



Public Document Pack

Cambridge City Council

HOUSING MANAGEMENT BOARD

To: Scrutiny Committee Members: Councillors Blackhurst (Chair), Bird, Brierley, Johnson, Pippas, Pogonowski, Price and Rosenstiel

Alternates: Councillors Blencowe and Tucker

Tenants and Leaseholders: Diane Best (Vice Chair – Leaseholder Representative), Kay Harris (Tenant Representative), John Marais (Tenant Representative), Terry Sweeney (Tenant Representative), Diana Minns (Tenant Representative) and Allen Champion (Tenant Representative).

Executive Councillor for Housing: Councillor Smart

Despatched: Friday 21 Monday, 31 December 2012

Date: Tuesday, 8 January 2013

Time: 5.30 pm

Venue: Committee Room 1 & 2 - Guildhall

Contact: James Goddard

Direct Dial: 01223 457013

AGENDA

1 APOLOGIES

To receive any apologies for absence.

2 DECLARATIONS OF INTEREST

Members are asked to declare at this stage any interests that they may have in an item shown on this agenda. If any member of the Committee is unsure whether or not they should declare an interest on a particular matter, they should seek advice from the Head of Legal Services **before** the meeting.

3 MINUTES *(Pages 1 - 14)*

To approve the minutes of the previous meeting. *(Pages 1 - 14)*

4 PUBLIC QUESTIONS

(See information below).

Items for Decision by the Executive Councillor, Without Debate

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

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

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

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

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

Executive Councillor for Housing

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

5 HOUSING REVENUE ACCOUNT BUDGET SETTING REPORT (HRA BSR) (Pages 15 - 134)

Covering report to follow (Pages 15 - 134)

6 RENT ARREARS POLICY AND THE HOUSING RELATED DEBT POLICY (Pages 135 - 146)

7 UPDATE ON RESIDENT INVOLVEMENT FACILITATOR POST (Pages 147 - 192)

Information for the Public

Location The meeting is in the Guildhall on the Market Square (CB2 3QJ).

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

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HOUSING MANAGEMENT BOARD

18 September 2012

5.30 - 7.45 pm

Present:

Scrutiny Committee Members: Councillors Blackhurst (Chair), Blencowe, Brierley, Johnson, Pippas, Price and Rosenstiel

Executive Councillor for Housing: Councillor Smart

Tenant/Leaseholder Representatives: Diane Best (Vice Chair), Allen Champion, Kay Harris, John Marais, Diana Minns and Terry Sweeney

Officers:

Director of Customer & Community Services: Liz Bisset

Head of City Homes: Robert Hollingsworth

Head of Estates & Facilities: Bob Hadfield

Asset Manager: Will Barfield

Business Manager & Principal Accountant: Julia Hovells

Repairs & Maintenance Improvement Manager: Hilary Newby

Principal Surveyor: John Horwood

Committee Manager: James Goddard

FOR THE INFORMATION OF THE COUNCIL**12/30/HMB Apologies**

Apologies were received from Councillors Bird and Pogonowski.

Councillor Blencowe attended as an Alternate.

12/31/HMB Declarations of Interest

Name	Item	Interest
Mrs Harris	12/39/HMB	Personal: member of the Gas Monitoring and a Tenant Member of the ROAM group.
Mrs Harris	12/40/HMB	Personal: member of the Gas Monitoring and a Tenant Member of the

		ROAM group.
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12/32/HMB Minutes

The minutes of the meeting held on 19 June 2012 were approved and signed as a correct record.

12/33/HMB Public Questions

There were no public questions.

12/34/HMB Re-Ordering Agenda

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

12/35/HMB Discussion Regarding Timing of HMB Committee

Members discussed changing the committee start time from 5:30 pm, but decided not to alter it at present. This could be reviewed in future at the request of Members if they found the 5:30 pm start time was no longer convenient.

12/36/HMB Write-Off of former Tenant Arrears

Matter for Decision

The Officer's report set out details of two cases of current tenant arrears and eight cases of former tenant arrears; together with a summary of the action taken to try to recover these debts.

Decision of Executive Councillor for Housing

- (i) Approved the two cases of current tenant arrears totaling £4,221.00 set out in the Officer's report appendix be written off due to the expiration of Debt Relief Orders.

- (ii) Approved that the eight cases of former tenant arrears totaling £19,178.19 set out in the Officer's report appendix be written off due to recovery activity being exhausted.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

Committee did not request this item for pre-scrutiny.

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

No conflicts of interest were declared by the Executive Councillor.

12/37/HMB Housing Revenue Account (HRA) Mid-Year Business Plan Update**Matter for Decision**

The Officer's report presented the Housing Revenue Account (HRA) budget strategy for the 2013/14 budget cycle and specific implications, as outlined in the HRA Mid-Year Business Plan Update document, which is to be agreed in future.

The recommended budget strategy is based on detailed financial modelling and projections of the HRA's expenditure and resources, in the light of local policies and priorities and national policy and economic context. Service managers have identified financial and budget issues and pressures and this information has been used to inform the HRA Mid-Year Business Plan Update.

Decision of Executive Councillor for Housing

The Executive Councillor recommended to Council:

Revenue – HRA

- (i) To agree the HRA budget strategy, process and timetable for the 2013/14 budget cycle as outlined in Section 9 of the Officer's report and Business Manager & Principal Accountant's addendum.
- (ii) To agree the revised HRA revenue, funding and reserves projections as shown in Appendix E, and the associated decisions in section 9 [of

the Officer's report and addendum], of the HRA Mid-Year Business Plan Update document.

- (iii) To approve the mid-year unavoidable expenditure items and savings, as detailed in Section 9 of the Officer's report and addendum.
- (iv) To authorise the Director of Customer & Community Services, in consultation with the Director of Resources, to calculate and communicate final cash limits or savings targets based on the decisions taken in the report, as outlined in Section 9 of the Officer's report and addendum.

Treasury Management

- (v) To approve the approach to determining the most appropriate borrowing route in respect of any additional HRA borrowing requirement, as outlined in Section 8 of the HRA Mid-Year Business Plan Update, delegating responsibility to the Director of Resources for the final decision, in consultation with the Executive Councillor, Chair, Vice Chair and Opposition Spokesperson for HMB.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Business Manager & Principal Accountant regarding the Housing Revenue Account (HRA) Mid-Year Business Plan Update.

The Business Manager & Principal Accountant updated her report with an addendum tabled at Committee amending HRA Mid-Year Business Plan section 9 details on pages 86, 88 and 91 (pages 116, 118 and 121 of the agenda).

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

- (i) Expressed concerns regarding the impact of changes to benefit payments that may affect tenants when universal credit is introduced.
- (ii) Raising rents above inflation could lead to more benefit claimants.

In response to Members' questions the Director of Customer & Community Services, Head of City Homes plus Business Manager & Principal Accountant confirmed the following:

- (i) A report would be brought back to Housing Management Board (HMB) 8 January 2013 setting out support the City Council would give to tenants in light of changes to the benefits system. The Council Business Plan relied on predicted income from rent. Officers monitored levels of arrears. Housing Management plus Revenues & Benefits staff were working together to identify those whose income may be capped due to the changes to the benefits system; so the Council could offer support to prevent arrears occurring. The intention was to take preventative action before the benefits changes came into effect to mitigate issues in advance as much as possible. The Council were funding Citizen's Advice Bureau to provide debt advice. Support was also provided through the Council Customer Access Centre.
- (ii) The Council has done little modelling of the impact that a lower rent increase may have on rent arrears, as historically arrears have been very low and the potential impact of the welfare benefit reforms is not yet quantifiable.
- (iii) Tenants may wish to downsize properties due to the introduction of universal credit. Alternatively, they could pay higher rent charges. This would be an individual choice if they found the rent of larger properties exceeded capped benefits. The Council had recently identified tenants who maybe affected and would liaise with them about their future intentions well before the changes come into force.
- (iv) The Council had two methods of acquiring new housing stock. It could purchase new build properties or exercise its option of first refusal to buy back former 'right to buy' properties (the latter has only been possible in recent years due to the way that the legislation was implemented). The HRA budget had an allocation of £300,000 that could be used to buy back former 'right to buy' properties. Officers used criteria to ascertain whether new build or buy back properties offered better value for money. Market rates were paid for both options.
- (v) The Council's level of borrowing was in-line with figures set out in the Business Plan approved in February 2012. However, interest rates paid to the Public Works Loans Board were higher than expected. Government consultation on expected levels of borrowing may lead to a preferential rate reduction for future borrowing, with a reduction of 0.2%.

- (vi) The HRA self-financing model leads to a 1.6% saving target for management expenditure. Officers pass cost savings onto tenants, where costs are fully recharged. The HRA budget (including bids and savings targets) would be presented to HMB and Community Services Committees for consideration in early 2013, prior to a decision by the Executive Councillor.
- (vii) Appendix D of the Officer's report set out sensitivities to the financial modelling for illustrative purposes. Any additional budgets required would form part of formal bids as part of the budget process. These would be confirmed in the budget to be presented in early 2013.
- (viii) The Business Plan sets out information regarding projected levels of new build property rates. Details from the February 2012 edition would be updated in early 2013.
- (ix) The Director of Customer & Community Services undertook to ask the Head of Strategic Housing to liaise with Councillor Blencowe regarding net new affordable housing gain figures.

The Committee resolved by 9 votes to 0 to endorse the recommendations as amended to include the Business Manager & Principal Accountant's addendum.

The Executive Councillor approved the recommendations as amended.

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

Not applicable.

12/38/HMB Maintenance Procurement Strategy 2012-2017

Matter for Decision

The Officer's report outlined a procurement strategy for the maintenance and improvement of the Council's housing stock and other Council-owned built assets, for the next five years.

A number of procurement options are available for the Council.

The Maintenance Procurement Strategy is intended to complement the corporate procurement strategy, the Council's Medium Term Objectives, the Council's sustainability aspirations, the Housing Business Plan and Asset Management Strategy.

The Maintenance Procurement Strategy sets out how the Department will drive the procurement agenda forward and develop further long-term partnering arrangements to achieve value for money in the delivery of property maintenance and investment programmes.

Decision of Executive Councillor for Housing

- (i) Approved the appointment of Eastern Shires Purchasing Organization (ESPO) to carry out a procurement exercise with officers of the City Council to select two main contractors to carry out planned maintenance works for the City Council with effect from April 2014 to March 2019, with an option to extend for a period of up to three years.
- (ii) Authorised the Director of Customer and Community Services to invite and evaluate tenders and, following consultation with Executive Councillor, the Director of Resources, Chair and Spokes of the Committee to award two contracts for the appointment of main contractors to carry out planned maintenance works in accordance with the requirements of the Constitution with effect from April 2014 to March 2019, with an option to extend for one or more periods up to a maximum extension of three years.
- (iii) Approved the use of the Scape National Minor Works framework contract to call off contracts with Kier Services for a period of up to three years from October 2012 for the purpose of carrying out parts of the Council's planned maintenance works programme.
- (iv) Approved a procurement budget of £60,000 for legal and other costs associated with the procurement and implementation the new planned works contracts and other contracts referred to in this report.
- (v) Authorised the Director of Customer and Community Services to invite and evaluate tenders (or call off services from an existing framework agreement if appropriate) and, following consultation with the Executive Councillor, Director of Resources, Chair and Spokes of the Committee to award contracts for the appointment of contractors to carry out certain types of responsive maintenance work listed in this report for a period of up to three years to supplement the Council's direct provision of repairs and voids, in accordance with the requirements of the Constitution.
- (vi) Approved the use of the ESPO framework contract "2930 - "Installation of Gas Fired Domestic Central Heating Systems" to call off a contract for a period of up to three years to carry out heating installations and in void properties and carry out emergency boiler replacements.
- (vii) Authorised the Director of Customer and Community Services to invite and evaluate tenders (or call off services from an existing framework

agreement if appropriate) and, following consultation with the Director of Resources to award a contract for the appointment of a supplier to provide a web-based NEC3 contract management application.

- (viii) Approved the recruitment of 3.5 full time equivalent additional contract management surveyors and 2 full time equivalent asset officers within the Estates and Facilities Asset Management team in order to manage the delivery of additional capital investment.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Asset Manager regarding the Maintenance Procurement Strategy 2012-2017.

In response to Members' questions the Head of Estates & Facilities plus Asset Manager confirmed the following:

- (i) The City Council is currently undertaking gas heating installations using a framework contract jointly established with South Cambridgeshire District Council as the Council's contractor (Chaps Ltd) was in administration.
- (ii) The council is not planning to procure a specialist asbestos removal contractor as the work could be undertaken by contractors (Apollo Property Services or Kier services) or one of their sub-contractors.
- (iii) The Council's own in-house team was unlikely to have the skill set capacity to cover all of the Council's needs, so contractors maybe requested to service these on occasion.
- (iv) The Council undertakes contractual work with small, medium and large size builders. The Finance Department undertake risk assessments to ascertain if contractors will be in a position to complete work before contracts are awarded.
- (v) Contracts awarded to service providers included questions regarding training and apprenticeship opportunities offered by these companies. The Council's expectation was that contractors who took on more work should offer more training and apprenticeship opportunities.
- (vi) Contractual work was allocated through task orders. Contractors were not guaranteed work through their contracts. Therefore the Council could allocate work to contractors through task orders without

contractual penalties. This enabled Cambridge City Council to operate a joined up maintenance contract with South Cambridgeshire District Council from 2014, although the City Council's existing contract with Apollo and Kier did not expire until 2016.

- (vii) Individual Task orders were funded either the general fund or the HRA and it would be possible to maintain a split.

The Asset Manager requested a change to the recommendations. The Asset Manager formally proposed to delete (struck out text listed below) from recommendation 2.8 in the Officer's report:

- To approve ~~(subject to successful bids for resources to be made in the 2013/14 bid process)~~ the recruitment of 3.5 full time equivalent additional contract management surveyors and 2 full time equivalent asset officers within the Estates and Facilities Asset Management team in order to manage the delivery of additional capital investment.

The Committee approved this amendment unanimously.

The Committee resolved 6 votes to 0 to endorse the recommendations as amended.

The Executive Councillor approved the recommendations.

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

Not applicable.

12/39/HMB Housing Planned Maintenance Contract - Progress Report

Matter for Decision

The Officer's report provided details of works delivered and performance achieved in the first year of the housing planned maintenance contract that started in July 2011.

Decision of Executive Councillor for Housing

This report was for information only.

Reason for the Decision

Not applicable.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Principal Surveyor regarding the Housing Planned Maintenance Contract Progress Report.

The Principal Surveyor updated his report to amend a typographical error. Text in the table in paragraph 5 should state "134 Kitchens Bathrooms installed".

In response to the report the Committee expressed concern that tenant satisfaction figures did not reflect comments made to Tenant and Leaseholder Representatives. It was suggested that comments would be more objective if the Resident Liaison Officer (RLO) was seen as independent, instead of affiliated to a contractor.

In response to Members' questions the Head of Estates & Facilities, Asset Manager plus Principal Surveyor confirmed the following:

- (i) Customer satisfaction data was collected by a RLO. A surveyor would check work tasks were completed then the contractor's RLO would invite feedback from tenants. Feedback forms were completed by tenants.
- (ii) If tenants had concerns regarding contractor's work, these could be raised with Council Officers.
- (iii) Officers looked at overall trend information in feedback forms. There was no specific cut off point between satisfied and unsatisfied scores. Tenants were asked to mark their views on a scale of one to ten, one being unsatisfied and ten being satisfied.
- (iv) The Director of Customer & Community Services said Officers would undertake to review the methodology of tenant satisfaction data collection and report back to HMB. This would include initial satisfaction surveys, and any follow up feedback in case issues arose some time after work had been completed.
- (v) Apollo's contractual costs exceed predicted costs by 10%. The Council would claw back the majority of this.
- (vi) No void properties were subject to sulphate issues in the reporting year covered by the Principal Surveyor's progress report. The Council preferred to undertake remedial work for sulphate issues on void properties, but would undertake work on occupied properties too if required. Sulphate issues were scrutinised as part of the assessment criteria when the Council acquired new properties.

- (vii) Apollo had not met all of its contractual obligations regarding waste management and adding social value (work placements), as work had started late (mainly undertaken in the second half of this reporting year). This was due to staff TUPE condition issues. The Council was monitoring the situation.
- (viii) The Council had a supply chain link to contractors to select best value products to address its maintenance needs. The Council could not specify individual branded products to use, but specify standards/requirements it expected products to satisfy. Officers have extensive contract specification writing expertise. The Council has a seven year cyclical programme to cover all maintenance issues, instead of subdividing these into fencing, boilers etc.
- (ix) It was part of the Council's role to monitor contractor's health and safety practices. Officers would raise any issues they witness (eg through unannounced visits) with contractors.
- (x) The Principal Surveyor undertook to liaise with Councillor Blencowe post HMB regarding construction skills certification scheme card requirements.
- (xi) Tenant handbooks could be updated to list property specifications in future.

The Committee noted the report, but were not required to endorse any recommendations.

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

Not applicable.

12/40/HMB Repairs and Maintenance Improvement Plan - Authority to Procure and Progress to Date

Matter for Decision

The Officer's report was requested at a meeting of Housing Management Board on 3 January 2012 in order to inform Councillors of the progress made to date on the Housing Repairs Improvement Plan.

There is a budget allocation of £200,000 within the Housing Capital Investment Plan for the procurement of new IT solutions that are required in order to achieve the overall improvements to the repairs service. Officers requested permission to spend this allocation.

Decision of Executive Councillor for Housing

Noted both progress made to date with the Repairs Improvement Plan and the proposals for decision at Community Services Scrutiny Committee.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Repairs & Maintenance Improvement Manager regarding the Repairs and Maintenance Improvement Plan.

In response to Members' questions the Repairs & Maintenance Improvement Manager confirmed the following:

- (i) The last meeting of the ROAM Group raised the question of how tenants could become more involved in customer satisfaction issues. A response is expected at the next Residents and Officers Asset Management (ROAM) Group meeting.
- (ii) The Repairs & Maintenance Improvement Manager undertook in conjunction with the newly appointed Resident Involvement Officer to attempt to increase the number of residents representatives in order to help with succession planning.
- (iii) The Director of Customer & Community Services undertook to provide Tenant and Leaseholder Representatives with an up to date Council Officer structure chart with contact details.
- (iv) A report would be brought back to HMB on how the Council is meeting its performance indicators and any action being taken to address issues where performance is not meeting targets.

The Committee resolved unanimously to endorse the recommendation.

The Executive Councillor approved the recommendation.

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

Not applicable.

The meeting ended at 7.45 pm

CHAIR

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Version 2 / 3
HMB / Community
Services

Housing Revenue Account Budget Setting Report 2013/14

January
2013

Cambridge City Council



Version Control

	Version	for :	Anticipated Content
	1	Draft	Draft content for consultation
Current	2	Housing Management Board 8 January 2013	Member Scrutiny and Tenant and Leaseholder Input
Current	3	Community Services Scrutiny Committee 17 January 2013	Member Scrutiny
	4	Special Strategy & Resources Scrutiny Committee 8 February 2013	Amendments to Executive proposals Opposition budget amendment proposals
	5	Council Meeting 21 February 2013	The Executive Councillor for Housing's recommended final budget proposals
	6	FINAL	Final version for publication following Council

Cambridge City Council

Housing Revenue Account

Budget Setting Report

2012/13 to 2016/17

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Section 1

Introduction

Background

Following the introduction of a 'self-financing' system for local authority social housing from April 2012, the authority is now required to support a housing debt of £213,572,000, in return for retaining all rental streams in respect of the housing stock. This allows local decision making to drive the level of investment in the housing stock, agreeing spending priorities in line with local demand.

Decisions are now made, and require regular review, at a local level in terms of priorities for investment, to deliver a balance between:

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

"To effectively manage the housing business into the future, it is imperative that the housing service couples an in depth knowledge of the condition of the housing stock it is managing, with a clear understanding of the direction in which it would like to see housing services travel."

To achieve this key objective it is important that the organisation sets budgets for the short to medium term in the context of the longer-term impact of the viability of the Housing Revenue Account 30-Year Business Plan and Asset Management Plan, incorporate both changes in external factors and local priorities.

Purpose, Scope and Key Dates

Purpose

At its meeting on 25 October 2012, following consideration at both HMB and Community Services Scrutiny Committee, the Council considered the budget prospects for the Housing Revenue Account (HRA) for 2013/14 and future years in the context of both local and national policy priorities and the implications for local authority landlords of the current economic climate. The approved HRA Mid-Year Business Plan Update set out the agreed financial strategy for the HRA, and confirmed the framework for the detailed budget work to develop proposals for the 2013/14 budget.

At this stage in the process, the range of assumptions on which the HRA Mid-Year Business Plan Update was based need to be reviewed in light of the latest information available to determine whether any aspects of the strategy need to be revised. This will then provide the basis for the finalisation of the HRA budget and setting of rents for 2013/14.

This document provides an overview of the review of the key assumptions that has been undertaken, and sets the key parameters for the consideration of detailed recommendations and budget finalisation to be made at the meetings of HMB and Community Services Scrutiny Committee in January 2013, and ultimately to Council on 21 February 2013..

Scope

The HRA Budget Setting Report is designed to compliment the Council's General Fund Budget Setting Report, providing an overview of the financial position for the HRA. It covers HRA revenue and housing capital spending, highlighting the inter-relationships between the two, and the resultant implications. The HRA is the authority's landlord account, within which all services to tenants and leaseholders are provided and funded and it is the account into which the proceeds of the rent and landlord service charges are credited.

As with the HRA Mid-Year Business Plan Update, a key aspect of the detailed budget work has been risk assessment and management. In order to ensure that the HRA's financial position and risks are appropriately managed over the medium and longer-term, within the financial projections, the following modelling periods have been adopted for the HRA:

For the ...	Period	Purpose / Use
HRA Business Plan Update & Budget	5 years	Detailed budget & rent setting
Longer-Term Projections	30 years	Demonstrate long-term effects & ability to support debt

The 5-year forecast period includes a review of the current year budget position, a detailed projection for the following year and forward projections for the following three years, to demonstrate the full-year effects of budget proposals and decisions.

The full 30-year model for the HRA is not shown in detail within this report, however, any significant longer-term implications are highlighted as appropriate.

Sensitivity analysis of key factors is undertaken, as part of both the Business Plan Update and budget setting processes to ensure that effective contingency plans are available to the Council and that the appropriate levels of reserves can be maintained.

Key Dates

The key member decision-making dates are as follows:

Date	Task
2012	
18 September	The Executive Councillor for Housing considers HRA Business Plan Update and incorporates HMB, including Tenant and Leaseholder Representative, views in recommendations to Council
11 October	Community Services consider HRA Business Plan Update
25 October	Council approves HRA Business Plan Update 2012/13 to 2041/42
2013	
8 January	Executive Councillor for Housing approves rent levels and considers HMB, including Tenant and Leaseholder Representative, views, before making recommendations to Council in respect of the HRA Budget Setting Report
17 January	Community Services consider HRA Budget Setting Report
8 February	Special Strategy & Resources Scrutiny Committee considers any budget amendment proposals
21 February	Council approves HRA Budget Setting Report

Review of Key Factors

The work on the 2013 HRA Budget Setting Report takes as its starting point the key medium and long-term parameters identified and agreed as part of the Housing Revenue Account 30-Year Business Plan of February 2012 and update of October 2012.

The HRA Business Plan Update agreed a base position, for detailed budget work, of the 2012/13 budget inflated to 2013/14 prices and adjusted for known / approved changes.

For the Housing Revenue Account the approved budget strategy included:

- A financial model that anticipates set-aside of resource to allow debt repayment from the point at which the first of 20 loans reaches maturity.
- A financial model assuming use of borrowing headroom, in order to increase the supply of affordable housing.
- Rent increases in line with government rent guidelines as part of the self-financing settlement.
- Housing stock that is maintained at an investment standard by the end of an initial 10-year period.
- The delivery, subject to viability of 250 new and re-provided homes in the initial 5 year period.
- The identification of a general savings requirement of 1.6% in general management expenditure for 2013/14 and beyond, alongside an adjustment in responsive and planned repairs expenditure in line with anticipated stock changes. For 2013/14 the general management savings requirement is equivalent to £76,880, and the revenue repairs expenditure is anticipated to be reduced by £21,310.
- A priority policy fund for 2013/14 to 2017/18 at an increased level of £150,000, recognising some of the key challenges facing the authority as a landlord in the medium-term .
- A minimum working balance for reserves of £2m, with a continued target level of £3m.

Key factors for review

This report reviews the key factors as follows:

Factor	Section	Notes
Policy Context for budget setting	2	
HRA Resources:		
Rent Income	3	Based on rent increases in line with government guidelines and local policy decision
Service Charge Income	3	Based on recovering full anticipated costs of service delivery
Other Income (Garages / Shops)	3	Latest projections in rent and void levels
Grant Income		Latest projections in external funding
Earmarked Funds	3	Latest projections of key funds
HRA Spending Proposals:		
2012/13 Revised Budget	4	Based on January 2013 scrutiny committee reports
Post HRA Business Plan Update Approvals	4	Based on decisions made under urgency powers and those proposed in the October 2012 and January 2013 cycle of meetings
2013/14 Budget Proposals including:		
Non-cash limit items	4	Based on latest projections / detailed estimates
Bids and savings proposals	4	Based on January 2013 scrutiny committee reports
Overall position against savings targets	4	Based on January 2013 scrutiny committee reports
PPF bids	4	Based on January 2013 scrutiny committee reports

Housing and Leasehold Stock

Housing Stock

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

Housing Category	Actual Stock Numbers as at 1/4/2012	Estimated Stock Numbers as at 1/4/2013
General Housing	6,646	6,577
Sheltered Housing	525	505
Supported Housing	28	28
Temporary Housing (Individual Units)	41	43
Temporary Housing (HMO's)	17	17
Miscellaneous Leased Dwellings	23	25
Shared Ownership Dwellings	87	87
Total Dwellings	7,367	7,282

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

Stock Category (Property Type)	Actual Stock Numbers as at 1/4/2012
Bedsits	112
1 Bed Flat / Maisonette	1,638
2 Bed Flat / Maisonette	1,267
3 Bed Flat / Maisonette	41
1 Bed House / Bungalow	188
2 Bed House / Bungalow	1,136
3 Bed House	2,269

Stock Category (Property Type)	Actual Stock Numbers as at 1/4/2012
4 Bed House	95
5 Bed House	7
6 Bed House	2
Sheltered Housing	525
Total Dwellings	7,280

The current composition of the Council's sheltered and extra care housing stock is as follows:

Stock Category	Actual Stock Numbers as at 1/4/2012	Estimated Stock Numbers as at 1/4/2013
Modern or Refurbished Schemes		
1 Bed Flat	370	398
2 Bed Flat	49	51
1 Bed Bungalow	3	3
2 Bed Bungalow	2	2
Schemes Undergoing / Awaiting Modernisation		
Bedsit	36	2
1 Bed Flat	51	49

Leasehold Stock

The Housing Revenue Account continues to maintain the freehold in respect of flats, sold under the right to buy process on long leases. Services continue to be provided to these properties in respect of repairs and improvements to communal areas and services for common facilities.

At 1st April 2012, the Council retained the freehold and managed the leases for 1,077 leasehold flats.

Section 2

Review of Local and National Policy Context and Priorities

Review of Local Policy Context

The local policy context and priorities for the Council are agreed in May each year through the adoption by Council of an Annual Statement. The Annual Statement approved in May 2012 (and reproduced in full below), confirmed a 'Vision for the City' and agreed how the Council would work towards meeting the vision during 2012/13 and beyond.

Council and Housing Vision

The Council has a clear vision for the future of our city, a vision that we share with Cambridge citizens and with partner organisations.

Cambridge – where people matter

- A city which celebrates its diversity, unites in its priority for the disadvantaged and strives for shared community wellbeing.
- A city whose citizens feel they can influence public decision making and are equally keen to pursue individual and community initiatives.
- A city where people behave with consideration for others and where harm and nuisance are confronted wherever possible without constraining the lives of all.

Cambridge – a good place to live, learn and work

- A city which recognises and meets needs for housing of all kinds – close to jobs and neighbourhood facilities.
- A city which draws inspiration from its iconic historic centre and achieves a sense of place in all of its parts with generous urban open spaces and well-designed buildings.

- A city with a thriving local economy that benefits the whole community and builds on its global pre-eminence in learning and discovery.
- A city where getting around is primarily by public transport, bike and on foot.

Cambridge – caring for the planet

- A city in the forefront of low carbon living and minimising its impact on the environment from waste and pollution.

Portfolio Plan

The strategic objectives for the HRA are set out in the Housing Portfolio Plan which is available in full on the City Council website.

In this document, the Council's Vision has been translated, from a housing perspective, into 3 strategic objectives for 2013/14, as detailed in the Housing Portfolio Plan.

These are:

- Maximise the delivery of new sustainable housing in a range of sizes, types and tenures - at least maintaining current standards and driving energy efficient homes for residents.
- Make the best use of existing homes.
- Deliver good quality housing and housing related advice.

Housing Vision

The vision for Housing Services picks up the following themes and prioritises:

- Improving housing standards: Maintaining and refurbishing council housing, and supporting the development of new affordable housing, in the public and private sector, that achieves high environmental standards of energy efficiency, minimal carbon emission, and maximum waste recycling.
- Delivering high quality services: Enabling tenants and residents to have influence over the way we manage services and set priorities. Understanding the diverse needs of our

customers. Being open and accountable to service users. Providing services through partnerships or other providers where this is the best option.

- Safe and secure neighbourhoods: Creating and maintaining estates in which our tenants and other residents feel safe and secure. Working in neighbourhoods with partners to effectively address issues that reduce the quality of life.
- Affordable housing plus: Promoting the successful delivery of new affordable housing that meets the needs of the city, and that creates good places to live for all residents regardless of tenure.

Tenant and Leaseholder Consultation

STAR Survey – Satisfaction Levels

In 2012, the authority undertook the Housemark STAR Satisfaction Survey, in place of the previously adopted Status Survey. Three separate surveys were sent out to a representation of general needs tenants, sheltered scheme residents and leaseholders, with the results for each group available separately.

The full results were presented as part of the HRA Business Plan Update of September / October 2012, with an increase in the overall satisfaction in services provided by the landlord increasing from 82% to 83% (72% to 76% on a net satisfaction basis) between 2008 and 2012.

Of the 13 key questions asked, where comparisons were possible, the trends were positive between 2008 and 2012 in all but two cases. The ability of staff to deal with tenants problems reduced slightly from 76% to 75% (on a gross satisfaction basis) between the two survey periods, whilst satisfaction that the landlord listens to views and acts upon them went down from 65% to 60%. These areas, amongst others, will be subject to targeted actions as part of the work in the time period between the 2012 survey and the next full survey in 2014.

STAR Survey – Identification of Tenant Investment Priorities

The STAR Survey also confirmed tenant priorities for investment, the results of which assist the Council in directing future investment appropriately, thus meeting tenant expectations.

