).

- 3.3 The Council is currently unable to take any action for non-provision of an EPC although this may have been identified as an issue during a property inspection following a complaint.
- 3.4 The provision of an EPC may have supported the tenant in making an informed decision about the efficiency of the property before they had moved in. This in some cases may have created a more suitable and sustainable housing choice to have been made.
- 3.5 The agreement by the Cambridgeshire County Council to provide delegated authority to investigate and enforce this on their behalf would help to encourage owners of properties who may not be currently complying with the regulation. Subject to approval we

would provide information via the Council's website / our Landlord Newsletter, Steering Group and Forum to educate landlords and agents as well as making them aware of the possible enforcement action associated with this.

- 3.6 It is anticipated in most cases investigation and enforcement will be picked up as part of our current private sector housing inspection process, it will add an element of additional time but it is unlikely to place a large burden on the authority or individual enforcement officers due to the clear nature of the offence. It is also anticipated that revenue brought in by the penalty notice can be used to further enforcement.
- 3.7 If the authority decides it is in its best interest to serve a penalty notice the recipient may request a review within the period specified in the notice (which must not be less than 28 days) If, after a review, the penalty charge notice is confirmed by the authority, the recipient may, within the period of 28 days, appeal to the county court against the penalty charge notice on one of the following specified grounds:
- that the recipient of the notice did not commit the breach of duty specified in the penalty charge notice;
  - that the notice was not given within 6 months of when the duty was allegedly breached or does not comply with a requirement imposed by the regulations; or
  - that in the circumstances of the case it was inappropriate for the notice to be given to the recipient.
- 3.8 If the recipient of the penalty charge notices fails to pay the amount of the penalty charge it is recoverable from the recipient as a debt owed to the Council .Investigation and enforcement of The Energy Performance of Buildings (England and Wales) Regulations 2012 will be covered under current conditions within Cambridge City Councils insurance policy.
- 3.9 In addition from April 2019 the Energy Efficiency (Private Rented Property) (England and Wales) (Amendment) Regulations 2019 has required that in most circumstances properties in the private rented sector require an EPC with the minimum of E. Although this does not fall under the same piece of legislation it is envisaged that Cambridge City Council will enforce this, it is likely during the course

of investigations into this the Council may also wish to use the powers delegated to them through The Energy Performance of Buildings (England and Wales) Regulations 2012 in terms of enforcement options

#### **a) Financial Implications**

1. The legal costs involved in the process of seeking delegation from Cambridge County Council will be contributed towards utilising funding available for the pilot project through Peterborough Environment City Trust (**PECT**).
2. The Council will be able to recover monies from fines and utilise this to further enforcement which will assist in terms of resource / capacity implications.

#### **b) Staffing Implications**

1. Cambridgeshire County Council have advised that they carry out no enforcement for domestic EPC's and that delegation of powers to Cambridge City Council will not affect their staffing arrangements.
2. This work will be picked up on as part of the current private sector housing investigation, inspection and enforcement process. It will add an element of additional time to inspections which can be monitored.

#### **c) Equality and Poverty Implications**

No Eqia has been carried out as this piece of legislation is already enforceable by Cambridgeshire County Council including within Cambridge City. The delegation is to allow for authorised officers at the Cambridge City Council to be able to utilise these enforcement powers.

#### **d) Environmental Implications**

The direct environmental implications of receiving delegated authority to enforce the legislation will be Nil as there will be minimal operational changes.

However through enforcing EPCs this will raise awareness of energy efficiency and help drive improvements in properties, especially in poor performing properties where further enforcement action may take place.

**e) Procurement Implications**

No Procurement implications

**f) Community Safety Implications**

No Community Safety implications

## **4 Consultation and communication considerations**

The delegation will be carried out in close liaison with Cambridgeshire County Council, communication will continue after the delegation with reporting of figures as necessary and a review after two years.

Wider communication will take place with the community through the website, social media, newsletters, steering group and forums to raise awareness amongst private sector tenants, landlords and agents within the city.

## **5 Background papers**

Background papers used in the preparation of this report:

The Energy Performance of Buildings (England and Wales) Regulations

2012 <http://www.legislation.gov.uk/ukxi/2012/3118/contents/made>

Department for Business, Energy & Industrial Strategy (Fuel Poverty Factsheet England 2017).

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/808300/Fuel\\_poverty\\_factsheet\\_2019\\_2017\\_data.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/808300/Fuel_poverty_factsheet_2019_2017_data.pdf)

Department for Business, Energy & Industrial Strategy Fuel Poverty Statistics

<https://www.gov.uk/government/collections/fuel-poverty-statistics>

Annual Fuel Poverty Statistics in England, 2019 (2017 data)



[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/808534/Annual\\_Fuel\\_Poverty\\_Statistics\\_Report\\_2019\\_2017\\_data\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/808534/Annual_Fuel_Poverty_Statistics_Report_2019_2017_data_.pdf)

The minimum energy efficiency standards (MEES)

[http://www.legislation.gov.uk/ukxi/2019/595/pdfs/ukxi\\_20190595\\_en.pdf](http://www.legislation.gov.uk/ukxi/2019/595/pdfs/ukxi_20190595_en.pdf)

Stock Modelling Report

2015 [https://www.cambridge.gov.uk/media/3854/cambridge\\_stock\\_modelling\\_report\\_2015\\_0.pdf](https://www.cambridge.gov.uk/media/3854/cambridge_stock_modelling_report_2015_0.pdf)

Energy Efficiency (Private Rented Property) (England and Wales) (Amendment) Regulations 2019

<http://www.legislation.gov.uk/ukxi/2019/595/made>

Housing Act 2004 Part1

[http://www.legislation.gov.uk/ukpga/2004/34/pdfs/ukpga\\_20040034\\_en.pdf](http://www.legislation.gov.uk/ukpga/2004/34/pdfs/ukpga_20040034_en.pdf)

Regional figures

<https://www.gov.uk/government/collections/fuel-poverty-sub-regional-statistics>

National Report

<https://www.gov.uk/government/statistics/annual-fuel-poverty-statistics-report-2019>

## **6 Appendices**

Appendix A - Where an EPC should be provided

Appendix B – Draft delegation agreement

To inspect the background papers or if you have a query on the report please contact Philip Winter, Project Officer, tel: 01223 - 457626, email: [philip.winter@cambridge.gov.uk](mailto:philip.winter@cambridge.gov.uk).

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## Appendix A

### The Energy Performance of Buildings (England and Wales) Regulations 2012

Where a dwelling is being let there is a requirement for the landlord to provide a current EPC where the property is a

- Individual house/dwelling
- Self-contained flats (i.e. each behind its own front door with its own kitchen/bathroom facilities) – one EPC per flat
- Shared flats/houses (e.g. a letting of a whole flat or house to students/young professionals etc. on a single tenancy agreement) - one EPC for the whole house.)

.

No EPC is required.

- Bedsits or room lets where there is a shared kitchen, toilet and/or bathroom (e.g. a property where each room has its own tenancy agreement)
- A room in a hall of residence or hostel

An EPC is required for some of the property

- Mixed self-contained and non-self-contained accommodation - one EPC for each self-contained flat/unit but no EPC for the remainder of the property.

***This regulation does not have a requirement to provide an EPC to properties where the tenancy was taken up before the 1<sup>st</sup> October 2008 and the same tenant has remained in occupation***

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DATED

2019

PETERBOROUGH CITY COUNCIL

- and -

CAMBRIDGESHIRE COUNTY COUNCIL

and

[District Council]

Agreement for the delegation of functions under the specified Energy Performance legislation from  
Cambridgeshire County Council to [ District Council]

and the management of this delegation on behalf of Cambridgeshire County Council by  
Peterborough City Council

Clause

1. Background
2. Structure
3. Definitions and interpretation
4. Duration
5. Delegation of Functions
6. Agency
7. The District Responsibilities
8. Financial arrangements
9. Monitoring of Performance
10. Intellectual Property Rights
11. Variation
12. Liabilities
13. Confidentiality
14. Data Protection
15. FOIA
16. Termination
17. Disputes
18. Insurance
19. Scrutiny
20. Audit
21. Costs
22. Notices
23. Rights of third parties
24. Entire Agreement
25. Governing law
26. Counterparts

Schedule 1: District Responsibilities

Delegated Functions

Associated Duties

LEGATION AGREEMENT is made the .....day of .....2019

BETWEEN

(1) Peterborough City Council of Town Hall, Bridge Street, Peterborough, PE1 1HG ("PCC") and

(2) Cambridgeshire County Council of Shire Hall, Castle Hill, Cambridge, CB3 0AP ("County Council") and

(3) Cambridge City Council of Mandela House, 4 Regent Street, Cambridge CB2 1BY ("District Council")

NOW IT IS AGREED as follows:

**1. Background**

- 1.1 The County Council has agreed to enter into arrangements with PCC pursuant to Section 101 of the Local Government Act 1972 and pursuant to all other enabling powers for the discharge of its Trading Standards functions by PCC.
- 1.2 The County Council wishes to enter into arrangements with the District pursuant to Section 101, 102, 112 and 113 of the Local Government Act, and sections 19 and 20 of the Local Government Act 2000 and the regulations made under these Acts; together with the general power within section 2 of the Local Government Act 2000 and the supporting provisions within section 111 Local Government Act 1972 and pursuant to all other enabling powers for the discharge of their functions relating to energy performance certificates by the District in accordance with the arrangements set out in this delegation agreement ("Agreement") from the Commencement Date.
- 1.3 As the County Council's trading standards functions are currently managed by PCC on behalf of the County Council, PCC shall manage this Agreement on behalf of the County Council.

