Cambridge City Council

The Executive

Date: Monday, 10 February 2025

Time:6.30 pm (this is an indicative timing as the Executive will meet immediately after the Strategy and Resources Scrutiny Committee which commences at 5.30 pm)

Venue: Council Chamber, The Guildhall, Market Square, Cambridge, CB2 3QJ [access the building via Peashill entrance]

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

Agenda

This meeting is open to any member of the Council who wishes to ask questions of the Executive on items included on this agenda. Could members please notify the Committee Manager if they wish to attend and speak.

The Executive Members: Davey (Chair), Gilderdale (Vice-Chair), Bird, Holloway, Moore, Smart, S. Smith, Thornburrow and Wade

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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.

THE EXECUTIVE

22 October 2024
5.30 - 6.25 pm

Present: Councillors Davey (Chair), Bird, Holloway, Moore, Smart, S. Smith, Thornburrow and Wade

Councillor Gilderdale was present virtually.

FOR THE INFORMATION OF THE COUNCIL

24/18/Exec Apologies

There were no apologies received.

24/19/Exec Declarations of Interest

Name	Item	Interest
Councillor Gerri Bird	24/22/Exec	Member of CIP Board
Councillor Simon Smith	24/22/Exec	Member of CIP Board

24/20/Exec Minutes

The minutes of the meeting held on 5 February 2024 were approved as a correct record and signed by the Chair.

24/21/Exec Public Questions

There were no public questions.

24/22/Exec Budget Consultation 2025/26

The Executive met to consider the recommendation to approve the public consultation on the council's 2025/26 budget, as set out at Appendix 1, to run from 23 October to 4 December 2024.

The Chief Finance Officer introduced the report. On 10 October 2024, the council's Medium Term Financial Strategy (MTFS) was approved by Full

Council. This sets out the strategic outline approach to setting the council's 2025/26 budget, including the need for the council to reduce its annual net expenditure in the General Fund by £6 million per year by 1 April 2026. The report being presented was to approve the format and content of the public budget consultation.

The Executive Councillor for Finance and Resources stated that local government had been an unprotected service over a number of previous years, combined with high rates of inflation. The Council was required to balance their books and achieve financial sustainability. The Council was seeking the views of residents on the proposals outlined in the consultation before any final decisions were made. In addition, the Council was on the way to modernising and transforming the services it delivered to its residents as well as ensuring there were reserves in place to meet any emergencies that were unforeseen.

In response to questions from opposition members, the Executive responded and a summary is outlined below:

i) The principles for the budget and process were outlined at the recent Strategy and Resources Committee.
ii) The questions outlined in the consultation referenced the work of the transformation journey the Council was on.
iii) It was important that the £6 million pound savings target was achieved with long term planning and processes, ensuring services were protected and in other cases enhanced.
iv) Responses from the consultation would be collated by the 13th January 2025 as part of the scrutiny process.
v) With regards to the question on whether to remove and re-frame the questions on public toilets, this was being asked as part of the consultation and the views of the public would be taken into account, the question was not proposed to be amended.
vi) The proposed consultation was to give a broad range of questions and options to the public to consider and to help inform those areas to make savings within. Both CCTV and sports facilities were an important part of council functions, in particular wanting members of the public to be as active as possible.
vii) Within the proposals there was around £6 million of potential savings. The Executive would reflect on the comments from the consultation before presenting final budget proposals.

viii) There were further financial events between now and the New Year, namely the Autumn Budget and the Local Government Finance Settlement, which could impact proposals.

ix) Central government set the thresholds for Council tax increases. A mechanism was in place if local authorities wanted to increase this beyond the threshold but had rarely been used and had all failed.

x) There was to be a review on rent received from commercial property.

xi) There was now a booking system for example when booking tennis courts which would reduce some costs down in terms of having to have less people involved in taking bookings. There was still modelling taking place to look at the most efficient ways of making savings.

xii) On car parking charges there was a proposal to increase these to a higher level. There was a risk on reduced demand, however there would still significant income gained and an additional benefit of less congestion within the city.

xiii) The design of any public consultation was difficult. The consultation as drafted was easy to understand and was quick and simple for members of the public to pick up respond to.

xiv) The Council was looking to protect as many of the discretionary services as was possible.

Members of the Executive raised questions and made comments a summary of those are set out below:

i) There was opportunity to amend the wording in question 22 to allow the public to give some further views.

ii) Residents and opposition members were welcome to attend meetings of the Executive as they were meetings held in public.

There was a proposal, which was seconded to amend the foreword in paragraph 5 to include at the end of the last sentence
"and through our Community Wealth Building work help voluntary organisations, charities and social enterprises to address pressing community needs."

On a vote the above addition was approved unanimously.

A further proposal was made and seconded to amend question 22 of the consultation (underlined addition below).

22) Do you have any other comments about the measures set out above or any other proposals? For example, are there any that you particularly support or oppose, and why.

On a vote the above addition was approved unanimously.

The Executive agreed (unanimous) to:

Approve the public consultation, subject to amendments, on the council's 2025/26 budget, as set out at Appendix 1, to run from 23 October to 4 December 2024

Amendments to Appendix 1: Additional words underlined

Foreword, paragraph 5

Because the council's finances have been well managed to date, we have time to take a measured approach to finding savings. We will continue to focus on modernising and finding efficiencies to bring down costs and through our Community Wealth Building work help voluntary organisations, charities and social enterprises to address pressing community needs.

Question 22

1) Do you have any other comments about the measures set out above or any other proposals? For example, are there any that you particularly support or oppose, and why

The meeting ended at 6.25 pm

CHAIR

REPORT TITLE: HRA BUDGET-SETTING REPORT (BSR) 2025/26

To:
Cllr Gerri Bird, Executive Councillor for Housing

Housing Scrutiny Committee (04/02/2025)

Report by:
Godwin Ogbechie, HRA Accountant and Senior Finance Business Partner
Tel: 01223 457767 Email: godwin.ogbechie@cambridge.gov.uk

Wards affected:
All

1.	**Recommendations**
1.1	It is recommended that the Executive Councillor for Housing refers the recommendations below to the Executive to: **Review of Rents and Charges** a) Recommend that full Council approve that council dwellings rents for all social rented and social shared ownership properties be increased in line with government guidelines, with an increase of 2.7%, being inflation as measured by the Consumer Price Index (CPI) at September 2024 of 1.7%, plus 1%. Rent increases will take effect from 1 April 2025. This equates to an average rent increase of £3.37 per week. b) Recommend that full Council approve that affordable housing rents, inclusive of service charge, are also increased by 2.7% in line with the increase for social rents. This equates to an average rent increase of £5.06 per week. c) Recommend that full Council approve that rents for affordable shared ownership properties are increased by RPI as at September 2024, 2.7% plus 0.5%, as allowed for in the lease requirements for these properties. d) Recommend that full Council approve that garage and parking space charges for 2025/26 are increased by inflation at 2.7%, in line with dwelling rents, and approve

	changes in charges for parking permits, as set out at table 10 on page 28 of the attached Housing Revenue Account Business Plan Update and Budget Setting Report 2025/26. e) Recommend that full Council approve the proposed service charges for Housing Revenue Account services and facilities, as shown in Appendix D of the attached Housing Revenue Account Business Plan Update and Budget Setting Report 2025/26. f) Recommend that full Council approve the proposed leasehold administration charges for 2025/26, as detailed in Appendix D of the attached Housing Revenue Account Business Plan Update and Budget Setting Report 2025/26. g) Recommend that full Council approve that service charges continue to be recovered at full estimated cost, as detailed in Appendix D of the attached Housing Revenue Account Business Plan Update and Budget Setting Report 2025/26, recognising that local authorities should endeavour to limit increases to inflation as measured by CPI at September 2024 (1.7%) plus 1%, wherever possible. **HRA Revenue** h) Recommend that full Council approve (with any amendments) the revenue savings, pressures and bids set out at Appendix F of the attached Housing Revenue Account Business Plan Update and Budget Setting Report 2025/26. i) Recommend that full Council approve the resulting Housing Revenue Account revenue budget as summarised at table 5 on page 20 of the attached Housing Revenue Account Business Plan Update and Budget Setting Report 2025/26. **Housing Capital** j) Recommend that full Council approve the capital bid set out at Appendix F of the attached Housing Revenue Account Business Plan Update and Budget Setting Report 2025/26. k) Recommend that full Council approve the updated Housing Capital Investment

	Plan as shown at Appendix E of the attached Housing Revenue Account Business Plan Update and Budget Setting Report 2025/26. l) Recommend that full Council approve the proposed approach to financing the Housing Capital Investment Plan as set out at table 11 on page 31 of the attached Housing Revenue Account Business Plan Update and Budget Setting Report 2025/26. **Treasury Management** m) Recommend that full Council approve the revised need to borrow over the life of the Business Plan, to sustain the proposed level of capital investment, which includes delivery of the 10 Year New Homes Programme. n) Recommend that full Council recognise that the constitution delegates Treasury Management to the Chief Finance Officer (Part 3, para 5.11), with Part 4F, C16 stating; 'All executive decisions on borrowing, investment or financing shall be delegated to the Chief Finance Officer, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities'. o) Recommend that full Council recognise that the decision to borrow significantly to build new homes impacts the council's ability to set-aside resource to redeem the HRA Self-Financing debt at the point at which the loan portfolio matures, resulting in a need to re-finance debt at the point of maturity. **General** p) Recommend that full Council approve inclusion of a capital budget for Disabled Facilities Grant expenditure and associated grant income from 2025/26 onwards, based upon 2024/25 net grant awarded, with delegation to the Chief Finance Officer to approve an in year increase or decrease in this budget in any year, in direct relation to any increase or decrease in the capital grant funding available for this purpose, as received from Cambridgeshire County Council through the Better Care Fund. q) Recommend that full Council approval of delegation to the Chief Finance Officer, as Section 151 Officer, to determine the most appropriate use of any additional

	Disabled Facilities Grant funding, for the wider benefit of the Shared Home Improvement Agency. r) Recommend that full Council approve delegation to the Director of Communities to review and amend the level of fees charged by the Shared Home Improvement Agency for Disabled Facilities Grants and repair assistance grants, in line with any recommendations made by the Shared Home Improvement Agency Board. s) Recommend that full Council approve delegation to the relevant Director, in consultation with the Chief Finance Officer, to draw down resource from the ear-marked revenue reserve or capital reserve for potential debt redemption or re-investment, for the purpose of open market land or property acquisition or new build housing development, should the need arise, in order to meet deadlines for the use of retained right to buy receipts or to facilitate future site redevelopment. t) Recommend that full Council approve delegation to the Chief Finance Officer to make any necessary technical amendments to detailed budgets in respect of recharges between the General Fund and the HRA.
2.	**Purpose and reason for the report**
2.1	The council is required under statute to set a balanced budget for the Housing Revenue Account each year.
2.2	The HRA Budget Setting Report is presented to this meeting of the Housing Scrutiny Committee to allow consideration and scrutiny of proposals for the review of rents and service charges, revenue bids and savings, and the Housing Capital Investment Plan, which includes capital bids and all associated funding proposals. Comments made by the Housing Scrutiny Committee will be reported to the Executive meeting taking place on 10 February 2025. The Executive will then recommend the budget for Full Council approval at its meeting on 24 February 2024.

3.	**Alternative options considered**
3.1	The council is required by statute to prepare a balanced budget for the HRA. The key assumptions used are set out in Appendix B of the attached Housing Revenue Account Business Plan Update and Budget Setting Report 2025/26, whilst Appendix C sets out alternative assumptions which could have been used, the HRA's sensitivity to these, and the financial impact should reality differ from the assumptions used.
4.	**Background and key issues**
4.1	The HRA budget is set in the context of the 30-year business plan, to ensure that sufficient income is forecast to allow the Councils housing stock can be managed effectively and maintained to a decent standard, whilst also maximising the number of new homes that can be delivered.
4.2	The HRA faces significant financial challenges, with a significant investment need identified in the housing stock in order to improve homes to an appropriate level of energy efficiency over the coming years.
4.3	The Business Plan factors in the best estimates and assumptions on cost inflation, pay award, voids rate, bad debt provision, borrowing rate, potential grants, receipts from market sales, continued investment in repairs, and legal disrepair/compensation costs. These have all been factored into this the proposed budget for next year and across the medium term.
4.4	The proposed budget and medium term forecasts demonstrate the ongoing financial sustainability of the HRA over the medium term.
4.5	However, it should be noted that delivery of the new homes in the current 10 Year New Homes Programme is wholly dependent upon securing significant additional grant funding from the government. If the council is unsuccessful in securing such funding, the programme will need to be 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 specifications or reducing the number of council's rented homes delivered overall.
5.	**Corporate plan**
5.1	The budget has been set with reference to the four key priorities in the Corporate Plan. [Corporate plan 2022-27: our priorities for Cambridge - Cambridge City Council]
6.	**Consultation, engagement and communication**
6.1	Tenant and leaseholder representatives are consulted on any changes in the HRA budget as an integral part of the scrutiny process associated with this committee. All tenants receive individual written communication in advance of any change in rent or service charge levels. Also, officers from within the Housing and Finance departments have been involved in the development of the HRA Business Plan.
7.	**Anticipated outcomes, benefits or impact**
7.1	Approval of the HRA Budget-Setting Report for 2025/26 will allow the council to meet its statutory responsibility to set a balanced budget. It will also ensure that quality services can continue to be provided to council tenants, and an appropriate level of capital investment in both existing and new council housing stock can be undertaken.
8.	**Implications**
8.1	**Relevant risks**
	The key financial risks to the HRA are set out in Appendix A of the attached Housing Revenue Account Business Plan Update and Budget Setting Report 2025/26.
	Financial Implications

8.2	As set out in the attached Housing Revenue Account Business Plan Update and Budget Setting Report 2025/26.
	Legal Implications
8.3	The Housing Act 1985 under section 24 gives the council power to determine the level of rent it charges to tenants or occupants of its homes. The council is additionally required by the 1985 Act to review rents from time to time and make changes as circumstances requires. The council must set rents in accordance with the Rent Standard and the Rent Policy Statement. The council must act reasonably in relation to rent setting, and the decision maker should therefore be satisfied that the increase is reasonable and justified. The council must comply with the Regulator of Social Housing January 2025 guidance “Limit on annual rent increases 2025/26” which is relevant from April 2025. Part 2 of the Housing Act 1985 provides that the council has a legal duty to set a balanced budget each year, bearing in mind its fiduciary duties to the taxpayer, and the HRA is not allowed to go into deficit. In exercising these duties, the council must comply with various legislative and administrative duties. The council is to produce and make available for public inspection an HRA annual budget and to review and revise the budget, if necessary, from time to time to avoid any deficit. The council is required by the 1985 Act to notify tenants of variations of rent and other charges at least 28 days before the change takes effect. The council must consult with the tenants before notifying them of variations to the terms of a secure tenancy. The government announced in October 2018 that the HRA borrowing cap has been abolished. The implication of this is that councils with housing stock are now able to borrow against their estimated rental income in line with the CIPFA Prudential Code. The Landlord and Tenant Act 1985 sets the basic rules for setting service charges, including the requirements for consultation with leaseholders.