All respondents were asked to rank a number of areas of potential investment in their order of priority, with the top 5, for general needs and sheltered housing combined, being:

1. Building new council housing
2. Repairing your home
3. Providing sheltered accommodation for older people
4. Dealing with enquiries and providing support to tenants
5. Tackling anti-social behaviour

STAR Survey – Planning ahead

The Resident Involvement Service will take forward a series of actions around tenant satisfaction before the STAR Survey 2014, with the purposes being to:

- Work to positively influence some of the 30% of tenants who in 2012 were 'neutral' on whether they felt their views were acted upon by the Council
- Ensure that RI becomes a force driving performance in the housing service

Some of the key actions planned are:

- Ensure that the new post of Resident Involvement Facilitator focuses on developing residents' groups on estates to be an independent tenant voice.
- Run a series of features in Open Door until STAR 2014, engaging residents with the results and impacts of the STAR survey-cycle. Features, prepared with residents, will be on:
 1. Tenants' top 5 priorities from STAR, and how we're delivering them
 2. The new RI Facilitator ensuring we are listening to and acting on tenants' views on estates
 3. Community/Environment Days and the Cambridge Standard: showing how they listen to and act on tenants' views
 4. Open Door postal surveys designed with residents, and directing service-spending
 5. Features showing how residents are now involved in the whole STAR cycle
 6. Features showing how we've improved our complaints system, and resulting service-improvements

- Resident representatives will be involved in designing STAR surveys, setting questions and importing positive practice from providers who deliver STAR well as a tool to drive performance and satisfaction.

Partnership Working

The organisation and the Housing Service recognise the benefits, and therefore promote, partnership working wherever possible. Opportunities to work in partnership with other local authorities, although challenging, can deliver significant efficiencies in both cost and service delivery terms.

From a strategic housing perspective, the City Council continue to work with senior housing officers from neighbouring local authorities and housing associations (Cambridge Sub-Regional Housing Board), with the Sub-Regional Housing Coordinator jointly funded, but employed by the City Council, ensuring a coherent approach to housing strategy across the sub-region that centres on Cambridge.

The increase in investment in our housing stock as part of the initial 30-Year HRA Business Plan approved in February 2012, necessitates the authority seeking a new partner / partners to deliver planned maintenance services, both in terms of capital investment (including decent homes) and planned / cyclical revenue expenditure, from April 2014, when the existing partnership arrangements are expected to be fully exhausted.

Cambridge City Council are now actively utilising a Framework Agreement with five partners; a housebuilder (KeepMoat) and four Registered Providers (RP's), for the development of land owned by the Council to provide high quality and sustainable market and affordable housing. The Council is working with KeepMoat to design housing schemes, carry out consultations, submit planning applications and build new housing once planning permission has been granted, with the resulting affordable housing dwellings being owned and managed by the Council.

The Housing Service also continues to explore opportunities to work in partnership with other support providers in the city / county, to ensure, where possible, that council tenants continue to receive support services from a support provider with strong links to their landlord.

Review of National Policy Context

Local authority landlords continue to respond to the challenges highlighted as part of the Localism Act, with the key themes relevant to housing being:

- New freedoms and flexibilities for local government
- New rights and powers for communities and individuals
- Reform to ensure decisions about housing are taken locally

National Housing Policy

A range of significant national policy reforms having a direct impact on housing continue to be implemented. The Council's revised Housing Strategy, agreed in June 2012, shows further how some of these changes are being taken forward locally.

Tenancy Strategy and Tenure Reform

The Council agreed a new Tenancy Strategy in June 2012 advising Registered Providers operating in the City of the issues to be taken into account when deciding types and lengths of tenancy to offer, and the circumstances under which any fixed term tenancies will be reviewed. Some providers in the City have started to introduce fixed term tenancies.

A Tenancy Policy for the Council's tenants has also been agreed. The Council has decided not to use fixed term tenancies at this stage for its own properties. As part of a review of the policy, further work will take place during the coming year with tenants, applicants and other partners to assess whether fixed term tenancies might be appropriate to be used in particular circumstances.

Affordable Rents

Government grant available for new affordable homes has been reduced significantly. To secure grant, developers are now required to charge new Affordable Rents on the new homes and/or some existing homes at the point of re-let; the aim is for the additional income to fund more new affordable housing.

These Affordable Rents can be up to 80% of market rents. With high private rent levels in the City, the Council has negotiated with the Homes and Communities Agency for the new homes being built through the Affordable Housing Development Programme to be let at or around 65% of local market rents and no higher than Local Housing Allowance levels.

Early indications from work carried out as part of the Strategic Housing Market Assessment are that Affordable Rent properties across the sub-region are generally being let to people in high priority bands through Home-Link. Although it is too early to get an accurate picture, this early sign suggests that Affordable Rents (which tend locally to be higher than Social Rents) may be being let to people on lower incomes, including those on Housing Benefit, which if found to be the case may put pressure on the Housing Benefit/ Universal Credit bill.

Lettings Reform

Councils are being given more freedom to decide who should be accepted onto their waiting lists/needs registers, and the Council, along with its sub-regional partners, has consulted on reforms to the Home-Link Lettings Policy. Key proposals include: only accepting people onto the register if they have a local connection; using the Local Housing Allowance bedroom entitlement rate to assess the size of housing required; giving more priority to those under-occupying their homes; and giving more priority to members of the armed forces in line with government requirements. Changes will come in from April 2013. All applicants will be required to reapply and the priority banding for some applicants will change.

Welfare Reforms

The Welfare Reform Act provides for the introduction of "Universal Credit" to replace a range of existing means-tested benefits and tax credits for people of working age and proposes other significant changes to the benefits system over the next few years.

From April 2013, financial restrictions will be introduced to working age Housing Benefit claimants who live in accommodation that is deemed to be too large for their households needs. Working age tenants receiving Housing Benefit who have one spare bedroom would be subject to a 14% reduction and those with two or more spare bedrooms will have their housing costs eligible for benefits reduced by 25%. There is no transitional protection or phased approach.

In respect of HRA tenants, it is estimated that the 'bedroom tax', as it is often referred to will affect 500 households who under-occupy by one bedroom and 100 households who under-occupy by two or more bedrooms. Work is being undertaken to contact these residents in an attempt to minimise the impact of the changes, supporting them to re-locate should this be their only option.

Also from April 2013, new and existing Housing Benefit claimants in working age households will have their Housing Benefit capped so that their total income no longer exceeds the national standard for average weekly earnings. These caps are £500 per week for families and £350 for single people. This is expected to affect approximately 35 households in council accommodation.

From October 2013 new claims for working age people for Job Seekers Allowance (income based), Income Support, Employment & Support Allowance (income related), Child Tax Credit, Working Tax Credit and Housing Benefit will claim Universal Credit. Customers will be paid directly (unlike existing arrangements where social landlords are paid directly) and will receive one monthly payment, in arrears like a salary, for Universal Credit and it will be administered centrally by the DWP.

Pensioners are also excluded from Universal Credit and it is currently anticipated that pensioners will have their housing costs paid via Pension Credit a year after the introduction of Universal Credit, commencing October 2013.

It is anticipated that these changes will impact adversely, with increased demand on the Customer Service Centre, Housing Allocations, Homelessness and City Homes, with limited scope for tenants to move within the social housing sector as stock is already in full use, prompting increased demand for mutual exchanges.

Monitoring the Impact of Reforms

The Council is working both internally and sub-regionally – eg through the Strategic Housing Market Assessment – to assess the likely impact of these reforms across the City and beyond. This work will continue to be developed as changes are implemented.

Supporting People

The Housing Revenue Account has, for a number of years, received funding for the provision of support services from the County Council, via the Supporting People regime. The national funding for Supporting People has been subject to successive annual reductions, with the pressure to reduce costs while expanding the number of residents receiving services, increasing hugely in the last few years.

There continues to be a clear driver locally to move away from 'buildings-based services' to more 'floating support models' with services delivered only where there is specific identified need.

Cambridge City Council are currently contracted to deliver support services in sheltered (older people services) / extra care housing and temporary accommodation across the housing stock.

The current contract for support in our sheltered housing schemes comes to an end in March 2013, with a tender process underway to let 5 single district-based contracts for support to older people across the County. The City Council is contracted to continue to provide support in the Ditchburn Extra Care Housing until January 2014, with an option to extend for 2 years after this date, and in Temporary Housing until March 2014, at which point it is anticipated that the County Council will re-tender.

A combination of the County Council's desire to drive down the costs of support provision, coupled with the need to expand the breadth of services whilst letting fewer larger contracts may result in an inability for Cambridge City Council to bid to continue to deliver support services in the future. As part of the budget process, consideration has, and will be, given to the extent to which the Housing Revenue Account wishes to provide enhanced housing management services to plug the gap that the reduction in support funding will create.

Contract	No. of Units	Contract Status	Maximum Estimated Support Income 2012/13 Gross of Voids (£)	Maximum Estimated Support Income 2013/14 Gross of Voids (£)	Risks / Ongoing Assumptions
Temporary Housing (116 Chesterton Road)	60	Block Gross Contract – Extension Expires 31/3/2014. SP confirm intention to re-tender from April 2014	132,070	132,070	Supporting People could still seek a reduction in costs for the second year of the extension period
Temporary Housing (New Street)					
Temporary Housing (Dispersed Tenancies)					
Temporary Housing (Shared Houses)					
Brandon Court	30	Block Gross Contract at £9.00 per client per week – Extension Expires 31/3/2013 To be tendered district-wide from April 2013	219,630	0	Currently assuming unsuccessful in being awarded a contract to deliver support district-wide. Potential for redundancy costs and negative impact on landlord services. Potential for 6 month extension to September 2013
Ditchburn Place (Sheltered)	15				
Ditton Court	26				
Greystoke Court	24				
Lichfield / Neville Road	171				
Mansel Court	25				
Rawlyn Court	26				
School Court	29				
Stanton House	33				
Talbot House	21				
Walpole Road	48				
Whitefriars	20				
Community Alarms	47	Anticipated to expire 31/3/2013 in line with sheltered housing contracts.	9,950	9,950	Indication that SP intend to continue to contract direct with landlords for third party emergency alarm answering service only
Ditchburn Place (Extra Care)	36	Block Gross Contract (Part of Care Contract) – Expires 25/1/2014.	45,740	45,740	Support is likely to be tendered alongside care from January 2014
Total Maximum Support Income (Gross of Voids)			407,390	187,760	

External Factors

The Housing Revenue Account continues to be impacted upon by a number of external factors, all of which are outside of the direct control of the organisation, with little or no ability for the organisation to influence them. In making strategic budgetary decisions, judgements have been made about the likely direction of travel for many of the factors.

Inflation Rates

The table below shows the movement in each of the main measures of inflation over the last 12 months:

Year	RPI % Monthly Inflation	RPI(X) % Monthly Inflation	CPI % Monthly Inflation	CPI(Y)% Monthly Inflation
November 2011	5.2	5.3	4.8	3.4
December 2011	4.8	5.0	4.2	2.8
January 2012	3.9	4.0	3.6	3.6
February 2012	3.7	3.8	3.4	3.5
March 2012	3.6	3.7	3.5	3.5
April 2012	3.5	3.5	3.0	3.0
May 2012	3.1	3.1	2.8	2.7
June 2012	2.8	2.8	2.4	2.4
July 2012	3.2	3.2	2.6	2.5
August 2012	2.9	2.9	2.5	2.4
September 2012	2.6	2.6	2.2	2.1
October 2012	3.2	3.1	2.7	2.7

The October 2012 figures show an unexpected increase over the previous month, in what has recently been an otherwise downward trend, with expenditure such as tuition fees being sited as responsible for this.

The work undertaken in 2012, culminating in approval of the HRA Business Plan Update in October 2012, assumed the use of 2.4% in general inflation for 2013/14, with 2.5% in future years. It is not considered that any remedial action is required in relation to these assumptions at this stage.

An assumption was made that the level of RPI would be 2.5% at September 2012, the point in time when a snapshot is taken to determine the base rate of inflation for rent increase. The actual rate of 2.6% was marginally higher, but it should be noted that the rate for September was the lowest of all published rates in the last 12 months in the table above.

Interest Rates on Lending

The Council lend externally, on a short-term basis, any cash balances that are held at any point within the financial year. If the balances held relate in any way to the Housing Revenue Account, the General Fund pays the interest earned to the Housing Revenue Account.

The level of interest receivable on Housing Revenue Account balances continues to remain low, with the expectation that a recovery in the rates available to the Council as a whole will in no way be immediate.

Status	Year	Interest Rate Earned on Balances
Actual Rates Earned	2007/08	5.84%
	2008/09	5.35%
	2009/10	1.36%
	2010/11	0.57%
	2011/12	0.72%
Estimated Rates	2012/13	0.82%
	2013/14	0.82%
	2014/15	1.25%
	2015/16	1.25%
	2016/17	1.5%

Interest Rates on Borrowing

The Housing Revenue Account supports an external debt portfolio of £213,572,000, consisting of 20 Public Works Loans Board (PWLB) maturity loans, with redemption dates of between 26 and 45 years, at interest rates ranging between 3.46% and 3.53%.

Any borrowing requirement in the first 5 years of the HRA Business Plan is likely to be undertaken internally, but assumptions of the rates available to the HRA have been made in line with those available externally from the PWLB for prudence.

Right To Buy

Following the Government's initiative to re-invigorate right to buy from April 2012, from which point purchasers could obtain discounts of up to £75,000 against the purchase price of a Council dwelling, interest and activity has significantly increased and continues to remain high.

During the whole of 2011/12, 48 right to buy applications were received and recorded. Between April and October 2012, 85 right to buy applications have been received and recorded, indicating that activity for the full year could see at least a 200% increase on that of last year. If this level of activity continues, consideration may need to be given to the staffing resource allocated to this area of activity.

Not all right to buy applications will proceed to completion, but by mid November 2012, 17 completions had taken place, compared to 12 for the whole of 2011/12.

Status	Year	Right to Buy (RTB)			Rent to Mortgage (RTM)			Total
		House	Flat	Bedsit	House	Flat	Bedsit	
Actual Sales	2007/08	23	19	1	0	0	0	43
	2008/09	2	4	0	0	0	0	6
	2009/10	11	2	0	0	0	0	13
	2010/11	12	5	0	0	0	0	17
	2011/12	7	5	0	0	0	0	12
Estimated Sales	2012/13							40
	2013/14							42
	2014/15							28
	2015/16							28
	2016/17							28

Legislation came into force from April 2012, allowing local authorities to opt to retain additional right to buy receipts, once the number of sales assumed in the self-financing business plan has been achieved each year. For the right to buy receipts assumed in the government's business plan, the receipt is shared between central government and the local authority at 75% and 25% respectively, adjusted for some small allowable deductions.

For any sale over and above the level assumed in the self-financing settlement, the first call on the receipt is to compensate the authority by a sum equal to the debt that was attributed to the dwelling from the outset of self-financing.

Cambridge City Council entered into an agreement with CLG, effective from 1 April 2012, that allows the authority to retain any residual balance in the above right to buy receipts, subject to specific conditions.

Cambridge City Council is required to re-invest any retained receipts for the delivery of new affordable housing, with the receipt funding no more than 30% of the net cost of each new dwelling. The balance must be funded from the Council's own resources or through borrowing.

The conditions of the agreement also require the authority to deliver the resulting dwelling within 3 years of retaining the receipt being utilised as funding, with failure to do this resulting in the requirement to pass the capital receipt to central government, with accrued interest at a rate far higher than the authority is likely to have achieved in the interim period.

Section 3

Housing Revenue Account Resources

Rent Arrears and Bad Debt Provision

Historically rent collection performance locally has been consistently good, with approximately 98% of the value of current tenant arrears brought forward and rent raised, collected in year.

Rent arrears are a combination of current and former tenant debt, with the latter more difficult to pursue and recover, with a marked increase in the level of former tenant arrears in recent years.

A pro-active approach to pursuing current tenant debt continues to be key in keeping former tenant debt, and therefore the cost of rent written off, to a minimum. The timescale within which former tenant debt is pursued is crucial if the organisation is to have a realistic chance of recovering the sums due.

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

Financial Year End	Value of Year End Arrears in Accounts (Current Tenants)	Current Tenant Arrears as a Percentage of Gross Debit Raised in the Year	Value of Year End Arrears in Accounts (Former Tenants)
31/3/2007	£693,541	2.54%	£506,091
31/3/2008	£622,446	2.27%	£601,117
31/3/2009	£595,366	2.01%	£633,797
31/3/2010	£625,433	2.05%	£642,521
31/3/2011	£582,400	1.88%	£746,852
31/3/2012	£655,177	1.98%	£863,677

2011/12 saw a marked and worrying increase in the level of both current and former tenant arrears. This trend is also anticipated to worsen, particularly in light of the changes to be imposed under the Welfare Benefit Reforms from April 2013, when benefits are reduced to an overall benefit cap level for some claimants and reductions are made in housing benefit entitlement for under-occupancy of a dwelling for others. From the middle of 2013/14 new housing benefit claims will cease to be paid directly to the landlord in the majority of cases, with existing claims moving to this basis over a transitional period.

It is imperative that the financial burden that increased rent arrears and bad debt bring to the Housing Revenue Account is minimised. The Housing Revenue Account is responding proactively to the challenges posed by both the current economic climate and the anticipated welfare benefit changes. Additional ongoing staffing resource (2 full time equivalent posts) was directed into proactive arrears recovery action in 2012/13, and fixed-term additional funding has been proposed as part of this budget cycle, specifically targeted to support tenants through the period of major benefit changes.

The Housing Revenue Account maintains a provision for bad and doubtful debt, with the value of the provision reviewed annually, taking into consideration both the age and value of outstanding debt at the time. At 31 March 2012, the provision for bad debt stood at £1,232,318, representing 81% of the total sum outstanding.

An updated policy for the write off of HRA debt is attached at Appendix A (1).

Void Levels

Void levels have been higher than would normally be anticipated in recent years due to a combination of the sheltered housing refurbishment programme, and the increased number of Temporary Housing units that the authority provides via the Housing Revenue Account.

The assumptions used in void levels, when predicting the amount of rent income that the authority will receive, are expected to remain at an increased average level of 1.25%, until the end of 2014/15, at which point the Homes and Communities Agency grant funded 3-Year Affordable Housing New Build and Re-Development Programme is expected to be complete.

The value of rent not collected as a direct result of void dwellings in 2011/12 was £354,050, representing a void loss of 1.14%, compared with £428,888, representing a void loss of 1.47%, in 2010/11.

Financial Year End	No. of General Year End Voids	No. of Sheltered Refurbishment Year End Voids	No. of Re-Development / Disposal Year End Voids	Total Year End Voids
31/3/2007	71	51	45	167
31/3/2008	44	66	51	161
31/3/2009	73	40	40	153
31/3/2010	54	37	42	133
31/3/2011	38	37	16	91
31/3/2012	73	37	20	130

On an ongoing basis, from 2015/, an assumption of 1% voids in general housing is still considered to be appropriate, subject to continuation of improved performance in void re-let times.

Rent Restructuring

As part of the HRA Self-Financing legislative changes from April 2012, central government gave clear indication that local authorities were expected to continue to set rents in line with government guidelines, using the system of rent restructuring that was introduced from April 2002, ensuring ultimate consistency in rents across all social housing tenure.

Rent increases for tenants of Cambridge City Council continue to be a combination of two factors:

- An inflationary increase (inflation using the Retail Price Index at September plus 0.5%)
- A £2.00 per week increase to close the gap between the target rent and the actual rent

Adhering to this expectation, residents of Cambridge City Council will continue to move towards a target rent for each property, over an intended transitional period, extended to April

2015. Tenants will continue to be protected by a limit on any annual increase, of inflation (based upon the retail price index of the preceding September) plus 0.5% plus £2.00 per week.

With target rents calculated using a formula which combines both property prices and average manual earnings, both weighted for the geographical location of the housing stock, target rents for Cambridge City Council were considerably higher than the levels being charged at the outset of the regime, resulting in an inability for the authority to achieve target rents by the intended convergence date of April 2015.

At April 2012, the average actual rent was representative of 91% of the average target rent.

In reality, if the authority continues to move towards target rents in line with both government guidelines and the existing rent setting policy, target rents will not be achieved in the majority of the housing stock for a further 12 years.

One of the main problems with the government's approach to phasing actual rents towards target rents, is the fixed nature of the £2.00 per week which is expected to close the gap between where the process began and the current target rent for each property. With the distance between the two starting figures for most council properties being significant and the high levels of inflation that have been applicable in many of the years in the process to date, the fixed £2.00 per week has less and less impact in attempting to close the gap.

Rent Policy

The local rent setting policy was last updated in January 2012.

There is some discretion in the government's rent restructuring regime, in how rents are set at a local level, with options to use an element of flexibility in the calculation of target rents (5% for general stock housing and 10% for sheltered housing) and to move all void properties directly to target rent prior to re-let.

Historically, neither of the above has been applied locally, in part due to the potential negative impact through the previous HRA subsidy mechanism.

Any decision to move void properties directly to target rent needs to be taken in full recognition of the potential impact of rent rebate subsidy limitation, where an increase in average actual rent above the limit rent set would result in payment of the difference across to the General Fund, impacting the sums received from the Department for Work and Pensions (DWP) in respect of housing benefit.

However, with a target rent for the housing stock at April 2012 of £96.42, a limit rent of £92.10 and an actual transitional rent charged of £87.70, the limit rent would only be impacted if over 50% of the housing stock were moved directly to target rent levels prior to April 2015, from which point target and limit rents will converge.

Less than 10% of the housing stock becomes void at some point in any one year (although a considerable proportion of these voids are transfers, mutual exchanges, repeat voids and decants for re-development), indicating that a decision to move void properties directly to target would not negatively impact upon rent rebate subsidy limitation and therefore the business plan.

As part of this HRA Budget Setting Report and the budget process for 2013/14, it is proposed to revise the rent policy to reflect the intention to move all void properties with an above average SAP (energy efficiency) rating, straight to target rent levels before re-letting. This is considered to go some way to offsetting the impact for a future tenant of the higher rent level against the expectation of lower than average fuel bills, whilst recognising the additional investment which the authority will have made in dwelling to achieve this energy rating.

The authority is required to obtain an Energy Performance Certificate (EPC) for each property at the point at which it becomes void, assuming we don't already hold a valid certificate for the dwelling. As part of this, the property is awarded an energy rating of between A and G, (scored from 100 down to 0), with A being 92% to 100% energy efficient and fully self-funding in energy terms. The average rating for our housing stock is 70% and a C rating, while the national average property rating is 60% and a D rating. The table below shows the rating bands:

Energy Rating Band	Energy Rating Score (%)
A	92 – 100
B	81 – 91
C	69 – 80
D	55 – 68
E	39 – 54
F	21 – 38
G	0 – 20

On this basis, the rent policy has been amended to reflect that all void properties with an A to C energy rating will be moved straight to target rent before being re-let. In practice this may mean that all properties will be advertised at target rent, with the proviso that the rent will be reduced if the property has an average, or below average, energy efficiency rating, as the EPC surveys are undertaken while the properties are empty.

The number of properties, which are moved directly to target rent under the revised rent policy, will be closely monitored, allowing the impact of this change to be built into future financial modelling.

The revised Rent Policy is included at Appendix A(2).

Rent Setting

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

The government have been very clear that they expect local authorities to continue to set rents in line with government rent restructuring guidelines, as the national principles of comparable social rents remains unchanged. However, operating in the new HRA Self-

Financing environment allows local authorities more local discretion in terms of decision-making.

The HRA Self-Financing settlement, and the resulting level of debt that Cambridge City Council was required to take on, was derived from financial projections undertaken nationally, using the assumptions that rents continue to be increased in line with government guidelines, whilst the need to spend on council dwellings and associated services for council tenants increases in line with relatively conservative estimates of inflation levels in future years.

Any decision to increase rents at a lower rate than assumed in the debt settlement and business plan, will require some form of remedial action to mitigate the financial impact if the authority still wishes to be in a position to redeem the housing debt as originally agreed in February 2012.

The HRA Business Plan approved in February 2012, did not include an assumption that savings would be required in HRA services. However, the actual interest rates secured for the borrowing required in March 2012, were higher than anticipated, resulting in the need to reintroduce a savings requirement as part of the HRA Business Plan Update in October 2012. Any decision to reduce the level of rent increase would result in the need to reduce anticipated costs, and therefore service levels, by a corresponding sum.

A 1% lower rent increase represents the need to deliver ongoing savings of approximately £341,000 at 2013/14 rent levels (£1.00 represents approximately £380,000).

To illustrate the impact of a decision to deviate from the Government assumptions for setting rents under the rent restructuring regime, a decision not to converge rents (i.e. never to apply the £2.00 limit to close the gap between target and actual rents) would result in an inability to pay off the debt during the life of the base business plan. It is estimated that it would be year 35 before sufficient resource would be available to redeem the loans, and the additional investment identified as aspirational in the original business plan would not be possible.

A decision in a single year, for example in 2013/14, not to apply the £2.00 increase in rent, would not remove the ability to redeem the loans during the life of the plan, but would result in the loss of over £4.3 million in income during the life of the business plan, necessitating either a

compensating reduction in expenditure or a decision not to undertake some of the additional investment that would otherwise be possible.

It is still considered prudent to assume that the authority continues to follow government guideline in the setting of rents for 2013/14.

On this basis, with a base level of inflation at September 2012 of 2.6%, rents will increase locally by 2.6% plus 0.5%, plus a maximum of £2.00 per week (if the property is below target rent). This will result in an average rent increase for Cambridge City Council tenants of 5.16%, equivalent to £4.53 per week on a 52-week basis.

Service Charges

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

- Charges that have been levied since, or are levied from, the introduction of a service which are set to recover the full estimated cost of providing each service.
- Charges that have been 'separated out', which means charges for services that were provided prior to April 2004, and were, until identified separately, funded from pooled rental income. In this instance, rents will have been reduced by a corresponding sum at the point at which the charge was separately identified. Once separated out from rent, service charge increases have been limited to annual rises of inflation (RPI at the pre-ceding September) plus 0.5%.

The majority of services provided to tenants of Cambridge City Council are now separately identified, with the exception of communal electricity, grounds maintenance and estate services to non-sheltered flatted accommodation, where work is being undertaken with a view to separating out these charges during 2013/14.

Service charges are currently levied for the following services:

- Caretaking (General Housing)
- Communal Cleaning
- Estate Services Champion (General Housing)
- Window Cleaning
- Door Entry
- Passenger Lifts
- Gas Servicing
- Electrical / Mechanical Maintenance (Sheltered / Temporary Housing)
- Grounds Maintenance (Sheltered)
- Premises (Sheltered / Temporary Housing)
- Utilities (Sheltered / Temporary Housing)
- Support (Sheltered / Supported Housing)

It is possible that, at some point during 2013/14, Cambridge City Council will cease to be the support provider in sheltered housing, and the authority will no longer have the responsibility to charge and recover the costs of support services from residents.

Proposed service charge levels for 2013/14 are detailed at Appendix B

Other Sources of Income

Garages

The Housing Revenue Account currently owns 1,846 residential garages, and manages a further 17 on behalf of the General Fund. If fully occupied, the HRA garage stock could generate an annual income at 2012/13 rent levels of £793,060.

In recent years, the occupancy levels of the garage stock have reduced significantly, due to a combination of factors:

- Condition (significant investment has been identified as being required in many areas)
- Location (available garages are not located near to those waiting for a garage to rent)
- Affordability (the current economic climate results in increased street parking)
- Size (many garages are considered too small for modern cars)

Proactive marketing of garages is difficult, when there are a number of identified problems, with void levels for the first half of 2012/13 running at approximately 23%, and a reduced income expectation for the year of £610,910.

A dedicated member / tenant and leaseholder representative/ officer working group has been set up to consider options for the future of garage sites across the city, with a report to Housing Management Board anticipated in March or June 2013.

There are a number of options being considered for each garage site, including potential investment as garages, conversion to parking spaces with bollards or demolition to make way for new build affordable housing.

The working group are considering the above options, but will also make recommendations on changes to letting policies, tenancy conditions, pricing structures, and the approach to marketing.

A temporary staffing resource has been included in the proposals made as part of the 2013/14 budget process to allow a dedicated officer to take forward the recommendations which are ultimately agreed, with the expectation that the higher sum of £640,380 can be achieved from 2013/14.

Commercial Property

Rental income from commercial property continues to fluctuate due to the timing of lease renewals for the small portfolio of shops and other business premises that are owned by the HRA.

In 2012/13 the income generated by the commercial property portfolio is anticipated to be in the region of £400,000, increasing to £407,000 from 2013/14.

Interest / Investment Income

The Housing Revenue Account receives interest on general and any ear-marked revenue balances, including any funds set-aside in the major repairs reserve, debt repayment reserve or right to buy re-investment reserve

The General Fund invests all cash balances for the whole authority and the HRA is entitled to claim a share of the actual interest earned at the end of each financial year, based upon the average HRA cash balance throughout the year at the average external rate of interest.

Other External Funding

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

- Homes and Communities Agency (HCA) Grant – The authority was awarded grant of £2,587,500 to build 146 new and re-developed homes before March 2015. This funding will be claimed on a scheme by scheme basis, with 50% available at start on site and 50% at practical completions, with schemes reaching these stages between the beginning of 2012/13 and the end of 2014/15.
- Supporting People Grant – The level of grant funding via the Supporting People Programme has reduced significantly over the last 10 years, with more reductions anticipated for 2013/14 and beyond. The level of funding in some cases, will be dependent upon whether the authority opts to bid for, and is awarded, support contracts advertised in the coming months.

Ear-Marked & Specific Funds

Earmarked Funds

In addition to General Reserves, the Housing Revenue Account maintain, or will maintain, a number of earmarked or specific funds which are held against major expenditure of a non-recurring nature or where the income is received for a specific purpose. See Appendix C for detail. The following funds are currently held:

Repairs & Renewals

These are maintained to fund major repairs and periodic replacement of assets such as vehicles, plant, equipment, furniture and Council-owned administrative premises. Annual

contributions are based on estimated replacement costs, spread over the anticipated life of the assets.

Major Repairs Reserve

This reserve currently contains the balance of major repairs allowances (MRA) funding for the period up to 31st March 2012, from when the HRA Subsidy system ceased to exist. The residual funding under the old system will be contributed to on an annual ongoing basis from the Housing Revenue Account, recognising the need to depreciate the housing stock, or in effect set-aside sufficient resource to maintain the asset in a lettable state.

Any resource available in the Major Repairs Reserve can be utilised as a source of funding in the Housing Capital Investment Plan, with the expectation that the increase each year by an element representing depreciation for the housing stock, will be reduced by an element that represents the need to fund the relevant expenditure in ensuring the housing stock remains decent.

Shared Ownership

A reserve of £300,000 is maintained to enable the HRA, in any one year, to re-purchase shares of properties, where the occupier wishes to move on, thus ensuring that the limited stock is made available for those on the shared ownership register.

In many cases, the funding for shared ownership is re-circulated, with the HRA buying back and selling on a dwelling in the same financial year. The reserve ensures that buying back a dwelling is still possible, even if the re-sale may be in a future financial year.

Tenants Survey

The Tenants Survey reserve allows the Housing Revenue Account to spread the costs of the STAR Tenants and Leaseholder Survey evenly across financial years, despite the survey only being undertaken formally every two years. This does not detract from the possibility that an element of annual activity may take place to gauge changes in opinion, by surveying small samples, ie; focus groups.