**2. Structure**

- 2.1 The Schedules form part of this Agreement and will have the same force and effect as if expressly set out in the body of this Agreement and any reference to this Agreement includes the Schedules.

**3. Definitions and interpretation**

- 3.1 In this Agreement, references to any enactment include references to that enactment as for the time being amended, applied, consolidated, re-enacted by or having effect by virtue of any subsequent enactment, and for this purpose 'enactment' means any Act, whether public, general, or local and includes any byelaw, order, rule, regulation, scheme or other instrument having effect by virtue of an enactment.

3.2 In this Agreement, the following expressions have the following meanings unless inconsistent with the context:

<b>“Associated Duties”</b>	the associated duties set out Schedule 1;
<b>“Annual Service Report”</b>	the report which the District is required to prepare annually in accordance with Schedule 1 of this Agreement.
<b>“Business Day”</b>	any day other than a Saturday or Sunday or a public bank holiday in England.
<b>“County Council Functions”</b>	means the County Council’s Functions specified at Schedule 1 including the power to do anything that is calculated to facilitate or is conducive or incidental to the discharge of those functions;
<b>“Change of Law”</b>	<p>means the coming into effect after the date of this Agreement of:</p> <ul style="list-style-type: none"><li>(a) Law other than any Law which on the date of this Agreement has been published:<ul style="list-style-type: none"><li>(i) in a bill;</li><li>(ii) in a draft statutory instrument;</li></ul></li><li>or</li><li>(iii) as a proposal in the Official Journal of the European Union;</li><li>(b) any guidance; or</li><li>(c) any applicable judgment of a relevant court of law which changes a binding precedent;</li></ul>



<b>“Commencement Date”</b>	[ 2019];
<b>"Confidential Information"</b>	information that, if disclosed, would or would likely prejudice the commercial interests of any person, including Intellectual Property Rights, of either Party and all Personal Data;
<b>“Contract Year”</b>	a period of twelve (12) months, commencing on the Commencement Date and/or each anniversary of the Commencement Date;
<b>“Data Loss Event”</b>	any event that results, or may result, in unauthorised access to Personal Data held by the Provider under this Agreement, and/or actual or potential loss and/or destruction of Personal Data in breach of this Agreement, including any Personal Data Breach;
<b>“Data Processor Personnel”</b>	means all directors, officers, employees, agents, consultants and contractors of any Data Processor engaged in the performance of its obligations under this Agreement;
<b>“Data Protection Legislation”</b>	<p>this includes:</p> <ul style="list-style-type: none"> <li>(a) the General Data Protection Regulation (Regulation (EU) 2016/679) (GDPR),</li> <li>(b) the Law Enforcement Directive (Directive (EU) 2016/680) (LED) and any applicable national implementing Laws as amended from time to time,</li> <li>(c) the Data Protection Act 2018 to the extent that it relates to processing of personal data and privacy;</li> <li>(d) the Regulation of Investigatory Powers Act 2000 (where applicable);</li> <li>(e) the Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000 (SI</li> </ul>

2000/2699) (where applicable);

(f) Directive 2002/58/EC concerning the processing of Personal Data and the protection of privacy in the electronic communications sector (where applicable);

(g) [the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2003/2426) (where applicable); and

(h) all applicable laws and regulations relating to processing personal data and privacy, including the guidance and codes of practice issued by the Information Commissioner, where applicable;

**“Data Protection Assessment”**

**Impact**

is an assessment by the Controller of the impact of the envisaged processing on the protection of Personal Data;

**“Data Subject Request”**

**Access**

is a request made by, or on behalf of, a Data Subject in accordance with rights granted pursuant to the Data Protection Legislation to access their Personal Data. of, a Data Subject in accordance with rights granted pursuant to the Data Protection Legislation to access their Personal Data.

**“Default”**

means any material breach of the obligations of the relevant party (including but not limited to fundamental breach);

**“Default Notice”**

means a notice in writing served by one party on the other in accordance with clause 16.3 setting out the details of any Default and the steps required to remedy the Default;

**“District Responsibilities”**

the County Council’s Functions and the Associated Duties set out at Schedule1:

Data Protection Act 2018;

**“DPA”**

**“Enquiry Phase Personal  
Date”**

the Personal Data to be Processed by or on behalf of the Council, more particularly described in Schedule 2;

**“Exempt Information”**

any information or class of information relating to this Agreement which may fall within an exemption to disclosure under the FOIA legislation;

**“FOIA”**

the Freedom of Information Act 2000 and subordinate legislation made under this and including the Environmental Information Regulations 2004;

**“ District Manager”**

The District manager with responsibility for the District Responsibilities

**“DPA”**

means the Data Protection Act 2018 (as amended, updated and/or replaced from time to time);

**“Information Request”**

a request for information made under the FOIA;

**“Intellectual Property**

confidential business information,

**Rights”**

copyright (including rights in Software), database rights, know-how, rights (whether registrable or otherwise) in design, patents, service marks, and trademarks, trade or business names, trade secrets, applications for any of the foregoing and any similar or analogous rights to any of the above, whether arising from or granted under the Laws of England or any other jurisdiction;.

**“Parties”**

The County Council, PCC and the District;

**“Prohibited Act”**

the following constitute Prohibited Acts:

- (a) to directly or indirectly offer, promise or give any person working for or engaged by the Authority a financial or other advantage to:
  - (i) induce that person to perform improperly a relevant function or activity; or
  - (ii) reward that person for improper performance of a relevant function or activity;
- (b) to directly or indirectly request, agree to receive or accept any financial or other advantage as an inducement or a reward for improper performance of a relevant function or activity in connection with this Agreement;
- (c) committing any offence:
  - (i) under the Bribery Act

- 2010;
- (ii) under the Fraud Act 2006;
- (iii) at common law concerning fraudulent acts relating to this Agreement or any other contract with the Authority;
- (iv) defrauding, attempting to defraud or conspiring to defraud the Authority; or
- (v) section 117 of the Local Government Act 1972;

**“Request”** a request for information made under the FOIA.;

**“Software”** any and all computer programs in both source and object code form including all modules, routines and sub-routines of such programs and all source and other preparatory materials relating to them, including user requirements, functional specifications, ideas, principles, programming languages, algorithms, flow charts, logic, logic diagrams, orthographic representations, file structures, coding sheets, coding and any manuals or other documentation relating to them and computer generated works;

**“Supervising Officer”** the PCC manager with responsibility for those regulatory services relevant to this Agreement;

3.3 In this Agreement, except where the context otherwise requires:

- a. the masculine includes the feminine and vice versa; and
- b. the singular includes the plural and vice versa.

#### **4. Duration**

- 4.1 This Agreement shall come into effect on the Commencement Date and shall continue for a period of 2 years unless terminated earlier in accordance with the provisions of clause 16.4 or extended in accordance with clause 4.2
- 4.2 The Parties may by written agreement extend the term of this Agreement for a further period or periods of 2 years or for such other period as the Parties may agree in writing.
- 4.3 The conditions and Schedules to this Agreement shall apply for any period of extension of the term of this Agreement agreed by the Parties in accordance with Clause 4.2.
- 4.4. The Parties shall review this Agreement annually during the Term and any changes agreed shall be made in accordance with the variation procedure at clause 11.

#### **5 Delegation of Functions**

- 5.1 In consideration of the provisions of this Agreement and pursuant to the above mentioned powers, the County Council delegates it's County Council Functions to the District and the District accepts the delegation of the County Council's Functions described in Schedule 1.
- 5.2 Each Party shall ensure that they make any necessary changes to their respective constitutions required to give effect to this Agreement.

#### **6. The District Responsibilities**

- 6.1 Subject to the delegation by the County Council, the District shall be entitled to undertake the District Responsibilities set out in Schedule 1.
- 6.2 The District shall ensure that when undertaking the District Responsibilities it shall do so in accordance with all applicable law.
- 6.3 The District shall ensure that all staff involved in the undertaking the District Responsibilities shall do so with reasonable skill, care and diligence and shall possess such qualifications, skills and expertise as are necessary for the proper supply of the District Responsibilities.

#### **7. Agency**

- 7.1 Except as expressly set out in this Agreement, nothing in this Agreement is intended to, or shall be deemed to, establish any partnership or joint venture between the Parties, constitute any Party the agent of another Party, or authorise any Party to make or enter into any commitments for or on behalf of any other Party.

## **8. Financial arrangements**

- 8.1 In consideration of the District accepting the delegation of the County Council Functions and associated responsibilities PCC and the County Council acknowledge and agree that all fees from third parties for fixed penalty notices issued by the District as a result of the exercise of the County Council's Functions will be received by the District and that the District may retain all such fees.
- 8.2 The Parties acknowledge and agree that PCC and the County Council shall have no liability to make any payments to the District for the exercise by the District of or the performance by the District of any of the District Responsibilities under this Agreement. The District shall be responsible for all costs associated with or arising from its exercise of or performance of the District Responsibilities.

## **9. Performance Monitoring**

- 9.1 The District shall provide the County Council and PCC with an Annual Service Report to be submitted by 1st May each Contract Year detailing the information specified at Schedule 1.

## **10. Intellectual Property Rights**

- 10.1 Any Intellectual Property Rights created as a result of the exercise by the District of or performance by the District of any of the District Responsibilities shall vest jointly in the County Council and in PCC.