	Equalities and socio-economic Implications
8.4	An Equalities Impact Assessment has been undertaken in respect of new budget proposals where any impact (positive or negative) is anticipated.
	Net Zero Carbon, Climate Change and Environmental implications
8.5	Where relevant, officers have considered the climate change impact of budget proposals, with any impact highlighted in the attached Housing Revenue Account Business Plan Update and Budget Setting Report 2025/26.
	Procurement Implications
8.6	Any procurement implications arising directly from revenue or capital bids will be considered and addressed as part of each individual project.
	Community Safety Implications
8.7	Any community safety implications are outlined in the attached Housing Revenue Account Business Plan Update and Budget Setting Report 2025/26.
9.	**Background documents** Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985
9.1	Housing Revenue Account Business Plan and Medium Term Financial Strategy 2024/25
10.	**Appendices**
10.1	Appendix 1 – Housing Revenue Account Business Plan Update and Budget Setting Report 2025/26 Appendix 2 – Equality Impact Assessment

	To inspect the background papers or if you have a query on the report please contact Godwin Ogbechie, HRA Accountant and Senior Finance Business Partner, tel: 01223 457767, email: godwin.ogbechie@cambridge.gov.uk

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Housing Scrutiny Committee

Housing Revenue Account Business Plan Update and Budget Setting Report 2025/26

CAMBRIDGE CITY COUNCIL

February 2025

Cambridge City Council

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Appendices

Section 1 – Introduction and Background

Foreword by the Executive Councillor, Gerri Bird

As we enter 2025, it is clear that the Housing Revenue Account continues to face significant financial challenges as a result of high interest rates, inflation, and the need to comply with changes to policy and regulation from central government.

Despite these challenges, we continue to invest in our existing properties, support our tenants, and build attractive new homes at a significant rate. I want to thank the officers and our tenant and leaseholder representatives for their continued commitment and support.

Rent

Setting rent levels for our tenants is one of the most important elements of the budget process. Last year we raised rents by 7.7%. The rents increase is 2.7% for 2025/26 followed by an assumed increase of CPI plus 1% from 2026/27 for the following 5 years.

Around 60% of our tenants receive some form of help with housing costs, and some tenants will become eligible for benefits as a result of the rise, but we know this is a burden and don't welcome the choices we have had to make.

Building

On a more positive note, our new build programme, at Buchan Street 28 flats were handed over on 13 November 2024, and at Aragon and Sackville 14 houses were handed over on 4 December 2024. The 56 flats at the Meadows and 28 at Colville Phase 3 will be handed over in February/ March 2025.

Housing regeneration schemes at Fanshawe Road (84 homes, of which 39 will be market sale homes) and East Barnwell (120 homes) have now been submitted for planning consideration.
391 of the homes in development are now being benchmarked against Passivhaus performance levels, showing our commitment to sustainable development. I'm especially pleased to see that the 12 homes at Fen Road that are near to completion include two wheelchair accessible houses. There is also a proposal for a wheelchair accessible bungalow at Kendal Way.

Dealing with homelessness remains a priority, and we now have 22 modular homes and plans for four more – if we had more sites, we could do more in this area.

We hope to be able you mark our 1,000th home very soon, which is a great achievement.

Maintenance and Repairs

Every tenant deserves timely and efficient repairs, and we remain committed to improving how we deliver these services. We actively consult with our staff to identify better ways to manage repairs, ensuring our teams are equipped to perform their vital roles. This includes constant review or our operating systems and streamlining processes to enhance service delivery.

We continue to work hard to deliver affordable, sustainable and attractive homes for all our tenants, to support homeless people and get them into good housing, and to maintain our properties to the highest standards.

Tenancy Audit

Since April 2024 we have:

- helped 28 domestic abuse victims
- found 28 cases of damp, mould, or condensation
- reported 98 repairs that were not raised by the tenant
- discovered 2 subletting cases
- found 9 hoarded properties
- assisted 58 households with moving to allow for better stock management
- offered support to 124 households, with 38 of those being referred to the Financial Inclusion Officers and 23 to the Tenancy Sustainment Team

So, these audits are showing how important this work is to the council.

Councillor Gerri Bird

Executive Councillor for Housing

Background

The Housing Revenue Account (HRA) is the landlord account for the council, operating in the context of a 30-year business plan which is reviewed twice each year, in September when the budget strategy is agreed, and again in February, when the detailed budget is approved. The 30-year business plan makes assumptions regarding the level of income available and key risks facing housing service delivery within this timeframe. It also programmes in the due date for current borrowing to be repaid/re-financed, whilst ensuring that required service levels can be delivered to tenants.

The HRA self-financing regime was introduced in April 2012. The council had to take on a significant amount of debt (£213.5 million) in exchange for an end to the old housing subsidy system. However, in September 2024 Cambridge City Council joined 106 other councils from across England in signing a report to central government on "Securing the Future of Council Housing". This report makes the case for the self-financing deal to be re-evaluated, as it was based on estimates and assumptions that have since proven incorrect. Nationally, the 2012 settlement passed £29 billion of debt to councils, but recent research by the Chartered Institute of Housing (CIH) and Savills suggests that the correct figure should have been closer to £11 billion. Government have not yet responded to this report.

The HRA is funded primarily through the income received from rents and service charges from council homes, leasehold properties and a small number of commercial properties. The money is ringfenced to provide all services required by tenants and leaseholders including repairs and maintenance, tenancy management, as well as funding new homes. This report considers both HRA revenue spending and the costs of the housing capital programme.

Since April 2020 all Local Authority Registered Providers (any authority with council housing managed through an HRA) are required to conform to the Regulator of Social Housing's Rent Standard in setting rents and applying annual increases. Government has applied an annual rent increase cap of CPI+1% for 2025/26. As the CPI figure at September 2024 was 1.7%, this allows for a maximum rent increase of 2.7%. This compares to an assumption of 2.8% which was used in the last Medium Term Financial Strategy (MTFS) approved in October 2024.

Towards the end of 2024, the government carried out a consultation on future social housing rent policy, including the possibility of longer-term settlements (up to 10 years). This council would welcome any changes which would provide a greater degree of certainty of future income, to allow more robust 30-year business plans to be produced. As part of this consultation, the council has also requested a re-introduction of a rent convergence model to allow existing rents which are below target rent for the property (for example due to previous rent reductions imposed by government) to be gradually increased back to the correct level. The outcome of this consultation is still awaited.

There have been significant changes to the Right-to-Buy (RTB) discount regime in 2024/25 with the government announcing a reduction in RTB discounts from November 2024. For Cambridge this resulted in the maximum discount offered being reduced from £102,400 to £34,000. This resulted in a spike in applications in the weeks leading up to the change and may see our sales via RTB be higher for this year than budgeted for. However, in the longer term this change in policy may serve to reduce our level of RTB sales and the receipts generated. The government has also consulted on further amendments to the RTB regime including longer qualifying periods, and increased exemptions e.g. for newly built council homes.

The HRA can borrow to invest in housing, but the resulting income stream must be able to fully support the borrowing, which is why it is preferrable to borrow to build new homes (which generate rental income) as opposed to investing in capital projects such as Energy Efficiency Retrofit measures (which often come with no increase in rent). The HRA must be able to support a significant level of housing debt whilst also ensuring the ongoing delivery of housing services. On 1 April 2024, the HRA supported a net housing debt of £215.1 million.

Both the HRA MTFS and the HRA Budget Setting Report (BSR) review internal and external factors impacting the housing service, taking account of any emerging changes in national housing policy, health and safety and building safety requirements, changes in risk profile and the impact of any anticipated change in the economic climate. The review undertaken in the autumn of each year determines the financial strategy for the HRA and the framework for the detailed budget work to develop proposals for the coming budget year. As part of the BSR, consideration is given to whether any aspects of the strategy need to be revised, and sensitivity analysis is undertaken to ensure that effective contingency plans are considered and that appropriate reserves are maintained considering any change in assumptions.

This document provides the basis for setting the HRA budget and rents and charges for 2025/26, culminating in recommendations to both Housing Scrutiny Committee on 4 February 2025 and full council on 24 February 2025.

The work on the 2025/26 HRA budget setting report adopts the following key parameters:

- A financial model assuming borrowing to deliver new homes alongside maintaining and improving the existing housing stock.
- A rent increase of 2.7% for 2025/26, followed by an assumed increase of CPI plus 1% from 2026/27 for the following five years.
- Introduction of rent flexibility of 5% on all new and relet tenancies of general needs council homes and up to 10% on all new and relet tenancies of sheltered and supported council homes.
- Housing stock maintained at a minimum of the current decency standard, with investment in respect of energy efficiency improvements being a key priority.
- An efficiency savings target of £218,000 per annum for five years.
- Adjustments to responsive repairs expenditure in line with anticipated stock changes.
- Minimum working balance for reserves of £6.2 million, with a target level of £7.4 million.

The business plan also takes into account two historical rent setting errors which date back to 2004 and 2016. The rents for all current tenants affected by both errors were corrected in April 2024. Work is ongoing to calculate refunds owed to both current and former tenants with refunds anticipated to start in spring 2025. The total amount to be refunded is estimated at £4.4 million, and provision for this has been made in developing this Business Plan.

Section 2 – Local Context

Council Priorities

- 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 new 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 priorities and the Housing Strategy, the Housing Revenue Account continually reviews priorities for investment, considering:

- The level of investment required to maintain decency in the existing housing stock
- The need to spend on landlord services (management and maintenance)
- The need to support, and potentially set-aside money 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 the city to achieve this
- The desire to invest in income generating activities and discretionary services (e.g. support services)
- The ability to respond quickly to changes in both housing and building legislation

Housing Stock

The Housing Revenue Account owns and manages the following properties:

Table 1 – Housing Stock by Category

Housing Category	Actual Stock 1 April 2024	Estimated Stock 1 April 2025
General Housing – Social Rent	5,972	5,864
General Housing – Affordable Rent	903	951
Sheltered Housing	522	522
Supported Housing	16	16
Temporary Housing (Individual Units)	135	128
Temporary Housing (HMO's / EA)	21	21
Miscellaneous Leased Dwellings	18	18
Sub Total Rented Dwellings	**7,587**	**7,520**
Shared Ownership Dwellings	84	82
Total Dwellings	**7,671**	**7,602**

The number of properties anticipated to be held by 1 April 2025 is lower than the number held at 1 April 2024, with the council expected to take handover of less new homes than those lost through either right to buy or demolition for redevelopment.

A breakdown of the housing stock by property type is shown in the table below:

Table 2 – Housing Stock by Property Type

Property Type	Actual Stock 1 April 2024	Estimated Stock 1 April 2025
Bedsits	99	77
1 Bed	1,941	1,935
2 Bed	2,660	2,621
3 Bed	2,242	2,241
4 Bed	112	113
5 Bed	8	8
6 Bed	3	3
Sheltered Housing	522	522
Shared Ownership Dwellings	84	82
Total Dwellings	**7,671**	**7,602**

Leasehold Stock

At 1 April 2024, the Council retained the freehold and directly managed the leases for 1,167 leasehold flats.

Housing Demand

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

As at January 2025, the housing register recorded the following applicants by both bedroom need and priority banding:

Table 3 – Housing Needs Register

Housing Register by Bedroom Need	Number	Percentage
1	1,782	59.0%
2	640	21.2%
3	457	15.1%
4	102	3.4%
5+ Bedrooms	38	1.3%
Total	**3,019**	**100.0%**

Housing Register by Prioirty Banding	Number	Percentage
A/Emergency	307	10.2%
B	720	23.8%
C	1,108	36.7%
D/D*	884	29.3%
Total	**3,019**	**100.0%**

When combined, the following housing needs are identified by both bedroom size and priority banding:

Bedroom Need	Band A/ Emergency	Band B	Band C	Band D	Band D*	Total
1 Bed	118	217	907	308	232	1,782
2 Bed	69	178	162	171	60	640
3 Bed	73	259	29	73	23	457
4 Bed	37	47	6	6	6	102
5+ Bed	10	19	4	5	0	38
Total	**307**	**720**	**1,108**	**563**	**321**	**3,019**

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

Section 3 – External Factors and National Policy Context

National Housing Policy

National Rent Policy

Local authority rents, alongside those of housing associations and other registered providers, are regulated by the Regulator of Social Housing. The amount the council can increase rents by is governed by the Rent Standard which is published by the government to ensure all social housing is affordable and a consistent approach is taken.

