Public Document Pack

Cambridge City Council

Notice of Council

Date: Thursday, 10 October 2024

Time: 6.00 pm

Venue: Council Chamber, The Guildhall, Market Square, Cambridge, CB2 3QJ

Contact: democratic.services@cambridge.gov.uk, tel:01223 457000

Dear Councillor,

A meeting of Cambridge City Council will be held in the Council Chamber, The Guildhall, Market Square, Cambridge, CB2 3QJ on Thursday, 10 October 2024 at 6.00 pm and I hereby summon you to attend.

Dated 2 October 2024

Yours faithfully

Robert Pollock

Chief Executive

Agenda

1	Minutes	(Pages 9 - 56)
2	To Note the Returning Officer's Report that the following has been elected to the Office of Councillor To note that Beth Gardiner-Smith was elected to office for Romsey Ward on 12 September 2024.	
3	Mayor's announcements	
4	Declarations of Interest	
5	Public questions time	
6	To consider the recommendations of the Executive for adoption	

6a Housing Revenue Account (HRA) Medium Term Financial Strategy (MTFS) 2024/25 (Executive Councillor for Housing) (Pages 57 - 170)

6b General Fund Medium Term Financial Strategy 2025/26 - 2034/35 (Executive Councillor for Finance and Resources) (Pages 171 - 222)

7 To deal with oral questions

8 To consider the following notices of motion, notice of which has been given by:

8a Councillor Young - Cambridge Cancer Research Hospital

Council notes:

- the dire state of public finances left by the outgoing Government.
- the unfulfilled promise to build 40 new hospitals across the country.
- the new Government’s announcement of a reset of the new hospitals scheme which could jeopardise progress on the Cambridge Cancer Research Hospital at Addenbrooke’s.

Council believes the new hospital is essential, recognising the deficit of health facilities across Greater Cambridge, the importance of Greater Cambridge as a regional centre for healthcare and the international importance of our area’s life sciences sector.

Council resolves:

- to direct the leader to write to the Secretary of State underlining this Council’s view that the government should not abandon the commitment to developing this hospital.
- To direct the leader to write to the new MP for the area of the proposed Cancer Research Hospital, expressing our support for her recent efforts to secure the future funding for it and to request she work further with MPs across the area it would serve to secure funding for the Hospital and other local health facilities.

8b Councillor Payne - Cutback of Winter Fuel Payment

Council notes the recent announcement by the Labour Government to end universal winter fuel payments and restrict eligibility to only those in receipt of Pension Credit and other benefits.

Though many agree that universal Winter Fuel Payments are not necessary for them, Council is deeply concerned that many pensioners on lower and middle incomes who need the payments will now not receive them. Across England and Wales the number of people eligible for winter fuel payments will fall by 10 million (from 11.4 million to only 1.5 million).

In Cambridge the number of pensioners affected by the change in eligibility criteria is 13,468. That means 89.7% of pensioners currently eligible for winter fuel payments will no longer be able to claim the payment from this winter onwards.

Council believes that the Labour Government has set the threshold at which pensioners do not qualify for Winter Fuel Payments far too low. Only those receiving a pension of less than £218.15 a week (or £332.95 a week for couples) are eligible for pension credits. This is significantly lower than the Living Wage.

Council is also concerned by the low take up of Pension Credit with only 63% of those eligible nationwide receiving it – and over 880,000 pensioners not doing so. Council recognises the role we as a local authority have to play to increase awareness of benefits such as Pension Credit to ensure people get access to the support they are entitled to.

Council further notes that the Energy Price Cap is due to rise by 10% in October, which, combined with the removal of Winter Fuel Payments, will push thousands of local pensioners into fuel poverty.

Council resolves to:

- Request the Leader write to both MPs covering Cambridge outlining our position in favour of halting the changes to the Winter Fuel Payment eligibility.
- Request all group leaders within the council sign a joint letter to the Chancellor of the Exchequer calling for the cutback in Winter Fuel Payment to be suspended and reviewed, and also to consider what support can be given to help people reduce their energy bills and consumption.
- Urgently commence a significant awareness campaign to maximise uptake of pension credits, including using the Low-Income Families Tracker (LIFT) to identify those who are eligible.

8c Councillor Holloway - Lithium-ion battery safety motion

Lithium-ion batteries are increasingly common in many household products, including e-bikes and e-scooters, but they can pose a significant fire risk. The recent increase in fires caused by lithium-ion batteries demands that proactive steps are taken to address these risks and ensure the safety of our community.

This Council notes:

1. Lithium-ion batteries are increasingly prevalent in a range of household products, including e-bikes, e-scooters, smartphones and laptops.

2. The number of fires in the UK caused by lithium-ion batteries in e-scooters and e-bikes has increased by four times since 2020.

3. In July 2023, three people tragically lost their lives in a fire at Sackville Close, which was likely caused by a faulty e-bike battery.

4. Battery fires in waste disposal are at record levels, with over 1,200 fires at UK waste sites and bin lorries in 2023, an increase of 71% from 2022.

5. As of the beginning of August 2024, there had been seven bin lorry fires in Greater Cambridge in 2024, likely caused by batteries or electrical products.

6. In September 2023, Cambridge City Council wrote to the government requesting an increased focus on the dangers of lithium-ion batteries in e-bikes and e-scooters, advocating for improved legislation, safety guidelines, and a public awareness campaign.

7. Cambridge City Council continues to work with the Cambridgeshire Fire and Rescue Service to raise awareness of the risk of, and prevent, battery fires.

This Council issues the following advice to residents in relation to battery safety:

- Always use manufacturer approved chargers and follow the manufacturer’s instructions for charging, storage and maintenance
- Charge batteries while awake and at home
- Do not overcharge batteries
- Store e-bikes and e-scooters in a safe, cool place with a

closed door and a smoke alarm if possible
- Buy e-bikes and e-scooters from reputable dealers, and check they meet British or European standards
- Check batteries for signs of damage and replace if damaged
- Do not dispose of batteries in household waste or normal recycling
- Do not attempt to extinguish a fire caused by a lithium-ion battery but get out, stay out, and phone 999.

This Council resolves:

1. To write to Electrical Safety First and Lord Ron Foster to express its support for The Safety of Electric-Powered Micromobility Vehicles and Lithium Batteries Bill, introduced to the House of Lords by Lord Ron Foster. This Bill is promoted by Electrical Safety First, and supported by, among others, the National Fire Chiefs Council, the Association of Ambulance Chief Executives, the Royal Society for the Prevention of Accidents, and the Royal Society for Public Health.

2. To work through the Community Safety Partnership to gain a deeper understanding of data relating to fire risks from lithium-ion batteries in Cambridge, and to use this understanding to work together to mitigate risks.

3. To develop comprehensive safety guidance for Cambridge City Council staff on battery safety, including guidance on the safe use, storage, and disposal of lithium-ion batteries.

4. To work with the Greater Cambridge Shared Waste Service to run an awareness campaign focused on the safe disposal of batteries, particularly lithium-ion batteries.

5. To continue to disseminate to residents information on safe practice relating to lithium-ion batteries through *Cambridge Matters, Open Door*, and the Council's website and social media channels.

6. To work with Council tenants to, wherever possible, provide them with safe spaces for charging e-bikes and e-scooters.

Notes

Electrical Safety First's Battery Safety Campaign:

https://www.electricalsafetyfirst.org.uk/battery-breakdown/battery-safety-campaign

Full list of supporters of Electrical Safety First's campaign as of May 2024: https://www.electricalsafetyfirst.org.uk/media/pjxh54wy/supporters-may-2024.pdf

House of Lords Debate 5 September 2024 on Lithium-Ion Battery Safety: https://hansard.parliament.uk/Lords/2024-09-06/debates/738EAE4C-F67B-4AF5-AA7A-94759672C9D0/details

Cambridge City Council's Work on Battery Safety: https://www.cambridge.gov.uk/news/2023/09/14/council-appeals-to-government-to-raise-awareness-around-risks-of-e-bike-battery-fires

Research on Battery Fires in Waste Sites: https://www.materialfocus.org.uk/press-releases/over-1200-battery-fires-in-bin-lorries-and-waste-sites-across-the-uk-in-last-year/

9 Written questions

No discussion will take place on this item. Members will be asked to note the written questions and answers document as circulated around the Chamber.

Information for the public

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- Website: http://democracy.cambridge.gov.uk
- Email: democratic.services@cambridge.gov.uk
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Those wishing to address the meeting will be able to do so virtually via Microsoft Teams, or by attending to speak in person. You must contact Democratic Services democratic.services@cambridge.gov.uk by 12 noon two working days before the meeting.

The full text of any public question must be submitted in writing by noon two working days before the date of the meeting or it will not be accepted. All questions submitted by the deadline will be published on the meeting webpage before the meeting is held.

Further information on public speaking will be supplied once registration and the written question / statement has been received.

COUNCIL 18 July 2024
6.00 - 11.55 pm

Present: Councillors Baigent, Bennett, Bick, Bird, Blackburn-Horgan, Carling, Clough, Dryden, Flaubert, Gawthrope Wood, Gilderdale, Glasberg, Griffin, Hauk, Holloway, Hossain, Lee, Lokhmotova, Martinelli, McPherson, Moore, Nestor, Payne, Porrer, Pounds, Robertson, Smart, A. Smith, S. Smith, Swift, Thittala, Thornburrow, Todd-Jones, Tong and Young

Also present (virtually) Councillor: Davey

FOR THE INFORMATION OF THE COUNCIL

24/57/CNL Minutes

The minutes of the meetings held at 11am and 11.05am on 23 May 2024 were confirmed as a correct record and signed by the Mayor.

24/58/CNL Mayor's announcements

Apologies were received from Councillors Ashton, Howard, Sheil and Wade. Apologies for lateness were received from Councillor Smart.

It was noted that Councillor Davey was attending the meeting virtually by MS Teams, which meant he could particate in debates but could not vote on any of the agenda items.

Mayor’s Announcements

Congratulations were given to Councillor Carling following his election as MP for North West Cambridgeshire. The Mayor also wished to note the hard work undertaken by Councillor Tong and Councillor Payne with their election campaigns.

The Mayor reiterated the call for an immediate ceasefire in the Middle East and a return of the hostages. He called on leaders across the world to champion peace in this region to save lives and put an end to the bloodshed and negotiate with all parties to come to an amicable settlement of the issue and urged the international leadership to take the lead to resolve the conflict.

The Mayor had attended a number of events across the city which included the Mott Sermon and the Midsummer Fair. Members were reminded that the Harvest Festival would be taking place on the 6 of October 2024.

The Mayor also exercised his discretion to move item 6a – Recommendation from the Employment (Senior Officer) Committee to the end of the agenda as there was the potential for the item to be considered in exempt session.

24/59/CNL Declarations of Interest

Name	Item	Interest
Councillor Bennett	24/69/CNL	Personal: Was a landlord.
Councillor Glasberg	24/69/CNL	Personal: Had a property which is rented.
Councillor Baigent	All	Personal: Member of Cambridge Cycling Campaign.
Councillor Tong	All	Personal: Member of Cambridge Cycling Campaign.
Councillor S. Smith	24/69/CNL	Personal: Had an interest in a rented property.
Councillor Hossain	24/69/CNL	Personal: Was a landlord with a property outside the city council boundary.
Councillor Bick	24/69/CNL	Personal: Had an interest in a rented property.
Councillor A.Smith	All	Personal: Member of Cambridge Cycling Campaign.
Councillor Glasberg	All	Personal: Member of Cambridge Cycling Campaign.

24/60/CNL Public questions time

Members of the public asked a number of questions, as set out below.

Question 1

Question on behalf of council tax payers and leaseholders of Parkside Place Cambridge for the meeting of Cambridge City Council in the

Council Chamber, The Guildhall Cambridge on Thursday 18th July 2024 at 6pm.

Background

Parkside Place is an estate developed in 2012/2013 in the centre of Cambridge by Grosvenor Developments Ltd, a company that is part of Grosvenor Estates, the family company of the Duke of Westminster. The development is a mixed development comprising private apartments, Affordable Housing Units (AFUs) and **Cambridge Fire Station.** In gaining planning consent for the development, Grosvenor entered into a S106 agreement with Cambridge City Council, Cambridgeshire County Council and The Fire Authority. Under this agreement Grosvenor were obliged to ensure that the service charges of the AFUs did not increase annually by a figure in excess of retail price index (RPI).

Grosvenor, by seemingly calculated alteration of the final leases entered into with the residential leaseholders and the Fire Authority, (without any transparency or prior agreement), placed the obligation to pay any excess charge over RPI for the AFUs on the residential leaseholders and the Fire Authority.

To date the excess service charges for the AFUs amounts to over £320,000 of which in excess of £50,000 has been borne by the Fire Authority and therefore charged to council tax payers under the precept. Residential leaseholders are taking legal action against Grosvenor - quite clearly a civil matter. The question below is raised by council tax payers in relation to the burden of additional costs on the Fire Authority.

The Question

a) Does the council feel it appropriate for council tax payers to bear part of the costs of a developer's obligation under a S106 agreement. (£50,000 to date and increasing annually)

b) If it is felt that this is inappropriate behaviour by the developer, will the council make representations to Grosvenor on behalf of council tax payers.

c) Should Grosvenor feel that there is no obligation to recompense the Fire Authority and therefore council tax payers, will the council acknowledge that this behaviour should be taken into account in any

future planning application by Grosvenor Estates or their subsidiary companies.

Connected questions were placed before the Fire Authority at their meeting on June 20th 2024 at Shire Hall. The Chief Fire Officer has indicated that legal advice is being taken on their position.

The Executive Councillor for Planning, Building Control and Infrastructure responded on behalf of the Leader:

i. The council notes that the questions relate to the burden of additional costs on the Fire Authority and that the Chief Fire Officer in a meeting on 20 June 2024 indicated they may be seeking legal advice on their position.
ii. The Section 106 agreement offered some protection to occupiers of affordable dwellings (capped to the retail price index ‘RPI’) but did not offer any protection to third parties and it was not the place of a planning obligation to offer such protection.
iii. The service charge to non-affordable leaseholders was a civil legal dispute and was not controlled through the planning permission. It was not for the Local Planning Authority to intervene in this matter notwithstanding how the charge may have been derived.
iv. There is no identifiable planning breach.
v. Had been contacted on numerous occasions by groups of residents regarding leaseholders and service charges. Noted the new Government had included a Draft Leasehold and Commonhold Reform Bill. Hoped the injustice of leasehold estates would end soon.

Supplementary question:

i. Agreed the developer had satisfied the terms of the Section 106 Agreement in that they had satisfied the issue of making certain that the affordable housing units did not pay service charges that went up in excess of the RPI.
ii. However, the obligation had been moved to other parties; one being the leaseholders of Parkside Place, which was a civil issue. Legal issues were on-going with the developer regarding this.
iii. The Fire Authority was the other party that the liability had been moved to and they had incurred £50,000 of additional costs, which was passed onto council taxpayers under the precept.

iv. Whilst they accepted that the developer had not breached the terms of the Section 106 Agreement, they had transferred their obligation to other parties.

The Executive Councillor for Planning, Building Control and Infrastructure responded:

i. Noted the comments which had been made by the public speaker. The Leader would note the comments. It may be necessary to speak with the Fire Authority to get further information and to see whether the Council is able to respond more comprehensively.

Question 2

The Federation of Cambridge Residents Associations would like to ask the following question at the Full Council meeting, 18 July.

Question

The Federation of Cambridge Residents Associations (FeCRA) shares the concerns of experts that Cambridge will soon run out of water

The East of England is low-lying, and one of the driest places in the UK. Water sources are under pressure meaning people, plants and animals are competing for the same precious resources. With climate change, drought is set to become more common amid hotter, drier summers, and intense rainfall events more frequent.

Many residents are very concerned about this and about the impact on the Cam chalk streams and the wildlife that depends on them.

Several solutions have been put forward including new reservoirs, water transfer pipelines and stringent water efficiency measures but these steps are urgently needed in any case to ensure there will be enough water for existing users and the developments that already have planning permission.

Cambridge's MP Daniel Zeichner Minister of State at the Department for Environment, Food and Rural Affairs is on public record as saying that growth in this region can't wait for reservoirs but the Environment Agency has objected to developments such as Bourn and Darwin Green on the grounds that they are not sustainable because there is not enough water.

Our petition to the Environment Agency supports these objections and asks that they continue to protect the environment by opposing major developments in this region until there is clear evidence that there is enough water to support them.

It has now been signed by almost 1000 residents - will the Council back the petition and ensure sufficient water can be provided **before** planning approval is given to further large-scale developments?

https://www.change.org/p/save-our-chalk-streams-petition-to-the-environment-agency

Chair, FeCRA

www.fecra.org.uk
www.facebook.com/CambridgeRAs
www.twitter.com/fecra2

The Executive Councillor for Planning, Building Control and Infrastructure responded:

i. The Council is concerned about the water environment, and the effects of climate change. There had been record breaking hot summers and long periods of heavy sustained rainfall. The Council had been pressing the Government, water companies and other agencies to take action since issues regarding water supply came to light.
ii. A level of assurance had been requested with regards to determinations of planning applications. The Planning and Compulsory Purchase Act 2004 requires that planning applications be determined in accordance with the Development or Local Plan unless material considerations indicate otherwise. It is the Council's job to weigh up a range of issues

and the merits of each application, giving appropriate weight to any Environment Agency objection alongside other factors.

iii. Each planning application must be considered on its merits. It would not be appropriate or consistent with the requirements of the planning process to adopt a single position for all proposed development in the city.
iv. The Council would press for the resolution of water needs as a priority and to keep residents and councillors informed of any progress.

Supplementary Question:

i. Concerns about water had been raised with councillors since 2014/15.
ii. The proposed new Fen Reservoir would not provide water to supercharge Greater Cambridge. Cambridge Water had said the proposed new reservoir would provide only half the water supply needed based on building 46,000 new homes by 2050 across the whole area (figures taken from the current draft Water Resources Management Plan).
iii. Residents had been informed that the Director of Planning had approved plans for the West Cambridge site. Asked on what grounds the Director had done so. The Director had cited a significant amount of activity associated with water issues in Greater Cambridge last year and said that legal advice had been taken.
iv. Questioned where the evidence was to back the Director's decision.

The Executive Councillor for Planning, Building Control and Infrastructure responded:

i. The City Council was involved in the refusal of two planning applications based on the Environment Agency's objections regarding water. One planning application was the Brookgate development at North Cambridge Station and the other was the Darwin Green planning application. Both decisions were appealed and were subsequently determined by the Secretary of State. The appeal decision and the Secretary of State's decision about giving consent to those applications became a material consideration. The Officer's recommendation had been approved by Committee. There were outstanding Section 106 Agreement issues which took some time. Based on the Secretary of

State and appeal decisions for the above referenced applications, was the reason why the application was processed.

Question 3

We are residents of Scholars Court, a block of council flats that rely on communal heating and hot water provided by Switch2. Since the construction of these flats, Switch2 has been our sole provider. Recently, Switch2 has notified us of an immediate doubling of their charges, which is placing significant financial strain on many vulnerable tenants.

Could the City Council review this situation and consider finding a more affordable alternative provider for our communal heating and hot water services?

Thank you for your attention to this urgent matter.

The Executive Councillor for Housing responded:

i. Scholars Court is a block of flats that the Council leases and is managed by Carter Jonas. The Council are not involved in setting the charges for the communal heating system.
ii. Similar increases in charges were seen in other blocks of flats across the city with communal heating last year and also saw energy costs increase significantly for communal heating and lighting across the council's blocks of flat
iii. The Housing Team would make contact with Carter Jonas to find out more about the increase and why the charges were increasing now and request that this is communicated with all residents.
iv. If anyone experiences financial hardship, the council offered financial inclusion support to tenants, and this could be accessed via their Housing Officer.

Question 4

For how much longer will the Council fail to deliver on its promise to provide this marginal, but very real, community with a safe, legal place to stop?

Why do I have to continue to ask the same question and receive the same irrelevant answer from a Council, which, like the election result, has had an overall Labour majority for several years, yet has failed to come up with a tiny plot of ground – the size of a football pitch – for a transit site? This is much more than an oversight. It is a blatant example of discrimination towards a protected ethnic minority, clearly expressed in Section 149 of the Equality Act 2010[1]. Provisions of the Police Act 2022 further victimised this community but resulted, on the 14/5/24, with an issuance by the High Court of a declaration of incompatibility finding that provisions in the Police Act unlawfully discriminate against Gypsies and Travellers.[2] The decision was based on the lack of authorised transit site provision on which they could camp lawfully. The Council have protested that they await the second of two GTANAs, which have taken over 4 years and counting to produce and are, in any event, totally immaterial to the issue of transit sites. On the same day as I was raising this question at the May full council meeting, Council enforcement officers were threatening Travellers with eviction notices at an unauthorised encampment at Arbury Town Park[3]. The Council state they do needs assessments, while ignoring the pre-eminent 'need' of this community — their deep-seated cultural way of life. They travel and leave a very light footprint on the landscape, while holding on to their abiding belief in their right to roam. They may have 'need' of social support when they stop, but to focus on this is a racist endeavour. Like all other citizens, they have a human right to a home or place to stop, just as the Council have a duty to advance equality of opportunity; foster good relations and remove and minimise disadvantages.

For how much longer will the Council fail to deliver on its promise to provide this marginal, but very real, community with a safe, legal transit site?

Notes

1 Section 149 of the Equality Act 2010 stated 14 years ago that public bodies should have regard to eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity; foster good relations; to remove and minimise disadvantages suffered by those due to their protected characteristics; and to encourage them to participate in public life. https://www.legislation.gov.uk/ukpga/2010/15/

2 https://www.judiciary.uk/judgments/smith-v-secretary-of-state-for-the-home-department/

3 Travellers asked to leave 'unauthorised encampment' at Cambridge park

The Deputy Leader responded on behalf of the Executive Councillor for Communities:

i. It was unfair to say that the Executive Councillor for Communities and the Council hadn't been working on this issue or taking it seriously.
ii. If the answer was to simply find a plot of land, this opportunity would have already been taken up. Multiple areas had been considered for temporary sites, but these had not been found to be suitable.
iii. It was not just a City Council issue and needed to work with partners South Cambridgeshire District Council and the County Council who were essential in the process.
iv. The Executive Councillor for Communities was now part of the GRT Steering Group which had previously been set up by Councillor Healy. Had been pushing for details of the GTANA report including costings, remit, scope and details of its commission.
v. City Council Officer capacity was being reviewed to ensure they could give as much help as possible.
vi. The Executive Councillor had communicated with officers that this issue was urgent.
vii. Noted that this was also a planning issue and the Executive Councillor for Planning, Building Control and Infrastructure had been pushing for the new draft Local Plan to identify sites before the Local Plan went out for consultation in 2025.
viii. The July Strategic Steering Group was unfortunately unable to meet and would need to be rescheduled for the autumn. The Group would look at the Needs Assessment.
ix. It was important that community groups and stakeholders were able to input into the next steps regarding the Needs Assessment. The GRT Liaison Officer had started work on this and believed the public speaker had been approached about this.

Supplementary question:

i. Noted that it was not simply about finding a plot of land, it was also about attitudes towards the GRT community. Not having stopping places / transit sites severely affected the GRT community.
ii. Noted that Cambridge City had never had traveller sites but that sites existed on the borders of the city. People had sought to obtain planning permission for sites where they reside for several years without success.
iii. Asked for an explanation why sites had been found to be unsuitable.
iv. Had been waiting for a GTANA for 4 years. Noted the current GTANA was the second GTANA and was irrelevant to the issue of transit site provision. Transit sites were the ones which caused problems with community relations.
v. Felt the Council was evading the issue.

The Deputy Leader advised that the Executive Councillor for Communities would be better placed to respond to the issues raised and the Executive Councillor for Planning, Building Control and Infrastructure could also liaise with the public speaker outside of the meeting.

Question 5

Motion 8e calls for the city council:

"To adopt the Vision statement which positions the Council as a place maker, convenor and community facilitator as well as playing a core role in providing public services"

With the above in mind:

What discussions will the council have with partner organisations to organise, co-ordinate, and sequence consultation events for future proposals that affect the future of our city and beyond, and what actions could the council take including but not limited to:

- A shared single meetings/consultations calendar for public sector organisations (such as local councils which can scrape calendar data)
- Annual 'societies fairs' similar to the students unions freshers fairs for societies

- civic education for adults mindful of some of the questions that were put to the general election candidates that indicated a collective lack of knowledge on how our city functions and malfunctions
- Developer-funded events that bring together multiple proposals for residents to look at in the round rather than piecemeal and at short notice as at present.

The Deputy Leader responded:

i. Thanked the public speaker for all they did to share knowledge about local democracy / governance and the rich history of Cambridge.
ii. Agreed consultation with residents was important.
iii. Acknowledged the complex structure of local government in Cambridgeshire.
iv. Had attended a Cambridge BID board meeting that day, which had been looking at freight and deliveries coming into and out of Cambridge and also the Civic Quarter proposals. Had not thought that these issues would overlap however when the Board was discussing these issues a lot of interesting points were raised about both issues.
v. Wanted to highlight the work of Cambridge Council for Voluntary Service, who coordinated the online volunteering platform in the city; and who hosted events for charities.
vi. Referred to a report on the Council agenda regarding the future of Area Committees. Which aimed to re-centre resident engagement with the democratic process.
vii. It was important to hear what work would help to facilitate community dialogue. Some things were already taking place and could not commit to the actions suggested by the public speaker without considering funding, officer time and capacity etc.

Supplementary question:

i. Was one of the interviewees for the work being done looking at Area Committees. Commented that one of the issues with Area Committees was the inability to get decision makers responsible for commissioning GPs and dentists to meet and speak with residents about the shortages.
ii. Had filmed 6 different hustings across Cambridge and South Cambridgeshire for the general election and it was evident from the questions put forward by members of the public that there was a lack of

knowledge about how the city functions / malfunctions ie: Daniel Zeichner was asked why he had not sorted out potholes.

iii. Urged councillors to lobby the Mayor of the Combined Authority to ask what they could do to provide learning opportunities for democracy in civic education.

iv. Referred to motion 8e on the agenda and hoped that by 2050 there would be a new university swimming pool and a new large concert hall venue.

The Deputy Leader responded:

i. Was pleased to hear that the public speaker had been involved in the Area Committee review work.

ii. Referred to a consultation currently taking place regarding the future of Local Government, which was open until 3 September 2024. Project: Future of local government for Cambridge | Cambridge City Council

Question 6

Developers are describing the lakes adjacent to Snakey Path and Cherry Hinton Brook as ‘just amazing’ but proposals for their opening as an urban country park, as part of the Mission Street science centre planning application mean they will soon become very ordinary. The lakes are a designated City Wildlife Site, home to chalk grassland wildflowers, orchids and numerous birds. But the plans include lakeside paving, unregulated access throughout much of the area, and three new access points via the Tins, a pedestrian and cycle path currently beset by many problems. Somewhat naively, the developers consider that the annual hot weather anti-social behaviour will be managed by ‘passive surveillance’.   Would Councillors consider delaying decisions about this component of the application until adequate consultation has been held with local residents and environmental groups, workable solutions developed for public access and health and safety issues, and mechanisms found to safeguard the important biodiversity of the area?

The Executive Councillor for Planning, Building Control and Infrastructure responded:

i. The planning application included all three land components identified in Policy 16 of the Local Plan (including an Urban Country Park) and therefore any recommendation / decision to be made will be on the basis of compliance with the allocation.

ii. The Applicant had recently submitted a Framework Management Plan (FMP) for the park, and this could be viewed on the Council's website. Neighbour notification letters had recently been issued by officers drawing attention to the FMP (amongst other amendments) and comments are invited.
iii. The purpose of the FMP is to set out broadly how ecological and access enhancement to both Parcels B and C was to be achieved and managed; the financial management arrangements; and the governance and decision-making structures to ensure the overall propositions remain sustainable into the longer term.
iv. The future governance/decision making structures would accommodate opportunities for a wide variety of stakeholders (including local interest groups) to become involved in the future delivery of the urban country park.
v. Any decision to delay the application would need to be made by the Case Officer. When an application is considered by the Planning Committee deferment could be considered if more information was required.

Supplementary question:

i. Commented that their question didn't refer to the Finance and Management Plan (FMP) although residents were aware of it.
ii. Noted that the consultation which had been announced was running during the summer holidays and was open until 15 August. This was inappropriate as many residents wouldn't receive their notification about this until they returned from holiday.
iii. The FMP was based on the current proposals for the three parcels. Had concerns with parcels B and C. Did not think these were in line with the Local Plan.
iv. Parcels B and C represented an opportunity for new open space and areas for biodiversity protection. The current proposals would lead to a loss of biodiversity.
v. The City Wildlife Ecologist and other wildlife experts had pointed out the conflict between the proposals for recreation in parcel C and the closure of parcel B to recreation which was contrary to what was in the Local Plan. This was why a delay had been requested.

The Executive Councillor for Planning, Building Control and Infrastructure responded:

i. Would raise concerns regarding the consultation dates with officers.

ii. Suggested that comments on the planning application should be submitted through the Planning Portal.

24/61/CNL To consider the recommendations of the Executive for adoption

24/62/CNL Housing Revenue Account (HRA) Outturn Report 2023/24 (Executive Councillor for Housing)

Resolved (by 22 votes to 0 with 14 abstentions) to:

i. Approve carry forward requests of £12,507,000 in HRA and General Fund Housing capital budgets and associated resources from 2023/24 into 2024/25 and beyond to fund re-phased net capital spending, as detailed in Appendix D and the associated notes to the appendix in the officer’s report.
ii. Approve a revised capital financing structure for 2023/24, utilising £8 million of capital reserves set-aside for either debt redemption or re-investment, in place of borrowing and direct revenue financing of capital. This recognises the current high interest rates for borrowing and the need to maintain a prudent level of revenue reserves following the requirement to allow for payment of rent refunds arising from the rent regulation error.

24/63/CNL Annual Treasury Management Outturn Report 2023/24 (Executive Councillor for Finance and Resources)

Resolved (unanimously) to:

i. Approve the report, including Council’s actual Prudential and Treasury Indicators for 2023/24.

24/64/CNL 2023/24 General Fund Revenue and Capital Outturn, Carry Forwards and Significant Variances (Executive Councillor for Finance and Resources)

Resolved (by 21 votes to 0 with 14 abstentions) to:

i. Approve carry forward requests totalling £2,959,740 of revenue funding from 2023/24 to 2024/25, as detailed in Appendix C of the Officer’s report. These are carry forward requests in excess of £50k. Requests up to and including £50k which total £153,720 are approved via delegated authority to the Chief Financial Officer.

ii. Approve carry forward requests of £19,855,000 of capital resources from 2023/24 to 2024/25 to fund rephased net capital spending, as detailed in Appendix D of the Officer's report.

24/65/CNL To consider the recommendations of Committees for adoption

24/66/CNL Employment (Senior Officer) Committee - Potential Termination Costs of Chief Executive's Office & Corporate Group Design

Resolved (unanimously) to:

i. Approve termination costs over £100k arising from the Chief Executive's Office and Corporate Group Design due to contractual severance.

6b Civic Affairs Committee - Update on alternative options to Area Committees
Resolved (by 25 votes to 0 with 10 abstentions):

i. That Area Committees be paused for the remainder of the municipal year, 2024/25, while pilot work on alternatives continue and while more detailed proposals are developed for implementation from the start of the municipal year 2025/26.

24/67/CNL To deal with oral questions

Question 1
Councillor Porrer to Executive Councillor for Community Safety, Homelessness and Wellbeing.

Could the Executive Councillor please update council on how noisy and antisocial driving is being dealt with throughout the city?

The Executive Councillor for Community Safety, Homelessness and Wellbeing responded:

i. The Police continued to enforce against anti-social and nuisance driving in the city through 'Operation Staple'.
ii. Encouraged residents to report concerns to the Police. Report antisocial behaviour | Cambridgeshire Constabulary (cambs.police.uk).
iii. The Police coordinate 'Community Speedwatch', which enabled residents to let the Police know about areas where there were concerns

about speeding. [Community Speed Watch | Cambridgeshire Constabulary (cambs.police.uk)]
iv. Referred to the Vision Zero Partnership which was exploring future road safety days of action. [Road Safety Partnership (cprsp.co.uk)]

Question 2
Councillor Dryden to Executive Councillor for Climate Action and Environment.

How well are the bin collection rounds going following the implementation of the 4-day week trial?

The Executive Councillor for Climate Action and Environment responded:

i. The 4-day week waste trial continued to progress well. Operations crews had readily adjusted to the new arrangements.
ii. Waste rounds were being completed on time and recruitment and retention of staff was improving. Teams were familiar with their collection rounds and missed bin collection rates had fallen since the introduction of the 4-day week.
iii. The 4-day week trial was introduced at the same time that the new waste collection routes were introduced following the round optimisation project. Despite this major change across the city, successful collection rates for quarter 4 were 99.85%.
iv. A high-quality service was continuing to be provided for residents and there was a positive impact on waste crews for their health and wellbeing.

Question 3
Councillor Sheil to Executive Councillor for Community Safety, Homelessness and Wellbeing.

Could the Executive Councillor for Community Safety, Homelessness and Wellbeing update us on what is being done to support women experiencing homelessness in Cambridge?

The Executive Councillor for Community Safety, Homelessness and Wellbeing responded:

i. Grant funding was provided to a range of organisations including:
    a. the Cambridge Women's Resources Centre to fund a Support Worker who provided homelessness prevention advice to women.
    b. Cambridge Women's Aid to provide a specialist open access community support service for women affected by domestic abuse; and

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   c. the CHS Group funding their young parent project.

ii. The Council had achieved Domestic Alliance Accreditation meaning the Council had demonstrated compliance with good practice standards when responding to homelessness enquiries from women when they disclosed domestic abuse.
iii. Noted that female rough sleepers may have different needs to male rough sleepers. As part of the Council's Rough Sleepers Plan which had to be submitted to Central Government as part of funding arrangements, the Council specifically aimed to reduce the number of female rough sleepers. This had been challenging over the past year and the Council was putting in place measures to try and reduce the number of female rough sleepers.
iv. A census would be undertaken in the autumn with Change Grow Live Cambridge - Drug & Alcohol Service Cambridgeshire | Change Grow Live. It was hoped that the data obtained from the census would assist the Council in applying for further funding from Central Government.
v. The Council also worked with 'It Takes a City' and had part funded 'the Haven' which provided a safe space for women who were homeless or vulnerably housed.

Question 4
Councillor Todd-Jones to Leader of the Council.

Given the gravity of the previous government's proposals set out in the 'Case for Cambridge', how will the Leader be engaging in discussions on this with the new Labour government?

The Leader responded:

i. Discussions with the new Labour Government would start afresh.
ii. Post election, needed to reflect upon the important role the Combined Authority would have. Discussions had started between the Mayor and Deputy Mayor of the Combined Authority and how Central Government could be influenced regarding the 'Case for Cambridge'.
iii. Had met with Peter Freeman the day before, to discuss where Homes England fitted. Referred to announcements which had been made that day by Peter Freeman regarding Northstowe.
iv. Officers were working closely with Treasury Civil Servants and had met with them earlier in the week. Cambridge would remain a significant part of national regeneration taking into consideration its contribution to economic wealth across the country.

v. Growth wasn’t just about housing and included skills, jobs, transport, infrastructure and it was vital these points were made clear to the new Government.

Question 5
Councillor Flaubert to Executive Councillor for Housing.

Does the Exec Cllr believe that its letting policy and Home Link application system is fit for purpose?

The Executive Councillor for Housing responded:

i. Homelink is a partnership of six local authority areas with a Combined Lettings Policy and Choice-Based Letting System.
ii. The Lettings Policy is transparent about giving reasonable preference for the levels of housing need in line with legislation. They are delivered under bandings based on priorities. The bandings were agreed as part of the partnership and include four levels of housing need a) – d).
iii. There was also significant flexibility within the Policy to allow for discretion around priority in exceptional cases.
iv. The partnership regularly reviewed the Policy to ensure that it remained fit for purpose and considered any changes in legislation.
v. The Homelink application system remained fit for purpose; the cost of the system and its administration was shared across the partnership. Feedback from customers and partners remain positive and it provided transparency about how priorities are allocated.

Question 6
Councillor Divkovic to Executive Councillor for Housing.

Could the Executive Councillor for Housing give us an update on our tenant audits?

The Executive Councillor for Housing responded:

i. Tenancy audits had been conducted since April 2022.
ii. Up to the end of June 2024, 1485, visits had been undertaken which was 21% of the Council’s housing stock.
iii. Was looking at how the programme could be escalated so it did not take 10 years to complete.
iv. Issues identified from the tenancy audits included:
    a. 19% of tenants accepting assistance to move to more suitable accommodation for their needs.

b. 28% of tenants being provided with support and identifying domestic abuse at 64 visits, which enabled officers to offer support and advice and make safeguarding referrals.
c. Four properties had been identified as being abandoned.
d. Nine properties were identified as being sublet.
e. 60% of all audits undertaken had highlighted issues to do with property condition including unreported repairs in 33% of the audited properties.
f. 10% had unauthorised adaptations.
g. 7% had damp and mould.

Question 7
Councillor Bennett to Leader of the Council.
Please can the Leader explain what his plans are to improve the sustainability and quality of Cambridge tourism given the failure of the tourist tax vote?

The Deputy Leader responded:

i. Wanted to acknowledge all the work which had gone into drafting up the proposals for the accommodation bid (‘A Bid').
ii. Visit England had described it as a well-developed proposal, and it had support from some businesses the City Council and South Cambridgeshire District Council. It came as a surprise that the proposal would not be taken forward.
iii. The ‘A Bid’ funded by a visitor levy offered the opportunity for a step change in investment offering up to £9million investment over 5 years in Cambridge for Cambridge visitors economy.
iv. Acknowledged that it was never going to be the only solution.
v. Next steps would be discussed at the next Cambridge Bid Board meeting.
vi. The City Council would continue to work closely with Cambridge Bid and Visit Cambridge Partners (Kings College and Curating Cambridge) to improve the visitor experience, and create more value from tourism and improve sustainability.
vii. Would continue to develop the Destination Management Plan for Cambridge, which was being worked on with Visit Cambridge and South Cambridgeshire District Council.
viii. Discussions would take place with Visit England and the Combined Authority around establishing a local visitor economy partnership.

Question 8
Councillor Clough to Executive Councillor for Open Spaces and City Services.

While supportive in principle of the Voi trials there are a number of concerns about the parking arrangements for the bikes and scooters. In some places, such as the Grantchester St/Driftway junction they are blocking the footpath and are a hazard for pedestrians and cyclists.

They appeared without notice overnight so my questions is:
Who decided these designated drop/off and collect locations were suitable, why was there no consultation with local councillors and residents and what action will be taken to remove them urgently from dangerous locations?