## **11. Variation**

- 11.1 This Agreement may be varied from time to time by agreement between the Parties and any variation must be made in accordance with this clause 11.
- 11.2 Any Party may request a variation to this Agreement by making a written request to the others.
- 11.3 On receipt of a written variation request, the relevant Parties shall consider the request and shall use their best endeavours to accommodate and agree such changes in their absolute discretion with a view to confirming the change in writing within 30 days of the request being received.

## **12. Liabilities**

- 12.1 The County Council and PCC shall not be liable for any acts or omissions of the District under this Agreement and the District shall indemnify the County Council and PCC against any claims which may be made against the County Council and /or PCC by third parties arising from any such act or omission relating to the exercise by the District of or the performance of the District of the District Responsibilities and without limitation to the foregoing the District shall indemnify the County Council and PCC in respect of any liability, loss, damages, costs and expenses it may incur, arising from the breach by the

District of its warranties or obligations under this Agreement or by reason of any misrepresentation, or negligent or tortious act or default by the District its employees or agents (except where such liability, loss, damages costs and expenses arise from the negligence or acts or omissions of the County Council or PCC).

- 12.2 The County Council and PCC reserve the right to recover from the District the cost of any liabilities which have been caused by the District and which are discovered after this Agreement expires or is terminated.
- 12.3 Each Party shall at all times take all reasonable steps within its powers to minimise and mitigate any loss for which it is seeking reimbursement from the other.
- 12.4 This clause 12 shall survive the expiry or termination of this Agreement.

### **13. Confidentiality**

- 13.1 Each Party undertakes to the other to keep confidential all information (whether written, pictorial in machine readable form or oral) and in whatever form received during the continuance of this Agreement or obtained as a result of entering into or performing this Agreement concerning the business or affairs of the other Parties including without limitation the provisions of or (subject as provided for in this clause 13 ) the subject matter of this Agreement, which shall be deemed 'Confidential Information'
- 13.2 Each Party undertakes to the other not to use the Confidential Information of any of the other Parties except for the purposes of this Agreement and shall not (without the prior written consent of the other Party) disclose the same to any person save to the extent necessary for the performance of this Agreement and except to the extent that such information:
  - a. is required to be disclosed by the law of any relevant jurisdiction;
  - b. is trivial or obvious;
  - c. is already in the public domain at the time of disclosure or thereafter;
  - d. is in the possession of the disclosing Party (as evidenced by written records) otherwise than as a result of a breach of this clause 13;
  - e. becomes known to the disclosing Party from a source other than the other Authority otherwise than as a result of a breach of this clause 13;
  - f. was disclosed after the express prior written approval of the Party to whom such information belongs; or
  - g. is required to be disclosed by the Parties for the purposes of best value or performance assessment;



h. is required to be disclosed to enable any Party to pursue any action in the courts in relation to the District Responsibilities; and

in any event subject to the disclosing Party having notified the other Party in writing prior to making such disclosure.

13.3 Notwithstanding anything contained elsewhere in this Agreement the provisions of this clause 13 shall survive the expiry or termination of this Agreement.

**14. Data protection**

- 14.1 The Parties shall observe all of their obligations under the Data Protection Legislation that arise in connection with the District Responsibilities.
- 14.2 For the purposes of this Clause, the terms “Data Controller”, “Data Processor”, “Data Subject”, “Personal Data”, “Personal Data Breach”, “Data Protection Officer” “Process” and “Processing” shall have the meaning prescribed under the Data Protection Legislation..
- 14.3 The County Council and PCC instruct and authorise the District to Process the Enquiry Phase Personal Data for the purposes set out in Schedule 8 as a Data Processor.
- 14.4 The District shall:
- 14.4.1 Process the Enquiry Phase Personal Data only on documented instructions from PCC and/or the County Council (unless the District or the relevant Sub-Processor is required to Process the Enquiry Phase Personal Data to comply with applicable laws, in which case the District will notify the County Council and PCC of such legal requirement prior to such Processing unless such applicable laws prohibit notice to the District on public interest grounds). For the purpose of this clause 14.4.1, the Processing detailed in Schedule 2 constitutes documented instructions;
  - 14.4.2 ensure that any individual authorised to Process the Enquiry Phase Personal Data is subject to appropriate confidentiality obligations, is under an appropriate statutory obligation of confidentiality, and complies with clause 14; and
  - 14.4.3 at the option of the County Council and /or PCC, securely delete or return to the County Council or PCC as the case may be any Enquiry Phase Personal Data after the term of the Agreement, and delete any remaining copies. The District will be entitled to retain any Enquiry Phase Personal Data which (a) it has to keep to comply with any applicable law or (b) it subsequently processes as a Data Controller as a result of providing District Responsibilities directly to the Data Subject.
  - 14.4.4 implement appropriate technical and organisational measures to prevent a breach of security, leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, Enquiry Phase Personal Data transmitted, stored or otherwise Processed (a “Data Security Incident”);
  - 14.4.5 notify the County Council and /or PCC without undue delay after becoming aware of a Data Security Incident;
  - 14.4.6 taking into account the nature of the Processing of Enquiry Phase Personal Data, provide reasonable assistance to the County Council and /or PCC in:
    - 14.4.6.1 complying with its obligations under the Data Protection Laws relating to the security of Processing the Enquiry Phase Personal Data;
    - 14.4.6.2 responding to requests for exercising Data Subjects’ rights under the Data Protection Laws, including by appropriate technical and organisational measures, insofar as this is possible;

14.4.6.3 documenting any Data Security Incidents and reporting any Data Security Incidents to any Supervisory Authority and/or Data Subjects; and

14.4.6.4 conducting privacy impact assessments of any Processing operations and consulting with Supervisory Authorities, Data Subjects and their representatives accordingly.

- 14.4.7 make available to the County Council and PCC all information necessary to demonstrate compliance with the obligations set out in the notice and
  - 14.4.8 allow for and contribute to audits, including inspections, conducted by the County Council and /or PCC or another auditor mandated by the County Council and/or PCC.
- 14.5 The Parties shall ensure that Personal Data is safeguarded at all times in accordance with the Law, which shall include without limitation obligations to:
- 14.5.1 Process the Personal Data in accordance with Schedule 2;
  - 14.5.2 have policies which are rigorously applied that describe individual personal responsibilities for handling Personal Data;
  - 14.5.3 have agreed protocols for sharing Personal Data with other public authorities and non-public organisations;
  - 14.5.4 perform an annual information governance self-assessment.
- 14.6 To the extent that any Party (including its staff) is acting as a "Data Processor" on behalf of any other Party, that Party shall, in particular, but without limitation:
- 14.6.1 notify the Party acting as "Data Controller" immediately if it considers that any of the Data Controller's instructions infringe the Data Protection Legislation;
  - 14.6.2 shall provide all reasonable assistance to the Data Controller in the preparation of any Data Protection Impact Assessment prior to commencing any processing. Such assistance may, at the discretion of the Data Controller, include:
    - (a) a systematic description of the envisaged processing operations and the purpose of the processing;
    - (b) an assessment of the necessity and proportionality of the processing operations in relation to the District Responsibilities;
    - (c) an assessment of the risks to the rights and freedoms of Data Subjects; and;
    - (d) the measures envisaged to address the risks, including safeguards, security measures and mechanisms to ensure the protection of Personal Data.
  - 14.6.3 only process such Personal Data, as that term is defined in the Data Protection Legislation, as is necessary to perform its obligations under this Agreement, and only in accordance with any instruction given by the another Party under this Agreement. If it is so required the Data Processor shall promptly notify the

Data Controller before processing the Personal Data unless prohibited by Law;

14.6.4 ensure that it has in place Protective Measures, which have been reviewed and approved by the Data Controller as appropriate to protect against a Data Loss Event having taken account of the:

- (e) nature of the data to be protected;
- (f) harm that might result from a Data Loss Event;
- (g) state of technological development; and
- (h) cost of implementing any measures;

14.6.5 ensure that:

- (i) the Data Processor Personnel do not process Personal Data except in accordance with this Agreement;
- (j) it takes all reasonable steps to ensure the reliability and integrity of any Data Processor Personnel who have access to the Personal Data and ensure that they:
  - (i) are aware of and comply with the Provider's duties under this clause;
  - (ii) are subject to appropriate confidentiality undertakings with the Provider or any Sub-processor;
  - (iii) are informed of the confidential nature of the Personal Data and do not publish, disclose or divulge any of the Personal Data to any third Party unless directed in writing to do so by the Data Controller or as otherwise permitted by this Contract;
  - (iv) have undergone adequate training in the use, care, protection and handling of Personal Data; and
  - (v) are aware of and trained in the policies and procedures identified in Clauses 14.5 and 14.6.4 above.