HRA Aerial Monies

Mobile telephone aerials have been installed on the roofs of a number of the flat blocks within the HRA. The authority leases the roof space to the telecoms provider for an annual lease

premium / rental fee. This income is appropriated into an ear-marked reserve, to be offset by expenditure specific to the area in which the mast is installed.

Pension Fund

As part of the February 2011 Budget Setting Report, approval was given for inclusion of a provision equivalent to an annual increase in employers pension contributions of 0.75% in each of the six years from 2011/12 to 2016/17. This was in recognition of the adverse impact that the economic downturn would undoubtedly have on investment income to the Fund and in anticipation of future increases in employer contributions being required, following the triennial review of the Pension Fund and outcomes of the fundamental structural review of public service pension provision by the Public Services Pensions Commission, Chaired by Lord Hutton.

HRA Debt Repayment Set-Aside

The implementation of self-financing saw the HRA take on an opening debt of £213,572,000. The 30-year Business Plan, approved in February 2012, adopted a treasury management strategy that resulted in a portfolio of 20 maturity loans with varying maturity dates. The financial model allowed for the set-aside of surplus revenue resource over the life of the plan to ensure that the loans can be redeemed at the maturity date of the shortest loan.

To ensure that this is possible, resource will be appropriated at the end of each financial year, into this ear-marked reserve, in preparation for debt redemption at the appropriate time, should the authority choose to redeem as opposed to re-finance.

This approach of using an ear-marked reserve, as opposed to making a formal voluntary revenue provision (VRP), allows the HRA to retain full flexibility over the use of the set aside balance in the future.

Fixed Term and TUPE Posts Costs

Where the HRA appoints staff on fixed-term contracts an obligation to pay redundancy costs can result at the end of that period. In addition, if services which the HRA is currently contracted to provide externally are terminated, there is the potential for some of the staff involved in the delivery of services to remain with the Council, after TUPE transfer occurs, depending upon the proportion of staff time spent undertaking specific activities. This can also lead to unexpected redundancy costs.

To cover this eventuality the HRA will establish an earmarked reserve (as has happened previously in the General Fund) to hold contributions based on the potential liability of such posts. This is considered particularly prudent in light of the fixed-term nature of the some of the HRA PPF bids for 2013/14 and 2014/15, coupled with the periodic extensions of existing support contracts,

Right to Buy Attributable Debt Ear-Marked Capital Receipt

Following the transition to self-financing, the HRA is eligible to retain an element from all right to buy receipts over and above those assumed in the initial settlement, in recognition of the debt which the authority was required to take on as at 28th March 2012. The sums retained will be identified in a separate ear-marked capital balance, allowing them to be utilised to repay debt should the authority so choose.

Right to Buy Retention Agreement New Build Ear-Marked Capital Receipt

Within the terms of the Right to Buy Receipt Retention Agreement, the authority may retain receipts from additional right to buy sales for a period of up to 3 years, for the express purpose of re-investment in new affordable housing. If not utilised within the time frame, the HRA must pay the funds, with interest, to central government. To ensure that these resources are separately identified for re-investment, and if necessary repayment, purposes, an ear-marked balance will be identified to hold the balance at any one time. At this stage, the resource has not been incorporated into the Housing Capital Investment Plan, but will be included at the point at which there is a scheme identified, which meets the criteria for funding from this particular funding stream.

Section 4

Housing Revenue Account Budget

Post-HRA Business Plan Update Approvals

There were no revenue decisions taken between the publication of the HRA Business Plan Update (approved as part of the October committee cycle) and publication of this document. Such decisions, including any made under urgency arrangements, together with financial implications would be noted here.

There are capital implications to take into account in reviewing the final budget proposals in relation to scheme specific approval being given for a number of HRA new build and re-development schemes at Community Services up to and including October 2012. The schemes will scheme specific approval, where resources have now been incorporated in line with the latest committee approvals are:

- Seymour Court
- Latimer Close
- Barnwell Road
- Campkin Road (Phase 1)
- Colville Road (Phase 1)
- Water Lane
- Aylesborough Close (Phase 1)
- Stanesfield Road

The Aylesborough Close and Water Lane schemes are being re-considered in the January 2013 committee cycle, to include decant costs, which were omitted from the original proposals.

It should be noted that scheme specific approvals are awarded at the scheme viability stage, and that there may be the need to revisit the original approvals for all schemes once final scheme proposals, design and planning considerations have progressed.

Revised Budget 2012/13

The Housing Revenue Account (HRA) revenue budgets for the current year (2012/13) were initially reviewed as part of the HRA Business Plan Update in October 2012. A further review is undertaken as part of the January 2013 committee cycle and may be updated until Council reviews this report in February 2013. The current overall effects of the revised budget proposals, compared to the Original Budget, are shown in the table below.

2012/13 Revised Budget	HRA BP Update October 2012 £	January 2013 £
Net HRA Use of / (Contribution to) Reserves	4,707,190	4,611,350
Variation on previously reported projection		(95,840)

The above figures include carry forward approvals from 2011/12, with savings and unavoidable bids identified in the current year, as part of the January 2013 committee cycle, incorporated in the right-hand column.

Revised Budget items are considered by Housing Management Board for revenue items and Community Services for capital items, and are detailed in Appendix D. These can be summarised as follows:

Revised Budget Items	2012/13 £
Savings	(174,090)
Bids	78,250
Net Effect on Current Year Budget	(95,840)

The items submitted, as part of the revised budget, will be analysed as in previous years, to ensure that any ongoing implications are identified and that appropriate lessons can be learned for future budget management and monitoring.

Non-Cash Limit Budgets

Non-Cash Limit items are those that do not relate directly to the cost of service provision, including for example dwelling rent income, direct revenue funding of capital expenditure (DRF) and investment income. These are summarised in the table below together with full details given in Appendix E.

Proposal Type	2013/14 £	2014/15 £	2015/16 £	2016/17 £
Non-Cash Limit items	(297,490)	0	0	0

Budget Proposals Summary

The budget proposals contained within this HRA BSR document are detailed in Appendix F, and can be summarised as follows:

Proposal Type	2013/14 £	2014/15 £	2015/16 £	2016/17 £
Unavoidable Revenue Bid	146,730	146,730	96,640	96,640
Service Reviews	(16,500)	(32,700)	(40,800)	(40,800)
Saving	(143,530)	(143,530)	(93,440)	(93,440)
Net Effect of HRA proposals	(13,300)	(29,500)	(37,600)	(37,600)

Service Reviews

The Service Review process has been developed corporately over recent years and identifies particular service areas for detailed evaluation. The HRA incorporates any Service Review savings either identified by HRA services directly, or as a by-product of reviews of corporate services, support services or rechargeable services.

It is difficult, however, to fully predict the impact in monetary terms of savings to the HRA from in-direct service reviews, as the detail surrounding revised recharging mechanisms is not usually completed until the after the review is complete and resulting changes have been made.

Performance Against Savings Target

As in previous years, a savings target for the HRA as a whole has been adopted, rather than allocating individual savings requirements to specific service areas or cost centres.

The following table compares the level of net savings, which are being proposed with the overall net savings target for the whole Housing Revenue Account. A more detailed comparison is included at Appendix F.

Portfolio	2013/14 £	2014/15 £	2015/16 £	2016/17 £
HRA General Savings Requirement				
HRA Repairs Reduction in line with stock loss				
Net Savings Requirement (HRA BP Update October 2012)	98,190	98,190	98,190	98,190
Unavoidable Revenue Bid	146,730	146,730	96,640	96,640
Service Reviews	(16,500)	(32,700)	(40,800)	(40,800)
Saving	(143,530)	(143,530)	(93,440)	(93,440)
Net performance against HRA Cash Limit	84,890	68,690	60,590	60,590

This shows that the Cash Limit has not been achieved for 2013/14 and the subsequent 3 years, with an ongoing under-achievement against the net savings requirement from 2015/16 of £60,590. The inability to meet the Cash Limit reflects a higher level of pressure from unavoidable revenue bids, particularly in relation to the increase in use of HRA dwellings for Temporary Housing purposes and our need to respond to changes in legislation surrounding asbestos.

Overall Budget Position and Priority Policy Fund (PPF)

Overall Budget Position

The overall impact on the HRA, of the factors considered above in the context of the Cash Limit established in the October 2012 HRA Business Plan Update, is set out below:

Proposal Type	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £
Net Savings Requirement (HRA BP Update October 2012)		98,190	98,190	98,190	98,190
2012/13 Revised Budget	(95,840)				
Unavoidable Revenue Bid		146,730	146,730	96,640	96,640
Service Reviews		(16,500)	(32,700)	(40,800)	(40,800)
Saving		(143,530)	(143,530)	(93,440)	(93,440)
Net Position (Under) / Over Cash Limit	(95,840)	84,890	68,690	60,590	60,590
Non-Cash Limit items	0	(297,490)	0	0	0
Overall Net Position Against Cash Limit (Under) / Over	(95,840)	(212,600)	68,690	60,590	60,590

If all of the identified Priority Policy Fund (PPF) space were anticipated to be called upon for the period from 2013/14 to 2016/17, the above under-achievement in identified ongoing savings, would necessitate an increase in the saving requirement from 2014/15 onwards.

Based upon the PPF proposals incorporated as part of this HRA BSR, there is not expected to be a demand for the full level of funding ear-marked, thus allowing the under-achievement in savings to be offset by the reduction in demand for new funding.

Review of Priority Policy Fund (PPF) Funding

The Housing Revenue Account PPF allows facilitation of strategic re-allocation of limited resource into new and expanding service areas, recognising the priorities identified through the Council's Vision for the City and the STAR Tenants and Leaseholder Survey.

The HRA business Update of October 2012 assumed an increased level of funding for HRA PPF Bids of £150,000 per annum for the period from 2013/14 to 2016/17. The HRA BSR reviews this assumption, considering the affordability of this assumption in light of the outcome of the review of other factors impacting the overall budget position.

The current list of PPF Bids is shown in Appendix G. In reviewing PPF Bids for approval, consideration is given to the relative value of PPF Bids compared to the additional Savings that their inclusion would require.

HRA Priority Policy Fund 2013/14	2013/14 £	2014/15 £	2015/16 £	2016/17 £
Funding available	(150,000)	(150,000)	(150,000)	(150,000)
Bids into Fund	100,170	139,440	39,270	39,270
Shortfall / (Unused) Funding	(49,830)	(10,560)	(110,730)	(110,730)

The level of PPF funding was increased from £75,000 to £150,000 per annum as part of the HRA Business Plan Update in October 2012, due particularly to the challenges anticipated as part of the introduction of the Welfare Benefit Reforms. The higher level of short-term PPF bids directly reflects our assumed need to respond proactively to these changes. There has been a lower demand for ongoing PPF funding as part of the 2013/14 budget process, due to a recognition that the current economic climate suggests the need for austerity, coupled with limited officer capacity to bring forward areas for additional investment in the early years of an already significantly enhanced HRA Business Plan.

Any unused PPF funding could be utilised to either:

- Increase the level of direct revenue funding of capital
- Increase the ability to set-aside resource to repay housing debt
- Offset the under-achievement in net savings to avoid an increased savings requirement in future years

Given the demand for PPF at a lower level than allowed for, it is proposed to offset this against the inability to fully meet the HRA Net Savings Requirement for 2013/14 and beyond, thus avoiding the need to increase the anticipated level of saving required in future years, at a time

when the HRA faces some key challenges in rent collection and arrears recovery terms, whilst also embarking on new initiatives such as major new build and re-development programmes.

The effects of this would be as follows:

Proposal Type	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £
Reduction required to meet Cash Limit	0	98,190	98,190	98,190	98,190
Service Reviews	0	(16,500)	(32,700)	(40,800)	(40,800)
Savings	(174,090)	(143,530)	(143,530)	(93,440)	(93,440)
Unavoidable Revenue Bids	78,250	146,730	146,730	96,640	96,640
Net Position above / (below) savings requirement	(95,840)	84,890	68,690	60,590	60,590
PPF Funding	0	(150,000)	(150,000)	(150,000)	(150,000)
PPF Bids	0	100,170	139,440	39,270	39,270
Net PPF Position – Available for Offset Against Under-Achievement in Savings	0	(49,830)	(10,560)	(110,730)	(110,730)
Net Position above / (below) Overall Cash Limit for the HRA	(95,840)	35,060	58,130	(50,140)	(50,140)
Non-Cash Limit Adjustments	0	(297,490)	0	0)	0
Net Position for the HRA above / (below) overall assumptions	(95,840)	(262,430)	58,130	(50,410)	(50,410)

Section 5

Capital and Asset Management

Asset Management

An Asset Management Strategy, detailing the anticipated investment need across the Housing Revenue Account asset base was approved in February 2012, recognising the need to understand, in detail, future investment needs across the entire housing stock.

The ability to balance investment in maintaining existing assets to protect the current revenue streams, with creating new affordable housing assets to generate future revenue streams is key to maintaining a financially viable HRA, whilst meeting some of the increasing housing need in the city.

Determining priorities for investment continues to be a difficult task, with ongoing conflicts in the desire to improve existing housing stock, deliver new affordable housing and invest in the services that are provided to tenants on an ongoing basis, balanced against limited available resource.

Stock Condition

Stock condition data is held in respect of all of the housing stock where access has been possible, with continual updates undertaken as part of the routine programmes of work.

A key area with an identified weakness in terms of data recording is in respect of the communal areas of both sheltered and flatted accommodation, where work is underway to gather the information required to facilitate more accurate investment profiles for incorporation into the Asset Management Plan.

Pending the findings of this work, the uplift of £75.00 per property per annum, as recommended by Savills, has been retained in the Housing Capital Investment Plan to ensure provision of sufficient resources to maintain communal areas (lifts, door entry systems, balconies, landings, balustrades, communal floor coverings and communal rooms) to a safe, decent and desirable standard. Once the work has been completed, this funding will need to be profiled appropriately between years, with any surplus being returned for investment in other areas and any shortfall being made good by reducing spend elsewhere.

Decent Homes

The housing service reported achievement of decency in the housing stock as at 1 April 2012 at 96%, compared with over 99.5% achieving the desired standard at 1 April 2011. There were 354 properties that were considered to be non-decent (in addition to the 755 refusals), with another 643 anticipated to become non-decent during 2012/13.

The target is to achieve and maintain decency in all dwellings, with any properties either non-decent at 1st April each year, or becoming non-decent during the year, are included in the decent homes programme, to be addressed in year.

Stock Investment

The Asset Management Plan, approved in February 2012, addressed the investment need in Housing Revenue Account assets over a 30-year period. An update of the medium-term investment position, for the period from 2012/13 to 2016/17 is included at Appendix N.

New Build Affordable Housing

Delivery of a programme of 146 units of new and re-developed affordable housing is now underway. The Council is working with its procured developer partner, KeepMoat, to deliver a number of mixed tenure schemes, with a mix of affordable and market housing on most sites in an attempt to ensure the financial viability of the programme as a whole. The authority secured provisional grant from the Homes and Communities Agency (HCA) of £2,587,500, towards the development of the affordable homes in the city.

At bid stage, each scheme was included using very broad indicative costs. As the feasibility of each development site is investigated more fully, scheme specific approval is sought from the Executive Councillor for Housing, following scrutiny at Community Services, with the more detailed financial sums then incorporated into the Business Plan at the next opportunity. It is possible that schemes may require further consideration and re-approval once full scheme drawings have been produced and planning constraints investigated.

The first of the schemes to receive scheme specific approval was the re-development of the Seymour Court / Seymour Street site, with 51 units of previously sheltered accommodation now demolished to make way for a mix of market and 20 units of affordable housing.

During 2011/12 and 2012/13 scheme specific approval was given for the development / re-development of housing in Latimer Close, Barnwell Road, Campkin Road (Phase 1), Colville Road (Phase 1), Aylesborough Close and Stanesfield Road. In relation to a number of the schemes, existing residents are being, or will need to be, relocated in preparation for re-development of the site. City Homes are working with residents affected, to ensure that full support is provided in identifying suitable alternative accommodation and re-locating to it.

The table below details the schemes in the 3-year affordable housing programme, which have received site-specific approval, with the total sums approved for investment. Appendix I details the current investment profile for each of the schemes in the programme.

Schemes Approved	Spend Approved (Net of Cross Subsidy)	Grant Approved	Net Cost to CCC Approved
Seymour Court / Street	1,303,000	(350,000)	(953,000)
Latimer Close	1,391,590	(210,000)	1,181,590
Barnwell Road	1,218,160	(280,000)	938,160
Campkin Road (Phase 1)	2,459,740	(315,000)	2,144,740
Colville Road (Phase 1)	1,712,450	(367,500)	1,344,950
Water Lane	1,425,790	(245,000)	1,180,790
Aylesborough Close	2,313,610	(280,000)	2,033,610
Stanesfield Road	696,050	(87,500)	608,550
Total Scheme Specific Approvals	12,520,390	(2,135,000)	10,385,390

Also included in the current business model is the assumption that the authority will deliver the affordable housing on the Clay Farm site in years 3 to 5 of the business plan, subject to scheme viability. Feasibility work is underway for this scheme, which would also deliver a mix of market and social housing on the land currently owned by the Council's General Fund.

Asset Disposals & Acquisitions

Consideration continues to be given to the disposal or acquisition of specific land or property, where there is demonstrable evidence that better value for money can be delivered in respect of the provision of affordable housing. The capital receipt generated by a strategic disposal can be retained in full by the authority, subject to offsetting it against the authority housing capital allowance and utilising it to invest in affordable housing.

Receipts from asset disposals are only recognised in the HRA's reserves at the point of receipt and after all relevant costs have been provided for.

The table below provides an update of the properties currently being considered for market disposal (outside of the currently approved 3-Year Affordable Housing Programme).

Anticipated disposal	Asset	Comment
2012/13	7 Severn Place	Decision secured for market sale of property for commercial land assembly.
2012/13	14 dwellings in Roman Court (one of two existing wings)	Transfer on long lease to Papworth Housing Trust agreed in principle, with transfer anticipated taking place to allow start on site by March 2013, for the re-development of the wing to be retained by the HRA as part of the same project.

Strategic property acquisitions are also considered, with the Council's right of first refusal to buy back ex-right to buy dwellings a primary route for these considerations. All ex-Council dwellings that are subject to the right of first refusal legislation, are considered for re-purchase against the criteria agreed when the legislation was introduced, including criterion such as; whether a

property meets an identified need for specific accommodation or could form part of a site assembly for a future re-development.

The decision to enter into an agreement with Communities and Local Government (CLG) to retain additional right to buy receipts for re-investment in the provision of new affordable housing also encourages the strategic acquisition of existing dwellings in the city as an alternative to building new dwellings, but with CLG being clear that the erection of new dwelling is a clear preference.

Capital Bids

Detailed in Appendix H are the capital bids for the period from 2012/13 to 2016/17, with the impact of these incorporated into the Housing Capital Investment Plan presented at Appendix N.

Also incorporated in this appendix is the virements of £40,000 between the funding ear-marked for investment in communal areas following a full stock condition survey and the budget for works to HRA commercial properties, to allow the conversion of the existing non-dwelling building, known as ECCHO House to be converted to a 2-bedroom dwelling to meet an identified need.

Reductions in the anticipated spend in 2012/13 in respect of both Disabled Facilities Grants and Private Sector Housing Grants and Loans, of £80,000 in each case, have also been included, with the assumption that the funding is moved to 2017/18, the end of the current investment period, the point at which future funding for this area is at risk.

Section 6

Treasury Management Strategy

Background

Treasury Management is defined as:

The management of the organisations investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

It is a statutory requirement for the Housing Revenue Account Council to set a balanced budget, including the revenue implications that arise from capital financing decisions.

When considering any capital expenditure in the Housing Revenue Account, consideration must be given not only to the ability to fund the direct capital expenditure, but also to the revenue implications of both the financing decision and the ongoing cost of managing and maintaining the asset.

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

Current HRA Borrowing

The Council has adopted a two-pool approach to managing Council debt, ensuring that any borrowing taken out for HRA purposes impacts the HRA directly, and does not adversely impact the General Fund.

As at 1 April 2012, the Housing Revenue Account was supporting two forms of borrowing, internal and external.

External Borrowing

Based on the final self-financing determination, the HRA borrowed £213,572,000 from the Public Works Loans Board (PWLB), in a portfolio of 20 maturity loans, at preferential rates ranging between 3.46% and 3.53% depending upon the term of the loan.

Loan Ref	Principal	Interest Rate	Annual Interest	Maturity Date	Term
1	10,678,600	3.46%	369,479.56	28/03/2038	26
2	10,678,600	3.47%	370,547.42	28/03/2039	27
3	10,678,600	3.48%	371,615.28	28/03/2040	28
4	10,678,600	3.49%	372,683.14	28/03/2041	29
5	10,678,600	3.50%	373,751.00	28/03/2042	30
6	10,678,600	3.51%	374,818.86	28/03/2043	31
7	10,678,600	3.52%	375,886.72	28/03/2044	32
8	10,678,600	3.52%	375,886.72	28/03/2045	33
9	10,678,600	3.52%	375,886.72	28/03/2046	34
10	10,678,600	3.52%	375,886.72	28/03/2047	35
11	10,678,600	3.53%	376,954.58	28/03/2048	36
12	10,678,600	3.53%	376,954.58	28/03/2049	37
13	10,678,600	3.53%	376,954.58	28/03/2050	38
14	10,678,600	3.53%	375,886.72	28/03/2051	39
15	10,678,600	3.52%	375,886.72	28/03/2052	40
16	10,678,600	3.52%	374,818.86	28/03/2053	41
17	10,678,600	3.51%	374,818.86	28/03/2054	42
18	10,678,600	3.51%	374,818.86	28/03/2055	43
19	10,678,600	3.51%	373,751.00	28/03/2056	44
20	10,678,600	3.50%	376,954.58	28/03/2057	45
TOTAL	213,572,000	TOTAL	7,494,241.48		

Internal Borrowing

In addition to the external loans attributable to the HRA, there are two sums of internal borrowing from the General Fund, which the HRA is required to support:

- £893,250 internal borrowing derived from historic borrowing approvals prior to 2003
- £283,000 internal borrowing to deliver the first 7 units of new build affordable housing between 2010/11 and 2011/12

The Housing Revenue Account is required to pay the General Fund the annual interest associated with the above borrowing as part of the Item 8 Debit to the HRA, at a specified interest rate.

Future Borrowing

The Housing Revenue Account is subject to an applicable debt cap, as notified to the authority as part of the HRA Self-Financing Settlement, at a level of £230,839,000. With existing debt of £214,748,250, the authority is in the arguably fortunate position that the HRA Business Plan contains £16,090,750 of borrowing headroom, which can be utilised to allow some expansion of the housing business.

The original 30-Year HRA Business Plan included the assumption that the HRA would borrow during the period between 2012/13 and 2016/7 to deliver 250 units of new and re-developed affordable housing.

In the months leading up to the point at which it is identified that the HRA will be required to borrow against this headroom to finance identified investment in new build affordable housing, consideration will be given to both the type and source of borrowing to be taken out.

Borrowing Options

Borrowing Source	Current View
Internal Borrowing	There is still some capacity to internally borrow, but the term of the loan is unlikely to be for the duration of the business plan, as the General Fund will need elements of the resource at various stages over the next 30 years. Consideration should be given to this borrowing route for the additional borrowing required for use of the headroom in the business plan. It should be noted that the rate which the General Fund can expect to earn on external investments over the longer-term, needs to be balanced with any rate for lending that may be offered to the HRA.
Inter-Authority Borrowing	This option is worthy of further consideration, although the appetite locally did not appear to exist in respect of the initial debt settlement borrowing.
PWLB Borrowing	The authority has registered for entitlement to a certainty arte with PWLB, realising a 20 basis point reduction against the published rates available. This opportunity is available for borrowing from 1/11/2012 to 31/10/2013, after which the authority will need to re-register, assuming the certainty rate is still available. This route remains low risk compared with other forms of external borrowing, meaning this route is likely to remain the preferred route after use of any existing internal resource or inter-authority borrowing that is available.

If borrowing from the PWLB, there are a variety of borrowing options remain available to the organisation. Sums can be borrowed for any term of up to 50 years, and there are a number of different types of loan available.

Loan Rate	Description	Current View
Fixed Rate	The interest rate stays static throughout the life of the loan.	The rate being offered by PWLB is lower than available generally and rates are generally lower than they have been for years.
Variable Rate	The interest charged on the loan varies as the interest rate changes.	Carries significant risk in respect of future interest rate rises.

Loan Type	Description	Advantages	Disadvantages	Risks
Maturity	Interest only paid during the life of the loan, with the principal requiring repayment or re-financing at the end of the loan period.	Minimises payments required during the life of the loan, releasing funds for either set-aside for loan repayment at the end of the term or re-investment, therefore providing some flexibility to allow an expanding business model.	Interest payments are higher, as the borrowing rates for this type of loan are the highest of the three available from PWLB. Money is borrowed for the full term and no principal is repaid during the life of the loan.	Resources available during the life of the loan are not invested in income generating schemes / assets or invested appropriately over the longer-term to generate a suitable financial return. If re-financing at the end of the loan period, rates may be significantly higher than at the outset.
Equal Instalment of Principal Loan (EIP)	Interest and principal repaid during the life of the loan, with the principal reducing equally across years, while the interest reduces over time as the loan balance reduces.	Facilitates payback over the term of the business plan. Borrowing rates for this type of loan are the lowest available from PWLB, as the principal sum is reduced quickly.	The annual cost of borrowing is greater in the earlier years of the loan term,	The requirement to repay more in the earlier years may result in an inability to respond to other financial changes in the business model, ie; inflation rates, unanticipated investment need.
Annuity Loan	Interest and principal repaid during the life of the loan with repayments staying the same throughout. As the loan balance reduces, the value of the principal being paid increases and the interest reduces.	Facilitates payback over the term of the business plan. Rates are lower than for maturity loans.	Repayment of an element of the principal is required from the outset which as a stand-alone option could require additional borrowing / reduction in expenditure in the early years of the business plan to meet the borrowing costs.	Additional borrowing required in the early years is not available internally or can only be secured at greater cost externally, limiting ability to further utilise headroom for new build / asset enhancement / service improvements.
Mix of more than one loan type	Combination of multiple loans, either maturity, EIP or annuity	Allows spread of risk and benefit of an element of loans at the lowest interest rate.	Requires greater treasury management, with a mix of a number of loans of differing types.	No additional risks than those highlighted against each loan type.

Type and Source of Borrowing

As noted in the tables above, the Council would always look to lend from the General Fund to the HRA, subject to availability, before any external borrowing was considered. This has the advantage of retaining the money paid as interest within the Council overall; even if the interest rate charged was the same as available externally and so the HRA had no direct benefit, the General Fund would receive investment income that could exceed the levels available from the market.

Although it appears beneficial for the General Fund to lend resource to the HRA in the short-term, the type of loan (ie; fixed or variable) would be key in arriving at an appropriate decision. The preferred borrowing route for the HRA is likely to remain fixed interest loans, however, for the General Fund, this could result in lower interest receipts over the medium and longer-term, than those that may have been realised from market lending, depending upon the prevailing interest rates.

The introduction of a PWLB Certainty Rate, available initially until October 2013, equivalent to a 20 basis point reduction in the standard PWLB rates, provides an incentive for the authority to consider external PWLB borrowing as an alternative to internal or inter-authority borrowing.

At the point at which the HRA is required to take out additional borrowing, consideration will be given to the most mutually advantageous borrowing route. PWLB rates are revised and re-issued on a twice-daily basis, and hence it will be necessary to review any borrowing decision in light of prevailing rates at the date the borrowing is required.

Loan Portfolio

In respect of additional borrowing, the sums required are not expected to be significant enough to justify a vast portfolio of loans, with any perceived benefits to be derived from such a portfolio, potentially outweighed by the administrative burden associated with setting up and managing them.

Consideration will be given to single versus multiple loans, with the loan term chosen, taking into consideration the purpose of the borrowing. In respect of additional borrowing to facilitate new build affordable housing, the break-even and payback period of the schemes being financed will be a key factor.

Premature Repayment of PWLB Debt

The potential to redeem loans held with the PWLB, at an earlier stage than agreed at the outset, still remains. A discount rate is used at the point of redemption, to calculate whether the authority should pay a premium, or alternatively receive a discount, for repaying the principal sum early.

If the discount rate applicable at the point of redemption is lower than the original loan rate, a premium is payable and if it is higher, a discount is receivable by the authority.

With the view that the interest rates secured on 28th March 2012 to fund the self-financing settlement were at or near the lowest point they are likely to achieve and that the direction of travel over time will be upward, any decision to redeem debt early is likely to deliver a benefit to the HRA, in the form of receipt of a discount for early redemption.

This view supports the opinion that borrowing for a longer period if rates are low, provides additional flexibility in terms of not only releasing resource for alternative investment during the life of the business plan, but also by recognising the potential benefit of repaying debt prematurely should balances be available to do so.

Treasury Management Summary

In summary, in respect of additional borrowing against the headroom in the Business Plan, it is still recommended that:

- Fixed rate loans are considered as opposed to the variable alternative
- Consideration is given, in each case, to borrowing from the General Fund, other public sector organisations and the PWLB, with the financial impact of each option identified
- If borrowing from the PWLB, the previous approach of taking out maturity loans to provide flexibility and reduce risk is continued
- The term of the loan should be considered based upon the break-even and payback of the scheme and the impact on the HRA's cashflow, with the aim that schemes should payback within the 30 year life of the business plan
- Multiple loans should be considered if clear financial benefit can be demonstrated

Section 7

Summary and Overview

Equality Impact Assessment, Uncertainties and Risk Assessment

Equality Impact Assessment

Under current legislation, local authorities have legal duties to pay 'due regard' to the need to eliminate discrimination and promote equality with regard to race, disability, gender, including gender reassignment, age, sexual orientation, pregnancy / maternity, and religion or belief as well as to promote good race relations.

The law requires that this duty be demonstrated in the decision making process. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show 'due regard'.

As a key element of considering the changes proposed in this Budget Setting Report, an Equality Impact Assessment has been undertaken covering all of the HRA Budget 2013/14 proposals. The assessment identifies the impact that financial proposals could have on equality groups, together with mitigation arrangements. It also includes an action plan identifying how disadvantage or negative impact can be addressed, together with timescales and details of lead officers. This is included in this report at Appendix O.

Risk Assessment

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

An update of the key risks and associated mitigating actions is presented at Appendix J.