The Executive Councillor for Planning, Building Control and Infrastructure responded:

i. Noted that most councillors had been contacted by residents and businesses about inconsiderately parked e-scooters / bikes.
ii. Found that Voi responded quickly when notified about concerns.
iii. Was happy to liaise with Senior Managers at Voi or suggested liaising with Councillor Anna Smith who could raise the issue at the Combined Authority.
iv. Residents had contacted her asking for e-scooters to be located closer to where they lived; these requests had been passed onto Voi who had responded positively.
v. Local Voi operatives identified places around the city which might be suitable for a number of e-scooters / bikes depending on how much space there was. The Voi City Success Manager for Cambridge regularly met with city and county council representatives to check the locations and how many e-scooters / bikes were proposed. Proximity to junctions/ accesses/ highway features was considered. Officers would refuse parking if it was likely to cause problems with sustainability. In some instances, officers suggested trialling a smaller number of e-scooters / bikes and monitoring feedback. Voi was usually quick to remove e-scooters / bikes when requested.
vi. Believed the location referred to a trial parking spot. Officers were aware of the issues and had asked for the parking spot to be removed completely.

A full list of oral questions including those not asked during the meeting can be found in the Information Pack, which is published on the meeting webpage. [Agenda for Council on Thursday, 18th July, 2024, 6.00 pm - Cambridge Council]

24/68/CNL To consider the following notices of motion, notice of which has been given by:

24/69/CNL Councillor Tong - Hope for private renters

Councillor Tong proposed and Councillor Bennett seconded the following motion:

Background to motion

It is now nearly 5 years since the last government made a commitment to reform the private rental market and protect people from “no fault” evictions.

These evictions were introduced by s21 Housing Act 1988. They have created a climate of fear for private renters, which can inhibit them from asking for much needed repairs.

After much delay a Renters (Reform) Bill 2024 was drafted which would have reduced the scope of “no fault” evictions, but was halted by the announcement of the July 4 2024 General Election.

Since the announcement of the proposed reform, rates of s21 “no fault” evictions have risen sharply, with 900 s21 “no fault” evictions per week recorded in the UK. The true figure is likely to be higher because not all these evictions are recorded.

Active Motion

This Council notes:

According to the 2021 Census, 31% of Cambridge households were in private rental accommodation. The welfare of these residents is of great importance to our city.

When residents are made homeless, there can also be an obligation placed on the council (“homelessness duty”) A rise in private tenants made homeless is likely to increase the strain on council resources.

Re-introduction of the Renters (Reform) Bill to Parliament (preferably with the 81 amendments tabled by the then opposition parties) would protect private renters from unfair treatment and improve their quality of life.

Any delay in re-introducing this bill or a similar one leaves tenants exposed to s21 eviction.

It is accordingly important that this bill (or a similar bill) is made law at the earliest possible date.

The Council therefore resolves to write to the Rt Hon Angela Rayner, copying in our local MPs asking her to bring forward a new renters reform bill at the earliest possible date.

(At the time of drafting this motion, the Council is unaware of whether such a proposal will be included in the King’s Speech on 17 July 2024 and shall adjust the letter accordingly.)

The Council also proposes to require its private rentals team to consider whether support for private tenants can be increased in the short term before any increase in legal protection and bring a report to the appropriate council committee on its proposals in Autumn 2024.

The Council wishes particularly to require officers to report on whether it would be practical to introduce a local version of the measures introduced by the Mayor of London, including online resources Rogue Landlord and Agent Checker, Property Licence Checker and Report a Rogue Landlord tool.

Useful Links (not part of active motion)

We have included some background papers that we found useful.

https://www.london.gov.uk/programmes-strategies/housing-and-land/improving-private-rented-sector/reforming-private-renting-london

https://commonslibrary.parliament.uk/research-briefings/cbp-10004/

https://www.london.gov.uk/programmes-strategies/housing-and-land/improving-private-rented-sector/advice-renters

We have also drawn upon the 2021 Census figures and the council’s own Housing Facts.

Councillor Holloway proposed and Councillor Bird seconded the following amendment to motion (deleted text ~~struck through~~ and additional text underlined):

Background to motion

It is now nearly 5 years since the last government made a commitment to reform the private rental market and protect people from “no fault” evictions.

These evictions were introduced by s21 Housing Act 1988. They have created a climate of fear for private renters, which can inhibit them from asking for much needed repairs.

After much delay a Renters (Reform) Bill 2024 was drafted which would have reduced the scope of “no fault” evictions, but was halted by the announcement of the July 4 2024 General Election.

Since the announcement of the proposed reform, rates of s21 “no fault” evictions have risen sharply, with 900 s21 “no fault” evictions per week recorded in the UK. The true figure is likely to be higher because not all these evictions are recorded.

Active Motion

This Council notes:

According to the 2021 Census, 31% of Cambridge households were in private rental accommodation. The welfare of these residents is of great importance to our city.

In October 2022, the Council passed a motion (https://democracy.cambridge.gov.uk/mgAi.aspx?ID=29659) resolving to, among other things, set up a private renters’ forum, to re-consider the need for a Selective Landlord Licensing Scheme, and to ensure that all HMOs in the city are inspected, improved if needed, and licensed. The Council is taking a proactive approach to private tenant engagement, with a presence in supermarkets and at events such as ARU Property Fair and the Big Lunch, as well as monthly drop-in sessions.

The Council has an HMO licensing scheme, and rogue landlords can be reported to the Council.

When residents are made homeless, there can also be an obligation placed on the council (“homelessness duty”). A rise in private tenants made homeless is likely to increase the strain on council resources.

Re-introduction of the Renters (Reform) Bill to Parliament ~~(preferably with the 81 amendments tabled by the then opposition parties)~~ or a similar bill would protect private renters from unfair treatment and improve their quality of life.

Any delay in re-introducing this bill or a similar one leaves tenants exposed to s21 eviction.

It is accordingly important that this bill (or a similar bill) is made law at the earliest possible date.

~~The Council therefore resolves to write to the Rt Hon Angela Rayner, copying in our local MPs asking her to bring forward a new renters reform bill at the earliest possible date.~~

The Labour Party's 2024 manifesto states: 'We will immediately abolish Section 21 'no fault' evictions, prevent private renters being exploited and discriminated against, empower them to challenge unreasonable rent increases, and take steps to decisively raise standards, including extending 'Awaab's Law' to the private sector.' (https://labour.org.uk/change/break-down-barriers-to-opportunity/)

This Council resolves:

To welcome the Labour Party's commitment to immediately abolishing Section 21 evictions and to introducing other measures to support private renters, including setting up a National Landlords Register.

To keep under review how the Council can use and work within the framework of any new national legislation to further support private renters.

~~(At the time of drafting this motion, the Council is unaware of whether such a proposal will be included in the King's Speech on 17 July 2024 and shall adjust the letter accordingly.)~~

~~The Council also proposes to require its private rentals team to consider whether support for private tenants can be increased in the short term before any increase in legal protection and bring a report to the appropriate council committee on its proposals in Autumn 2024.~~

~~The Council wishes particularly to require officers to report on whether it would be practical to introduce a local version of the measures introduced by~~

~~the Mayor of London, including online resources Rogue Landlord and Agent Checker, Property Licence Checker and Report a Rogue Landlord tool.~~

Useful Links (not part of active motion)

We have included some background papers that we found useful.

https://www.london.gov.uk/programmes-strategies/housing-and-land/improving-private-rented-sector/reforming-private-renting-london

https://commonslibrary.parliament.uk/research-briefings/cbp-10004/

https://www.london.gov.uk/programmes-strategies/housing-and-land/improving-private-rented-sector/advice-renters

We have also drawn upon the 2021 Census figures and the council's own Housing Facts.

The amendment was carried by 20 votes in favour to 5 against and 10 abstentions.

Resolved (unanimously) that:

Background to motion

It is now nearly 5 years since the last government made a commitment to reform the private rental market and protect people from "no fault" evictions.

These evictions were introduced by s21 Housing Act 1988. They have created a climate of fear for private renters, which can inhibit them from asking for much needed repairs.

After much delay a Renters (Reform) Bill 2024 was drafted which would have reduced the scope of "no fault" evictions, but was halted by the announcement of the July 4 2024 General Election.

Since the announcement of the proposed reform, rates of s21 "no fault" evictions have risen sharply, with 900 s21 "no fault" evictions per week recorded in the UK. The true figure is likely to be higher because not all these evictions are recorded.

Active Motion

This Council notes:

According to the 2021 Census, 31% of Cambridge households were in private rental accommodation. The welfare of these residents is of great importance to our city.

In October 2022, the Council passed a motion (https://democracy.cambridge.gov.uk/mgAi.aspx?ID=29659) resolving to, among other things, set up a private renters' forum, to re-consider the need for a Selective Landlord Licensing Scheme, and to ensure that all HMOs in the city are inspected, improved if needed, and licensed. The Council is taking a proactive approach to private tenant engagement, with a presence in supermarkets and at events such as ARU Property Fair and the Big Lunch, as well as monthly drop-in sessions.

The Council has an HMO licensing scheme, and rogue landlords can be reported to the Council.

When residents are made homeless, there can also be an obligation placed on the council ("homelessness duty"). A rise in private tenants made homeless is likely to increase the strain on council resources.

Re-introduction of the Renters (Reform) Bill to Parliament or a similar bill would protect private renters from unfair treatment and improve their quality of life.

Any delay in re-introducing this bill or a similar one leaves tenants exposed to s21 eviction.

It is accordingly important that this bill (or a similar bill) is made law at the earliest possible date.

The Labour Party's 2024 manifesto states: 'We will immediately abolish Section 21 'no fault' evictions, prevent private renters being exploited and discriminated against, empower them to challenge unreasonable rent increases, and take steps to decisively raise standards, including extending 'Awaab's Law' to the private sector.' (https://labour.org.uk/change/break-down-barriers-to-opportunity/)

This Council resolves:

To welcome the Labour Party's commitment to immediately abolishing Section 21 evictions and to introducing other measures to support private renters, including setting up a National Landlords Register.

To keep under review how the Council can use and work within the framework of any new national legislation to further support private renters.

Useful Links (not part of active motion)

We have included some background papers that we found useful.

https://www.london.gov.uk/programmes-strategies/housing-and-land/improving-private-rented-sector/reforming-private-renting-london

https://commonslibrary.parliament.uk/research-briefings/cbp-10004/

https://www.london.gov.uk/programmes-strategies/housing-and-land/improving-private-rented-sector/advice-renters

We have also drawn upon the 2021 Census figures and the council's own Housing Facts.

24/70/CNL Councillor Payne - Sewage Pollution in our water

Councillor Payne altered their motion under Council Procedure Rule 26.1 with the consent of Council. Councillor Hauk seconded the motion. The altered motion is detailed below, deleted text ~~struckthrough~~, additional text underlined.

Council notes the public outrage displayed in the general election about the pollution of rivers, waterways and beaches by sewage - an outrage which is shared locally in relation to the River Cam.

With the last government having been unwilling to take convincing measures to address this, council calls on the new government now to treat this as a priority for action, including introduction of criminal liability of water companies and suspension of executive bonuses for failure to meet performance targets.

Council requests the Chief Executive to write to the new Secretary of State for Environment, Food and Rural Affairs ~~seeking~~ welcoming the inclusion of legislation with this intent ~~to appear~~ in the very first King's Speech, and to both of Cambridge's MPs asking them to support this.

Councillor Thornburrow altered their amendment to motion under Council Procedure Rule 23.4, deleted text ~~struckthrough~~, additional text underlined. Councillor Griffin seconded the motion.

Council notes the public outrage displayed in the general election about the pollution of rivers, waterways and beaches by sewage – an outrage which is shared locally in relation to the River Cam.

~~With the last government having been unwilling to take convincing measures to address this, council calls on the new government now to treat this as a priority for action, including introduction of criminal liability of water companies and suspension of executive bonuses for failure to meet performance targets.~~

Council further notes that change has begun, as seen in the inclusion of the Water (Special Measures) Bill in the King's Speech, a bill which will

- ensure water bosses face personal criminal liability for lawbreaking.
- give the water regulator powers to ban the payment of bonuses when environmental standards are not met.
- introduce a 'code of conduct' for water companies, so customers can summon board members and hold executives to account.
- and require water companies to install real-time monitors at every sewage outlet with data independently scrutinised by the water regulators.

Council therefore requests the Chief Executive ~~to~~ write to the ~~new~~ Secretary of State for Environment, Food and Rural Affairs, Steven Reed, ~~seeking~~ welcoming the inclusion of legislation ~~to appear~~ in the very first King's Speech~~, and to both of Cambridge's MPs asking them to support this~~.

The amendment was carried by 20 votes in favour to 15 against.

Resolved (unanimously) that:

Council notes the public outrage displayed in the general election about the pollution of rivers, waterways and beaches by sewage – an outrage which is shared locally in relation to the River Cam.

Council further notes that change has begun, as seen in the inclusion of the Water (Special Measures) Bill in the King's Speech, a bill which will

- ensure water bosses face personal criminal liability for lawbreaking.
- give the water regulator powers to ban the payment of bonuses when environmental standards are not met.
- introduce a 'code of conduct' for water companies, so customers can summon board members and hold executives to account.
- and require water companies to install real-time monitors at every sewage outlet with data independently scrutinised by the water regulators.

Council therefore requests the Chief Executive write to the Secretary of State for Environment, Food and Rural Affairs, Steven Reed, welcoming the inclusion of legislation in the very first King's Speech.

24/71/CNL Councillor Lee - Our Voting System

Councillor Lee proposed and Councillor Young seconded the following motion:

The Council notes that the recent general election produced a new government with 100% of the power after winning two-thirds of the Parliamentary seats with only a third of the popular vote, when turnout was the lowest since 2001.

It considers that 'First Past The Post' is neither fair, inclusive, representative or popular and that it encourages voter disengagement, with surveys frequently showing that switching to a form of proportional representation is widely popular.

It calls on the Leader of the Council to write to the Prime Minister to express our dissatisfaction with the current electoral system, and our belief that a better system is both possible and desirable, and to ask him to set up a Citizens' Assembly to explore a system of voting fit for the Twenty-First century, encompassing national, local and mayoral elections.

It also calls on the Leader of the Council to write to the city's two members of Parliament calling for their support for this request.

Councillor Gilderdale proposed and Councillor Griffin seconded the following amendment to motion (deleted text ~~struck through~~ and additional text underlined):

The Council ~~notes that~~ welcomes the result of the recent general election which delivered a Labour Government for the first time since 2010. However, low turnout remains a persistent issue in national and local government elections with participation reducing again at the most recent City Council elections in May 2024. Political engagement is perceived to be particularly low among those aged under 30 and that the lack of engagement from young people is something which should be of concern for all political parties. ~~produced a new government with 100% of the power after winning two-thirds of the Parliamentary seats with only a third of the popular vote, when turnout was the lowest since 2001.~~

This Council believes that electoral reform can help to improve both engagement and tackle polarisation within our political system and will therefore:

- Ask the Chief Executive to write to the Government asking it to re-introduce proportional voting systems for the elections for Police and Crime Commissioners and Directly Elected Mayors during this parliament, at the same time expressing regret that the single transferrable voting system was removed from these elections in the first place.
- Ask the relevant Officers at the City Council to develop a plan, working with partners at the County Council (who passed a similar motion earlier in the year) to encourage greater understanding of the role of the different tiers of local government here in Cambridge, and in particular to bring forward proposals about how we can work to better engage with younger people in Cambridgeshire to increase participation in local elections.

~~It considers that 'First Past The Post' is neither fair, inclusive, representative or popular and that it encourages voter disengagement, with surveys frequently showing that switching to a form of proportional representation is widely popular.~~

~~It calls on the Leader of the Council to write to the Prime Minister to express our dissatisfaction with the current electoral system, and our belief that a better~~

~~system is both possible and desirable, and to ask him to set up a Citizens' Assembly to explore a system of voting fit for the Twenty-First century, encompassing national, local and mayoral elections.~~

~~It also calls on the Leader of the Council to write to the city's two members of Parliament calling for their support for this request.~~

The amendment was carried by 21 votes in favour to 14 against.

Resolved (unanimously) that:

The Council welcomes the result of the recent general election which delivered a Labour Government for the first time since 2010. However, low turnout remains a persistent issue in national and local government elections with participation reducing again at the most recent City Council elections in May 2024. Political engagement is perceived to be particularly low among those aged under 30 and that the lack of engagement from young people is something which should be of concern for all political parties.
This Council believes that electoral reform can help to improve both engagement and tackle polarisation within our political system and will therefore:

- Ask the Chief Executive to write to the Government asking it to re-introduce proportional voting systems for the elections for Police and Crime Commissioners and Directly Elected Mayors during this parliament, at the same time expressing regret that the single transferrable voting system was removed from these elections in the first place.
- Ask the relevant Officers at the City Council to develop a plan, working with partners at the County Council (who passed a similar motion earlier in the year) to encourage greater understanding of the role of the different tiers of local government here in Cambridge, and in particular to bring forward proposals about how we can work to better engage with younger people in Cambridgeshire to increase participation in local elections.

24/72/CNL Councillor Glasberg - Declaration of a Water Emergency

Councillor Glasberg proposed and Councillor Bennett seconded the following motion:

This Council notes with concern the rapidly accelerating water crisis that we are facing. Cambridge experienced severe drought in 2022 and 2023, while recently we have seen some of the wettest six months on record in the UK, which have caused flooding in many parts of the city and surrounding areas, damaged agriculture, roads and other public infrastructure, and affected the lives of numerous residents.

We now have by turns either too much or too little water, as well as distressingly high levels of pollution. When residents see local flooding, they may think that our water shortage is over. Unfortunately, drought and flooding go hand in hand as dry hard soil fails to absorb water. Valuable rain fails to reach our chalk streams and instead contributes to flooding.

In 2019, the City Council declared biodiversity and climate emergencies. This helped to raise public awareness of these critical issues and influenced planning and other decisions.

We need a water emergency declaration for the same reasons.

This council recognises that other agencies are charged with water management. However, we acknowledge the impact of our own actions and decisions on our local water issues. We acknowledge that without broad engagement and co-operation that the chances of any improvement in our water situation is very limited.

This may be the longest motion that Greens have ever submitted to this council. We make no apologies for this. The scale of the crisis and the extent of the water supply gap is such that we consider that no prudent or responsible person can justify leaving any stone unturned to improve the situation

This council:

- Asserts that our water issues go wider than the supply and sewage problems that are the responsibility of the local water companies
- Resolves to take steps to ensure the public are aware of the full extent of our water supply gap by monitoring and republishing the information prepared by Water Resources East, the Environment Agency and others as appropriate and providing full and clear information on the extent of the water gap.
- Pledges to encourage all organisational departments, partners and our communities, businesses and residents to address the water crisis within Cambridge and the wider region, and

- To take a full and active part in that work ourselves and employ our “soft power” fully

(1) Declare recognition of the water emergency and the local impact this could have on the residents, communities and businesses we serve;

(2) Help reduce over-abstraction by:

- Giving full weight in planning applications for large-scale developments to the evidence of the Environment Agency as statutory consultee on water issues
- Writing to the Rt Hon Angela Rayner to request the withdrawal or amendment of the 8 May 2024 WMS (“Written Ministerial Statement”) on the Cambridge Delivery Group to be replaced with a new WMS requiring greater priority to be given to water issues in considering any local planning applications
- Writing to the Rt Hon Angela Rayner to request that planning matters in Cambridge and South Cambridgeshire remain under the control of the local authorities
- Requiring the highest water efficiency standards for any new developments that are approved, including mandatory greywater collection and recycling;
- Undertaking a public information/education programme within the next year to encourage residents to use less water, using all communications mechanisms
- Continuing to engage with the water companies, alongside expert community groups, to accelerate solutions to over-abstraction, supporting those that are strategically planned, clearly costed and transparent, and compatible with commitments to reach net zero and halt biodiversity loss;
- Putting pressure on the water companies to take more concerted, urgent and innovative action to:
    - cap abstraction from the Chalk aquifer at today’s actual levels;
    - manage demand more effectively through actions such as the prompt declaration of hosepipe bans, the accelerated introduction of universal metering and proactive encouragement of water collection and recycling e.g. water butt installation;
    - rapidly increase efforts to repair leaks.

(3) Reduce pollution by

- supporting the public’s pressure on Anglian Water to invest urgently in updating its smaller, older sewage treatment works and to halt illegal dumping of sewage into rivers. All wastewater installations and infrastructure that discharges into chalk streams and rivers should be upgraded to this end.

(4) Mitigate flooding by:

- pushing for the prioritisation of nature-based solutions, including restoration of flood plain habitats and appropriate vegetation management to slow down surface run-off, reduce the risk of flash flooding and minimise pollution;
- promoting the concept of, and principles behind the ‘sponge’ city and region approach: i.e. the creation of places with multiple areas of greenery, trees, ponds, soakaways, pocket parks, rain gardens and permeable paving to allow water to drain away, and with measures to store rainwater and runoff (e.g. water butts).

BACKGROUND INFORMATION

The erratic weather patterns, generated by climate change, are well understood on paper by both the Cambridge Water Scarcity Group and the water companies. Cambridge Water, the water supply company for the city and parts of South Cambridgeshire, notes in its 2025-2030 business plan[1] that “*we are likely to see more extremes of weather, with 60% less rainfall in the summer and 30% more rainfall in the winter in our Cambridge region by the 2080s.*” In its draft Water Resource Management Plan, the company acknowledges clearly that, with current growth proposals and the need for licence caps on abstraction to protect the natural environment, the region will run into a water deficit by 2029/30.

Current plans for addressing this are wholly inadequate, and incompatible with the February 2024 government ‘guidance’ on water scarcity[2]. Plans for large-scale development will increase the burden, causing over-abstraction and pollution with negative impacts on the quality of life for residents and further threats to our chalk streams, trees and natural vegetation as the water table falls and becomes more polluted. Information provided by the City Council on the water crisis is minimal: hidden within its webpage on recycling[3]

References:

[1] https://www.south-staffs-water.co.uk/about-us/our-strategies-and-plans/business-plan-2025-2030

[2] https://www.gov.uk/government/publications/addressing-water-scarcity-in-greater-cambridge-update-on-government-measures/addressing-water-scarcity-in-greater-cambridge-update-on-government-measures

[3] https://www.cambridge.gov.uk/reduce-your-waste

[1] https://spiral.imperial.ac.uk/bitstream/10044/1/111577/7/Scientific%20Report%20UK%20Storms.pdf
[1] https://www.cambridge.gov.uk/biodiversity-emergency
[1] https://democracy.cambridge.gov.uk/mgAi.aspx?ID=21684
[1] https://www.south-staffs-water.co.uk/about-us/our-strategies-and-plans/business-plan-2025-2030
[1] https://www.gov.uk/government/publications/addressing-water-scarcity-in-greater-cambridge-update-on-government-measures/addressing-water-scarcity-in-greater-cambridge-update-on-government-measures
[1] https://www.cambridge.gov.uk/reduce-your-waste

Written statements - Written questions, answers and statements - UK Parliament

Councillor Thornburrow proposed and Councillor Porrer seconded the following amendment to motion (deleted text struck through and additional text underlined):

This Council notes with concern the rapidly accelerating water crisis that we are facing and it further notes that, following the declarations of a climate emergency and a biodiversity emergency in 2019, actions have been taken across the Council in relation to this issue, many in partnership with South Cambridgeshire District Council as part of our Shared Planning service, including:

- Responding to public questions with the Water Crisis Forum 2019
- An Integrated Water Management Study - the Stantec Report 2020
- The Greater Cambridge Chalk Streams Report 2020
- A Strategic Flood Risk Assessment 2021
- The Council Rivers, Safe Swimming and Sewage Motion 2022
- The Council Stop Dumping Sewage in our River and Chalk Streams Motion 2023
- A Water awareness campaign in 2022
- A Biodiversity Strategy 2022 – 2030
- Appointment of Chalk Stream Officer 2023
- A Designated Bathing Water area of the Cam 2024

And work to ensure that our emerging shared local plan has the highest proposed standards of water sustainability measures, including drainage, grey and rain water reuse.

Council resolves to continue to provide support for the ongoing work of the Water Scarcity Group in both its focus on new supply side measures to ensure timely progress with new pipelines and reservoirs for new sustainable developments, and also to ensure that future measures for water credits, grey and rain water recycling and retrofitting linked to new and existing developments in and around the Greater Cambridge area are robust and evidenced.

Council also resolves to hold Cambridge Water and Anglian Water to their commitment to a public information/education programme that will help residents and businesses use less water.

Council believes that, within the powers available to us, we are responding to the water emergency that faces us, working to ensure the sustainable development of thriving communities in Cambridge.

Council therefore resolves to continue to do so, confident that the newly elected Labour government will provide legislative, practical and financial support for local authorities as we deal with these pressing issues.

~~Cambridge experienced severe drought in 2022 and 2023, while recently we have seen some of the wettest six months on record in the UK, which have caused flooding in many parts of the city and surrounding areas, damaged agriculture, roads and other public infrastructure, and affected the lives of numerous residents.~~

~~We now have by turns either too much or too little water, as well as distressingly high levels of pollution. When residents see local flooding, they may think that our water shortage is over. Unfortunately, drought and flooding go hand in hand as dry hard soil fails to absorb water. Valuable rain fails to reach our chalk streams and instead contributes to flooding.~~

~~In 2019, the City Council declared biodiversity and climate emergencies. This helped to raise public awareness of these critical issues and influenced planning and other decisions.~~

~~We need a water emergency declaration for the same reasons.~~

~~This council recognises that other agencies are charged with water management. However, we acknowledge the impact of our own actions and decisions on our local water issues. We acknowledge that without broad engagement and co-operation that the chances of any improvement in our water situation is very limited.~~

~~This may be the longest motion that Greens have ever submitted to this council. We make no apologies for this. The scale of the crisis and the extent of the water supply gap is such that we consider that no prudent or responsible person can justify leaving any stone unturned to improve the situation~~

~~This council:~~

- ~~Asserts that our water issues go wider than the supply and sewage problems that are the responsibility of the local water companies~~
- ~~Resolves to take steps to ensure the public are aware of the full extent of our water supply gap by monitoring and republishing the information prepared by Water Resources East, the Environment Agency and others as appropriate and providing full and clear information on the extent of the water gap.~~
- ~~Pledges to encourage all organisational departments, partners and our communities, businesses and residents to address the water crisis within Cambridge and the wider region, and~~
- ~~To take a full and active part in that work ourselves and employ our "soft power" fully~~

~~(1) Declare recognition of the water emergency and the local impact this could have on the residents, communities and businesses we serve;~~

~~(2) Help reduce over-abstraction by:~~

- ~~Giving full weight in planning applications for large-scale developments to the evidence of the Environment Agency as statutory consultee on water issues~~
- ~~Writing to the Rt Hon Angela Rayner to request the withdrawal or amendment of the 8 May 2024 WMS ("Written Ministerial Statement") on~~

~~the Cambridge Delivery Group to be replaced with a new WMS requiring greater priority to be given to water issues in considering any local planning applications~~

- ~~Writing to the Rt Hon Angela Rayner to request that planning matters in Cambridge and South Cambridgeshire remain under the control of the local authorities~~
- ~~Requiring the highest water efficiency standards for any new developments that are approved, including mandatory greywater collection and recycling;~~
- ~~Undertaking a public information/education programme within the next year to encourage residents to use less water, using all communications mechanisms~~
- ~~Continuing to engage with the water companies, alongside expert community groups, to accelerate solutions to over-abstraction, supporting those that are strategically planned, clearly costed and transparent, and compatible with commitments to reach net zero and halt biodiversity loss;~~
- ~~Putting pressure on the water companies to take more concerted, urgent and innovative action to:~~
    - ~~cap abstraction from the Chalk aquifer at today's actual levels;~~
    - ~~manage demand more effectively through actions such as the prompt declaration of hosepipe bans, the accelerated introduction of universal metering and proactive encouragement of water collection and recycling e.g. water butt installation;~~
    - ~~rapidly increase efforts to repair leaks.~~

~~(3) Reduce pollution by:~~

- ~~supporting the public's pressure on Anglian Water to invest urgently in updating its smaller, older sewage treatment works and to halt illegal dumping of sewage into rivers. All wastewater installations and infrastructure that discharges into chalk streams and rivers should be upgraded to this end.~~

~~(4) Mitigate flooding by:~~

- ~~pushing for the prioritisation of nature-based solutions, including restoration of flood plain habitats and appropriate vegetation management to slow down surface run-off, reduce the risk of flash flooding and minimise pollution;~~
- ~~promoting the concept of, and principles behind the 'sponge' city and region approach: i.e. the creation of places with multiple areas of greenery, trees, ponds, soakaways, pocket parks, rain gardens and permeable paving to allow water to drain away, and with measures to store rainwater and runoff (e.g. water butts).~~

~~BACKGROUND INFORMATION~~

~~The erratic weather patterns, generated by climate change, are well understood on paper by both the Cambridge Water Scarcity Group and the water companies. Cambridge Water, the water supply company for the city and parts of South Cambridgeshire, notes in its 2025-2030 business plan[1] that "*we are likely to see more extremes of weather, with 60% less rainfall in the summer and 30% more rainfall in the winter in our Cambridge region by the 2080s.*" In its draft Water Resource Management Plan, the company acknowledges clearly that, with current growth proposals and the need for licence caps on abstraction to protect the natural environment, the region will run into a water deficit by 2029/30.~~

~~Current plans for addressing this are wholly inadequate, and incompatible with the February 2024 government 'guidance' on water scarcity[2]. Plans for large-scale development will increase the burden, causing over-abstraction and pollution with negative impacts on the quality of life for residents and further threats to our chalk streams, trees and natural vegetation as the water table falls and becomes more polluted. Information provided by the City Council on the water crisis is minimal: hidden within its webpage on recycling[3]~~

~~**References:**~~

~~[1] https://spiral.imperial.ac.uk/bitstream/10044/1/111577/7/Scientific%20Report%20UK%20Storms.pdf~~
~~[1] https://www.cambridge.gov.uk/biodiversity-emergency~~
~~[1] https://democracy.cambridge.gov.uk/mgAi.aspx?ID=21684~~
~~[1] https://www.south-staffs-water.co.uk/about-us/our-strategies-and-plans/business-plan-2025-2030~~
~~[1] https://www.gov.uk/government/publications/addressing-water-scarcity-in-greater-cambridge-update-on-government-measures/addressing-water-scarcity-in-greater-cambridge-update-on-government-measures~~
~~[1] https://www.cambridge.gov.uk/reduce-your-waste~~

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~~[2] https://www.gov.uk/government/publications/addressing-water-scarcity-in-greater-cambridge-update-on-government-measures/addressing-water-scarcity-in-greater-cambridge-update-on-government-measures~~
~~[3] https://www.cambridge.gov.uk/reduce-your-waste~~

The amendment was carried by 30 votes in favour to 4 against.

Resolved (by 30 votes in favour to 0 against with 4 abstentions) that:

This Council notes with concern the rapidly accelerating water crisis that we are facing and it further notes that, following the declarations of a climate emergency and a biodiversity emergency in 2019, actions have been taken across the Council in relation to this issue, many in partnership with South Cambridgeshire District Council as part of our Shared Planning service, including:

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- An Integrated Water Management Study - the Stantec Report 2020
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- A Water awareness campaign in 2022
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- Appointment of Chalk Stream Officer 2023
- A Designated Bathing Water area of the Cam 2024

And work to ensure that our emerging shared local plan has the highest proposed standards of water sustainability measures, including drainage, grey and rain water reuse.

Council resolves to continue to provide support for the ongoing work of the Water Scarcity Group in both its focus on new supply side measures to ensure timely progress with new pipelines and reservoirs for new sustainable developments, and also to ensure that future measures for water credits, grey and rain water recycling and retrofitting linked to new and existing developments in and around the Greater Cambridge area are robust and evidenced.

Council also resolves to hold Cambridge Water and Anglian Water to their commitment to a public information/education programme that will help residents and businesses use less water.

Council believes that, within the powers available to us, we are responding to the water emergency that faces us, working to ensure the sustainable development of thriving communities in Cambridge.

Council therefore resolves to continue to do so, confident that the newly elected Labour government will provide legislative, practical and financial support for local authorities as we deal with these pressing issues.

24/73/CNL Councillor Davey - Cambridge: Our Vision

Councillor Gilderdale proposed and Councillor Moore seconded the following motion:

Council notes:

- Cambridge is a vitally important city both to the region and to the country’s regeneration. There has always been government interest and investment in the Cambridge area, from Harold Wilson to Gordon Brown and more recently former Secretary of State Michael Gove’s 2050 proposals.
- The City Council has and will continue to play an essential role in the running of the city, providing important democratic governance and local decision making.
- With renewed interest in the city, including from the new Labour government, it is important that the Council establishes its own vision for Cambridge’s future, one which is led by residents, workers and businesses here.
- The Council’s current vision was written and adopted in 2014/15, following Labour taking over control of the Council. Since then, the city has seen significant change, as it has continued to grow rapidly, and become more diverse.

- Cambridge and the council have lived through Brexit, Covid, cost of living crises and the impacts of conflict around the world.
- This vision has been informed by conversations with residents about what matters most to them now and in the future; by councillors in their roles as community champions; and by our staff and partners. This includes the 'Rich Picture', 'State of the City' and the 'Cambridge Conversations' led by Executive Councillors.
- The vision is high-level and accessible. Many council strategies, delivery plans and targets fall out of the vision and will be further developed and refined, ideally with partners and communities, to help shape a new corporate plan from 2025-2030.

Council believes:

- This vision reflects the values, aspirations and needs of our local communities based on these conversations and ongoing collaborations.
- This vision will help the council in conversations about the future of Cambridge. It will enable us to represent the views of our citizens and to assert the city's future needs in discussions we have with our partners and our recently elected Labour government.

Council resolves:

- To adopt the Vision statement which positions the Council as a place maker, convenor and community facilitator as well as playing a core role in providing public services.
- To promote our vision and ambition for the future of Cambridge, building on our vision for One Cambridge, Fair for All, to underpin and direct the work of the council and our partnerships including the emerging Local Plan and Cambridge 2050.

Cambridge: Our Vision

One Cambridge, Fair for All

Where:

- **Residents enjoy a high quality of life and exemplar public services.** Cambridge is a place of high employment where everyone has a warm, safe, and affordable home, and beautiful open spaces to enjoy. Communities are thriving and empowered, supported by well-run public services, and drawing on shared prosperity with greater equality in health and educational outcomes.

- **Decarbonisation and sustainability are central to prosperity.** Cambridge is a net zero carbon city, where people and nature enjoy a clean river, clean air, and biodiverse green spaces. Strong nature networks are coordinated between relevant bodies to combat the impacts of social and climate injustice.

- **Innovation benefits people and planet.** Cambridge champions pioneering discoveries which shape a better future for people and planet. There is a lifelong citywide commitment to learning which enables every resident to develop their skills and fulfil their potential. Businesses are key to the success of a thriving local economy which benefits residents and workers.

- **Development is sustainable and inclusive.** High-quality social housing, sustainable public transport alongside key infrastructure is prioritised to ensure Cambridge is a vibrant and caring city. Cambridge's beautiful architecture and public realm, with well-used community spaces, promote pride and wellbeing and is accessible to all.

- **Arts, sports, and culture are thriving.** Cambridge celebrates the city's diversity through a vibrant arts and cultural scene, including music, festivals, sports, and food and drink. Accessible arts, sports and culture provide spaces for people of all ages to come together to enjoy the city, both during the day and at night.

- **Democratic accountability is genuine and accessible.** Residents actively participate in democratic life and transparent decisions are made by and for the people of Cambridge. There is genuine partnership between academic, business, and civic communities to enhance residents' prosperity. Local control, devolution, and community empowerment are championed through transparent and simplified local government.

Resolved (by 19 votes in favour to 0 against with 15 abstentions) to support the motion.

8f Councillor A.Smith - TUC Volunteer Charter: Strengthening Relations Between Paid Staff and Volunteers

Councillor A.Smith proposed and Councillor Nestor seconded the following motion:

This Council Notes:
1. The key role volunteering plays both locally and nationally.[4]
2. Our gratitude to the many thousands of volunteers that do so much to enhance our city and, particularly, to support the most vulnerable. Our equal gratitude to our staff, who work so tirelessly for our council and our city.
3. The impact that the economic downturn and the cost-of-living crisis have had on our paid and voluntary sectors[5].
4. The importance of sound core principles in enhancing relations between paid staff and volunteers.
5. That volunteering helps build social capital and community cohesion and plays an important role in the delivery of key public services. But that volunteers should not be a substitute for paid staff.

This Council Resolves to:
1. Affirm and adopt the TUC Volunteer charter principles as set out below.
2. Use these principles as a guide to review our more detailed policies and procedures, which reflect our local needs and circumstances. To do this in discussion with local union representatives and volunteering managers.
3. Encourage partner organisations to do the same, to make sure paid staff are protected and volunteers supported.

TUC Volunteer Charter[6]
Preamble

This Charter sets out the key principles on which volunteering is organised and how good relations between paid staff and volunteers are built. It has been

[4] According to Support Cambridgeshire's 2023 State of the Sector Survey, approximately 2,100 charities operate in Cambridgeshire. These charities employ an estimated 5,300 people, with over 30,000 volunteers and nearly 11,000 trustees recorded with the Charity Commission. This does not include the many more people who give of their time through mutual aid.
[5] Support Cambridge's 2023 State of the Sector Survey highlighted issues in the local voluntary sector. Increasingly, the voluntary sector is struggling to both recruit volunteers, trustees and staff. Lack of funding was the biggest issue raised.
[6] Source, https://www.tuc.org.uk/research-analysis/reports/charter-strengthening-relations-between-paid-staff-and-volunteers (2009)

developed jointly by Volunteering England (VE) and the Trades Union Congress (TUC) and has been endorsed by the wider volunteering and trade union movements.
Its starting point is that volunteering plays an essential role in the economic and social fabric of the UK. It is estimated that some 22 million people volunteer each year, contributing around £23 billion to the economy. Volunteering helps build social capital and community cohesion and plays an important role in the delivery of key public services. Volunteering is also good for the volunteer: it helps improve health and wellbeing and provides opportunities for individuals to acquire skills and knowledge that can enhance career development or employment prospects.

This Charter demonstrates the value and importance that both organisations place on voluntary activity and the time, skills and commitment given by volunteers.

This Charter recognises that voluntary action and trade unionism share common values. Both are founded on the principles of mutuality and reciprocity, leading to positive changes in the workplace and community. The trade union movement itself is built on the involvement and engagement of volunteers.

Volunteering England and the TUC acknowledge that on the whole, relations between paid staff and volunteers are harmonious and mutually rewarding. They can, however, be enhanced by good procedures, clarity of respective roles, mutual trust and support. This Charter sets out the key principles to help underpin good relations in the workplace.

These principles should be used as a guide by individual organisations to develop more detailed policies and procedures, which reflect local needs and circumstances. This should be done, wherever possible, between local union representatives, employers and volunteering managers.

Paid work is any activity that is undertaken at the direction of an employer and is financially compensable.
Volunteering is freely undertaken and not for financial gain; it involves the commitment of time and energy for the benefit of society and the community.