14.6.6 not transfer Personal Data outside of the EU unless the prior written consent of the Data Controller has been obtained and the following conditions are fulfilled:

- (k) the Data Controller or the Data Processor has provided appropriate safeguards in relation to the transfer (whether in accordance with GDPR Article 46 or LED Article 37) as determined by the Data Controller;
- (l) the Data Subject has enforceable rights and effective legal remedies;
- (m) the Data Processor complies with its obligations under the Data

Protection Legislation by providing an adequate level of protection to any Personal Data that is transferred (or, if it is not so bound, uses its best endeavours to assist the Data Controller in meeting its obligations); and

- (n) the Data Processor complies with any reasonable instructions notified to it in advance by the Data Controller with respect to the processing of the Personal Data;

- 14.6.7 at the written direction of the Data Controller, delete or return Personal Data (and any copies of it) to the Data Controller on termination of the Contract unless the Data Processor is required by Law to retain the Personal Data.
- 14.6.8 shall maintain complete and accurate records and information to demonstrate their compliance with this clause 14.
- 14.6.9 allow for audits of its Data Processing activity by the Data Controller or the Data Controller's designated auditor.
- 14.6.10 designate a data protection officer if required by the Data Protection Legislation.
- 14.7 Before allowing any Sub-processor to process any Personal Data related to this Contract, the Data Processor must:
  - 14.7.1 notify the Data Controller in writing of the intended Sub-processor and processing;
  - 14.7.2 obtain the written consent of the Data Controller;
  - 14.7.3 enter into a written agreement with the Sub-processor which give effect to the terms set out in this clause 14 such that they apply to the Sub-processor; and
  - 14.7.4 provide the Data Controller with such information regarding the Sub-processor as the Data Controller may reasonably require.
- 14.8 The Data Processor shall remain fully liable for all acts or omissions of any Sub-processor. Subject to clause 14.7, either Party shall notify the other Party immediately if it:
  - 14.8.1 receives a Data Subject Access Request (or purported Data Subject Access Request);
  - 14.8.2 receives a request to rectify, block or erase any Personal Data;
  - 14.8.3 receives any other request, complaint or communication relating to either Party's obligations under the Data Protection Legislation;
  - 14.8.4 receives any communication from the Information Commissioner or any other regulatory authority in connection with Personal Data processed under this Contract;
  - 14.8.5 receives a request from any third Party for disclosure of Personal Data where compliance with such request is required or purported to be required by Law;

or

- 14.8.6 becomes aware of a Data Loss Event.
- 14.9 The Parties' obligations to notify under clause 14.8 shall include the provision of further information to the other Party in phases, as details become available.
- 14.10 Taking into account the nature of the processing, each Party shall provide the other with full assistance in relation to the other Party's obligations under Data Protection Legislation and any complaint, communication or request made under clause 17.10 (and insofar as possible within the timescales reasonably required by the Parties) including by promptly providing:
- 14.10.1 the other Party with full details and copies of the complaint, communication or request;
  - 14.10.2 such assistance as is reasonably requested by the other Party to enable it to comply with a Data Subject Access Request within the relevant timescales set out in the Data Protection Legislation;
  - 14.10.3 the other Party, at its request, with any Personal Data it holds in relation to a Data Subject;
  - 14.10.4 assistance as requested by the other Party following any Data Loss Event;
  - 14.10.5 assistance as requested by the other Party with respect to any request from the Information Commissioner's Office, or any consultation by the other Party with the Information Commissioner's Office.
- 14.11 Any Party may, at any time on not less than 30 Working Days' notice, revise this clause by replacing it with any applicable controller to processor standard clauses or similar terms forming part of an applicable certification scheme (which shall apply when incorporated by attachment to this Agreement).
- 14.12 The Parties agree to take account of any guidance issued by the Information Commissioner's Office. Any Party may on not less than 30 Working Days' notice to the other amend this Agreement to ensure that it complies with any guidance issued by the Information Commissioner's Office.
- 14.13 Each Party shall indemnify and keep indemnified the other Parties against all Losses incurred by it in respect of any breach of this clause by the defaulting Party, except to the extent that such breach was attributable to any act, omission or direction of the non-defaulting Party.

## **15. FOIA**

- 15.1 The Parties recognise that they are public authorities as defined within the FOIA and therefore recognise that information relating to this Agreement may be the subject of an Information Request. The Parties shall assist each other in complying with their obligations under the FOIA, including but not limited to assistance without charge in gathering information to respond to Information Requests related this Agreement or in relation to the District Responsibilities.

- 15.2 Each Party shall be entitled to disclose any information relating to this Agreement and the District Responsibilities in response to an Information Request, save that in respect of any Information Request which is in whole or part a request for Confidential Information.
- 15.3 The Party which receives the Information Request shall circulate the Information Request to the other and shall in good faith consider any representations raised by the other when deciding whether to disclose information that is exempt, however the Party which receives the Information Request shall retain the right to determine at their absolute discretion how to respond to the Information Request.
- 15.4 The Parties acknowledge and agree that any decision made by a Party which receives an Information Request as to whether to disclose information relating to this Agreement pursuant to FOIA is solely the decision of that Party.
- 15.5 Neither Authority will be liable to the other for any loss, damage, harm or detrimental effect arising from or in connection with the disclosure of information in response to an Information Request.

## **16. Termination**

- 16.1 Any Party may terminate this Agreement by giving not less than twelve months' written notice to the other of its intention to do so and such notice shall specify the date on which the Agreement shall terminate.
- 16.2 In the event that any Party commits a Default, a non-defaulting party may serve on the other party a Default Notice.
- 16.3 Any Party may terminate this Agreement in whole or part by giving six (6) months' written notice to the other Parties if any other Party commits a Default:
- 16.3.1 which is capable of remedy and the other party has failed to remedy such a breach within thirty (30) Business Days of receipt of a Default Notice, or such longer period as may be specified by the non-defaulting party; or
- 16.3.2 which is not, in the reasonable opinion of the non-defaulting party, capable of remedy.
- 16.4 Any Party may terminate this Agreement in whole or part with immediate effect by giving written notice to the other Parties if any other Party commits a Prohibited Act.
- 16.5 Upon termination of this Agreement all intellectual and physical properties or any works created prior to or during the provision of the District Responsibilities shall vest in the County Council and PCC and the District shall co-operate in the prompt transfer of such, including any data and electronic file passwords

## **17. Disputes**

- 17.1 In the event of any dispute arising between the Parties the District Manager and Supervising Officer shall use all reasonable endeavours to resolve the matter
- 17.2 If the dispute cannot be resolved by the District Manager and the Supervising Officer the matter shall be escalated through the management structure of each Party until it is resolved.
- 17.3 Where a dispute cannot be resolved internally between the Parties, in accordance with clauses 17.1 or 17.2, it shall be referred to a single arbitrator. Having regard to the nature of the dispute, the appointment of the arbitrator shall be agreed by the Parties or, where such agreement cannot be reached, shall be nominated by the chairman of Local Government Association. Arbitration will be carried out in accordance with the provisions of the Arbitration Act 1996 as amended.

## **18. Insurance**

- 18.1 The District shall effect and maintain employers liability insurance and public liability insurance cover which shall be in a minimum sum of £5,000,000 in respect of any single claim for the duration of this agreement and six years thereafter and adequate building insurance where it allows its premises to be used by staff to work on matters relating to this Agreement.
- 18.2 The District shall effect and maintain professional indemnity insurance in a minimum sum of £5,000,000 in respect of any single claim for the duration of this Agreement and six years thereafter

## **19. Scrutiny**

- 19.1 Scrutiny will be the responsibility of each Party. The relevant committees of each Party charged with audit and the Parties' officers and external auditors shall have the right to inspect any documents relating to this Agreement and to require the appropriate officers of the District to answer any questions raised by them.

## **20. Audit**

- 20.1 The accounts relating to this Agreement shall be the subject of audit by the District and shall be open to inspection by PCC and the County Council.

## **21. Costs**

- 21.1 Except where this Agreement provides otherwise each Party shall pay its own costs relating to or in connection with its negotiation, preparation, execution and implementation.

## **22. Notices**

- 22.1 A Party may only serve notice on the other Parties by either delivering it by hand or sending it by recorded delivery post, addressed to:



a. the Head of Regulatory Services, Peterborough City Council, Sand Martin House, Bittern Way, Peterborough, PE2 8TY, for PCC and the County Council;

and

b. [ ] for the District; or

c. such other address as the Parties may notify each other from time to time.

22.2 Every notice will be treated as having been served at the end of the day that it is delivered. Notices sent by recorded delivery post shall be deemed to have been delivered on the next Business Day following despatch.

### **23. Rights of third parties**

23.1 No person who is not a party to this Agreement shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

23.2 For the avoidance of doubt nothing contained in this clause 28 shall affect any right to or remedy of any third party which exists or is available other than under the Contracts (Rights of Third Parties) Act 1999.

### **24 Entire Agreement**

24.1 This Agreement together with the schedules constitutes the entire Agreement between the Parties with respect to its subject matter. Each Party acknowledges that in entering into this Agreement it does not do so on the basis of or in reliance upon any representations (save for fraudulent misrepresentations), promises, undertakings, warranties or other statements (whether written or oral) of any nature whatsoever except as expressly provided in this Agreement and accordingly all conditions, warranties or other terms implied by statute or common law are hereby excluded to the fullest extent permitted by law.

### **25 Governing law**

25.1 This Agreement is governed by and shall be construed in accordance with English law and the parties hereto submit to the exclusive jurisdiction of the English courts in respect of any dispute arising from this agreement or its subject matter.

### **26. Counterparts**

26.1 This Agreement may be executed in two or more counterparts, each of which shall be regarded as an original, but all of which together shall constitute one agreement binding on all Parties, notwithstanding that all Parties are not signatories to the original or the same counterpart.