HRA Reserves

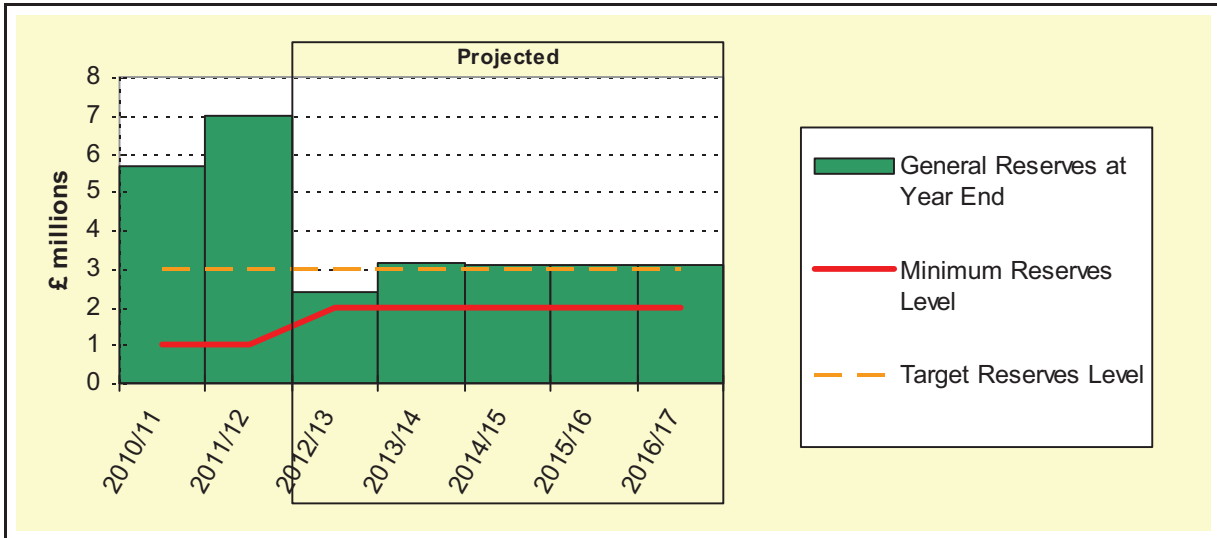
Housing Revenue Account General Reserves

Reserves are held partly to help manage risks inherent in financial forecasting and budget-setting. These risks include, changes in inflation and interest rates, unanticipated service demands, rent and other income shortfalls, and emergencies, such as uninsured damage to the housing stock. In addition, reserves may be used to support the Housing Capital Investment Plan and, in the short-term, to support revenue spending, for example to spread the impact of savings requirements over more than one financial year.

The HRA BSR incorporates the requirements of the Local Government Act 2003, whereby the Chief Financial Officer must report on the adequacy of reserves and provisions and the robustness of budget estimates.

For the Housing Revenue Account the intended target level of reserves remains at £3m, while the minimum level of reserves was increased as part of the HRA Self-Financing Business Plan, to £2m, recognising the increased risks associated with operating in a self-financing environment.

It is not proposed at this time to make any further changes to the target or minimum levels for reserves, as it is considered prudent to retain the current levels in order to safeguard the Council against the higher levels of risk and uncertainty associated with the new financial regime.



Base Assumptions and Sensitivities

The current base financial assumptions, reviewed and used, as part of this BSR are detailed in Appendix K. In all cases, the revised assumptions included are derived from the best information available at the current time, utilising both historic trend data and the expert advice and opinion of specialists in the field of housing finance, lending and borrowing and asset management.

For every figure used in the assumptions made in the financial models and Business Plan, there will always be an infinite number of alternative values that could have been used. To mitigate the risks associated with this, modelling of key sensitivities is undertaken, recognising that it is impossible to model all permutations of each of the key sensitivities.

Appendix L provides an update of the key sensitivities modelled in the original HRA Business Plan, at current prices.

Future Issues and Prospects

The financial position for the Housing Revenue Account will be subject to ongoing review, with an update of the HRA Business Plan scheduled to be presented in the September / October 2013 committee cycle.

The key areas for consideration as part of this planned review are currently:

- Progress, and performance against original financial expectations, of 3-Year Affordable Housing New Build and Re-Development Programme
- Ability to deliver against commitment for new build dwellings as part of the Right to Buy Retention Agreement, with options for early repayment of receipts if required
- Financial and operational impact of Welfare Benefit Reforms
- Impact of any changes in Tenancy Policy, following review by September 2013
- Financial and operational impact of changes in the delivery of support services
- Financial and operational impact of Asset Management Action Plan and Repairs improvement Plan activities for 2012/13 and 2013/14

Options and Conclusions

Overview

The budget for 2013/14 and beyond has been considered in the wider context of the locally identified priorities, which seek to achieve a balance of investment in housing assets and services:

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

Feedback from tenants in the 2012 Tenants and Leaseholder Survey indicates the following top 5 priorities for future investment in housing services:

1. Building new council homes
2. Repairing existing council homes
3. Providing sheltered housing
4. Dealing with enquiries and providing support to tenants
5. Tackling anti-social behaviour

Options

The work undertaken as part of the 2013/14 budget process, to date, has resulted in the development of proposals for the base budget of the Housing Revenue Account.

During January 2013, Housing Management Board and Community Services will have considered the budget proposals, prior to the Executive Councillor for Housing making recommendation for the final HRA Budget for 2013/14 to 2016/17 to Council for consideration and approval.

The HRA BSR recommends, in summary:

- Approval of the revised budget proposals as presented
- Approval of the unavoidable revenue bid proposals as presented
- Approval of the general savings proposals as presented
- Approval of the service review savings as presented
- Approval of the non-cash limit items as presented
- Approval of the PPF bids as presented
- Approval of the capital bids as presented

The meeting of Council on 21 February 2013 will consider the final proposed Budget, as identified in this report, for approval.

Conclusions

The review of key factors undertaken and presented in this report shaped the approach for finalising the budget for 2013/14.

As part of the 2013/14 budget process, significant pressures from Unavoidable Revenue Bids was identified in a number of areas of the service.

The level of savings required was driven by the need to ensure that housing debt could still be redeemed at the point originally anticipated, whilst also releasing resource for strategic re-allocation through the PPF bid process. This ensures that the Housing Service is in a position to respond to new challenges and to meet changing demands and tenant / leaseholder aspirations.

Although the level of saving required to reach the cash limit was not achieved, the ability to offset this against a lower than anticipated demand for PPF funding has resulted in the ability to present a sustainable budget for the period 2013/14 to 2016/17.

In future years, as in previous years, consideration will need to be given to whether the perceived benefits of strategic investment in new areas outweigh any anticipated negative impact of the savings proposed as part of the HRA budget process.

The HRA's approach to long-term financial planning and review, incorporating prudent financial assumptions, is key in ensuring a viable housing service, which has the ability to respond to the many and varied challenges that face the sector on an ongoing basis.

Appendix A (1)

Housing Revenue Account

Write Off Policy

1 Introduction

The purpose of this Write Off Policy is to outline the circumstances where rent, and other arrears, should be submitted for write off and the guidelines that should be followed as set out in this policy.

2 Background

Cambridge City Council's rental income supports the management, maintenance and major improvements of the housing stock. In addition to supporting the debt taken on under Self Financing. It is therefore the Council's policy to exhaust all possible options to try to recover arrears in accordance with its rent arrears policy.

The write off policy will be required in circumstances where all efforts have failed to recover the debt, legal action can no longer be taken and the debt is deemed to be no longer recoverable.

3 Policy Statement

Cambridge City Council's Write Off Policy focuses around the following statements of principle:

- Exhaust all possible options to try to recover the arrears in accordance with its rent arrears policy.
- Evidence the methods used for the recovery of the arrear as part of the write off request.
- Ensure debts to be written off receive the relevant approvals, as set out in this policy, and in compliance with the Council's Constitution and Financial Standing Orders.

4 Policy Criteria

Debts may be submitted for write off if they fall into one of the following criteria:

- **Debtor Untraceable** - Where the activity undertaken to trace the debtor, particularly in the case of Former Tenants Arrears, has been unsuccessful.
- **Debtor Deceased** - Where the tenant is deceased and it is proven that there are no funds available in the estate.
- **Uneconomical to Recover** - Where an arrear is deemed uneconomical to pursue and routine recovery activity has been unsuccessful. In any given year, less than two weeks average rent is deemed to be the threshold for a debt being uneconomical to pursue.
- **Bankruptcy** – Where the tenant has been made bankrupt and we can no longer pursue the tenant for the debt covered under the bankruptcy order.
- **Debt Relief Order (DRO)** – Similar to a bankruptcy order, a tenant that has a DRO can no longer be pursued for any arrear covered within the order. In the case of a DRO, the council hold the debt for a period of 12 months before the debt is forwarded for write off to ensure no changes to circumstances occur within the period.
- **Recovery Procedures Exhausted** - In cases where all available options have been pursued and activity is now deemed to be exhausted.
- **Debts Over 7 Years Old** – Where the debt has remained on a rent account for a long period of time due to a variety of reasons but is now considered too old to pursue through the legal process as too much time has elapsed.
- **Imprisonment** – These cases need to be considered, depending upon the circumstances and length of imprisonment involved.
- **Unable to Substantiate Debt** – In exceptional circumstances insufficient information may be held in order to substantiate the debt.

- **Other / Special Circumstances** – Exceptional circumstances where the landlord considers write off the most appropriate action.

5 Policy Process

The write off policy is enacted from the point at which a decision is taken to put forward an arrear case for write off. Prior to this, the Arrears Recovery Policy should be followed. The following steps should be taken to request a write off be considered.

- **Request for Write Off Form** - The request for write off form can be produced directly from The Housing Management System, pre-populates with a large amount of the data required from the rent account to facilitate the write off. This form should then be completed by the requesting officer, detailing the action taken and justification / reason for the request, attaching any relevant evidence or supporting documentation. The requesting officer should then sign the form. A separate request form will need to be completed for each tenant debt put forward.
- **Write Off Batch Header Form** – When the requests for write off forms have been completed they should be listed in batches on the Write Off Batch Header Form. Batches of debts should be prepared in line with the approval limits / bandings contained within this policy. This form should also be signed by the requesting officer and all documentation passed to the finance section of the Hobson Business Team.
- **Finance Verification** - On receipt of the completed write off documentation, a finance officer will check the paperwork and evidence provided and the reason for write off, to ensure that all arrears recovery options have been explored prior to the submission. The finance officer will then sign and log the case and reference the batch.
- **Approval Stages** – Dependent upon the value banding of the batch, requests are then passed to the next stage for approval, in line with the approval limits in section 6 of this policy. The write off's are considered and / or approved by one or two of the following depending on value; Director of Customer and Community Services, Director of Resources, Executive Councillor for Housing and Housing Management Board.

6 Policy Approval Limits / Bandings

The following approval limits exist and where it is necessary to forward the write off's to the Scrutiny Committee (Housing), a report must be provided with a summary of the cases to be considered detailing a brief history of each individual case.

- **£0.00 - £500.00** – Director of Customer and Community Services
- **£500.01 - £1000.00** – Director of Resources
- **£1000.01 - £2000.00** – Director of Resources and Executive Councillor for Housing.
- **£2000.01 and above** – Director of Resources and Executive Councillor for Housing (following pre-scrutiny at Housing Management Board).

7 Review of Write Off Policy

The Council will update and review the policy in accordance with any changes in legislation relating to the collection of debt or any other housing legislation.

The bad debt provision will be reviewed annually as part of the HRA Business Planning and Budget Setting processes.

The policy will be reviewed by officers at a minimum of every 3 years, with any changes being presented to Housing Management Board for pre-scrutiny and approval by the Executive Councillor for Housing.

Policy Date January 2013

Review Date January 2016

Appendix A (2)

Housing Revenue Account

Rent Setting Policy

1 Introduction

The purpose of this policy is to explain how Cambridge City Council will set rent levels for its properties.

2 Policy Statement

Cambridge City Council's Rent Setting Policy focuses around the following statements of principle:

The Council will set rents in accordance with Government rent restructuring policies and guidance.

Rents are set at a level that ensures that the Council can meet its landlord obligations to tenants, maintaining stock to the Decent Homes Standard, while delivering a financially viable Housing Revenue Account over the longer term.

Rents are set to ensure that the Council moves actual rent levels towards rent restructured target rents in line with the Government's target date for convergence.

3 Policy Objectives

The objectives of the rent setting policy are:

- To identify how Cambridge City Council will set rents for general stock properties
- To identify how Cambridge City Council will set rents for shared ownership properties
- To identify how Cambridge City Council will set rents for garages and parking spaces

- To comply with the Government's rent restructuring policy
- To identify the process for providing statutory notice to tenants of proposed changes in rent levels

4 Background

Rent restructuring was introduced with effect from April 2002, following the Government's policy statement in December 2000 when Ministers published "The Way Forward for Housing".

The Government's aim is to ensure consistency in the calculation of rent across local authorities and other Registered Providers (RP's), ensuring that social rents are more affordable, fairer and less confusing for all tenants.

The rent restructuring policy requires rents to be set based upon formula driven by a combination of relative county earnings and relative property values.

5 Detailed Implementation

In line with the rent restructuring policy, Cambridge City Council calculates a 'target' rent for each individual property based on the Government's 'target' rent formula as set out below:

- 70% based on the average county-level manual earnings compared with the national average manual earnings;
- 30% based on the January 1999 property valuation of an individual property, compared with the national average value of a social housing property;
- An additional 'weighting' based on the number bedrooms in the property.
- A weekly rent cap for properties based upon the number of bedrooms in the property.

Actual rents currently charged below target rents will move towards target rents in accordance with the Government's assumptions for guideline rent convergence.

6 Annual Rent Increases

In line with the Council's tenancy conditions, tenants will be given 4 weeks written notice of any change in rents, which will usually be effective from the annual date for rent increases, being the first Monday in April of each calendar year.

Annual rent increases currently comprise, in line with the guidelines, two elements:

Inflation plus 0.5% across all properties (based on the retail price index (RPI) inflation rate for the preceding September)

Increase (or decrease) in an attempt to ensure rent convergence over the convergence period, under rent restructuring guidelines (limited to a maximum of £2 per week on a 52 week basis)

Rent will be due on each Monday during the rent year (52 or 53 weeks), but will be raised on rent accounts across 48 chargeable weeks for collection purposes.

7 General Needs, Sheltered and Supported Housing

Cambridge City Council does not currently apply the 5% flexibility in formula rents (10% for sheltered / supported housing), but will review this practice on an annual basis, with any change proposed only after consultation.

Rents in respect of void properties with a higher than average energy efficiency rating (a SAP rating of C or above), will be set at target rent before the property is re-let. Rents in respect of other void properties, including mutual exchanges, will continue to be phased towards target rents in line with other properties in the area.

Rents for properties which have undergone a material change, full refurbishment or rebuild, (i.e.; sheltered scheme refurbishment, property extension or conversion) will be set immediately at target rents, reflecting the increased investment and condition of the property.

Rents for all new build properties will be introduced immediately at either target or Homes & Communities Agency approved rent levels, reflecting the initial investment and condition of the property.

8 Shared Ownership Housing

Rents for shared ownership properties will be amended in line with the requirements of the lease.

Target rents will be reduced by 20%, in line with the terms of the shared ownership lease, to reflect the tenant's liability for repairs to the property.

Rents will be increased (or decreased) in line with government guidelines for rent restructuring as far as possible within the terms of the lease, with a maximum increase of inflation (RPI at the preceding September) plus 0.5% plus a proportion of £2 directly relational to the share retained by the Council.

Rents in respect of void properties with a higher than average energy efficiency rating (a SAP rating of C or above), will be set at target rent before the property is re-let. Rents in respect of other void properties will continue to be phased towards target rents in line with other properties in the area.

Rents in respect of void properties with a higher than average energy efficiency rating (a SAP rating of C or above), will be set at target rent before the property is re-let. Rents in respect of other void properties, including mutual exchanges, will continue to be phased towards target rents in line with other properties in the area.

9 Garages

Rent levels for garages and parking spaces will be reviewed annually as part of the budget process, set according to demand.

VAT will be applied to all private garages, ie; garages or parking spaces let to those who are either not housing tenants of Cambridge City Council or are tenants where the garage is not in the immediate proximity of the tenanted dwelling.

10 Monitoring

The setting of all rents will be monitored and reviewed annually by Housing Management Board, with decisions in respect of rent setting being made by the Executive Councillor for Housing.

11 Review of the Rent Setting Policy

The Rent setting policy will be reviewed by officers at a minimum of every 3 years, with any changes being presented to Housing Management Board for scrutiny and approval by the Executive Councillor for Housing.

Policy Date January 2013

Review Date January 2016

Appendix B

Service Charges

	Charges 2012/13	Charge Basis	Charges 2013/14
General Stock			
Caretaking Charge	£0.77 to £5.15	Per Week Over 48 Weeks	A
Communal Cleaning	£1.09 to £4.63	Per Week Over 48 Weeks	A
Estate Services Champion	£0.75	Per Week Over 48 Weeks	A
Window Cleaning	£0.01 to £1.53	Per Week Over 48 Weeks	A
Door Entry	£0.15 to £1.65	Per Week Over 48 Weeks	B
Passenger Lifts	£0.44 to £0.45	Per Week Over 48 Weeks	B
Gas Maintenance / Servicing	£2.01	Per Week Over 48 Weeks	B
Digital TV Aerial Charge	£0.49	Per Week Over 48 Weeks	A
General Sheltered Schemes			
Premises Charge	£0.54 to £19.92	Per Week Over 48 Weeks	A
Communal Heating / Lighting	£2.51 to £7.23	Per Week Over 48 Weeks	A
Individual Heating / Lighting	£4.74 to £10.34	Per Week Over 48 Weeks	A
Water	£2.21 to £2.97	Per Week Over 48 Weeks	A
Grounds Maintenance	£0.93 to £2.28	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£2.55 to £4.66	Per Week Over 48 Weeks	B
Ditchburn Place			
Premises Charge	£2.92 to £46.15	Per Week Over 48 Weeks	A
Communal Heating / Lighting	£0.68 to £5.68	Per Week Over 48 Weeks	A
Individual Heating / Lighting	£5.58 to £10.99	Per Week Over 48 Weeks	A
Water	£3.10 to £5.09	Per Week Over 48 Weeks	A

Catering	£90.38	Per Week Over 48 Weeks	A
Grounds Maintenance	£1.87	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£2.40	Per Week Over 48 Weeks	B
Launderette Charges - Wash	£3.00	As Requested	A
Temporary Accommodation			
Premises Charge	£48.03 to £55.23	Per Week Over 48 Weeks	A
Individual Heating / Lighting	£15.38 to £26.15	Per Week Over 48 Weeks	A
Water	£6.67	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£3.44 to £7.04	Per Week Over 48 Weeks	B
Independent Living Services			
Private Lifelines - In City	£4.54	Per Week Over 52 Weeks	£4.65
Private Lifelines - Out City	£7.35	Per Week Over 52 Weeks	£7.53
Keysafe / Keyholding Charge	£1.84	Per Quarter	£1.88
Warden Agencies	£3.95	Per Week Over 52 Weeks	£4.04
Monitoring Charge	£0.30	Per Week Over 52 Weeks	£0.32
Leasehold Charges for Services			
Solicitors' pre-sale enquiries	£75.00	As Requested	£75.00
Copy of lease	From £20.00	As Requested	From £20.00
Re-mortgage Enquiry/Copy of Insurance schedule	£25.00	As Requested	£25.00
Notice of Assignment/Notice of Charge	£75.00	As Requested	£75.00
Deed of Variations	£150.00	As Requested	£150.00
Retrospective consent for improvements	£10.00	As Requested	£10.00
Registering sub-let details	£50.00	As Requested	£50.00

Key	
A	These charges are currently (or will be - in the case of any new charges), based on recovering the actual cost of service provision and the proposal is to continue to recover the full estimated cost of providing these services in 2013/14.
B	These charges were separated out from pooled rent in 2004/05, and therefore can be increased to recover full cost up to a maximum of inflation at 3.1% (RPI at September 2012 plus 0.5%) for future years.
	<p>Service charges levied for support activities will be subject to alteration as a result of the savings requirement, or tender outcomes, as arrived at by the County Council Supporting People Team.</p> <p>Charges for the optional household contents insurance scheme will continue to be determined by the insurer but notified to tenants by the Council.</p>

Appendix C

HRA Earmarked & Specific Funds (£'000)

Repairs & Renewals

Housing Revenue Account	Opening Balance	Contributions	Expenditure to November 2012	Closing Balance
General Management	(951.6)	(139.0)	1.0	(1,089.6)
Special Services	(1,007.4)	(135.6)	22.1	(1,120.9)
Repairs and Maintenance	(28.8)	(12.2)	0.0	(41.0)
Totals	(1,987.8)	(286.8)	23.1	(2,251.5)

Major Repairs Allowance

	Opening Balance	Contributions	Expenditure to November 2012	Closing Balance
MRA	(1,171.1)	(0.0)	0.0	(1,171.1)

Shared Ownership

	Opening Balance	Contributions	Expenditure to November 2012	Closing Balance
Shared Ownership	(300.0)	(0.0)	0.0	(300.0)

Tenants Survey

	Opening Balance	Contributions	Expenditure to November 2012	Closing Balance
Tenants Survey	(33.8)	(6.2)	4.7	(35.3)

Aerial – Roof Space Rental

	Opening Balance	Contributions	Expenditure to November 2012	Closing Balance
Aerial Income	(87.6)	(0.0)	0.2	(87.4)

Pension Reserve

	Opening Balance	Contributions	Expenditure to November 2012	Closing Balance
Pension Reserve	(63.8)	(0.0)	0.0	(63.8)

Debt Set-Aside

	Opening Balance	Contributions	Expenditure to November 2012	Closing Balance
Debt Set-Aside	(0.0)	(0.0)	0.0	(0.0)

2013/14 Budget - Revised Budget 2012/13

Page 1 of 3

Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact	Officer Priority (Bids)
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Revised Budget

Housing Revenue Account

RB3030	Reduction in the budget for external audit fees	(5,000)	0	0	0	0	Julia Minns	
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The Audit Commission audit practice will cease to operate with effect from October 2012. Contracts for the external audit of public sector bodies have been awarded to the private sector following a regionally based tendering exercise and the associated scale fees have been reduced by 40% from those which previously applied. The reduction in 2012/13 represents a part year effect only. (See also S3026).

RB3036	Savings in City Homes Operational Expenditure	(20,000)	0	0	0	0	Robert Hollingsworth	
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It is anticipated that reductions can be made in professional training (£5,000), general training (£5,000), consultants and professional fees (£5,000) and car and cycle allowances (£5,000), where expenditure in recent years has been lower than previously experienced.

RB3041	Savings in Independent Living Service Management costs	(58,260)	0	0	0	0	Robert Hollingsworth	
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A vacant post, at a senior level in the Independent Living Service, is currently being held open pending a review of the service structure in light of anticipated changes in the way that support services are funded / provided.

RB3046	Additional costs of repairs and void works to Temporary Housing properties	13,150	0	0	0	0	Frances Swann	
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Due to an increased demand for homeless temporary housing units, the costs of repairs and void works for 2012/13 are more than previously budgeted. Unit numbers have increased from approximately 55 to 65 over the last year, with a further increase anticipated.

RB3185	Reduction in budget for Anti-Social Behaviour external legal costs	(10,000)	0	0	0	0	Lynda Kilkelly	
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Based upon the experience in recent years of the volume of work passed to external legal firms, it is anticipated that a reduction can be made in the budget for such fees. Any one complex case could cause a problem in any one year, but would not be expected to have an ongoing impact.

RB3188	Additional costs of catering services at Ditchburn Place	9,770			0	0	Laura Wilderspin	
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2013/14 Budget - Revised Budget 2012/13

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact	Officer Priority (Bids)
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Revised Budget

A combination of staff sickness and the externalisation of catering services from September 2012 have resulted in an anticipated overspend in costs for the current financial year.

RB3189	Re-alignment of the budget for water quality testing	(14,240)	0	0	0	0	John Horwood	
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Based upon prior years expenditure, it is proposed to re-align the budget for routine water testing in line with current spending.

RB3191	Staff savings in Resident Involvement	(18,520)	0	0	0	0	Sandra Farmer	
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The change in arrangements for resident involvement has resulted in an anticipated underspend in employee costs for the year, with a lead in time to recruiting to the new role, which as recruited to internally, in turn resulted in a follow on recruitment.

RB3195	Reduction in garage income	14,470	0	0	0	0	Andrew Latchem	U
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Garage income is lower than anticipated due to increased voids as part of the HRA new build redevelopment programme.

RB3197	Reduction in leasehold service charge income	40,860	0	0	0	0	Andrew Latchem	U
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Income in respect of leasehold services is expected to be less in 2012/13 as a direct impact of the level of repairs carried out in communal areas in 2010/11, which is reflected in adjustments made to leasehold charges for the current year.

RB3203	Re-alignment in budget for TV aerial maintenance	(26,170)	0	0	0	0	John Horwood	
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Following installation of new equipment in recent years, a formal maintenance contract is not considered necessary, with the lower level of routine repairs to the installations now being met from responsive repair budgets.

RB3210	Changes in interest payable and receivable in respect of the HRA for 2012/13	(21,900)	0	0	0	0	Julia Hovells	
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Changes in the both the assumed level of internal borrowing and in the anticipated year end HRA balances, result in a net reduction in cost to the HRA.

Total Revised Budget in Housing Revenue Account

Page 96	(95,840)	0	0	0	0
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2013/14 Budget - Revised Budget 2012/13**Page 3 of 3**

Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact	Officer Priority (Bids)
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Revised Budget

Total Revised Budget	(95,840)	0	0	0	0
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Report Total	(95,840)	0	0	0	0
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2013/14 Budget - Non-Cash Limit Items 2013/14

Page 1 of 2

Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact	Officer Priority (Bids)
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Non-Cash Limit Items

Housing Revenue Account

NCL3216	Adjustment to anticipated rent income for 2013/14		0 517,580		0	0	0 Julia Hovells	
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A lower level of rent income is anticipated in 2013/14, due to a delay in the expected release dates of the first affordable housing new build properties, coupled with loss of rent from an earlier point than expected as residents in properties identified for re-development are re-housed further in advance of works beginning than initially anticipated.

NCL3217	Reduction in HRA Bad Debt Provision		0 (6,890)		0	0	0 Julia Hovells	
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The provision for bad debt in the HRA is based upon a percentage of the rental income. A reduction in anticipated rental income drives a slightly lower contribution to the fund from 2013/14.

NCL3218	Reduction in the level of revenue funding of capital for 2013/14		0 (517,260)		0	0	0 Julia Hovells	
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The timing of payments associated with the first of the new build affordable housing programme contracts is such that a lower level of resource is anticipated to be required to fund capital expenditure in 2013/14.

NCL3219	Net changes in interest payable and receivable by the HRA		0 (177,510)		0	0	0 Julia Hovells	
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Changes in the anticipated profile of additional borrowing against the HRA borrowing headroom are expected to result in less interest payable in 2013/14.

NCL3220	Reduction in assumed depreciation charges to the HRA		0 (113,410)		0	0	0 Julia Hovells	
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An adjustment has been made to reflect the use of the self-financing settlement assumption of uprated Major Repairs Allowance in place of componentised depreciation, which is allowable for a 5 year transitional period, if we so choose. The approach to depreciation for 2014/15 and beyond, will be considered as part of the HRA Business Plan Update of October 2013, taking into consideration any emerging guidance.

Total Non-Cash Limit Items in Housing Revenue Account			0 (297,490)		0	0	0	
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Total Non-Cash Limit Items			0 (297,490)		0	0	0	
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2013/14 Budget - Non-Cash Limit Items 2013/14

Page 2 of 2

Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact	Officer Priority (Bids)
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Non-Cash Limit Items

Report Total

		0	(297,490)		0	0		0
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2013/14 Budget - Cash Limit 2013/14 to 2016/17

Page 1 of 5

Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact	Officer Priority (Bids)
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Reduction required to Cash Limit**Housing Revenue Account**

RCL3204	HRA savings target and required reduction in responsive repairs in line with stock reductions		0	98,190	98,190	98,190	98,190	Julia Hovells
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The general savings target for the HRA for 2013/14 was agreed at £76,880, with an additional requirement to reduce responsive repairs expenditure by £21,310 in line with anticipated stock reductions.

Total Reduction required to Cash Limit in Housing Revenue Account

0	98,190	98,190	98,190	98,190
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Total Reduction required to Cash Limit

0	98,190	98,190	98,190	98,190
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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact	Officer Priority (Bids)
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Unavoidable Revenue Bids

Housing Revenue Account

UR3038	Additional staffing resource to manage decant process in respect of HRA New Build and Re-Development Programme		0	50,090	50,090	0	0 Robert Hollingsworth	U
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Additional 1.5 FTE Assistant Housing Officer resource is expected to be required in 2013/14 and 2014/15, to manage the process of finding alternative accommodation for residents in housing which has been approved for re-development, managing the transfer process and the site until handover to a developer. This cost will be met from the fees associated with the capital budget for new build / re-development.

UR3045	Additional costs in managing and maintaining Temporary Housing properties		0	23,600	23,600	23,600	23,600 Frances Swann	U
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Due to an increased demand for homeless temporary housing units, the costs of repairs, void works and utilities are more than previously budgeted. Unit numbers have increased from approximately 55 to 63 over the last year, with a further increase anticipated.

UR3187	Increased costs of asbestos surveys		0	42,200	42,200	42,200	42,200 John Horwood	U
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The authority, as a landlord, has an obligation to comply with the current asbestos legislation, which requires additional asbestos sampling and testing prior to any works in a property.

UR3198	Reduction in leasehold service charge income		0	30,840	30,840	30,840	30,840 Andrew Latchem	U
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Income in respect of leasehold services is expected to be less in 2013/14 as a direct impact of the level of repairs carried out in communal areas in 2011/12, which is reflected in adjustments made to leasehold charges for the upcoming year.

Total Unavoidable Revenue Bids in Housing Revenue Account		0	146,730	146,730	96,640	96,640		
Total Unavoidable Revenue Bids		0	146,730	146,730	96,640	96,640		

2013/14 Budget - Cash Limit 2013/14 to 2016/17

Page 3 of 5

Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact	Officer Priority (Bids)
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Service Reviews

Housing Revenue Account

SR3113	Delete vacant Customer Care & Quality Officer post	0	(16,500)	(16,500)	(16,500)	(16,500)	Robert Hollingsworth	
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Post No: A1249_01, Customer Care & Quality Officer is currently vacant. Not filling the post will result in quality systems / complaints handling / service development work being undertaken elsewhere across the service within existing staffing resources.

SR3156	Design, Engineering and Facilities Service. Non replacement of post on retirement.	0	0	(16,200)	(24,300)	(24,300)	Jim Stocker	
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Retirement of Design, Engineering and Facilities Manager. Member of staff has indicated that they will be taking deferred retirement. (See also SR3155).

Total Service Reviews in Housing Revenue Account		0	(16,500)	(32,700)	(40,800)	(40,800)		
Total Service Reviews		0	(16,500)	(32,700)	(40,800)	(40,800)		

Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact	Officer Priority (Bids)
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Savings

Housing Revenue Account

S3026	Reduction in the budget for external audit fees		0	(10,000)	(10,000)	(10,000)	(10,000)	Julia Minns
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The Audit Commission audit practice will cease to operate with effect from October 2012. Contracts for the external audit of public sector bodies have been awarded to the private sector following a regionally based tendering exercise and the associated scale fees have been reduced by 40% from those which previously applied. (See also RB3030).

S3037	Savings in City Homes Operational Expenditure		0	(20,000)	(20,000)	(20,000)	(20,000)	Robert Hollingsworth
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It is anticipated that reductions can be made in professional training (£5,000), general training (£5,000), consultants and professional fees (£5,000) and car and cycle allowances (£5,000), where expenditure in recent years has been lower than previously experienced.

S3042	Reduction in communal electricity budgets for the north of the city		0	(5,000)	(5,000)	(5,000)	(5,000)	Andrew Latchem
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Based upon recent expenditure, it is estimated that the cost of communal electricity in the north of the city will be lower than budgeted.