Social 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. This was originally intended to be for a period of 5 years, but has subsequently been extended to cover 2025/26.

Setting rent levels for our tenants is one of the most important elements in the budget process. Last year we raised our rents by 7.7%, the maximum allowed by the Regulator of Social Housing. This allowed us to balance our budget in the longer term and make progress towards our target to get 1,700 of our properties to EPC 'C' level for energy efficiency, reducing energy costs for tenants in the long term.

For the HRA Business Plan 2025/26 the Council have assumed a rent increase in line with the current Rent Standard, which is the Consumer Price Index (CPI) for September + 1%. CPI for September 2024 was 1.7%, meaning the maximum rent increase that the Council can make for 2025/26 is 2.7%.

As part of the Autumn Budget statement, the government announced it would be launching a consultation on a new Rent Standard to apply from 2026. The aim is to provide more certainty and stability which will help to support longer-term planning and investment. The consultation assumes that the current CPI + 1% policy would continue beyond 2026, and this is the assumption which has been used in setting this Business Plan. As part of the consultation, the government have also asked for views on alternative and longer-term rent settlements such as up to 10 years, or a 5-year rolling settlement. The outcomes of the consultation and further details of the new

Rent Standard are expected later in the year.

For properties let at affordable rent, the council is required to rebase (revalue) the affordable rent value on each occasion that a new tenancy is issued (or renewed) for a particular property; and ensure that the rent remains at no more than 80% of gross market rent (inclusive of service charges) as of the date the property is re-let. It is proposed that affordable rents increase in line with social rents.

Social Housing Regulation Act

The Social Housing Regulation Act significantly enhanced the role of the Regulator of Social Housing and introduced the new Consumer Standards, which came into force on 1 April 2024. The key reforms for registered providers include:

- The requirement to collect and provide information in relation to the Regulator's Tenant Satisfaction Measures that will enable residents to know how their landlord is performing.
- The need to inform the regulator on all material issues that relate to non-compliance or potential non-compliance with the consumer standards
- Formalisation of the relationship between the regulator and the housing ombudsman; building on the current Memorandum of Understanding to facilitate co-operation and provide better protection for tenants
- Enabling the regulator to gain entry and conduct a survey of the condition of properties more quickly by reducing the notice period which must be given to 48 hours.
- A requirement for landlords to nominate a designated person responsible for complying with health and safety standards
- The introduction of a new access to information scheme permitting residents to access information concerning the management of their homes
- The introduction of a set of standards for registered housing providers, requiring social housing managers and executives to possess specific qualifications or be actively working towards gaining them

A Service Improvement Group has undertaken a self-assessment against the consumer standards. To strengthen this work, consultants have been appointed to undertake a replica Inspection, running from December 2024 to March 2025, to help Group Leaders, Members and

Officers understand the inspection regime and to identify risks where services are not fully compliant with the standards. This will include observations and discussion sessions with tenants. An action plan will be developed from this work.

Welfare Reforms

Universal Credit

Any tenant seeking assistance with their rent, or currently in receipt of housing benefit but experiencing a relevant change in circumstance, will need to apply for Universal Credit. The exception to this being tenants placed in temporary accommodation, supported accommodation (not applicable to council tenants) or those who have reached state pension age, all of whom will continue to be entitled to housing benefit.

All tenants currently on benefits such as tax credits or housing benefit are due to be transitioned to Universal Credit by the end of 2025. For those in receipt of Employment and Support Allowance, migration will take place by March 2028. Experience has shown that tenants in receipt of Universal Credit have a higher likelihood of rent arrears than tenants on housing benefit, where the payment is made directly to the council.

Financial Support to Tenants

The benefit cap and removal of the spare room subsidy continue to impact residents, with some claimants receiving short term Discretionary Housing Payments (DHPs) to support them until they are able to gain employment, improve their financial circumstances or move to more suitable accommodation.

Right to Buy Sales

The Right to Buy scheme allows social housing tenants in England to buy their social homes at a discounted price.

During 2023/24, 42 right to buy applications were received, resulting in 15 completions. This compares to 62 applications in the previous year, which gave rise to 28 completions, with the slowdown possibly because of increasing interest rates. As at quarter 3 of 2024/25, 17 sales have been completed, with 154 applications still being progressed at various stages.

As announced in the 2024 Autumn budget, the maximum discount allowed through Right to Buy was reduced from £102,400 to £34,000 with effect from 21 November 2024. This resulted in a huge spike in applications prior to the deadline, with 114 applications received in November, roughly double the average applications usually received for a whole year. Going forward, with discounts back at a level last seen in 2012, it is likely RTB applications will slow considerably in future years.

In the HRA Medium Term Financial Strategy approved in October 2024, 20 sales were assumed for 2024/25, with 25 per year thereafter. This HRA Business Plan now assumes 20 sales in 2024/25, with 60 in 2025/26 (on the basis that many of the outstanding applications will not complete until after year-end), and 15 per year thereafter (assuming that the reduction in discount allows leads to a lasting reduction in sales, as is government's intention). However, future sales volumes are uncertain and may continue to fluctuate depending upon government policy, changes in house prices, and also the availability and affordability of mortgages for prospective buyers.

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

Table 4 – RTB Sales

Status	Year	Right to Buy (RTB) Sales			Total
		House	Flat	Bedsit	
Actual	2022/23	12	15	1	28
	2023/24	12	3	0	15
Estimated	2024/25	13	12	0	25
	2025/26	31	29	0	60
	2026/27	8	7	0	15
	2027/28	8	7	0	15

Right to Buy Receipts

At 31 March 2024, the council held £5.3 million of right to buy receipts under its retention agreement with the Ministry of Housing, Communities and Local Government, to be spent within 5 years of their original receipt date. Retained right to buy receipts can't be used to fund dwellings receiving any form of public subsidy, but can now be utilised in the delivery of shared ownership homes. With the Bank of England base rate currently at 4.75%, any penalty interest payable on receipts not re-invested appropriately will be at the rate of 8.75%.

Local authorities are now able to keep 100% of receipts from sales of council homes purchased under Right to Buy. Previously, local authorities had to give a proportion of the receipt from any sale to HM Treasury. This change means that the council will retain more money to reinvest directly back into our housing stock and into new supply. Over time, changes to RTB discounts and eligibility criteria may also result in reduced Right to Buy purchases, which would mean that our stock levels would be better retained going forwards.

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 2 or so 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 3.9% by November 2023. Huge inflationary increases have been seen in utility, fuel and food prices, alongside steep rises in other operating costs. Inflation rates have now fallen, with sustained lower rates being assumed as part of our future financial forecasting.

The Bank of England's Monetary Policy Report of November 2024 maintains its inflation target of 2%, but recognises that actual inflation will depart from this target as a result of shocks and disturbances. CPI inflation fell to 1.7% in September, its lowest point since April 2021. This is significant as it is this figure (plus a 1% margin) which determines the maximum rent increase for HRA tenants, as set out above. However, since then, CPI has increased back to 2.5% in December 2024, indicating a likelihood that costs in the HRA will increase at a greater rate than rental income at least in the short-term. The Bank of England is currently forecasting annual CPI inflation of 2.7% in 2025/26, 2.3% in 2026/27, and 1.9% in 2027/28, and these forecasts have been used to set the assumptions within this Business Plan.

If the assumed inflation rate were to change, this would have an impact upon the forecast income and costs into the HRA over the 30 years; however, the impact could be positive or negative depending on whether the actual inflation rate is higher or lower than the assumed rate.

The assumptions in respect of building maintenance expenditure inflation have 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%.

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 2.8% (average CPI plus average BCIS divided by 2) has therefore been incorporated into the Business Plan forecasts.

A growth rate of 3.0% has been retained in respect of new build inflation, based upon the advice of the quantity surveyor / employer's agent used most frequently by the Council.

Interest Rates on Lending

The Housing Revenue Account is entitled to claim a proportion of interest earned on cash balances invested by the council. The average rate of interest assumed for 2025/26 is 4.0%. This is 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.

Over the last 12 months, the Bank of England base rate has fallen, with the latest fall to 4.75% in November 2024. The reduction in the base rate has resulted in the council beginning to realise lower rates of interest on its investments.

Interest Rates on Borrowing

As at 1 April 2024, the Housing Revenue Account held external borrowing of £213.6 million in 20 maturity loans from the Public Works Loans Board (PWLB), with rates ranging between 3.46% and 3.53% depending upon the term of the loan. The loans have varying maturity dates, with the first £10.7 million due to be repaid on 28 March 2038, and the last payment on 28 March 2057.

As at 1 April 2024, the HRA also held an element of internal borrowing from the General Fund of £1.6 million as part of the HRA Capital Financing calculations, with this small sum of notional borrowing resulting in interest payable to the General Fund.

Due to continuing ongoing economic uncertainty, lending rate forecasts have increased since the HRA Medium Term Financial Strategy was published. The council adopts its treasury adviser's (Mitsubishi UFG) view of what may happen to interest rates over the medium term, with average rates of 4.85% forecast for 2025/26 and 2026/27, 4.53% for 2027/28 and 4.50% thereafter.

Whilst current forecasts assume future borrowing from PWLB, alternative borrowing routes are also being explored, as the council is required to borrow significantly greater sums from 2025/26 onwards to fund its new build development programme. Consideration will be given to internal borrowing, inter-authority borrowing, market borrowing and institutional investment. Further review will need to be undertaken during 2025/26 before significant external borrowing is undertaken.

Section 4 – HRA Revenue Budget

HRA Revenue Expenditure

The HRA Business Plan includes significant revenue expenditure over the next 10 years, including housing management costs of £81.3 million, repairs and maintenance costs of £154.8 million, special service costs of £55.1 million, and other management costs of £4.0 million. These costs are necessary to ensure that Council homes are maintained at the required standard and to make sure that tenants and leaseholders are provided with good quality services.

The Plan includes provision for £163.9 million of interest payments over the next 10 years. In addition, one of the measures of viability of the HRA is the annual revenue contribution to capital outlay (RCCO), which reduces the need for external borrowing. The Business Plan forecast revenue contribution to capital outlay (RCCO) over the next 10 years is £154.4 million.

Depreciation charges of £149.4 million are transferred into the Major Repairs Reserves (MRR), which is used to finance the capital programme.

Table 5 on the following page shows the HRA financial position over the next 10 years. The table demonstrates that the HRA revenue budget will be balanced over the medium term and will accommodate the impact of HRA borrowing and support the capital programme. The plan considers the impact of interest and inflation rates on rents and service charges. Any surplus/deficit each year is transfer to or from HRA reserves.

Table 5 – HRA Business Plan – 10 Year Revenue Budget

Description	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Income										
Rental Income (Dwellings)	(52,514)	(55,453)	(60,665)	(65,070)	(69,332)	(75,020)	(79,084)	(83,262)	(85,693)	(88,187)
Rental Income (Other)	(1,376)	(1,413)	(1,445)	(1,601)	(1,633)	(1,666)	(1,699)	(1,733)	(1,768)	(1,803)
Service Charges	(3,174)	(3,250)	(3,321)	(3,380)	(3,444)	(3,509)	(3,579)	(3,651)	(3,724)	(3,799)
Contribution towards Expenditure	(676)	(695)	(711)	(724)	(739)	(753)	(768)	(784)	(799)	(815)
Interest Receivable	(1,030)	(896)	(831)	(732)	(648)	(582)	(599)	(719)	(890)	(1,004)
Other Income	(609)	(564)	(577)	(588)	(599)	(611)	(624)	(636)	(649)	(662)
Total Income	**(59,378)**	**(62,271)**	**(67,549)**	**(72,096)**	**(76,395)**	**(82,142)**	**(86,353)**	**(90,785)**	**(93,523)**	**(96,270)**
Expenditure										
Supervision & Management - General	6,350	6,490	6,929	7,490	7,871	8,502	8,940	9,363	9,588	9,819
Special Services	4,936	5,080	5,208	5,318	5,438	5,561	5,687	5,816	5,948	6,083
Repairs & Maintenance	12,476	13,191	13,803	14,521	15,314	16,049	16,689	17,126	17,575	18,036
Other Management	704	618	530	439	350	261	271	281	291	302
Bad Debt Provision	527	557	608	652	695	751	792	834	858	883
Depreciation	12,254	12,846	13,564	14,108	14,722	15,403	16,019	16,529	16,825	17,126
Loan Interest	9,979	14,094	15,944	17,177	17,612	17,749	17,836	17,836	17,836	17,836
Direct Revenue Financing of Capital	11,140	9,203	11,080	12,666	14,562	17,664	18,970	15,933	20,137	23,071
Total Expenditure	**58,365**	**62,079**	**67,666**	**72,371**	**76,563**	**81,941**	**85,204**	**83,718**	**89,058**	**93,156**
(Surplus) / Deficit for Year	**(1,012)**	**(192)**	**117**	**276**	**167**	**(201)**	**(1,149)**	**(7,066)**	**(4,464)**	**(3,114)**
HRA balance b/f	(7,396)	(8,409)	(8,601)	(8,484)	(8,208)	(8,041)	(8,241)	(9,391)	(16,457)	(20,921)
HRA balance c/f	**(8,409)**	**(8,601)**	**(8,484)**	**(8,208)**	**(8,041)**	**(8,241)**	**(9,391)**	**(16,457)**	**(20,921)**	**(24,035)**

Maintenance and Repairs

Every tenant deserves timely and efficient repairs, and we remain committed to improving how we deliver these services. We actively consult with our staff to identify better ways to manage repairs, ensuring our teams are equipped to perform their vital roles. This includes constant review or our operating systems and streamlining processes to enhance service delivery.