Charter Principles

1. All volunteering is undertaken by choice, and all individuals should have their right to volunteer, or indeed not to volunteer;

2. While volunteers should not normally receive or expect financial rewards for their activities, they should receive reasonable out of pocket expenses;
3. The involvement of volunteers should complement and supplement the work of paid staff, and should not be used to displace paid staff or undercut their pay and conditions of service;
4. The added value of volunteers should be highlighted as part of commissioning or grantmaking process but their involvement should not be used to reduce contract costs;
5. Effective structures should be put in place to support and develop volunteers and the activities they undertake, and these should be fully considered and costed when services are planned and developed;
6. Volunteers and paid staff should be provided with opportunities to contribute to the development of volunteering policies and procedures;
7. Volunteers, like paid staff, should be able to carry out their duties in safe, secure and healthy environments that are free from harassment, intimidation, bullying, violence and discrimination;
8. All paid workers and volunteers should have access to appropriate training and development;
9. There should be recognised machinery for the resolution of any problems between organisations and volunteers or between paid staff and volunteers;
10. In the interests of harmonious relations between volunteers and paid staff, volunteers should not be used to undertake the work of paid staff during industrial disputes.

This Charter stands between Volunteering England and the TUC as a statement of principles and good practice. It is also a model for use by individual unions, volunteer involving organisations in the public, third and private sectors and other bodies in discussions around the use of volunteers.

Resolved (by 23 votes in favour to 0 against with 10 abstentions) to support the motion.

24/74/CNL Written questions

The Mayor advised that no written questions had been received.

24/75/CNL To Note Record of Urgent Officer Decision

10a Appointment of Councillor representatives to the Conservators of the River Cam.

The decision was noted.

24/76/CNL Notification of Appointment of S.151 Officer

The appointment of Jody Etherington as the Council's Section 151 Officer was noted.

The meeting ended at 11.55 pm

CHAIR

HOUSING SCRUTINY COMMITTEE
17 SEPTEMBER 2024
5.30 – 8.46pm

Present:
Councillors Griffin (Chair), Baigent, Gawthrope Wood, Lee, Martinelli, Swift, Robertson, Tong

Tenant/Leaseholder Representatives: Diana Minns (Vice Chair), Diane Best, Harmony Birch, Mandy Powell-Hardy,

Executive Councillor for Housing: Councillor Bird

Also present virtually via Teams: Executive Councillor for Community Safety, Homelessness and Wellbeing: Councillor Holloway

RECOMMENDATION TO COUNCIL (EXECUTIVE COUNCILLOR FOR HOUSING COUNCILLOR BIRD) - HOUSING REVENUE ACCOUNT (HRA) MEDIUM TERM FINANCIAL STRATEGY

The Housing Revenue Account (HRA) Medium Term Financial Strategy, now considered in November of each year, is one of two long-term strategic financial planning documents produced each year for housing landlord services provided by Cambridge City Council.

The 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 national and local economic factors and amendments to service delivery methods, allowing incorporation into budgets and financial forecasts at the earliest opportunity.

The Housing Scrutiny Committee considered and approved by 5 votes to 0 against with 3 abstentions the recommendations.

Accordingly, Council is recommended to:

i. Approve proposals for changes in existing housing capital budgets, as introduced in Section 9 and detailed in Appendix F of the document, with the resulting position summarised in Appendix H.
ii. Approve proposals for new 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.

iii. Approve the revised funding mix for the delivery of the Housing Capital Programme, recognising the latest assumptions for the use of Grant, Right to Buy Receipts, HRA Resources, Major Repairs Allowance and HRA borrowing, as summarised in Appendix H.

HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL STRATEGY 2024/25

To:
Councillor Gerri Bird, Executive Councillor for Housing

Housing Scrutiny Committee September 2024

Report by:
Julia Hovells, Head of Finance and Business Manager

Tel: 01223 - 457248

Email: julia.hovells@cambridge.gov.uk

Wards affected:
All wards with council garages or parking spaces

Director Approval: The Chief Finance Officer, Jody Etherington confirms that the report author has sought the advice of all appropriate colleagues and given due regard to that advice; that the equalities impacts, and other implications of the recommended decisions have been assessed and accurately presented in the report; and that they are content for the report to be put to the Executive Councillor for decision.

1.	**Recommendations**
1.1	**Recommendations to be considered under Part 1 of the Housing Scrutiny Committee Agenda:** It is recommended that the Executive Councillor for Housing: 1. Approve the Housing Revenue Account Medium Term Financial Strategy attached, to include all proposals for changes in: • Financial assumptions as detailed in Appendix C of the document. • 2024/25 and future year revenue budgets, resulting from changes in financial assumptions and the financial consequences of changes in these

	and the need to respond to unavoidable pressures and meet new service demands, as introduced in Section 8, detailed in Appendix E and summarised in Appendix G of the document. 2. Approve that delegated authority be given to the Director of Communities and Assistant Director of Development to be in a position to confirm that the authority can renew its investment partner status with Homes England. **Recommendations to be considered under Part 2 of the Housing Scrutiny Committee Agenda:** It is recommended that the Executive Councillor for Housing: 3. Approve proposals for changes in existing housing capital budgets, as introduced in Section 9 and detailed in Appendix F of the document, with the resulting position summarised in Appendix H, for decision at Council on 10 October 2024. 4. Approve proposals for new 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 10 October 2024. 5. Approve the revised funding mix for the delivery of the Housing Capital Programme, recognising the latest assumptions for the use of Grant, Right to Buy Receipts, HRA Resources, Major Repairs Allowance and HRA borrowing, as summarised in Appendix H.
2.	**Purpose and reason for the report**
2.1	The Housing Revenue Account (HRA) Medium Term Financial Strategy is one of two long-term strategic financial planning documents produced each year for the housing landlord services provided by Cambridge City Council.
2.2	The 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 national and local economic factors and amendments to service delivery

	methods, allowing incorporation into budgets and financial forecasts at the earliest opportunity.
3.	**Alternative options considered**
3.1	The HRA Medium Term Financial Strategy is constructed taking account of a number of forecasts in external factors, with data provided through a number of specialist sources. The report contains a Sensitivity Analysis Appendix, where a number of alternative assumptions are made in order to show the impact on the financial forecasts and resulting business plan.
3.2	Alternative options for funding the delivery of new homes were explored as part of the preparation of this report, with the resulting proposals made taking account of the need to balance financial risk with a desire to maximise the delivery of additional homes.
4.	**Background and key issues**
4.1	The Housing Revenue Account budget was set for 2024/25 as part of 2024/25 HRA Budget Setting Report, approving a net contribution to reserves in the year of £654,150.
4.2	This figure was amended to reflect approvals to carry forward £562,600 of expenditure originally anticipated to be incurred in 2023/24 into 2024/25 as part of the closedown process for 2023/24. Following these changes, a revised sum of £91,550 was anticipated to be contributed to reserves for the year.
4.3	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 2024/25 and beyond.
4.4	The resulting financial impact for the Housing Revenue Account is explained and summarised in the attached document and appendices.
4.5	The rent increase for 2025/26 is currently assumed to be 2.8%. This has been included in the absence of the Rent Standard from April 2025, which is yet to be published, and in the knowledge that a new government may take a different view to setting rents for this sector. 2.8% is arrived at assuming a level of CPI in September 2024 of 2.3% as forecast by the Bank of England, with a 0.5% increase above this, as was assumed when the Budget Setting Report was approved in January 2024. Many costs are increasing at a higher rate than this and there is a need to invest significant sums in energy improvement works, and so any ability to increase rents above this level will need to be considered.

	Recent press announcements have indicated that the government may allow rents to be increased by CPI plus 1% for a ten year period, but as no formal announcement has been made, this assumptions has not been incorporated at this stage. The final decision on the level of rent increase will be taken in January 2025 and will need to take account of the impact for both tenants and the delivery of services.
4.6	An assumption is incorporated into the HRA Medium Term Financial Strategy that the authority introduces the allowable 5% flexibility (10% for supported and sheltered housing) from April 2025. This would only apply to new tenancies and would not impact existing tenants whilst they remain in their current tenancy. At re-let a home would be charged at 5% (or 10% for supported and sheltered housing) above the formula rent for the dwelling. This proposal will be consulted upon prior to any implementation from April 2025.
4.7	As part of the HRA Medium Term Financial Strategy, the assumptions in respect of the delivery of the 10 Year New Homes Programme have been updated, taking account of a new portfolio approach to new build delivery, which is the subject of a separate report in this committee cycle. This approach allows affordable housing targets to be exceeded across the city as a whole through delivery of a mix of tenures, whilst reducing costs to the HRA. Reflecting the risks associated with borrowing significant sums during a period of financial uncertainty, and whilst rates remain stubbornly high, an assumption is made that the authority would require a significant increase in the level of grant funding to make delivery of the programme financially viable.
4.8	To be in a position to be able to bid currently for any funding 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.
4.9	As part of this covering report for the HRA Medium Term Financial Strategy, this is confirmed, and delegated authority is requested to allow the Director of Communities and the Assistant Director of Development to continue to make this annual confirmation.
5.	**Corporate plan**
5.1	Corporate plan 2022-27: our priorities for Cambridge - Cambridge City Council

	The changes proposed in this report support the key priorities to: • tackle poverty and inequality, helping people in the greatest need • build a new generation of council and affordable homes and reduce homelessness.
6.	**Consultation, engagement and communication**
6.1	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.
7.	**Anticipated outcomes, benefits or impact**
7.1	Reviewing and updating the assumptions made as part of the HRA Business and taking stock of any unavoidable pressures twice each year, as part of the Medium Term Financial Strategy and the Budget Setting Report ensures that the authority can respond quickly to any financial challenges and mitigate the impact on the delivery of key services to both existing and future tenants.
8.	**Implications**
8.1	**Relevant risks**
	A full risk analysis is provided at Appendix A to the HRA Medium Term Financial Strategy. There are risks that the assumptions made as part of the construction of the HRA Business Plan do not materialise as anticipated, and for this reason a number of sensitivities are modelled, which are provided in Appendix D of the HRA Medium Term Financial Strategy.
	Financial Implications
8.2	The financial implications associated with the HRA Medium Term Financial Strategy are incorporated as part of the document itself and the associated appendices.

	Legal Implications
8.3	There are no specific legal implications arising from this report.
	Equalities and socio-economic Implications
8.4	An Equalities Impact Assessment has been prepared as part of this report and will be available on the Council's website. The key impact identified in the EqIA for the HRA Medium Term Financial Strategy is the higher rents that would be applicable for new council tenants from April 2025. Homes would still be let at less than 50% of market rent and the rent would be fully eligible for Houng Benefit tor Universal Credit, to ensure that those on low incomes have the impact mitigated.
	Climate Change and Environmental implications
8.5	There are no adverse environmental implications anticipated as a result of changes proposed in this report.
	Procurement Implications
8.6	Any procurement implications arising from the recommendations for additional investment in this report will be addressed by the relevant service.
	Community Safety Implications
8.7	There are no direct community safety implications associated with the HRA Medium Term Financial Strategy.
	Staffing Implications
8.8	The HRA Medium Term Financial Strategy incorporates proposals that would result in the recruitment of additional staff. All these posts will be advertised in line with the

	Council's recruitment policies and will not adversely impact any existing employees.
9.	**Background documents** Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985:
9.1	(a) Housing Revenue Account Medium Term Financial Strategy (November 2023) (b) Housing Revenue Account Budget Setting Report (February 2024)
10.	**Appendices**
10.1	Appendix A - Housing Revenue Account Business Plan and Medium Term Financial Strategy 2024/25
	To inspect the background papers or if you have a query on the report please contact Julia Hovells, Head of Finance and Business Manager Telephone: 01223 – 457248 or email: julia.hovells@cambridge.gov.uk.

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HSC Final

Housing Revenue Account Business Plan and Medium Term Financial Strategy 2024/25

CAMBRIDGE CITY COUNCIL

September 2024

2024/25 to 2053/54

Cambridge City Council

Contents

Appendices

Section 1
Background and Executive Summary

Executive Summary

The Housing Revenue Account (HRA) 30-Year Self-Financing Business Plan, originally approved in February 2012, is reviewed twice each year, incorporating both the Housing Revenue Account Medium Term Financial Strategy and Budget Setting Reports within these updates.

The report considers any required change in financial strategy or policy for the business, following review of key assumptions and consideration of any material internal or external changes, to ensure long-term financially viability for the Housing Revenue Account. Both revenue and capital investment are reviewed, with the impact of any proposed changes clearly identified. A review of strategic risks facing the HRA is presented at **Appendix A**, with uncertainties facing the business detailed at **Appendix B.**

The HRA Medium Term Financial Strategy reviews and re-states the budget for the current year, 2024/25, 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 2025/26 to 2033/34, in the context of the 30-year plan.

This iteration of the Business Plan is constructed recognising the following key points:

- The authority has ambitions to provide significant levels of net new social and affordable housing over the next 10 years, recognising that Cambridge is a fast-growing city of economic importance to the UK, where the Council has already successfully delivered more units than other local authority providers.

- In the current economic climate of continued high interest rates and increased build costs, the Council alone is unable to finance this level of housing development in a financially sustainable way.
- To address this, the authority has developed a potential new portfolio approach to the delivery of new homes which will allow affordable housing targets to be exceeded across the city as a whole, whilst reducing the cost of development to the HRA.
- In order to deliver this ambitious programme the authority will require government grant funding in the region of £208.5 million.
- If unsuccessful in securing this level of grant, the programme will need to be revisited. In practice, this is likely to mean a significant reduction in the scale and / or pace of development, reduced build standards, and sustainability ambitions.

To deliver new homes, significant additional borrowing is required, which brings with it financial risks whilst interest rates remain high, both in terms of the initial rate that may be secured and the rates that may be available when loans require re-financing. It is unlikely that rates will revert to the all-time low borrowing rates experienced over the last decade or so.

The recent change in government introduces more uncertainty initially, with a review of many national policies anticipated. Although inflation has slowed, borrowing rates are still extremely high, and have not yet shown any real signs of reducing as was anticipated when the 2024/25 budget was approved. The recent change in government means that we are not clear which current housing related policies will remain as they are, and which may be revised or potentially replaced with completely new statutory requirements or guidelines.

To allow the delivery of new homes already approved, it is necessary for the HRA to borrow significant resource over the next few years, which brings with it significant risk in the current economic climate. It is critical that any borrowing can be fully supported and that it doesn't detriment the financial stability of the longer-term HRA Business Plan, with the inherent risks surrounding re-financing of the debt fully understood and mitigated where possible. Being able to invest in new homes is made considerably more challenging due to continued increases in development costs, borrowing costs remaining stubbornly high, maintenance costs increasing because of the need to address compliance issues and the HRA's income stream being reduced as a result of correcting the rent regulation errors identified at the end of 2023.

This iteration of the HRA Business Plan retains the aspirational option for the delivery of much needed new homes, whilst also seeking to balance investment in the existing housing portfolio to ensure decency and safety and to improve energy efficiency and reduce tenants' fuel bills. The business plan does, however, assume a significant increase in the level of grant funding that the authority would be seeking to allow the delivery of much needed new homes in the context of the current financial climate, but most notably, borrowing rates.

This assumption requires an 'ask' of government that rather than funding through Continuous Market Engagement or Strategic Partnership under the Affordable Homes Programme, a more Strategic Partnership model or a funding regime similar to that provided through the Greater London Authority should be extended to councils, so that more strategic allocations of funding can be obtained for use flexibly across development programmes.

The authority requests a move towards fewer, flexible funding allocations which amalgamate the various funding sources for investment in housing into 1 or 2 "pots", specifically addressing both investment in existing homes and new home delivery.

This approach would unlock regeneration sites in the city and on its fringes to deliver an increase in affordable homes and improve existing stock through partnership with the council, RPs and developers. Grant is needed to fund regeneration costs (buy backs and land assembly), retrofitting costs and to deliver higher sustainability standards on mixed tenure sites.

Last year Cambridge City Council, through its partnership with Hill, delivered the second largest number of direct build council homes in England and a significant majority of the affordable housing within the city. With £208.5 million grant we could accelerate a pipeline of over 1,100 new and re-provided affordable homes and over 1,100 market homes.

Recognising the level of borrowing required to deliver the existing approved programme, a full review of the HRA 30-year business plan, to include seeking external expert opinion in respect of the anticipated borrowing and the risks associated with this in the current financial climate, will be carried out during 2025, and will inform the next HRA Medium-Term Financial Strategy. If the authority is unable to secure grant at the levels assumed, it will be necessary to scale back our new build aspirations in light of the risks that exists whilst interest rates remain high, and the need to take into account the risks of re-financing at potentially higher rates when the existing loan portfolio begins to mature.

The approach to earmarking resource for new homes in the current business plan is based upon a number of updated key assumptions, but it should be noted that the detailed programme, as it is brought forward for decision may contain a different mix of site types, scheme compositions, build standards, delivery vehicles and grant levels, all of which will necessitate ongoing review of costs and the associated borrowing. Existing HRA sites, land acquisitions, off the shelf purchase opportunities and joint venture developments continue to be explored and brought forward for decision. The specific scheme detail allows the authority to determine the build standard which each site can be built to, taking into consideration any site constraints. The success of the authority in obtaining grant to support the delivery of these homes is still key, and failure to obtain grant would necessitate a significant reduction in build standard and build programme. The programme assumes the delivery of a mix of social rented and affordable rented homes with affordable rent levels at both 60% and 80% of market rent. The delivery of market homes on some development sites will still be necessary to demonstrate financial viability, particularly in the current challenging economic climate.

Future rent increases are currently unclear, with no Rent Standard published for 2025/26 and beyond at the time of drafting this report. For the purposes of this business plan update, rent increases have been assumed to continue to increase in line with CPI, with a marginal uplift, but with a 0.5% uplift in place of the previous 1% for prudency. This assumption places significant pressure on the HRA business plan, which will potentially be addressed by government in the autumn budget, and as such will need to be reviewed as part of the Budget Setting Report in January 2025, when the allowable rent increase from April 2025 should be known.

The authority committed to achieving an EPC (Energy Performance Certificate) 'C' rating across the housing portfolio by 2035 and having taken account of the latest assumptions, including the reduction in rent income resulting from correcting the rent regulation errors, this programme can now only be delivered with borrowing. There are additional risks in borrowing for this purpose, as alongside the risks of any increase in rates when the loan needs to be re-financed, the investment does not directly generate any additional income to support the interest payments. It is absolutely critical that rent income is maximised, particularly at a time when costs are still rising. It is abundantly clear that the authority is not currently in a financial position to be able to deliver any further energy efficiency improvements in the existing housing stock, without external financial support or the ability to increase rents or service charges in some way to help meet the cost of the initial investment. The new government have also indicated that they intend to extend the deadline of achieving an EPC 'C' standard in let properties by 2030, to include all social housing and have pledged to work with local authorities to achieve this. To accelerate our delivery programme without financial assistance in the form of government grant, would mean an additional £20 million of unsupported borrowing.

The introduction of the 5% flexibility on formula rents for all general social rented properties and 10% for all supported (including sheltered) properties, will generate additional income in the longer-term to support this investment. It would only be applicable at re-let, so would take many years to deliver the financial benefit in full.

Uncertainty also still exists in respect of the investment need that may arise once phase 2 of the government review of the Decent Home's Standard (Decent Homes 2) concludes, with a refreshed standard anticipated. Consultation concluded in October 2022, with the outcome still awaited.

Detailed exploration of the longer-term borrowing options will be key, to identify whether lower interest rates can be achieved by securing finance from anywhere other than the PWLB, particularly if the PWLB HRA rate is not extended from June 2025.

At the end of July 2024, government set out plans to review right to buy discounts and eligibility criteria during the autumn but increased the flexibilities for local authorities to reinvest the retained right to buy receipts for the next two years, with immediate effect. There is currently sufficient resource (borrowing, where assumed necessary) incorporated into the financial assumptions to match fund retained right to buy receipts, to avoid the need to return receipts to central government and pay penalty interest at the bank base rate plus 4%. Decisions will need to be made on a scheme basis, with retained right to buy receipts applied to schemes that are not likely to be awarded Homes England Grant.

The HRA is susceptible to any adverse changes in other business planning assumptions, inflationary increases, interest rate increases, increases in rent arrears and bad debts and increases in statutory expenditure, such as decent homes.

Delivery, or out-performance, against some of the key assumptions is critical to the success of the housing business plan, with the assumption of rent increases of at least CPI plus 0.5%, for the next 5 years, being one of the critical assumptions included.

A key risk remains the still unquantifiable impact of the full rollout of Universal Credit, with the authority still working proactively with affected residents to mitigate the impact. Although in the region of

2,850 residents are now thought to be claiming Universal Credit, approximately 1,970 are still in receipt of Housing Benefit, although the latter will include pensionable age tenants, sheltered and temporary housing residents, who will remain on housing benefit. At the time of drafting this report, the HRA had 1,007 working age tenants still claiming Housing Benefit, providing the quantum for the number of claimants still to migrate to Universal Credit.

Recognising the additional financial pressure facing the HRA, the approach adopted last year, to include an efficiency target at 4% of controllable expenditure, with just 50% of this identified for strategic reinvestment has been reviewed and retained in order to continue to deliver net savings to the HRA.

From a broader Council perspective, the authority's transformation programme is now progressing quickly, with proposals anticipated as part of the 2025/26 budget process. Any savings achieved in relation to housing or corporate services will be profiled as appropriate across the General Fund and HRA.

With the level of borrowing that would be required to deliver not only the aspirational new build programme, but now also the energy efficiency investment in the housing stock, at a time when there is still such financial uncertainty, it is considered prudent to undertake the proposed review of the HRA Business Plan and to seek an external opinion on the risks involved with considering such an extensive investment and borrowing programme. This review may significantly alter the potential to deliver against our aspirations.

Budget Process and Timetable

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

Date	Task
2024	
17 September	Executive Councillor for Housing considers HRA Medium Term Financial Strategy incorporating Housing Scrutiny Committee views in any recommendations to Council and approves the revenue aspects of the report
10 October	Council considers HRA Medium Term Financial Strategy and approves capital aspects of the report
2025	

January 2025	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
February 2025	Council considers HRA Budget Setting Report and approves capital aspects of the report

Section 2 (Business Plan)
Local Context

Council Objectives

- Leading Cambridge's response to the climate and biodiversity emergencies and creating a net zero council by 2030
- Tackling poverty and inequality and helping people in the greatest need
- Building a new generation of council and affordable homes and reducing homelessness
- Modernising the council to lead a greener city that is fair for all

Housing Strategy

The Greater Cambridge Housing Strategy 2024 – 2029 identifies four key objectives with seven priority actions for housing in the Greater Cambridge area:

- Building the right homes in the right places that people need and can afford to live in
  1. Increasing the supply of homes, including affordable housing, contributing to healthy and sustainable communities
  2. Enabling the housing market to meet a wide range of local housing needs and to support sustainable growth

- High quality, low carbon, energy and water efficient homes
  3. Mitigating and adapting to climate change through good design and quality of new homes
  4. Improving housing conditions, management, safety and environmental sustainability of homes, and making best use of existing homes

- Settled lives
  5. Promoting health and wellbeing, tackling poverty, and promoting equality and social inclusion

6. Preventing homelessness

- Building strong partnerships

7. Working with partners to innovate and maximise resources

Housing Priorities

In response to delivering against both the Council Objectives and the Housing Strategy, the Housing Revenue Account continually reviews priorities for investment, considering:

- The level of investment required to maintain decency at the latest required levels in the existing housing stock
- The need to spend on landlord services (management and maintenance)
- The need to support, and potentially set-aside for repayment of, housing debt
- The ability to identify resource for investment in new affordable housing
- The target to reduce the Council's direct emissions to net zero carbon by 2030
- The vision to reach net zero carbon in Cambridge by 2030, subject to Government, industry and regulators implementing the necessary changes to enable this
- The ability to reach EPC 'C' by 2035 in the housing stock
- The desire to invest in discretionary services (i.e. support)
- The ability to respond quickly to changes in both housing and building legislation

Housing Register

The Housing Revenue Account, alongside other registered providers of social housing, provides accommodation for those on the Housing Register.

At the end of June 2024, the housing register recorded the following applicants by both bedroom need and priority banding:

Housing Register by Bedroom Need	Number	Percentage
1	1,618	57%
2	600	21%
3	461	17%
4 / 4+	146	5%
Total	**2,825**	**100%**

Housing Register by Priority Banding	Number	Percentage
A / Emergency	276	10%
B	714	25%
C	1,036	37%
D / D*	799	28%
Total	**2,825**	**100%**

When combined, the following housing need is identified by both bedroom size and priority banding.

Bedroom Need	Band A / Emergency	Band B	Band C	Band D	Band D*	Total
1 Bed	112	198	834	299	175	1,618
2 Bed	51	163	165	172	49	600
3 Bed	64	276	30	69	22	461
4 Bed	44	69	7	7	4	131
5 Bed	5	7	0	1	0	13
6 Bed	0	1	0	1	0	2
Total	**276**	**714**	**1,036**	**549**	**250**	**2,825**

The mix of new homes sought by the HRA has been aligned with the new Housing Strategy as approved in June 2024, seeking an average of 30% to 40% 1 bedroom, 35% to 45% 2 bedroom, 15% to 25% 3 bedroom and 0% to 10% 4 bedroom homes, with future delivery plans to be aligned to this.

Housing Stock

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

Housing Category	Actual Stock Numbers as at 1/4/2024	Estimated Stock Numbers as at 1/4/2025
General Housing – Social Rent	5,972	5,842
General Housing – Affordable Rent	903	1,025
Sheltered Housing	522	522
Supported Housing	16	16
Temporary Housing (Individual Units)	135	135
Temporary Housing (HMO's / EA)	21	21
Miscellaneous Leased Dwellings	18	18
Shared Ownership Dwellings	84	84
Total Dwellings	**7,671**	**7,663**

Property Type	Actual Stock Numbers as at 1/4/2024	Estimated Stock Numbers as at 1/4/2025
Bedsits	99	75
1 Bed	1,984	2,010
2 Bed	2,689	2,682
3 Bed	2,253	2,248
4 Bed	113	115
5 Bed	8	8
6 Bed	2	2
7 Bed	1	1
Sheltered Housing	522	522
Total Dwellings	**7,671**	**7,663**

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
2023/24	7,348	(15)	(36)	0	290	7,587
2022/23	7,155	(28)	(19)	(1)	241	7,348
2021/22	7,103	(34)	0	0	86	7,155
2020/21	7,106	(16)	(57)	0	70	7,103
2019/20	7,084	(29)	(14)	10	55	7,106
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
Total		(347)	(277)	4	1,043	

Leasehold Stock

At 1st April 2024, the Council retained the freehold and directly managed the leases for 1,167 leasehold flats and had 4 leasehold flats managed by a third party management company.

Section 3 (Business Plan)
External Factors and National Policy Context

As part of this business plan report, all financial assumptions have been reviewed, including taking account of external factors outside of the authority's control. Financial projections are adjusted considering any changes or trends in these. There is an ongoing impact on the economy as a result of the cost-of-living crisis, with interest rates for borrowing also remaining high. Although inflation now appears to have broadly stabilised, contract costs remain far higher than in previous iterations of the plan. This results in continued uncertainty in the forecast of external factors in this iteration of the HRA Business Plan.

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

National Housing Policy

National Rent Policy

Local authority rents continue to be regulated by the Regulator of Social Housing, alongside housing associations and other registered providers.

Rent increases have been limited to an increase of up to CPI (based upon CPI at the preceding September) plus 1% each year since April 2020, with the exception of 2023/24, where high inflation saw the government cap increases at 7%. The national decision to cap rent increases from April 2023 resulted in all homes previously being charged at formula rent to fall below formula. Properties below formula rent levels can currently only be increased to formula levels when they become void, with formula rents continuing to be set with reference to January 1999 property values. Government had indicated that a consultation would follow in respect of options to move rents back up to formula levels, but at the time of writing this report, this had not been published.

Affordable rent increases are subject to the same constraints as social rents, but with the ability to re-set the rent at up to 80% of market rent upon re-let, dependent upon local policy.

The Rent Standard from April 2025 has still not been published, and so future year rent increases are currently hugely uncertain. The new government has indicated that they will seek to provide rent stability for councils and housing associations, whilst also ensuring protection for existing and future tenants, with detailed plans anticipated as part of the next fiscal event. Recent press announcements indicate that increases of CPI plus 1% may be considered as part of the Chancellor's Autumn Budget. For prudency, this iteration of the business plan retains an increase at CPI plus 0.5% from April 2025 for the following 5 years, until there is certainty in this area.

With the level of CPI for July 2024 rising marginally to 2.2%, from 2% in May and June 2024, it is considered prudent to adopt the Bank of England predicted rate of 2.3% for September 2024, and as such an annual increase of 2.8% (CPI plus 0.5%) has been assumed from April 2025.

Social Housing Regulation Act

The Social Housing Regulation Act significantly enhanced the role of the Regulator of Social Housing, with new consumer standards and housing inspections, which came into force from 1 April 2024.

The key factors to note are:

- The regulator can now step in more readily where they feel intervention is proportionate.
- Both transparency and safety requirements are enhanced, with requirements for building hazards to be fixed within prescribed timescales, the organisation to have a named health and safety lead, any tenant whose safety is threatened to be offered alternative accommodation and to provide information to residents on financial performance.
- The new housing inspection regime is now underway, and the authority anticipates an inspection in the short to medium term.

- The regulator can impose unlimited fines for non-compliance, can issue performance improvement plans and has the right to undertake surveys on properties directly.
- The regulator can set competency and conduct standards, with mandatory qualification requirements for senior housing managers and executives.

The authority submitted its first set of Tenant Satisfaction Measures (TSMs), which include compliance data, under the new regime at the end of June 2024, which are available in full on the council's website at https://www.cambridge.gov.uk/tenant-satisfaction-measures

The TSM's comprise of 14 landlord reporting measures, based upon management reporting information at 31/3/2024 and 12 tenant perception measures, which are obtained through a survey of general needs and sheltered tenants, which was also reported through Open Door in July's edition.

The landlord reporting measures include compliance statistics in respect of gas safety, fire risk assessments, asbestos management, legionella testing and lift safety, alongside information on anti-social behaviour, decent homes, responsive repairs and complaints.

The Service Improvement Group has reviewed the requirements in the consumer standards and code of practice and has a number of agreed actions to ensure that the authority can demonstrate compliance. The group intend to employ an external organisation to carry out a 'critical friend' review, to highlight any areas that may need further improvement.

Right to Buy Sales

In 2023/24, 42 right to buy applications were received, compared with 62 in 2022/23. A total of 18 applications were received in the first 4 months of 2024/25, indicating continued low interest in the scheme, potentially because of continued high mortgage rates.

In 2023/24, only 15 applications proceeded to a sale completion, compared with 28 in 2022/23. In the first 4 months of 2024/25, 8 sales have completed, indicating that sales for the year may be marginally higher than in 2023/24.

On 30 July 2024, the Deputy Prime Minister wrote to local authorities confirming a commitment to review right to buy discounts, with legislative changes anticipated in the autumn and to review the scheme and eligibility more widely, with a consultation anticipated in the same timescales.

It is therefore very difficult to predict future sales, but in the short-term, it is considered prudent to reduce the assumed sales in 2024/25 to 20, based upon average activity in 2023/24 and 2024/25 to date. The assumption of 25 sales per annum has currently been retained from 2025/26 onwards, with this to be reviewed as part of the HRA Budget Setting Report in January 2025, by which time we may have the details surrounding any proposed changes in discounts or eligibility.

Right to Buy Receipts

On 31 March 2024, the authority held £5,285,000 of right to buy receipts under the retention agreement with the Ministry of Housing, Communities and Local Government (MHCLG), formerly know as the Department for Levelling Up, Housing and Communities (DLUHC).

For 2022/23 and 2023/24, MHCLG revised the retention agreement for right to buy receipts, to allow local authorities to retain the share of receipts that would otherwise be payable to them. This change resulted in the authority retaining an additional £2.3 million of right to buy receipts, part of the £5.3 million identified above.

Retained right to buy receipts must still be reinvested within 5 years. However, with immediate effect the new government have removed the cap on the percentage of replacement units delivered as acquisitions using retained right to buy receipts, which was previously set at 50% for 2024/25, 40% for 2025/26 and 30% from 2026/27, with the first 20 units of delivery in any year excluded from the cap. They have also removed the limit of 50% of a new dwelling being able to be funded using retained right to buy receipts and will allow Councils to combine receipts with Section 106 funding. These changes will be in place for two years and will then be subject to review. For the purposes of constructing this iteration of the business plan, we have assumed these changes remain in place after the review.

It remains that retained right to buy receipts can't be invested in replacement homes and the authority is unable to use capital receipts from the sale of land and other housing assets or grant funding to match fund units financed using retained right to buy receipts, and instead must re-invest these in different capital projects.

With the Bank of England base rate now at 5%, any penalty interest payable on receipts not re-invested appropriately is payable at a rate of 9%. If the authority moves into a position that receipts are being held with less than 12 months before any penalty would be incurred, decision to retain or pay over receipts is made by the Chief Finance Officer, in consultation with the Director of Communities.

The Director of Communities has 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.

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 three years have been particularly volatile, with an unprecedented rise in CPI from 1.5% in April 2021 to 11.1% in October 2022, before falling to 2.0% in May 2024, and rising again marginally to 2.2% by July 2024. The last two years have seen huge inflationary increases in utility, fuel and food prices, alongside steep rises in other operating costs.

The Bank of England's Monetary Policy Report of August 2024 forecasts an average CPI of 2.5% across 2024/25 and 2.3% for 2025/26, before falling to 1.6% for 2026/27. The over-arching view is that there will be a slight increase from where we are now, before rates are expected to stabilise over the next few years. If an average is taken of the projections for the next three years, a rate of 2.13% would be applicable, supporting a view that the previous government's long-term target rate of 2.0% is still reasonable. Taking account of this, inflation rates have been incorporated into this iteration of the business plan at 2.5% by 2025/26, 2.3% for 2026/27, and at 1.7% for 2027/28 and 2028/29, before returning to the long-term assumption of 2.0%.

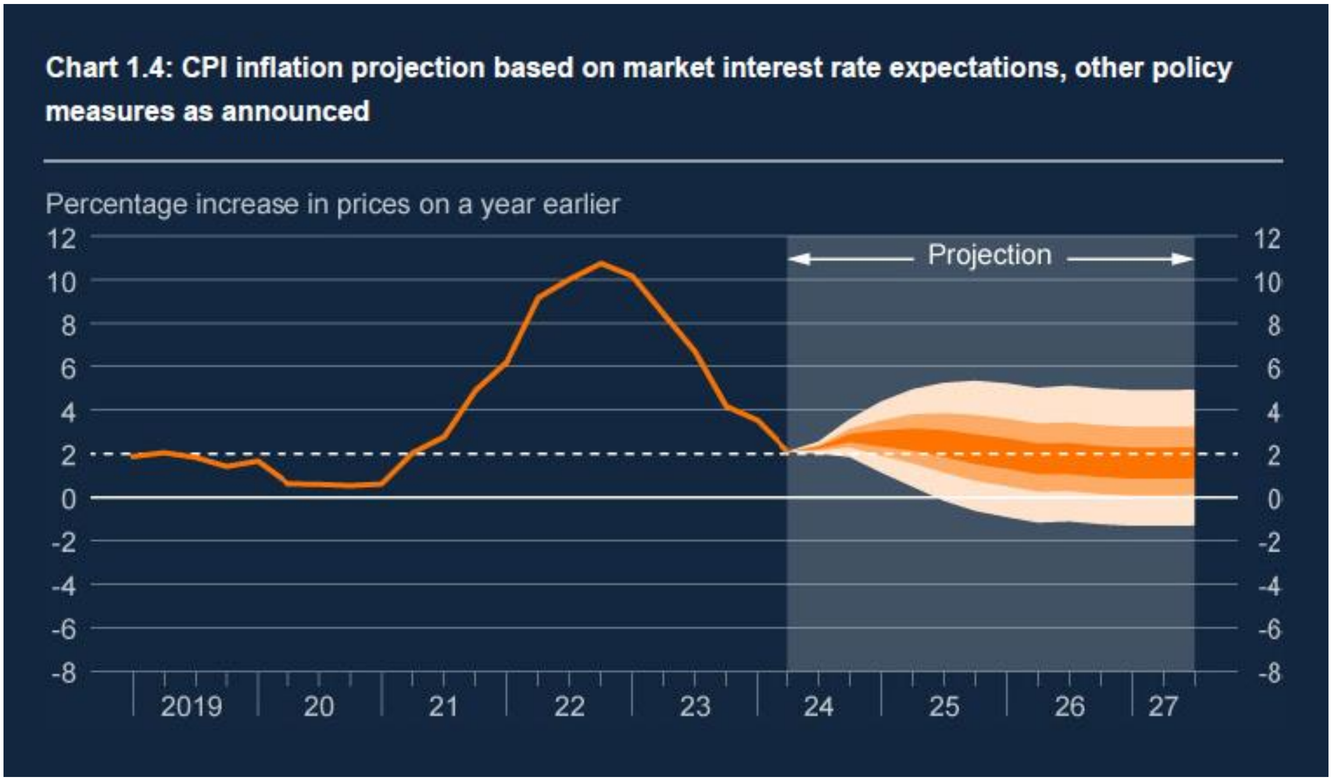


Chart 1.4: CPI inflation projection based on market interest rate expectations, other policy measures as announced

The assumptions surrounding building maintenance expenditure inflation have historically been derived from a mix of forecasts using the RICS (Royal Institution of Chartered Surveyors) Building Cost Information Service (BCIS) all in tender price index and CPI. The broadly external planned maintenance contract, currently with Fosters, is a lump sum priced contract, which adopts CPI as the measure of inflation. The broadly internal planned maintenance contract, currently with TSG, is a target price contract, using the (BCIS) all in tender price index as the measure of inflation, recognising that prices are fluctuating widely in this industry currently. Other specialist contractors will price work on a project basis, also taking account of industry forecasts.

The latest projections for the BCIS Index over the next 5 years currently predict a growth rate of 2.3% for 2025/26, with forecasts of 3.6%, 3.7%, 3.7% and 3.2% over the following 4 years. Taking an average of these rates of growth for the forecast five years gives rise to an annual increase of 3.3%.

On a similar average basis, the assumptions being adopted for CPI over the same period are 2.0%, a difference of 1.3%.

Recognising the combination of planned maintenance price increases being driven by CPI and BCIS, the assumption has been made that 50% of the work programme will be subject to the BCIS indices and 50% by the rate of CPI. A blended average rate of 2.7% (average CPI plus average BCIS divided by 2) has therefore been incorporated into the business plan forecasts.

The growth rate of 4.7% previously adopted in respect of new build inflation has been reduced to 3% on an ongoing basis, based upon the latest advice of the quantity surveyor / employer's agent used most frequently by the Council. The view is that building inflation has stabilised currently, and that this assumption can be reduced in our forecasts.