S3043	Removal of residual operational budget for Roman Court		0	(7,290)	(7,290)	(7,290)	(7,290)	Andrew Latchem
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The residual budget for security and utilities at Roman Court will no longer be required once refurbishment works begin. Any budget required in respect of the new scheme will be matched by assumed service charge income.

S3044	Reduction in shrub replacement programme budget allocation		0	(3,000)	(3,000)	(3,000)	(3,000)	Andrew Latchem
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Following higher levels of investment in shrub replacement in previous years, and some targeted investment on estates as part of the Cambridge Standard capital allocation, it is anticipated that shrub beds can be maintained with a lower level of annual investment in the future. The saving can be identified by reducing the investment in replacing shrubs on housing estates by £1,500 in each of the north and south areas of the city.

S3186	Reduction in budget for Anti-Social Behaviour external legal costs		0	(10,000)	(10,000)	(10,000)	(10,000)	Lynda Kilkelly
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2013/14 Budget - Cash Limit 2013/14 to 2016/17

Page 5 of 5

Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact	Officer Priority (Bids)
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Savings

Based upon the experience in recent years of the volume of work passed to external legal firms, it is anticipated that a reduction can be made in the budget for such fees. Any one complex case could cause a problem in any one year, but would not be expected to have an ongoing impact.

S3190	Re-alignment in the budget for water quality testing	0	(14,870)	(14,870)	(14,870)	(14,870)	John Horwood	
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Based upon prior year expenditure, it is proposed to re-align the budget for routine water testing in line with required spending.

S3192	Net salary adjustments and other minor operational savings	0	(1,970)	(1,970)	(1,970)	(1,970)	Julia Hovells	
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This represents the net impact of budgeting for actual staff in post compared to global assumptions made in salary budgets for spinal points and increments, coupled with minor savings and efficiencies in other operational expenditure

S3194	Capitalisation of staff costs associated with HRA New Build programme	0	(50,090)	(50,090)	0	0	Julia Hovells	
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A bid has been included to allow recruitment of additional staff to undertake the decant of existing HRA properties to facilitate the HRA 146 New Build programme. The revenue bid will be fully offset by the ability to charge these costs to the new build capital projects in the form of fees.

S3206	Reduction in reactive repairs in line with anticipated reductions in stock numbers	0	(21,310)	(21,310)	(21,310)	(21,310)	Bob Hadfield	
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A saving in responsive repairs is proposed to meet the assumed saving in the HRA Business Plan in respect of reductions in spend in line with reduced stock numbers.

Total Savings in Housing Revenue Account	0	(143,530)	(143,530)	(93,440)	(93,440)
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Total Savings	0	(143,530)	(143,530)	(93,440)	(93,440)
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Report Total	0	84,890	68,690	60,590	60,590
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2013/14 Budget - PPF Bids 2013/14 to 2016/17

Page 1 of 2

Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact	Officer Priority (Bids)
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PPF Funding**Housing Revenue Account**

FPPF3205	Priority Policy Funding for the HRA for 2013/14	0	(150,000)	(150,000)	(150,000)	(150,000)	Julia Hovells	
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Total PPF Funding in Housing Revenue Account	0	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)		
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Total PPF Funding	0	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)		
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2013/14 Budget - PPF Bids 2013/14 to 2016/17

Page 2 of 2

Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact	Officer Priority (Bids)
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PPF Bids

Housing Revenue Account

PPF3039	Citywide Garage Project Officer		0	33,390	33,390	0	0 Sandra Farmer	M
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A review of housing garages across the city has resulted in a recommendation to employ a dedicated officer for 2 years, to manage the programme of works, review pricing structures, market and manage garages, making best use of the garage stock and any land available for re-development. The effectiveness of this approach will be reviewed after 2 years to determine whether continued investment in staffing might generate higher rental yield on a longer-term basis.

PPF3040	Additional staffing resource to minimise the impact of the introduction of the Welfare Reforms		0	66,780	66,780	0	0 Robert Hollingsworth	H
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It is anticipated that a proactive approach to supporting households that will be adversely affected by benefit caps, reduction in benefit due to under-occupation and the introduction of universal credit, will minimise the impact for the authority in the longer term. Up front investment is expected to aid income management and minimise any increase in rent arrears. It is proposed that a review of the benefit of these roles be carried out at the end of an initial 2 year period.

PPF3196	Bid to enable delivery of enhanced housing management services in sheltered housing		0	0	39,270	39,270	39,270 Robert Hollingsworth	H
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If it is not viable for the authority to bid to continue to deliver support services in sheltered housing, as procured by the County Council, an enhanced level of housing management activity is proposed to supplement the anticipated low level of support that will be provided under the new support arrangements. Funding has already been approved to allow this to happen in 2013/14, but not yet beyond this date.

Total PPF Bids in Housing Revenue Account		0	100,170	139,440	39,270	39,270		
Total PPF Bids		0	100,170	139,440	39,270	39,270		
Report Total		0	(49,830)	(10,560)	(110,730)	(110,730)		

2013/14 Budget - Capital Bids 2012/13 to 16/17

Page 1 of 1

Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact	Officer Priority (Bids)
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Unavoidable Capital Bids

Housing Revenue Account

UC3199	Bid to meet the costs of leasehold repurchase at Water Lane and Aylesborough Close	0	728,500	0	0	0	Alan Carter	U
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A report to Community Services in October 2012 obtaining approval for the redevelopment of Water Lane and Aylesborough Close did not include in the cost implications the cost of buying back ex-council dwellings from the existing leaseholders.

UC3202	Capital bid to allow re-roofing of Campkin Road shops	108,000	0	0	0	0	John Horwood	
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The HRA owns and manages a number of shops and other commercial premises. The flat roof on the shops in Campkin Road requires urgent re-roofing.

Total Unavoidable Capital Bids in Housing Revenue Account	108,000	728,500	0	0	0			
Total Unavoidable Capital Bids	108,000	728,500	0	0	0			
Report Total	108,000	728,500	0	0	0			

Appendix I

New Build Investment Cashflow – Scheme Specific and Outline Approvals

New Build / Re-Development Scheme	2012/13	2013/14	2014/15	2015/16
	£'0	£'0	£'0	£'0
New Build / Re-Development Expenditure (Net of Developer's Cross Subsidy)				
Seymour Court / Street	19,070	534,930	0	0
Latimer Close	596,450	770,140	0	0
Barnwell Road	157,070	609,080	452,010	0
Campkin Road (Phase 1)	629,270	1,430,070	400,400	0
Colville Road (Phase 1)	150,010	620,820	941,620	0
Water Lane	119,770	119,770	1,186,250	0
Aylesborough Close	366,000	424,180	1,523,430	0
Stanesfield Road	0	696,050		0
Residual 146 Programme Schemes	0	872,640	290,880	0
Clay Farm	0	0	10,246,930	3,415,640
Total New Build/ Re-Development Expenditure	2,037,640	6,077,680	15,041,520	3,415,640
New Build / Re-Development Grant Funding				
Seymour Court / Street	(175,000)	(175,000)	0	0
Latimer Close	0	(210,000)	0	0
Barnwell Road	0	(140,000)	(140,000)	0
Campkin Road (Phase 1)	0	(157,500)	(157,500)	0
Colville Road (Phase 1)	0	(183,750)	(183,750)	0
Water Lane	0	(122,500)	(122,500)	0
Aylesborough Close	0	0	(280,000)	0
Stanesfield Road	0	(87,500)	0	0
Residual 146 Programme Schemes	0	(227,500)	(227,500)	0
Clay Farm (Grant assumed, not awarded)	0	0	(910,000)	(910,000)
Total New Build / Re-Development Funding	(175,000)	(1,303,750)	(2,021,250)	(910,000)
Balance to be Funded from HRA Resources or Borrowing	1,862,640	4,773,930	13,020,270	2,505,640

Appendix J

Key Risk Analysis

Risk Area & Issue arising	Controls / Mitigation Action
Effects of Legislation / Regulation	
<p>Implications of new legislation / regulation or changes to existing are not identified.</p> <p>Funding is not identified to meet the costs associated with changes in statutory requirements.</p> <p>HRA Debt Settlement could be re-opened by Government</p>	<ul style="list-style-type: none"> • Effective processes are in place for the HRA to ensure that implications are identified and raised • Additional / specific funding enhancements for new services are earmarked for that purpose, to ensure effective implementation • The Council has processes in place to manage the demands of local and national housing agendas, including the Vision Statement and HRA Business Plan
Housing Portfolio & Spending Plans	
<p>The Council approves plans which are not sustainable into the future, leading to increasing problems in balancing budgets.</p>	<ul style="list-style-type: none"> • Council has adopted medium and long-term modelling (up to 30 years) for HRA, to ensure decisions are made in the knowledge of long-term deliverability issues / implications • Council has a policy of requiring R&R Funds to be in place to cover all major assets with a finite life, with long-term programmes for key areas • The Business Plan includes long-term trend analysis on key cost drivers such as growth levels and demographics, and their implications • Target levels of reserves are set for the HRA to enable uneven pressures to be effectively dealt with, and to provide cover against unforeseen events / pressures
Financial planning lacks appropriate levels of prudence	
<p>Business Planning assumptions are wildly inaccurate</p> <p>Financial policies, in general, are not sufficiently robust</p> <p>Funding to support the approved Capital & Revenue Projects Plan is not available</p>	<p>Council has adopted key prudence principles, reflected in:</p> <ul style="list-style-type: none"> • Use of external expert opinion and detailed trend data to inform assumptions • Ongoing revenue funding for capital is reviewed for affordability as part of the 30-year modelling process • Adoption of strict medium / long-term planning • Policy on applying capital receipts for strategic disposals only at point of receipt

Risk Area & Issue arising	Controls / Mitigation Action
External income / funding streams	
<p>Undue reliance may be placed on external income streams, leading to approval of unsustainable expenditure</p> <p>Rent and service charge arrears increase and bad debt rises, as a direct result of the Welfare Benefit Reforms</p> <p>Rent income is under-achieved due to a major incident in the housing stock</p> <p>Changes to the right to buy rules and pooling regulations result in a significant increase in sales and commitment to deliver replacement units</p> <p>The economic downturn reduces the ability to fund capital pressures from the sale of assets</p>	<ul style="list-style-type: none"> • Modelling over the medium and long-term is conducted for key income sources, including sensitivity analysis on potential changes • Council seeks to influence national settlements and legislative changes through response to formal consultation and the provision of information to negotiation bodies such as LGA and CIH • Increased resources identified for income management. Performance closely monitored to allow further positive action if required. • Asset Management Plan in place to identify and address key issues in the housing stock to minimise likelihood of incident • Sensitivities modelled so potential impacts are understood • 3 year affordable housing programme facilitates some re-supply of affordable housing • Policy on applying capital receipts for strategic disposals only at point of receipt
Use of resources including Projects and Partnerships	
<p>There is ineffective use of the resources available to the HRA</p> <p>Failure to deliver Major Housing / Development Projects, i.e; return on capital, project on time etc.</p>	<ul style="list-style-type: none"> • Council employs robust business planning in key activity areas • Council has adopted a standard project management framework • Housing Service is required to contribute to Portfolio Planning process, linked directly to resources • MTOs are used to prioritise available resources ensuring best match with objectives • Performance and contractor management procedures have been updated • Organisational development and workforce planning activity is being targeted • The Council has been recognised as a high performer under the national Use of Resources assessment, scoring a maximum rating of 4 in 2008

Appendix K

Business Planning Revised Assumptions

Key Area	Assumption	Comment
General Inflation	2.4%, then 2.5%	General inflation on expenditure - included at 2.4% (Based upon CPI(Y) to June 2012), for 2013/14, returning to 2.5% for the remaining life of the plan.
Capital Programme Inflation	4.4%, 4.5% for four years, then 3.5%	Real increase above CPI(Y) of 2% for 5 years as per advice given by Savills, then 1% above from 2018/19.
Capital Investment	Investment Standard	Base model assumes an investment standard in the housing stock, compared with a basic decent homes standard, recognising long-term benefits of pro-active rather than re-active investment.
Pay Inflation	2.9% for two years, then 4.4%	Assume pay award of 1% and allowance for increments at 1.9% for 2013/14 and 2014/15, then re-introducing allowance for pay award at 2.5% from 2015/16 onwards.
Employee Turnover	3%	Employee budgets - assume an employee turnover saving of 3% of gross pay budget for office-based staff.
Rent Increase Inflation	3.1%, then 3%	Rent increases assumed in line with government guidelines of RPI at preceding September of 2.6% plus 0.5%. Assume RPI at 2.5% from September 2013.
Rent Convergence	2015/16	Convergence with target rent assumed in 2015/16, although limits on individual increases inhibit achieving this locally.
External Borrowing Interest Rate	4%	Assumes additional PWLB borrowing from 2013/14 at a rate of 4%. Current rates for 25 to 50 years range from 3.98% to 4.11%, with the certainty rate being 20 basis points lower.
Internal Borrowing Interest Rate	4%	Assume the same rate as available externally for modelling purposes from 2013/14, recognising that if internally borrowing a mutually beneficial rate would need to be negotiated, on a case by case basis.
External Lending Interest Rate	0.82% for 2 years, 1.25% for 2 years, then 1.5% ongoing	Interest rate – based on latest market projections (on average 0.82% for 2012/13 and 2013/14, then 1.25% for 2014/15 and 2015/16 and 1.5% from 2016/17).
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, recognising increased risks in HRA Self-Financing environment.
HRA Target Balances	£3,000,000	Maintain HRA target balance at £3,000,000.
Right to Buy Sales	40, 42, then 28 per annum ongoing	An increase in the assumptions of 10 to 17 per annum in the CLG settlement model, with 40 now assumed in 2012/13, increasing to 42 in 2013/14, then reducing slightly to 28 per annum for the remaining life of the plan, recognising that some of the current increased activity is an immediate response to the legislative changes.
Right to Buy	Settlement	Right to buy receipts assumed in the debt settlement included in

Key Area	Assumption	Comment
Receipts	sales included from the model.	the model, assuming the receipts will be utilised partly for general fund housing purposes. Assumed additional receipts received have been included, with the assumption that they are required to be utilised to deliver new affordable housing or be repaid to CLG after 3 years, in line with agreement with CLG.
Void Rates	1% plus specific properties, 1.25%, then 1%	Assumes general void rate of 1% for 2013/14 plus removal of specific dwellings identified for re-development, with higher global figure of 1.25% assumed for 2014/15 recognising remainder of the sheltered housing refurbishment programme and Roman Court development 1% assumed from 2015/16 onwards.
Bad Debts	0.56%, then 1.12%	Based upon historic bad debt provision made in the HRA for 2012/13, increased by 100% to reflect the requirement to collect 100% of rent directly from the latter part of 2013/14. Assumes an extension of the existing rent payment profile across the entire housing stock.
Rent Collection Transactional Costs	An increase in collection costs of £100,000 per annum from 2013/14	An increase of £100,000 per annum has been included from 2013/14, recognising the increase in collection costs associated with the requirement to collect 100% of rent directly from tenants, as opposed to receiving approximately 50% via housing benefit as currently happens.
Debt Management Expenses	£20,000 per annum	Allows an assumption for recharge of internal treasury management activity and a contribution for specialist financial advice in this field.
New Build Programme	250 Units	Assumes delivery of the current 3-year affordable housing investment programme of 146 units, where HCA grant funding has been approved and an additional 104 units on the Clay Farm site in year 4/5 of the business plan.
Savings Target	1.6%	A savings target is included in the revised model for a 5 year period, with the assumption that savings and efficiencies will be driven out to allow strategic re-investment in new assets, existing assets and housing services.
Policy Space	£150,000	Policy space re-included in base model for 5 years, at an increased level recognising desire to expand services, with assumption that policy space will need to be created through the generation of savings.
Service Reviews	Per budget savings proposals	The HRA Business Plan assumes that the outcomes of service reviews will deliver ongoing benefit to the HRA as indicated in the budget process for 2013/14 and beyond.

Appendix L

Business Planning Key Sensitivity Analysis

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
Interest Rates for additional borrowing	PWLB fixed rate maturity loan at 4%	Assume fixed rate loan over 30 years, with increase of 2% in interest rates from the outset	Increased interest payable across the life of the business plan equates to £9.711 million.
General Inflation	General Inflation using CPI(Y) at 2.4%, then 2.5% for expenditure	Volatility in the economy could lead to an increase in inflation. 1% increase in general inflation for the life of the plan	Inability to pay off any debt during the life of the plan,
Rents Inflation	RPI at 2.6% for rents base for 2013/14, then 2.5%	Volatility in the economy could lead to an increase in inflation as measured by RPI. 1% increase in rents base inflation from 2014/15 for the life of the plan	Ability to redeem debt by year 19.
Capital Investment Real Increase Inflation	Capital Investment Inflation at 2% above CPI(Y) for 5 years and then at 1%	A real increase of 2% is allowed for building inflation until 2017/18 in line with existing external procurements. Assume that real inflationary increase of 1% is not required from 2018/19 for the remainder of the plan, assuming benefits of re-procurement from 2014/15	Ability to repay debt remains the same, but with £30 million additional balances by year 30.
Employer's Pension Contribution	Business Plan includes provision for increases of 0.75% from 2011/12 to 2016/17	Assumptions on life expectancy and negative market effects on the value of assets in the Pension Fund leading to increased employer contribution requirements above the level of provision already made. Assume an additional 0.75% in pension provision in 2017/18 also	£3.4 million reduction in balances over the life of the plan, with no change in ability to redeem the debt.
Right to Buy Sales (Revenue Impact)	Numbers assumed to increase to 40 in 2012/13, 42 in 2013/14, then reduce to 28 per annum from 2015/16	The increase in discount levels could result in a greater long-term impact than is being anticipated, with no experience to draw from. Assume sales remain at 40 per annum ongoing	The ability to repay debt is extended by one year.

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
Investment Income	Business Plan assumes interest on balances increasing to only 1.5% by 2016/17	Rates may fail to recover as anticipated, fall further or recover at a greater pace. Assume ongoing rate remains low at 1%, as opposed to 1.5%.	£4.1 million reduction in balances over the life of the plan, with no change in ability to repay the debt.
Housing Rent Collection and Welfare Benefit Reforms	Budgeted costs based on historic levels of enforcement activity, but an increased level of transactional collection costs, with additional staffing for 2 years bid for	Economic climate may require an ongoing increase in enforcement activity. Welfare Benefit Reforms will result in 100% more rent being required to be collected directly from tenants. Assume, in addition to the increase in transactional costs and fixed term staffing built into the base, ongoing additional staffing costs of £134,000 per annum from 2015/16.	Ability to repay the debt is deferred by one year, with £7.94 million reduction in balances over the life of the plan.

Appendix M

HRA Summary Forecast 2012/13 to 2016/17

Description	2012/13 £0	2013/14 £0	2014/15 £0	2015/16 £0	2016/17 £0
Income					
Rental Income (Dwellings)	(32,843,550)	(34,073,000)	(35,683,010)	(37,912,500)	(40,073,480)
Rental Income (Other)	(1,010,620)	(1,047,410)	(1,073,600)	(1,100,440)	(1,127,950)
Service Charges	(2,254,420)	(2,104,180)	(2,156,780)	(2,210,700)	(2,265,970)
Contribution towards Expenditure	(453,390)	(414,140)	(422,370)	(430,800)	(439,430)
Other Income	(40,500)	(58,070)	(59,520)	(61,010)	(62,540)
Total Income	(36,602,480)	(37,696,800)	(39,395,280)	(41,715,450)	(43,969,370)
Expenditure					
Supervision & Management - General	4,613,710	4,956,920	5,133,510	5,394,940	5,669,190
Supervision & Management - Special	2,310,500	2,311,650	2,251,540	2,321,370	2,393,530
Repairs & Maintenance	7,243,910	7,117,230	7,351,830	7,698,830	8,094,710
HRA Subsidy	0	0	0	0	0
Depreciation – t/f to Major Repairs Res.	9,578,490	9,603,470	9,685,900	9,945,200	10,294,800
Debt Management Expenditure	20,000	20,000	20,580	21,490	22,430
Other Expenditure	419,760	672,300	775,650	887,870	1,004,470
Total Expenditure	24,186,370	24,681,570	25,219,010	26,269,700	27,479,130
Net Cost of HRA Services	(12,416,110)	(13,015,230)	(14,176,270)	(15,445,750)	(16,490,240)
HRA Share of operating income and expenditure included in Whole Authority I&E Account					
Interest Receivable	(94,180)	(104,770)	(148,070)	(152,750)	(144,250)
Mortgage Interest Receipts (in above)	0	0	0	0	0
HRA (Surplus) / Deficit for the Year	(12,510,290)	(13,120,000)	(14,324,340)	(15,598,500)	(16,634,490)
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance					
Loan Interest	7,505,850	7,474,240	7,670,770	7,835,450	7,653,290
Debt Redemption Premium	301,330	0	0	0	0
Housing Set Aside	1,090,400	0	0	2,242,370	5,744,960
Depreciation Adjustment	(2,214,080)	(2,242,080)	(2,044,210)	(2,069,960)	(2,095,720)
Direct Revenue Financing of Capital	10,438,140	7,162,340	8,711,540	7,577,890	5,347,670
(Surplus) / Deficit for Year	4,611,350	(725,500)	13,760	(12,750)	15,710
Balance b/f	(6,974,040)	(2,362,690)	(3,088,190)	(3,074,430)	(3,087,180)
Total Balance c/f	(2,362,690)	(3,088,190)	(3,074,430)	(3,087,180)	(3,071,470)

Appendix N

Housing Capital Investment Plan (5 Year Detailed Investment Plan)

Description	2012/13	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend					
Assessment Centre	1,111	0	0	0	0
Disabled Facilities Grants	470	550	550	550	550
Private Sector Housing Grants and Loans	115	195	195	195	195
Long Term Vacants	20	20	20	20	20
Total General Fund Housing Capital Spend	1,716	765	765	765	765
HRA Capital Spend					
Decent Homes					
Kitchens	691	255	618	598	292
Bathrooms	196	128	522	525	119
Boilers / Central Heating	2,024	1,316	618	2,450	1,688
Insulation / Energy Efficiency	108	100	100	100	100
External Doors	179	28	129	108	63
PVCU Windows	36	339	1,002	1,350	912
Wall Structure	15	36	621	63	114
Wall Finishes	784	196	319	230	115
Wall Insulation	100	100	100	100	100
External Painting	0	0	0	0	0
Roof Structure	387	300	800	300	322
Roof Covering	1,224	544	215	210	274
Chimneys	51	39	12	2	1
Electrical / Wiring	326	83	91	181	317
Smoke Detectors	3	5	19	109	9
Sulphate Attacks	204	102	102	102	102
Major Voids	56	53	51	48	53

Description	2012/13	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000	£'000
HHSRS Contingency	263	150	100	100	100
Other Health and Safety Works (Balconies)	510	50	50	50	50
Other External Works	0	0	3	5	0
Rising Damp / Penetrating Damp	4	0	0	0	0
Professional Fees	556	556	556	556	556
External Professional Fees	19	19	19	19	19
Decent Homes Backlog	2,131	3,808	2,131	1,065	3,019
Planned Maintenance Contractor Overheads	791	796	781	792	799
Total Decent Homes	10,658	9,003	8,959	9,063	9,124
Other Spend on HRA Stock					
Garages	316	300	300	300	300
Asbestos Contingency	260	200	200	200	200
Disabled	924	878	878	878	878
TIS Schemes	28	21	21	21	21
Communal Areas Uplift	506	546	546	546	546
Fire Prevention / Fire Safety Works	1,239	300	300	300	300
Hard surfacing on HRA Land - Health and Safety Works	212	250	250	150	150
Hard surfacing on HRA Land - Recycling	298	0	0	0	0
Communal Areas Floor Coverings	276	100	0	0	0
Professional Fees	155	155	155	155	155
Lifts and Door Entry Systems	26	13	13	13	13
Fencing	100	100	100	100	100
Cemetery Lodge	50	0	0	0	0
Hanover / Princess Laundry	3	0	0	0	0
East Road Garages - Lighting Controls	4	0	0	0	0
TV Aerials	0	0	0	0	0
Planned Maintenance Contractor Overheads	293	286	274	262	262
Total Other Spend on HRA stock	4,690	3,149	3,037	2,925	2,925

Description	2012/13	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000	£'000
HRA New Build / Re-Development					
Teversham Drift	4	0	0	0	0
Cockerell Road	0	0	0	0	0
Harris Road	0	0	0	0	0
Church End	16	0	0	0	0
Roman Court	692	591	41	0	0
3 Year Affordable Housing Programme (Cash Spend)	2,038	6,078	4,795	0	0
3 Year Affordable Housing Programme (Notional Spend – Equal to Land Value of Market Housing)	1,500	5,308	1,134	0	0
Clay Farm	0	0	10,247	3,416	0
Total HRA New Build	4,250	11,977	16,217	3,416	0
Cambridge Standard Works					
Cambridge Standard Works	506	200	200	200	200
Total Cambridge Standard Works	506	200	200	200	200
Sheltered Housing Capital Investment					
Emergency Alarm Service	110	0	0	0	0
Talbot House	4	0	0	0	0
Ditchburn Place	42	1,900	1,900	0	0
Brandon Court	508	0	0	0	0
Total Sheltered Housing Capital Investment	664	1,900	1,900	0	0
Other HRA Capital Spend					
Orchard Upgrade / Open Contractor / Mobile Working / ASB Database	260	0	0	0	0
Low Cost Home Ownership	300	300	300	300	300
RFR Buy Back	330	330	330	0	0
Commercial Property	210	30	30	30	30
Total Other HRA Capital Spend	1,100	660	660	330	330
Total HRA Capital Spend	21,868	26,889	30,973	15,934	12,579

Description	2012/13	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000	£'000
Total Housing Capital Spend at Base Year Prices	23,584	27,654	31,738	16,699	13,344
Inflation Allowance and Stock Number Adjustment for Future Years	0	0	949	1,246	1,789
Total Inflated Housing Capital Spend	23,584	27,654	32,687	17,945	15,133
Housing Capital Resources					
Right to Buy Receipts	(398)	(441)	(495)	(516)	(522)
Other Capital Receipts (Land and Dwellings)	(0)	(0)	(0)	(0)	(0)
Notional Land Receipts (Land Value of Market Housing on New Build Affordable Housing Sites)	(1,500)	(5,308)	(1,134)	0	0
Major Repairs Reserve	(3,424)	(12,374)	(7,642)	(7,875)	(8,199)
Direct Revenue Financing of Capital	(10,438)	(7,162)	(8,712)	(7,578)	(5,348)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(475)	(1,604)	(2,321)	(1,210)	(300)
Disabled Facilities Grant	(298)	(262)	(262)	(262)	(262)
Developer's Contributions (Affordable Housing)	(68)	(0)	(0)	(0)	(0)
Prudential Borrowing	0	0	(11,619)	0	0
Total Housing Capital Resources	(16,602)	(27,151)	(32,184)	(17,442)	(14,630)
Net (Surplus) / Deficit of Resources	6,982	503	503	503	503
Capital Balances b/f	(9,190)	(2,208)	(1,705)	(1,202)	(699)
Use of / (Contribution to) Balances in Year	6,982	503	503	503	503
Capital Balances c/f	(2,208)	(1,705)	(1,202)	(699)	(196)

Appendix O Cambridge City Council Equality Impact Assessment



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

Housing Revenue Account Budget 2013/14

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

To enable the Council to set a balanced budget for the Housing Revenue Account, which ensures that housing debt can be redeemed when loans mature, whilst also ensuring the authorities housing stock is managed and maintained to an acceptable standard, meeting tenants and leaseholders priorities.

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

- Residents (See below)
 Visitors
 Staff

A specific client group or groups (please state): HRA tenants and leaseholders, including vulnerable

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

- New
 Revised
 Existing

5. Responsible directorate and service

Directorate: Customer & Community Services
 Service: Strategic Housing

6. Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service?

- No
 Yes (please give details):

This is an assessment of the Housing Revenue Account budget, and therefore

covers all services provided by the authority as a housing landlord to tenants and leaseholders. These services will be provided directly by City Homes, Strategic Housing and Estates & Facilities, with support services provided by other service areas in some cases.

7. Potential impact

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

(a) Age (any group of people of a particular age, including younger and older people)

A revised budget proposal not to fill a senior management post in the Independent Living Service, has the potential for an adverse impact on the standards of service to older residents in sheltered housing. This has been mitigated by sharing the responsibilities of the post between two other senior managers across City Homes. A formal restructure of the service is currently being considered, which will seek to ensure that service standards are maintained.

The unavoidable bid to maintain the delivery of a fresh meals service for older vulnerable residents in the extra care housing at Ditchburn Place will ensure that this group see no negative impact in service delivery, despite staff sickness and the change to an external contractor.

The reduction in both estimated rental income and revenue funding of capital expenditure in 2013/14 as a result of the longer than anticipated lead in time for the delivery of the initial new affordable housing, may negatively impact older people who require social housing, where the additional supply will not be available as quickly as expected.

The new build affordable housing programme incorporates a considerable amount of re-development, which will require re-location of existing tenants, with the potential for a negative impact on older people in respect of some housing schemes, where there is a prevalence of older tenants. To mitigate the negative impact of having to relocate, home loss payments are made, and the budget process includes an unavoidable bid to employ staff to specifically support tenants through the process. The negative impact on existing older tenants is balanced by the provision of 58 new homes for older people in the programme built to much higher standards of space, accessibility and energy efficiency.

The removal of the residual operational budget for Roman Court recognises that the site is anticipated to be transferred to a contractor for refurbishment works to deliver housing for older people once complete.

The County Council's intention to tender support services in sheltered housing will result in a reduced level of direct service from any new provider, as services are expected to be provided to a wider client group within existing contract resources. A bid for additional funding from the HRA seeks to mitigate the impact on the residents in our sheltered schemes, by delivering enhanced housing management services.

(b) Disability (including people with a physical impairment, sensory impairment, learning disability, mental health problem or other condition which has an impact on their daily life)

The unavoidable bid to maintain the delivery of a fresh meals service for older residents with disabilities in the extra care housing at Ditchburn Place will ensure that this group see no negative impact in service delivery, despite staff sickness and the change to an external contractor.

The reduction in both estimated rental income and revenue funding of capital expenditure in 2013/14 as a result of the longer than anticipated lead in time for the delivery of the initial new affordable housing, may negatively impact those who require social housing on medical grounds, where the additional supply will not be available as quickly as expected.

The new build affordable housing programme incorporates a considerable amount of re-development, which will require re-location of existing tenants, with the potential for a negative impact on those with mental health issues living in some of the housing schemes. To mitigate the negative impact of having to relocate, home loss payments are made, and the budget process includes an unavoidable bid to employ staff to specifically support tenants through the process.

The removal of the residual operational budget for Roman Court recognises that the site is anticipated to be transferred to a contractor for refurbishment works, with a resulting wing to be transferred to a specialist provider for to deliver housing for those with disabilities.

(c) Gender

There are no discrete implications for this equalities group.

(d) Pregnancy and maternity

The reduction in both estimated rental income and revenue funding of capital expenditure in 2013/14 as a result of the longer than anticipated lead in time for the delivery of the initial new affordable housing, may negatively impact women with, or expecting, children who require social housing, where the additional supply will not be available as quickly as expected.