Damp, Condensation, and Mould (DCM)

Addressing damp, condensation and mould is a top priority due to its serious impact on health and quality of life. During colder months, we see an increase in reports, not all of which stem from building issues. Following the council's DCM Self-Assessment Response Action Plan, we are triaging DCM referrals on a daily basis with inspections, DCM treatments and surveys categorised into three response levels: Emergency, Urgent, Routine.

To enhance our efforts, we have reviewed our DCM policy and implemented a DCM risk assessment survey. We have also developed a real-time spreadsheet to significantly improve data capture and reporting accuracy. Additionally, we are monitoring and analysing data from emergency PurrMetrix device installations to better understand and address DCM issues. We are also strengthening collaboration with housing colleagues and CAB to address safeguarding and damp-related concerns effectively.

Commitment to Housing Excellence

We remain dedicated to delivering affordable, sustainable, and attractive homes for all tenants, supporting homeless individuals into good housing, and maintaining our properties to the highest standards.

Section 5 – Rent and Other Income

Rent Setting

Social Rents

The council is required to set rents for its council dwellings on an annual basis. As rent is the primary source of income for the HRA, it is essential to the sustainability of the HRA that it is set at a level which is appropriate, with reference to the cost pressures experienced. The assumption made in respect of rent increases is absolutely critical in terms of business planning, and a small variation in percentage terms makes a significant difference in monetary terms over a number of years.

The Council's ability to set rents is directed by the Regulator of Social Housing Rent Standard which is determined by a government direction under section 197 of the Housing and Regeneration Act 2008. The Council is permitted to set rent levels in line with this standard which caps any increase to the preceding September Consumer Price Index (CPI) + an additional 1%.

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 previously approved HRA Business Plan of October 2024 assumed a rent increase of CPI plus 0.5% for 5 years from April 2025 onwards in the absence of any confirmed government policy at the time. However, it has since been confirmed that the cap will again be set at CPI + 1% from 1 April 2025, and the government has consulted on continuing this cap beyond April 2026. For the purposes of this Business Plan, it is therefore assumed that rents will increase by 2.7% from April 2025 (being the September CPI figure of 1.7% + 1%), and that annual increases of CPI + 1% will continue for the foreseeable future.

The proposed average actual weekly rent across the council's general housing stock is £127.37 in 2025/26. There is a range of rents across different sizes of properties. 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 average weekly rent is shown below:

Table 6 – Proposed Average Weekly Rent 2025-26

No of Bedrooms	No of Properties	Current average weekly rent 2024-25	Proposed average weekly rent 2025-26	Proposed average rent increase	Proposed % increase
1	2,074	106.77	109.65	2.88	2.70%
2	2,175	123.75	127.09	3.34	2.70%
3	2,140	139.09	142.85	3.76	2.70%
4	97	162.98	167.38	4.40	2.70%
5	7	167.84	172.38	4.54	2.70%
6	2	209.90	215.57	5.67	2.70%
HMO	19	113.94	117.02	3.08	2.70%
Total Rentable Properties	**6,514**				

Within the rent policy statement on rents for social housing, councils can 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 does not currently apply this flexibility, but it has been agreed (in September 2024) that it will do so 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 property 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.

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 951 new build properties charged at the higher 'affordable rent' levels as at 1 April 2024, and 20 affordable shared ownership homes. As at the time of preparing this Business Plan 2025/26, the total number of affordable properties is 951 plus 19 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 shows the average affordable rents for 2025-26:

Table 7 – Average Weekly Affordable Rents

No of Bedrooms	No of Properties	Current average weekly rent 2024-25	Proposed average weekly rent 2025-26
1	366	170.24	174.84
2	475	191.12	196.28
3	92	217.13	222.99
4	16	277.66	285.16
5 or more	2	311.60	320.01
Total Rentable Properties	**951**		

Shared Ownership Rents

There are 82 shared ownership properties in the HRA (of which 63 are at social and 19 at affordable rent). Rent increases for affordable shared ownership properties are subject to a different formula than social rents or affordable rents. The formula is Retail Price Index (RPI) (as at September 2024 = 2.7%) plus 0.5%, an increase of 3.2% from April 2025. The rent on social rented shared ownership properties is increased in line with CPI + 1% (i.e. 2.7% this year).

Rent Arrears, Bad Debt Provision and Void Levels

Rent Arrears

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 position in respect of current arrears has worsened in both monetary and percentage terms in 2024/25 to date. In quarter 3 of 2024/25 current tenant arrears is reported at £1.9 million, while former tenant arrears total £1.5 million. The increase in 2024/25 is largely due to ongoing work on the rent regulation errors which is taking up significant time and resource to resolve. Once this work has been brought to a conclusion, efforts can be made to bring tenant arrears back down again.

The position in respect of rent arrears is summarised in the table below:

Table 8 – Rent Arrears

Date	Rent Arrears (Current Tenants)	Current Tenant Arrears as a Percentage of Gross Debit Raised in the Year	Rent Arrears (Former Tenants)
31/03/2023	£1,490,860	3.33%	£1,020,073
31/03/2024	£1,688,582	3.37%	£1,269,270
31/12/2024	£1,946,275	3.30%	£1,501,075

The Income Management Team works proactively with tenants and financial support providers to mitigate the impact of rent arrears for both tenants and the council. The team use both the Income Analytics and LIFT software systems, which facilitate improved arrears management and access to financial data sets to maximise receipt of financial assistance for the tenants.

Bad Debt

Debt that is not realistically collectable is recommended for write off and provision is currently made in the Housing Revenue Account to write off 84.16% of former tenant debt. Any decision to do this is not taken until all avenues for collection have been exhausted.

The annual contribution to the bad debt provision for 2024/25, based on 1% of rent due, was set at £497,000 in the HRA budget approved in January 2024.

The annual contribution to the bad debt provision for 2025/26 is set at £527,000 (again c. 1% of rent due) based on previous levels of defaults and write-offs. Rent and service charges are handled proactively by the council, but non-recoverable arrears decrease income, causing the council to reduce maintenance, development, and services for residents. This bad debt provision position will be reviewed periodically, as more tenants transition to Universal Credit and the longer-term impact of pressures on household incomes becomes clearer.

Void Levels

Empty properties provide no rental income for the council yet still incur costs to secure and maintain. An increase in void properties will decrease income and resources available for service delivery to council residents.

Void performance has deteriorated overall in quarter 3 of 2024/25, with a gross void rent loss of 2.89%. This does however include the impact of our redevelopment programme, with significant units now vacated at Fanshawe Road, Princess Court, Ekin Road, Davy Road, 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 re-occur. After adjusting for these one-off factors, general void performance has improved in 2024/25 when compared to last year.

As a result of this improvement, the Medium Term Financial Strategy approved in October adjusted the assumption for general voids in 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. The Business Plan assumes that performance in this area will continue to approve, with void rates of 1.0% in 2025/26 and 2026/27 and 0.8% thereafter, by which time the void process will have been fully reviewed and improved as part of the council's ongoing transformation programme. The table below shows the current level of void properties.

Table 9 – Lettable Void Properties

Year	Bedsit	Bungalow	Flat	Hostel	House	Maisonette	Grand Total
2023/24	0	0	13	0	12	2	27
2024/25	1	11	150	3	80	15	260
Total	**1**	**11**	**163**	**3**	**92**	**17**	**287**

Service Charges

Service charges are levied for services that are provided to some tenants, but not necessarily all, depending upon the type, nature and location of a property. Some of these services are eligible for housing benefit or Universal Credit, depending upon what is provided. Service charges must be set at a level that will cover the cost of the service.

Tenant service charges are not affected by the rent setting policy and should be set with the intention of recovering the full cost of providing the service. Service charges will increase with inflationary pressures and changes in usage, so that tenants can see what they are paying for alongside their core rent. For affordable rented homes, the tenant pays a total sum for rent and charges combined, which is introduced at either 60% (or the prevailing Local Housing Allowance Rate if this is lower) or 80% of market rent depending upon the scheme.

Service charges are set at a level to recover the full costs of providing those services, but guidance expects registered providers to endeavour to ensure that service charge increases do not exceed CPI plus 1% (recognising that costs sometimes unavoidably increase by more than this). Registered providers are required to consult tenants in respect of the introduction of new services or before making any material change to existing services. Therefore, the Business Plan assumed service charge increase in 2025/26 of 2.7% is based on September CPI of 1.7% plus 1%. Appendix D shows the proposed services charges with effect from April 2025.

Other Income

Garages & Parking

The Housing Revenue Account currently owns 1,326 residential garages and 270 parking spaces, and manages a further 16 garages and 6 parking spaces on behalf of the General Fund. A few HRA garages and parking spaces are on sites being explored for potential demolition and re-development, and so this number may reduce in the medium term.

Of the garages and parking spaces in ownership, approximately 21.9% (350 garages and parking spaces) are currently void (compared to 10.6% at this time last year). Of the 350 vacant spaces, 164 are garages, but 90 of these have been vacated as the sites have been approved for redevelopment. A garage block is not removed from the system until all the garages have been vacated. There are 186 vacant parking spaces, but a significant proportion of these are on new build sites, where the scheme residents are offered first refusal to rent the parking spaces before they are offered out more widely to other tenants, residents or commuters into the city.

The proposed charges for garages and parking spaces in 2025/26 are shown in the table below:

Table 10 – Average Weekly Garage and Parking Charges

Category	Current 2024/25 £ per rent week	Proposed 2025/26 £ per rent week
Parking Spaces in standard area (tenants only) *	8.47	8.68
Parking Spaces in standard area (other city residents) **	11.18	11.46
Garage in standard area (tenants only) *	10.89	11.16
Garage in standard area (other city residents) **	14.38	14.74
Garage or parking space in high value/high demand area (tenants only) *	20.78	21.30
Garage or parking space in high value/high demand area (other city residents) **	27.43	28.12
Right to park in high value/high demand area (tenants only) *	14.55	14.91
Right to park in high value/high demand area (other city residents) **	24.94	25.56
A premium is added to all base rates above when rented for non-city resident, commuter, business or commercial use	12.00 premium	12.00 premium
Parking Space in standard area - non-city resident/commuter or business/commercial use	23.18	23.46
Garage in standard area - non-city resident/commuter or business/commercial use	26.38	26.74
Garage or Parking Space in high value / high demand area - non-city resident/commuter or business/commercial use	39.43	40.12

* a 30% discount will apply for a council tenant with a blue badge in the immediate household
** other city residents include council residential tenants with a garage in a different ward or more than 1.5 miles from the property

Commercial Property

The level of rental income from commercial property is dependent upon the timing of lease renewals for the small portfolio of shops and other business premises that are owned by the HRA. In 2024/25 the income generated by the commercial property portfolio is anticipated to be in the region of £517,000. For 2025/26, a budget of £531,000 is proposed.

General occupation of the HRA commercial property portfolio has historically been good, with vacant shop units usually re-let within reasonable timescales. However, difficulties have been experienced more recently, with the re-modelled shops at Akeman Street proving very difficult to let. Rent reviews continue to be challenging, with business owners facing increased costs in a number of areas.

Section 6 – Capital Investment

The purpose of the HRA capital programme is to provide or improve assets, which include land, buildings (including dwellings), and equipment which will be used in providing services for more than one financial year. The programme is funded through a combination of capital grants, capital receipts, reserves, contributions from revenue and borrowing. Each year as part of the business planning process for the HRA we review our 5 year capital investment programme.

The total capital investment over the next 10 years is expected to be £708.8 million. This will be financed using a range of available funding streams, with borrowing as a last resort.

For the council's new build housing programme, budgets have been updated taking into account actual expenditure for the current year-to-date, and up-to-date forecasts of spend in future years (including any anticipated over and underspends where appropriate).