**IN WITNESS WHEREOF** the parties hereto have executed and delivered this document as a Deed on the date of this document:

EXECUTED under the Common Seal of  
**PETERBOROUGH CITY COUNCIL**  
In the presence of

Duly Authorised Officer

EXECUTED under the Common Seal of  
**CAMBRIDGESHIRE COUNTY COUNCIL**  
In the presence of

Duly Authorised Officer

EXECUTED under the Common Seal of  
**{DISTRICT COUNCIL}**  
In the presence of

Duly Authorised Officer

## **Schedule 1: District Responsibilities**

### **Delegated Functions**

Under this Agreement:

The County Council delegates the delivery of the following County Council Functions to the District:

#### **1. The Energy Performance of Buildings (England and Wales) Regulations 2012**

- (a) The powers of the enforcement authority under part 7 of Energy Performance of Buildings (England and Wales) Regulations 2012 including:
  - (i) power under Regulation 35 to require the production of documents and to require copies of documents,
  - (ii) power under Regulation 36 to give or withdraw a penalty charge notice;
  - (iii) obligation under Regulation 39 to review a penalty charge notice and confirm or withdraw the notice;
  - (iv) the obligation under Regulation 40 to participate in any appeal to the County Court and to repay any amount previously paid as a penalty charge;
  - (v) power under Regulation 41 to recover penalty charges;
  - (vi) power under Regulation 43 to take action for obstruction.

### **Associated Duties**

- 1.1 The District will provide relevant staff training to ensure that all officers exercising the County Council Functions have the necessary levels of competence and knowledge to fulfil those functions in line with legislative requirements.
- 1.2 The District will ensure that all enforcement action is appropriate.
- 1.3 The District shall provide PCC with a written report by 1st May each Contract Year (the Annual Service Report) to enable PCC to comply with its statutory duty under Regulation 34C of the Energy Performance of Buildings (England and Wales) Regulations 2012 which shall include as a minimum, for the period 1<sup>st</sup> April to 31<sup>st</sup> March, the following information:
  - 1.3.1 the number of inspections undertaken;
  - 1.3.2 details of all compliance and enforcement activities undertaken
  - 1.3.3 number of complaints received from the public.
  - 1.3.4 and any other information that shall be introduced by future legislative requirements
  - 1.3.5 to be in a form and contain information in accordance with guidance issued by the Secretary of State;

- 1.3.6 identify such agreements as the enforcement authority has entered into with any other enforcement authority under regulation 34A(2) of the Energy Performance of Buildings (England and Wales) Regulations 2012 to act as enforcement authority in relation to local authority buildings in the area of either; and
- 1.3.7 state any changes in the responsibility of enforcement authorities under such agreements.



Item

## **Update on the Programme to Build New Council Homes Funded through the Combined Authority**

### **To:**

Councillor Richard Johnson, Executive Councillor for Housing  
Housing Scrutiny Committee    26/09/2019

### **Report by:**

Claire Flowers, Head of Housing Development Agency  
Tel: 01223 - 457928 Email: [claire.flowers@cambridge.gov.uk](mailto:claire.flowers@cambridge.gov.uk)

### **Wards affected:**

All

## **Not a Key Decision**

### **1. Executive Summary**

- 1.1 This report provides an update on the programme to deliver 500 Council homes with funding from the Combined Authority.
- 1.2 All 500 homes have now been identified and the HDA is focusing its efforts on delivering the schemes in the programme.
- 1.3 The Council now has 162 Council rented homes being built on site and is forecasting a further 176 due to start by the end of financial year 2019/20.
- 1.4 14 homes of the City Council programme have now been completed across three sites.

- 1.5 There has been a change in the approach to contract arrangements for schemes developed by the Cambridge Investment Partnership which is detailed in Appendix 3.

## **2. Recommendations**

The Executive Councillor is recommended to:

- 2.1 Note the continued progress on the delivery of the Combined Authority programme.
- 2.2 Note the funding structure for the Combined Authority programme.
- 2.3 Approve the revised approach to land transactions for schemes developed by the Cambridge Investment Partnership as described in Appendix 3.

## **3. Background**

- 3.1 In June 2019, the Housing Scrutiny Committee was provided with a report showing progress against the Combined Authority target of 500 Council rented homes.
- 3.2 The report confirmed that the 500 home target is now forecast to be exceeded with a total programme outturn of 537 homes net gain.
- 3.3 The Housing Development team have progressed the identified schemes as forecast with some minor revisions to the overall programme, raising the current total outturn to 546 homes.

## **4. Combined Authority**

- 4.1 The Council's housing programme is part funded by a £70million grant from the Cambridgeshire & Peterborough Combined Authority.

- 4.2 Quarterly grant claims are made to the Combined Authority in arrears. Cambridge City Council drew down £2,291,290 in the first Quarter of 2019/20 and is forecasting a further £18,824,136 of grant drawdown by end March 2020.
- 4.3 To date Cambridge City Council has drawn down £16,427,192 with the remaining £53,572,809 due to be drawn down by financial year end 2021/22
- 4.4 Provision of a quarterly report from Cambridge City Council against the £70m programme is one condition of the original grant from the Combined Authority. The most recent report to the Combined Authority was made on the 3rd of April 2019 and replicated the information provided to the Housing Scrutiny Committee on the 12th March 2019.

## **5. Delivery Programme**

- 5.1 The delivery programme provided in June 2019 included 537 (net gain) Council homes to be delivered on named sites through the devolution programme. The committee noted some minor alterations to individual scheme outturns but otherwise the programme was on track.
- 5.2 Since June the development of all named housing schemes has been progressed (see items 7 and 8). Further revisions to forthcoming schemes have since been made. The programme outturn is now 546 Council rented homes (net gain) due to an increase of seven homes on the design of the proposed scheme at Colville Road Phase 2 and the planning approval of the combined scheme at Mill Road.
- 5.3 In June the final scheme in the 500 Programme, the redevelopment of Campkin Road, was approved by Housing Scrutiny Committee. The entire 500 programme is therefore approved with a capital budget allocated. All but five schemes have now received planning permission and only two have yet to be submitted for planning approval.

5.4 Appendix 1 shows the current programme, which now shows the total market housing provided as well as the net gain of Council homes. Appendix 2 shows the approved budgets per scheme and the net cost to the Council's Housing Revenue account.

5.5 In summary since the June Housing Scrutiny Committee:

- Completions of 10 homes at Nuns Way and Wiles Close
- Planning approval for the combined Mill Road site
- Planning committee approval for the Cromwell Road site
- Planning approval for the Akeman Street site
- Planning application made for Coleville Road scheme
- Campkin Road approved by full Council

## **6. Profile of Start on Sites**

6.1 The start on site profile for the 500 devolution programme is shown in table 1. This is based on all the named schemes being delivered.

6.2 The Housing Development team are continuing to over-programme and explore additional sites to allow for slippage of existing schemes and allow others to come forward should additional funding opportunities present themselves.

6.3 Since the last update in June 2019, a more detailed scheme at Colville Road has been drawn up. This provides seven additional Council rented homes on the site. This scheme has been submitted for planning.

6.4 The proposed scheme at the Meadows Centre and Buchan Street has been delayed following a decision to review the proposals for the sites a second public consultation is being arranged. The planning application



will now be submitted in November 2019 with Start on Site has been re forecast as June 2020.

6.5 The scheme at Clerk Maxwell road has not yet been determined by the planning department , the Start on Site now been re forecast for 2020/21.

6.6 As below, the overall programme shows an outturn of 546 new homes commencing construction by March 2022.

6.7

Table 1: Start on Site Forecast Profile

Year	2017/8 (actual)	2018/19 (actual)	2019/20 (forecast)	2020/21 (forecast)	2021/22 (forecast)
Number of starts	2	132	191	221	0
Cumulative total	2	134	325	546	546

## 7. Start on Sites Achieved 2019/20

7.1 15 homes have started on site since the beginning of financial year 2019/20. This reflects all 5 garage and infill sites being delivered as a single scheme by CIP. In total therefore the number of starts achieved in total at the time of this report stands at 176, or 35% of the total programme.

7.2 The schemes that have met the start on site requirement since the start of the 500 programme are as follows:

### 7.2.1 Schemes Completed Total 12 homes

- **Uphall Road:** this scheme was completed in January 2018 and was the first project completed by the Cambridge City Council Housing Maintenance & Assets team.

- **Nuns Way & Wiles Close:** Handover was taken in August 2019 of ten new build homes at Nuns Way & Wiles Close. This scheme, under construction since January 2019, represents the first completions of the 500 programme in 2019/20.



Nuns Way, August 2019

#### 7.2.2 Schemes on Site: Net gain 164 homes.

- **Mill Road:** This is a mixed tenure scheme formerly on the Council's Mill Road Depot site. The second phase of the scheme received planning permission in June 2019 and the total scheme will deliver 118 new build Council homes. Works are progressing on site with first completions expected to be in Quarter 2 2020.



Mill Road, August 2019

- **Anstey Way:** This regeneration scheme is delivering 56 Council homes in total (a net gain of 29) all for rent. 12 homes here are specifically for the over 55s. The build is on programme with construction now having reached roof level (see picture below). The practical completion date of April 2019 is anticipated to be brought forward to the current financial year.



Anstey Way, August 2019

- **Ditchburn Day Centre / Community Rooms:** Following the purchase of this centre from Cambridgeshire County Council, HSC approved the redevelopment of the site for 2 Council homes in September 2018. The homes are being delivered by Cocksedge, who were already engaged in the refurbishment of Ditchburn Place. The original Ditchburn Place refurbishment scheme completed in August 2019 and the two Combined Authority funded homes are expected to hand over at the end of September 2019.
- **CIP small sites package:** this group of five garage and infill sites have started on site.. Demolition work has now commenced on all five sites with the build programme due to complete by August 2020. In total the package will provide 15 homes, all for Council rent.;
  - **Queens Meadow:** This scheme will deliver two homes.
  - **Markham Close:** this scheme will deliver five homes.
  - **Gunhild Way:** this scheme will deliver two homes.