(e) Transgender (including gender re-assignment)

There are no discrete implications for this equalities group.

(f) Marriage and Civil Partnership

There are no discrete implications for this equalities group.

(g) Race or ethnicity

There are no discrete implications for this equalities group.

(h) Religion or belief

There are no discrete implications for this equalities group.

(i) Sexual orientation

There are no discrete implications for this equalities group.

(j) Other factor that may lead to inequality (please state):

The proposal to realise savings in City Homes operational expenditure by reducing budgets for training has the potential to result in vulnerable tenants not receiving the benefit of support in maintaining their tenancies from a workforce trained to a higher standard.

An increase in the number of temporary housing units and a resulting increase in the costs of repairing these units is proposed in response to meeting the need for housing homeless households, to include housing for younger people, pregnant and new mothers and those with mental health, drug and alcohol dependency issues.

Vacancies in the Resident Involvement Team are likely to result in a lower level of resident involvement activity during 2012/13, with the potential for any targeted work with specific equalities groups not being undertaken in year. To mitigate this, a revised work plan has been devised for implementation once all posts have been recruited to.

The proposal to delete the City Homes Customer Care and Quality Officer post has the potential for a negative impact on the ability to monitor and maintain quality across the service, with particular reference to the equalities groups. However, it is anticipated that the duties of this role will be performed by a number of other staff across both City Homes and Strategic Housing, thus mitigating any direct impact on any particular group or individual.

The proposal to provide additional staffing input to support tenants through the welfare benefit changes, is made in an attempt to mitigate the potential impact for both tenants on low incomes and the Council. The funding will enable staffing resource to be targeted at those groups who need support the most.

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

9. Conclusions and Next Steps

- If you have not identified any negative impacts, please sign off this form.
- If you have identified potential negative actions, you must complete the action plan at the end of this document to set out how you propose to mitigate the impact. If you do not feel that the potential negative impact can be mitigated, you must complete question 8 to explain why that is the case.
- If there is insufficient evidence to say whether or not there is likely to be a negative impact, please complete the action plan setting out what additional information you need to gather to complete the assessment.

All completed Equality Impact Assessments must be emailed to David Kidston, Strategy and Partnerships Manager, who will arrange for it to be published on the City Council's website. Email david.kidston@cambridge.gov.uk.

10. Sign off

Name and job title of assessment lead officer:

Julia Hovells, Business Manager / Principal Accountant

Names and job titles of other assessment team members and people consulted:

David Kidston, Strategy & Partnerships Manager
Robert Hollingsworth, Head of City Homes
Alan Carter, Head of Strategic Housing
Bob Hadfield, Head of estates & Facilities

Date of completion: 11/12/2012

Date of next review of the assessment: December 2013

Action Plan

Equality Impact Assessment title: HRA Budget Setting Report

Date of completion:

Equality Group	Age
Details of possible disadvantage or negative impact	<p>1) Reduction in senior management in the Independent Living Service may adversely impact the quality / level of service to older people.</p> <p>2) Delays in delivery of new affordable housing may negatively impact identification of appropriate accommodation for older people.</p> <p>3) The tender of support services for older people is likely to have a negative impact on the quality / level of support received by tenants.</p>
Action to be taken to address the disadvantage or negative impact	<p>1) Service to be restructured, with service quality / level considerations being made as part of this process.</p> <p>2) Brandon Court has been fully refurbished, providing a current supply of housing for older people.</p> <p>3) A bid in the HRA budget process for enhanced housing management services will go some way to replacing the anticipated reduction in support services provided to sheltered residents. Staff will also work with residents to ensure signposting to other public bodies and voluntary organisations who can provide help and support, whilst actively encouraging expansion of volunteers to assist in our sheltered housing schemes.</p>
Officer responsible for progressing the action	<p>1) Robert Hollingsworth, Head of City Homes</p> <p>2) Robert Hollingsworth, Head of City Homes</p> <p>3) Robert Hollingsworth, Head of City Homes</p>
Date action to be completed by	<p>1) September 2013</p> <p>2) December 2012</p> <p>3) September 2013</p>

Equality Group	Disability
Details of possible disadvantage or negative impact	<p>1) Delays in delivery of new affordable housing may negatively impact identification of appropriate accommodation for those with a disability.</p>
Action to be taken to address the disadvantage or negative impact	<p>1) Those in need of housing on medical grounds will continue to have a higher priority for allocation to existing limited affordable housing through the Choice Based Lettings Scheme.</p>
Officer responsible for progressing the action	<p>1) Alan Carter, Head of Strategic Housing</p>
Date action to be completed by	<p>1) April 2013 ongoing</p>

Equality Group	Gender
Details of possible disadvantage or	

negative impact	
Action to be taken to address the disadvantage or negative impact	No actions required.
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Pregnancy and maternity
Details of possible disadvantage or negative impact	1) Delays in delivery of new affordable housing may negatively impact identification of appropriate accommodation for women with, or expecting, children.
Action to be taken to address the disadvantage or negative impact	1) All housing applications are assessed, and where the housing need is critical, applicants are awarded top priority (A Band) for housing allocation to existing limited affordable housing through the Choice Based Lettings Scheme.
Officer responsible for progressing the action	1) Alan Carter, Head of Strategic Housing
Date action to be completed by	1) April 2013 ongoing

Equality Group	Transgender
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	No actions required.
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Marriage and Civil Partnership
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	No actions required.
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Race or ethnicity
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	No actions required.
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Religion or belief
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	No actions required.
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Sexual orientation
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	No actions required.
Officer responsible for progressing the action	
Date action to be completed by	

Other	Other factors that may lead to inequality
Details of possible disadvantage or negative impact	1) Reductions in training budgets may impact negatively on the expertise of staff to deal with particular housing management issues.
Action to be taken to address the disadvantage or negative impact	1) The use of residual training budgets will be prioritised accordingly, in an attempt to mitigate any negative impact, with staff with the greatest training need receiving the highest priority.
Officer responsible for progressing the action	1) Robert Hollingsworth, Head of City Homes
Date action to be completed by	1) March 2014

Project Appraisal and Scrutiny Committee Recommendation

Project Name	ECCHO House Refurbishment
Committee	Housing Management Board
Portfolio	Housing
Committee Date	8 January 2013
Executive Councillor	Councillor Catherine Smart
Lead Officer	Andrew Latchem

Recommendation/s

Financial recommendations –

The Executive Councillor is asked to approve commencement of this capital project, where funding is already included in the Housing Capital Investment Plan

- The total maximum cost of the project is estimated to be £95,000.
- The ongoing revenue implications, from April 2014, will result in anticipated additional net revenue income of £4,140 per annum in the Housing Revenue Account. A part year effect, estimated to be £3,100 is anticipated in 2013/14.

Procurement recommendations:

- The works will be procured from the existing Planned and Preventative Maintenance contract with Apollo or reserve contract with Kiers. If the quotations for the work exceeds the estimated contract value by more than 15% the permission of the Executive Councillor and Director of Resources will be sought prior to proceeding.

1 Summary

1.1 The project

The project is to convert an existing building into a two-bedroom bungalow, fully adapted for a disabled household.

Target Start date	February 2013
Target completion date	June 2013

1.2 The Cost

Total Capital Cost	£95,000
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Capital Cost Funded from:

Funding:	Amount:	Details:
Reserves	£0	
Repairs & Renewals	£0	
Section 106	£0	
Other	£95,000	HRA Commercial Property – Major Voids / Improvements. (Existing Housing Capital Plan Budget post HRA BSR virements)

Net Revenue Cost / (Income)

Year 1 (2013/14)	£ (3,100)
Ongoing	£ (4,140)

The anticipated ongoing revenue benefit to the HRA is the net of the assumed rental income for the dwelling of £6,380 less the assumed need to spend in respect of the dwelling in terms of

management (£200), routine maintenance (£750) and set-aside for major repairs (£1,290).

The year 1 saving assumes that the property is let from July 2013, although in reality this could be sooner, subject to the completion of the required building works and letting of the property to a suitable occupant.

1.3 The Procurement

The project will be undertaken under the existing Planned Maintenance contract, by one of the two existing planned maintenance contractors, either Apollo or Kier.

2 Capital Project Appraisal & Procurement Report

2.1 What is the project?

The project is to convert an existing building into a two-bedroom bungalow, fully adapted for a disabled household.

ECCHO House is the East Chesterton Community House based in Franks Lane in East Chesterton. It was built about 20 years ago as a local community office for the residents of East Chesterton.

It ceased to be used by housing staff in 1996 when the North Area Housing Office was built at 171 Arbury Road. More recently it has been used by SURESTART, but they have vacated the building, in favour of larger premises.

There is local demand for an adapted bungalow in the area, which may also free up a three-bedroom house.

The building was always designed to be easily converted for residential use, should it no longer be required as office accommodation, and this project would convert the building in to a disabled adapted two bedroom bungalow subject to planning consent. Use of the building as a dwelling is considered a higher priority than continued alternative use.

2.2 What are the aims & objectives of the project?

To provide a two bedroom disabled adapted bungalow for a priority applicant. For the fraction of the cost of a new build disabled bungalow, the conversion would allow us to provide a social housing unit for a disabled household.

2.3 Summarise the major issues for stakeholders & other departments?

The project will involve the Estates and Facilities Team, including the Council's Architects.

2.4 Summarise key risks associated with the project

Key risks associated with the project include vandalism to the building, which is currently vacant. Any delay in the project will impact negatively upon the potential net revenue stream from the new bungalow, at approximately £80.00 per week.

If the project does not take place, the identified need in the area to re-house a disabled household will not be met.

2.5 Financial implications

- a. Appraisal prepared on the following price base: 2012/13 – 2013/2014 for works and 2013/14 for revenue financial implications.

2.6 Capital & Revenue costs

(a) Capital	£	Comments
Building contractor / works	80,200	
Purchase of vehicles, plant & equipment	0	
Professional / Consultants fees	11,000	Planning, Building Regulations, Legal Fees, Architects
IT Hardware/Software	0	
Other capital expenditure	3,800	Section 106 Agreement
Total Capital Cost	95,000	

(b) Revenue	£	Comments
Rent Income	(£6,380)	
Management Costs	200	
Maintenance Costs	750	
Major Repairs Set Aside	1,290	
Total Net Revenue Cost	(4,140)	

2.7 VAT implications

There are no anticipated adverse VAT implications associated with this project, as the resulting dwelling will be let as social housing to a tenant of the Council.

2.8 Other implications

The building is now currently empty and is in a residential street, there is a concern that the building may be subject to vandalism and attract anti social behaviour. The provision of a disabled bungalow meets our commitment to affordable housing and for services to people with disabilities.

2.9 Estimate of staffing resource required to deliver the project

Technical Officers from Estates and Facilities, as well as City Homes and the Architects will staff the project.

2.10 Identify any dependencies upon other work or projects

The building will has received planning consent for change of use to residential, and the works will need to comply with building regulations.

2.11 Background Papers

There are no background papers associated with this appraisal.

2.12 Inspection of papers

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Date prepared:	December 2012

Capital Project Appraisal - Capital costs & funding - Profiling

Appendix A

	2012/13	2013/14	2014/15	2015/16	2016/17	Comments
	£	£	£	£	£	
Capital Costs						
Building contractor / works	80,200					
Purchase of vehicles, plant & equipment						
Professional / Consultants fees	11,000					
Other capital expenditure:	3,800					
Total Capital cost	95,000	0	0	0	0	
Capital Income / Funding						
Government Grant						
S106 funding						
R&R funding						
Earmarked Funds						
Existing capital programme funding	95,000					HCIP - Post approval of virement as part of HRA BSR
Revenue contributions						
Total Income	95,000	0	0	0	0	
Net Capital Bid	0	0	0	0	0	

+



To: Executive Councillor for Housing (and Deputy Leader): Councillor Catherine Smart

Report by: Andrew Latchem

Relevant scrutiny committee: Housing Management Board 8/1/2013

Wards affected: All Wards

RENT ARREARS POLICY AND THE HOUSING RELATED DEBT POLICY Not a Key Decision

1. Executive summary

- 1.1 The Rent Arrears Policy was last approved in 2010 and is attached in appendix 1 with some minor variations from the previous version.
- 1.2 The Housing Debt Related Policy, attached as appendix 2, has been amended since approval in 2010 and extends the term of repayment to six months and a reduction of the original debt by 50%.
- 1.3 The performance of current and former tenant arrears is explained in the background of the report.
- 1.4 The City Council's approach to supporting tenants' affected by the Welfare Reforms is attached as appendix 3.

2. Recommendations

The Executive Councillor is recommended:

1. To approve the revised Rent Arrears Policy.
2. To approve the revised Housing Debt Related Policy.

3. Background

3.1 The **Rent Arrears Policy**, attached as Appendix 1, sets out the City Council's approach to prevention and collection of rent arrears from Council tenants. The Policy recognises that tenants may experience financial hardship and that advice and support will be offered at every stage of the recovery process. The Council acknowledges that the Welfare reforms may cause further financial difficulty to tenants and their families and we will take this into account when contacting tenants. The Council will work corporately where tenants have debts owed to several departments.

3.2 The **Housing Debt Related Policy** was approved in 2010 and is attached as Appendix 2. Since then it has become clear that former tenants who owed a significant debt could pay off only a fraction of the arrears before they were eligible for rehousing. This is because the previous policy only required minimum payments for four months. This meant that a tenant evicted for rent arrears in January for say £2,000 could be eligible for rehousing by May after paying just £56.00 and still owing £1,944.00. This was based on the minimum weekly amount of £3.50.

3.3 The revised Policy seeks regular payments for six months to show a commitment to repay the debt and a 50% reduction from the original debt to avoid situations where prospective tenants are housed still owing a significant amount of the original debt.

3.4 Former tenant arrears total £904,000 and this Policy aims to redress some of these debts by getting former tenants to repay a significant amount of their debt before they are rehoused. Additional resources have been directed at recovery and write off of former tenant debts over recent months. This will be reviewed after January 2013 and if necessary additional resources will be directed to this work.

3.5 Current tenant rent arrears total £764,806 as of the 12th November 2012 and this represents 2.27% of the annual debit of £33,700,000. The current rent arrears are about £30,000 less than twelve months ago but are about £100,000 more than two years ago. The arrears this year are following a seasonal pattern with a rise leading up to December and then a significant drop by January. It is anticipated that current rent arrears will drop to about £650,000 by early January 2013 partly due to the benefit of the “no rent due” fortnight. The rent collection target for the end of 2012 / 2013 is 98.70% and at the end of the second quarter the performance was 97.64%. This should improve by the end of the third quarter.

3.6 The Welfare Reforms could have significant implications for our Council tenants. To date 14 tenants have been identified as exceeding the cap on benefits due to come in to force in April 2013. The Department for Works and Pensions have notified the tenants and City Homes’ staff have visited them to explain the consequences. The average reduction for Council tenants affected by the Benefit cap is £57 per week. In addition about 600 Council tenants have been identified as losing either 14% or 25% of their Housing Benefit from April 2013 as they have either one or two “spare” bedrooms.

3.7 The support and assistance that has been offered to our tenants is included in Appendix 3.

4. Implications

(a) **Financial Implications**

(b) **Staffing Implications** - none

(c) **Equal Opportunities Implications**

(d) **Environmental Implications**

- Nil: to indicate that the proposal has no climate change impact.

(e) **Procurement** - none

(f) **Consultation and communication** - none

(g) **Community Safety** - none

5. Background papers

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

6. Appendices

Appendix 1 - Rent Arrears Policy

Appendix 2 - Housing Debt Related Policy

Appendix 3 - Welfare Reforms

7. Inspection of papers

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

Author's Name: Andrew Latchem

Author's Phone Number: 01223 - 458402

Author's Email: andrew.latchem@cambridge.gov.uk

Appendix 1 – Rent Arrears Policy

- 1) Cambridge City Council will endeavour to collect all rent due by striking a balance between the financial needs of the Council and the social needs of tenants. The City Council will take into account the changes affecting tenants as part of the Welfare Reform programme.
- 2) City Homes has the responsibility for reducing rent arrears and for prevention of further debt by giving advice and assistance to existing tenants in arrears and to new tenants. A sensitive approach will be adopted to those tenants adversely affected by the changes to Welfare Benefits.
- 3) City Homes will help new tenants and transferring tenants seek assistance via the Benefits service and the Housing Benefit system and will give financial advice to those in difficulty. The approach to arrears recovery will be through early contact via a variety of methods including, letters, visits and phone calls.
- 4) Tenants will be offered a number of payment methods at a time and place to suit their circumstances including Direct Debit, Pay point, online and at the Council cashier offices. Where appropriate, tenants in rent arrears, will be offered the opportunity to pay arrears by instalments.
- 5) The use and development of IT systems is crucial to enable staff to keep on top of arrears cases and for tenants to have easy access to payments. These IT systems will be used to closely monitor tenants in arrears and in particular those affected by changes to Welfare Benefit.
- 6) City Homes and other Council sections will work together to further develop a corporate co-ordinated approach to debt recovery. Whilst recognising that evictions may occur as a last resort the staff of all sections and departments will work together to keep such evictions to a minimum. The use of Rent Arrears Panels and liaison groups, such as the rent arrears best practice team and the Housing Benefit liaison meeting will ensure all staff follow the approved process and procedures in recovery of rent arrears.
- 7) The city council will adopt a performance culture where money advice and arrears recovery are given high priority. Managers and staff will be given appropriate resources, including staff and IT to achieve targets. Staff working in the area of rent advice and recovery will be fully trained and be given flexibility and empowerment to enable them to achieve realistic repayment agreements which where possible avoid the need for Legal action.

January 2013

Appendix 2 – Housing Debt Related Policy

1. Introduction

This policy is concerned with how we respond to our customers requesting a service from us and who owe **us** a form of housing related debt.

The purpose of the policy is to provide clarity and consistency for both staff and customers.

It is not a policy about taking enforcement action in relation to debts owed to us and therefore policies and procedures around eviction and possession procedures, and the terms of reference for existing forums such as Tenancy Enforcement Panel (TEP) and Rent Arrears Panel (RAP), remain unchanged and unaltered by this document.

2. Definitions

- a) A **Customer** is defined as either a tenant of ours (including those in temporary accommodation) or an applicant on the Housing register
- b) **Housing Related Debts** are defined as current rent arrears, former tenant arrears, outstanding re-chargeable repairs, current and former housing related service charge arrears, bed and breakfast charge arrears, the Council's private rented Access Scheme arrears, Housing Benefit overpayments, and court costs. They do not include Council Tax debts.
- c) Housing **Service** includes the offer of housing, transfers, assignments and succession and requests for joint into sole or sole into joint tenancies.

3. Overview and General Principles Relating to Debt

- a) The Council has a responsibility to help, encourage and enable customers make affordable arrangements to repay debt.
- b) Training on basic Debt Counselling and Money Advice should be made available to frontline staff.
- c) Agreements on repayment of debts should be based on realistic and standardised Income and Expenditure sheets. In calculating payments the City Council will take into account other debts owed to the City Council such as Council Tax and sundry debts.
- d) We need a flexible policy that balances our responsibility to collect debt with the needs of our customers combined with a recognition that the majority of debt is caused by genuine financial hardship rather than an unwillingness to meet financial responsibilities. All staff will consider debtor's personal, family and social circumstances, and will ensure benefit take-up has been maximised.
- e) We should refer customers with complex multi-debt problems to specialist money advice services for specialist help. Where customers have multiple

debts we must liaise with other sections of the City Council to present a “one Council” approach to debt advice and debt recovery.

- f) We should accept as reasonable any repayment proposals made by specialist money advice practitioners on behalf of their clients when they are supported with Income and Expenditure sheets.
- g) Where customers have more than one debt owed to the Council both 3e and 3f above should be adhered to by the Council but the “six month and 50 % reduction rule” as **highlighted** in 4a below should apply for each debt separately before the customer can receive a service.

4. Debts Owed to Cambridge City Council and RSL’s with whom we have Nomination Agreements.

- a) The starting point is that we will expect customers to clear any debts that they owe us before we offer them a tenancy, transfer, mutual exchange etc. (see definitions of “Service” above) where it is clearly within their means to do this (for example where the debt is relatively low and the customer has a reasonable disposable income or significant savings to draw on).

However, when a financial assessment shows that the debt cannot be cleared immediately then a realistic and affordable repayment arrangement should be agreed to clear the debt.

The customer shall become eligible to receive the service as long as the agreed repayments have been in place for at least six months and the total original debt reduced by 50%. The agreed repayments should be clearly logged on the Orchard system and on the applicant’s Home-Link application on Locata.

- b) If payment by the customer demonstrates a clear commitment and effort to stick to the arrangement, but a small number of payments have been missed due perhaps to financial difficulties or other genuine reasons, then the case should be referred to Senior Officer Review Panel (SORP) for a decision.
- c) Where applying this 6 month rule and reduction by 50 % would lead to severe hardship or put the customer at serious risk in some way (say of violence, harassment, ill health or other special reason), or where there is a council interest in providing the service (e.g. prevention of homelessness or a homeless applicant in occupation of our temporary accommodation who we need to move on) then the case should be referred to SORP who will decide whether it is appropriate to dispense with the six month payments and 50 % reduction rule and offer the service more quickly.
- d) Cases where the customer’s vulnerabilities (e.g. mental health problems, learning difficulties, substance misuse) make maintaining regular payments difficult or impossible should also be referred to SORP for consideration. In situations like this attachment of Job Seekers Allowance or other benefits should always be considered as an option before referral to SORP.
- e) A referral to SORP can be instigated by the customer, a supporting agency/individual or a member of staff.

- f) The 6 month and 50 % rule will generally not apply to Mutual Exchanges as there will be an expectation that tenants rent accounts will be up to date before any consent to an exchange is given. In exceptional circumstances (maybe in a case involving violence or severe ASB) an exchange request could be approved by the local Area Housing Manager when arrears are still outstanding. In this circumstance the outstanding debt will be transferred into a sub-account to go with the tenant when they move to the new property following the completed deed of assignment.
- g) Debt in itself will not prevent an applicant registering on the Housing Needs Register or Transfer List or prevent their application being properly assessed and awarded the correct priority based on their level of need. It will only become a barrier, to which this policy shall be applied; at the point they qualify for the service (e.g. at the point they become eligible to be offered housing).
- h) Repayment agreements for former tenants debts owed to the Council can form contractual obligations of Secure and Introductory Tenancies (IT) and therefore non-payment of former tenant debts can lead to either service of a Notice or commencement of the possession procedure against Introductory Tenants or a Notice of Seeking Possession against a Secure Tenant. However, all customers with former tenant arrears who are housed under Introductory Tenancies will need to undergo a financial reassessment before an agreed repayment schedule is reached and by which the repayment obligations in respect of the tenancy agreement will be established. The City Council will look holistically at former tenants with multiple debts particularly those with separate debts owed to the City Council.
- i) A letter should be sent to someone being offered an IT reiterating that it is expected that realistic repayment agreements are adhered to and that recovery of the debt, including County Court Possession action or action to obtain a Money Order, may result, in the event of non-payment.
- j) Any customer who is being denied a service due to the application of the 6-month and 50 % reduction rule will be able to complain using the council's complaints procedure.
- k) When a customer has a housing-related debt, is being bypassed for accommodation offers for this reason and no agreement to repay has been reached, Choice Based Lettings Officers should refer the applicant to an officer in City Homes or (as in 3e above) to Money Advice Services. These services can then advocate for the customer in negotiating a repayment plan.

5. Debts Owed to RSL's we have no Nomination Agreements with, Private Landlords, Mortgage Lenders and Other Local Authorities

- a) Housing related debts owed to these organisations or individuals will not be a barrier to someone receiving a service from us

- b) Housing staff will encourage customers to make appropriate repayment arrangements to these bodies and refer customers on to money advice agencies who will assist them in doing so.

6. Use of discretion and Senior Officer Review Panel

- a) In order to develop a flexible policy on housing related debt that meets both the needs of the customer and the Council it is necessary to build in a degree of discretion for officers to use. This allows each case to be considered on its own merits and prevents us from fettering our discretion or being too rigid in our approach.
- b) However on the other hand using discretion in this area must not lead to an inconsistent approach. If officers are unsure whether it is appropriate to use discretion to offer a service to a customer or are not sure how the application of this policy should be applied in individual circumstances then a referral to SORP should be made for a decision on the case.

January 2013

Appendix 3 – Welfare Reforms

One Council Approach To Welfare Reform: Version 1.0 – December 2012

What is Welfare Reform?

On 8 March 2012, the Welfare Reform Act received Royal Assent. This was the outcome of the Comprehensive Spending Review in 2011 and introduces a wide range of reforms.

The main reforms affecting Cambridge City Council and its current delivery of Welfare Benefits are:

- Replacement of Council Tax Benefit with a local support scheme
- Application of the Benefit Cap
- Social Sector Size Related Criteria
- *Local Housing Allowance uprating and transitional relief*
- Universal Credit
- Social Fund

Council Tax Support

This will no longer be a centrally administered benefit by LA's on behalf of DWP but each LA will have to design a scheme to support residents in financial need from April 2013. The current central government funding for Council Tax Benefit will be reduced by 10% and savings will have to be made from either reducing current support levels or by using new income generation measures within Council Tax Discount and Exemptions rules. Pensioner households will have levels of support protected.

Benefit Cap

The total amount of benefits received by a working age household is being capped from April 2013 to £350 for single adult and £500 for couples and households with children. Incomes included in the cap calculations are: Child Tax Credit, Child Benefit, Carers Allowance, Employment and Support Allowance, Housing Benefit, Incapacity Benefit,

Income Support, Jobseeker's Allowance, Maternity Allowance, Severe Disability Allowance and Widows Pension. Households who receive Working Tax Credit and some disability allowances will not be subject to the cap.

Social Sector Size Related Criteria

This affects working age households where there is deemed to be additional bedrooms to the households' needs using the bedroom criteria rules currently used in Local Housing Allowance. Some exemptions apply where there are overnight carers or some specific support arrangements are in place.

Universal Credit

A new form of support that will replace Housing Benefit, Income Support, Income based Jobseekers and Employment and Support Allowance and Tax Credits, paid by Department for Work and Pensions (DWP) primarily directly to claimants and not landlords for the housing element. Timeline for conversion of claims is from October 2013 to March 2017. Housing Benefit for pensions will transfer to Pension Credit from October 2015 to March 2017.

Social Fund

Community Care Grants and Crisis/Budgeting Loans are currently administered by DWP but from April 2013 this function is devolved to County and Unitary Authorities. Work is taking place to see how this will take place within Cambridgeshire.

Recommendations/Actions

- Create an Officer Working Party drawing representatives from Revenues and Benefits, Housing, City Homes, Customer Service Centre, Housing Options and Advice and Accountancy.
- Inform Councillors of the changes and engage with them for the Localisation of Council Tax decision, including financial impact for the authority and for residents.
- Use Open Door and Cambridge Matters to inform residents of the changes.
- Train officers within all of the above sections on the changes and how they affect their work directly and the council as a whole.
- Mail shot affected claimants advising them how each change affects them and signpost them to advice and support.
- Support partners such as CAB, Housing Providers, Landlords, District Councils, County Council, healthcare providers on how changes may affect their clients.

Impact in Cambridge

More than 15% of household in Cambridge receive Housing Benefit or Council Tax Benefit and the effect of individual changes within Welfare Reform will therefore be significant but the cumulative effect on the wider population should be considered. Where individual households have less money coming in there will be less money being spent in the locality, affecting local businesses as well.

There are approximately 8460 people receiving Housing and or Council Tax Benefit in Cambridge.

Social Sector Size Related criteria affects working age tenants in CCC Housing stock and Registered Social Landlord and there are over 4700 tenancies in this group, 600 Council tenants affected.

Where tenants are over accommodated by one room, the eligible rent used in the calculation is reduced by 14%. 484 Council tenants and 195 Housing Association tenants are affected.

Where tenants are over accommodated by 2 or more rooms, the eligible rent used in the calculation is reduced by 25%. We have identified 147 claimants, 107 are Council tenants and 40 are Housing association tenants.

The numbers affected by the Benefit Cap are much less at 29 but the value of reduction in benefit is much higher. Average reduction for Council tenants is £57 pw and £69 pw for Housing Association and private tenancies and will affect large families or those in high rental properties.

What has been done so far?

	What it involves
<i>Revenues and Benefits</i>	
Officer Working Party Meetings	These regular meeting have been running since early Summer 2012 and have involved officers from Revenues and Benefits, Housing, City Homes, CSC, Housing Options and Advice and Accountancy. Now held on a monthly basis.
Consultancy	Consultant has been engaged to develop the Council tax Support strategy and to assist in the consultation process.
Consultation	A draft Council tax Support Scheme has been distributed to all Precepting Authorities and public consultation ran from 14 September 2012 to 31 October 2012. Mailshots to 2,500 Council Tax charge payers and 1,000 working age Council Tax Benefit recipients were sent. Letters and emails to 200+ interested bodies were sent and flyers in all documents leaving Revenues and Benefits advertising the consultation.
Engagement	Through meetings attended by CAB, Housing and healthcare providers in conjunction with County Council and other groups, the affects of the Welfare Reform have been advertised. Managers Briefing took place on 6 December 2012. This was a joint presentation by several members of the Officer Working Party. Welfare Reform an agenda item on Customer and Community Services DMT.
General Tenant Arrears	Data gathering exercise for number of bedrooms has been ongoing during October 2012 and have been sent to Housing Associations of the tenants affected by the size related criteria. Mailshots went to tenants in November 2012. Letters to claimants affected by Benefit Cap went on the 16 November 2012. Looking at joint Landlord Forum with South Cambs to further discuss Welfare Reform.