The chart and table below set out the forecast capital spend over the next ten years:

Chart 1 – Projected Capital Expenditure and Financing (£'000)

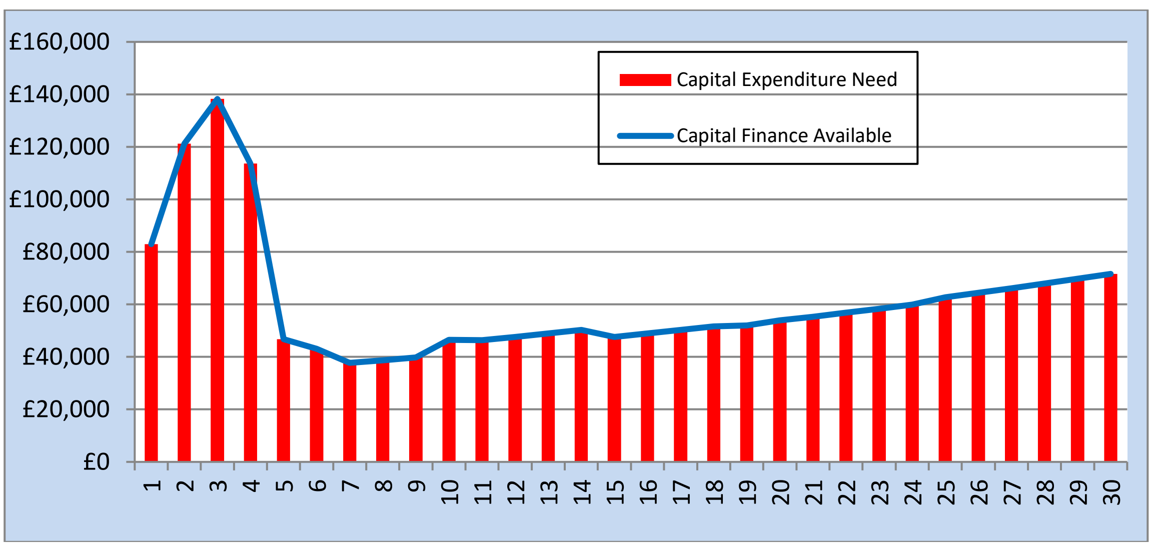


Table 11 – Proposed HRA Capital Programme 2025/26 to 2034/35

Description	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31 to 2034/35	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:							
Planned Variable Expenditure	9,711	8,747	8,455	11,710	16,757	94,215	149,594
Planned Fixed Expenditure	12,445	12,027	12,361	12,771	13,105	48,003	110,712
Disabled Adaptations	853	830	830	830	830	4,389	8,562
Other Capital Expenditure	1,829	1,003	1,003	1,003	1,003	5,304	11,145
New Build Expenditure	58,167	98,608	115,611	87,303	15,072	53,984	428,744
Total Capital Expenditure	**83,005**	**121,214**	**138,260**	**113,617**	**46,767**	**205,894**	**708,757**
Capital Financing:							
Major Repairs Reserve	12,254	12,846	13,564	14,108	14,722	81,902	149,396
Right to Buy Receipts	493	498	503	508	513	2,643	5,158
Borrowing	43,322	44,805	37,883	17,054	2,258	3,862	149,184
Other Receipts/Grants	11,639	50,087	70,092	65,166	10,535	11,212	218,731
HRA Reserves	4,158	3,775	5,138	4,114	4,177	10,500	31,862
Revenue Contributions	11,140	9,203	11,080	12,666	14,562	95,775	154,426
Total Capital Financing	**83,005**	**121,214**	**138,260**	**113,617**	**46,767**	**205,894**	**708,757**

The following sections set out in more detail the significant categories of expenditure within the capital programme.

Existing Stock

Stock Condition / Decent Homes

The council 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. 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. At the time of writing this report, 99.93% of council homes meet the Decent Homes Standard.

A programme of stock condition surveys is underway and prioritises properties where there is no recent condition data. The in-house 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.

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. The 30-year capital forecasts are based on the status of the Asset Management database, which includes significant provision for backlog expenditure which has been allocated over the next 5 years.

The stock condition data, along with lifecycle costing, has been analysed to identify the level of investment required to deal with any backlog repairs and planned maintenance, and to ensure the council continues to achieve and maintain the decent homes standard.

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.

Structural repairs to older flats with structural concrete elements

A programme of work has just been completed in the South Arbury area to blocks of flats and maisonettes. Structural works at the Bermuda Terrace Estate are being tendered with a view to being on site in 2025. The council is planning 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 also carrying out structural repairs to around twenty houses that have suffered from structural defects, some arising from dry weather in the past few years.

Asbestos

The Asbestos Surveyor (Analyst) post has now been recruited to and will continue with the review of all communal re-inspections.

Fire Safety

There is proposed budget in the Business Plan to ensure that all dwellings continue to meet the changing statutory requirements. This includes the installation of new fire safety doors, window infill panel replacements, and automatic fire detection.

We are putting in place a number of programmes of works to address actions arising from fire risk assessments. This includes fire compartment works, upgrades of fire alarm systems, new emergency lighting installations, replacement fire doors to flats and within communal areas to blocks of flats and sheltered housing schemes.

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.

Communal electrical installations upgrades

Individual properties have regular electrical tests, and the electrical installation is upgraded every 30 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.

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 a programme of works is now planned to start in 2025. We will also be commissioning surveys of the landlord electrical installations at Kingsway flats and blocks of flats in East Road.

Blocks of maisonettes in the South Arbury area also require a programme of similar works, which is yet to be procured.

This is a developing work stream and budget bids may be required in the future, along with procurement of new contracts to deliver this specialist work.

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 Efficiency Works

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 council were to accelerate the programme without any additional funding from government, borrowing would increase by £20 million, without an income stream to support it.

We have been successful in bidding for grant funding. We were awarded £2.6 million from the Social Housing Decarbonisation Fund (SHDF) Wave 2.1. This is co-funding external wall insulation works to 180 properties. Works commenced in January 2024 and are anticipated to complete in April 2025.

We have recently applied for a further £5.6 million from the Warm Homes Social Housing Fund, to help fund a programme of work to improve the energy efficiency of 550 council homes to "EPC C" by 2028.

Net Zero Retrofit Pilot Project

This project aims to retrofit 50 solid-walled Council homes to as close to net zero carbon as possible, while they are occupied. The work taking place in Ross Street and Coldham's Grove area is on site and is due to complete in summer 2025.

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 objective of the project remains unchanged, to evidence and assess feasibility and determine whether the estimated costs 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 council 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 £511.6 million, 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.

Acquisition, New build and Development

The 10 Year New Homes Programme

The Business Plan includes capital expenditure of £428.7 million over the next 10 years for delivering the council's ambitious plans for building and acquiring 1,252 affordable homes over the next 5 years, to provide a range of much-needed quality affordable and social housing in the city.

The Business Plan has been produced at a time of increased costs in construction materials and labour which have all had a significant impact on our original planning assumptions for the programme. This has meant we have had to review the plan and think more strategically about how we are able to continue to deliver the programme within available resources, alongside other HRA investment priorities. The programme remains under constant review, and each scheme is subject to a detailed viability assessment and individual business case.

Our modelling makes assumptions about the level of grant income available from Homes England and other agencies, which in practice must be negotiated scheme by scheme. While it makes an allowance for the cost pressures facing the housing development industry, actual costs will be highly dependent on the nature of the sites, the construction method, specifications, and property types. Options to reduce costs may need to be explored and this could include switching tenure or rent type, delivering more smaller properties, and/or amending specifications.

In addition, there is no guarantee currently that interest rates will reduce either significantly or in a timely manner, and the council 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 (totalling £208.5 million) has been assumed. Even with this grant, the council is still anticipating taking out significant new borrowing, with a forecast increase in the HRA's total borrowing requirement from £215.1 million at 1 April 2024 to £433.1 million by 1 April 2031, representing new borrowing of £218.0 million over a 7 year period.

The council has been successful in securing grants on a number of sites to date and has successfully secured grants in respect of replacement dwellings on existing HRA sites, which was not previously an option. However, it is important to stress that delivery of the new homes in the current 10 Year New Homes Programme is wholly dependent upon securing significant additional grant funding from the government.

If unsuccessful in securing grants for new homes, the ability to replace grants with retained right to buy receipts would only help deliver a very small proportion of the planned programme. Failure to achieve grants 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 specifications or reducing the number of council's rented homes delivered overall.

New Build and Redevelopment - 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 HDA are reviewed annually as part of the Medium Term Financial Strategy. The proposed level of H.D.A fees for schemes approved from September 2024 onwards are:

- HRA housing schemes delivered using the Cambridge Investment Partnership – 2%
- HRA housing schemes delivered by the HDA directly – 3%
- HRA S106 or other acquisitions – 1.5%
- An optional 1% can be added to each of the above if the scheme includes community or commercial aspects

Fees are reconciled against actual staffing costs at financial year end and any changes attributed to schemes on a pro rata basis.

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 as each scheme progresses.

Asset Acquisitions & Disposals

Strategic acquisition or disposal is carried out in line with the HRA Acquisition and Disposal Policy. Any capital receipt generated from non-RTB disposals can be retained in full by the council, subject to utilising it to invest in affordable housing or regeneration.

In respect of acquisitions, a delegation to the relevant Director or Chief Operating Officer exists to allow drawdown of resource, otherwise set aside for the repayment of debt, to acquire land or homes on the open market if new build housing is not coming forward quickly enough to avoid the loss of right to buy receipts or for the acquisition of homes that are on sites which have been identified for potential future redevelopment, but where the schemes haven't yet been formally approved.

Table 12 – 2024/25 Acquisitions to Date

Property	Comment	Status
2 bedroom bungalow	Purchase of market dwelling for temporary accommodation part funded by government grant	In progress
2 x 3 bedroom houses	Purchase of market dwellings for accommodating refugees, part funded by government grant	In progress

Accommodation for Refugees

In September 2024, approval was granted at the Housing Scrutiny Committee for acquisition of homes as part of Round 3 of the Local Authority Housing Fund programme. This follows the council's successful participation in LAHF Rounds 1 and 2, under which 21 homes were acquired into council stock. The LAHF3 grant requires the acquisition of 4 homes, with funding of £922,000 allocated (one for temporary housing purposes, two for general resettlement and one larger home for resettlement). This grant funding requires a top up contribution of an estimated £1.1 million 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 must be invested within 2 years, but the council has targeted delivery of these homes by March 2025.

HRA Capital Investment Funding Streams

The HRA finances its capital programme through multiple sources. These include capital receipts, capital reserves, grants and borrowing. In recent years the council has successfully secured grant funding from Homes England to support delivery of its new build schemes. The proposed capital programme funding streams are reported in table 11 above.

Grants and Contributions

The council receives grants and contributions from partners for specific projects (e.g. from Homes England, Devolution Grant etc.). These supplement the other funding streams and should be applied according to the various conditions attached to them.

The HRA Business Plan update in September 2024 made the initial assumption of grant on new and re-provided supply for all potentially eligible schemes at currently available rates, 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 specifications in order to be able to proceed.

However, this resulted in a Business Plan that carried too great a risk in terms of peak borrowing, borrowing costs and potential re-financing. The Business Plan was therefore amended to include 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.

Right to Buy Receipts

Tenants in HRA dwellings have the "Right to Buy" their home if eligibility criteria are met. The purchase price is discounted but generates a capital receipt for the HRA. This receipt must be used to fund the delivery of a replacement affordable home under the terms of the 1-4-1 agreement held with Ministry of Housing, Communities and Local Government (MHCLG). The rules require receipts to be applied within five years (with unspent receipts returned to HM Treasury with interest).

Capital Receipts

Capital receipts generated from transfers of land or non-RTB disposal of property can be used to finance the capital programme. 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.

However, there are risks attached to any assumptions about capital receipts. Any variance in their value or timing may impact on the HRA's ability to finance capital spend and could ultimately lead to a need for increased levels of borrowing.

Section 106 contributions and Community Infrastructure Levy (CIL)

Section 106 monies come from developer contributions through the planning system. Unless there are service specific conditions on the use of the S106, the monies should be used to support existing Council priorities and commitments rather than be allocated to new schemes. Any S106 monies received without a service or scheme specific allocation within the planning agreement will be allocated in line with the council's capital scheme priorities.

Developers are required to make Community Infrastructure Levy (CIL) contributions as part of the planning requirements for most schemes. The Council is only able to apply CIL to fund clearly defined activities within its overall capital programme.

Major Repairs Reserves

The HRA is required to set aside a statutory minimum level of revenue funding for capital, known as the Major Repairs Reserves (MRR). This must be committed to the upkeep of the existing housing stock and is therefore allocated to fund the planned maintenance programme. The amount required to be allocated to MRR is based on the depreciation calculation for HRA stock. It effectively ensures that a minimum level of investment is made in the existing stock to keep assets fit-for-purpose. If the value of planned maintenance activity is lower than the MRA requirement then the council is permitted to carry forward the balance in the Major Repairs Reserve to fund future works.

Over the next 10 years, an average of £14.9 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.