There is no published forecast in respect of public sector pay increases, but these would be expected to be lower than in the private sector, with longer-term pay increases in the public sector still assumed to mirror the longer-term inflation target of 2%.

The pay award from April 2024 has not yet been agreed, but with the employer offer currently being £1,290 per annum up to spinal column point 43, and 2.5% for paygrades above this. An inflationary sum of 4% was incorporated into the financial forecast for 2024/25, which is more than sufficient to meet this pay offer. This assumption has currently been retained, as no formal agreement has yet been reached.

The headline rate of inflation has been incorporated in respect of future year cost of living pay increases, with a rate of 2.5% from April 2025 and 2.3% from April 2026 followed by 2 years at 1.6%, before returning to the longer-term assumption of 2.0%. The allowance for incremental progression has been retained at 1% per annum, recognising staff retention figures and the number of staff who are currently paid at the top of their pay scale.

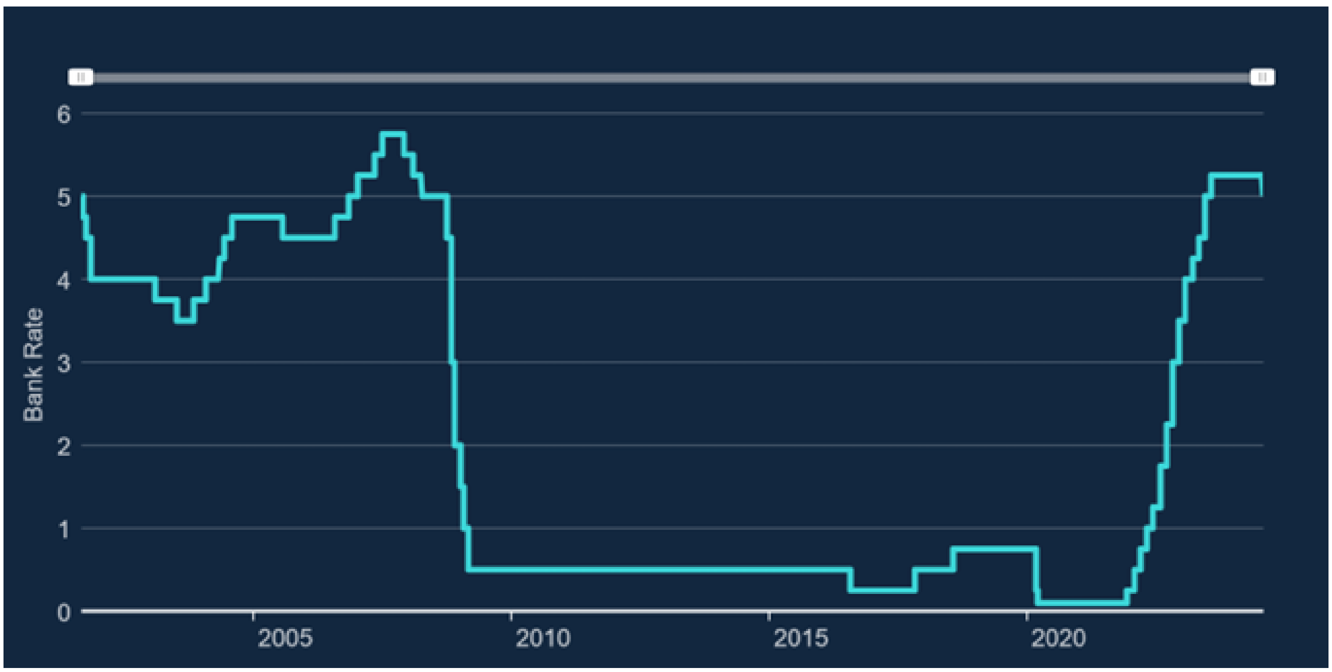
Interest Rates on Lending

The Housing Revenue Account recovers a proportion of the interest earned on cash balances invested by the authority. The rate of interest assumed for 2024/25 in the HRA Budget Setting

Report was 4.5%, based upon the HRA clawing back interest from the General Fund on investments with minimal risk. This recognises that the General Fund bears the risk, but also benefits from the reward, of the higher risk investments made by the Council.

The Bank of England base rate was reduced to 5% in August 2024, which compares to a rate of 1.75% in August 2022. The current rate has just reduced by 25 basis points from the highest it had been in over 15 years. The next review is due on 19 September 2024.

Bank of England Base Rate



The actual average rate of interest earned on investments that benefited the HRA for 2023/24 was 4.87%, but rates ranged from 3.94% at the beginning of the year, up to 5.40% by February 2024. With the current Bank of England base rate being 5%, lending rates have remained relatively buoyant into 2024/25.

Recognising that the HRA benefits from the lower risk investments, the rate of 4.5% has been retained in this iteration of the business plan for 2024/25, reducing to 3.0% from 2025/26 on an ongoing basis. The interest rate assumptions are included in **Appendix C**.

Interest Rates on HRA Borrowing

In respect of existing HRA borrowing, the self-financing loan portfolio with the Public Works Loans Board of £213,572,000 remains, with rates of between 3.46% and 3.53%. The HRA also has £1,564,000 of internal borrowing from the General Fund, with a variable interest rate charged each year as part of the Item 8 Debit to the HRA.

With no cap on HRA borrowing, subject to financial viability and the ability to support the borrowing, the authority can borrow to invest in the provision of affordable housing with no external financial constraint.

There is risk to the HRA's ability to borrow from the Public Works Loan Board (PWLB), with HM Treasury guidance stating that any authority making an investment that is classified as an 'investment asset primarily for yield', will not be able to access loans from the PWLB in the financial year in which it makes this investment, or the following year. Investment in assets for service delivery, housing, regeneration, preventative action (ie, buying an asset of community value) and treasury management (re-financing existing debt) are acceptable, but investment for yield, such as investment in land or buildings to be let at market rates is prohibited. If investment for yield is included in an authority's capital plan in any of the following three years, the authority will be unable to borrow from the PWLB. There is therefore the potential for any investment decisions made by the General Fund to detriment the HRA's ability to borrow from the PWLB. This would not stop the HRA borrowing but would mean that an alternative lending source would need to be identified, with rates potentially not being as preferential.

Any transfer of land or financial resource between the General Fund and the HRA to allow development continues to impact 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 or resource.

The assumption is made that additional borrowing is externalised, with updated PWLB maturity loan rates for loans of a 30-year duration used. Since the last update of the HRA Business Plan, rates have not begun to reduce, as was predicted in January 2024, but have instead remained at similar rates to those available at the end of 2023. The PWLB lending rate, at the time of drafting this report, stood at around 5.60%, compared with a standard PWLB rate of 5.00% assumed during the construction of the HRA Budget Setting Report in January 2024. It should be noted that the PWLB rate is reviewed and can change twice each day.

In June 2023, the government announced a preferential rate for HRA borrowing, at 40 basis points above gilts, which is effectively a 60 basis points reduction on the standard PWLB lending rates. This rate applies until June 2025 and will then be subject to further review. This would reduce the current rate of 5.60% to 5.00%, which is higher than the rate of 4.40% (5% less 60 basis points) that was assumed in January 2024. The previous certainty rate of a 20-basis point reduction can be assumed to be ongoing currently, as long as the authority submits its spending plans as required.

To mitigate the daily rate fluctuations in PWLB rates, this iteration of the business plan considers forecasts made by Link, the Council's treasury advisors, who project that PWLB lending rates (inclusive of certainty rate) will be at an average of 4.85% for 2024/25, 4.28% for 2025/26, then 4.10% by the beginning of 2026/27.

Based upon current rates and these projections, a revised average rate of 5.00% (5.60% - 0.60%) has been incorporated into any borrowing assumptions for 2024/25, followed by 4.28% for 2025/26, then 4.10% ongoing.

It should be noted that if the authority were unable to secure grant funding at the levels incorporated into the assumptions in this iteration of the business plan, it would only take interest rates to increase marginally to 5.74%, before the HRA would be in the position that it would need to borrow just to support the ongoing operation of the business. This is not a financially sustainable position and highlights the re-financing risks associated with such significant borrowing.

Section 4 (Business Plan)
Rent and Other Income

Rent Setting

Social Rents

The Rent Standard from April 2020 came to an end after April 2024, which was the last of 5 years where rent increases of up to CPI plus 1% were allowed, The only deviation from this was in April 2023, where extremely high inflation rates saw the government intervene and apply a cap of 7%, which was further capped locally at 5%.

The Rent Standard from April 2025 has not yet been published, and a change in national government make it difficult to predict what may be allowed for rent increases from April next year. The assumption made in respect of rent increases is absolutely critical in terms of business planning, as rent is the primary source of income for the HRA, and a small variation in percentage terms makes a significant difference in monetary terms.

CPI returned to the previous government's long-term target of 2% in May 2024, before rising marginally to 2.2% in July 2024. There is no guarantee that the new Rent Standard will use CPI as the base measure for inflation in respect of rent increases or that there will be any margin above inflation allowed. There does, however, need to be recognition given to the increased costs which social housing landlords are facing, not only in respect of the cost of the provision of existing services, but also the enhanced level of investment in respect of damp and mould, disrepair claims, compliance works and energy investment, alongside the need to deliver much needed additional homes. Recent press announcements indicate that a rise of CPI plus 1% may be announced as part of the autumn budget, but this has not been formally confirmed.

The previously approved HRA business plan assumed a rent increase of CPI plus 0.5% for 5 years from April 2025 onwards, and in the absence of any confirmed national update in this area, this assumption has been retained for this iteration of the business plan. CPI for September 2024 has been assumed to be 2.3% using the Bank of England forecasts. Any ability to increase rents at a greater rate than this will need to be carefully considered, recognising the impact on the tenants, but also balancing this against both increased costs and the requirement to improve the condition and energy efficiency of council homes.

The table below summarises the financial impact on the business plan of a variety of rent increase levels (using rents as at 1/4/2024 as a base) and includes the impact for both social rents and affordable rents as they are subject to the same rent controls.

Rent Increase as at April 2025	Average Weekly Social Rent Value Increase	Average Weekly Affordable Rent Value Increase	Increase / Decrease in borrowing over the 30 Year Business Plan	Impact on Housing Delivery
2%	£2.46	£3.71	£35 million increased borrowing	Approximately 430 homes would need to be removed from the EPC 'C' programme
2.8%	£3.45	£5.19	0	No impact – base position
3%	£3.70	£5.56	£8 million reduced borrowing	£110,000 per annum available to invest elsewhere
5%	£6.16	£9.27	£85 million reduced borrowing	4 additional homes per year could be built

It is evident from the table above that a single year decision on the level of rent increase makes a significant difference to the level of borrowing required, the viability of the housing business and the authority's ability to consider investment in front-line services, energy efficiency improvements of the existing housing stock and the delivery of new homes.

Property specific formula social rents under the rent restructuring regime still apply. However, when rent increases were capped from April 2023, set at 5% locally, it meant that any property previously charged at formula social rent fell below this level, with formula rents still increased under rent setting regulations by CPI plus 1%, equivalent to 11.1%.

The average formula 'rent restructured' rent at the start of 2024/25 across the general housing stock was £132.57, with the average actual rent charged being £123.23. As a result of the rent increase cap in April 2023, only properties that have been re-let or introduced since April 2023 were charged at formula rent at the start of 2024/25.

The gap between actual and formula rent levels in the general housing stock now equates to an annual loss of income of approximately £3,242,000 across the HRA.

The authority can currently only close the gap between formula social rent and the actual rent being charged for a dwelling, when a property becomes void, and continues to do this.

Within the rent restructuring legislation, authorities have the ability to charge social rents at 5% above the formula rent as calculated by the rent restructuring formula (10% for supported housing). If an authority opts to apply the flexibility, it can only be applied at re-let, so does not directly affect any current tenants. Cambridge City Council do not currently apply this flexibility, but propose to re-introduce this from April 2025, recognising the significant additional investment, and associated borrowing, required across the housing stock to:

- improve the energy efficiency of the homes and reduce energy bills for residents, by achieving EPC'C' by 2035.
- meet new requirements set in legislation such as the Building Safety Act 2022 and Fire Safety Order

The 5% (10% for supported housing, including sheltered housing) flexibility will only be applied when a socially rented is re-let, and all vacant homes will be advertised on this basis so that prospective tenants know how much they will need to pay.

The tables below provides an indication of the average social rent levels that might apply from April 2025 with the 5% and 10% flexibility applied, demonstrating that general rents would still be between 35% and 46% of market rent and supported rents between 45% and 50% of market rent.

Property Size	2024/25 Average General Formula Rent	2025/26 Estimated Average Rent with CPI plus 0.5% applied	2025/26 Estimated Average Rent with CPI plus 0.5% and 5% flexibility applied	Mean Market Rent in Cambridge (September 2023)	Rent with 5% Flexibility as a percentage of Market Rent
1 Bed	114.03	117.22	123.08	270.44	46%
2 Bed	131.37	135.05	141.80	330.94	43%
3 Bed	149.57	153.76	161.45	368.22	44%
4 / 4+ Bed	174.89	179.79	188.78	540.13	35%

Property Size	2024/25 Average Supported Formula Rent	2025/26 Estimated Average Rent with CPI plus 0.5% applied	2025/26 Estimated Average Rent with CPI plus 0.5% and 10% flexibility applied	Mean Market Rent in Cambridge (September 2023)	Rent with 10% Flexibility as a percentage of Market Rent
1 Bed	116.51	119.77	131.75	270.44	49%
2 Bed	130.82	134.48	147.93	330.94	45%

Affordable Rents

In respect of affordable rented homes for existing tenants, the same inflation rates apply as for socially rented homes, with these also monitored by the Regulator for Social Housing. There is 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 combine both the rent and non-discretionary service charges levied for any property.

There were 905 new build properties charged at the higher 'affordable rent' levels, on 1st April 2024 and 20 affordable shared ownership homes.

The authority has two levels of affordable rents being applied to new homes, with rents set at either 60% (or the Local Housing Allowance level if this is lower) or 80% of market rent depending upon the nature of the scheme and the proportion of affordable housing being delivered on the site.

The earlier delivered affordable rented housing was based on the pre-COVID Local Housing Allowance, which for existing tenants has been inflated annually. When any of these homes become vacant, they are re-based at 60% of market rent or the current Local Housing Allowance, whichever is lower. It will take many years before consistency is achieved, however.

The table below confirms the average rent levels assumed in new build financial modelling:

	2024/25 Published LHA Rate (not adopted by CCC unless lower than a 60% rent)	Indicative Programme Average 2024/25 Rents at Social Rent	Indicative Programme Average 2024/25 Rents at 60% of Market Rent	Indicative Programme Average 2024/25 Rents at 80% of Market Rent
1 Bed	207.12	123.27	206.06	243.43
2 Bed	218.63	147.06	218.27	286.20
3 Bed	258.90	176.68	250.62	300.49
4 Bed	333.70	207.45	333.70	N/A

Rent Arrears and Bad Debt Provision

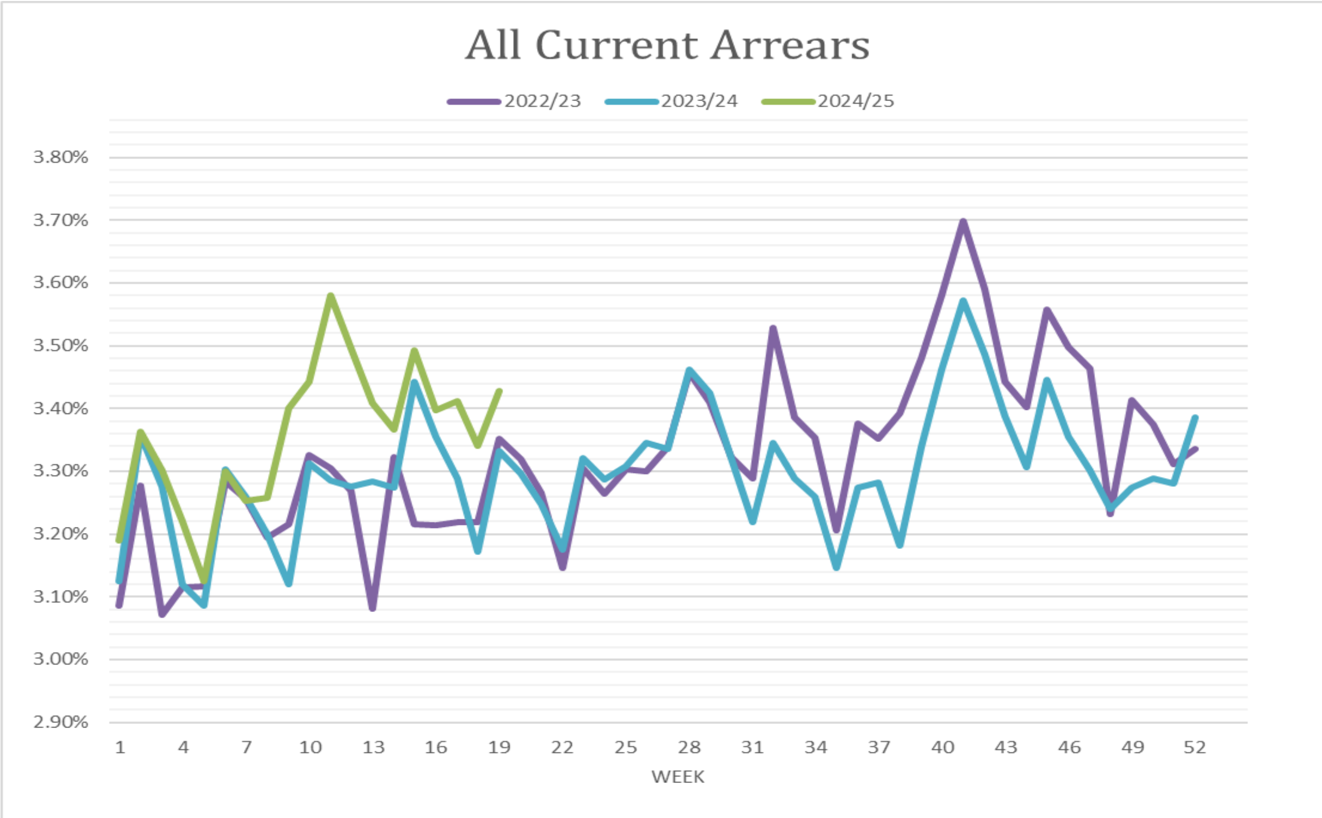
Rent collection performance was broadly maintained during 2023/24 despite the challenging economic climate, with the income collected in the year representing 98.9% of the value of rent and charges raised in year, compared with 99.2% in the previous year.

As a result of rent not collected, total arrears increased during 2023/24, with current tenant arrears of just under £1.7 million by 31 March 2024 and former tenant debt of just under £1.3 million. 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)
31/3/2020	£1,091,161	2.70%	£915,885
31/3/2021	£1,374,167	3.30%	£925,982
31/3/2022	£1,337,622	3.14%	£1,121,082
31/3/2023	£1,490,860	3.33%	£1,020,073
31/3/2024	£1,688,582	3.37%	£1,269,270

It is concerning to see that current tenant arrears increased during 2023/24 in both value and percentage terms, from £1.49 million (3.33%) to £1.69 million (3.37%). This is possibly not surprising in the current financial climate, with the cost of living crisis continuing to impact particularly low-income households and more households having moved to claiming Universal Credit, which is paid 5 weeks in arrears.

The position in respect of current arrears has worsened in both monetary and percentage terms in 2024/25 to date, with an increase in the first 4 months of 2024/25 of a further £191,452 in arrears by July 2024.



The Income Management Team were short-staffed for the majority of 2023/24, but now have a full complement of staff again and continue to work proactively with tenants and financial support providers to mitigate the impact of the cost-of-living crisis for both the tenants themselves and the authority, ensuring that tenants are aware of all financial support available to them. The ongoing impact for residents of moving to direct payment is being actively managed, with an increase in the number of claimants transitioning to Universal Credit. In August 2024, the authority had 2,851 tenants claiming Universal Credit and 1,972 still claiming housing benefit. A significant proportion of those still claiming housing benefit will be in temporary accommodation or will be of pensionable age, and so will continue to receive housing benefit.

The team are now actively using the LIFT software, which helps to identify low income families and proactively ensure they are applying for and receiving any financial assistance to which they may be entitled.

Former tenant arrears also increased over the 12 months to 31/3/2024, going from £1 million to £1.3 million over this period. A dedicated officer is employed, focussed on recovering, or failing that, writing off, former tenant debt. Former tenant debt of £166k was collected during 2023/24 and debt of £80k was written off. Writing off obvious bad debt allows a focus on recovery of more of the doubtful debt, but this task is currently on hold pending the processing of all rent error refunds, as the authority needs to ensure that all debts are extinguished before any sums are returned to tenants.

At 31 March 2024 the total provision for bad debt stood at £2,355,820.97 representing 80% of the total debt outstanding.

The annual contribution to the bad debt provision for 2024/25, based on 1% of rent due, was set at £496,610 in the HRA budget approved in January 2024. The assumption was reviewed as part of the 2023/24 Medium Term Financial Strategy, when a reduced call on the fund in prior years resulted in the contribution being reduced to 1% per annum. The final contribution to the provision for 2023/24 was marginally higher than the 1% budgeted, but the assumption has currently been retained in this iteration of the business plan, recognising that some arrears will be reduced or removed by virtue of refunding overpaid rent resulting from the rent regulation errors. This will be reviewed again as part of the HRA Budget Setting Report in January 2025.

Void Levels

The value of rent not collected as a direct result of void dwellings in 2023/24 was £1,211,077, representing a void loss of 2.63%, compared with £1,052,081 in 2022/23, representing a void loss of 2.52%.

The value of rent lost through void dwellings during 2023/24 was higher than in 2022/23 and was higher than the increased target of 2.5% for 2023/24, recognised as part of the 2024/25 HRA Budget Setting Report of January 2024.

Some of the key contributors to the higher void levels in 2023/24 were homes vacated on approved development sites (£323,000) and units held vacant as a result of fire damage to a block of flats (£41,000). The time taken to prepare and let homes acquired for refugees and to prepare a sheltered scheme acquired in early 2023, resulted in void loss of £150,000 and the cost of letting new homes for the first time was £154,000.

If the impact of the irregular void transactions (detailed above) is removed from the statistics, the void performance in general voids for 2023/24 would have been 1.18%, which is still higher than the standard void target of 1%. Still having a backlog of void works during 2023/24 contributed to this, despite efforts to work to clear this, with externalisation of some work to facilitate this.

Void performance has deteriorated overall in the first four months of 2024/25, with a gross void rent loss of 2.89%. This does however still include the impact of our redevelopment programme, with significant units now vacated at Fanshawe Road, Princess Court and Hanover Court, and decant beginning at Stanton House. The data also includes new homes and acquisitions which have not yet been let for the first time, with large numbers of homes handed over simultaneously, creating a backlog in the lettings process into the early part of 2024/25. There are further handovers anticipated in 2024/25, but these are more spread out, so once the current backlog of new homes has been let, this issue is not expected to reoccur. With these removed the general void performance has improved in 2024/25 when compared to last year.

As a result of this, it is recommended to adjust the assumption in general voids for the current year from 1.5% to 1.1%, with the impact of the decant of homes identified for redevelopment and letting of new homes now accounted for outside of this assumption, whilst retaining the longer-term assumption of 1% in the business plan for 2025/26 and 2026/27., before reducing this to 0.8% from 2027/28 by which time the void process will have been fully reviewed and improved as part of the transformation programme.

Section 5 (Business Plan)
Capital - Funding

Direct Revenue Financing of Capital Expenditure (DRF)

DRF is the use of revenue income, which is predominantly rental income, in the HRA to finance capital expenditure. Over the next 10 years, an average of £12.7 million per annum is estimated to be available for this purpose, but this is subject to rent increases being applied as allowable and revenue expenditure being within existing assumptions. Any increase in the level of revenue spending on housing management, responsive or void repair activity, reduces the sums available to finance capital expenditure. The resource is used to fund most aspects of the housing capital programme, including decent homes, other investment in the housing stock, new build and non-dwelling investment, such as garages, commercial property and IT.

Major Repairs Reserve (MRR)

The MRR is a statutory capital reserve which is contributed to solely by the revenue depreciation charged on HRA assets each year. The funding is ring-fenced for investment in existing or new HRA assets, or for use in the repayment of debt. Over the next 10 years, an average of £14.2 million per annum is estimated to be available for this purpose, but this is subject to updated annual depreciation calculations, which are affected by any changes in asset valuations when they are revalued at the end of each financial year. The resource is used to fund many aspects of the housing capital programme, including decent homes, other investment in the housing stock and new build. It could be used to invest in other HRA assets, such as garages and commercial property, or for the repayment of housing debt.

General Right to Buy Receipts

The authority is able to retain a proportion of capital receipts in respect of the first few homes sold under right to buy each year, as a historic arrangement linked to the self-financing settlement for the HRA. This resource is shared with Treasury on a formulaic basis, but for 2022/23 and 2023/24 local authorities were able to retain 100% of the funding. From 2024/25 resource of approximately £500,000 per annum is assumed based upon the authority selling 25 homes each year under right to buy. This resource can be used to fund any legitimate capital expenditure, so is routinely utilised to meet the net cost of any general fund housing capital investment and investment in commercial or community-based assets.

Retained Right to Buy Receipts

Receipts retained by the authority under the current 1-4-1 retention agreement are approximately £3 million per annum based upon current sale assumptions. This resource carries constraints in how it can be invested, some of which have recently been relaxed, as outlined in Section 3, with the authority currently allocating these receipts to new build schemes that are either ineligible for, or unlikely to be awarded, Homes England Grant under the current arrangements. Purchases of new build homes on section 106 sites would be a key use of these resources going forward if the more flexible grant ask of government is not agreed.

Other Capital Receipts

The HRA receives capital income in the form of receipts for the sale of land or non-RTB disposals. This funding can be retained in full by the authority as long as it is invested in affordable housing. There are constraints on how these resources are used, with the resource unable to be combined with retained right to buy receipts, grant or section 106 funding. The resource has often been used historically for the re-provision of existing dwellings on HRA development sites, but this may change if redeveloped units continue to be eligible for grant.

Homes England Grant

The authority is currently able to bid for Homes England Grant on a scheme-by-scheme basis. From 2023, it has been possible to bid for grant, not only for new supply of social rented or affordable rented housing, but also for re-provision of existing homes on development sites. This makes redevelopment more financially viable for the authority subject to successful grant bids.

The HRA Business Plan update made the initial assumption of grant on new and re-provided supply for all potentially eligible schemes, with a clear recognition that failure in securing the grant would require the scheme to be reconsidered, either exploring the tenure mix and / or build standards in order to be able to proceed.

This resulted in a business plan that carried too great a risk in terms of peak borrowing, borrowing costs and potential re-financing. This business plan now includes an assumption of a far greater level of grant for new homes, provided either through Homes England or direct from government. The assumption is made that the grant would be provided with far greater flexibility, allowing the funding to be extended and used for new and re-provided homes on section 106 sites and other market led sites.

Borrowing

Moving forward, the HRA will need to borrow as a key form of financing capital investment. 2024/25 is the first time the HRA expects to borrow to finance capital expenditure since the self -financing borrowing was taken out in March 2012. Exploring the most appropriate borrowing route will be key, particularly at a time when interest rates are still so high. The authority can explore internal borrowing from the General Fund, but this will be limited to the level of available reserves that the General Fund has to lend. The Public Works Loan Board (PWLB) is currently offering a reduced HRA rate (until June 2025), but this still attracts an interest rate of more than 5% at the time of writing this report. The current business plan assumes additional borrowing of £196,000,000 over the next 10 years, resulting in the HRA having a total of £410,000,000 outstanding borrowing at the end of the 10 year period, in order to deliver the new homes planned and to allow investment in energy works to the existing stock.

Appendix H details the funding sources assumed to be available and utilised in the Housing Capital Investment Programme over the next 10 years.

Section 6 (Business Plan)
Capital and Planned Revenue - Existing Stock

Stock Condition / Decent Homes

The authority holds stock condition data for its housing stock, with an ongoing programme of inspections carried out to increase the breadth and quality of this data to help inform strategic decision making.

The Decent Homes Standard ensures that a dwelling meets the current statutory minimum standard for housing (the Housing Health and Safety Rating System), is in a reasonable state of repair, has reasonably modern facilities and provides a reasonable degree of thermal comfort. The standard is currently subject to a review at national level, with the outcome still awaited.

The housing service reported achievement of the decent homes standard in the housing stock as at 31 March 2024 at 99.9%, compared with just under 99.8% achieving the desired standard at 31 March 2023. There were 5 properties that were considered non-decent, in addition to 247 refusals, where tenants had exercised their right to decline the work being completed and where these are therefore not reported in the non-decency statistics.

Stock Investment

The HRA has a 5-Year Asset Management Strategy, which was last approved in autumn 2019. It is anticipated that it will be reviewed and presented for re-approval in the spring of 2025.

From a delivery perspective, around 60% of planned maintenance investment is currently broadly split between two main contractors. Foster Property Maintenance are responsible for the delivery of most external planned works to the housing stock, blocks and estates, whilst TSG Building Services deliver the majority of internal planned investment. The current contract with TSG runs for an initial 5-year period from November 2022, with the option to extend for up to a further 3 years. The contract with Fosters is in its extension period and runs until September 2025, with a new procurement process now underway. A significant amount of work is procured via one-off contracts, and this includes large structural works projects, some estate improvement projects, and energy efficiency works.

As part of the Asset Management Strategy, a programme of new initiatives and actions was identified, with the ongoing actions listed below (implementation is subject to funding bids when costs have been quantified in some cases):

Initiative / Action	Current Status
Deliver a rolling programme of stock condition surveys so properties are inspected every five years	A programme of stock condition surveys is underway and prioritises properties where there is no recent condition data. Our apprentice surveyor has been trained in this area. The inhouse team are also receiving training so that all void properties have a stock condition survey carried out. We are reviewing survey information from a range of sources (e.g. external surveys, retrofit assessments, energy assessments) so we have detailed information about the condition of our properties.
Continue the programme of structural surveys of flats blocks and implement survey programme for older flats and houses with structural concrete elements	Structural works at the Bermuda Terrace Estate are being tendered with a view to being on site in 2024/25. A programme of structural repairs to maisonettes in South Arbury will be completed in September 2024. In 2024/25 we plan to establish a framework contract for structural engineering services and establish a cyclical surveying programme to re-inspect blocks of flats where structural works have been completed. We are carrying out structural repairs to around twenty

	houses that have suffered from structural defects, some arising from dry weather in the past few years.
Implementation of "Orchard Asset" asset management software – including development of the compliance and energy modules	The Survey module is fully operational, and we are working on closing data gaps and moving information that was previously held on spreadsheets onto MRI. However, the implementation is not fully complete and staffing and resourcing issues have led to the delay of some modules. The new Energy Manager started in November 2023 and we will soon be in a position where all energy efficiency reporting can be via MRI Energy.
Develop a methodology which identifies high-cost investment properties across the stock and calculates net present values – using new software in Orchard Asset	The implementation of an "Options Appraisal" module in MRI Asset will be the final module to be implemented.
Implement a programme of estate investment projects	A street lighting replacement contract and various estate-based projects were completed in 2023/24. There is around £1.4m of the original £5m budget remaining. Projects have been identified, but the temporary Surveyor overseeing the programme has recently left the Council. There is likely to be a delay in project delivery while recruitment is arranged.
Establish a programme of re-inspection of asbestos containing materials and implement a new asbestos register based within Orchard Asset	The asbestos compliance module will be implemented in a live environment in the Asset system in 2024. The Asbestos Surveyor (Analyst) post has now been recruited to and will continue with the review of all communal re-inspections.

Implement an annual programme to inspect fire doors to flats and communal areas (including the replacement of non-compliant fire doors)	An initial fire door inspection programme has been completed. This is being used to determine if existing standard doors should be replaced with fire doors, and if existing fire doors comply with requirements. There are new fire door inspection requirements in buildings over 11m tall – including quarterly inspection of all fire doors in communal areas, and annual inspection of flat front entrance doors. Results from surveys are being used to develop programmes of planned work including new and replacement fire doors.

At Kingsway flats, fire compartmentation works are 90% complete, with officers working to gain access to the remaining properties to allow the remaining 10% to be undertaken. Work is ongoing to replace the remaining gas heating systems with electric alternatives and then all gas supplies will be removed from the building.

We are also implementing fire alarm upgrades in a number of category II sheltered housing schemes, with Ditchburn Place, Whitefriars, Stanton House and Rawlyn Court complete and 6 further schemes where work is planned.

Individual properties have regular electrical tests, and the electrical installation is upgraded every thirty years. In our blocks of flats there is usually also a landlord electrical installation (that may provide power for lights, lifts, access systems etc.) and many of these are now old and in need of upgrade or replacement. A programme of communal electrical upgrade works is now underway, with Markham Close, St Kilda Avenue and Arbury Court due to be completed in 2024/25.

In addition, in some blocks of flats, the main electrical supplies to individual flats pass through the communal areas, and sometimes through other flats. We have implemented a programme of work to survey landlord electrical installations and electrical cables supplying individual flats. Following survey work at Bermuda Terrace in 2023/24, a programme of works is now planned for these blocks. Blocks of maisonettes in the South Arbury area also require a programme of similar works, which is yet to be procured.

At the East Road flats, a project is nearing completion to replace roofs and windows to the tall blocks of flats facing East Road. This is a large project and work has been coordinated to minimise disruption to residents. Electrical works to these flats are also required but this work will be carried out separately in 2025/26.

Energy Works

The tender to deliver Social Housing Decarbonisation Fund (SHDF) grant funded external wall insulation works was awarded to Aran Insulation in December 2023. Works commenced in January 2024 and are anticipated to complete in March 2025. Progress is broadly in line within the grant funder KPIs and approximately 60 homes have been completed to date (as of July 2024).

The current HRA Business Plan assumes that the work required to move homes to an EPC 'C' standard will be completed by March 2035. The new government have responded to parliamentary questions, confirming that all landlords will need to meet the standard by 2030. They have indicated that they will work with social housing landlords to achieve this but have not given any commitment to funding these works. If the authority were to accelerate the programme without any additional funding from government, borrowing would increase by £20 million, without an income stream to support it.

Net Zero Retrofit Pilot Project

The tender for the Ross Street and Coldham's Grove area Net Zero Retrofit Pilot was awarded in March 2024 to Axis Europe. The final contract value is £6,482,964, inclusive of £411,560 contingency allowance (7.5% of construction cost). The capital budget for the works is in the approved HRA 30-year capital plan and is made up as follows:

Net Zero project allocation	£4,684,000
Energy efficiency works	£1,000,000
Other planned maintenance works to be carried out at the same time	£1,090, 000
Total	£6,774,000

The works carried out as part of the pilot include:

- External wall insulation
- Roof and chimney insulation
- Floor insulation (ground floor)
- Window replacements
- Door replacements
- Air source heat pumps (in place of existing gas boilers)
- Mechanical ventilation with heat recovery units (MVHRs)
- Solar PV panels
- Cavity wall insulation extraction and replacement (where required)
- Water efficient tap upgrades

The contract value is within the available budget and works on the first home at Ross Street started in May 2024, whilst work on the final home is anticipated to complete in Spring 2025.

The objective of the project remains unchanged, to evidence and assess feasibility and determine whether the estimated costs within the Fielden and Mawson reports are achievable. The project will provide the necessary evidence to lobby government and other bodies with support of real evidence in an attempt to secure external investment.

If the authority is successful in securing grant to deliver the 10 Year New Homes Programme at the level assumed over the next 10 years, the long-term revenue stream from these new homes will go towards supporting a modest programme of £7.2 million of net zero carbon works to begin from 2035/36 once the work to improve homes to EPC 'C' has concluded. However, based upon the figures supplied in the Fielden and Mawson report in 2021, which indicated the cost to improve the housing stock to net zero carbon standards would be £511,580,520, the modest programme of £7.2 million per annum would take 71 years to complete. This would still not address a further 521 non-traditional homes and hostels, which were excluded from the Fielden and Mawson projections, as the net zero carbon investment cost could not be quantified

Section 7 (Business Plan)
Capital – Acquisition, New Build and Re-Development

Acquisition and Homes for Refugees

During 2023/24, the HRA acquired the final property it had committed to buy on the open market, to accommodate rough sleepers, partly funded using grant from Homes England, 21 properties to accommodate refugees, partly funded using MHCLG grant and 20 properties on sites where redevelopment was either approved or potentially possible.

During 2024, MHCLG have pre-awarded the authority a third round of grant funding to assist in meeting the challenges in providing move on and settled accommodation for refugees. This funding has now been confirmed and is the subject of a separate report to HSC in this committee cycle. The grant will require the acquisition of 4 further homes, with funding as follows.

- Round 3 – acquisition funding of £921,675 to be used to provide 4 homes (one for temporary housing purposes, 2 for general resettlement and one larger home for resettlement.

The grant funding will require a top up contribution of an estimated £1,094,325 from HRA resources, with the properties held in the HRA and available for wider housing purposes once they are no longer required to accommodate this cohort. Round 3 grant has to be invested within 2 years, but the authority has committed to deliver these homes by March 2025.

This investment is subject to decision at Housing Scrutiny Committee in this committee cycle.

New Build and Re-Development

Delivery Approach

The Housing Development Agency manage the delivery of all new homes in the HRA, with a commitment to deliver affordable, sustainable homes, which meet tenant expectations.

The fees charged by the H.D.A are reviewed annually as part of the Medium Term Financial Strategy, with a fee expectation in the H.D.A budgets of £454,780 for 2024/25. The proposed level of H.D.A fees for schemes approved from September 2024 onwards are:

- HRA housing schemes delivered using CIP – 2%
- HRA housing schemes delivered by H.D.A directly – 3%
- HRA S106 or other acquisitions – 1.5%
- Optional 1% can be added to each of the above if scheme includes community or commercial aspects.

Potential new build schemes are identified, initial feasibility work is carried out, the site is formally identified as a scheme for consideration, detailed feasibility work and formal consultation is carried out and a costed scheme is presented to Housing Scrutiny Committee for formal consideration and approval. Schemes are then incorporated into the Housing Capital Investment Plan at the next approval opportunity. As the scheme design and planning application progresses, more accurate scheme costs are available, culminating ultimately in a build contract value or affordable housing agreement, which along with any fees and costs to secure vacant possession form the final budget for each scheme. Revised scheme costs are incorporated into the Housing Capital Investment Plan as part of the HRA Business Plan Updates, that incorporate the Budget Setting Report or HRA Medium Term Financial Strategy as each scheme progresses.

Future New Build

The 10 Year New Homes Program has been reviewed as part of this iteration of the business plan, in response to increasing build costs and maintenance costs, coupled with continued high interest rates. There is no confidence currently that interest rates will reduce either significantly or in a timely manner, and the authority is required to manage risk in respect of any planned borrowing, with the level of peak borrowing in the next 10 years being a critical factor.

There is still a strong commitment to deliver as many new homes as financially feasible, but the programme needs to balance delivery against the risks associated with the significant borrowing required, both in terms of the ability to afford the level of interest payments on the initial borrowing and the need to re-finance borrowing as loans mature.