- **Colville Road Garages:** this scheme will deliver three homes.
- **Wulfstan Way:** this scheme will deliver three homes.

## 8. Update on other approved schemes:

### 8.1 Schemes target to Start on site in 2019/20 with planning permission

- **Cromwell Road:** the planning committee approved this scheme in June 2019 to deliver a scheme of 295 homes. The scheme will deliver 118 new Council rented homes as well as market housing, new public open space and an early years/community centre. Demolition work has commenced on site and construction of the new homes is programmed to commence by the end of financial year 2019/20. The scheme is being delivered through CIP.
- **Ventress Close:** the scheme replaces two existing Council homes and will deliver 15 new Council rented homes, for a net gain of 13. Planning permission for this scheme was achieved in March 2019 and start on site is likely to be achieved ahead of the October 2019 forecast.
- **Akeman Street:** This regeneration scheme received planning permission in July 2019. Delivered through CIP, it will replace two existing Council homes commercial units and community centre with a new Council rented development of 14 homes, community centre and replacement shops for a net gain of 12. Start on Site is forecast for September 2019. Work is currently underway on a temporary community facility at an existing property in the same street.
- **Kendal Way:** planning permission was obtained in 2017 for the development of two homes on this site. The Housing Development team are currently reviewing the proposals. Start on Site has been provisionally pushed back to early 2020.

- **Kingsway Medical Centre:** this scheme is being delivered by the Housing Maintenance & Assets team. It will deliver four new Council rented homes through the conversion of a former surgery. Planning permission for this scheme was achieved in April 2019 and start on site is expected by the end of financial year 2019/20.

## 8.2 Schemes target to start on site in 2019/20, planning submission made:

- **Tedder Way:** this scheme comprises two homes for Council rent and was originally planned for delivery by the Council's Housing Maintenance & Assets team but has since been passed back to the Housing Development team. The target to achieve planning permission has been pushed back to October 2019 pending further feedback from the planning team. Resources are now being re-allocated to deliver this scheme and the Start on Site has been provisionally pushed back to early 2020.
- **Clerk Maxwell Road:** This is a private scheme being brought forward by Hill Residential. Committee approval was secured in January 2019 to acquire the 14 S106 affordable homes included in this scheme. Hill submitted a planning application in December 2018 - this is awaiting a planning committee decision.
- **Colville Road phase 2:** this regeneration scheme, delivering a gain of 49 Council rented homes, was approved by the Housing Scrutiny Committee in January 2019. Following a scheme revision in response to pre-application planning advice, a planning application has been submitted. A public consultation took place in May 2019 and there has been on-going work with those residents who will need to move home as a result of this scheme. The number of homes has i

## 8.3 Schemes approved by the Executive Councillor. Not submitted for planning.

- **Meadows & Buchan:** this scheme, which comprises the regeneration of two community centres and their environs, was approved by HSC in January 2019 and will deliver 106 Council rented homes. A public consultation took place in March 2019 and suggested revisions to the scheme are currently being incorporated into a planning application. A further public consultation is being arranged. The forecast for planning submission in November 2019.
- **Campkin Road:** This scheme was approved for development by both Housing Scrutiny Committee and Full Council in June 2019. It will replace an existing Council housing scheme at Campkin Road with a modern scheme which will increase the Council's housing stock by 50 homes. Pre-application discussions are continuing, particularly in relation to surface water issues, which could reduce the number of homes delivered.

## 9. Delivering Accessible Housing

- 9.1 Cambridge City Council is committed to providing a range of housing options for residents with limited mobility. The Council adheres to the accessibility standards laid out in the Local Plan 2018. This requires 100% of new build Council homes to be M4(2) (accessible and adaptable dwellings), and 5% of new build affordable homes to be M4(3) (wheelchair user dwellings).
- 9.2 There are currently 28 fully adapted wheelchair user dwellings planned in the programme (see table below). This along with meeting the local plan of delivering all homes to be accessible and adaptable will mean the requirement to provide 5% wheelchair user homes will be met.

### 9.3 Table 2: Wheelchair user homes

	Total Council rented homes (100% M4 (2) wheelchair adaptable)	Total M4 (3) wheelchair user homes in designs
Mill Road phases 1 & 2	118	7

Anstey Way	56	3
Cromwell Road	118	6
Colville Road Ph 2	69	4
Campkin Road	75	3
Meadows & Buchan	106	5

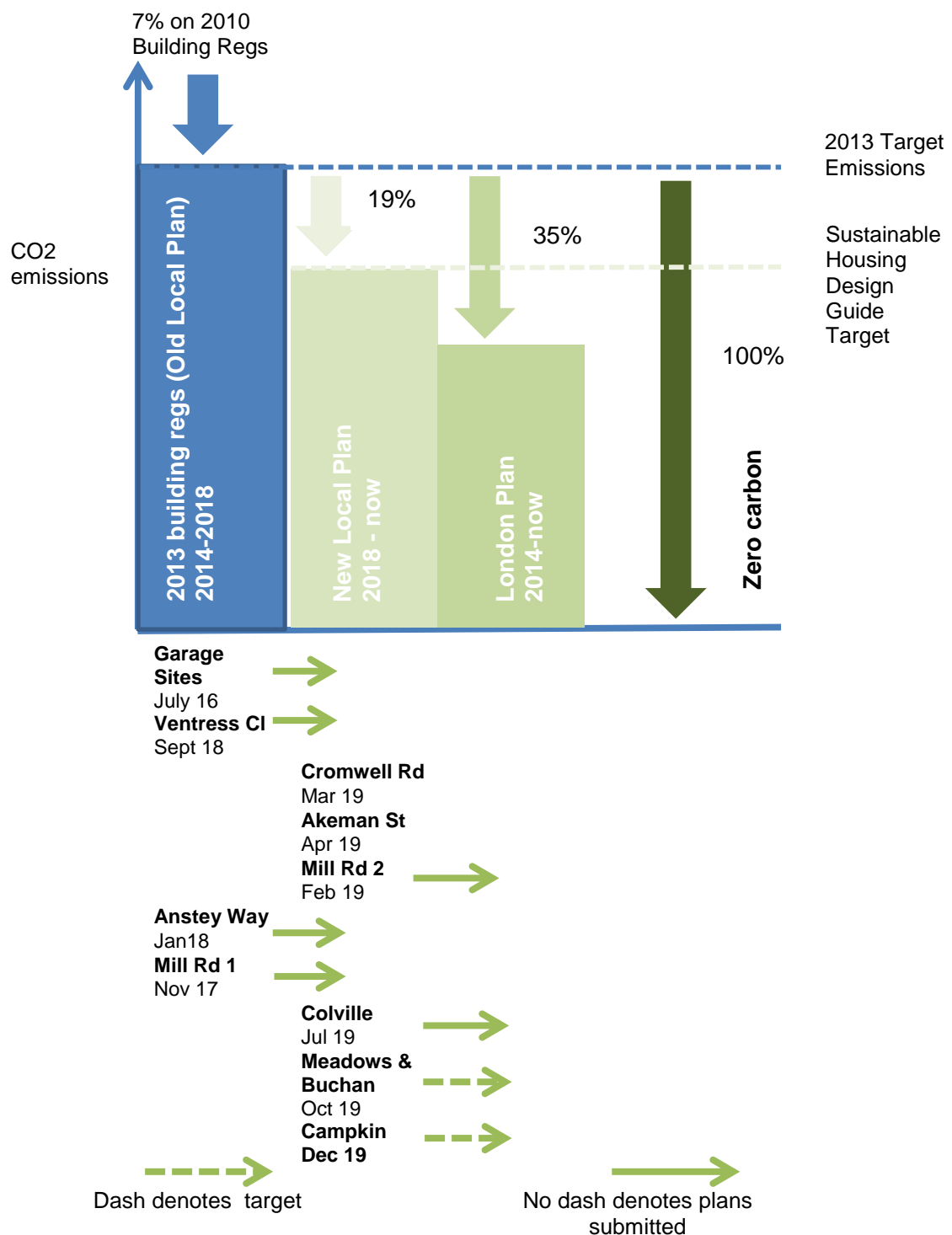
## 10. Sustainability

10.1 The Council's commitment is for all developments that are part of the Council's Housing Programme to adhere to the 2017 Sustainable Housing Design Guide. This covers a number of areas including: energy and water; space standards and biodiversity. The Sustainable Housing Design Guide targets are now part of the 2018 Cambridge Local Plan. Currently out for consultation is the draft Greater Cambridge Sustainable Design and Construction Supplementary Planning Document (SPD).