Revenue Contribution to Capital Outlay

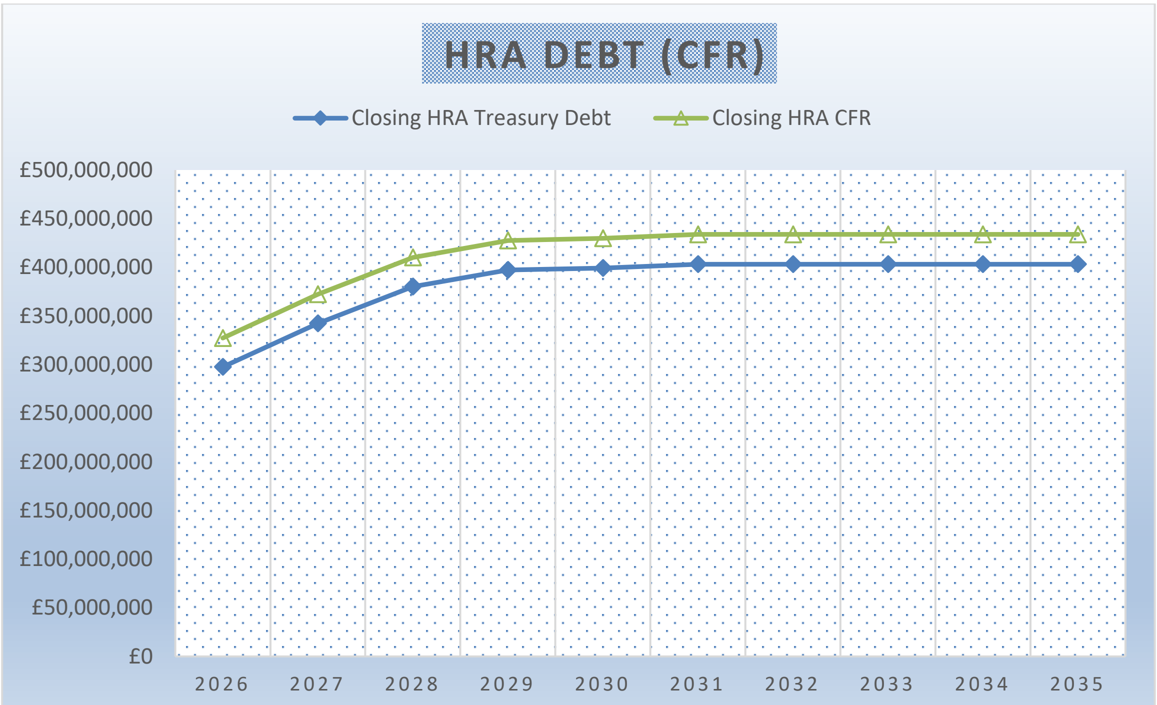
The use of revenue contributions (predominantly rental income) towards the funding of the capital programme is another important source of funding. Over the next 10 years, an average of £15.4 million per annum is estimated to be available for this purpose, but this is subject to rent increases being applied as allowable and revenue expenditure being within existing assumptions. Any increase in the level of revenue spending on housing management and repairs 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.

Borrowing

The HRA can borrow to finance its capital programme and not for any other reason. Any capital expenditure not covered through any of the funding streams mentioned above will require borrowing. All additional borrowing is undertaken with consideration of the financial return for the HRA. This might be in terms of extending the life of existing HRA stock to safeguard future rents, or to help finance new build schemes which will effectively increase stock numbers and grow the HRA bottom line through the generation of additional rental income.

The Business Plan assumes additional borrowing of £149.2 million over the next 10 years, resulting in the HRA having total debt of £433.1 million outstanding at the end of the 10-year period, to deliver the new homes planned and to allow investment in energy works to the existing stock.

Chart 2 – Projected HRA Debt Profile



Section 7 - HRA Reserve Balance & Savings

HRA Reserve Balance

The HRA Business Plan seeks to maintain a minimum reserve balance of £6.2 million, with a target level 20% above this at £7.4 million. The projected opening balance on the HRA as at 1 April 2025 is £7.4 million.

This reserve balance is primarily held to help the HRA to cover in-year risks. These risks include changes in legislative, statutory and regulatory requirements, inflation and interest rates, unanticipated service needs, rent or other income shortfalls, and emergencies such as uninsured damage to the housing stock. In addition, reserves may be used to support capital investment and, in the short-term, to support revenue spending, for example to spread the impact of savings requirements over more than one financial year or to invest up front in a project that is anticipated to pay back over a period of time or deliver future savings.

The table below summarises the projected closing HRA working balance at the end of each of the next five years. The working balance is held close to the target level, with any excess revenue resources in a given year used to finance capital expenditure thus reducing the HRA's need to borrow.

Table 13 – Projected HRA Working Balance

	2026 £000	2027 £000	2028 £000	2029 £000	2030 £000
HRA Reserve – projected balance at 31 March	**(8,409)**	**(8,601)**	**(8,484)**	**(8,208)**	**(8,041)**

The HRA also holds earmarked revenue reserves for specific purposes, and the balance on these as at 1 April 2025 is projected to be £3.1 million, as broken down in the table on the following page:

Table 14 – HRA Earmarked Reserves

Earmarked Reserve	Projected Balance as at 1 April 2025 £000
Repairs & Renewals	3,041
Tenants Survey	12
Tenant Satisfaction	21
Total Earmarked Revenue Reserves	**3,074**

HRA Savings

The Medium Term Financial Strategy approved in October 2024 confirmed an efficiency target for the HRA of £218,000 per year for five years, with 50% of this amount made available for strategic reinvestment in other areas of the housing service. The 2025/26 budget exceeds this target, with gross savings proposals totalling £269,000, of which £124,000 is proposed for reinvestment into support for rough sleepers in HRA accommodation (see Appendix F for full details of all budget bids).

The current Business Plan proposes retaining both the £218,000 annual savings target, and the 50% strategic reinvestment fund, for the foreseeable future. This will assist the council to respond to future financial challenges, such as those arising from the Social Housing Regulation Act and review of the Decent Homes Standard.

The net bids and savings identified on the HRA budget are summarised in the tables below:

Table 15 – HRA Proposed Revenue Bids and Savings

Targets Set	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Savings Proposals	(269)	(264)	(257)	(253)	(252)
Pressures & Bids	124	124	124	124	124
Net savings	**(145)**	**(140)**	**(133)**	**(129)**	**(128)**

Table 16 – HRA Proposed Capital Bids

Targets Set	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Capital Bids	49	0	0	0	0
Net Bids	**49**	**0**	**0**	**0**	**0**

Section 8 – HRA Budget Process

Base Assumptions

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 Business Plan are set out at Appendix B.

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.

The development of the HRA Business Plan 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 2025/26, the HRA budget incorporates an increase in anticipated dwelling rental income as a result of applying the maximum permitted rent flexibility to social rented homes at re-let, resetting rent on affordable rented homes to 60% of market rent at re-let, and new homes coming into stock through the council’s new build development programme.

The updated budget 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 provided for the 10 Year New Homes Programme to take account of the latest assumptions.

The borrowing requirement to deliver the council's 10 Year New Homes Programme is now an estimated £149.2 million over the next ten years, giving total borrowing at the end of 10 years of £433.1 million. The assumption is now made that for the delivery of new council rented homes to be possible on this ambitious scale, the council will be successful in securing significant grant funding (£208.5 million) 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 grants 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. The Business Plan is currently unable to support the level of borrowing that would be required to improve homes to net zero carbon without an additional future revenue stream.

Whilst the Business Plan currently assumes that future borrowing will come from the Public Works Loan Board (PWLB), it is important before such significant borrowing is undertaken that all options are 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 pressures, in terms of the need to meet updated statutory, health and safety, compliance and regulatory requirements.

Approach to HRA Savings

In line with the budget strategy outlined above, the Business Plan retains an efficiency target of £218,000 for the next five years, but with a lower level of strategic investment fund (at 50% of the savings realised). This will allow 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 assumption that responsive and planned revenue repairs expenditure is adjusted in line with any stock changes is also retained.

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.

Non-Cash Limit Budgets

Non-Cash limit items are those that do not relate directly to the cost of service provision, including for example direct revenue funding of capital expenditure (DRF), interest and depreciation. These items are treated outside of the 2025/26 cash limit, with the implications built into the financial forecasts for the HRA as part of the budget process, informing future budget strategy, savings targets and investment priorities. For 2025/26 there are non-cash limit adjustments in respect of contribution to the bad debt provision, depreciation, interest received based upon the latest balances and rate assumptions and interest paid based upon the latest forecast borrowing rates. These are partly offset by non-cash limit adjustments in the level of direct revenue financing of capital expenditure.

Section 9 - HRA Treasury Management

Background

Statutorily, the Housing Revenue Account is required to set a balanced budget, including recognition of the revenue implications that arise from capital financing decisions.

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

There is currently no constraint on the level of borrowing that the HRA can take out, but the council must ensure that it can demonstrate the resource is being utilised in the provision of social or affordable rented housing, it is able to identify sufficient revenue resource to support the borrowing, and has given due regard to the need to repay or re-finance the debt at the end of any initial borrowing term.

Current PWLB lending terms (set by HM Treasury) state 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 until the end of the following financial year. This poses a risk in respect of HRA borrowing. Local authorities need to submit a 3-year capital investment strategy to be able to borrow from the PWLB, and the Section 151 Officer needs to certify that none of the capital projects are classified as investments primarily for yield. There is therefore a potential for any investment decisions made by the General Fund to impact the HRA's ability to borrow from the PWLB in any given year. 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.

Interest Rates on Lending

The Housing Revenue Account is entitled to claim a proportion of interest earned on cash balances invested by the council. The rate of interest assumed for 2025/26 in the HRA Budget Setting Report is 4.0%, based upon the HRA clawing back interest from the General Fund on investments with minimal risk. The rate is assumed to fall further to 3.0% from 2026/27 onwards, based upon latest interest rate projections.

Over the last 12 month, the Bank of England base rate has fallen, with the latest fall to 4.75% in November 2024. The reduction in the base rate has resulted in the council beginning to realise lower rates of interest on its investments.

For context, current average investment rates are as follows:-

- Debt Management and Deposit Facility (DMADF) – 4.7%
- Building societies – 4.5%
- Local authorities – 4.8%

Interest Rates on 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%.

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

In June 2023, government announced a preferential rate for HRA borrowing, at 40 basis points above gilts, which is effectively a 60-basis points reduction the standard PWLB lending rates. This rate initially applied for one year but has been extended until March 2026 as part of the Autumn Statement 2024. This would reduce the rate for a 25-year maturity loan at the time of drafting this report from 6.12% to 5.52%, but this is still significantly higher than has been assumed in previous iterations of the Business Plan. The previous certainty rate of a 20-basis point reduction can be assumed to be ongoing, as long as the council submits its spending plans as required. It should be noted that the PWLB rate is reviewed and can change twice each day.

The significant increase in borrowing rates over the last 18 months has had a significant impact on the HRA Business Plan, particularly when combined with other assumption changes.

For the purpose of preparing the Business Plan, and to mitigate the daily rate fluctuations in PWLB rates, forecasts made by Mitsubishi UFG, the Council's treasury advisors, are adopted, which project that PWLB 25-year lending rates (inclusive of discounts) will be at an average of 4.85% for 2025/26 and 2026/27, 4.53% for 2027/28, and 4.50% thereafter.

It must be noted that projections and forecasts are changing rapidly in the current economic climate and there is no guarantee that these interest rates will be available at the point at which the council needs to borrow each year, and plans and decisions will need to be reviewed regularly to take account of this. The rates available currently are still far higher than those that have been available over the last few years.

The HRA is also exploring a degree of internal borrowing from the General Fund, where the General Fund currently has reserves which could be utilised in this way. Any lending to the HRA would be managed through the Item 8 charge to the HRA and resources would need to be lent at an appropriate interest rate. The sums available and the interest rate that would be charged are yet to be confirmed.

Other alternative borrowing routes are also being explored, as the council is required to borrow significantly greater sums from 2025/26 onwards. Consideration will be given to internal borrowing, inter-authority borrowing, market borrowing and institutional investment.

Section 10 – Budget Summary and Conclusion

Equality Impact Assessment, Uncertainties and Risk

Equality Impact Assessment

Local authorities have a legal duty to pay 'due regard' to the need to eliminate discrimination and promote equality with regard to race, disability, gender, including gender reassignment, age, sexual orientation, pregnancy/maternity, and religion or belief as well as to promote good race relations, and to demonstrate this in the decision-making process. Assessing the potential equality impact of proposed changes in policies, procedures and practices is one of the ways public authorities can show 'due regard'. The Business Plan supports the delivery of high quality services that promote the council's equality and diversity agenda.

As part of this Budget Setting Report, an Equality Impact Assessment has been undertaken in respect of all 2025/26 HRA budget proposals, where any impact is anticipated. The assessment identifies the impact of a proposal, any mitigation available and includes an action plan detailing how negative impacts can be addressed.

Risk Implications

Consideration is given to any changes in the perceived level of internal or external risk that the housing service is subject to, ensuring that the council can sustain a financially viable Housing Revenue Account.

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

Financial Implications, Assumptions and Sensitivity

The financial implications are contained within the body of this report.

The current financial assumptions, reviewed and used as part of this Budget Setting Report are detailed in Appendix B.

All financial assumptions are subject to change, with a number of alternative values that could have been assumed. To mitigate the risks associated with this, modelling of key sensitivities is undertaken to provide context to the financial impact that a change in an assumption will make.

Appendix C provides details of the key sensitivities modelled in the preparation of the HRA Budget Setting Report 2025/26.

Legal Implications

The Housing Act 1985 under section 24 gives the council power to determine the level of rent it charges to tenants or occupants of its homes. The council is additionally required by the 1985 Act to review rents from time to time and make changes as circumstances requires. The council must set rents in accordance with the Rent Standard and the Rent Policy Statement. The council must act reasonably in relation to rent setting, and the decision maker should therefore be satisfied that the increase is reasonable and justified. The council must comply with the Regulator of Social Housing January 2025 guidance "Limit on annual rent increases 2025/26" which is relevant from April 2025.

Part 2 of the Housing Act 1985 provides that the council has a legal duty to set a balanced budget each year, bearing in mind its fiduciary duties to the taxpayer, and the HRA is not allowed to go into deficit. In exercising these duties, the council must comply with various legislative and administrative duties. The council is to produce and make available for public inspection an HRA annual budget and to review and revise the budget, if necessary, from time to time to avoid any deficit.

The council is required by the 1985 Act to notify tenants of variations of rent and other charges at least 28 days before the change takes effect. The council must consult with the tenants before notifying them of variations to the terms of a secure tenancy.

The government announced in October 2018 that the HRA borrowing cap has been abolished. The implication of this is that councils with housing stock are now able to borrow against their estimated rental income in line with the CIPFA Prudential Code.

The Landlord and Tenant Act 1985 sets the basic rules for setting service charges, including the requirements for consultation with leaseholders.