To maintain the aspirational new build programme, whilst managing risk, a significant increase in government grant for the delivery of new homes has been assumed. Grant of £208,510,000 has been assumed, to facilitate the delivery of 1,182 new homes (on sites yet to be put forward for grant consideration or yet to be approved), which would be a mixture of new and re-provided homes across the city.

The key assumptions now made in respect of the funding incorporated for the 10 Year New Homes Programme are:

- 410 social rented homes delivered as part of the 10-year new homes programme over the 10 years from 2023.
- 635 affordable homes at 60% of market rent delivered as part of the 10-year new homes programme over the 10 years from 2023.
- 400 affordable homes at 80% of market rent delivered as part of the 10-year new homes programme over the 10 years from 2023.
- Delivery of the new council rented homes assumes the need to demolish 545 existing properties as part of site regeneration schemes, resulting in 900 net new homes across the programme.
- To deliver the net new council rented homes in mixed and balanced communities, market housing will also be delivered by developers on many of the identified sites.
- A range of delivery routes will be adopted, with a mix delivered via Joint Venture or Section 106, land led schemes, existing HRA sites and off the shelf purchases.
- Updated build costs using the latest information and cost data available, which assumes building to Passivhaus or equivalent performance standards where the authority has control over this, and these standards can be achieved.
- Inflation in build costs incorporated at 3% per annum for the life of this programme.

- Grant assumed for approved and pipeline schemes at an average of £176,400 per unit across all tenures, including re-provided homes, section 106 sites and affordable homes delivered as part of other market led schemes.
- Retained right to buy receipts continue to be available for re-investment at the assumed rate of approximately £3,000,000 per annum and following the relaxation of the right to buy receipt rules, are assumed to be invested directly in the delivery of new homes, with the ability to use the receipt to fund the entire cost of the dwelling if required.
- Borrowing has been assumed at the rate of 5.00% for 2024/25 (recognising the PWLB HRA rate), 4.28% for 2025/26 and 4.10% from 2026/27 ongoing, based upon Link, our treasury advisors, forecasts of the PWLB rates over the medium term.
- The Investment profile is spread across the 10-year programme based upon indicative delivery timescales, which are subject to change.
- Standard annual servicing and maintenance costs are increased by £200 per unit, recognising the need to service and maintain solar pv installations and a mechanical ventilation with heat recovery (MVHR) unit in each dwelling.
- Standard future replacement costs are increased by an average of £500 per annum to allow for the replacement of the additional components required to deliver a Passivhaus dwelling.

This requires an estimated £196,000,000 of additional borrowing in the HRA over the next 10 years of the plan, with total borrowing of £410,000,000 when combined with existing debt.

The authority has identified a pipeline of potential development sites and opportunities, which subject to grant funding and further detailed work, could be brough forward for formal approval. Sites and schemes will continue to be brought forward for consideration and approval individually as opportunities arise, on a prioritised basis.

Taking into consideration site constraints and the delivery vehicle adopted for each scheme as it is identified for inclusion in the programme, different recommendations may be made in respect of tenure mix and sustainability standards.

The programme, as incorporated, is still dependent upon securing Homes England Grant funding, currently bid for on a scheme-by-scheme basis. The authority has been successful in securing grant on a number of sites to date and have successfully secured grant in respect of replacement dwellings on existing HRA sites, which was not previously an option. Delivery of the new homes in the current 10 Year New Homes Programme is wholly dependent upon securing significant additional grant funding from government.

If unsuccessful in securing grant for new homes, the ability to replace grant with retained right to buy receipts would only help deliver a very small proportion of the planned programme. Failure to achieve grant will mean that the programme will need to be completely reviewed. At best, this will mean a significant slowing of the pace of housing delivery in order to ensure that the Council does not take on unsustainable levels of debt. Other options may include identifying alternative sources of funding, increasing the amount of market sale housing provided, reducing build standards or to reducing the number of council rented homes delivered overall.

The resources ear-marked in the business plan will be reviewed and re-profiled as the programme develops further. The need for the HRA to borrow significant sums of money over the next 10 years requires a fundamental review of borrowing options, with long-term borrowing options to be explored and decisions made as part of the HRA Budget Setting Report in January 2025. As a result of the current preferential rate offered to the HRA by the PWLB for 2024/25, any borrowing in the current year is expected to be undertaken through this route, or borrowed internally, subject to the General Fund having sufficient resource. Longer-term the authority will need to actively explore other borrowing options, including the potential for bond issuance, which may be possible in light of the significant sums required.

Schemes Completed – Devolution 500 Programme

At the time of writing this report 528 new homes had been completed as part of the Devolution 500 Programme, with a net gain of 497 council rented homes.

Scheme	Total Social Housing / SO Units	Gain in Social Housing Units	Percentage HRA Housing on Site
Uphall Road	2	2	100%
Nuns Way/Cameron Road	7	7	100%
Wiles Close	3	3	100%
Ditchburn Place	2	2	100%
Queensmeadow	2	2	100%
Anstey Way	56	29	100%
Colville Road Garages	3	3	100%
Gunhild Way	2	2	100%
Wulfstan Way	3	3	100%
Markham Close	5	5	100%
Ventress Close	15	13	100%
Akeman Street	14	12	100%
Mill Road	118	118	50%
Cromwell Road	118	118	40%
Colville Road II	67	67	100%
Meadows and Buchan	22	22	100%
Campkin Road*	75	75	100%
Clerk Maxwell	14	14	40%
Total	**528**	**497**	

*16 of the replacement units at Campkin Road were re-purposed as refugee housing, with MHCLG grant awarded to contribute retrospectively towards the cost.

Schemes Completed – 10 Year New Homes Programme

New homes being delivered as part of the new 10 Year New Homes Programme have now been delivered, as follows:

Scheme	Total Social Housing / SO Units	Gain in Social Housing Units	Percentage HRA Housing on Site
Histon Road	10	10	40%
L2	75	75	100%
Fen Road	12	12	100%
Ditton Fields	6	6	100%
Borrowdale	3	3	100%
Colville III	20	4	100%
Total	**126**	**110**	

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. 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 market value, taking account of the intended use.

Section 8 (MTFS)
Detailed Review of Revenue Budgets

2024/25 Mid-Year Budget Virements

As part of the HRA Budget Setting Report in January 2024, resource of £176,260 was incorporated to allow the authority to increase staffing and operational resource as property numbers increase. Although new homes are taken handover of throughout each year, the increase required in staffing and other operational resource is only reviewed incrementally. As part of this Medium-Term Financial Strategy, the resource that has been incorporated into the business plan from 2024/25 onwards Is now being formally allocated as follows:

- Allocation of resource of £11,050 in respect of third-party management costs for new build schemes at Histon Road and Clerk Maxwell.
- Allocation of resource of £11,680 in respect of an increased contribution to corporate procurement activity, recognising an increase in activity in this area as HRA stock increases and additional contracts need to be procured.

The resource already incorporated into the HRA budget from 2024/25 onwards has been or will be vired to allow these proposals to be implemented.

Other virements that have been carried out that exceed the delegated virement rules and therefore need to be formally approved as part of this HRA Medium Term Financial Strategy Report include:

- Transfer of £154,650 for the Regeneration Manager, Regeneration Officer and Development Compliance Officer to the H.D.A, with a corresponding recharge back to the HRA to offset this, for ease of line management.

- Transfer of £546,480 from service charges to rent, following a consultation in January 2024, which resulted in rent and service charges for affordable tenancies being displayed as all-inclusive rent as was always intended for affordable rented homes.
- Transfer of £782,510 from service charges to rent, following the decision to remove gas and electrical mechanical maintenance charges, and to re-pool these into rent, as part of correcting the 2004 rent regulation error. The net reduction in income has been built into rental income assumptions in future years.
- A reduction in the electricity budget for communal areas of £111,110, with a corresponding reduction in the anticipated level of service charge income for communal electricity, recognising that forecast price rises for 2024/25 were amended significantly in January 2024.

2024/25 Mid-Year Budget Changes and Inflation Impact

As part of the HRA Medium Term Financial Strategy, there is not any 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, or any major in-year changes in expenditure, income or financing arrangements as a direct result of changes in the capital programme.

There are changes proposed in other areas of the Housing budgets, in terms of the cost of delivery of services and recovery of income, and as a result changes incorporated for 2024/25 as part of the mid-year strategic review, including:

- Removal of the budget of £1,150,000 included as part of the 2024/25 HRA BSR to allow for refunds relating to the affordable rent error highlighted at the time. This recognises that the funding for refunds was ultimately accounted for as part of closing the 2023/24 accounts, so is now not required as a specific budget in 2024/25.

- Recognition of an increase in rental income of £156,120 for 2024/25 taking account of the latest assumptions in respect of stock numbers, timing of decant for redevelopment, new build delivery and letting of homes acquired to accommodate refugees.

- A reduction in garage rental income of £56,820, taking account of current void rates and recognising the removal of some garages for redevelopment.

- Increase of £54,000 in respect of the cost of providing services to new homes. This partially offsets the increase in rental income reported above.

- An increase of £524,000 in the budget in 2024/25 for electrical inspection certificates and associated repair works, to ensure that all properties have a valid certificate at 31 March 2025.

- Inclusion of funding of £25,360 for a 6 month post to tackle the backlog of administration surrounding disrepair, damp, condensation and mould and housing ombudsman cases

- Inclusion of additional ongoing funding of £18,640 in respect of the annual cost of the Housing Ombudsman Service, which is a statutory contribution, and increased by 45% from 2024/25.

- An increase of £12,390 in the contribution to the bad debt provision for 2024/25 and beyond, in line with the changes in rental income assumptions.

- A reduction in the level of capitalised administration costs associated with the right to buy process (£6,500), recognising the anticipated reduction in sales in 2024/25.

- An increase of £1,009,520 in the level of Direct Revenue Financing of capital expenditure, as a result of the other changes being made in the HRA in 2024/25.

- A reduction in depreciation of £134,540 based upon the latest stock projections, depreciable asset values and remaining useful lives.

- A reduction of £363,820 in the anticipated interest received on cash balances for 2024/25, recognising that additional capital reserves were utilised in financing 2023/24 capital expenditure instead of borrowing at a time when interest rates were high.
- A reduction of £367,290 in the budget for interest payable by the HRA, recognising that additional borrowing was not taken out in 2023/24.

These changes are detailed in **Appendix E** and are incorporated into the HRA Summary Forecasts at **Appendix G.**

Appendix G summarises the base revenue budget position for the HRA for the period between 2024/25 and 2033/34, based upon inclusion of the amended financial assumptions that form part of the update to the HRA Business Plan.

Section 9 (MTFS)
Review of Capital Budgets

Inflation

The inflation allowance built into the HRA Business Plan for 2024/25 has been allocated across individual investment workstreams or new build projects where the authority is not yet in contract. Details are provided in **Appendix F**, and the resulting summary position is displayed in **Appendix H.**

Existing Stock

Decent Homes

Stock condition data has been reviewed and the 30-year investment plan in respect of the existing housing portfolio has been updated to take account of the latest stock numbers, property condition and contract prices for replacement elements of the programme.

This has resulted in an increase in costs of approximately £9 million over the life of the business plan, with the revised costs having been incorporated into the financial assumptions.

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 2024.
- Re-phasing of expenditure anticipated to take place in 2023/24, into 2024/25 and beyond, as approved in June / July 2024.

- Update of the 30-year investment plan required to meet decent homes and allow other planned investment in the housing stock, based upon the current stock numbers and contract prices.
- Review of decent homes backlog funding, following update of the 30-year investment plan.
- Allocation of the 2024/25 inflation allowance and adjustment of inflation budgets to recognise that the review of the 30-year investment plan has re-based contract prices at today's price.

These, and other changes, are summarised in **Appendix F** and incorporated into the revised Housing Capital Investment Plan at **Appendix H**.

Acquisition & New Build

Acquisition

The acquisition of homes to accommodate Ukrainian and Afghan refugees with round 1 and 2 funding was complete by the deadline of 31 March 2024. Subject to approval of a separate report presented as part of this committee cycle, budget will be approved to deliver 4 additional homes as part of the Local Authority Housing Fund Round 3 funding, and the process to identify and acquire these homes will begin, with a view to completion by March 2025.

New Build Schemes On Site

Sites where work is in progress are summarised in the tables below, with details of the latest budgeted costs and number of units that will be delivered on each site once complete:

Devolution 500 Programme

Scheme	Approved Indicative Social Housing Units	Gain in Social Housing Units	Latest Budget Approved / for Approval	RTB Receipt / Sales Receipt Funding	Devolution Grant	Rent Basis
Meadows and Buchan	84 (22 handed over)	84 (22 handed over)	25,929,000	(7,778,700)	(9,102,060)	60%
Total	**84**	**84**				

10 Year New Homes Programme

Scheme	Approved Indicative Social Housing Units	Gain in Social Housing Units	Latest Budget Approved / for Approval	RTB Receipt / Sales Receipt Funding	Homes England Grant / Other Grant	Rent Basis
Colville Road III	28 (20 handed over)	28 (4 handed over)	12,720,000	0	(3,424,000)	12 Social Rent / 16 80%
Aragon Close	7	7	2,455,000	0	(551,882)	80%
Sackville Close	7	7	2,589,000	0	(551,882)	80%
Aylesborough Close	70	37	19,450,000	0	(5,717,000)	41 Social Rent / 29 80%
Total	**129**	**83**				

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. The tables below detail the latest budget requirements either approved or for approval as part of the HRA Medium Term Financial Strategy and the assumed number of new homes which can be delivered, recognising that this may still be subject to both planning approval and procurement of a contractor or transfer to CIP for some of the sites.

Devolution 500 Programme

Scheme	Approved Indicative Social Housing Units	Gain in Social Housing Units	Latest Budget for Approval	RTB Receipt and Sales Receipt Funding	Devolution Grant	Rent Basis
Kendal Way	1	1	565,000	(163,500)	0	60%
Total	**1**	**1**				

10 Year New Homes Programme

Scheme	Approved Indicative Social Housing Units	Gain / (Loss) in Social Housing Units	Latest Budget for Approval	RTB Receipt and Sales Receipt Funding	Homes England / CPCA Grant	Rent Basis
St Thomas's Road	4	4	1,963,000	0	(360,000)*	2 Social Rent / 2 80%
Paget Road	4	4	1,762,000	0	(360,000)*	2 Social Rent / 2 80%
Fanshawe Road	45	25	14,329,000	0	(1,000,000)** (770,000)*	34 60% / 11 80%
Princess and Hanover Court	82	0	30,766,000	0***	0	Social Rent
East Road	40	40	11,991,000	0	(2,576,000)*	16 Social Rent / 24 80%
Eddeva Park	32	32	8,398,000	1,257,750	0	60%
East Barnwell	120	110	52,654,000	0	(9,840,000)*	48 Social / 72 80%
Newbury Farm	60	60	16,002,000	2,399,250	0	60%
ATS, Histon Road	28	28	7,106,000	1,064,850	0	60%

Scheme	Approved Indicative Social Housing Units	Gain / (Loss) in Social Housing Units	Latest Budget for Approval	RTB Receipt and Sales Receipt Funding	Homes England / CPCA Grant	Rent Basis
Ekin Road	64	(27)	19,860,000	0	0	Social Rent
Davy Road	45	13	15,730,000	0	TBC	5 Social / 29 60% / 11 80%
Total	**528**	**293**				

* Homes England Grant is assumed, but no grant has yet been secured.

** CPCA Grant

*** The anticipated land receipt to the HRA for the element of land transferred to deliver market housing is currently netted off against the costs until details have been finalised.

The budget for the scheme at St Thomas's Road has been reviewed and reduced in light of proposals to bring forward a smaller scheme on the site. The revised scheme will be presented to Housing Scrutiny Committee for decision, but the budget has been reduced as part of this iteration of the business to free up resource to be invested elsewhere.

Fanshawe Road was the subject of a revised report presented to Housing Scrutiny Committee in September 2023, where approval was granted for a smaller mixed tenure scheme on this site in place of the previous larger 100% affordable rented scheme, with 45 rented homes anticipated. The budget approved in September 2023 has been reviewed again, resulting in an increase in costs of £1,325,000, inclusive of inflation, taking account of the latest plans and build costs assumptions. It still also reflects the inclusion of a land receipt at an estimated £350,000 for the land upon which the market homes will be built.

Budget remains ear-marked for the cost of the redevelopment of Princess and Hanover Court, but this scheme is currently subject to review, to ensure that the best scheme is delivered in terms of tenure mix and financial viability.

The table below summarises changes to either approved budgets, and /or anticipated numbers of units, for schemes in the current programme, with inflation added to all schemes not already on site, or in contract, at the start of the year. Funding has been increased for the schemes on site at Aragon Close and Sackville Close as a result of agreed variations.

Scheme	Previous Budget Approval	Original Estimated Units	Latest Budget Approval Request	Revised Estimated Units	Justification
Kendal Way	545,000	1	565,000	1	Inflation added
Aragon Close	2,426,000	7	2,455,000	7	Budget increased
Sackville Close	2,562,000	7	2,589,000	7	Budget increased
Colville Road III	12,681,000	48	12,720,000	48	Budget increased
St Thomas's Road	3,468,000	8	1,963,000	4	Budget reduced for smaller scheme
Paget Road	1,689,000	4	1,762,000	4	Inflation added
Fanshawe Road	13,000.000	45	14,329.000	45	Budget increased
Princess and Hanover Court	29,763,000	82	30,766,000	82	Inflation added
East Road	11,466,000	40	11,991,000	40	Inflation added
Eddeva Park	8,021,000	32	8,398,000	32	Inflation added
East Barnwell	50,306,000	120	52,654,000	120	Inflation added
Newbury Farm	15,285,000	60	16,002,000	60	Inflation added
ATS, Histon Road	6,788,000	28	7,106,000	28	Inflation added

The table below confirms the current status for all pipeline schemes:

Scheme	Site Type	Status	Potential New Build Units
Kendal Way	In-fill	Planning approved	1

Scheme	Site Type	Status	Potential New Build Units
St Thomas's Road	Existing HRA Garages	Pre-planning	4
Paget Road	Existing HRA Garages	Planning approved	4
Fanshawe Road	Existing HRA Housing	Planning approved	45
Princess and Hanover Court	Existing HRA Housing	Pre-planning	82
East Road	Demolished HRA Garages	Pre-planning	40
Eddeva Park	Section 106	Planning approved	32
East Barnwell	Mixed Ownership Site	Planning approved	120
Newbury Farm	Section 106	Pre-planning	60
ATS, Histon Road	Section 106	Pre-planning	28
Ekin Road	Existing HRA Housing	Pre-planning	64
Davy Road	Existing HRA Housing	Pre-planning	45

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 2024.
- Re-phasing of expenditure anticipated to take place in 2023/24 into 2024/25 and beyond, as approved in June / July 2024.
- Inclusion of inflation for all schemes not in contract.
- Inclusion of a budget of £2,016,000, and the associated grant funding, for the Local Authority Housing Fund Round 3, to deliver 4 homes by March 2025.
- Increase in the budgets for Aragon and Sackville Close, of £29,000 and £27,000 respectively, recognising agreed variations on site.
- Increase in the budgets for Colville III, of £39,000, recognising agreed variations on site.

- A net reduction of £1,505,000 in the budget for St Thomas's Road recognising the intention to bring forward a smaller scheme on this site, with a report anticipated to be presented to a future Housing Scrutiny Committee.
- Increase in the budget for Fanshawe Road of £1,329,000, inclusive of inflation, recognising increasing costs and overall viability for the scheme.
- Re-allocation of new build budget of £19,860,000 between the unallocated / generic new build budget and the scheme specific budget for Ekin Road, following approval of the scheme at Housing Scrutiny Committee in June 2024.
- Inclusion of a budget of £333,000 for Stanton House, following a decision in June 2024 to secure vacant possession of the site.
- Re-allocation of new build budget of £15,730,000 between the unallocated / generic new build budget and the scheme specific budget for Davy Road, in line with a scheme specific report presented to Housing Scrutiny Committee as part of this committee cycle.
- Inclusion of the latest cost assumptions and funding in line with Homes England grant applications, in respect of the 10 Year New Homes Programme. Future right to buy receipts have not been allocated to specific schemes at this stage.

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

Section 10 (MTFS)
Risks and Reserves

Risks

The HRA faces a number of risks and uncertainties in respect of its ongoing operation.

Alongside continued financial uncertainty, there are significant risks surrounding unknown costs for the HRA, particularly in respect of investment in the existing housing stock that may be needed for fire safety, other health and safety, compliance and energy efficiency reasons. Whilst the Decent homes 2 standard is still awaited this uncertainty continues.

The cost of delivering new homes also continues to rise, and there is no guarantee that Homes England grant will be available at the levels assumed in our financial forecasts, with the current Homes England Affordable Housing Grant Programme coming to an end in 2024.

Future rental streams are also subject to uncertainty, with no clarity over the level of rent increases that will apply from April 2025 onwards, once the current Rent standard comes to an end.

A detailed risk analysis is presented at **Appendix A**, with financial and operational uncertainties provided at **Appendix B.**

Housing Revenue Account Reserves

Minimum Level of HRA General Reserves

Reserves are held to help manage risks, including changes in inflation and interest rates, unanticipated service demands, rent and other income shortfalls, and emergencies, such as uninsured damage to the housing stock, unanticipated major repairs or events such as a pandemic, or international conflict. Reserves are also used to fund investment which is anticipated to deliver savings in the longer-term.

The approach to setting both a minimum and target level of reserves for the HRA has been revisited as part of this Medium-Term Financial Strategy, taking account of the type of expenditure or income that the HRA accounts for, and balancing the value and the risk associated with each of these. This results in a new minimum level of reserves is £6,161,000, with a target level of reserves at 20% above this, £7,393,000.

The detailed calculation can be found in **Appendix I.**

Impact on HRA General Reserves in 2024/25

The impact on HRA reserves for 2023/24, and 2024/25 to date is shown in the table below:

Budgeted or Actual Use of / (Contribution to) HRA Reserves	2023/24 £'000	2024/25 £'000
Budgeted Changes in HRA Reserves		
Opening General HRA Reserves	**(10,521)**	**(7,565)**
Original Budget (Approved in January)	6,185	(654)
Carry Forwards (Approved in June)	335	563
MTFS Mid-Year Review (Approved in September)	(3,320)	263
Budget Setting Report Revised Budget (February)	(571)	-
Estimated Closing General HRA Reserves	**(7,892)**	**(7,393)**
Actual Changes in HRA Reserves		
Opening General HRA Reserves	**(10,521)**	**(7,565)**
Adjustment to 1 April 2023 reserves balance for rent regulation error	3,827	
Actual Outturn for the Year (Reported in June 2024)	(966)	-

Late adjustments to HRA post June 2024	95	-
Actual Closing General HRA Reserves	**(7,565)**	**-**

The original budget for 2024/25 approved a net contribution to general reserves of £654,150, which allowed a total revenue contribution to fund capital expenditure of £10,034,780 for the year.

This iteration of the business plan includes changes in:

- estimated dwelling and garage rental income for 2024/25
- removal of resource ear-marked for rent error refunds, recognising it was accounted for in 2023/24
- interest due for the year based upon revised cash balance assumptions
- interest paid based upon the latest borrowing assumptions
- the level of depreciation assumed to be chargeable to the HRA
- the bad debt provision required for the year, based upon the latest estimates
- the level of revenue funding of capital for the year, based upon capital projections
- allocation of resource identified to respond to an increase in stock numbers
- resource to respond to unavoidable pressures

The final general HRA reserves position reported for 31 March 2024 was £7,564,940. The revised projection of the use of general reserves in the current year (2024/25) now indicates that there is expected to be a net use of reserves of £171,550, which would leave a balance of £7,393,390 at 31st March 2025.

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. **Appendix I** details existing balances held.

Section 11 (MTFS)
Budget Strategy

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 up-to-date intelligence and information, utilising historical information, externally available data and expert advice and opinion of specialists where appropriate.

The base financial assumptions included in the financial model are included at **Appendix C** of the HRA Medium-Term Financial Strategy, with continuing uncertainties for the HRA summarised at **Appendix B** of the Business Plan.

Appendix D demonstrates the potential impact on the HRA business plan of changes in some of the base assumptions that have been incorporated as part of this review.

HRA Budget Strategy

The Budget Process

The HRA budget for 2025/26 will incorporate any changes proposed and agreed as part of this iteration of the business plan.

Development of the Budget Strategy

The HRA still faces significant financial challenges, with continued high borrowing costs expected to outweigh any increases in income that would otherwise support these costs. There remains a commitment to improve the sustainability of dwellings by 2035, with a target to achieve EPC ‘C’ in all homes, but this still only goes some way towards the aspirational target of achieving net zero carbon.

For 2024/25 the HRA Medium Term Financial Strategy incorporates an increase in anticipated dwelling rental income for the current year as a result of moving social rented properties to formula rent at re-let and affordable rented homes to 60% of market rent at re-let, new homes being handed over more quickly than expected in some cases and also being introduced at higher rents than forecast, decant of homes for redevelopment taking longer than expected and additional homes being brought into the HRA through the Local Authority Housing Fund programme. Conversely, garage rent income is lower than anticipated as a result of the number of vacant garages and parking spaces currently held.

The update also includes changes in the contribution to the bad debt provision, anticipated interest earned in year from a revenue perspective, anticipated interest paid on borrowing and in depreciation of the housing stock, alongside some changes in operational budgets.

Changes have been incorporated in the Housing Capital Programme, recognising a revised new build delivery programme, with updated sums ear-marked for the 10 Year New Homes Programme to take account of the latest assumptions.

The borrowing requirement in future years in order to deliver the reduced 10 Year New Homes Programme is now an estimated £196,000,000 over the next ten years, giving total borrowing at the end of 10 years of £410,000,000. The assumption is now made that for the delivery of new council rented homes to be possible, the authority will be successful in securing significant grant funding from Homes England, in respect of both new and replacement dwellings, irrespective of tenure or the site that they are delivered upon. Failure to secure grant at this level will require a significant review of both the proposed development programme and the HRA business plan.

The HRA needs to be able to clearly demonstrate that it can support any borrowing, with borrowing undertaken to finance a new asset, and not simply to plug a budget gap. The investment need in the existing housing stock to improve sustainability and energy efficiency has still been included in part, with resource to improve homes to EPC'C' standard, but this will still leave a significant further investment requirement to move homes to a net zero carbon standard. Borrowing is assumed in the HRA business plan relating to the investment required to bring homes up to an EPC 'C' standard, with no additional revenue generated to support this. The business plan is unable to support the level of borrowing that would be required to improve homes to net zero carbon without an additional future revenue stream, as it already needs to seek to increased income to support the borrowing currently incorporated.

As borrowing is required, borrowing routes need to be explored in detail. If the HRA is to deliver the new council rented homes aspired to, taking account of the latest changes in assumptions, and begin to invest in further energy improvement works, there will still no ability to set-aside resource to repay any of the self-financing debt and all borrowing will need to be re-financed at maturity, materially impacting the financial forecasts for the HRA and driving the need to identify net savings in future iterations of the business plan.

With the current pressure on the HRA finances, the aspiration to maximise the delivery of new council rented homes and the requirement to improve the energy efficiency of the existing housing stock, this report again proposes a budget strategy where an efficiency savings target is set at a level above the proposed strategic investment fund, to generate net ongoing savings in the HRA, to reduce the overall need to borrow. Ensuring identification of efficiency savings and creating some strategic investment capacity also ensure that the HRA is best placed to respond to future pressure, in terms of the need to meet updated statutory, health and safety, compliance and regulatory requirements.

The detail in terms of individual savings proposals, and the impact of reducing budgets by these values, will be presented as part of the 2025/26 budget bids and savings process, to ensure that these can be weighed up against any strategic re-investment proposed.

Approach to HRA Savings

In line with the budget strategy outlined, it is recommended that an efficiency target is retained for 2025/26, but with a lower level of strategic investment fund, in order to deliver net savings for the HRA to support future investment in sustainable homes, whilst retaining some capacity in future years to be able to respond to the financial challenges arising from the Social Housing Regulation Act and review of the Decent Homes Standard.

The inclusion of an efficiency savings target equivalent to 4% of controllable general management and repairs administration expenditure at £218,000 per annum is included for 2025/26 and the following four years. If this was increased to include internal recharges, the savings target would be £350,000 per annum

It is proposed that 50% is redirected into resource for strategic reinvestment in other areas of the housing service, with an annual fund of £109,000 to be created. The authority will need to review and evaluate its approach again in preparation for 2026/27 onwards, once the longer-term impacts on the economy, and its recovery, are clearer.

The assumption that response and planned revenue repairs expenditure is adjusted in line with any stock changes is also retained.

As part of the 2025/26 budget setting process, any areas of new revenue investment will therefore need to be more than offset by the identification of savings or increased income generation elsewhere across the HRA.

The position for the HRA will be reviewed again as part of the January 2025 HRA Budget Setting Report, with a view to continuing to maximise 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, with the aspiration to improve levels of energy efficiency being key.

It is likely that a greater net savings position may need to be sought from 2026/27 onwards, depending upon the financial pressure in respect of enhanced decent homes and compliance investment, but by this point it is hoped that there will also be longer-term certainty over rent increases. The corporate transformation programme will also have presented more detailed recommendations for change, with the impact for the HRA identified.

Appendix A

Key Risk Analysis

Risk Area & Issue arising	Controls / Mitigation Action
Effects of Legislation / Regulation	
Implications of new legislation / regulation or changes to existing are not identified	• Effective, formal, regular review processes are in place for the HRA to ensure that implications are identified, quantified and highlighted. Officers review any publications. • Service Improvement Team in place to respond to requirements of Social Housing Regulation from April 2024 and plan for inspection
Delays in announcement of detail surrounding housing policy change negatively impacts decisions taken at a local level	• Decisions taken in the context of a business plan which recognises the uncertainty and is reviewed twice each year. Savings taken have impacts exemplified to ensure impact is mitigated.
Funding is not identified to meet the costs associated with changes in statutory requirements	• Additional / specific funding requirements for new services can be identified through the budget process, to allow effective prioritisation of resources. Prudent minimum reserves are held to allow immediate investment if required. • Representation made to MHCLG and other national bodies where statutory requirements carry excessive cost.
Changes in national housing or rent policy impact the ability to support the housing debt or deliver against planned investment programmes	• The Council has processes in place ensuring early engagement in any consultation and collective representation through national housing bodies. • Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible with scenario impact quantified.
Housing Spending Plans	
The Council approves plans which are not sustainable into the future, leading to increasing problems in balancing budgets	• Council has adopted medium and long-term modelling (up to 30 years) for HRA, ensuring decisions are made in context of long-term impact.

Risk Area & Issue arising	Controls / Mitigation Action
	• The Business Plan includes long-term trend and scenario analysis on key cost drivers. • Target levels of reserves are set for the HRA to enable uneven pressures to be effectively dealt with, and to provide cover against unforeseen events / pressures.
Financial planning lacks appropriate levels of prudency	
Business Planning assumptions are wildly inaccurate Financial policies, in general, are not sufficiently robust Funding to support the approved Capital Plan is not available Business plan assumption that all borrowing is re-financed at the end each borrowing term can't be supported	Council has adopted key prudency principles, reflected in: • Use of external expert opinion and detailed trend data to inform assumptions • Ongoing revenue funding for capital is reviewed for affordability as part of the 30-year modelling process • Adoption of strict medium / long-term planning Business plan is reviewed annually, housing stock is maintained to decency standards, with an asset management strategy in place.
Use of resources is not effectively managed	
There is ineffective use of the resources available to the HRA Failure to deliver Major Housing / Development Projects, i.e. return on capital investment, project on time etc. Value for money in terms of investment in new build homes is challenged	• Council employs robust business planning processes for the HRA • Council has adopted a standard project management framework • A business decision is required for all strategic acquisitions, disposals and one-off areas of significant investment • Performance and contractor management procedures are robust and contracts are enforceable • The Council's accounts are audited on an annual basis, with assurance given that the authority is delivering economy, efficiency and effectiveness in its use of resources • Council adopts a mix of delivery vehicles • Council employs cost consultants to demonstrate price comparability with the local market • Council has completed an independent review of new build delivery

Risk Area & Issue arising	Controls / Mitigation Action
External income / funding streams	
Undue reliance may be placed on external income streams, leading to approval of unsustainable expenditure	• Modelling over the medium and long-term is conducted for key income sources, including sensitivity analysis of potential changes • Council seeks to influence national settlements and legislative changes through response to formal consultation
Rent and service charge arrears increase, and bad debt rises, as a direct result of the Welfare Benefit Reforms or the current cost of living crisis	• Increased resources identified for income management. Performance closely monitored to allow further positive action if required. • Income Analytics and LIFT software procured to aid arrears recovery.
Rent income is under-achieved due to a major incident in the housing stock	• Asset Management Plan in place to identify and address key issues in the housing stock to minimise likelihood of widespread incidents
Changes in the economic environment cause a significant reduction in the number of right to buy sales, reducing the resource available to finance the capital investment programme	• Sensitivities modelled so potential impacts are understood • Business plan is regularly reviewed allowing reallocation of resource or consideration of borrowing if required
Changes to the right to buy rules result in an increase in the level of sales, with the associated commitment to deliver replacement units or pay over receipts with interest	• Sensitivities modelled so potential impacts are understood • Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity • Delivery timeframe extended to 5 years, with ability to invest up to 100% of receipt into the replacement dwelling for the next two years
Volatility and competition in the property market impacts the ability to fund planned capital investment from the sale of assets	• Regular review of mix of new build delivered to ensure that assumptions around shared ownership and market sale are realistic

Appendix B

Areas of Uncertainty

Housing Revenue Account – Revenue Uncertainties
HRA Borrowing and Interest Rates
Future uncertainty exists in the borrowing route to fund the delivery of the 10-year new homes programme and the ability to manage the cashflow and service / re-pay the debt in a self-financing environment. Interest rates are currently still high, and it is difficult to predict where they will settle long-term. Rents are controlled at national level, which was never the intention of operating in a self-financing environment, and which may constrain the HRA business plan.
Right to Buy Sales
The number of sales has reduced as a result of mortgage rate rises. Indications are that interest remains relatively low, but the uncertainty in the economy, and the current increased cost of living may also impact future sales. It is impossible to predict this accurately.
Right to Buy Retention Agreement
Resource retained in respect of 1-4-1 receipts must be appropriately re-invested to avoid payment of an interest penalty, currently at the bank base rate plus 4%, so 9%. At present, sufficient investment is incorporated into the HRA financial model to avoid penalty in the medium-term, so no interest payments are assumed in the business plan.
Inflation
It is difficult to predict the longer-term position in respect of inflation, but at the time of writing this report rates had reduced to around the previous government's long-term target of 2%. It is impossible to predict accurately where rates will reside longer-term.
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 ongoing impact for the authority of the full local rollout of Universal Credit is still uncertain, but with expectations that we may see a significant increase in arrears levels.
Social Housing Regulation Act
The new Consumer Standards and Housing Inspection regime came into effect from April 2024, with more detail surrounding inspection awaited. The need for a review of legislation surrounding the maintenance standards of social housing stock was also identified, and we await the details of any additional revenue investment that may be required.

Housing Revenue Account – Revenue Uncertainties

National Rent Policy

The national rent policy, which is legislative, removes local control over the setting of rent levels. The Rent Standard from April 2025 is yet to be published, resulting in significant uncertainty in what rent increases in the future will look like, although rent indications are that a 10 year arrangement with increases at CPI pus 1% may be announced in the autumn.

Housing Revenue Account - Capital Uncertainties

New Build Programme

The HRA Business Plan assumes a significant increase in the level of grant funding available for the delivery of new homes, with the funding being provided with much more flexibility than the current Homes England Grant Programme. There is a key business risk that this will not materialise as hoped, necessitating a fundamental review of the 10 Year New Homes Programme.

Energy Efficiency Works

The authority does not have sufficient resource to be able to improve homes to an EPC 'C' standard by 2030 without significant additional borrowing and has very limited capacity in years 7 to 30 to deliver any further energy improvement towards meeting net zero carbon aspirations. The authority commissioned work to explore the potential costs to retrofit existing homes to improve energy efficiency. The need to evidence that these costs are robust is being addressed by carrying out pilot programmes locally and the authority has successfully secured some pilot grant funding and continues to explore funding mechanisms to support this investment. The ability to deliver this level of investment without financial support is limited.

Sulphate Attack

Funding of £1.2m is still incorporated into the Housing Capital Programme to tackle sulphate attack in 98 potentially affected properties. Following a historic risk assessment, this allows works to be carried out, if required, and only when properties become void. 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. Work is to be commissioned to revisit this issue and review the current asset management approach.

Disabled Facilities Grants and Private Sector Housing Grants and Loans

DFG's and Private Sector Housing Grants and Loans are currently fully funded by the Better Care Fund, but any top up investment by the authority would be dependent upon the generally available proportion of right to buy receipts in any year, relating to the first 10 to 17 right to buy sale receipts per annum, as assumed in the self-financing settlement. This could put at risk the desired level of investment in this area, if funding via the Better Care Fund were to reduce.

Housing Revenue Account - Capital Uncertainties

Right to Buy Sales and Retained Right to Buy Receipts

Under the agreement with MHCLG, the authority is committed to invest the receipts in new homes within 5 years of the receipt period, with this funding available to meet 100% of the cost of a dwelling for the next 2 years. The recently announced flexibilities will be reviewed at the end of this period and there is a risk that the policy may revert to allowing only 50% of a dwelling to be funded, necessitating top up resource for the HRA directly, or through borrowing. Receipts may need to be paid over to central government at the end of each year, if delays in the delivery of new homes mean that deadlines are breached.

Fire Safety Act and Works in Flatted Accommodation

The authority is still working through the implications of changes to fire safety and building safety regulations, which impact the future investment need in flatted accommodation particularly. Any increased cost of works required under revised regulations will need a wider review of stock investment budgets to identify resource.

Decent Homes 2

The authority still awaits details of the outcome of the review of the Decent Homes Standard, with future investment needs expected to alter as a result.

HRA Commercial Property

Stock condition surveys and investment profiles are still required in respect of some 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.