E-forums	Developing an intranet page giving an introduction to Welfare Reform, which will be a forum for updates. This will form the basis for a webpage giving advice and updates. Customers and interested groups can then be signposted to this page.
Audit	Internal Audit carrying out an audit of Welfare Reform, brief is 'To review preparations for the introduction of Local Council Tax Support and for changes in Housing Benefit payments in April 2013'.
Legal Services	To ensure process for adoption of new scheme is appropriate.
Accountancy	To ensure co-ordinated approach to council tax base, localisation of council tax support and NNDR1 completion.
City Homes	
Housing Rent Arrears Support – advice and prevention	Data sharing with Housing on the numbers and people affected by Benefit Cap and Social Sector Size Related allow a strategy on contact and advise to be formulated. Letters have been sent by the Rent Advisor to those affected by the Benefit Cap and mailshots from Revs and Bens to tenants affected by Size Related Criteria were sent in November. City Homes are visiting tenants in December 2012. Article in December 2012 OPENDOOR.
Collection costs	Engagement with Housing Management re move of housing costs to Universal and Pension Credit and direct payments to tenants. Data exchange of effect of Benefit Cap and Size Related Criteria on build up of arrears. Cumulative effect of the Welfare Reform on level or arrears and on difficult debt collection discussed with a view to staffing levels and debt policies. Increased contact from tenants a possibility.
Training and Staff Advice	Two training sessions in area offices have been given and additional places on training for assessment staff offered.
Housing Advice Service (HAS)	
<i>Discretionary Housing Payments</i>	Meeting held with Mariette Mears and David Greening to discuss role of DHP to assist with Welfare Reform. DHP Policy is to be revised and will be re-launched to HAS and CSC with a view to front line officers completing the request for a DHP to go to Revs and Bens Teamleaders.
Training and Staff Advice	HAS officers invited to Welfare Reform training 27/28 November. DHP training given 21 November.
Homelink	Allocations policy for Homelink being revised to match in with Social Sector Size Related Criteria. DHP Policy is being updated to reflect short term help until household makeup matches Benefit rules.
Customer Service Centre	
Training and Staff Advice	Officers invited to training 27/28 November.
DHP	New DHP Policy and form to be issued with a view that CSC advisors can recommend to Team Leaders

	instances where a DHP will support customers who are affected by Welfare Reform.
Community Development	
Credit Unions	Working with Community Development and CSC to expand the role of Credit Unions to assist with money management. Paragraph to go out in mailshot letters regarding Benefit Cap and Size Related Criteria.
Safeguarding	Presentation from Jackie Hanson on safeguarding issues when dealing with vulnerable people.
Members	
Briefings	Members Briefing given 28 September and next one due February 25 th . Additional briefing paper sent on 1 October.
Strategy and Resources	Draft report for Localisation of Council Tax went to S&R on 9 July 2012, final report go to S&R 20 December 2012.
Exec Councillor	Regular meetings, briefing notes and emails to Cllr Julie Smith and updates via Communications meetings with Cllr Catherine Smart.
External Engagement	
Landlords	Joint Landlord forum with South Cambs and Huntingdon District Council early summer 2012. Another one is planned for January 2013.
Shadow Health & Wellbeing Board	A task and finish group to report back on implications across wide range of service organisations
County Revenues and Benefits	Regular meetings
Social Fund	Engagement with other Cambridgeshire LAs and County.
Healthcare Professionals	Joint awareness sessions with County Council to mental health and children's services workers.
Financial Capabilities Forum	Meetings every 6 weeks attended by CAB, Registered Social Landlords, Credit Unions, County Council and Third Sector support agencies.
Benefit Forum	Meets quarterly at DWP offices. Attended by DWP officers including Pension Service, CAB and social landlords.
Diversity Forum	Presentation on Welfare Reform to Diversity Forum 19 November 2012.

January 2013



To: Executive Councillor for Housing
Report by: Director of Customer and Community Services
Relevant scrutiny committee: HMB 08.01.13
Wards affected: All

Update on Resident Involvement Facilitator post
Not a Key Decision

1. Executive summary

1.1 In September 2011, a report was brought to HMB outlining recommendations for providing an Independent Tenants' Voice. This report was written by an external consultant and included a thorough review of past and existing Resident Involvement arrangements, plus a number of recommendations.

1.2 The report was complimentary of the Council's existing arrangements for tenant involvement and engagement, but recommended areas where this could be strengthened or improved.

1.3 One key recommendation from the report, approved by the Executive Councillor for Housing at the September 2011 HMB, was the creation of a 'Resident Involvement Facilitator' post. This new role was designed in conjunction with the tenant and leaseholder reps on HMB and was recruited to in August 2012. This report will provide an update on that post and outline the specific work being carried out and planned for the new role.

2. Recommendations

The Executive Councillor is recommended:

2.1 To approve the 2013 Resident Involvement Facilitator work plan (developed in consultation with the HMB tenants and leaseholder reps), set out in appendix 2

3. Background

3.1 Prior to 2011, City Homes had outsourced some of its tenant and leaseholder engagement work to an external organisation - The Cambridge Federation of Tenants, Leaseholders and Residents. This work was funded by a grant of £75,000 paid to the Cambridge Federation annually. Following service delivery issues, the SLA with the Cambridge Federation was reviewed and the grant funding was withdrawn in July 2011.

3.2 This situation left a gap in some of the grass-roots, neighbourhood outreach that had been provided by The Cambridge Federation through the allocated grant funding. A

steering group comprised of councillors and tenant & leasehold representatives on HMB was set up to advise the Director of Customer and Community Services on the appointment of an external consultant, and to consider the consultants report and recommendations for presentation at HMB. Colin Wiles of Wiles Consulting was appointed following a tender and evaluation process, and delivered a report and recommendations.

3.3 The Wiles report (see appendix 1) was presented to HMB in September 2011. The report was complimentary of the Council's existing arrangements for tenant involvement and engagement, but recognised areas where this could be strengthened or improved.

3.4 One key recommendation from the report, approved by the Executive Councillor for Housing at HMB, was the creation of a 'Resident Involvement Facilitator' (RIF) post. This new role was designed in conjunction with the tenant and leaseholder reps on HMB and recruited to in August 2012.

3.5 The 3 core requirements for the new role are to:

- I. Facilitate an independent voice allowing residents to be actively involved with their landlord
- II. Take forward the Council's approach to the localism agenda and neighbourhood working across the city
- III. Support Council managers in engaging residents and groups through Local community involvement projects

3.6 Following the appointment in August, HMB residents worked alongside the new RIF to plan the work and objectives for the year (using the headings of the job description as detailed below) and seeking new ways to achieve desired outcomes:

- I. Local Residents' groups
- II. Neighbourhood resident involvement
- III. Recruiting
- IV. Outreach to 'hard to reach' residents
- V. Residents' Forum

3.7 Specifics detailing the work being carried out under each of these headings is included in appendix 2: Resident Involvement Facilitator work plan 2013

4. Implications

(a) Financial Implications

The work/projects detailed in this report will be delivered within the current budgetary provision of £78k for tenant involvement outreach and engagement, previously provided as a grant to the Cambridge Federation. The salary and overhead costs for the newly created role (Resident Involvement Facilitator) have already been deducted from this, leaving approximately £47,000 that will be divided up into the general Resident Involvement budget, in order to fund the various projects and initiatives mentioned.

(b) Staffing Implications

The new Resident Involvement Facilitator post was created in August 2012 and funded from the £78k budget allocation, referred to above.

(c) Equal Opportunities Implications

An Equalities Impact Assessment was carried out prior to the original independent report, identifying the importance of tenant involvement work, engaging all sections of the community.

(d) Environmental Implications

The proposal has no direct climate change impact.

(e) Consultation and communication

The Resident Involvement Facilitator (RIF) post and the accompanying job description was designed in conjunction with the tenant and leaseholder reps on HMB. In addition HMB and HRP representatives formed the interview panel for the RIF post along with Robert Hollingsworth (Head of City Homes) as the appointing officer.

5. Background papers

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

A review of Resident Involvement and options for an Independent Voice for Residents (also included as Appendix 1)

6. Appendices

Appendix 1: A review of Resident Involvement and options for an Independent Voice for Residents

Appendix 2: Resident Involvement Facilitator work plan 2013

7. Inspection of papers

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

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Cambridge City Council

A Review of Resident Involvement and options for an independent voice for Residents

Colin Wiles

30th August 2011



Registered in England and Wales No: 7135416

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Executive Summary

1. Cambridge City Council's framework for resident involvement is robust, effective, and represents excellent value for money.
2. Residents have a strong voice in setting strategy, in formulating policy and in monitoring and improving service delivery.
3. Effective mechanisms are in place that allow residents to scrutinise the housing service and to hold their landlord to account.
4. Existing structures for involvement allow residents to exercise a high degree of independence.
5. Although the menu of resident involvement is comprehensive, there needs to be greater co-ordination and communication so that active residents are kept informed of the full range of actions and activities being carried out.
6. There are some gaps in service provision and the Council has not yet reached the "ceiling" of involvement that has been identified by the Tenant Services Authority. This is partly because the level of investment in resident involvement has been low compared to some other providers. Some ideas are put forward for marginal improvements in the service.
7. Following the demise of the Cambridge Federation of Tenants and Residents Associations there is a widespread view that an external "independent voice" should still be available for residents.
8. There is general agreement that a new Cambridge Federation should not be created. Residents are already able to exercise a high level of independence; therefore the budget previously used to fund the Cambridge Federation should be re-allocated. Some of the budget should be used to fund an additional member of staff within the Council who would support grass-roots groups and a revived independent residents' forum. Training and support to residents should also be increased. A summary of recommendations for future action is presented at section 12.1.

1. Introduction and background

I was appointed by Cambridge City Council in July 2011 to carry out a review of the Council's resident involvement framework. The brief asked me to consider two questions:

- 1) Are current arrangements for resident involvement robust and fit for purpose in a changing world?
- 2) Should tenants and leaseholders have an "independent voice", free from Council influence and interference?

Cambridge City Council manages 8,451 homes – 7,290 tenants, 89 shared owners and 1,072 leaseholders – and this amounts to around 18% of the total of 46,611 homes in the City (April 2008 figures).¹

The Council's housing service has been awarded 2 stars with excellent prospects for improvement by Audit Commission inspectors. The Council has also been praised in the past by regulators and inspectors for having an effective approach to resident involvement. But in a period of dramatic change in the housing world the City Council wishes to maintain its position as one of the best performing local authorities.

The Council's landlord function is regulated by the Tenant Services Authority, and the TSA expects robust self-regulation by councillors "incorporating effective tenant involvement". The TSA standards place a strong emphasis on providers carrying out "co-regulation" with their tenants, and involving their tenants to shape local delivery.

The scaling down of the TSA and its merger with the Homes and Communities Agency from April 2012 means that future regulatory interventions will be minimal and the drive for improvement and effective governance has to come from within the authority itself. The notion of co-regulation and "Resident Led Self Regulation" implies that

¹ City Council housing strategy 2009/12. Available at www.cambridge.gov.uk

residents will be responsible for driving this forward in the future, and this will require them to be effectively trained, supported and empowered to play their part.

2. Methodology

I conducted three discussion groups: one with members of the Housing Management Board; one with members of the Housing Regulation Panel and other active residents, and one with non-active residents.

I carried out face-to-face and telephone interviews with a number of active residents, council officers and councillors, including Catherine Smart the Executive Councillor for Housing. A list of these respondents is at Appendix 1 and I would like to thank them for their time and their enthusiasm.

All members of the Housing Management Board and the Housing Regulation Panel were given the opportunity to respond to some written questions and to conduct a personal interview if they chose to do so. I also reviewed internal Council reports and wider policy issues in framing this report.

3. External change

The housing world is changing. From April 2012, as a result of Housing Revenue Account reform, the City Council's housing service will become self-financing . All rental income will be retained locally instead of a significant proportion being returned to the Treasury. Under the new arrangements the Council will be allocated a fixed amount of debt to pay off, allowing it greater freedom and certainty to run its own affairs. This effectively ends any need to look at stock transfer and will allow the Council to make longer-term plans and to build new homes. Many local authorities are bringing their ALMOS (Arms Length Management Organisations) back in house as a result of this change.

The Tenant Services Authority, which regulates the Council's landlord service, will be absorbed into the Homes and Communities Agency in 2012 and the scale of inspection has already been significantly reduced. In effect, no landlord will be inspected unless there is some form of serious detriment (yet to be defined) to tenants. This provides the Council with a degree of breathing space and more freedom to innovate,

but it does mean that the impetus for improvement will need to come from within the authority. Residents will need to access suitable training and resources in order that they are empowered to take on the step change that will come with this enhanced role. It will also mean linking tenant activists into wider networks, such as ARCH, TPAS and tenant groups that are being developed through Facebook and Twitter where ideas and information can be rapidly disseminated.

The Localism Bill also contains a number of measures, (such as the Right to Challenge, Neighbourhood Plans, the Right to Build and the Right to Acquire), that could also have an impact upon wider community development issues. Changes in housing and welfare benefits could also have an impact upon tenants and communities. Some of these issues are discussed in greater detail below.

4. Present arrangements for resident involvement

The key requirements for resident involvement and empowerment are as set out in the Tenant Services Authority's Tenant Involvement and Empowerment Standard – see Appendix 2.

Resident involvement should take place at three levels.

- The ability to influence strategic priorities
- To be Involved in the formulation of policies
- To have a say in the delivery of housing services

4.1 Strategic

At the strategic level, a Housing Management Board (HMB) effectively acts as the main governing and discussion forum for the housing service. It comprises 9 councillors (6 from the ruling group and 3 from other parties) and 6 residents. The 6 residents (five tenants and a leaseholder) are elected by all residents every four years to serve a four-year term. The elections are run by the Electoral Reform Society and are well contested. The response rate at the last election in 2008 was 22.5%.

The composition of the HMB is such that if opposition councillors and residents unite they could out-vote the ruling party. This represents a

really powerful and independent role for residents and is possibly unique within the country.

The City Council has a system of executive councillors, who are responsible for each service. The HMB acts as a scrutiny forum for the decisions taken by the Executive Councillor for Housing. It monitors the housing service and makes recommendations to the Executive Councillor. To date, there has not been an occasion when the Executive Councillor for Housing has overturned a decision or recommendation of the HMB.

In addition, three residents are selected to sit on the Community Services Scrutiny Committee, which has a wider remit to consider strategic housing issues.

I deal with the composition and constitution of the HMB in greater depth at section 5. below.

4.2 Policy formulation and service delivery

The City Council offers a menu of involvement methods. This includes street forums, area meetings in the north and south of the City, ad-hoc meetings, estate walkabouts, support to residents' associations, a citywide forum for leaseholders, a youth forum in Abbey, a Tenants' Initiative Scheme that offers up to £7,000 for environmental projects and an annual garden competition. The Tenants' Initiative Scheme and the garden competition were previously run by the Cambridge Federation. Local offers have been developed in partnership with residents.

The Council also offers a range of ways to communicate with residents. *Open Door* magazine is co-edited with residents and is distributed to all residents quarterly. This magazine includes a freepost feedback survey so that improvement can be built in. The Annual Report to residents is also co-edited with residents and includes a feedback survey. The Council website includes a *Your Home, Your Say* feature and there are residents' videos on YouTube and on the Council website. The *Count Me In* campaign has sought to involve Black and Minority Ethnic residents and has been successful. In addition, an annual residents' day and an annual tour take place- both organised with residents.

In terms of tenant scrutiny, the Housing Regulation Panel (HRP), monitors service delivery and scrutinises the performance of the housing service. It is properly constituted, its members have been properly trained and it has formal powers to seek evidence and hold officers and councillors to account. The HRP has carried out a number of independent surveys of council services and the Council has adopted its recommendations. A Residents' Asset Management Group (RTLG), inspects work done on homes, Green Inspectors check work carried out on estates and the Council also uses Mystery Shoppers.

Details of the full range of involvement and communication methods are shown at Appendix 3.

Traditionally, many housing providers supported residents' associations and saw this as the principal means of consulting with and involving their tenants. Progressive landlords recognise that this model is out of date and that residents associations are not always representative of their communities. Involvement needs to take place at many levels to reflect the differing aspirations, enthusiasm and lifestyles of residents. Some residents want to be heavily involved. Many more want to have the comfort that their views will be taken into account if issues arise. The Council's menu of methods therefore offers something for everyone, from the resident who does not wish to be involved, through armchair activists to those who are completely committed to being involved.

All of the respondents I spoke to felt that the Council's internal methods of resident involvement were comprehensive and valuable. However, there was a widespread feeling that, although much activity was taking place, there was sometimes a lack of co-ordination and communication. Tenants who were active in one area did not know what others were doing elsewhere. Some respondents wanted more feedback on discussions and decisions from the Housing Management Board. There seemed to be a genuine appetite to understand the bigger picture. This was felt to be a particular problem following the demise of the Cambridge Federation. Current gaps in provision are identified in section 7. below.

5. Governance and Accountability

Within any landlord organisation a clear distinction needs to be made between governance and accountability. The governing body is responsible for leading and controlling the organisation, ensuring that all legal and regulatory requirements are complied with and that risks are effectively managed. In the event of a serious incident, regulators, customers and other partners need to know where the “buck stops”.

Accountability means that customers and other stakeholders are able to scrutinise the work of the governing body and to hold them account, making them change direction or even changing their composition if necessary. During my discussions with respondents I used the example of RBS, where Fred Goodwin had been able to lead the bank to bankruptcy due to ineffective governance and poor accountability. The governing Board of RBS was weak and unable to control him, and he was not held to account either by shareholders, regulators or staff, either because they were ignorant of his activities or were scared to challenge him.

For a housing association, the relationship between governance and accountability is fairly straightforward. The Board is the governing body, responsible for leading and controlling the organisation, and the Tenant Scrutiny Panel should, in theory, be able to hold the Board to account.

Within the City Council the situation is more complex. When I asked the question “who or what is the governing body of the housing service?” the answers were unclear. Some people stated that the buck stopped with the Executive Councillor for Housing. Others felt that the HMB acted as the governing body. Perhaps the fact that the question was not properly understood reflects the complexity of Council structures.

The HMB terms of reference lists three main objectives:

- To be the main discussion forum between the Council, its tenants and its leaseholders for all matters relating to the landlord function of Cambridge City Council.
- To make recommendations to the Council’s Executive or to full Council as appropriate.
- Pre-scrutiny of non-strategic housing management functions.

The HMB is also a scrutiny body holding the Executive Councillor for Housing to account. The HMB and the Executive Councillor for Housing are also held to account by the Housing Regulation Panel, which acts as a tenant scrutiny panel. Councillor members of the HMB, along with all councillors, are also held to account by their electorate, and resident members of the HMB are held to account by all residents, who vote for resident places every four years. All members of the HMB sign the Council's code of conduct for councillors.

In the light of this, I feel that the terms of reference of the HMB should be revised to clarify, beyond any reasonable doubt, the lines of responsibility between the Executive Councillor for Housing and the Housing Management Board.

In terms of resident elections to the HMB, in theory all six residents could be replaced at the four yearly elections. In order to ensure effective continuity and succession planning, and to get residents into the "habit" of electing their resident representatives, it may be sensible to hold elections every two years, with three resident places available at each election. This means that two tenant representatives and a leaseholder could be elected in year 1 and three tenant representatives could be elected in year 3, each to serve a four-year term.

The current resident members of the HMB are experienced housing practitioners. They all feel able to think and act independently and to campaign on behalf of residents. They also display a high level of competence and a close familiarity with strategic housing issues and the Council should be proud to have the benefit of their contribution. However, by their own admission, they are not as young as they were. The Council will need to think carefully about succession planning and where their replacements might come from. Within the context of co-regulation it will be important to "talent spot" and nurture up and coming resident activists who can take on a wider and more strategic role in the future.

As detailed above, the Housing Regulation Panel also plays a key role in holding the landlord service to account. It has a comprehensive constitution and robust powers to investigate services, to question councillors and officers and to make recommendations for service improvements. The HRP can also commission advice from independent consultants.

All of these factors show that the HRP is able to exercise an independent role within the Council, and that resident members of the HMB also feel able to act independently.

6. Staffing and the Financial costs of resident involvement

The Council employs a Resident Involvement Officer. A Publications Officer also assists with resident involvement work. Both of these posts are full time. These staff work with residents and other officers to ensure that resident involvement work is effective within the Council.

The Council's annual Budget for Resident Involvement is £158,000, of which £78,000 funded the Cambridge Federation with the remaining £80,000 funding the Council's in-house service and grants. It is fair to say that this rough 50:50 split was not reflected in outputs of equal value. Most respondents felt that the Cambridge Federation had not been providing value for money in recent years in comparison to the Council's in-house staff.

£158,000 amounts to just over £21.09 for every Council property per annum. According to Housemark the national upper quartile for spend is an average of £33.91, and the lower quartile is an average of £21.90, so the City Council is achieving remarkable results in resident involvement given that it is spending below the lowest quartile.

In my view, given the regulatory emphasis upon co-regulation and the changing housing landscape, it will be important to retain and redirect the £80,000 budget that previously supported the Federation into alternative resident involvement mechanisms, and options for this are set out in this report.

7. Are there gaps in provision?

The menu of involvement offered by the City Council more than complies with regulatory advice. Of course there is always room for improvement, and complacency should never be an option. Some ideas that the City could consider are listed below.

National research shows that there is always a ceiling to involvement. However hard you try there will only be a minority of residents who wish to be actively involved. Research by the TSA showed that 50 per cent of tenants were not interested in any form of involvement. Of the tenants who were interested, the most popular involvement methods were:

- Responding to surveys (20 %)
- Site surgeries (14%)
- Tenant and residents associations (13%)

Only 9 per cent of tenants were interested in becoming a tenant board member.²

Data provided by Housemark³ shows how Cambridge compares to other landlords (national figures).

	Cambridge	National data		
		Upper Quartile	Median	Lower Quartile
% Responding to consultations and surveys	33.4%	43.2%	33.1%	23.1%
% Who feel their views are taken into account	65%	69.1%	64.9%	59.9%
% Satisfied about being kept informed by their landlords on issues affecting them	75%	84.5%	81%	76%

This indicates that the City is still below the upper quartile averages for each of these questions, and this suggests that the “ceiling” of involvement has not yet been reached in Cambridge. This is not a criticism, because the Council has achieved remarkable results with a

² Understanding tenant Involvement Tenant Services Authority, 2009

³ Housemark – Resident Involvement benchmarking. 2009/10

relatively modest resident involvement budget. But it does indicate that an additional investment in resources could yield further benefits.

7.1 Critiques of current provision

Most respondents felt that the Council was doing excellent work in resident involvement and that Cambridge was well ahead of the vast majority of housing providers. However, many resident respondents felt that there was a lack of co-ordination and a lack of publicity between and about the various activities. Everyone was busy in their own “silo” but they did not always know what others were doing. They wanted to see the bigger picture and they felt that current resource levels and communication methods were not always adequate. This was felt to be a particular issue since the decline of the Cambridge Federation.

There was an assumption on the part of the Council that all residents had access to electronic communication, but many active residents do not have computers and prefer to use the telephone or to write and receive letters.

The Council has highlighted the fact that residents contribute over 3,000 hours of voluntary effort each year but some respondents felt that this contribution was not always recognised or rewarded. It was felt that small gestures such as an invitation to an occasional civic function would be highly appreciated. One resident member of the HMB stated that their greatest achievement had been to receive a key to the drinks’ machine on the civic floor! These gestures may seem minor, but they are very symbolic and meaningful to residents and provide proof that residents are being treated as genuine and equal partners.

In addition, some respondents felt that they were not give adequate support to carry out their work. Some commented that they had found it hard to get leaflets printed. Others commented that it could be difficult to obtain expenses forms to reclaim money for travel and other spending. The procedures for claiming expenses were felt to be poorly publicised and that residents had to push hard to get their proper entitlement.

It was felt that there should be an effective system in place to allow residents to produce newsletters and other publications.

Many respondents felt that the Council could do more in terms of grass-roots work, reaching out to people and communities who have been untouched or unmoved by previous methods of involvement. One councillor expressed concern that areas of his ward lacked any viable groups that could access council funds and that the ward was therefore “losing out.”

With the new provisions in the Localism Bill, and the initiatives that come under the general heading of the Big Society, it will also be important for neighbourhoods and communities to have a “civic core” of active citizens who are able to take advantage of funding and other opportunities. This is dealt with in section 10. below.

Some of the non-involved tenants that I spoke to were unaware of formal structures such as the HMB and the HRP. They could not recall being asked to vote in elections to the HMB. Their focus was very much on their immediate neighbourhood. They stated that they would appreciate the occasional knock on the door or a letter to ask them how they were. When pushed, they did admit to reading Open Door, but did not appear to recall much of its content. They also commented that good and regularly updated notice boards in their immediate vicinity would be helpful and that the Council should make more use of Radio Cambridgeshire as many residents listened to it. This again proves the point that grass roots’ door-knocking and street-level communications could have a positive impact.

8. The Cambridge Federation of Tenants, Leaseholders and Residents and an independent voice for residents

Until recently, the Cambridge Federation of Tenants, Leaseholders and Residents nominally provided an independent voice for residents. However, in early 2011 they decided not to apply for further grant support from the City and the organisation has effectively ceased to exist. A formal winding up meeting is to take place in September 2011.

The reasons behind this decision are complex, but in summary the history of the Federation over the past few years appears to be a classic case of a third sector organisation losing its way due to a lack of effective leadership and internal infighting. Voluntary trustees are not always able to steer an organisation in the right direction, particularly if they do not have the requisite legal, financial and human resources skills that are

needed to run an independent organisation. This will be compounded if trustees have to tackle what they may perceive to be unreasonable demands from the funding organisation, and if they are also attempting to manage staff who are steering a different course to the one that is required.

It was made clear to me that the Federation had been carrying out very little campaigning and advocacy work over the past few years and that, although they had been successful in earlier years, their recent performance had been poor in terms of outputs and outcomes and that the relationship with the Council had been difficult. A great deal of work had been carried out by councillors and Council officers to resolve these issues but to no avail.

A minority of respondents expressed a dissenting view. They felt that the Federation had been too successful and too independent and that this was the reason for the difficult relationship with the Council. However, I did not find any substantial evidence that the Federation had been producing a high level of positive outputs and outcomes for residents.

At a meeting with tenant activists it became clear that the demise of the Federation had caused a great deal of bitterness, with personal insults being traded between some respondents. It will therefore be important for the Council and residents working together to carry out some form of “healing” exercise so that the wounds of this saga can be mended and resident activists can “move on” without the demise of the Federation becoming a running sore. It may be useful to bring in an external facilitator to conduct this exercise.

Residents need to be re-assured that their work is valued and that what has happened in the past should be seen as a learning experience for future ways of working. Every cloud has a silver lining.

However, many residents told me that the monthly forum previously organised by the Federation had been a very successful event, since it allowed residents to hold officers to account and was run entirely by residents without Council interference. It had acted as a kind of select committee, with an agenda set by and for residents and had the ability to call Council officers to attend in order to answer questions on service delivery issues. Several respondents stated that the forum, or an updated version, should be revived.

The demise of the Federation does leave a gap in terms of an independent voice for residents. However, it also represents a significant opportunity to develop new and better ways of working. The Council's internal structure for involvement already provides residents with a large degree of independence. As stated above, HMB resident members can out-vote the ruling group if they combine with opposition councillors and the Housing Regulation Panel is able to hold officers and councillors to account and has formal powers to commission advice and consultancy.

However, many respondents felt that, when and if it comes to the crunch, residents as a whole should have the ability to seek independent advice and to hold the Council to account outside of existing mechanisms. The options for how this could be put in place are set out below.

9. Options for an independent resident voice

The options are set out below.

1. Do nothing.

For: The Council's framework for resident involvement is comprehensive and successful and residents have the ability to act independently - for example their ability to out-vote the ruling group on the HMB and the ability of the HRP to commission research.

Doing nothing saves money and funds could be re-directed to other essential areas.

Against: Complacency should never be seen as an option. If the Council stops improving it will fall behind other providers and it will take more effort and resources to catch up.

An independent voice could help to keep the Council focused on improvement.

Most respondents felt that an independent voice over and above existing structures should be provided.

2. Set up a Cambridge Federation Mark 2 using the current budget.

For: A new Federation could revitalise residents' associations and act as an effective independent voice for residents.

The Federation would be truly independent of Council control.

Against: Unless it could gain access to alternative funding, the organisation would still be dependent upon Council funding and could go the way of the previous Federation.

Residents' associations on their own are seen as only part of a wider spectrum of resident involvement spectrum. This could alienate a significant proportion of tenants who do not wish to become involved in formal groups.

As an independent company, the Federation would require an effective Board of Management and separate premises. Not only is this costly, but many third sector organizations struggle to find experienced trustees who are able to deal with complex legal, financial and human resource issues.

3. Appoint an independent external advisor/consultant who could provide advice to the HMB/HRP or other resident forums as and when required.

For: The cost would be significantly less than the cost of the Federation and would allow residents to draw upon external expertise.

The support provided could be genuinely independent.

Against: It may be difficult to find someone who could carry out this role effectively.

If they move on, or have other work, a new advisor would need to be recruited and this would hamper continuity.

4. Provide all active residents and associations with membership of TPAS, or a similar organisation, allowing access to an independent advice service.

For: The costs would be significantly cheaper than previous funding of the Federation. If the landlord is a full member of TPAS membership for groups is free. If not, it is £73 per annum.

Against: The approach is fragmentary and lacks co-ordination. It would require a clear process by which advice would be sought.

5. Re-launch the regular resident forum, properly resourced, with a defined constitution and the ability to hold councillors and officers to account.

For: The forum has the scope to act as a genuine independent voice, with the power to invite officers to attend, commission advice and to campaign outside of Council structures.

This option was favoured by many respondents.

Against: It is likely to attract only the more active residents.

On balance I recommend option 5. This option appeared to be favoured by respondents, followed by option 3. I found few respondents who favoured Options 1 or 2.

Given the constraints upon budgets and the need to get value for money for residents, it would seem sensible to re-direct the Cambridge Federation's previous budget into areas that have proved to be the most cost effective in the past. Assuming that the re-launched forum is properly constituted and is given effective support by the Resident Involvement Team, it has the ability to act as a genuinely independent voice for residents, a place where all resident involvement issues can be "washed up" and co-ordinated as requested by residents.

10. Wider community development issues

Resident involvement is one element in a wider perspective of community development. Social landlords engage with their residents because they are required to do so and because they want to. The business case for involving residents within a co-regulation framework is sound – it increases efficiency and provides greater value for money and residents who are able to participate display higher levels of satisfaction.

But there is a bigger picture. Many Councils have now disposed of their stock, but they still have a wider responsibility to create and maintain healthy and sustainable communities. In Cambridge, the Council still owns and manages the majority of social housing. However, there are 29 housing associations with stock in the City amounting to around 3,300 homes.

The Localism Bill may present additional opportunities for communities to take greater control of their futures. Many social landlords will be looking at their wider role and considering whether social enterprises and other forms of community capacity building can be developed in the future.

Following the August 2011 riots there may also be greater pressure upon local authorities and other agencies to provide opportunities for young people, in particular. This report proposes that an additional member of staff should be recruited to the Resident Involvement team and one element of their job description would be to ensure that resident involvement work links to the Council's wider community development role. This will facilitate a comprehensive approach and ensure that tenants and leaseholders feel connected to the wider community.

These issues are dealt with in greater depth at Appendix 4.

11. The way ahead

In the light of the issues raised in this report, and on the assumption that the Council will not be re-forming a Cambridge Federation Mark 2, I believe the Council should consider re-allocating the £80,000 previously used to fund the Cambridge Federation as follows:

1. To recruit an additional member of staff to the in-house RI team. Their duties could include some or all of the following.
 - Linking Resident Involvement work with the Council's wider community development role and ensuring effective links with community development outreach staff, CHYPPS team and others.
 - Supporting grass-roots groups and reaching out to harder to reach residents (this work previously came under the remit of the Cambridge Federation).
 - Working with BME and youth-panel groups.
 - Identifying and supporting small-scale grants for local groups.
 - Identifying and nurturing up and coming talent with an eye on succession planning.
 - Working with other housing staff to ensure that resident involvement is properly resourced and prioritised within the Council.
 - Providing support to the Sheltered Housing Scheme Residents' Association
 - Supporting the proposed residents' forum and ensuring its independence

So long as the work of the RI team is accountable to residents I do not believe the new post will compromise the independence of the work that is undertaken.

2. I would also suggest that the Resident Involvement Team should have a greater pot of grant funding to support and "pump prime" new groups and activities, in addition to the environmental grants that are offered currently.