Reserves Implications

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

For the Housing Revenue Account, the target level of reserves is £7.4 million, with a prudent minimum level of reserves of £6.2 million. This is reviewed annually as part of the Medium Term Financial Strategy. The proposed budget forecasts that reserves remain above the target level for the duration of the Business Plan.

Conclusion

This report sets the HRA budget for 2025/26 and updates the 10 year medium-term position of the HRA Business Plan, including the revenue account and Housing Capital Investment Programme. The HRA is a ring-fenced account and therefore all capital investment must be funded from a combination of revenue contributions (mainly rents), capital receipts, grant funding and borrowing. The budget for 2025/26 seeks to achieve a balance in investment against current priorities, as outlined in the introduction. This is needed to ensure that the council has a sustainable Business Plan that will enable the council to provide quality services to the tenants and invest in new dwellings.

To facilitate the level of investment in the current business plan, it is necessary to set a 2.7% rent increase for tenants from April 2025. This increase is in line with the Rent Standard, adopting an increase of CPI plus 1%, with CPI at September 2024 being 1.7%. It is necessary to set the rent increase at this level to facilitate the desired investment in the housing stock.

The Business Plan projections show that reserve balances are forecast to remain above their target levels for the duration of the plan.

Housing Scrutiny Committee will consider the budget proposals and make recommendations to the Executive Councillor for Housing. The Executive Councillor will then recommend the budget to Council for consideration and approval.

The HRA Budget Setting Report recommends approval of, where applicable:

- property rents, garage and parking space rents and service charges
- revised budget proposals (revenue bids and savings)
- capital bids, revised scheme costs and timings
- capital resource re-allocation

The meeting of Full Council in February 2025 will consider the final proposed HRA budget for approval.

Appendix A – Key Risks Analysis

Risk Area & Issues Arising	Controls/Mitigation Actions
Effects of legislation/regulation	
Implications of new legislation/ regulation or changes to existing legislation/regulation 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	

Risk Area & Issues Arising	Controls/Mitigation Actions
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 the HRA, ensuring decisions are made in context of long-term impact. • 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.

Risk Area & Issues Arising	Controls/Mitigation Actions
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	

Risk Area & Issues Arising	Controls/Mitigation Actions
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.
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	• Arrears 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.

Risk Area & Issues Arising	Controls/Mitigation Actions
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 – Business Planning Assumptions

Key Area	Assumption	Comment
General Inflation (CPI)	2025/26: 2.2% 2026/27: 2.7% 2027/28: 2.3% 2028/29: 1.9% Thereafter: 2.0%	Set with reference to Bank of England forecasts and long-term 2% inflation target

Key Area	Assumption	Comment
Capital and Planned Repairs Inflation	2.8% for planned maintenance and 3.0% 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.
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
Pay Inflation	Using general inflation figures above plus 1%	Additional 1% allowed for pay progression increments
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
Social Rent Review Inflation	2025/26: 2.7% (September 2024 CPI+1%) Thereafter: CPI+1% (using general inflation figures above)	Based upon government consultation to set maximum rent increases at CPI+1% beyond 2026
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
Affordable Rent Inflation	2025/26: 2.7% (September 2024 CPI+1%) Thereafter: CPI+1% (using general inflation figures above)	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

Key Area	Assumption	Comment
Affordable Rent Re-Let	60% market rent or LHA whichever is lower, or 80% market rent (depending upon tenure)	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
Rent Convergence	Voids Only	Ability to move to target or formula rent achieved only through movement of void properties directly to target rent
External Lending Interest Rate	2025/26: 4.0% Thereafter: 3.0%	Interest rates based on latest market projections, recognising that the HRA will benefit from low-risk investments only
Internal Lending Interest Rate	2025/26: 4.0% Thereafter: 3.0%	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
External Borrowing Interest Rate	2025/26 and 2026/27: 4.85% 2027/28: 4.53% Thereafter: 4.50%	Assumes additional borrowing using PWLB projected rates generated by Mitsubishi UFG, with HRA and certainty rate discounts applied
Internal Borrowing Interest Rate	2025/26 and 2026/27: 4.85% 2027/28: 4.53% Thereafter: 4.50%.	Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route
HRA Prudent Minimum Balance	£6,161,000	Retain Prudent Minimum Balance at level set in October 2024 Medium Term Financial Strategy

Key Area	Assumption	Comment
HRA target balance	£7,393,000	Retain target balance at level set in October 2024 Medium Term Financial Strategy – this is 20% above the Prudent Minimum Balance
Right to Buy Sales	2025/26: 60 Thereafter: 15	Applications temporarily increased prior to reduction in available discounts from November 2024 - most of these will not be processed until 2025/26 causing a spike in completions. Following this, lower discounts are likely to result in fewer sales in the future.
Right to Buy Receipts	Settlement right to buy and assumed one-for-one receipts included	It is currently assumed in the HRA business plan that spend targets will be met to achieve 1-4-1 replacement of stock
Void Rates	2025/26 and 2026/27: 1.0% Thereafter: 0.8%	Assume a general void rate of 1% for 2025/26 and 2026/27, then 0.8% ongoing, recognising intended improved void performance
Bad Debts	1% of gross rent	Based upon past experience
Savings Target	Annual efficiency savings target of £218,000	Allow for 50% of savings to be used for strategic reinvestment (e.g. response to pressures from national housing policy change)
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

Key Area	Assumption	Comment
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

Appendix C – Business Plan Key Sensitivity Analysis

Sensitivity analysis on key Business Plan assumptions is carried out to demonstrate that short-term risks and shocks can be managed, and to show the potential impact on HRA resources (and ability to deliver services and capital programmes) over the longer term.

Area	**Business Plan Assumption**	**Key Sensitivity Modelled**	**Financial Impact (Over 10 Years)**
General Inflation	2025/26: 2.2% 2026/27: 2.7% 2027/28: 2.3% 2028/29: 1.9% Thereafter: 2.0%	Assume inflation remains at 2.7% for the next 4 years before returning to 2.0%.	Required capital expenditure increases by £5.5 million, requiring an additional £2.7 million of borrowing and £0.9 million of interest payments.
Social Rent Review Inflation	2025/26: 2.7% (September 2024 CPI+1%) Thereafter: CPI+1% (using general inflation figures above)	Assume CPI only increases from 2026/27, as new Rent Standard is currently out of consultation and there is no guarantee that above inflation rent rises will continue.	Borrowing increases by £20.1 million and interest payments by £3.4 million.
		Assume a cap on rent increases at 2% from 2026/27 onwards.	Borrowing increases by £26.6 million and interest payments by £4.5 million.
External Borrowing Interest Rate	2025/26 and 2026/27: 4.85% 2027/28: 4.53% Thereafter: 4.50%	Assume that the long-term borrowing rate does not fall as fast as anticipated and stablises at 5.50%.	Borrowing increases by £9.8 million and interest payments by £17.7 million.

Area	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact (Over 10 Years)
Right to Buy Sales	2025/26: 60 Thereafter: 15	Assume that changes to right to buy regime have no impact on sales volumes after initial spike, so sales continue at 25 per year from 2026/27 as previously forecast.	Borrowing reduces by £0.2 million and interest payments by £0.1 million.
		Assume that changes to right to buy regime have a greater than anticipated impact on sales volumes after initial spike, with only 8 completions per year from 2026/27.	Borrowing increases by £0.2 million and interest payments by £0.1 million.
Void Rates	2025/26 and 2026/27: 1.0% Thereafter: 0.8%	Assume that planned improvements in void performance are not realised, and voids continue at a rate of 1.5% as previously assumed.	Borrowing increases by £2.4 million and interest payments by £0.7 million.
Bad Debts	1% of gross rent	Assume bad debts of 5% from 2025/26 as a result of universal credit changes and ongoing cost of living pressures.	Losses due to bad debt increase by £23.2 million, requiring additional borrowing of £17.1 million and interest payments of £4.9 million.

Appendix D – Service Charges

Charge Description	Estimated Range of Charges 2025/26	Charge Basis	Category
General Stock			
Caretaking Charge	£4.95 to £6.84	Per Week	A
Building Cleaning	£1.86 to £3.22	Per Week	A
Window Cleaning	£0.01 to £0.62	Per Week	A
Estate Services Champion	£0.27 to £0.82	Per Week	A
Door Entry	£0.15 to £4.50	Per Week	A
Passenger Lifts	£0.20 to £3.44	Per Week	A
Digital TV Aerial Charge	£0.27	Per Week	A
Grounds Maintenance	£0.06 to £3.72	Per Week	A
Communal Electricity	£0.38 to £6.86	Per Week	A
Disabled Adaptation Charge	£2.43 to £10.60	Per Week	A
Dropped Kerb Charge	£0.05 to £1.08	Per Week	Frozen
General Sheltered Schemes			
Premises Charge	£1.86 to £51.46	Per Week	A
Communal Heating/Lighting	£1.22 to £17.03	Per Week	A
Individual Heating/Lighting	£11.50 to £55.40	Per Week	A
Water	£1.56 to £13.14	Per Week	A
Grounds Maintenance	£0.06 to £3.72	Per Week	A
Sheltered Support Charge	£6.67 to £8.29	Per Week	B
Alarm Charge	£0.84	Per Week	A
Landlord Emergency Contact	£0.54	Per Week	A
Sheltered Hall Hire**	£10.00 (Mon – Fri) £20.00 (Sat/Sun)	Per Hour	Frozen
**Reduced hourly rate of £5.45 for events which CCC sheltered residents can attend			

Charge Description	Estimated Range of Charges 2025/26	Charge Basis	Category
Ditchburn Place			
Premises Charge	£1.86 to £51.46	Per Week	A
Flat Cleaning/Laundry Charge (1 person)	£44.09	Per Week	A
Communal Heating/Lighting	£1.22 to £17.03	Per Week	A
Individual Heating/Lighting	£11.50 to £55.40	Per Week	A
Water	£1.56 to £13.14	Per Week	A
Catering (1 person)	£37.00 to £273.93	Per Week	A
Grounds Maintenance	£0.06 to £3.72	Per Week	A
Sheltered Support Charge	£6.67 to £8.29	Per Week	B
Alarm Charge	£0.84	Per Week	A
Landlord Emergency Contact	£0.54	Per Week	A
Launderette – Wash/Dry/Iron	£10.00	Per Load	Frozen
Cleaning	£10.00	Per 30 Mins	Frozen
Temporary Accommodation			
Premises Charge	£24.87 to £78.13	Per Week	A
Individual Heating/Lighting	£11.50 to £55.40	Per Week	A
Water	£1.56 to £13.14	Per Week	A
Grounds Maintenance	£0.06 to £3.72	Per Week	A
Leasehold Charges for Services (Quoted exclusive of VAT which is charged at the prevailing rate where applicable)			
Solicitors' pre-sale enquiries	£150.00	Per Request	N/A
Copy of lease/Document provision	£30.00	Per Request	N/A
Re-mortgage Enquiry/Copy of Insurance schedule	£30.00	Per Request	N/A
Notice of Assignment / Notice of Charge	£100.00	Per Request	N/A
Deed of Variations Administration plus CCC Solicitor Fee and Own Solicitor Fee	£50.00 £580.00+	Per Request	N/A
Home Improvement Administration Home Improvement Survey	£30.00 £125.00	Per Request	N/A
Retrospective consent for improvements	Above +£25.00	Per Request	N/A
Registering sub-let details	£75.00	Per Request	N/A
Advice Interview for Prospective Purchasers	£50.00	Per Request	N/A

Charge Description	Estimated Range of Charges 2025/26	Charge Basis	Category
Legal Fees			
Right of First Refusal – s156a Certificate	£160.00	Per Request	N/A
Deed of postponement	£200.00	Per Request	N/A
Lease Extensions			
Legal costs (unless matter becomes protracted)	£600.00	Per Request	N/A
Valuation Fee	£750.00	Per Request	N/A
Surveyor's Fee	£250.00	Per Request	N/A
Housing Fee	£100.00	Per Request	N/A
Other Charges for Services			
Land Acquisition Enquiry Fee	£100.00	Per Request	N/A

Category	Basis for Setting Charges
A	Proposal to recover the full estimated cost of providing these services in 2025/26, recognising the council should endeavour to limit increases to 2.7% where possible (equivalent to September 2024 CPI plus 1%).
B	Charges levied for support activities will be reviewed to recover the full estimated cost of providing these services in 2025/26, after taking into account any services being funded through the support service for older people with the County Council.