Appendix C

Revised Business Planning Assumptions (Highlighting Changes in Bold)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	**2.5% for 2025/26, 2.3% for 2026/27, 1.6% for 2027/28 and 2028/29, then 2%**	**General inflation on expenditure included using Bank of England forecasts, recognising long-term target of 2% ongoing.**	**Amended**
Capital and Planned Repairs Inflation	**2.7% for planned maintenance and 3% for new build**	**Based upon the mix of BCIS and CPI forecasts for next 5 years, using averages over this period. Adopt 3% for new build based upon industry projections.**	**Amended**
Debt Repayment	No debt repayment assumed	Assumes surplus is re-invested in income generating assets, but with borrowing rates resulting in ability to support interest payments only.	Retained
Pay Inflation	**1% Pay Progression & Pay Inflation at 2.5% for 2025/26, 2.3% for 2026/27, 1.6% for 2027/28 and 2028/29, then 2%**	**Assume allowance for increments at 1% and cost of living pay inflation at 2.5%, 2.3%, 1.7% for 2 years, 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 0.5% for 5 years, then CPI**	**Assume an increase of CPI plus 0.5% from 2025/26 for 5 years, then CPI. Assume CPI is 2.3% in September 2024 for 2025/26, then in line with CPI above from 2026/27.**	**Amended**
Affordable Rent Review Inflation	CPI plus 0.5% for 5 years, then CPI	Affordable rents to be reviewed annually in line with rent guidance, ensuring that re-lets do not breach the Local Housing Allowance, 60% or 80% of market rent, depending upon the tenure.	Retained

Key Area	Assumption	Comment	Status
Rent Convergence	Voids Only	Ability to move to formula rent achieved only through movement of void properties directly to formula rent.	Retained
Social Rent Re-Let	**Formula Rent plus 5% (10% for supported / sheltered)**	**Assume 5% (10% for supported and sheltered) flexibility on formula rent is applied at re-let recognising the investment required across the portfolio.**	**Amended**
Affordable Rent Re-Let	60% market rent or LHA whichever is lower or 80% market rent	Affordable rents are re-based at 60% (or current LHA if this is lower) or 80% of market rent depending upon the rent levels approved for each scheme	Retained
External Lending Interest Rate	4.5% for 2024/25, 3% from 2025/26 ongoing	Interest rates based on latest market projections, recognising that the HRA will benefit from low-risk investments only	Retained
Internal Lending Interest Rate	4.5% for 2024/25, 3% from 2025/26 ongoing	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.	Retained
External Borrowing Interest Rate	**5% for 2024/25, 4.28% for 2025/26, then 4.1% ongoing**	**Assumes additional borrowing using PWLB projected rates generated by Link, with HRA and certainty rate applied.**	**Amended**
Internal Borrowing Interest Rate	**5% for 2024/25, 4.28% for 2025/26, then 4.1% ongoing**	**Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route.**	**Amended**
HRA Minimum Balances	**£6,161,000**	**Revise HRA minimum balance to £6,161,000, following a review of the prudent minimum balance for the HRA.**	**Amended**
HRA Target Balances	**£7,393,000**	**Revise HRA target balance to £7,393,000 (minimum plus 20%), following a review of the prudent minimum balance for the HRA.**	**Amended**
Right to Buy Sales	**20 in 2024/25, then 25 sales ongoing**	**Activity has remained low as a result of mortgage rates, so the assumed sales for 2024/25 have been reduced, but the previous assumption of 25 sales is retained annually from 2025/26 ongoing.**	**Amended**
Right to Buy Receipts	**Settlement right to buy and assumed one-for-one receipts included**	**Debt settlement receipts included, assuming the receipts utilised partly for general fund housing purposes. Anticipated one-for one receipts included, and ear-marked for direct new**	**Amended**

Key Area	Assumption	Comment	Status
		build spend. Debt repayment proportion reinvested in new affordable homes.	
Void Rates	**1.1% for 2024/25 then 1% for 2 years, then 0.8% ongoing**	**Assume a general void rate of 1.1% for 2024/25, 1% for 2025/26 and 2026/27, then 0.8% ongoing, recognising intended improved void performance.**	**Amended**
Bad Debts	1% from 2024/25 ongoing	Bad debt of 1% ongoing reflecting the requirement to collect 100% of rent directly through Universal Credit.	Retained
Savings Target	**£218,000 (4% of general and repairs administrative expenditure)**	**Retain an efficiency target, now at £218,000 from 2025/26 for 5 years. Allows strategic reinvestment and a response to pressure from national housing policy change.**	**Amended**
Responsive Repairs Expenditure	Adjusted pro rata to stock changes	An assumption is made that direct responsive repair expenditure is adjusted annually in line with any change in stock numbers.	Retained
Strategic Investment Fund	**£109,000**	**Housing Strategic Investment Fund included from 2025/26 for 5 years at 50% of the value of the savings target for the full 5 year period to deliver a net reduction in costs**	**Amended**

Appendix D

Business Plan Key Sensitivity Analysis

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact	Business Plan Impact
Rent Increases	Assumed at 2.8% for 2025/26, then CPI plus 0.5% for 4 years, then CPI	No guarantee that there will be the ability to return to previously assumed rent increases under any new Rent Standard from 2025/26, so assume CPI only from 2025/26.	Borrowing increases by £96 million during the life of the plan and interest payments by £37 million.	1,130 of the 1,700 homes are unable to be improved to EPC ‘C’.
Rent Increases	Assumed at 2.8% for 2025/26, then CPI plus 0.5% for 4 years, then CPI	Assume a cap on rent increases at 2% for 2025/26	Borrowing increases by £35 million and interest payments by £14 million.	430 of the 1,700 homes are unable to be improved to EPC ‘C’.
Rent Increases	Assumed at 2.8% for 2025/26, then CPI plus 0.5% for 4 years, then CPI	Assume the ability to set rent increase at 3% for 2025/26	Borrowing reduces by £8 million and interest payments by £4 million.	£110k per annum is available for investment in services.
Rent Increases	Assumed at 2.8% for 2025/26, then CPI plus 0.5% for 4 years, then CPI	Assume the ability to set rent increase at 5% for 2025/26	Borrowing reduces by £85 million and interest payments by £37 million.	An additional 4 new homes could be built each year – 120 across the life of the business plan.
General Inflation	CPI assumed to be 2.5% for 2025/26, 2.3% for 2026/27, 1.6% for 2027/28 and 2028/29, then 2% ongoing from 2029/30	Assume that inflation does not dip as forecast across the next 4 years and stays at 2.5% for 4 years before returning to 2% ongoing.	Borrowing reduces by £51 million during the life of the plan.	An additional 2.5 new homes could be built each year – 75 across the life of the business plan.
Direct Payments (Universal Credit)	Bad Debts at 1%	Evidence from the pilot authorities for direct payment indicated that collection rates may fall from 99% to 95%. Assume bad debts at 5% from 2025/26.	Borrowing increases by £138 million during the life of the plan, with £77 million bad debt and £58 million in additional interest payments.	No further homes could be improved to EPC ‘C’.

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact	Business Plan Impact
Cost of HRA New Build Programme	Homes England Grant assumed for all tenures at a significantly higher rate than previously assumed, with £206.5 million across the 10 Year Programme	Assume Homes England Grant received at current levels for eligible affordable tenures only.	Borrowing increases by £563 million during the life of the plan and interest payments increase by £374 million. The HRA has to borrow significantly in order to deliver its core functions.	All energy investment would need to be ceased and the 10 Year New Homes Programme would need to be scaled down significantly.
Cost of Borrowing	Borrowing is assumed at 5% for 2024/25, 4.28% for 2025/26, then 4.1% ongoing	Assume that the long-term borrowing rate does not fall to a low as 4.1%, but instead stabilises at 4.5%	Borrowing increases by £30 million during the life of the plan and interest payments increase by £31 million.	360 of the 1,700 homes are unable to be improved to EPC 'C'.
Cost of Borrowing	Borrowing is assumed at 5% for 2024/25, 4.28% for 2025/26, then 4.1% ongoing	Assume that the current reduced HRA rate is the best we can expect in the long-term, so assume borrowing at 5% ongoing	Borrowing increases by £74 million during the life of the plan and interest payments increase by £77 million.	830 of the 1,700 homes are unable to be improved to EPC 'C'.
Net Zero Carbon	A small programme of homes is assumed to be improved to net zero carbon standards	Assume the need to meet net zero carbon across the stock by 2050 (excluding 521 non-trad homes and hostels)	Borrowing increases by £967 million during the life of the plan and interest payments increase by £77 million. The HRA is not financially viable.	The HRA is not financially viable with this assumption incorporated.

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

Appendix E

2024/25 HRA Mid-Year Revenue Budget Adjustments

Area of Income / Expenditure	Description	Budget Amendment in 2024/25 Budget (£)	Budget Amendment in 2025/26 Budget (£)	Comment
Budgeted use of / (contribution to) HRA Reserves pre MTFS		**(91,550)**		
HRA General and Special Management				
Increased cost of service provision in new homes	Increased cost of the provision of services to communal areas in respect of new homes	54,000	54,000	Built into base for future years
Increased cost of Housing Ombudsman	The statutory subscription to the Housing Ombudsman Service has increased above inflation again from 2024/25	18,640	18,640	Built into base for future years
Abortive HRA development fess	One-off additional funding to allow the next phase of the programme to be progressed	0	300,000	One-Off
Total HRA General and Special Management		**72,640**		
HRA Repairs				
Responsive Repairs	Budget to increase staffing capacity on a temporary basis for DCM, compliance and complaint administration	25,360		One-Off
Risk and Compliance	Increased budget for electrical inspections and associated repairs	524,000		One-Off
Total HRA Repairs		**549,360**		
HRA Summary Account				
Bad Debt Provision	Increase in bad debt provision based on latest assumptions	12,390	Incorporated into base assumptions	Built into base for future years

Area of Income / Expenditure	Description	Budget Amendment in 2024/25 Budget (£)	Budget Amendment in 2025/26 Budget (£)	Comment
Rent Income	Increase in rental income for 2024/25 due to a higher number of let properties than anticipated	(156,120)	Incorporated into base assumptions	Built into base for future years
Rent Error Refunds	Removal of affordable rent error refund budget as accounted for in 2023/24	(1,150,000)	0	One-Off
Garage Rent Income	Reduced garage rental income as a result of additional void lets in 2024/25	56,820	Incorporated into base assumptions	Built into base for future years
Dwelling Depreciation	Reduction in the estimated level of depreciation based upon the latest stock projections	(134,540)	Incorporated into base assumptions	Built into base for future years
RTB capitalisation	The sum that can be capitalised in respect of administrative costs will be lower due to a reduction in sales	6,500	Incorporated into base assumptions	Built into base for future years
Interest earned on HRA Balances	The HRA will receive a reduced interest receipt as a result of utilising cash reserves in 2023/24 in place of borrowing	363,820	Incorporated into base assumptions	Built into base for future years
Interest paid on Borrowing	Reduction in interest paid, with assumed borrowing in 2023/24 not taken out	(367,290)	Incorporated into base assumptions	Built into base for future years
Direct Revenue Financing (DRF) of capital	A reduction in DRF recognising a review of target and minimum HRA balances	1,009,520	0	One-Off
Total HRA Summary		**(358,900)**		
Revised use of / (contribution to) HRA Reserves post MTFS		**171,550**		

Appendix F

2024/25 Mid-Year HRA Capital Budget Amendments

Area of Expenditure And Change	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Total Housing Capital Plan Expenditure pre HRA MTFS	**108,823**	**100,424**	**85,096**	**83,574**	**112,555**
General Fund Housing					
No changes	0	0	0	0	0
Decent Homes and Other HRA Stock Investment					
Allocate 2024/25 inflation and backlog funding and re-profile decent homes and other stock investment budgets based upon latest stock numbers, contract prices and stock condition data					
Kitchens	416	205	(392)	141	(1,208)
Bathrooms	616	6	(195)	(253)	(498)
Central Heating / Boilers	57	(54)	(9)	(498)	(881)
Insulation / Energy Efficiency / Wall Finishes	13	4	2	14	302
Energy Efficiency Pilot / Retrofit / EPC 'C'	354	108	108	108	108
External Doors	1,006	(71)	34	2	(76)
PVCU Windows	1,537	(15)	7	0	126
Wall Structure	63	13	1	37	(709)
External Painting	10	10	10	(163)	(340)
Roof Structure	15	(12)	(12)	(12)	(12)
Roof Covering (including chimneys)	592	(25)	45	97	(192)
Electrical / Wiring	610	(125)	0	(240)	(822)
Sulphate Attacks	3	3	3	3	3
HHSRS Contingency	18	(56)	3	3	3
Other Health and Safety Works	3	1	1	1	1
Capitalised Officer Fees - Decent Homes	14	14	14	14	14
Decent Homes Backlog	(5,025)	417	417	467	1,092
Associated change in Other Planned Maintenance Contractor Overheads	545	(8)	(50)	(95)	(473)
Adjust Decent Homes New Build Allocation based upon the latest handover dates for new homes	34	(171)	22	156	278
Garage Improvements	3	3	3	3	3
Asbestos Removal	1	1	1	1	1
Disabled Adaptations	22	22	22	22	22
Communal Areas Uplift	3	3	3	3	3

Area of Expenditure And Change	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Communal Electrical Installations / Fire Systems / Communal Lighting	23	0	0	0	0
Communal Entrance / Enclosure Doors + Glazing	9	(25)	(126)	0	0
Fire Prevention / Fire Safety Works	12	126	0	0	0
Hard surfacing on HRA Land - Health and Safety Works	6	6	6	6	6
Communal Areas Floor Coverings	3	3	(42)	(42)	3
Lifts and Door Entry Systems	5	(71)	4	2	20
Estate Investment Scheme	40	0	0	0	0
Capitalised Officer Fees - Other HRA Stock Spend	3	3	3	3	3
Associated changes in Other Spend on HRA Stock Planned Maintenance Contractor Overheads	20	3	(19)	(1)	7
New Build					
Include inflation for Kendal Way	20	0	0	0	0
Increase budget for Colville III as a result of variations	39	0	0	0	0
Increase budget for Aragon Close as a result of variations	29	0	0	0	0
Increase budget for Sackville Close as a result of variations	27	0	0	0	0
Amend budget for St Thomas's Road to reflect anticipated reduced scheme size	74	(1,579)	0	0	0
Allocate inflation to Paget Road	32	41	0	0	0
Allocate inflation to Fanshawe Road and increase budget	1,163	166	0	0	0
Allocate inflation to Princess and Hanover	207	484	306	6	0
Allocate inflation to East Road (Incl. demolition)	71	392	62	0	0
Allocate inflation to Eddeva Park	171	190	16	0	0
Allocate inflation to East Barnwell	146	691	432	791	288
Allocate inflation to Newbury Farm	393	205	119	0	0
Allocate inflation to ATS, Histon Road	186	122	10	0	0
Include scheme specific budget for Ekin Road	1,019	5,707	5,235	4,208	3,691
Include budget for land assembly at Stanton House	333	0	0	0	0
Include scheme specific budget for Davy Road	1,416	2,831	4,876	3,933	2,674
Allocate inflation to acquisitions budget	49	0	0	0	0
Include budget for LAHF Round 3	2,016	0	0	0	0
Re-allocation of 10 Year New Homes budget in line with changes to scheme specific approvals and update of sums for latest programme assumptions	(4,897)	(10,209)	11,452	36,871	7,578
Sheltered Housing					
No changes	0	0	0	0	0

Area of Expenditure And Change	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Other HRA Spend					
Allocate inflation to Corporate IT Investment	2	1	1	1	1
Allocate inflation to Commercial and Administrative Property	3	1	1	1	1
Inflation Allowance					
Adjust inflation allowed to reflect 2024/25 allocation and re-phased capital programme	(3,602)	(5,139)	(3,845)	(1,670)	(7,728)
Total Housing Capital Plan Expenditure post HRA MTFS	**108,751**	**94,646**	**103,625**	**127,494**	**115,844**

Appendix G

HRA 10 Year Summary Forecast 2024/25 to 2033/34

Description	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000	2032/33 £'000	2033/34 £'000
Income										
Rental Income (Dwellings)	(50,627)	(52,371)	(55,197)	(60,243)	(63,748)	(68,786)	(71,995)	(75,224)	(77,052)	(78,916)
Rental Income (Other)	(1,346)	(1,379)	(1,411)	(1,559)	(1,584)	(1,616)	(1,648)	(1,682)	(1,714)	(1,749)
Service Charges	(3,106)	(3,179)	(3,247)	(3,296)	(3,346)	(3,409)	(3,477)	(3,547)	(3,618)	(3,690)
Contribution towards Expenditure	(640)	(656)	(671)	(681)	(692)	(706)	(720)	(735)	(749)	(764)
Other Income	(544)	(564)	(577)	(586)	(595)	(607)	(619)	(632)	(644)	(657)
Total Income	(56,263)	(58,149)	(61,103)	(66,365)	(69,965)	(75,124)	(78,459)	(81,820)	(83,777)	(85,776)
Expenditure										
Supervision & Management - General	6,344	6,635	6,551	7,147	7,491	8,110	8,544	8,961	9,217	9,479
Supervision & Management - Special	5,005	5,124	5,256	5,355	5,456	5,581	5,708	5,839	5,973	6,110
Repairs & Maintenance	12,538	12,223	13,038	13,607	14,327	15,032	15,640	16,085	16,541	17,010
Depreciation – to Major Repairs Res.	11,922	12,424	12,710	13,411	13,937	14,581	15,167	15,645	15,949	16,259
Debt Management Expenditure	0	0	0	0	0	0	0	0	0	0
Other Expenditure	1,357	1,123	1,062	1,019	961	921	962	1,004	1,032	1,060
Total Expenditure	37,166	37,529	38,617	40,539	42,172	44,225	46,021	47,534	48,712	49,918
Net Cost of HRA Services	(19,097)	(20,620)	(22,486)	(25,826)	(27,793)	(30,899)	(32,438)	(34,286)	(35,065)	(35,858)
HRA Share of operating income and expenditure included in Whole Authority I&E Account										
Interest Receivable	(1,062)	(676)	(726)	(768)	(771)	(896)	(1,036)	(1,085)	(1,177)	(1,275)
(Surplus) / Deficit on the HRA for the Year	(20,159)	(21,296)	(23,212)	(26,594)	(28,564)	(31,795)	(33,474)	(35,371)	(36,242)	(37,133)
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance										

Loan Interest	9,287	11,418	11,858	13,153	15,326	16,235	16,234	16,235	16,235	16,235
Housing Set Aside	0	0	0	0	0	0	0	0	0	0
Appropriation from Ear-Marked Reserve	0	0	0	0	0	0	0	0	0	0
Direct Revenue Financing of Capital	11,044	9,328	11,558	12,099	13,498	6,914	14,741	14,080	16,062	17,187
(Surplus) / Deficit for Year	172	(550)	204	(1,342)	260	(8,646)	(2,499)	(5,056)	(3,945)	(3,711)
Balance b/f	(7,565)	(7,393)	(7,945)	(7,740)	(9,083)	(8,825)	(17,469)	(19,966)	(25,020)	(28,966)
Total Balance c/f	(7,393)	(7,943)	(7,741)	(9,082)	(8,823)	(17,471)	(19,968)	(25,022)	(28,965)	(32,677)

Appendix H

Housing Capital Investment Plan (10 Year Detailed Investment Plan)

Description	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend										
Disabled Facilities Grants	808	808	808	808	808	808	808	808	808	808
Private Sector Housing Grants and Loans	195	195	195	195	195	195	195	195	195	195
Total General Fund Housing Capital Spend	**1,003**	**1,003**	**1,003**	**1,003**	**1,003**	**1,003**	**1,003**	**1,003**	**1,003**	**1,003**
HRA Capital Spend										
Decent Homes										
Kitchens	996	1,435	703	1,311	1,174	2,977	2,977	2,977	2,977	2,977
Bathrooms	1,199	668	182	112	343	459	459	459	459	459
Central Heating / Boilers	2,174	1,597	2,309	1,333	1,657	2,693	2,693	2,693	2,693	2,693
Insulation / Energy Efficiency / Wall Finishes	484	257	834	72	1,034	570	570	570	570	570
Energy Efficiency Pilot / Retrofit	13,565	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,897
External Doors	1,242	76	72	17	83	188	188	188	188	188
PVCU Windows	2,923	930	380	316	1,092	999	999	999	999	999
Wall Structure	2,399	334	119	564	782	1,000	1,000	1,000	1,000	1,000
External Painting	382	382	382	382	382	382	382	382	382	382
Roof Structure	577	300	300	300	300	300	300	300	300	300
Roof Covering (including chimneys)	2,158	1,315	699	1,037	770	704	704	704	704	704
Electrical / Wiring	990	167	258	4	19	882	882	882	882	882

Description	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sulphate Attacks	109	109	109	109	109	109	109	109	109	109
HHSRS Contingency	693	107	107	107	107	107	107	107	107	107
Other Health and Safety Works	107	53	53	53	53	53	53	53	53	53
Capitalised Officer Fees - Decent Homes	540	540	540	540	540	540	540	389	389	389
Decent Homes Backlog	84	5,526	5,526	5,526	5,526	5,526	5,526	0	0	0
Decent Homes Planned Maintenance Contractor Overheads	2,069	833	699	629	870	1,257	1,257	1,257	1,257	1,257
Decent Homes New Build Allocation	1,127	1,304	2,193	2,763	3,422	3,874	4,296	4,443	4,593	4,746
Total Decent Homes	**33,818**	**19,830**	**19,362**	**19,072**	**22,160**	**26,517**	**26,939**	**21,409**	**21,559**	**21,712**
Other Spend on HRA Stock										
Garage Improvements	107	107	107	107	107	107	107	107	107	107
Asbestos Removal	53	53	53	53	53	53	53	53	53	53
Disabled Adaptations	830	830	830	830	830	830	830	830	830	830
Communal Areas Uplift	108	103	103	103	103	103	103	103	103	103
Communal Electrical Installations / Fire Systems / Communal Lighting	889	156	156	156	156	156	156	156	156	156
Communal Entrance / Enclosure Doors + Glazing	344	126	126	126	126	126	126	126	126	126
Fire Prevention / Fire Safety Works	444	855	52	52	52	52	52	52	52	52
Hard surfacing on HRA Land - Health and Safety Works	239	231	231	231	231	231	231	231	231	231
Communal Areas Floor Coverings	107	107	107	107	107	107	107	107	107	107
Lifts and Door Entry Systems	206	4	4	2	59	39	39	39	39	39
Estate Investment Scheme	1,519	0	0	0	0	0	0	0	0	0
Capitalised Officer Fees - Other HRA Stock Spend	122	122	122	122	122	122	122	122	122	122

Description	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	476	204	190	194	201	198	198	198	198	198
Total Other Spend on HRA stock	**5,444**	**2,898**	**2,081**	**2,083**	**2,147**	**2,124**	**2,124**	**2,124**	**2,124**	**2,124**
HRA New Build / Re-Development										
Kendal Way	452	0	0	0	0	0	0	0	0	0
Colville Road Phase II	820	0	0	0	0	0	0	0	0	0
Meadows and Buchan Street	7,877	0	0	0	0	0	0	0	0	0
Colville Road Phase III	3,432	0	0	0	0	0	0	0	0	0
Aragon Close	1,525	0	0	0	0	0	0	0	0	0
Sackville Close	1,617	0	0	0	0	0	0	0	0	0
Aylesborough Close	11,092	3,599	0	0	0	0	0	0	0	0
St Thomas's Road	1,649	82	0	0	0	0	0	0	0	0
Paget Road	720	907	0	0	0	0	0	0	0	0
Fanshawe Road	6,672	3,698	0	0	0	0	0	0	0	0
Princess and Hanover	4,611	10,785	6,826	124	0	0	0	0	0	0
East Road	1,584	8,723	1,383	0	0	0	0	0	0	0
Eddeva Park	3,805	4,228	352	0	0	0	0	0	0	0
East Barnwell	3,257	15,394	9,617	17,631	6,424	0	0	0	0	0
Newbury Farm	8,763	4,571	2,661	0	0	0	0	0	0	0
ATS, Histon Road	4,153	2,715	231	0	0	0	0	0	0	0
Ekin Road	1,019	5,707	5,235	4,208	3,691	0	0	0	0	0
Stanton House	333	0	0	0	0	0	0	0	0	0
Davy Road	1,416	2,831	4,876	3,933	2,674	0	0	0	0	0
Hills Avenue POD Homes	5	0	0	0	0	0	0	0	0	0
Acquisition (Incl. for New Build)	1,096	0	0	0	0	0	0	0	0	0

Description	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Local Authority Housing Fund Acquisitions	2,016	0	0	0	0	0	0	0	0	0
10 Year New Homes Programme (Unallocated)	0	4,864	44,328	69,125	65,762	11,846	8,750	8,750	8,750	8,750
Total HRA New Build / Re-Development / Acquisition	**67,914**	**68,104**	**75,509**	**95,021**	**78,551**	**11,846**	**8,750**	**8,750**	**8,750**	**8,750**
Sheltered Housing Capital Investment										
No current schemes	0	0	0	0	0	0	0	0	0	0
Total Sheltered Housing Capital Investment	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other HRA Capital Spend										
Orchard Replacement / Mobile Working	74	0	0	0	0	0	0	0	0	0
Corporate IT Investment	76	24	24	24	24	24	24	24	24	24
Shared Ownership Repurchase	300	300	300	300	300	300	300	300	300	300
Commercial and Administrative Property	122	32	32	32	32	32	32	32	32	32
Total Other HRA Capital Spend	**572**	**356**	**356**	**356**	**356**	**356**	**356**	**356**	**356**	**356**
Total HRA Capital Spend	**107,748**	**91,188**	**97,308**	**116,532**	**103,214**	**40,843**	**38,169**	**32,639**	**32,789**	**32,942**
Total Housing Capital Spend at Base Year Prices	**108,751**	**92,191**	**98,311**	**117,535**	**104,217**	**41,846**	**39,172**	**33,642**	**33,792**	**33,945**
Inflation Allowance and Stock Reduction Adjustment for Future Years	0	2,455	5,314	9,959	11,627	4,462	5,015	4,925	5,844	6,788
Total Inflated Housing Capital Spend	**108,751**	**94,646**	**103,625**	**127,494**	**115,844**	**46,308**	**44,187**	**38,567**	**39,636**	**40,733**
Housing Capital Resources										
Right to Buy Receipts	(488)	(493)	(498)	(503)	(508)	(513)	(518)	(523)	(529)	(534)

Description	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other Capital Receipts (Land & Dwellings)	(350)	(1,000)	(1,023)	(1,040)	(3,098)	(9,479)	(1,099)	(1,121)	(1,143)	(1,166)
Major Repairs Reserve	(11,922)	(12,423)	(12,708)	(13,411)	(13,937)	(14,581)	(15,167)	(15,646)	(15,948)	(16,259)
Direct Revenue Financing of Capital	(11,044)	(9,328)	(11,558)	(12,100)	(13,498)	(6,914)	(14,741)	(14,080)	(16,062)	(17,187)
Homes England Grant (assumed) / MHCLG Grant	(6,676)	(50,031)	(72,604)	(32,912)	(36,627)	(10,384)	(5,533)	0	0	0
Disabled Facilities Grant	(808)	(808)	(808)	(808)	(808)	(808)	(808)	(808)	(808)	(808)
Other Capital Resources (Grants / Shared Ownership Re-Sale / R&R Funding)	(1,692)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)
Retained Right to Buy Receipts	(5,179)	(1,727)	(486)	(3,200)	(3,264)	(3,329)	(6,021)	(6,089)	(4,846)	(4,479)
Prudential Borrowing	(69,744)	(17,688)	(2,791)	(62,372)	(42,956)	0	0	0	0	0
Total Housing Capital Resources	**(107,903)**	**(93,798)**	**(102,776)**	**(126,646)**	**(114,996)**	**(46,308)**	**(44,187)**	**(38,567)**	**(39,636)**	**(40,733)**
Net (Surplus) / Deficit of Resources	848	848	849	848	848	0	0	0	0	0
Capital Balances b/f	**(5,959)**	**(5,111)**	**(4,264)**	**(3,416)**	**(2,568)**	**(1,720)**	**(1,720)**	**(1,720)**	**(1,720)**	**(1,720)**
Use of / (Contribution to) Balances in Year	848	848	848	848	848	0	0	0	0	0
Capital Balances c/f	**(5,111)**	**(4,264)**	**(3,416)**	**(2,568)**	**(1,720)**	**(1,720)**	**(1,720)**	**(1,720)**	**(1,720)**	**(1,720)**
Other Capital Balances (Opening Balance 1/4/2024)										
Major Repairs Reserve	0	Utilised in full in 2023/24								
Retained 1-4-1 Right to Buy Receipts	(5,285)	Utilised in 2024/25 and 2025/26 above								

Description	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Right to Buy Receipts for Debt Redemption	(4,484)	Utilised in part in 2023/24, with balance retained for future debt repayment								
Total Other Capital Balances	**(9,769)**									

Appendix I

Minimum Level of HRA General Reserves

Estimate of Prudent Level of HRA Reserves from 2024/25

Description	Level of risk	Amount at risk	Risk
		£	£
Employee costs	*Medium*	6,094,910	27,427
Premises costs	*High*	11,220,210	897,617
Transport costs	*Low*	38,420	77
Supplies and services	*Medium*	2,932,900	8,799
Grants and transfers	*High*	144,090	5,764
Grant income	*Low*	0	0
Other income	*High*	54,773,490	547,735
Support Services	*Medium*	5,474,520	24,635
Total one year operational risk			1,512,053
Allowing three years cover on operational risk			**4,536,000**

General and specific risks	Amount (£)	Probability (%)	
Unforeseen events	1,000,000	30%	300,000
Insurance loss	250,000	50%	125,000
Legal action - counsel's fees	100,000	50%	50,000
Data Protection breach	500,000	30%	150,000
Capital project overruns	10,000,000	10%	1,000,000
General risks			**1,625,000**

Prudent Minimum Balance (PMB)	**6,161,000**
Target (PMB + 20%)	**7,393,000**

Appendix J

HRA Earmarked & Specific Revenue Funds (£'000)

Repairs & Renewals

	Opening Balance	Contributions	Expenditure to June	Current Balance
General Management	(805.6)	(73.1)	0.0	(878.7)
Special Services	(1,299.5)	(156.1)	23.3	(1,432.3)
Repairs and Maintenance	(666.1)	(40.4)	0.0	(706.5)
Total	**(2,771.2)**	**(269.6)**	**23.3**	**(3,017.5)**

Tenants Survey

	Opening Balance	Contributions	Expenditure to June	Current Balance
Tenants Survey	(12.0)	0.0	0.0	(12.0)

Tenant Satisfaction New Burdens

	Opening Balance	Contributions	Expenditure to June	Current Balance
Tenant Satisfaction	(21.2)	(0.0)	0.0	(21.2)

Debt Set-Aside (Revenue)

	Opening Balance	Contributions	Expenditure to June	Current Balance
Debt Set-Aside	0.00	0.0	0.0	0.00

HRA Earmarked & Specific Capital Funds (£'000)

Debt Set-Aside (Capital)

	Opening Balance	Contributions	Expenditure to June	Current Balance
Debt Set-Aside	(4,483.9)	0.0	0.0	(4,483.9)

Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to June	Current Balance
MRR	0.00	0.0	0.0	0.00

Cambridge City Council Equality Impact Assessment (EqIA)

1. Title of strategy, policy, plan, project, contract or major change to your service
Housing Revenue Account Medium Term Financial Strategy 2024/25

2. Webpage link to full details of the strategy, policy, plan, project, contract or major change to your service (if available)
https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=414&MId=4461

3. What is the objective or purpose of your strategy, policy, plan, project, contract or major change to your service?
The HRA Medium Term Financial Strategy provides an opportunity to review the assumptions incorporated as part of the longer-term financial planning process. It recommends any changes in response to new legislative requirements, variations in external national and local economic factors and amendments to service delivery methods, allowing incorporation into budgets and financial forecasts at the earliest opportunity. It also allows approval of changes in existing budgets in response to changes in assumptions and also changes in HRA policy where these impact the business plan. The major change being proposed in this strategy is to introduce rent flexibility to all Cambridge City Council homes. This will increase formula rents on new tenancies by 5% for general needs and temporary accommodation properties and 10% on sheltered and supported accommodation. Many other local authorities and registered providers are already applying the rent flexibility to formula rents to generate additional revenue to allow investment in services, with new build and energy improvements being key areas of investment.

4. Responsible Team and Group
Finance, Corporate Services are responsible for the production of the HRA Medium Term Financial Strategy, but in full consultation with Communities, City Services and Development.

5. Who will be affected by this strategy, policy, plan, project, contract or major change to your service? **(Please tick all that apply)**	☒ Residents ☐ Visitors ☐ Staff
Current and future City Council tenants and leaseholders will be affected by this strategy	

6. What type of strategy, policy, plan, project, contract or major change to your service is this?	☐ New ☒ Major change ☐ Minor change

7. Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service? (Please tick)	☒ Yes ☐ No
Communities, City Services and Development play a key role in the development of this strategy and are responsible for the delivery of the services that it describes.	

8. Has the report on your strategy, policy, plan, project, contract or major change to your service gone to Committee? If so, which one?
Housing Scrutiny Committee September 2024

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

Sources used to identify equality impacts include:

- UK Poverty 2024: The essential guide to understanding poverty in the UK | Joseph Rowntree Foundation (jrf.org.uk)
- Families and households in the UK - Office for National Statistics (ons.gov.uk)
- Social housing lettings - GOV.UK Ethnicity facts and figures (ethnicity-facts-figures.service.gov.uk)
- Outcomes for disabled people in the UK - Office for National Statistics (ons.gov.uk)
- Disability Price Tag 2023: the extra cost of disability | Disability charity Scope UK

10. Potential impacts

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

(a) Age - Please also consider any safeguarding issues for children and adults at risk

Older people will be impacted to a greater degree by this change as those moving into sheltered housing will be subject to rents at 10% above formula rent. There may also be a disproportionate impact on households with children, where living costs are higher, particularly in a single parent threshold.

It should be noted however, that this is being introduced in part to help fund energy improvement to the housing stock, which will, in turn, reduce tenants' energy bills that will part mitigate against increased cost. Those on low incomes will be able to claim finance assistance in the form of housing benefit, or potentially Universal Credit.

Average rents will still be between 45% and 50% of market rent.

Once implemented from April 2025, all properties will be advertised at the new rent levels, and Financial Inclusion staff will work with any new tenants who may be impacted by this change to ensure that they are claiming all of the financial assistance to which they may be entitled. Also, the authority continues to fund the Citizen's Advice Bureau (CAB), who will also support tenants in ensuring they are aware of wrap around support that may be available, including debt management advice, discretionary housing payments, household support fund and discounts and exemptions.

(b) Disability

Disabled people may be impacted to a greater degree by this change if they move into sheltered or supported accommodation, which will be subject to rents at 10% above formula rent. Other properties will be subject to a 5% uplift. Nearly 1 in 4 (24.9%) disabled people aged 16 to 64 years in the UK rented social housing compared with fewer than 1 in 10 (7.9%) non-disabled people. 6.3% of council tenants have notified the authority, as landlord, that they consider themselves to have a disability. Therefore, in general, disabled people are more likely to be impacted. In addition, disabled people already face extra living costs of £975 per month on average (even after Personal Independence Payments (PIP) are taken into account.

It should be noted however, that this is being introduced in part to help fund energy improvement to the housing stock, which will, in turn, reduce tenants' energy bills. Those on low incomes will be able to claim finance assistance in the form of housing benefit or Universal Credit.

Average rents will still be between 35% and 50% of market rent.

Once implemented from April 2025, all properties will be advertised at the new rent levels, and Financial Inclusion staff will work with any new tenants who may be impacted by this change to ensure that they are claiming all of the financial assistance to which they may be entitled. Also, the authority continues to fund the Citizen's Advice Bureau (CAB), who will also support tenants in ensuring they are aware of wrap around support that may be available, including support related to disability, debt management advice, discretionary housing payments, household support fund and discounts and exemptions.

(c) Gender reassignment

No impacts have been identified specific to people with this protected characteristic.

(d) Marriage and civil partnership

A cohabiting couple, including those married or in a civil partnership, who both are in employment, with or without children, may find it easier to meet increased costs than a single person household or single parent with children.

Once implemented from April 2025, all properties will be advertised at the new rent levels, and Financial Inclusion staff will work with any new tenants who may be impacted by this change to ensure that they are claiming all of the financial assistance to which they may be entitled. Also, the authority continues to fund the Citizen's Advice Bureau (CAB), who will also support tenants in ensuring they are aware of wrap around support that may be available, including debt management advice, discretionary housing payments, household support fund and discounts and exemptions.

(e) Pregnancy and maternity
Those who are pregnant or on maternity leave may be impacted to a greater degree by this change if they need to move to larger accommodation as a result on lacking a bedroom as properties will be subject to a 5% uplift. They may also feel the impact more due to increased household costs once a child is born / is in infancy. It should be noted however, that this is being introduced in part to help fund energy improvement to the housing stock, which will, in turn, reduce tenants' energy bills. Those on low incomes will be able to claim finance assistance in the form of housing benefit or Universal Credit and may be eligible for Discretionary Housing Payments for a period of time. Average rents will still be between 35% and 50% of market rent. Once implemented from April 2025, all properties will be advertised at the new rent levels, and Financial Inclusion staff will work with any new tenants who may be impacted by this change to ensure that they are claiming all of the financial assistance to which they may be entitled. Also, the authority continues to fund the Citizen's Advice Bureau (CAB), who will also support tenants in ensuring they are aware of wrap around support that may be available, including debt management advice, discretionary housing payments, household support fund and discounts and exemptions.

(f) Race – Note that the protected characteristic 'race' refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins.
There is the potential for a greater degree of impact for some ethnic groups. In 2022/23, those from a Bangladeshi background spent 40% of their income on rent, and Arab, Black Caribbean, Mixed White / Asian, Mixed White / Black African and Mixed White / Black Caribbean spent 39%, compared with an average of 36% across all ethnic groups In relation to poverty, many minority ethnic groups, around half of people in Pakistani (51%) and Bangladeshi households (53%) and around 4 in 10 people in households headed by someone from an Asian background other than Indian, Pakistani, Bangladeshi or Chinese (39%) or households from Black African backgrounds (42%) were in poverty between 2019/20 and 2021/22. These households also have higher rates of child poverty, very deep poverty and persistent poverty. Average rents will still be between 35% and 50% of market rent. Once implemented from April 2025, all properties will be advertised at the new rent levels, and Financial Inclusion staff will work with any new tenants who may be impacted by this change to ensure that they are claiming all of the financial

assistance to which they may be entitled. Also, the authority continues to fund the Citizen's Advice Bureau (CAB), who will also support tenants in ensuring they are aware of wrap around support that may be available, including debt management advice, discretionary housing payments, household support fund and discounts and exemptions.

(g) Religion or belief

No impacts have been identified specific to people with this protected characteristic.

(h) Sex

There is the potential for a greater degree of impact on females as opposed to males as a result of implementing this policy. 44% of children in lone-parent families were in poverty in 2021/22. While the majority of lone-parent families are lone-mother families (2.5 million, 84%), in 2022, 16% (457,000) were lone-father families.

Average rents will still be between 35% and 50% of market rent.

Once implemented from April 2025, all properties will be advertised at the new rent levels, and Financial Inclusion staff will work with any new tenants who may be impacted by this change to ensure that they are claiming all of the financial assistance to which they may be entitled. Also, the authority continues to fund the Citizen's Advice Bureau (CAB), who will also support tenants in ensuring they are aware of wrap around support that may be available, including debt management advice, discretionary housing payments, household support fund and discounts and exemptions.