10.2 The challenge of climate change is leading to steady improvements in reducing CO2 emissions heading towards zero carbon. The table below highlights how the Cambridge programme has consistently moved ahead of required national standards. The schemes are listed under the required standard at the grant of Planning Permission. The green arrows indicate the standards achieved. The standards are:

- Current national standard (in blue)
- 2016 Cambridge Local Plan which exceeds national minimum standards by 19%
- The London Plan which exceeds national minimum standards by 35%





10.3 The table below highlights the ten schemes and how they are meeting or exceeding the Sustainable Housing Design Guide (part of the 2018 Cambridge Local Plan) and the draft Greater Cambridge Sustainable Design and Construction SPD:

Scheme	Mandatory Sustainability Standard	Actual Sustainability Standard	Key Sustainability components
Mill Rd 1 Anstey Way Garage Sites Ventress Cromwell Rd Akeman	10% on-site renewable energy	19% reduction in carbon emissions	<ul style="list-style-type: none"> <li>• Fabric First</li> <li>• MVHR</li> <li>• Solar PV</li> <li>• Battery Storage</li> </ul>
Mill Rd 2 Colville	19% reduction in carbon emissions	35%-40% reduction in emissions	<ul style="list-style-type: none"> <li>• Fabric First</li> <li>• MVHR</li> <li>• Solar PV</li> <li>• Combined Heat and Power</li> </ul>
Meadows and Buchan (proposed) Campkin (proposed)	19% reduction in carbon emissions	35%-40% reduction in emissions	<ul style="list-style-type: none"> <li>• Fabric First</li> <li>• MVHR</li> <li>• Solar PV</li> <li>• Air Source Heat Pumps</li> <li>• Battery Storage</li> </ul>

10.4 In summary, the Cambridge Local Plan, the Sustainable Housing Design Guide and the draft Greater Cambridge Sustainable Design and Construction SPD have higher sustainability standards than national standards. Of the ten CIP sites in development:

- All sites are achieving higher sustainability standards than national standards.
- All sites are achieving the draft Greater Cambridge Sustainable Design and Construction SPD
- Four are achieving or being designed to achieve higher sustainability standards than the Cambridge Local Plan, the Sustainable Housing Design Guide and the draft Greater Cambridge Sustainable Design and Construction SPD

- 10.5 The designs for the two sites which have not been submitted for Planning yet - Meadows & Buchan, and Campkin Road - are being considered to attain standards close to the London Plan.
- 10.6 As the grid is becoming greener as more electricity is generated through more wind power and solar PV the government is looking to change the way how carbon emissions are calculated in buildings. Both the London Plan and the draft Greater Cambridge Sustainable Design and Construction SPD are looking to include this calculation change which will mean gas is no longer a viable low carbon heating source. Instead, Air Source Heat Pumps as well as Solar PV and battery storage is likely to be the most effective low carbon option.
- 10.7 The process of developing the approach to sustainability is being considered further to include review of practical use and cost for residents, on-going maintenance requirements and costs, and monitoring of systems and their performance.

## 11. Risks

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation</b>
<b>Not achieving the 500 homes target</b>	Low- current programme has 537 homes identified and approved for development.	Med- impact would be delivery of a lower number of much needed homes and reputational risk in the Councils ability to deliver and therefore attract future grant funding.	Programme level monitoring of delivery. Strategy is to exceed target. All schemes have now secured a capital budget for delivery and updated in MTFS as required.
<b>Land Assembly issues delaying start</b>	Medium - a number of the schemes in the programme	High- if vacant possession or access not achieved the	Council putting in place resources to support residents to

<b>on sites</b>	require purchase of land/property from 3 <sup>rd</sup> parties	scheme cannot be developed.	move. Process also in place to use statutory powers if required.
<b>Cost increases on approved projects</b>	Medium – design revisions requested as part of the planning process may increase the cost of individual housing schemes i.e. tighter air quality requirements will require more sophisticated infrastructure which will lead to higher cost.	Medium - depending on the extent of the additional cost this may be managed within scheme level contingency approved in 2019 Budget Setting Report.	Initial budgets either developed with Hill or Employers Agent. Cost plans are regularly reviewed and updated. SDLT implications have been reviewed as part of the MTFS.
<b>Planning</b>	Medium - on-going resourcing issues within the planning team risk delay to progress of schemes. The Meadows & Buchan scheme is facing public opposition which poses a risk to the 500 programme.	High- if planning is not achieved the scheme cannot be delivered.	Concerns over planning resource have been escalated to Strategic Director level. HDA, senior officers and Councillors continue to engage with public concerns over the Meadows Scheme

<b>Sales risk – exposing Council cash flow forecast</b>	Medium – Housing market fluctuations are beyond Council control but do occur over long periods and affect the entire economy.	Medium – new homes are expensive but retain considerable inherent value and have other uses than market sale.	Commission of private sector sales team and engagement with private sector partners to monitor market fluctuations.
<b>Decanting residents / leaseholders</b>	Low – decanting process has been agreed with City Homes and no evident delays have come up to date	High – regeneration schemes will not be progressed if residents are not decanted.	Close cooperation with City Homes has been agreed; departments liaise and jointly attend interviews with residents.

**11.1** Appendix 3 details the proposed arrangements for transfer of sites to for the Cambridge Investment Partnership for development, this is based on the latest legal and tax advice. This has been used to update the budgets within the MTFS.

## **12. Implications**

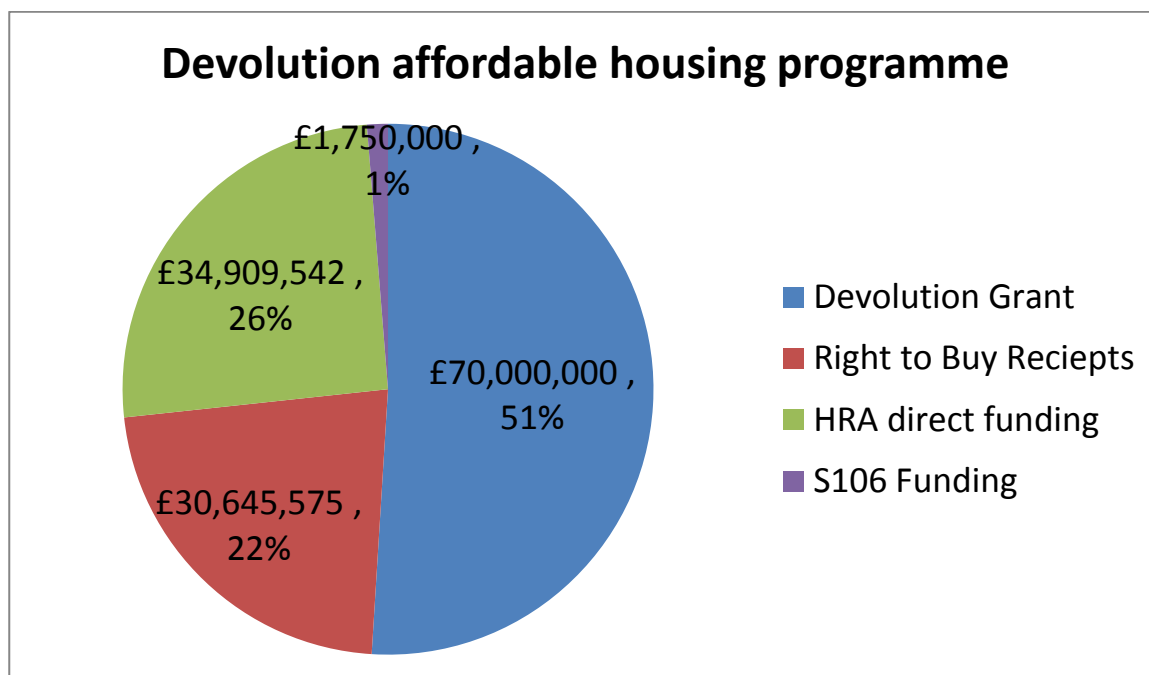
### **(A) Financial Implications**

The Devolution Housing Grant and Right to Buy Receipts will be the main source of funding for schemes in the Rolling Programme that progress into development. However, scheme funding will be confirmed should a scheme be brought to the Committee for scheme specific approval.

Currently the 500 programme has a total approved HRA budget of £137,148,220.00. This is broken down by source:

- Funding provided by the Combined Authority grant
- Funding provided from Section 106 agreements
- Funding provided by Right to Buy receipts

- Funding provided direct from HRA Capital



## **(B) Staffing Implications**

The scheme on the Rolling Programme will be project managed by the Cambridge City Council Housing Development Agency in liaison with City Homes; Housing Maintenance & Assets; and the Council's corporate support teams. Some of the schemes are being delivered through the Cambridge Investment Partnership.

## **(C) Equality and Poverty Implications**

The development framework for new housing by the Council, approved at the March 2017 Housing Scrutiny Committee was informed by an EQIA. Each scheme specific approval is informed by an EQIA if current residents are required to move.

## **(D) Environmental Implications**

There are no environmental implications of this report. Each scheme specific approval will cover any environmental implications.

## **(E) Procurement Implications**

Appendix 3 provides an updated approach to the Cambridge Investment Partnership land transaction and is based on legal advice. Specific legal advice will also be taken on each project and transaction.

**(F) Consultation and communication**

There are no consultation and communication implications of this report. The development framework for new housing by the Council approved at the March 2017 Housing Scrutiny Committee sets out the Council's commitment to involve residents in new housing schemes.

**(G) Community Safety**

There are no community safety implications for this report. Each scheme specific approval will cover any community safety implications.

**13. Background papers**

Background papers used in the preparation of this report:

- a) 19/06/18 HSC report
- b) 17/09/17 Strategy and resources Cambridge Investment Partnership land transactions.

**14. Appendices**

- (a) Appendix 1: Programme milestone summary
- (b) Appendix 2: Programme finance summary
- (c) Appendix 3: Land transactions Cambridge Investment Partnership

**15. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact Claire Flowers, Head of Housing Development Agency, tel: 01223 - 457928, email: [claire.flowers@cambridge.gov.uk](mailto:claire.flowers@cambridge.gov.uk).