Appendix E – Housing Capital Investment Plan

Description	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 to 2034/35 £000	Total £000
General Fund Housing							
Disabled Facilities Grants	830	830	830	830	830	4,150	**8,300**
Private Sector Housing Grants and Loans	195	195	195	195	195	975	**1,950**
Total General Fund Housing	**1,025**	**1,025**	**1,025**	**1,025**	**1,025**	**5,125**	**10,250**
HRA – Decent Homes							
Kitchens	1,435	703	1,311	1,174	2,977	14,885	**22,485**
Bathrooms	668	182	112	343	459	2,295	**4,059**
Central Heating/Boilers	1,597	2,309	1,333	1,657	2,693	13,465	**23,054**
Insulation/Energy Efficiency/Wall Finishes	257	834	72	1,034	570	2,850	**5,617**
Energy Efficiency Pilot/ Retrofit/EPC 'C'	3,897	3,897	3,897	3,897	3,897	19,485	**38,970**
External Doors	76	72	17	83	188	940	**1,376**
PVCU Windows	930	380	316	1,092	999	4,995	**8,712**
Wall Structure	334	119	564	782	1,000	5,000	**7,799**
External Painting	382	382	382	382	382	1,910	**3,820**
Roof Structure	300	300	300	300	300	1,500	**3,000**
Roof Covering (including chimneys)	1,315	699	1,037	770	704	3,520	**8,045**
Electrical/Wiring	167	258	4	19	882	4,410	**5,740**
Sulphate Attacks	109	109	109	109	109	545	**1,090**
HHSRS Contingency	107	107	107	107	107	535	**1,070**
Other Health and Safety Works	53	53	53	53	53	265	**530**
Capitalised Officer Fees - Decent Homes	540	540	540	540	540	2,096	**4,796**
Decent Homes Backlog	5,526	5,526	5,526	5,526	5,526	5,526	**33,156**
Contractor Overheads	833	699	629	870	1,257	6,285	**10,573**
Decent Homes New Build Allocation	1,304	1,385	1,929	2,560	3,107	18,686	**28,971**
Total HRA – Decent Homes	**19,830**	**18,554**	**18,238**	**21,298**	**25,750**	**109,193**	**212,863**

Description	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 to 2034/35 £000	Total £000
HRA – Other Spend on Existing Stock							
Garage Improvements	107	107	107	107	107	535	**1,070**
Asbestos Removal	53	53	53	53	53	265	**530**
Disabled Adaptations	830	830	830	830	830	4,150	**8,300**
Communal Areas Uplift	103	103	103	103	103	515	**1,030**
Electrical Installations/Fire Systems/Lighting	156	156	156	156	156	780	**1,560**
Communal Entrance/ Enclosure Doors and Glazing	126	126	126	126	126	630	**1,260**
Fire Prevention/Fire Safety Works	855	52	52	52	52	260	**1,323**
Health and Safety Works	231	231	231	231	231	1,155	**2,310**
Communal Areas Floor Coverings	107	107	107	107	107	535	**1,070**
Lifts and Door Entry Systems	4	4	2	59	39	195	**303**
Capitalised Officer Fees	122	122	122	122	122	610	**1,220**
Planned Maintenance Contractor Overheads	204	190	194	201	198	990	**1,977**
Total HRA – Other Spend on Existing Stock	**2,898**	**2,081**	**2,083**	**2,147**	**2,124**	**10,620**	**21,953**

Description	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 to 2034/35 £000	Total £000
HRA – New Build/ Redevelopment/ Acquisition							
Kendal Way	326	133	1	0	0	0	**461**
Meadows and Buchan Street	4	0	0	0	0	0	**4**
Colville Road Phase III	2	0	0	0	0	0	**2**
Aragon Close	7	0	0	0	0	0	**7**
Sackville Close	8	0	0	0	0	0	**8**
Aylesborough Close	4,953	12	0	0	0	0	**4,965**
St Thomas's Road	296	1,413	1	0	0	0	**1,710**
Paget Road	986	650	4	0	0	0	**1,640**
Fanshawe Road	3,675	3,033	2	0	0	0	**6,711**
Princess and Hanover	9,004	6,504	3,975	169	23	0	**19,674**
East Road	764	5,473	5,134	11	0	0	**11,382**
Eddeva Park	2,332	3,122	2,028	6	0	0	**7,487**
East Barnwell	13,773	9,117	15,224	10,409	120	0	**48,643**
Newbury Farm	6,318	6,318	1,860	0	0	0	**14,495**
ATS, Histon Road	2,259	1,694	0	0	0	0	**3,953**
Ekin Road	4,628	6,988	4,857	3,371	1,375	17	**21,236**
Davy Road	3,084	6,014	6,118	3	0	0	**15,220**
Acquisition (Incl. for New Build)	596	0	0	0	0	0	**596**
10 Year New Homes Programme (Unallocated)	4,864	44,328	69,125	65,762	11,846	43,750	**239,675**
Total HRA – New Build/ Redevelopment/ Acquisition	**57,878**	**94,799**	**108,329**	**79,731**	**13,364**	**43,767**	**397,867**

Description	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 to 2034/35 £000	Total £000
HRA – Other Capital Spend							
Orchard Replacement/ Mobile Working	0	0	0	0	0	0	**0**
Corporate IT Investment	73	24	24	24	24	120	**289**
Shared Ownership Repurchase	300	300	300	300	300	1,500	**3,000**
Commercial and Administrative Property	32	32	32	32	32	160	**320**
Total HRA – Other Capital Spend	**405**	**356**	**356**	**356**	**356**	**1,780**	**3,609**
Total HRA Capital Spend	**82,036**	**116,815**	**130,031**	**104,557**	**42,619**	**170,485**	**646,542**
Inflation Allowance	969	4,399	8,229	9,060	4,148	35,410	**62,215**
Total Inflated Housing Capital Spend	**83,005**	**121,214**	**138,260**	**113,617**	**46,767**	**205,894**	**708,757**
Housing Capital Resources							
Major Repairs Reserve	12,254	12,846	13,564	14,108	14,722	81,902	**149,396**
Right to Buy Receipts	493	498	503	508	513	2,643	**5,158**
HRA CFR Borrowing	43,322	44,805	37,883	17,054	2,258	3,862	**149,184**
Other Receipts/Grants	11,639	50,087	70,092	65,166	10,535	11,212	**218,731**
HRA Reserves	4,158	3,775	5,138	4,114	4,177	10,500	**31,862**
Revenue Contributions	11,140	9,203	11,080	12,666	14,562	95,775	**154,426**
Total Housing Capital Resources	**83,005**	**121,214**	**138,260**	**113,617**	**46,767**	**205,894**	**708,757**

Appendix F – Budget Bids and Savings

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Revenue Savings					
Group design restructure	(204)	(199)	(192)	(188)	(187)
Cessation of under occupation incentive scheme	(25)	(25)	(25)	(25)	(25)
Reduction in budget for domestic violence measures, based upon prior year expenditure	(15)	(15)	(15)	(15)	(15)
Closure of laundry facilities at Kingsway and at Princess and Hanover	(5)	(5)	(5)	(5)	(5)
Reduction in budgets showing historical underspends	(20)	(20)	(20)	(20)	(20)
Total Savings	**(269)**	**(264)**	**(257)**	**(253)**	**(252)**
Revenue Pressures and Bids					
MRI Housing hosting costs	68	68	68	68	68
Continuation of support for rough sleepers in HRA accomodation	56	56	56	56	56
	124	**124**	**124**	**124**	**124**
Net Revenue Saving	**(145)**	**(140)**	**(133)**	**(129)**	**(128)**
Capital Bid					
Windows server 2012 Replacement	49	0	0	0	0
Net Capital Savings	**49**	**0**	**0**	**0**	**0**

Cambridge City Council Equality Impact Assessment (EqIA)

This tool helps the Council ensure that we fulfil legal obligations of the Public Sector Equality Duty to have due regard to the need to –

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Guidance on how to complete this tool can be found on the Cambridge City Council intranet. For specific questions on the tool email Helen Crowther Equality and Anti-Poverty Officer at equalities@cambridge.gov.uk or phone 01223 457046.

Once you have drafted the EqIA please send this to equalities@cambridge.gov.uk for checking.

1. Title of strategy, policy, plan, project, contract or major change to your service

Housing Revenue Account (HRA) budget proposals 2025/26

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=4463&Ver=4

3. What is the objective or purpose of your strategy, policy, plan, project, contract or major change to your service?

This EqIA considers equality impacts of budget proposals for the HRA at the point that they go to Housing Scrutiny Committee.

An EqIA is undertaken on the proposals in order to enable the City Council to set a balanced Housing Revenue Account budget for 2025/26 that reflects the Council's vision and takes into account councillors' priorities in its proposals for achieving the efficiency savings required to allow the strategic reinvestment of resource into new areas.

This EqIA assesses the equality impacts of the Housing Revenue Account element of the City Council's budget.

This EqIA considers equality impacts relating to the following HRA budget proposals:

- B5294 Continuation of support for Rough Sleepers in HRA accommodation
- S5304 Cessation of Under Occupation Incentive Scheme

- S5305 Reduction in budget for Domestic Violence Measures
- S5297 Closure of Laundries

4. Responsible Team and Group

The Finance service manages the budget process, but a range of council services are responsible for the individual bid proposals included in this EqIA.

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

Please state any specific client group or groups (e.g. City Council tenants, tourists, people who work in the city but do not live here):

This EqIA specifically considers any equalities impact for City Council tenants and leaseholders, or for staff associated in delivery of services to this client group.

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

If 'Yes' please provide details below:

This is an assessment of the council's Housing Revenue Account budget proposals and therefore covers all of our landlord related services, and as such will involve multiple council departments.

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

All revenue budget bid proposals included in this EqIA are being presented to Housing Scrutiny Committee on 4 February 2025 and Full Council for approval on 24 February 2025.

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?

This information is based on feedback from council officers that lead on the individual budget bid proposals.

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

S5304 Cessation of Under Occupation Incentive Scheme

Formal equalities monitoring information for the under-occupation incentive scheme is not collected. It helps to pay for moving fees for people who have lived in council accommodation for two years and want to downsize to a smaller home. The bedroom tax currently does not apply for people over state pension age and the under-occupation incentive scheme is not used by this age group. There will be a negative financial impact of ceasing the scheme for people under state pension age who want to downsize then, especially for those impacted by the bedroom tax. The proposal is to stop the scheme as it has been found the scheme itself, whilst helping people on lower incomes pay for moving costs, has not incentivised people to move as it was set up to do.

S5305 Reduction in budget for Domestic Violence Measures

This proposal is to reduce the budget for target hardening (initiatives that strengthen the security of a property against perpetrators), which has implications for safeguarding children and adults at risk. However, the budget is being reduced in line with need for the service as the tenancy audits the council undertakes identifies numbers of domestic abuse cases. Also, target hardening is a police function as well. Therefore, it is expected that the proposal is unlikely to have an equalities impact or cause any safeguarding issues.

(b) Disability

B5294 Continuation of support for Rough Sleepers in HRA accommodation

This proposal is to fund support staff at accommodation for rough sleepers unable to be housed in hostel of private rented accommodation, including due to the impact of poor mental health on those individuals. Therefore, the proposal has a positive impact relating to disability.

(c) Gender reassignment

No impact has been identified specific to this equality group.

(d) Marriage and civil partnership

No impact has been identified specific to this equality group.

(e) Pregnancy and maternity

No impact has been identified specific to this equality group.

(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.

No impact has been identified specific to this equality group.

(g) Religion or belief

No impact has been identified specific to this equality group.

(h) Sex

B5294 Continuation of support for Rough Sleepers in HRA accommodation

This proposal is to fund support staff at accommodation for rough sleepers unable to be housed in hostel of private rented accommodation. Those housed in this accommodation are mostly men.

S5305 Reduction in budget for Domestic Violence Measures

Women are more likely to experience domestic abuse than men and this proposal is to reduce the budget for target hardening (initiatives that strengthen the security of a property against perpetrators). However, the budget is being reduced in line with need for the service as the tenancy audits the council undertakes identifies numbers of domestic abuse cases. Also, target hardening is a police function as well. Therefore, it is expected that the proposal is unlikely to have an equalities impact.

(i) Sexual orientation

No impact has been identified specific to this equality group.

(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).**

B5294 Continuation of support for Rough Sleepers in HRA accommodation

This proposal is to fund support staff at accommodation for rough sleepers unable to be housed in hostel of private rented accommodation, so therefore has a positive impact for poverty.

S5304 Cessation of Under Occupation Incentive Scheme

The under-occupation scheme helps to pay for moving fees for people who have lived in council accommodation for two years and want to downsize to a smaller home. There will be a negative financial impact of ceasing the scheme for people who want to downsize, especially for those impacted by the bedroom tax. The proposal is to stop the scheme as it has been found the scheme itself, whilst helping people on lower incomes pay for moving costs, has not incentivised people to move as it was set up to do. Numbers of people using the scheme over the last few years have been 16 for 2021/22, 19 for 2022/23, 24 for 2023/24 and 11 for 2024/25 (as at start of January 2025).

S5297 Closure of Laundries

The proposal is to close two laundry rooms attached to Cambridge City Council social housing estates, which are mostly occupied by people who can't afford to rent or buy a home on the open market. Therefore, it might be be expected that the proposal has an impact relating to poverty or low income, especially if people need to pay for more expensive services and/or travel far for laundry services. However, no equality impacts have been identified for this proposal for the following reasons:

- One part of this proposal is to close the laundry room at Hanover Place that has no impact as the site is closed for redevelopment.
- The other part of the proposal is to close the laundry room at Kingsway that was used only a handful of times over the last year and there is another laundry facility a mile up the road – therefore, no equality impacts have been identified for this part of the proposal either.

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.)

N/A

12. Do you have any additional comments?

S5303 Group Design Restructure

Equality impacts for staff on the group design restructure process have been considered for each group undergoing restructure and are summarised in the equality impact assessment on the General Fund budget proposals that will go to the Strategy and Resources Scrutiny committee.

13. Sign off

Name and job title of lead officer for this equality impact assessment: Helen Crowther, Equality and Anti-Poverty Officer

Names and job titles of other assessment team members and people consulted: Anna Hill (Housing Services Manager – City Homes) and Simon Hunt (Housing Services Manager – Housing Advice)

Date of EqIA sign off: 20th January 2025

Date of next review of the equalities impact assessment: EqIAs are produced for HRA budget proposals annually

Date to be published on Cambridge City Council website: 23rd January 2025