(i) Sexual orientation

No impacts have been identified specific to people with this protected characteristic.

(j) **Other factors that may lead to inequality – in particular, please consider the impact of any changes on:**

- **Low-income groups or those experiencing the impacts of poverty.**
- **People of any age with care experience – this refers to individuals who spent part of their childhood in the care system due to situations beyond their control, primarily arising from abuse and neglect within their families. The term "Care experience" is a description of a definition in law, it includes anyone that had the state as its corporate parent by virtue of a care order in accordance with the Children Act 1989 and amendments.**
- **Groups who have more than one protected characteristic that taken together create overlapping and interdependent systems of discrimination or disadvantage. (Here you are being asked to consider intersectionality, and for more information see: https://media.ed.ac.uk/media/1_l59kt25q).**

Those on low incomes may be impacted to a greater degree by this change if they move into council accommodation, with rents charged at 5% or 10% above formula rent. Care leavers are especially likely to experience poverty, so are more likely to have difficulties in paying higher levels of rent. This group are also more likely to have a need for social housing.

The Council have carefully considered the introduction of the rent flexibility. Many other local authorities and registered providers are applying the rent flexibility to formula rents to generate additional revenue to allow investment in services, with new build and energy improvements being a key area of investment. It is important that the Council is able to continue to provide safe, secure, good quality homes and associated services to the most vulnerable in society, with many council tenants being on low incomes.

The rent flexibility is proposed to be introduced in Cambridge in part to help fund energy improvements to the housing stock, which will, in turn, reduce tenants' energy bills. It will also aid other investment in homes to ensure that they are maintained to an appropriate standard. Those on low incomes will be able to claim finance assistance in the form of housing benefit or Universal Credit.

Average rents will still be between 35% and 50% of market rent.

Once implemented from April 2025, all properties will be advertised at the new rent levels, and Financial Inclusion staff will work with any new tenants who may be impacted by this change to ensure that they are claiming all of the financial assistance to which they may be entitled. Also, the authority continues to fund the Citizen's Advice Bureau (CAB), who will also support tenants in ensuring they are aware of wrap around support that may be available, including debt management advice, discretionary housing payments, household support fund and discounts and exemptions.

11. Action plan – New equality impacts will be identified in different stages throughout the planning and implementation stages of changes to your strategy, policy, plan, project, contract or major change to your service. How will you monitor these going forward? Also, how will you ensure that any potential negative impacts of the changes will be mitigated? (Please include dates where possible for when you will update this EqIA accordingly.)
All properties will be advertised at the new rent levels Financial Inclusion staff will work with any new tenants who may be impacted by this change to ensure that they are claiming all of the financial assistance to which they may be entitled. Continue to fund the Citizen's Advice Bureau (CAB), who will also support tenants in ensuring they are aware of wrap around support that may be available, including support related to disability, debt management advice, discretionary housing payments, household support fund and discounts and exemptions.

12. Do you have any additional comments?
No additional comments.

13. Sign off
Name and job title of lead officer for this equality impact assessment: Julia Hovells, Head of Finance and Business Manager Names and job titles of other assessment team members and people consulted: Samantha Shimmon, Assistant Director Housing and Homelessness Naomi Armstrong, Benefits Manager Date of EqIA sign off: 5/9/2024 Date of next review of the equalities impact assessment: 21/1/2025 Date to be published on Cambridge City Council website: 5/9/2024

All EqIAs need to be sent to the Equality and Anti-Poverty Officer at equalities@cambridge.gov.uk

STRATEGY & RESOURCES SCRUTINY COMMITTEE 30 September 2024

Present: Robertson (Chair), Gawthrope Wood (Vice-Chair), Baigent, Sheil, Griffin, Bick and Young

Apologies: Councillor Mike Todd-Jones

Attending online: Councillor Naomi Bennett

Executive Councillor for Finance and Resources: Councillor S Smith
Leader of the Council: Councillor Davey

Recommendation to Council

Executive Councillor for Finance and Resources

24/26/S&R General Fund Medium Term Financial Strategy (MTFS) 2025/26-2034/35

Cambridge City Council produces two main financial documents each year, the Budget Setting Report (BSR) and the Medium Term Financial Strategy (MTFS). The MTFS draws together a review of the financial information halfway through the year, making assumptions and forecasts for the future and providing a basis on which to prepare the budget for the year ahead.

The MTFS sets out the overarching strategy through which the Council will ensure its medium-term financial sustainability, including the high level approach to addressing any projected future budget gaps, and the way in which the Council uses its reserves in order to mitigate financial risk.

The Strategy & Resources Scrutiny Committee considered and endorsed the recommendations, a breakdown of the vote for each recommendation is outlined below.

Accordingly, Council is recommended to:

i. Approve the Council's General Fund Medium Term Financial Strategy (MTFS) 2025/26-2034/35, as attached at Appendix A. **(5 for, 0 against, 2 abstentions)**

ii. Approve the 2024/25 capital bid of an additional £487,000 for essential repairs of the riverbank at Jesus Green, as set out at page 19 of the attached MTFS. **(Unanimous)**

iii. Note the other changes to the capital plan approved under delegated powers since approval of the Budget Setting Report, as set out in section 5 of the attached MTFS. **(Unanimous)**

iv. Set the General Fund reserve Prudent Minimum Balance at £6.541 million, and the target level at £7.849 million, as recommended by the Chief Finance Officer **(Unanimous)**

REPORT TITLE: General Fund Medium Term Financial Strategy (MTFS) 2025/26-2034/35

To:
Councillor Simon Smith, Executive Councillor for Finance and Resources

Strategy & Resources Committee 30 September 2024

Report by:
Jody Etherington, Chief Finance Officer
Tel: 01223 458130 Email: jody.etherington@cambridge.gov.uk

Wards affected:
All

1. Recommendations

1.1 It is recommended that the Executive Councillor recommends to Council:

1. To approve the Council's General Fund Medium Term Financial Strategy (MTFS) 2025/26-2034/35, as attached at Appendix A.
2. To approve the 2024/25 capital bid of an additional £487,000 for essential repairs of the riverbank at Jesus Green, as set out at page 19 of the attached MTFS.
3. To note the other changes to the capital plan approved under delegated powers since approval of the Budget Setting Report, as set out in section 5 of the attached MTFS.
4. To set the General Fund reserve Prudent Minimum Balance at £6.541 million, and the target level at £7.849 million, as recommended by the Chief Finance Officer.

2. Purpose and reason for the report

2.1 Cambridge City Council produces two main financial documents each year, the Budget Setting Report (BSR) and the Medium Term Financial Strategy (MTFS). The MTFS draws together a review of the financial information halfway through the year, making assumptions and forecasts for the future and providing a basis on which to prepare the budget for the year ahead.

2.2 The MTFS sets out the overarching strategy through which the Council will ensure its medium-term financial sustainability, including the high level approach to addressing any projected future budget gaps, and the way in which the Council uses its reserves in order to mitigate financial risk.

3. Background and key issues

3.1 The purpose of the MTFS is to project the General Fund's financial position over the medium term, and set out the high level strategic approach to ensuring financial sustainability over this period.

3.2 The current MTFS projects a five-year budget gap on the Council's General Fund of £11.5 million. This means that projected expenditure for the 2029/30 financial year is currently £11.5 million higher than projected income. This is an increase from the £9.5 million budget gap identified as part of the Budget Setting Report in February 2024, driven primarily by changes to inflation assumptions based upon updated economic data.

3.3 This is, however, an estimate based upon a number of key assumptions as set out at section 3 of the MTFS. Scenario modelling shows that the actual budget gap could reasonably fall anywhere between £9.2 million and £22.7 million, depending upon external economic factors.

3.4 The projected General Fund reserve balance at 31 March 2025 is £19.1 million. Should no action be taken to address the ongoing future budget gaps, General Fund reserves will run out by 2028/29 at the latest.

3.5 Last year's MTFS set a target for the Council to find £6.0 million of recurring savings over the following three years. Whilst the 2024/25 Budget Setting Report did deliver around £1.2 million of recurring savings, it also identified an additional £1.0 million of service pressures, meaning a net improvement to service budgets of only £0.2 million. This has left the Council in a position where the need to deliver ongoing revenue savings is becoming increasingly urgent.

3.6 In order to address this significant risk to the Council's medium term financial sustainability, a proposed budget strategy is set out at section 6 of this report. This approach would address the £11.5 million budget gap in full over the five-year period, whilst recognising the need for a realistic pace of delivery taking into account the scale of transformation which will be required. The first stage of this strategy would be an initial focus on delivering £6.0 million of recurring savings by 1 April 2026.

3.7 The approach to delivering savings would be twofold. Firstly, the Council would seek to maximise savings which do not impact upon its service users, for example through making Council structures and processes more efficient and challenging existing budget underspends. However, it will not be possible to deliver all the required savings through such activities alone, and there would be a need to consider changes to Council services and how these are funded.

3.8 Outline strategic budget proposals reflecting this need have been set out in the 'Our Cambridge – Group Design Programme and Alignment with BSR' report to the Strategy & Resources Committee, and, subject to approval by the Executive, these proposals will form the basis of the public consultation on the 2025/26 budget which will launch in October 2024.

3.9 The MTFS also includes a one-off capital bid of an additional £487,000 towards an existing project undertaking essential repairs to the riverbank at Jesus Green. The Council has a statutory duty to undertake these repairs as the landowner and riparian owner.

4. Alternative options considered

4.1 The Council is required to produce an MTFS on an annual basis. Alternative options were considered in respect of the Council's approach to addressing the future budget gap.

4.2 One option considered was to accelerate the Council's savings programme in order to deliver the savings required in each year without having to draw upon Council reserves. This approach is not being recommended, as it could only be realistically achieved by taking immediate drastic action such as ceasing all non-statutory Council services. This would have a significant detrimental impact on service users. The General Fund reserve has been built up over many years of prudent financial management, which means that the council now has some flexibility to take a considered approach in the coming years, ensuring it takes the right decisions at the right time to mitigate negative impacts, while still ensuring outgoings don't exceed income in the medium term.

4.3 Another option considered was to defer setting out any strategic outline budget proposals for savings until after the new government's first autumn statement at the end of October 2024. Due to the length of time required to consult thoroughly on service impacts, this would realistically mean that no significant savings would be possible for the 2025/26 budget year. This option is not being recommended as it is considered unlikely that the autumn statement will remove or significantly reduce the need to make savings. Local government is an unprotected public service, and the Chancellor has been clear in her comments to date that there is little or no money available for additional government spending in the short term. Given the scale of the challenge facing the Council, it is important that work starts as soon as possible on delivering the changes required to ensure medium term financial sustainability.

4.4 It should be noted that no final decisions will be taken on the 2025/26 budget until February 2025, following public consultation, and should the autumn statement (or subsequent local government finance settlement) vary significantly from current projections, there will be an opportunity to revise the approach accordingly.

5. Corporate plan

5.1 The MTFS will support the delivery of all the objectives set out within the Council's Corporate Plan, but with a particular focus on priority 4, which includes transforming the Council so we can continue delivering our priorities and provide quality services despite reduced funding and income. Corporate plan 2022-27: our priorities for Cambridge -

Cambridge City Council

6. Consultation, engagement and communication

6.1 The MTFS underpins the strategic outline budget proposals which are being presented to the Strategy & Resources Committee on 30 September 2024. These will form the basis for a public consultation on the 2025/26 budget. Separate public consultations may also be held where individual proposals may have a significant impact on Council services. Council staff will also be consulted on any proposals which have a direct impact upon their role, in line with the Council's current HR policies and statutory requirements.

7. Anticipated outcomes, benefits or impact

7.1 Approval of the MTFS will support modernising the Council to deliver its priorities in the face of reduced funding.

8. Implications

8.1 Relevant risks

The key risks are set out at section 7 of the MTFS, and include:

- Uncertainty surrounding the future of local government funding.
- The risk to the Council's financial sustainability should the required level of savings not be delivered.
- Financial risks associated with external economic factors (e.g. future inflation and interest rates), and unforeseen events (perhaps related to the Council's significant property portfolio and capital programme).
- Additional financial pressures associated with fast population growth within the city, and new or enhanced statutory duties which may be placed upon local government in the future.

8.2 The proposed strategy seeks to mitigate these risks by delivering savings at an ambitious but achievable rate, whilst maintaining sufficient General Fund reserve balances to protect the Council from future unforeseen financial shocks.

Financial Implications

8.3 The financial implications are set out throughout this report and the attached MTFS, and are summarised as follows:

- The MTFS requires the Council to deliver £6.0 million of recurring revenue savings by 2026/27, and £11.5 million of recurring revenue savings by 2029/30.
- A one-off capital bid of £487,000 in 2024/25 towards essential repairs of the riverbank at Jesus Green, for which the Council has statutory responsibility.

Legal Implications

8.4 The Council has a statutory duty to set a balanced budget in advance of each financial year. Alongside this, the Chief Finance Officer is obliged to issue a section 25 report on the adequacy of the Council's reserves each year. Adoption of the MTFS will support both of these statutory requirements.

Equalities and socio-economic Implications

8.5 There are no specific equalities or socio-economic implications from the adoption of the MTFS. Any implications associated with individual budget proposals will be considered as part of the relevant decision-making process in line with the Council's statutory duties.

Net Zero Carbon, Climate Change and Environmental implications

8.6 There are no specific net zero carbon, climate change or environmental implications from the adoption of the MTFS. Any implications associated with individual budget proposals will be considered as part of the relevant decision-making process in line with the Council's statutory duties.

Procurement Implications

8.7 There are no specific procurement implications from the adoption of the MTFS. Any implications associated with individual budget proposals will be considered as part of the relevant decision-making process in line with the Council's statutory duties.

Community Safety Implications

8.8 There are no specific community safety implications from the adoption of the MTFS. Any implications associated with individual budget proposals will be considered as part of the relevant decision-making process in line with the Council's statutory duties.

9. Background documents

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

9.1 Detailed MTFS working papers
Budget Setting Report 2024/25 and associated working papers

10. Appendices

10.1 Appendix 1 – General Fund Medium Term Financial Strategy 2025/26-2034/35

To inspect the background papers or if you have a query on the report please contact Jody Etherington, Chief Finance Officer, tel: 01223 458130, email: jody.etherington@cambridge.gov.uk

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30 September 2024
Strategy and Resources Scrutiny Committee

General Fund
Medium Term Financial Strategy

September 2024

2025/26 to 2034/35

Cambridge City Council

CAMBRIDGE
CITY COUNCIL

Contents

Appendices

Foreword by the Executive Councillor for Finance and Resources

About the Medium Term Financial Strategy

The General Fund Medium Term Financial Strategy (MTFS) and Budget Setting Report (BSR) are the two main annual financial documents for all services the Council delivers to residents excluding Council housing.

This MTFS sets out the overarching strategy through which the Council will ensure its medium-term financial sustainability. This includes the Council's approaches to addressing forecast budgets gaps and using its reserves to mitigate financial risk.

The MTFS shows the Council's expenditure on day-to-day services is funded by fees, charges and other sources such as commercial property and its core spending power. The latter, which the Government sets annually, determines council tax increases, retention of business rates and receipt of grants.

Our budget challenge

In a context of financial uncertainties, the government requires all local authorities to set a balanced budget every year. The external auditor of the Council's accounts provides a commentary on value for money which is judged against:

Financial sustainability, how the Council plans and manages its resources to ensure it can continue to deliver its services,

Governance, how the Council ensures it makes informed decisions and properly manages its risks,

Improving economy, efficiency and effectiveness, how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

To address a structural budget deficit, we have over the past two years already made £5.4 million of revenue savings through efficiencies, increased income and prudent financial management.

However, our base forecast is for a recuring budget gap of £11.5 million per annum against current net service expenditure of £28.6 million per annum. This structural budget deficit is due to:

- A forecast reset of business rates retention monies at a cost of up to £7.1 million per annum
- A cost pressure of £3.2 million per annum due to higher than forecast inflation
- Government spending plans for real term reductions in spending power of 3% per annum for local government as an unprotected public service
- Loss of income on capital due to falling interest rates on declining balances
- Government restraints on investing for revenue

Our services and budget making principles

In reading this document, it is important to bear in mind the budget provides the means for the Council to deliver positive ends for the City's residents, economy and environment.

Your Labour Council is a positive, progressive and productive service provider. We are committed to protect from budget constraints our priorities that matter most:

Building Council Homes and investing in community spaces: We are preparing a 10-year delivery programme for a further 1,445 council homes alongside improving the energy performance and standards of existing council homes. New community spaces are being opened and developed across the city to facilitate community life and cohesion in our neighbourhoods which contribute so much to our quality of life.

In 2022/23 the Council built 330 new low energy Council homes, the highest number of any local authority in England, Wales and Scotland.

Tackling the climate and biodiversity emergencies: The Council is collaborating with Cambridge University and all 29 of the colleges to develop a City Centre Heat Network to provide renewable energy. Through our emerging Joint Local Plan for Greater Cambridge - with South Cambridgeshire District Council - we are setting new standards for low energy and low water consumption and higher targets for biodiversity net gain in new development.

The Council has an 'A' score under the Climate Disclosure Project and is the second highest district council in the Climate Emergency UK's ranking of all local authorities on climate action.

Supporting residents in need and preventing homelessness: Your Labour Council supports cross community partnerships that provide the last safety net for people in greatest need of our compassion and support. The city's network of food hubs has been recognised through a Gold Award for Sustainable Food Cities.

Through multi-agency work we prevent families from becoming homeless and provide street sleepers with winter shelter. Supporting local partnership enables us to deliver innovative ways to end homelessness. These include providing modular homes, winter shelter and gaining better understanding of the needs of our most vulnerable residents.

Protecting and enhancing local services: Your Labour Council is a prudent council; we are committed to fulfilling our statutory duty to balance the budget and serve residents as a value for money council. In budget making we will:

- Protect and improve the quality of the services we have statutory duties to provide
- Protect the non-statutory services which we know are important to residents
- Listen to your voices on the choices about savings that could be made from non-statutory discretionary services

Our work towards balancing the budget

To address the forecast structural deficit, we have invested in a multi-year transformation programme to increase the Council's productivity. This work is focussed on meeting needs through better targeting, investing in digital technologies for more effective ways of delivering services and introducing flatter management structures.

The investment in modernising services has put the Council in a position to achieve £6 million in recurring next savings over the financial years 2025/26-2026/27.

Of this amount, it is proposed to find £2.5 million of savings which would not have an adverse impact on service delivery, through deleting recurring underspends and vacant posts, reducing management costs, and identifying opportunities for efficiencies.

This will leave the remaining £3.5 million of savings to be realised through changes to service delivery, and a review of the Council's fees and charges.

Please make your voice heard to inform our difficult decisions.

Cambridge is a globally renowned city for its universities, life science and technology sectors. Innovations in new products and services developed in Cambridge have positive economic, social and environmental impacts around the world.

Public sector poverty, widening inequalities, infrastructure deficits and environmental harm are not the handmaidens of global competitiveness for business and a high quality of life. We are making a strong case to the new government to secure and guide investment for social progress, housing, infrastructure and environmental enhancement. This investment crucial to repairing the broken Britian legacy of 14 years of Tory austerity and maladministration.

Tory broken Britain has left us with difficult decisions to balance the budget for 2025/26 and beyond.

Against this challenge, we will be asking residents, businesses, public and third sector organisations, staff, trade unions and councillors to give us their views and choices for balancing the budget in the forthcoming budget consultation.

Please take up this invitation to make your voice heard during the consultation which will run from 23rd October to 4th December 2024.

You can be assured, as the Council leader, Mike Davey, has said, this Labour-led council will continue to make principled and strategic decisions about how we best spend local money to enable residents, businesses and City to thrive.

Councillor Simon Smith – Executive Councillor for Finance and Resources

Section 1
Executive summary

Context

Cambridge City Council produces two main financial documents each year, the Budget Setting Report (BSR) and this, the Medium Term Financial Strategy (MTFS). The MTFS draws together a review of the financial information halfway through the year, making assumptions and forecasts for the future and providing a basis upon which to prepare the budget for the year ahead.

Budget gap

The current BSR, which was approved in February 2024, identified a five-year budget gap of £9.5 million. This MTFS revises the gap upwards to £11.5 million, driven primarily by changes to inflation assumptions based upon updated economic data.

The budget gap is significant in the context of the Council's current net service budget of £28.6 million, and is primarily driven by the following key factors:

- Anticipated changes to local government funding arrangements which could see the Council lose £7.1 million per year of funding from 2026/27 (largely as a result of a national 'reset' of accumulated business rate growth).
- Significant unforeseen inflationary pressures over the past three years – net service expenditure in 2024/25 is now £3.2 million higher than predicted five years ago.
- Real terms cuts in central government funding over a number of years. For example, despite the Consumer Price Index (CPI) peaking at 11.1% in October 2022, the following year's settlement only saw the Council's core spending power increased by 4.5%, whilst council tax increases were limited by government to 2.99%.
- An expectation that current high levels of income from the Council's treasury management investments (budgeted at £2.4 million in the current year) will significantly reduce over the next two years as the Council's excess cash is invested in capital projects, and interest rates continue to fall.

It should also be noted that the Council relies heavily upon its own income generation ability to fund services. The current year budget includes £38.9 million of fees, charges, commercial and investment income, without which the cost of running Council services would be £67.5 million rather than the current £28.6 million. Whilst this strong income base is a key financial strength of the Council, it is often a challenge to increase these income streams in line with inflation. For example, many fees and charges are subject to government regulation and/or market forces, whilst investment and property income is often reliant upon external economic factors.

Risks and reserves

In calculating the projected budget gap, it has been necessary to make significant assumptions relating to future arrangements for local government funding and wider economic conditions. These are summarised at section 3 of this report. If actual outcomes differ from these assumptions, this could have a material impact on the Council's future finances. Scenario modelling undertaken as part of this MTFS indicates that the five-year budget gap could reasonably range between £9.2 million and £22.7 million. Further details on the key financial risks faced by the Council over the medium term are set out at section 7.

One of the ways in which the Council mitigates risk to its medium-term financial sustainability is through the holding of reserves. Most Council reserves are earmarked for specific purposes, either for legal or contractual reasons (such as ringfenced grants), or because the Council has taken a decision to allocate reserves to a specific activity or project. In addition, the Council maintains an unallocated General Fund reserve in order to manage short-term working capital requirements, and to provide a contingency against significant unexpected events and overspends.

The target level of General Fund reserves is reviewed on a regular basis, based upon advice from the Council's Chief Finance Officer. The current proposed target level is £7.8 million, and the forecast balance at the end of the current financial year (31 March 2025) is £19.1 million, i.e. an excess of £11.3 million. However, as set out above there are significant projected budget gaps in the medium term, and without action to address these, General Fund reserves are projected to fall below their target level by 2027/28, and could be fully exhausted by 2028/29.

Budget strategy

The level of challenge in achieving the required £11.5 million of recurring savings over the next five years should not be underestimated. Section 6 of this MTFS sets out the Council's approach to meeting this challenge, starting with a focus on delivering £6.0 million of recurring savings by 1 April 2026. This approach will satisfy the need for immediate action, whilst also reflecting a realistic pace of delivery, taking into account the scale of transformation which will be needed. The Council will utilise General Fund reserves to reduce the need for savings in the earlier years, whilst still ensuring the budget gap can be met in full over the five-year MTFS period.

The approach to delivering savings will be twofold. Firstly, the Council will seek to maximise savings which do not impact upon its service users, for example through making structures and processes more efficient, challenging existing budget underspends, and reviewing long-term capital plans. However, it will not be possible to deliver all the required savings through such activities alone, and there will be a need to consider changes to council services and how these are funded.

Outline strategic budget proposals reflecting this need have been set out in the 'Our Cambridge – Group Design Programme and Alignment with BSR' report to the Strategy & Resources Committee on 30 September 2024, and, subject to approval by the Executive, these proposals will form the basis of the public consultation on the 2025/26 budget which will launch in October 2024.

Section 2
Local context and economic assessment

This section of the Strategy explains the approach taken to incorporate the global and national economic context in the MTFS including an assessment of the resources the Council expects to receive from government through the Local Government Finance Settlement.

Local context

Cambridge is a vitally important city both to the wider region and the whole UK economy. As well as being a world-renowned centre of academic and scientific excellence, it continues to be a hub for high economic growth, attracting innovative businesses from across the globe. It is a place which takes pride in its environmental sustainability, having been named the second greenest city in the UK in the ENDS Report 2024. Meanwhile, the city's historic centre and exemplary green spaces drive a thriving tourism industry and make Cambridge a great place to live and work.

As the centre of a globally competitive life science and technology cluster, Cambridge is a key provider of new technologies that drive the UK's productivity and exports, and a source of demand for supply chains across the country. The city is a significant net contributor to the Treasury, with the Council collecting over £120 million in business rates alone every year, the vast majority of which is remitted to central government.

These strengths provide the city and the Council with a strong economic foundation and have been recognised by successive governments, including most recently in the 'Case for Cambridge' report published by the previous government in March 2024. This report makes a strong case for continued investment in the growth of the city, but also recognises some of the significant challenges involved.

The city's international competitiveness relies heavily on its ability to attract and retain the world's best scientists and technologists, who in turn expect a high quality of life underpinned by exemplary public services and housing. A shortage of affordable housing and research space, particularly when compared to international rivals, risks hampering future growth and preventing the city from reaching its full economic potential. In addition, despite

Cambridge's ongoing success, the benefits of economic growth are not always equally distributed, and it remains the most unequal city in the UK.

Against this context, in July 2024 the Council agreed an updated vision for the city of 'One Cambridge, Fair for All'. This envisages a city where:

- Residents enjoy a high quality of life and exemplar public services
- Decarbonisation and sustainability are central to prosperity
- Innovation benefits people and planet
- Development is sustainable and inclusive
- Arts, sports and culture are thriving
- Democratic accountability is genuine and accessible

It must be acknowledged, however, that in common with all UK local authorities the Council is experiencing a period of significant financial pressure. In order to deliver the above vision, it will therefore be necessary to take difficult decisions about the prioritisation of Council resources. Further information on how this will be achieved is set out at section 6 below. This will be challenging, but success will reap benefits not only for the city and its residents, but also for the whole UK economy.

Council priorities

The Council's Corporate Plan 2022-2027, approved in February 2022, sets out four key priorities for the city, as well as describing what success will look like and performance indicators to measure progress. The priorities are:

- Leading Cambridge's response to the climate and biodiversity emergencies and creating a net zero council by 2030
- Tackling poverty and inequality and helping people in the greatest need
- Building a new generation of council and affordable homes and reducing homelessness
- Modernising the council to lead a greener city that is fair for all

Economic assessment

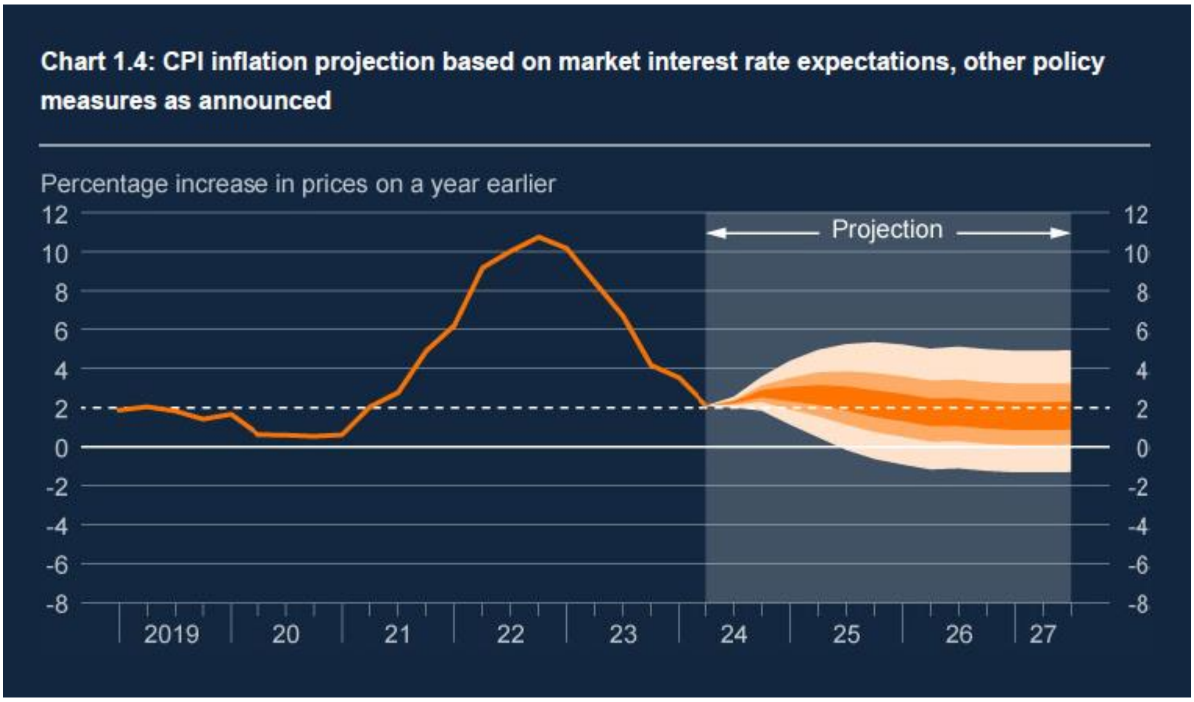
The Council's finances are impacted by a combination of global, national and local factors. In developing this MTFS, it has been necessary for judgements to be made based upon available economic forecasts, and assumptions about how future changes to key economic metrics may impact the Council's budget over the medium term. This section sets out the economic context within which this MTFS has been developed, whilst the key assumptions used are set out in more detail at section 3.

Inflation rates

Like all organisations, the Council is subject to inflationary pressures on its cost base, often with restrictions on the extent to which it can generate additional income to cover these extra costs (for example through limits on annual council tax increases).

The base rate of inflation used to drive expenditure assumptions in this MTFS is the Consumer Price Index (CPI). The last three years have been particularly volatile, with an unprecedented rise in CPI from 1.5% in April 2021 to 11.1% in October 2022, before falling to 2.0% in May 2024, and rising again marginally to 2.2% by August 2024. The last two years have seen huge inflationary increases in utility, fuel and food prices, alongside steep rises in other operating costs. As a consequence, the net cost of running Council services in 2024/25 is now likely to be over £3 million higher than was predicted five years ago.

The Bank of England's Monetary Policy Report of August 2024 forecasts an average CPI of 2.5% across 2024/25 and 2.3% for 2025/26, before falling to 1.6% for 2026/27. The overarching view is that there will be a slight increase from where we are now, before rates are expected to stabilise over the next few years. This is set out in the chart below:



The shaded area reflects the Bank of England's forecast of where CPI inflation is likely to sit up until Q2 2027. There is an estimated 30% likelihood that inflation will sit within the central (dark orange) band in any given quarter, a 60% likelihood it will sit within the middle band, and a 90% likelihood it will sit within the largest (light orange) band.

Interest rates

The Council currently invests significant excess cash balances in line with the agreed Treasury Management Strategy and is therefore exposed to changes in interest rates, which can significantly impact the income generated by these investments. In addition, the Council undertakes borrowing to finance some of its capital expenditure, which introduces interest rate risk both at the point of initial borrowing, and at the point of future refinancing if sufficient resource has not been set aside to repay the principal by the time the debt matures.

In response to high levels of inflation in recent years, the Bank of England increased the base interest rate on 14 consecutive occasions, from a record low of 0.10% in December 2021, to 5.25% by August 2023. Interest rates were then held at this level for around a year, before being reduced to 5.00% in August 2024.

The Council's treasury management advisers, Link, have forecast further reductions in the base rate throughout the remainder of 2024 and 2025, with the rate reaching 3.00% by September 2025 and then remaining at this level for the foreseeable future. This is consistent with Bank of England inflation forecasts showing CPI hovering around the 2% target throughout this period.

Local government finance

Since 2019/20, the local government sector has been subject to a series of single year finance settlements. This creates significant uncertainty and makes it extremely difficult for local authorities to plan for the medium term. The incoming government has now committed to multi-year settlements to provide more certainty, but it remains to be seen whether this will apply from 2025/26, or whether more work will be required to put this into place.

Currently, local government settlement figures are based upon relative needs data (such as population figures) which are over a decade out of date. This disadvantages Cambridge, which has seen the highest percentage population growth of any English local authority over this period. On the other hand, the Council is benefitting significantly from the accumulated growth of business rates in the city since the current funding baseline was set in 2013/14.

The previous government has been considering a review of both these factors for several years now, but this has been delayed first by Brexit, then Covid-19, and then the difficult economic conditions of the past few years. At the point that a reset occurs, this is expected to have a significant detrimental impact on the Council, as the loss of accumulated business rate growth will far outweigh any additional resources made available as a result of population growth. The current MTFS assumes a full reset of the funding system in 2026/27, as suggested by the Council's external funding consultants, and at this point it is anticipated that the Council could see a net reduction in its funding settlement of around £7.1 million per year. Whilst there may be some transitional funding available to support authorities which are significantly impacted, this cannot be guaranteed, so has not been assumed for the purposes of this MTFS.

In addition, the following factors have been identified which may significantly impact on future funding levels, but where the potential impacts are currently too uncertain to include in this MTFS:

- The incoming government has a stated manifesto pledge to replace the business rates system, raising the same revenue in a fairer way. This could have a significant impact on the local government funding landscape, although the details and timing of any changes are currently unknown.
- Government has a commitment to reform arrangements for waste collection and recycling. On the basis that the 'producer pays', Councils expected to start receiving payments from producers in October 2024. This now been delayed until October 2025 and significant uncertainties remain regarding the implementation and financial impact of the scheme. It is likely that any additional income generated for councils will be clawed back through a revised finance settlement approach.

Taking the above into account, an estimate of future funding settlements has been made using a model provided by the Council's external funding consultants. It should be stressed that the outcomes of this model are currently highly uncertain. It is hoped that more will be known following the new government's Autumn Statement in October 2024, at which point the model will be refreshed in time for the publication of the 2025/26 Budget Setting Report.

The key assumptions used in this model are as follows:-

- The 2025/26 settlement will roll over from 2024/25 with no increase in cash funding for the sector.
- There will be one further one-year extension to New Homes Bonus in 2025/26.
- Changes resulting from local government funding reform, including the impact of demographic changes, will be implemented from 2026/27. These changes include the resetting of the business rates baseline with a further reset assumed in 2030/31. No dampening protections are assumed.

This results in the following assumed finance settlement figures over the next five years:

Forecast Finance Settlement (£m)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Business rates baseline	4.557	4.786	4.881	4.947	5.013	5.100
Accumulated business rates growth	4.199	7.513	2.051	2.652	3.279	3.949
Core government grants	3.739	2.316	2.410	2.345	2.280	2.192
New Homes Bonus	1.733	1.816	-	-	-	-
TOTAL	**14.228**	**16.431**	**9.342**	**9.944**	**10.572**	**11.241**

Due to the significant uncertainty around future funding settlements, the Council's policy is to plan to use only the first £1.5 million of income from accumulated business rates growth to fund services each year, with the remainder being transferred directly to General Fund reserves. This policy will be reviewed in light of any announcements made in the Autumn Statement, and any changes proposed as part of the Budget Setting Report 2025/26.

Section 3
Key assumptions

Key financial modelling assumptions reflect the economic assessment in the previous section and other factors specific to the council.

Key area	Assumption	Comment / Sensitivity
General inflation	2025/26: 2.5% 2026/27: 2.3% 2027/28: 1.6% 2028/29: 1.6% Subsequent years: 2.0%	Based upon Bank of England forecasts for the next four years, then reverting to the 2.0% long-term Bank of England target level. This is applied both to general expenditure and fees and charges income, except where better information is available in respect of specific budget lines.
Pay inflation	As general inflation, but with an additional 1.0% per annum to reflect pay progression	Each additional 1% increase would cost approximately £325,000.
Employee turnover	4.0%	Specific vacancy factors are applied where experience indicates that a different vacancy factor is more applicable. Not applied to those services which need to maintain a core number of staff.
Pension costs	17.6% employer contribution plus known deficit repair contributions up to 2025/26, with £2.108m per annum assumed thereafter	Next actuarial valuation due to be received in mid-2026 reflecting valuation at 31 March 2025. This will set the deficit repair contributions (if any) to be made for the three year period from 2026/27 to 2028/29. As at 31 March 2024 the pension fund was in surplus, but this cannot necessarily be assumed to continue.
Investment interest rate	4.5% for 2024/25, then 3.0% from 2025/26 ongoing	Investment income built into the MTFS reflects forecast rates on the cash balance held. The core rates used are adjusted for specific investments where better information is available.
Annual council tax increase	2.99%	Annual increases are limited by the government's referendum principles. Each additional 1% increase would generate approximately £103,000.
Council Tax Base	Based on local housing trajectory forecasts	A net increase of 1,000 homes in the city would generate additional income for the Council of around £172,000.
Local government funding settlement	As outlined in section 2	

Section 4
Revenue expenditure

This section provides an overview of the factors pertinent to modelling revenue income and expenditure.

2023/24 outturn

The 2023/24 outturn position on net service costs was an underspend of £6.007 million (with £440,000 of this amount agreed to be carried forward to 2024/25). The most significant contributors to this underspend were:-

- Increased interest income and reduced borrowing costs totalling £3.714 million. This was due to capital slippage which removed the anticipated need for the Council to borrow in year and left higher cash balances to invest externally. In addition, interest rates remained higher for longer, increasing the return on Council investments.
- A net underspend on staff costs of £659,000, due to higher than anticipated vacancy levels across a range of services.

Interest rates are now beginning to fall, and the expectation remains that the Council will need to use its existing cash balances, and undertake additional external borrowing, in order to fund its capital spending needs over the coming years. On staff costs, vacancy factors are likely to decrease from 2025/26 onwards as a result of the Council's ongoing transformation work. As such, for modelling purposes it cannot be assumed that either of these underspends will be repeated.

In addition to the underspend on services, there was a net underspend of £2.786 million on non-service budgets (capital financing, government funding, council tax and transfers to/from earmarked reserves). Of this, £2.673 million relates to in-year capital slippage, and this amount has been approved for carry forward to be spent in 2024/25.

The 2023/24 budget also included a planned contribution to General Fund reserves of £4.961 million, reflecting the fact that the Council continues to benefit from significant accumulated business rates growth (see section 2).

Taking all of this together, the total movement on unallocated General Fund reserves in 2023/24 was an increase of £13.754 million. Of this, amounts totalling £3.113 million have been carried forward to be spent in 2024/25.

2024/25 forecasts

This MTFS has been prepared at an earlier point in the year than in 2023/24, in order to develop a budget strategy to support the Council's ongoing transformation programme (see section 6). As such, there is limited in-year forecasting currently available in respect of 2024/25.

For the purposes of this MTFS, it has therefore been assumed that the currently approved revenue budgets will be achieved for 2024/25. As always, the Council will continue to review in-year performance throughout the year, and this review will inform the budget setting process over the autumn.