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HDA Delivery Programme	09/09/2019										
Scheme Name	Ward	Net Affordable	Market homes	Total homes	Delivery	Committee	Approval date	Planning Submitted	Planning Granted	Est. SOS	Practical Completion
<b>BUILD COMPLETED</b>											
Uphall Road	Romsey	2	0	2 E & F	HSC		Mar-15	Aug-16	Dec-16	Jun-17	Jan-18
Nuns Way & Wiles Close	Kings Hedges	10	0	10 Tender	HSC		Mar-15	Aug-16	Jul-17	Jan-19	Sep-19
<b>Sub total</b>		<b>12</b>	<b>0</b>	<b>12</b>							
<b>ON SITE</b>											
Anstey Way	Trumpington	29	0	56 CIP	HSC		Mar-17	Jan-18	Jul-18	Oct-18	Apr-20
Mill Road phases 1 & 2	Petersfield	118	118	236 CIP	S & R		Nov-17	Dec-17	Jun-18	Aug-18	Sep-21
Colville Garages	Cherry Hinton	3	0	3 CIP	HSC		Sep-17	Sep-18	Nov-18	May-19	Jul-20
Queens Meadow	Cherry Hinton	2	0	2 CIP	HSC		Jun-17	Dec-17	Jul-18	May-19	May-20
Markham Close	Kings Hedges	5	0	5 CIP	HSC		Jan-18	May-18	Oct-18	May-19	Aug-20
Gunhild Way	Queen Ediths	2	0	2 CIP	HSC		Jan-18	Jul-18	Oct-18	May-19	Aug-20
Wulfstan Way	Queen Ediths	3	0	3 CIP	HSC		Sep-17	Oct-18	Jan-19	May-19	Jul-20
Ditchburn Place Community Rooms	Petersfield	2	0	2 Tender	S & R		Sep-18	Aug-18	Nov-18	Jan-19	Sep-19
<b>Sub total</b>		<b>164</b>	<b>118</b>	<b>309</b>							
<b>PLANNING APPROVED</b>											
Kendal Way	East Chesterton	2	0	2 TBC	HSC		Mar-15	Aug-16	Feb-17	Jan-20	Jan-21
Ventress Close	Queen Ediths	13	0	15 CIP	HSC		Mar-17	Sep-18	Mar-19	Sep-19	Oct-20
Akeman Street	Arbury	12	0	14 CIP	HSC		Jun-18	Apr-19	Jul-19	Sep-19	Nov-20
Kingsway Medical Centre	Arbury	4	0	4 CCC M&A	HSC		Sep-17	Sep-18	Apr-19	Nov-19	Apr-20
Cromwell Road	Romsey	118	177	295 CIP	S & R		Mar-18	Mar-19	Jun-19	Jan-20	Sep-22
<b>Sub total</b>		<b>149</b>	<b>177</b>	<b>330</b>							
<b>SUBMITTED FOR PLANNING</b>											
Tedder Way	Arbury	2	0	2 TBC	HSC		Mar-15	Mar-17	Nov-19	Apr-20	Jan-21
Clerk Maxwell Road	Newnham	14	21	35 S106	HSC		Jan-19	Dec-18	Jan-20	Apr-20	Jul-21
Colville Phase 2	Cherry Hinton	49	0	69 CIP	HSC		Jan-19	Jul-19	Nov-19	Apr-20	Jan-22
<b>Sub total</b>		<b>65</b>	<b>21</b>	<b>106</b>							
<b>COMMITTEE APPROVED</b>											
Meadows and Buchan	Kings Hedges	106	0	106 CIP	HSC		Jan-19	Nov-19	Mar-20	Jun-20	Nov-21
Campkin Road	Kings Hedges	50	0	75 CIP	HSC		Jul-19	Dec-19	Mar-20	Aug-20	Jun-22
<b>Sub total</b>		<b>156</b>	<b>0</b>	<b>181</b>							
<b>GRAND TOTAL</b>		<b>546</b>	<b>316</b>	<b>938</b>							

Progress to 500 Starts on site	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
By year	2	132	191	221	0	0
Cumulative total	2	134	325	546	546	546

## Started on site

176

35%

Progress to 500 completions	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
By year	2	0	12	77	287	168
Cumulative total	2	2	14	91	378	546

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HDA Financial programme	10/09/2019									
Scheme Name	Project stage	Net affordable homes	Total affordable homes	Budget approval (Actual where complete / on hold)	RTB receipts	Devolution Grant	Section 106 Funding	Net cost to HRA	Total development cost per unit	Cost to HRA per unit
Uphall Road	Build completed	2	2	£351,099	£105,330	£242,596	£0	£3,173	£175,550	£1,587
Nuns Way & Wiles Close	On site	10	10	£2,044,000	£613,200	£1,376,699	£0	£54,101	£204,400	£5,410
Tedder Way	Submitted for planning	2	2	£389,000	£116,700	£272,300	£0	£0	£194,500	£0
Kendal Way	Planning approved	2	2	£374,000	£112,200	£261,800	£0	£0	£187,000	£0
Anstey Way	On site	29	56	£11,489,640	£1,886,755	£3,551,233	£0	£6,051,652	£205,172	£108,065
Colville Garages	On site	3	3	£847,300	£254,190	£593,110	£0	£0	£282,433	£0
Queensmeadow	On site	2	2	£621,040	£186,312	£434,728	£0	£0	£310,520	£0
Wulfstan Way	On site	3	3	£816,810	£245,043	£571,767	£0	£0	£272,270	£0
Hills Avenue	Aborted	0	0	£35,468	£10,640	£24,828	£0	£0	N/A	N/A
Markham Close	On site	5	5	£1,186,650	£355,995	£830,655	£0	£0	£237,330	£0
Gunhild Way	On site	2	2	£664,140	£199,242	£464,898	£0	£0	£332,070	£0
Ditchburn Place	On site	2	2	£332,000	£99,600	£232,400	£0	£0	£166,000	£0
Mill Road	On site	118	118	£24,965,630	£7,489,689	£17,475,941	£0	£0	£211,573	£0
Ventress Close	Planning approved	13	15	£3,689,920	£783,909	£1,828,596	£0	£1,077,415	£245,995	£71,828
Kingsway	Planning approved	4	4	£410,000	£123,000	£287,000	£0	£0	£102,500	£0
Cromwell Road	Planning approved	118	118	£24,865,800	£7,459,740	£17,406,060	£0	£0	£210,727	£0
Akeman Street	Planning approved	12	14	£4,422,010	£910,010	£2,123,357	£0	£1,388,642	£315,858	£99,189
Clerk Maxwell Road	Submitted for planning	14	14	£2,746,760	£824,028	£1,922,732	£0	£0	£196,197	£0
Meadows and Buchan	Committee approved	106	106	£25,398,270	£3,006,125	£13,005,672	£0	£9,386,473	£239,606	£88,552
Colville Road Phase 2	Submitted for planning	49	69	£15,690,580	£3,040,126	£7,093,628	£0	£5,556,826	£227,400	£80,534
Campkin Road Phase 2	Committee approved	50	75	£15,965,000	£2,823,740	£0	£1,750,000	£11,391,260	£212,867	£151,883
TOTAL		546	622	£137,305,117	£30,645,575	£70,000,000	£1,750,000	£34,909,542	£220,748	£56,125
									Mean average	

Please note that the Devolution Grant claimed for the now aborted Hills Avenue scheme will be re-allocated to an alternative scheme

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## **Housing Scrutiny Committee**

**2019-09-19**

### **HDA Programme Update Appendix 3 – Land transactions for schemes developed through Cambridge Investment Partnership.**

#### **Background**

One option for the delivery of Council homes is the Cambridge Investment Partnership. When CIP was established in 2017, a report at the Strategy & Resources Scrutiny Committee set out the approach to land transactions for schemes developed through this route, this was based on legal advice at the time.

The process utilised to date has meant that when the Council buy back the affordable housing from CIP there is SDLT payable- this is due to the unique nature of the funding from the Combined Authority which is not recognised under the public subsidy reliefs defined by HMRC.

Council officers are working with Deloitte to look at how the public subsidy relief can be applied however to date based on existing legislation and funding applied to this scheme there is not a solution to this, an application has been made to HMRC to consider this unique situation.

As schemes have moved forward legal advice has been taken on each transaction, including the procurement issues and risks. Bevan Brittan and Freeths have acted for the City Council. Given the unresolved SDLT position and updated procurement advice a revised set of preferred contract arrangement is proposed for the CIP schemes. These options take account of the legal advice received as the schemes have been taken through the process agreed by the Council in October 2017.

**Revised Approach to land transactions for schemes developed by the Cambridge Investment Partnership.**

The revised approach to land transactions will be to adopt one of the following options. The Head of the Housing Development Agency is authorised to determine which option will be adopted in each case.

- Lease the land to CIP and acquire the affordable housing through an Affordable Housing Agreement. This option was adopted for Anstey Way and Mill Road Phase I, but does incur a Stamp Duty Land Tax (SDLT) liability and for larger schemes going forward has procurement risk.
- Provide a license to CIP and acquire the affordable housing through an Affordable Housing Agreement. This option incurs no SDLT liability and is potentially suitable for new schemes, such as Ventress Close, Akeman Street and Garage Sites, that are under the OJEU threshold
- For schemes required to deliver affordable housing under Section 106 of the Town and Country Planning Act 1990, transfer the site to CIP under a Land and Development agreement, with the land for the affordable housing transferred back to the Council (HRA). This option incurs no SDLT liability, and may be suitable for Mill Road Phase II and Cromwell Road
- For schemes over the OJEU threshold, work with CIP to project manage the development process, including obtaining planning permission. Hill would be appointed by the Council through an existing framework to carry out the construction. A suitable framework has been identified which includes the potential for direct call off where appropriate. This route may be suitable for Meadows & Buchan, Colville Road and Campkin Road. There will be no SLDT liability for the affordable housing.