Revenue budget projections

Taking into account the above factors, and the key assumptions set out at section 3, the table below sets out the projected revenue position of the Council over the following five years, before any action to address funding gaps:

Revenue Budget Projection (£m)	2025/26	2026/27	2027/28	2028/29	2029/30
Expenditure					
Net service expenditure	29.077	29.256	30.154	31.175	32.401
Capital accounting adjustments	(5.997)	(5.997)	(5.997)	(5.997)	(5.997)
Financing of future capital expenditure	0.392	1.706	3.054	4.359	4.606
Transfers to earmarked reserves	0.395	1.742	1.742	1.742	1.742
Net spending requirement	**23.867**	**26.707**	**28.953**	**31.279**	**32.752**
Funding					
Finance settlement (retained business rates and grants)	16.431	9.342	9.944	10.572	11.241
Less excess business rate income transferred to general reserves	(7.918)	(0.551)	(1.152)	(1.779)	(2.449)
Council tax	10.638	11.068	11.484	11.953	12.449
Total available funding	**19.151**	**19.859**	**20.276**	**20.746**	**21.241**
Budget gap	**4.716**	**6.848**	**8.677**	**10.533**	**11.511**

The above table shows that budget gaps have increased slightly since the last Budget Setting Report was published in February 2024. The key movements are as follows:

Budget Gap (£m)	2025/26	2026/27	2027/28	2028/29	2029/30
Budget gap identified in BSR Feb 2024	**1.852**	**6.244**	**8.161**	**9.466**	**9.466**
Changes to inflation assumptions on service income and expenditure	0.331	0.494	0.210	0.354	1.484
Additional pressures and other adjustments	0.031	0.046	0.181	0.613	0.449
Changes to finance settlement assumptions	2.489	0.019	0.018	0.017	0.018
Changes to council tax assumptions	0.013	0.045	0.107	0.083	0.094
Updated budget gap	**4.716**	**6.848**	**8.677**	**10.533**	**11.511**

The main reason for the change to finance settlement assumptions for 2025/26 is that the Council is currently forecasting a significant deficit on the collection fund in the current year, of which the Council's share is likely to be around £1.905 million. This has arisen largely as a result of business rates appeals being settled in year, following the 31 March deadline for the submission of appeals relating to the 2017 rating list.

The budget gaps above are significant in the context of the Council's total expenditure on services. Without action to address these, General Fund reserves will fall below the Prudent Minimum Balance (currently £6.541 million) by 2028/29 at the latest (or 2026/27 should the Council stop receiving additional income from business rates growth), as shown in the table below:

GF Reserve Projection (£m)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Balance at 1 April	**41.815**	**15.318**	**9.602**	**2.754**	**(5.923)**	**(16.456)**
Transfer to Civic Quarter Development Reserve	(20.000)	-	-	-	-	-
Transfer to Climate Change Fund	(0.750)	-	-	-	-	-
Use of reserve to balance budget in-year (in absence of recurring savings)	(4.747)	(4.716)	(6.848)	(8.677)	(10.533)	(11.511)
Indicative funding for further restructuring arising from future phases of Our Cambridge	(1.000)	(1.000)	-	-	-	-
Balance at 31 March without business rates growth (c/f)	**15.318**	**9.602**	**2.754**	**(5.923)**	**(16.456)**	**(27.967)**
Business rates growth – indicative growth element (at risk)	3.813	7.918	0.551	1.152	1.779	2.449
Balance at 31 March including business rates growth	**19.131**	**21.333**	**15.036**	**7.511**	**(1.243)**	**(10.305)**

It is therefore necessary to take immediate action to close the budget gap, and the strategy for achieving this is set out at section 6.

Section 5
Capital expenditure

Capital plan

The table below summarises changes to the General Fund capital plan which have taken place since it was last approved as part of the Budget Setting Report in February 2024 (including one bid proposed as part of this MTFS):

GF Capital Plan (£m)	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Capital expenditure approved within BSR Feb 2024	**85.352**	**17.169**	**1.724**	**0.795**	**0.700**	**105.740**
Rephasing of 2023/24 budget approved as part of GF Outturn Report Jul 2024	19.855	-	-	-	-	**19.855**
New s106 funded projects approved under delegated powers	0.206	-	-	-	-	**0.206**
Other adjustments to existing s106 funded projects approved under delegated powers	0.004	-	-	-	-	**0.004**
Capital bid – increase to budget for Jesus Green riverbank repairs	0.487	-	-	-	-	**0.487**
Capital expenditure per MTFS	**105.904**	**17.169**	**1.724**	**0.795**	**0.700**	**126.292**

A summary of the current capital plan following the above changes is set out at Appendix B.

Capital bid – Jesus Green riverbank repairs

In recent times, the section of river wall between Jesus Green Lido and Jesus Green Lock has been rotating, resulting in an up to two feet wide gap between the wall concrete capping beam and the soil bank. This has been under regular observation and periodic repairs have been made. Cambridge City Council is the landowner and 'riparian owner', and as such has a statutory responsibility to maintain the riverbank.

In recognition of the works required to rectify the situation, previous capital bids totalling £375,000 have been approved, of which approximately £8,000 has been spent to date.

However, further investigation, including an underwater survey, has now revealed a previously unknown cause of movement to the entire 105m length of affected section. As a result, a complete new/replacement wall structure is now required in front of the existing wall for the length of defect. This will require an additional budget bid of £487,000, bringing the estimated total project cost across all phases up to £862,000. It is proposed that this is funded from unallocated General Fund capital receipts.

Capital financing

Under statutory regulations, all capital expenditure must be financed from one of the following sources:-

- Capital grants or contributions
- Capital receipts (e.g. from the sale of assets)
- Revenue reserves
- Borrowing

Where capital expenditure is financed through borrowing, this creates an ongoing revenue pressure in two respects. Firstly, there is an interest cost associated with external borrowing (or, where internal cash balances are used, an opportunity cost arising from the fact that less cash is available to generate investment income elsewhere). Secondly, the Council is required to repay the principal borrowed from revenue resources over the life of the asset – this is known as Minimum Revenue Provision (MRP). As such, the Council will generally seek first to apply specific capital (or revenue) resources, before resorting to borrowing.

The table below sets out the agreed funding sources to be applied to the capital expenditure in the current capital plan (assuming the capital bid above is approved):

GF Capital Financing (£m)	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Capital grants and contributions	12.140	0.221	0.060	-	-	**12.421**
Capital receipts	14.247	3.448	1.664	0.795	0.700	**20.854**
Revenue reserves (including earmarked reserves)	6.905	-	-	-	-	**6.905**
Borrowing	72.612	13.500	-	-	-	**86.112**
Total capital financing	**105.904**	**17.169**	**1.724**	**0.795**	**0.700**	**126.292**

The planned borrowing in the table above includes £64.262 million in relation to the Park Street redevelopment. This project is financed primarily by way of external borrowing at rates fixed in advance in December 2021, and is not therefore subject to significant interest rate risk. A further £20.277 million relates to future planned capital loans to Cambridge Investment Partnership to finance the development of affordable and market housing across the city. These loans do not require up front financing or the application of MRP, as they can be financed in arrears from the cash received upon repayment of the loan.

However, in predicting the total future impact of the Council's capital financing strategy, it is also necessary to take into account unavoidable capital spend which is likely to occur, for which formal budget bids have not yet come forward. The Council maintains a rolling 10-year capital forecast for this purpose. Whilst there is considerable uncertainty surrounding this forecast, it shows that the Council's need to borrow to fund General Fund capital expenditure is likely to increase significantly over the coming years, leading to increased revenue pressure which has been reflected in this MTFS (see 'Cost of revised capital financing strategy' at Appendix A).

Section 6
Budget strategy

This section of the Strategy sets out the proposed approach to addressing the medium-term budget gaps identified, including through the 2025/26 budget setting process

Savings approach

As set out at section 4 above, the Council has identified significant projected budget gaps within the General Fund revenue budget over the coming years. Without significant action to address these gaps, General Fund reserves will run out by 2028/29 at the latest.

Our Cambridge - Transformation and recovery programme

In January 2022, the Council embarked on an ambitious transformation programme known as 'Our Cambridge'. The programme has already achieved a number of key successes, including:

- **Senior management review:** the successful transition to a flatter management structure, saving £300,000 per year, and delivering a structure that better empowers the middle leadership cohort.
- **City Services Group design programme (phase 1):** delivered £200,000 of ongoing savings by implementing a flatter structure and making better use of digital technology.
- **Partnerships by default:** secured £700,000 in external funding, which has been used to support projects which enable community resilience and empowerment.

As part of the 2023/24 MTFS, recognising both the success of Our Cambridge but also some of the challenges to delivery which had been encountered, it was agreed to extend the programme to December 2025, in the anticipation it would remain a key contributor to closing the Council's medium-term budget gap. However, it was recognised at the time that this would still not provide all the recurring savings the Council needed to make.

In July 2024, Our Cambridge launched a council-wide Group Design Programme, bringing together four individual group design projects (City Services, Communities, Corporate, and Economy and Place) under one shared banner and timetable. The Group Design

Programme is looking at the organisational structure of the whole Council, using the following key principles:

- The group design projects are the major focus of the Our Cambridge programme and are purpose-led.
- The group design projects are designed to challenge the status quo and redesign service delivery based on the available budget.
- The group design projects are starting with redefining how staff work together to deliver services, based on functions or activities.
- This is a collaborative approach, using feedback from staff in each group to shape the future of service delivery across the Council.

The timetable for the programme is such that many of the changes arising will be implemented with effect from 1 April 2025, although it is recognised that some areas may take longer (for example where significant technological or process change is required), and following redesign there will remain a need for continuous challenge and improvement.

Savings target

Last year's MTFS set a target for the Council to find £6.0 million of recurring savings over the following three years. Whilst the 2024/25 Budget Setting Report did deliver around £1.2 million of recurring savings, it also identified an additional £1.0 million of service pressures, meaning a net improvement to service budgets of only £0.2 million. This has left the Council in a position where the need to deliver ongoing revenue savings is becoming increasingly urgent.

As such, it is felt that the time is now right to refocus the Council's efforts on delivery of a single savings target through the forthcoming budget setting process. This acknowledges the fact that the Our Cambridge Programme, and the Group Redesign Programme in particular, will continue to contribute heavily towards this target, whilst also encouraging budget managers to seek out other opportunities for recurring savings or increased income outside of the programme.

In setting the savings targets to be achieved over the MTFS period, a balance has to be struck between ensuring the ongoing financial sustainability of the Council, and not setting targets which are unachievable. As such, it is planned to meet some of the budget gap in the earlier years using the Council's General Fund reserves, whilst still aiming to achieve a balanced budget without the use of reserves by the end of the five-year period. This is set out in the following table:

Savings Approach (£m)	2025/26	2026/27	2027/28	2028/29	2029/30
Budget gap	**4.716**	**6.848**	**8.677**	**10.533**	**11.511**
Use of General Fund reserves	(2.716)	(0.848)	(0.677)	(0.533)	-
Impact of recurring savings achieved in earlier years	-	(2.000)	(6.000)	(8.000)	(10.000)
New recurring savings required	**2.000**	**4.000**	**2.000**	**2.000**	**1.511**

Savings identification

Given the opportunity presented by the ongoing Group Redesign Programme, along with the need to make substantial recurring savings in a relatively short timescale, the Council will focus its efforts over the coming months on identifying how it will deliver an initial £6.0 million of recurring savings by 1 April 2026.

Where possible, the Council will seek to maximise savings which do not impact upon its service users, for example through making Council structures and processes more efficient, challenging existing budget underspends, and reviewing long-term capital plans. However, it will not be possible to deliver all the required savings through such activities alone, and there will be a need to consider changes to Council services and how these are funded.

Outline strategic budget proposals reflecting this need have been set out in the 'Our Cambridge – Group Design Programme and Alignment with BSR' report to the Strategy & Resources Committee on 30 September 2024, and, subject to approval by the Executive, these proposals will form the basis of the public consultation on the 2025/26 budget which will launch in October 2024.

Following the public consultation period, a final set of budget proposals for 2025/26 will be developed over the autumn for scrutiny by the Strategy & Resources Committee. The Executive will then make their final recommendations to Full Council, who will meet to approve the final budget in February 2025.

As set out above, it is recognised that not all of the changes required to deliver the savings identified will be fully deliverable by 1 April 2025. It has instead been assumed that around one-third of the requirement (£2.0 million) can be achieved in the first year (after taking into account one-off transition costs). This is a relatively conservative assumption, and should it be possible to deliver more in the first year this will reduce the need to use General Fund reserves to balance the budget.

Budget principles

Alongside the Group Redesign Programme, the budget setting process this year will include a review of all service budgets to ensure that they are robust and realistic. This will include:

- A review of the Council's cost centre and subjective code structure to ensure that budgets are transparent and well understood, and to promote strong financial management throughout the organisation.
- Challenge of recurring underspends, including long-term vacant posts, in order to identify potential opportunities for ongoing savings.
- A review of recurring overspends, to look for opportunities to reduce these, or alternatively to adjust budgets where required to ensure they are realistic (subject to the principles below).
- Removing the lower limit on individual budget proposals, in order to maximise the opportunity to ensure accurate budgeting at a service level.

Whilst the focus of this year's budget setting process will inevitably be on identifying recurring savings, there will always be additional cost pressures, and there will be opportunities to bring forward proposals to increase expenditure in the following limited circumstances:

- Invest to save proposals where there is a net financial benefit to the Council (i.e. through reduced expenditure or increased income elsewhere).
- Externally funded proposals (e.g. through government grant), but on the principle that there should be no ongoing costs arising beyond the funding period.
- Unavoidable cost pressures, e.g. where there is a new or enhanced statutory duty, or increased costs linked to providing statutory services to a growing population.
- Areas of member priority as agreed with the relevant Executive Councillor.

Finally, there will be a detailed review of capital budgets, including the approved capital plan, 10-year capital forecast, and the Council's approach to capital financing, in order to identify further opportunities for ongoing savings and better prioritisation of Council resources.

Timetable

Date	Task
2023	
30 September	Strategy and Resources Scrutiny Committee consider the GF MTFS for recommendation to Council
10 October	Council considers and approves the GF MTFS
14 October	The Executive considers the outline strategic budget proposals and approves commencement of the budget consultation process
23 October	Budget consultation commences
4 December	Budget consultation closes
2024	
10 February	Draft GF Budget Setting Report (BSR) considered by Strategy and Resources Scrutiny Committee
10 February	The Executive consider and recommend the GF BSR and council tax level to Council
24 February	Council considers the GF BSR and amendments, approves the GF budget and sets the level of council tax for 2025/26

Section 7
Risks and reserves

This section of the Strategy sets out the key risks to the proposed budget strategy, and how the Council will mitigate these risks including through maintaining an appropriate level of reserves.

Risks

The most significant risks to the Council's medium-term financial sustainability can be summarised as follows:

- There is significant uncertainty surrounding future local government finance settlements (as set out in more detail at section 2). This MTFS assumes that the long anticipated reset of the funding system occurs in 2026/27, using a similar approach to previous funding reviews. However, there is no guarantee that the new government will continue to adopt this approach. In particular there is a stated manifesto pledge to replace business rates, which could have a significant impact on the local government funding landscape. Should there be a change in the timing of, or approach to, the funding review, this could materially alter the level of resource the Council has available to spend in future years (for better or worse).

- The Council's budget strategy as set out at section 6 is heavily reliant upon finding significant ongoing revenue savings in future years. This begins with the need to identify £6.0 million of recurring annual savings over the coming autumn, to be fully delivered by 1 April 2026. Should the Council be unable to deliver this level of recurring savings, there is a significant risk to its financial sustainability in the medium-term, with General Fund reserves forecast to fall below the Prudent Minimum Balance by 2028/29 at the latest if no action is taken.

- The Council is currently in the midst of an organisational wide transformation programme, Our Cambridge. Whilst the programme continues to deliver successfully, the extent of change involved increases the inherent risk of unforeseen costs and/or service failure if not carefully managed.

- The Council's involvement in high value development projects across the city (including Park Street, Hartree, Civic Quarter, and the delivery of significant housing projects through the Cambridge Investment Partnership) exposes it to the inherent risks associated with such projects, including cost overruns and project slippage.

- The Council holds an extensive portfolio of operational and commercial property within the General Fund. This brings with it an inherent risk of future unforeseen costs which could be significant, arising for example from a need for emergency repairs and maintenance, potential health and safety issues, or changes to building standards.

- Cambridge has seen continuing increases in its population, both within the city boundaries and in the closely surrounding areas, and this places additional demands on a range of services including Leisure, Environmental Health and Homelessness. In addition, there is an inherent risk of additional costs linked to new or enhanced statutory duties placed on local authorities, which may not always be fully funded.

- In common with all organisations, the Council is subject to uncertainty in the wider economic environment. Should future inflation or interest rates differ significantly from the assumptions used in this MTFS, this could have a substantial impact on the Council's cost base in future years. As an illustration of this risk, following significantly higher than anticipated inflation over the past two years, budgeted net service expenditure for 2024/25 is now £3.2 million higher than was being predicted five years ago.

- Employee costs make up a significant proportion of the Council's total expenditure on services. The Council is subject to the decisions of the National Joint Council (NJC) in respect of pay and conditions, including the level of annual pay awards. Should future pay settlements be higher than anticipated, this could add significant cost pressure. Similarly, employer pension contributions are determined on a triennial basis by an independent actuary. The pension fund was in surplus as at 31 March 2024, but should it fall into deficit again in the future, a substantial increase in contributions may be required.

- The Council has ambitious plans to be a net zero Council by 2030. However, there is limited funding available from central government to support these plans, exacerbated by market-driven increases in the cost of net zero works due to a shortage of skilled professionals in the relevant industries. Therefore, there is significant risk to the delivery of net zero within these timescales and within the resources available to the Council.

Scenarios

This MTFS is built upon a series of key assumptions (as set out in section 3), which represent the Council's view of the 'most likely' position over the coming years. However, given the significant risks identified above, it is prudent to consider the impact that a wider range of scenarios would have on the Council's finances. This section sets out two potential scenarios based upon the upper and lower bounds of the Bank of England's inflation projections at the 90% confidence level, i.e. the Bank consider that there is a 90% likelihood that actual inflation will fall within this range.

Scenario 1 – High inflation

In this scenario, CPI inflation continues to increase throughout the remainder of 2024 and 2025, peaking at 5.3%, before reducing slightly and stabilising at around 4.9%. In response, the Bank of England holds the base rate of interest at 5.00% for the whole MTFS period.

In light of ongoing increased financing costs, the rate of assumed housing growth in the city is reduced by 50% from 2025/26, which directly impacts on the council tax base.

This scenario also assumes that the nationally negotiated pay award for local government employees is 5.5% for 2024/25, broadly in line with other public sector pay awards recently announced by the government, with subsequent awards of CPI+2% in 2025/26 and CPI+1% in later years.

Finally, in this scenario it is assumed that the Council loses the benefit of being able to retain a share of business rates growth in the city, in line with the government's manifesto pledge to replace the business rates system.

The impact of this would be to increase the five year budget gap from £11.5 million to £22.7 million, as follows:-

Budget Gap – High Inflation Scenario (£m)	2025/26	2026/27	2027/28	2028/29	2029/30
Budget gap – base case	**4.716**	**6.848**	**8.677**	**10.533**	**11.511**
Impact of increased inflation on service budgets	1.228	2.883	4.919	7.075	9.217
Net impact of increased interest rates on borrowing costs and investment income	(0.660)	(0.152)	0.014	0.164	0.231
Impact on local government finance settlement	0.054	0.003	0.003	0.003	0.003
Impact of reduced housing growth on council tax income	0.000	0.056	0.101	0.167	0.241
Loss of business rates growth income	1.500	1.500	1.500	1.500	1.500
Budget gap – high inflation scenario	**6.838**	**11.138**	**15.214**	**19.442**	**22.703**

Scenario 2 – Low inflation

In this scenario, CPI inflation drops rapidly from the end of 2024, reaching negative territory by mid-2025 and remaining there for the rest of the MTFS period.

Negative inflation in the wider economy will not necessarily translate to reduced costs for the Council, since many inflation-linked contracts will not provide for price reductions, and there may be an expectation of small annual pay awards even in a low or negative inflation environment. As such, for the purposes of modelling this scenario, a 'floor' level of inflation has been set at 0.0% for non-pay costs and fees and charges income, and 1.0% for pay costs.

In response to prolonged low or negative inflation, interest rate cuts are likely. This scenario therefore assume that the Bank of England base rate continues to fall in the short-term, averaging 2.50% in 2025/26 and 1.00% in subsequent years.

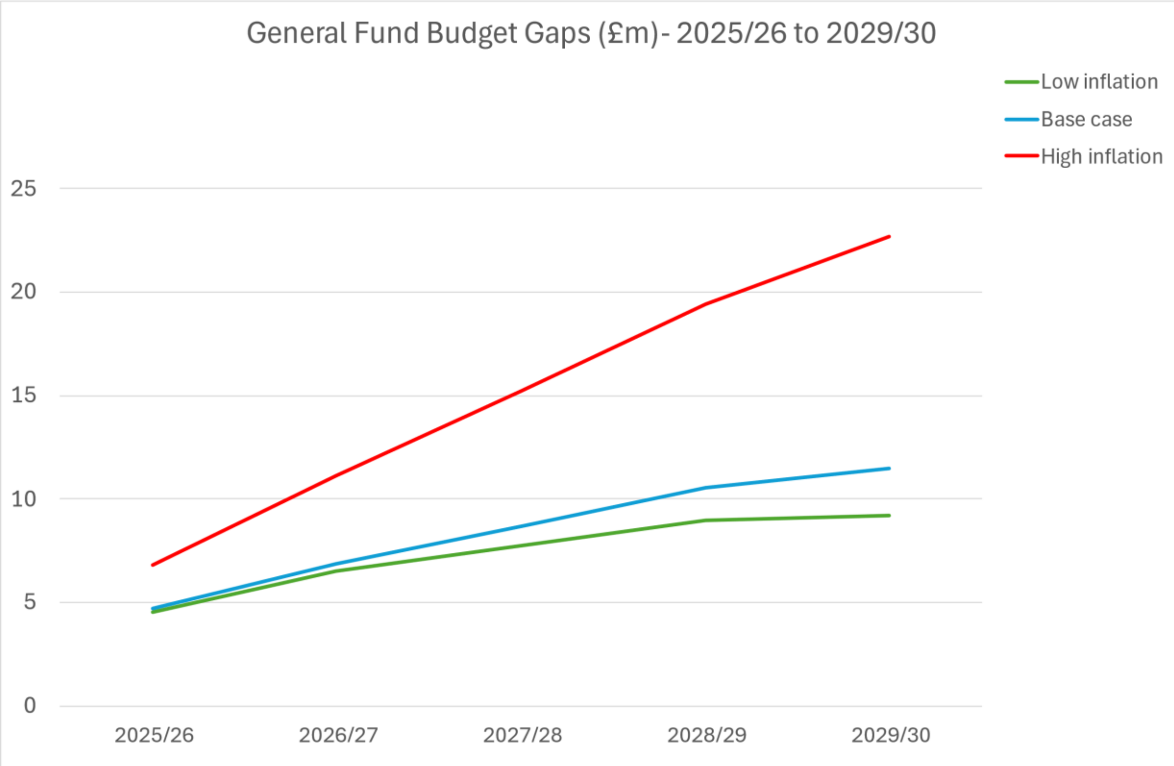
Low inflation is also likely to be associated with a period of economic stagnation. As such, no general growth in business rates is assumed over the MTFS period (although growth relating to specific developments which are either in progress or awaiting entry to the rating list has been retained).

The impact of this would be to decrease the five year budget gap from £11.5 million to £9.2 million, as follows:

Budget Gap – Low Inflation Scenario (£m)	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**
Budget gap – base case	**4.716**	**6.848**	**8.677**	**10.533**	**11.511**
Impact of decreased inflation on service budgets	(0.303)	(1.045)	(1.507)	(1.983)	(2.663)
Net impact of decreased interest rates on borrowing costs and investment income	0.165	0.152	(0.014)	(0.164)	(0.231)
Impact on local government finance settlement	(0.047)	(0.003)	(0.003)	(0.003)	(0.003)
Reduction in business rates growth	0.000	0.569	0.569	0.569	0.569
Budget gap – low inflation scenario	**4.531**	**6.521**	**7.722**	**8.952**	**9.183**

Summary

The following chart illustrates the range of reasonably possible budget gaps projected over the next five years in line with the above scenarios:



Reserves

General Fund reserve

The General Fund reserve is held as a buffer against crystallising risks and to deal with timing issues and uneven cash flows. The Prudent Minimum Balance (PMB) and target level of the GF reserve has been reviewed in the light of current risks (see Appendix C), and an increase of 10.2% is recommended. This reflects an increase in both the Council's cost base, and income from fees and charges, which increases the inherent risk associated with any variances.

General Fund Reserve (£m)	February 2024 BSR	September 2024 MTFS
Target level	7.121	7.849
Prudent Minimum Balance (PMB)	5.934	6.541

The table below shows current and projected levels of the GF reserve, assuming that all savings are delivered in accordance with the budget strategy set out in section 6 above. Due to the inherent risks associated with future income from accumulated business rates growth (as explained above), the table shows the reserve position as it would look both with and without this income.

GF Reserve (£m)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Balance at 1 April	**41.815**	**15.318**	**11.602**	**10.754**	**10.077**	**9.544**
Transfer to Civic Quarter Development Reserve	(20.000)	-	-	-	-	-
Transfer to Climate Change Fund	(0.750)	-	-	-	-	-
Planned use of reserve to balance budget in-year	(4.747)	(2.716)	(0.848)	(0.677)	(0.533)	-
Indicative funding for further restructuring arising from future phases of Our Cambridge	(1.000)	(1.000)	-	-	-	-
Balance at 31 March without business rates growth (c/f)	**15.318**	**11.602**	**10.754**	**10.077**	**9.544**	**9.544**
Business rates growth – indicative growth element (at risk)	3.813	7.918	0.551	1.152	1.779	2.449
Balance at 31 March including business rates growth	**19.131**	**23.333**	**23.036**	**23.511**	**24.757**	**27.206**

The table above shows that, provided the Council can deliver the recurring savings requirements identified in section 6, the GF reserve balance is forecast to remain above the target level over the next five years, even without the benefit of additional business rates growth. Should the business rates growth be achieved, the Council will be able to use these amounts to fund additional capital projects in the future (perhaps linked to sustainability and climate change or city centre regeneration), and/or to reduce the need to borrow (and resultant revenue costs) to fund essential capital expenditure which is already anticipated.

However, if planned ongoing savings are not delivered, the GF reserve balance could fall below the Prudent Minimum Balance as early as 2026/27 (if additional business rates growth income is not forthcoming beyond the current year).

Earmarked reserves

The GF maintains a number of earmarked reserves which are held for major expenditure of a non-recurring nature, or where income is received for a specific purpose.

Earmarked Reserves by Type (£m)	Balance at 1 April 2024
Major policy-led funds	17.848
Asset replacement funds (R&R)	1.150
Statutory and accounting reserves	7.055
Shared / partnership funds	2.777
Other – to be closed once committed balances are spent	0.752
Total	**29.582**

A more detailed summary of principal earmarked funds is included at Appendix D.

Reserves policy

The Council's management of reserves has been formalised as a reserves policy, attached at Appendix E and recommended for approval.

Appendix A – General Fund revenue projection

The following table assumes that future savings are delivered in line with the budget strategy set out at section 6 of this MTFS.

GF Revenue Projection (£m)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Expenditure											
Net service expenditure – base plus inflation	28.550	29.077	29.256	30.154	31.175	32.401	33.662	34.957	36.286	37.654	39.106
Savings delivered from prior years	-	-	(2.000)	(6.000)	(8.000)	(10.000)	(11.511)	(12.851)	(13.889)	(15.005)	(15.718)
Net service budgets	**28.550**	**29.077**	**27.256**	**24.154**	**23.175**	**22.401**	**22.151**	**22.106**	**22.397**	**22.649**	**23.388**
Capital accounting adjustments	(5.997)	(5.997)	(5.997)	(5.997)	(5.997)	(5.997)	(5.997)	(5.997)	(5.997)	(5.997)	(5.997)
Capital expenditure financed from revenue	2.803	-	-	-	-	-	-	-	-	-	-
Cost of revised capital financing strategy	0.041	0.392	1.706	3.054	4.359	4.606	5.202	5.465	5.782	5.717	5.717
Contributions to earmarked funds	21.318	0.395	1.742	1.742	1.742	1.742	1.742	1.742	1.742	1.742	1.742
Net spending requirement before in-year savings	**46.715**	**23.867**	**24.707**	**22.953**	**23.279**	**22.752**	**23.098**	**23.316**	**23.924**	**24.111**	**24.850**
Recurring savings to be implemented in-year	-	(2.000)	(4.000)	(2.000)	(2.000)	(1.511)	(1.340)	(1.038)	(1.116)	(0.713)	(0.845)
Net spending requirement	**46.715**	**21.867**	**20.707**	**20.953**	**21.279**	**21.241**	**21.758**	**22.278**	**22.808**	**23.398**	**24.005**
Funded by:											
Business rates baseline	(4.557)	(4.786)	(4.881)	(4.947)	(5.013)	(5.100)	(5.187)	(5.187)	(5.187)	(5.187)	(5.187)
Accumulated business rates growth	(4.199)	(7.513)	(2.051)	(2.652)	(3.279)	(3.949)	(2.401)	(2.401)	(2.401)	(2.401)	(2.401)
Government grants (including NHB)	(5.472)	(4.132)	(2.410)	(2.345)	(2.280)	(2.192)	(2.105)	(2.105)	(2.105)	(2.105)	(2.105)
Council tax	(10.253)	(10.638)	(11.068)	(11.484)	(11.953)	(12.449)	(12.966)	(13.486)	(14.016)	(14.606)	(15.213)
Appropriations from earmarked funds	(0.550)	-	-	-	-	-	-	-	-	-	-
Contributions to / (from) reserves	(21.684)	5.202	(0.297)	0.475	1.246	2.449	0.901	0.901	0.901	0.901	0.901
Total funding	**(46.715)**	**(21.867)**	**(20.707)**	**(20.953)**	**(21.279)**	**(21.241)**	**(21.758)**	**(22.278)**	**(22.808)**	**(23.398)**	**(24.005)**

Appendix B – Capital Plan

The following table sets out the approved capital plan for the next five years.

GF Capital Plan (£m)	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Park Street car park development	64.262	-	-	-	-	**64.262**
Loan to CIP to purchase land south of Cambridge	6.777	13.500	-	-	-	**20.277**
Sustainable Warmth Grant – Home Upgrade Grant 2	9.028	-	-	-	-	**9.028**
Depot Relocation programme to create Operational Hub	8.884	-	-	-	-	**8.884**
East Barnwell new centre	1.471	1.996	0.677	-	-	**4.144**
Administrative buildings maintenance	0.187	0.400	0.400	0.400	0.400	**1.787**
Commercial property repair and maintenance	0.486	0.300	0.300	0.300	0.300	**1.686**
WREN solar project at Waterbeach	1.519	-	-	-	-	**1.519**
Decarbonisation works – Abbey pool, Parkside pool	0.785	0.400	-	-	-	**1.185**
Development of the Civic Quarter	1.000	-	-	-	-	**1.000**
Essential repairs to Jesus Green river bank	0.854	-	-	-	-	**0.854**
Development of land at Clay Farm	0.839	-	-	-	-	**0.839**
Recommended maintenance at Abbey pool, Parkside pool	0.286	0.240	0.175	-	-	**0.701**
Redevelopment of Silver Street toilets	0.540	-	-	-	-	**0.540**
Investment programme for public toilet re-purposed property	0.492	-	-	-	-	**0.492**
CHUB – community extension to Cherry Hinton library	0.427	-	-	-	-	**0.427**
Additional refuse vehicle for property growth	0.420	-	-	-	-	**0.420**
Environmental Improvements Programme (EIP) options	0.416	-	-	-	-	**0.416**
Waste – electric replacement vehicles	0.406	-	-	-	-	**0.406**
Laptop and desktop replacement	0.199	0.100	0.100	-	-	**0.399**
Crematorium – additional car park	0.338	-	-	-	-	**0.338**
Cambridge Corn Exchange – infrastructure improvements	0.327	-	-	-	-	**0.327**
Cycleways	0.314	-	-	-	-	**0.314**
SPF-UK Green Business Grants	0.312	-	-	-	-	**0.312**
Chalk Streams projects in Cambridge	0.176	0.120	-	-	-	**0.296**
Crematorium – cafe facilities	0.283	-	-	-	-	**0.283**
Wetlands at Logan's Meadow LNR	0.276	-	-	-	-	**0.276**
Minor projects funded through S106 contributions	1.198	0.010	-	-	-	**1.208**
Other minor projects (individually <£250,000)	3.402	0.103	0.072	0.095	-	**3.672**
Total Capital Plan	**105.904**	**17.169**	**1.724**	**0.795**	**0.700**	**126.292**

Appendix C – Prudent Minimum Balance

Description	Level of risk	Amount at risk	Risk
		£	£
Employee costs	*Low*	37,789,770	75,580
Premises costs	*Medium*	9,977,790	44,900
Transport costs	*Medium*	623,940	3,744
Supplies and services	*Medium*	46,498,620	139,496
Grants and transfers	*Low*	27,480,700	27,481
Grant income	*Low*	40,780,100	40,780
Other income	*Variable*	44,878,700	846,545
Total one year operational risk			1,178,526
Allowing three years cover on operational risk (rounded)			**3,536,000**

General and specific risks	Amount (£)	Probability (%)	
Unforeseen events	1,000,000	30%	300,000
Legal action - counsel's fees	100,000	50%	50,000
Data Protection breach	500,000	30%	150,000
Capital project overruns	750,000	50%	375,000
Project failure / delays to savings realisation	6,000,000	33%	1,980,000
Cover for lower level of earmarked and specific reserves	500,000	30%	150,000
General risks			**3,005,000**

Prudent Minimum Balance (PMB)	**6,541,000**
Target (PMB + 20%)	**7,849,000**

Appendix D – Earmarked reserves

Earmarked Reserves (£m)	Balance at 1 April 2024
Major policy-led funds	
Development reserve	11.893
Transformation reserves (including Our Cambridge)	1.591
A14 mitigation fund	1.500
Insurance fund	1.294
Depot relocation programme	1.000
Climate change and energy funds	0.570
	17.848
Asset replacement funds (R&R)	**1.150**
Statutory and accounting reserves	
Specific revenue grants	6.364
Other statutory and accounting reserves	0.691
	7.055
Shared / partnership funds	
3C Building Control	1.290
Shared planning reserves	0.584
Other shared / partnership funds	0.903
	2.777
Other – to be closed once committed balances are spent	**0.752**
Total earmarked reserves	**29.582**

Appendix E – Reserves policy

Introduction

This policy establishes a framework within which decisions will be made regarding the level of reserves held by the Council and the purposes for which they will be used and maintained. Sections 32 and 43 of the Local Government Finance Act 2003 require local authorities to have regard to the level of resources needed to meet estimated future expenditure when calculating the annual budget requirement.

Regard should be had to the best practice guidance published by the Chartered Institute of Public Finance & Accountancy (CIPFA) in CIPFA Bulletin 13 Local Authority Reserves and Balances.

Definitions

Reserves are sums of money held by the Council to meet future expenditure. There are two principal types of reserves:

- **General:** non-specific reserves which are kept to meet short-term, unforeseeable expenditure needs and to enable significant changes in resources or expenditure to be properly managed over the period of the council's five year Medium Term Financial Strategy (MTFS). The council's general revenue reserves are held in the General Fund reserve balance.
- **Earmarked reserves:** held for specific purposes and which are established either by statute or at the discretion of the Council. They remain legally part of general reserves.

A summary of all reserves, including in-year movements and year end balances are contained in the council's Statement of Accounts.

General reserve balance

The Council's Financial Regulations state that it is the responsibility of the Chief Finance Officer to advise the Executive and/or Full Council on prudent levels of reserves for the Council.

The Council will maintain an adequate level of general reserve balance to:

- Provide a working balance to cushion the impact of uneven cash flows and avoid unnecessary short-term borrowing.
- Provide a contingency to cushion the impact of unexpected events or emergencies.
- Plan for potential major items of expenditure.

The appropriate level of reserves for this purpose will be determined by the Council's MTFS, which will be reviewed annually and will be subject to approval by Full Council. However, the Council will not maintain levels of general reserve balances that are excessive compared with appropriate minimum levels. In this context, "excessive" will be assessed and reviewed annually in the MTFS with regard to:

- The projected level of General Reserve balance at the end of the MTFS, less the appropriate minimum level.
- The annual planned use of reserves in each year of the MTFS.
- The impact of sudden large changes in the annual use of balances on services or council tax levels.

The adequacy of the general reserve balance will be determined by assessing the financial risks associated with meeting continuing obligations to provide services. This risk assessment will be reviewed annually.

CIPFA provides guidance on the factors which should be taken into account in determining the overall level of reserves and balances. These are:

- Assumptions regarding inflation and interest rates
- Estimates of the level and timing of capital receipts
- Treatment of demand-led pressures
- Treatment of planned efficiency savings/productivity gains
- Risks inherent in any new partnerships, major outsourcing arrangements or major capital developments
- Financial standing of the council, including the level of borrowing, debt outstanding, capacity to manage budget pressures, etc.
- General financial climate to which the council is subject
- Impact of major unforeseen events and the likely level of government support following such events

The general reserve balance will be reviewed and projections on future balances will be made at key points during the financial year, namely as part of the budget setting process and update of the MTFS. In exceptional circumstances, the actual level of the Council's balance may fall below the level which is considered appropriate. This is consistent with the need to meet short-term unforeseen expenditure. However, the actual level will be monitored against balances outlined in the MTFS. If the balance falls below the agreed target level, a plan will be agreed by the Council to restore balances to the appropriate level.

Earmarked reserves

Earmarked reserves are not available to the Council for use in setting its ongoing base budget. They are required for specific purposes and are a means of building up funds to meet known or predicted liabilities.

Creation of such reserves must be approved by the Chief Finance Officer, with Full Council approval required for major policy led funds (see below).

Each earmarked reserve will have a clear protocol setting out:

- The reason for/purpose of the reserve
- How and when the reserve can be used
- Procedures for the reserve's management and control

Balances should be reasonable for the purpose held and must be used for that purpose only. Reserves will be reviewed annually for continuing relevance and adequacy. If the reserve is no longer required for its original purpose, or no longer required at its current level, the balance will transfer to the General Fund reserve balance, as approved by Full Council.

Earmarked reserves are analysed as follows:

Type of earmarked reserve	Reason for holding
Major policy-led funds	Established to manage corporate priorities including transformation and cross-group policy issues
Asset replacement funds (R&R)	Funds set aside for specific asset replacement
Statutory and accounting reserves	As required, for example to hold the unspent balance of specific revenue grants or any surplus/deficit on services which are required to break even over time
Shared/partnership funds	Retained for use by shared services/partnerships
Other	As required for specific issues – limited time reserves to be closed once committed balances are spent

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