3. Additional funds should also be committed to supporting active residents, ensuring that residents are also properly rewarded and recompensed for their time. This should include an analysis of how residents prefer to communicate with the Council and with each other so that communication is more effective. Some may prefer the telephone; others may prefer to use electronic media or traditional pen and paper. In either case, residents should be helped to communicate effectively and should not be left out of pocket for the time they spend on RI work.

4. The Council should consider investing more funds in training and capacity building so that residents can ask informed and high-level, challenging questions about the running of their organisation, including major procurement decisions. (Involving tenants at the early stages of procurement has been shown to save millions of pounds elsewhere in the country).

The new post, and the wider work of the Resident Involvement team, could be overseen by the Residents on the HMB or by the monthly residents' forum. This already happens in practice, since the team works on a partnership basis with residents, but it may be sensible to formalise the arrangement so that residents know exactly the services they can expect to receive. In the spirit of co-regulation, the principle should be that a significant proportion of the team's work should be resident-led. This reflects the fact that involvement has shifted to a position where residents are the driving force for improvement.

11.2 Some ideas for further development of resident involvement

As part of this review I have consulted with colleagues and reviewed some of the innovative schemes that have been implemented elsewhere in the country. Some of these are presented below and the Council should consider whether any of these could be relevant to Cambridge.

- The additional use of social media sites like Facebook and Twitter and the use of new technology, such as texting or on-line voting, to communicate with residents and elicit views. These methods may be particularly useful for younger people.
- Setting up a junior board, as at South Liverpool Homes. This would have formal powers and could contribute to the shaping of the housing service. It would help to embrace youth issues within the housing service and to encourage new talent who could succeed to more senior posts in the future.
- Setting up a cross-district scrutiny panel covering all social landlords, as at Welwyn Hatfield, where every social landlord, regardless of size, nominates two representatives to a cross-

district scrutiny panel. This reflects the fact that people live in neighbourhoods where many landlords may be active and builds upon the notions of wider community development issues discussed in section 10. above.

- Review of provisions within the Localism Bill such as the community Right to Challenge and Acquire, and the impact that these may have upon resident involvement and community empowerment within Cambridge. As set out in section 10. above, it will be important that less-prosperous neighbourhoods are able to take advantage of these initiatives in order that they do not lose out.
- Review of initiatives coming out of the forthcoming Big Society White Paper about community empowerment.
- Discussion and training, with residents, for the world of post-HRA reform after April 2012, looking at longer-term business planning.

12. Conclusions and Recommendations

The systems for resident involvement in Cambridge are robust and comply with regulatory expectations. In terms of the quality of the service, its value for money and the range of involvement options on offer Cambridge sits within the top quartile of landlords and has been rightly praised by regulators and bodies such as the Audit Commission and the CIH.

However, the national landscape is changing fast. The top down regulatory framework for social landlords is retreating, and there is an expectation that co-regulation will fill the gap, with much more emphasis on highly trained and active tenants who can deal not only with day to day service issues but who are able to take a view on strategic housing issues and have the skills and experience to provide an independent challenge and hold their landlord to account. In addition, progressive local authorities will be considering wider issues of community development and responding to the provisions in the Localism Bill to identify and support a “civic core” or citizens, particularly in more deprived areas, which can help to build community investment and community resilience.

The figures provided by Housemark (see section 7. above) indicate that the Council has not yet reached the “ceiling” of participation. In my view, the Council is unlikely to reach this ceiling unless it commits resources to further resident involvement work. The demise of the Cambridge Federation provides an opportunity to extend the scope of current work and to reap additional rewards in terms of resident engagement and satisfaction levels.

12.1 Summary list of Recommendations

This is a list of recommendations arising from the points raised in this report. The adoption and implementation of these recommendations should be carried out in partnership with residents.

1. To re-channel the budget of £80,000, previously used to support the Cambridge Federation, into other Resident Involvement activities.
2. To recruit a new member of staff to the Council Resident Involvement team, reporting to the Resident Involvement Manager. The suggested key duties of this post are as set out at 11. above.
3. To ensure that the work plan of the Resident Involvement Team has a high degree of guidance and involvement from residents.
4. To review the terms of reference of the Housing Management Board, and other formally established groups, to ensure that there is clarity over the lines of governance and accountability for the housing service.
5. To consider holding resident elections to the Housing Management Board every two years.

6. To review the system of support and expenses for active residents, so that their efforts are properly rewarded and recompensed. This should include a review of IT support and the possible provision of IT facilities for current and new resident activists.
7. To review the arrangements for recruiting resident activists and for succession planning for resident involvement. The aim should be identify and recruit a new cohort of active residents who can be step into the shoes of current activists in the future, and to create a civic core of active residents who can be involved in resident involvement and wider community development issues.
8. To review the level of training and support for residents so that current and new resident activists can take on a range of roles within the tenant involvement framework, and be fully equipped to handle strategic housing issues as well as day-to-day service delivery issues.
9. To review the communications strategy for resident involvement so that all residents, and particularly activists, are kept informed of actions and activities on a need to know basis. This should include a review of social media, more and better training on the use of IT and the provision of IT equipment where necessary, and the ability for all residents' groups to have access to effective printing facilities. It should also include a review of estate notice boards and the use of Radio Cambridgeshire and other local radio stations to publicise events.
10. To re-launch the residents' forum and to make this the independent co-ordinating body for resident involvement in Cambridge. The details of its terms of reference would need to developed but this could include the following: meetings to be open to all tenants and leaseholders and held four or five times a year; meetings to be fully supported by the City Council; meetings to have a clear agenda with the ability to call officers to answer

questions and an opportunity for elected HMB members to provide feed back; the ability to seek advice from independent advisers with an appropriate budget; a formal voting using green and red voting cards for all registered residents; a clear commitment to the independence of the forum from all parts of the Council.

11.To consider some of the ideas for further development of resident involvement as highlighted at 11. above.

12.To undertake a “healing” exercise with residents where the events surrounding the demise of the Cambridge Federation can be used as a positive learning exercise in order to move forward.

13.To increase the level of grant funding to support residents’ associations and other grass roots bodies. The grants previously awarded by the Cambridge Federation for environmental improvements should also be brought back under City Council control and integrated with other grant funding for resident support.

Colin Wiles August 2011

Appendix 1

List of interviewees/respondents

Councillor Catherine Smart, Executive Councillor Housing

Councillors Adam Pogonowski Mike Todd-Jones, Andy Blackhurst, Kevin Blencowe, Colin Rosenstiel, George Pippas, Kevin Price, Roman Znajak.

Residents: (tenants and leaseholders)

Diane Best (HMB), John Marais (HMB), Terry Sweeney (HMB), Kay Harris (HMB), Stan Best (HRP), Margaret Betson, Anna Vine-Lott (HRP), Trevor Ealey (HRP), Ann Chapman, Jane Tanburn, Leila Dockerill, Eugene Toyloy, Colin Dickins (RTLG), Archie Ferguson (HRP), Jill Crossley (Cambs Federation/RTLG), Harold Jenkins, Gwen Wesley, Leroy Simpson, Julia Reid, Dennis Rowlands, Cathy Stothart.

Officers:

Liz Bisset, Alan Carter, Robert Hollingsworth, Sandra Farmer, Marella Hoffman.

Thanks also to Kathy Brown

Appendix 2 TSA Tenant involvement standard

Tenant involvement and empowerment standard

Required outcomes

1 Customer service, choice and complaints

Registered providers shall:

- provide choices, information and communication that is appropriate to the diverse needs of their tenants in the delivery of all standards
- have an approach to complaints that is clear, simple and accessible that ensures that complaints are resolved promptly, politely and fairly

2 Involvement and empowerment

Registered providers shall support co-regulation with their tenants by:

- offering all tenants a wide range of opportunities to be involved in the management of their housing, including the ability to influence strategic priorities, the formulation of housing-related policies and the delivery of housing-related services
- consulting with their tenants and acting reasonably in providing them with opportunities to agree local offers for service delivery
- providing tenants with a range of opportunities to influence how providers meet all the TSA's standards, and to

scrutinise their performance against all standards and in the development of the annual report

- providing support to tenants to build their capacity to be more effectively involved

3 Understanding and responding to the diverse needs of tenants

Registered providers shall:

- treat all tenants with fairness and respect
- demonstrate that they understand the different needs of their tenants, including in relation to the seven equality strands and tenants with additional support needs

Registered providers shall set out in an annual report for tenants how they are meeting these obligations and how they intend to meet them in the future. The provider shall then meet the commitments it has made to its tenants. Registered providers shall take the obligations of the Tenant Involvement and Empowerment Standard into account in setting out how they are meeting and intend to meet all the other TSA standards.

Specific expectations

1 Customer service, choice and complaints

1.1 Registered providers shall provide tenants with accessible, relevant and timely information about:

- how tenants can access services
- the standards of housing services their tenants can expect
- how they are performing against those standards
- the service choices available to tenants, including any additional costs that are relevant to specific choices
- progress of any repairs work

- how tenants can communicate with them and provide feedback
- the responsibilities of the tenant and provider
- arrangements for tenant involvement and scrutiny

1.2 Providers shall offer a range of ways for tenants to express a complaint and set out clear service standards for responding to complaints, including complaints about performance against the standards, and details of what to do if they are unhappy with the outcome of a complaint. Providers shall inform tenants how they use complaints to improve their services. Registered providers shall publish information about complaints each year, including their number and nature, and the outcome of the complaints. Providers shall accept complaints made by advocates authorised to act on a tenant's/tenants' behalf.

2 Involvement and empowerment

2.1 Registered providers shall consult with tenants on the desirability and scope of local offers in relation to services to meet the following TSA standards: Tenant Involvement and Empowerment, Home and Neighbourhood and Community. In providing opportunities for tenants to agree local offers by no later than 1 April 2011 they shall offer commitments on:

- local standards for performance
- how performance will be monitored, reported to and scrutinised by tenants
- what happens if local offers are not met (including procedures of redress)
- arrangements for reviewing the local offers on a periodic basis

2.2 Registered providers shall enable tenants' opportunities to scrutinise the effectiveness of their policies in relation to tenant involvement.

- 2.3 Registered providers shall inform tenants about the results of their consultations on issues related to the standards.
- 2.4 Registered providers shall consult with their tenants, setting out clearly the costs and benefits of relevant options, if they are proposing to change their landlord or when proposing a significant change in their management arrangements.
- 2.5 Registered providers shall consult tenants at least once every three years on the best way of involving tenants in the governance and scrutiny of the organisation's housing management service. They shall ensure that any changes to tenant involvement in governance and scrutiny leads to an enhancement of the overall effectiveness of their approach.
- 3 Understanding and responding to diverse needs**
- 3.1 Registered providers shall demonstrate how they respond to tenants' needs in the way they provide services and communicate with tenants.

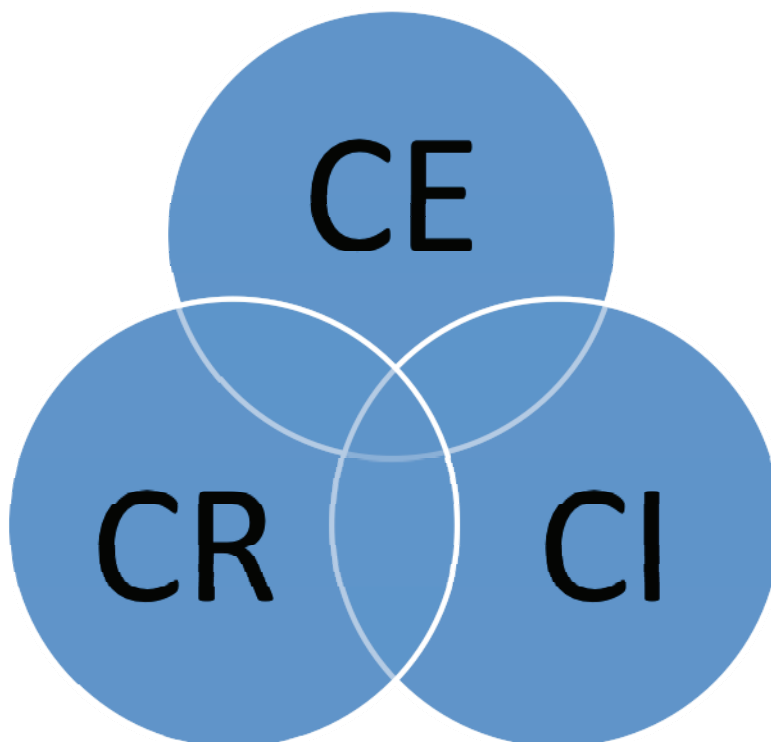
Appendix 3 – Range of Resident Involvement and communication methods

<p>Running resident involvement</p> <ul style="list-style-type: none"> Managing and supporting over 3,100 volunteer hours from resident reps each year Demonstrating and recording the positive impacts on services Publicising these involvement opportunities and recruiting residents to new ones 	<p>Organising resident events</p> <ul style="list-style-type: none"> Residents' Festival Day, bringing residents together with other providers & promoting RI Residents' Housing Tour organising event & facilitating hosting by HRP for 2011 <i>New, 2011</i> Resident reps meeting Lead Cllr 	<p>HMB resident Elections</p> <ul style="list-style-type: none"> Advertising; call for candidates; meeting, training, screening all new candidates; screening of manifestos; commissioning Electoral Reform Services; advertising results; training & induction of new HMB resident reps <i>New, 2011</i>
<p>Publications & communications</p> <ul style="list-style-type: none"> Annual Report for Tenants (summary & long versions) <i>New since 2010</i> Quarterly Open Door magazine Making Residents' Videos, posted on YouTube <i>New, 2011</i> Your Home, Your Say webpages Year-in-advance calendar of article-planning with c.15 housing-related managers Contributing to corporate Diversity events as part of Count Me In brand <i>New since 2010</i> 	<p>Performance info for residents</p> <ul style="list-style-type: none"> Working with partners & HRP to select a range of tenant-friendly PI's about Housing <i>New, 2011</i> Publishing performance on these quarterly <i>New, 2011</i> Involving resident reps in Housing's Value for Money Group in 2011 <i>New, 2011</i> 	<p>Consultations with residents</p> <ul style="list-style-type: none"> Assisting with commissioning & design of STATUS survey-replacement <i>New, 2011</i> Open Door postal surveys & feedback-loops 'RI Impacts': A-Z Database outcomes-based evidence of Housing's 35+ consultations each year Open Door & online communications-loop for & about HRP <i>New since 2010</i> Maintaining Community Services' online consultation database Housing Sounding Board local survey-panels for housing officers <i>New, 2011</i>
<p>Meeting national requirements</p> <ul style="list-style-type: none"> Creating & returning all required reports & evidences for Housing Regulator Completing Regulator's processes & submissions on Council's behalf each year for National Standards & Annual Reports <i>New since 2010</i> Implementing annual Local Offer cycle; submission on Council's behalf in Regulator's formats <i>New, 2011</i> Keeping Council ahead of national RI policy requirements Keeping resident reps & tenant public well informed on the above 	<p>Supporting & communicating work of Housing Regulation Panel</p> <ul style="list-style-type: none"> Regular support-meetings & admin for HRP Chair <i>New, 2011</i> Supporting HRP in planning Housing Tour & promoting HRP at the Tour <i>New, 2011</i> Quarterly article for HRP in Open Door <i>New since 2010</i> Creating & maintaining webpage about HRP <i>New, 2011</i> South Office window display featuring Housing Regulation Panel <i>New, 2011</i> 	<p>Outreach through new media</p> <ul style="list-style-type: none"> Contributing to corporate Facebook project at request of Antoinette Jackson <i>New, 2011</i> Exploring Resident Involvement pilot through Facebook, as part of Arbury Area Committee pilot project with Committee Services <i>New, 2011</i>
<p>Supporting residents' groups</p> <ul style="list-style-type: none"> Regular support-meetings & admin for Open Door Residents' Panel and Green Inspectors, and for Housing Management Board reps and Count Me In BME reps as requested, etc. Quarterly public communications loops via Open Door for HMB reps, HRP, Green Inspectors and Count Me In reps; then fielding public's calls & emails for the groups <i>New since 2010</i> Residents' Association grants & all resident reps' expenses 	<p>Positive practice for residents</p> <ul style="list-style-type: none"> Organising residents' positive practice visits or exchanges with other providers Building learning-exchange into annual Residents' Day Giving positive practice trainings at national agencies as appropriate when requested (at TSA, CIH, Housemark, etc.) <i>New since 2011</i> Fielding requests from other providers about our positive practice <i>New since 2010</i> 	<p>Diversity & Equalities</p> <p>Collating and reporting on: -</p> <ul style="list-style-type: none"> City Homes' regular reports for HMT on EqIAs calendar City Homes' regular reports for HMT on Housing's BME Action Plan City Homes' regular reports for HMT on overall Equalities & Diversity actions

Appendix 4 – Resident Involvement in a wider community development context

One model for a wider community development approach is highlighted below. The key elements are:

- Community engagement – how involved are communities in available democratic processes and decisions affecting them? How well do they respond to consultations and surveys? How active is the community in fostering community relationships?
- Community resilience – how well does the community meet its own needs and respond to external threats? How well does the community recover from adverse incidents? To what degree do members of the community support each other in a crisis?
- Community investment – what internal resources does the community have? What external resources are available and how effective is the community in obtaining resources?



The area where all three elements overlap indicates a high level and comprehensive approach to community capacity building.

As can be seen below, various work streams sit within each element and a narrow definition of Resident Involvement represents only one element in a truly comprehensive approach. Of course, resident involvement can be a stepping-stone to wider community development. For example, where residents get together to deal with an external threat this can lead to networks and friendships developing that lead on to other activities.

Community Resilience	Community Engagement	Community Investment
<ul style="list-style-type: none"> • Community safety • Support to disadvantaged neighbourhoods • Robust responses to Anti-Social Behaviour • Sustainability and environmental work • Community cohesion/ tackling discrimination • Neighbourhood Watch • Community campaigns 	<ul style="list-style-type: none"> • Community profiles/targeting services • Resident involvement • Support to front line staff • Community development work • Local referenda and petitions • Neighbourhood Plans • Specialist projects (such as youth) 	<ul style="list-style-type: none"> • Fundraising - support to local projects • Grants and fundraising • Social enterprise • Community building – support to new developments/ regeneration projects • Community right to build and Community right to challenge

Notions of social capital also useful in understanding how successful communities work. Social capital has been defined as the sum of our “social connectedness” and reflects our shared norms and values. The concept was first described in detail by Robert Putnam in his seminal

book *"Bowling Alone – the Collapse and Revival of American Community"* (Simon and Schuster 2000) in which he established a link between high levels of social capital (neighbourliness, civic engagement, reciprocity, membership of clubs and societies, and trust) on the one hand and the health, wealth and happiness of communities on the other. Neighbourhoods with high levels of social capital, he found, will have higher levels of educational attainment, be more economically successful, suffer less from crime, and its people will be healthier and happier. This is not just a case of saying that rich areas will be better than poor ones. A major research study in the USA showed that quality of life and happiness was highest in socially connected communities. The survey also found that levels of civic engagement - how much residents trusted each other, socialised with others, and joined with others, among other measures - predicted the quality of community life and residents' happiness far better than levels of community education or income.

Putnam concluded that the stock of social capital in the developed world had declined since 1950 and the causes that he identified included increased travel time to and from work, work pressures, more women working, television, job mobility, fear of crime, and gated housing estates. He did not find any negative link with the Internet, telephones, divorce, big government or regulation.

Social capital, in Putnam's view, could therefore be compared to other forms of capital (money, human capital, land, buildings) in that it can add real economic value to communities.

Critically, Putnam identified three types of social capital: bonding, bridging and linking.

- "Bonding" social capital (e.g. between family members, close friends or ethnic groups). Bonding is essential for "getting by"
- "Bridging" social capital (e.g. across ethnic groups or with work associates and employers). Bridging is essential for "getting ahead"
- "Linking" social capital (e.g. between different social classes or to the wider world).

These three elements need to be in balance for communities to succeed. If bonding is too dominant, for example, it can lead to neighbourhoods

becoming inward looking and intolerant of outsiders and change. Its residents cannot "get ahead". For example, the Traveller Community or Loyalist and Nationalist communities in Northern Ireland have impressive levels of bonding social capital but they are not so good at bridging or linking beyond their close-knit communities and this is what tends to hold them back. This can lead to racism and sectarianism, because these communities are seen as inward looking and separate.

Similarly, young people involved in gangs display impressive levels of bonding social capital, but because of their fear of violence from neighbouring gangs their geographical and social horizons are often severely constrained, and they cannot "get ahead".

Trust is a quick measure of social capital. Neighbourhoods where people trust each other and the institutions that serve them are more likely to be successful. From trust flows reciprocity – the notion that if you look out for others they will look out for you.

What does all this mean for housing providers? Well, the theory of social capital isn't necessarily telling us anything we didn't already know, but it can be a useful diagnostic tool for housing providers in creating "balanced and sustainable" communities. Assessing the level of social capital in any neighbourhood can be quickly assessed using some simple questions about trust and reciprocity and this can help to inform prescriptions for community action. Questions such as "Do you trust other people in your street?" or "How often do you speak to your neighbours?" can give a quick measure of social capital in a defined neighbourhood.

A key component of social capital is a sense of "belonging". Personal attachment to an area – something that is becoming increasingly important in a world that is more and more fragmented and global in its workings - is more likely to persuade people to invest time and effort in their community. Housing providers need to recognise this and building on local traditions and history and retaining or building local landmarks is a key element of this.

The University of Southampton has been "mapping" the Big Society and their researchers conclude that there is only a small number of people, the 'civic core', who make the greatest contribution to voluntary

organisations⁴. They state that 31 per cent of the population provides around 90 per cent of hours of unpaid help, four-fifths of money donated to charities, and 70 per cent of civic participation. This civic core is more likely to be middle-aged, have higher education qualifications, own their house, practice a religion, and lived in the same neighbourhood for over 10 years. Crucially, those groups who are more active tend to be living in the most prosperous parts of communities rather than the most deprived. Their research also indicates that there are fewer third sector organisations per head in more deprived areas than in prosperous areas. Those organisations operating in more deprived areas are also more likely to be reliant on public funding. The research also shows the areas with fewest registered third sector organisations are also likely to be in areas most at risk from funding reductions.

What does all this mean in terms of resident involvement? Firstly, RI is only one element in a wider perspective of community development. One critique of traditional resident involvement is that it is a “silo” that separates and isolates social housing residents from the wider community. In order for social housing residents to “bridge” across tenure and social barriers it makes sense for involvement, in some circumstances, to involve the whole community.

The proposed new member of staff in the RI team could help this to happen, bringing other grass roots groups into the frame and working with the Council’s community development team to make sure that work is co-ordinated and “tenure blind”.

It also means that local authorities will need to commit resources to the “civic core” in less prosperous areas, so that activists can be nurtured and developed in order that they can compete on a level playing field with more prosperous areas.

⁴ See www.soton.ac.uk/mediacentre/news/2011/aug/11_77.shtml

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Resident Involvement Facilitator – Work Plan 2013	
<ul style="list-style-type: none"> • An independent voice allowing residents to be actively involved with their landlord • Taking forward the Council’s approach to the localism agenda and neighbourhood working across the city • Supporting Council managers in engaging residents and groups through Local community involvement projects 	
Requirement	Proposal
<p>1. Local Residents’ Groups</p> <ul style="list-style-type: none"> • Provide support and guidance to residents, establishing, developing and supporting residents’ groups and activities • Provide administrative support for residents’ meetings and groups • Provide support to the Sheltered Scheme Residents’ Association • Encourage uptake of funding and grants available to residents’ groups 	<ul style="list-style-type: none"> • Audit on current state of RAs – numbers, funding, involvement, etc • Update rules and regulations for funding/grants • Aim to have 2 active groups in each Housing Office area (i.e. 12 groups total) by end of 2013 • Investigate the set-up of residents groups for new-build/redevelopment areas • Support the Sheltered Scheme Residents’ Association
<p>2. Neighbourhood resident involvement</p> <ul style="list-style-type: none"> • Deliver Community-based programmes/new initiatives • Promote customer involvement in landlord-related services • Enable service-development through consultations and feedback • Recruit and develop more residents into scrutiny roles • Linking RI with the Council’s wider community development role 	<ul style="list-style-type: none"> • Link with existing community programs being run in estates • Create Residents network email list – with plans to develop into social networking presence • Create options for catching new sign-up tenants/leaseholders • Investigate Incentive scheme
<p>3. Recruiting</p> <ul style="list-style-type: none"> • Recruit new residents to resident involvement • Identify the training needs of residents and help build their skills • Enable succession-planning for resident representative roles 	<ul style="list-style-type: none"> • Skills audit on new volunteers involved through local groups • Improve menu of opportunities – updated ‘tenant compact’ style document
<p>4. Outreach to ‘hard to reach’ residents</p> <ul style="list-style-type: none"> • Reach out to ‘hard to reach’ residents • Link with the Council’s wider community-development role • Act as a facilitator to promote self-help in the community 	<ul style="list-style-type: none"> • Establish connections with Community Development staff • Link with existing community groups/events happening in our estates • Investigate how STAR Survey can be used to gather meaningful feedback from those

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<ul style="list-style-type: none"> • Work and engage with other Council staff, community organisations and other stakeholders to deliver residents' involvement needs 	<p style="text-align: center;">not usually involved</p>
<p>5. Residents' Forum</p> <ul style="list-style-type: none"> • Develop a Residents' Forum, as an independent coordinating body for residents • Enable the Forum to work with other social landlords' tenants, locally and nationally 	<ul style="list-style-type: none"> • Work on forum can only begin once other areas start to gain momentum • Needs an initial core number of new RAs • Aim to start this process in 2nd half of 2013

1. Local Residents' Groups

1.1 Approximately 10 years ago, there were up to 24 tenant and leaseholder Residents' Associations around the city. Over the last decade this number has decreased to less than 10, with many only consisting of a hard-core of volunteers that keep the group running.

1.2 As we have moved into the digital age, the traditional model for a Residents' Associations (sit-down meetings, chairs/treasurers, minutes, AGMs, etc) has become less appealing to some people, particularly younger residents. Nonetheless, private Residents' Associations continue to thrive throughout the city, and do achieve favourable outcomes for their residents.

1.3 In order for tenant and leaseholder Residents' Associations to succeed they require an amount of support (as mentioned in Colin Wiles' Report) - which is something that the RI Facilitator role provides. Even in the 4 months that the RIF has been in post, 3 new tenant and leaseholder RAs are already under development, with some more potential groups in the pipeline. An existing number of tenant and leaseholder Residents' Associations are now receiving support from the RIF and are increasing their visibility through publicity and communications, with the aim to increase their membership.

1.4 There is also a drive to set up new kinds of Residents' Associations, but themed around specific issues - for example the environment or ASB. These groups may not be able to apply for funding in the conventional way, but could ask for specific items of equipment to assist them in their work.

1.5 The aim for the RI Facilitator in terms of Residents' Associations is to have at least 2 active groups in each Housing Officer patch by the end of 2013. This would bring the tenants and leaseholders Residents' Associations community up to almost 50% of the strength it was around a decade ago. This growth could obviously continue long term, with the only limiting factor being the amount of time the RI Facilitator could put in to set-up/service/support these groups and the size of the city itself (i.e. number of total potential tenants/leaseholders who could join an RA).

1.6 Ideally, new Residents' Associations would become self-sufficient over time, and as they become more established, the amount of help needed from the RIF would decrease. Some level of support would always be in place - for example attending AGMs, advising and supporting on funding applications and in the production of publicity materials.

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1.7 Residents' Associations often come into being due to a very specific local issue, for example the current redevelopment/new build project. It will be the job of the RI Facilitator to stay up to date with these larger housing issues and offer the support and opportunity to the affected residents who may wish to form a residents' group.

2. Neighbourhood resident involvement

2.1 Many of the initiatives and projects delivered by Community Development already happen in areas of the city where Cambridge City Council has high-concentrations of tenants and leaseholders. Rather than replicate work already being done, it makes sense for Housing to work alongside its Community Development colleagues and support each other in mutually beneficial projects happening on the estates. A good example of this was the recent Hazlewood and Molewood Community Day, organised and run by the RI Facilitator, Local Housing Officer and two local Community Development workers.

2.2 Not all residents choose to engage with the council face-to-face (at meetings or community days). Many prefer to be involved in less direct ways. One continuingly popular format is through paper/free-post surveys. While this is still the method that tenants and leaseholders prefer when asked, it does carry a cost - which limits the amount of paper-based surveying that can realistically be carried out. By supplementing these surveys with e-surveying (carried out on computers, mobile phones and other devices), more useful data can be collected for a marginal additional cost.

2.3 Many of the paper forms returned by Open Door readers include contact details and many of the returned forms have given their consent to be contact again by the council for future surveying and engagement. Residents who are door-knocked on community days also often give their consent to be consulted in the future. These email addresses will form the beginnings of a 'Residents' Network' email list of tenants and leaseholders who have agreed to be part of online consultation. In the interests of not excluding those without internet access, these surveys would only compliment the bigger surveys still produced in print and included inside copies of Open Door magazine. The annual STAR Survey is also likely to continue to be provided in print form for the foreseeable future.

2.4 Traditionally, tenants and leaseholders moving into a new property would receive some form of 'new sign-up' pack, which in the past even included a tenant or leaseholder handbook. As this is often the first piece of communication that a new tenant or leaseholder has with the Council, it is a key moment to make a first impression and to invite tenants and leaseholders to join in with resident involvement activities.

2.5 When taking advantage of this first point of contact, It's important to make clear the of types of involvement. These can be broadly categorised under 3 main headings:

- Influencing policy and decisions city-wide
- Scrutinising the quality of their homes and services
- Joining in with or forming local community groups and residents associations

2.6 These levels can also be seen as a journey or progression through different levels of involvement, as individual's skills and confidence improves. Tenant and leaseholder volunteers often start off as members of a local Residents' Association or similar neighbourhood group. For this reason, a revised and updated new sign-up pack will be an important outreach tool for the RI Facilitator

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2.7 Some Registered Social Landlords provide an incentive scheme to their residents, which reward tenants and leaseholders for fulfilling their tenancy conditions and for joining in with wider community activities. While Cambridge City Council has explored this in the past, it ultimately decided not to pursue this. However, now may be a good time to have another look at these schemes and study how successful they really have been to other providers.

3. Recruiting

3.1 As mentioned previously, many of the most experienced tenants and leaseholder representatives began their volunteering in local resident groups, and it is hoped that by resourcing and supporting Residents' Associations again, Cambridge City Council will benefit from a new generation of active tenant and leaseholder volunteers, with the skills and enthusiasm to stand for positions in groups like HMB or HRP.

3.2 A specific role for the RIF will be to look for these tenant and leaseholder volunteers and empower them to make the transition up to citywide decision-making or service monitoring roles.

3.3 It's therefore key to have a clear and up to date menu of opportunities – in print, online and available for all. These documents used to be known as 'tenant compacts', though following the TSA's (now the HCA's) national standards, compacts are now seen as slightly old-fashioned. In fact, one of the best recognised methods for capturing the attention of potential new volunteers is to produce a clear and concise 'new-starter' type documents (mentioned above, in section 2), aimed at those moving into their new Council home for the first time. This kind of quick reference document would cover the basics of the home, the services available and the opportunities for involvement.

4. Outreach to 'hard to reach' residents

4.1 Hard to reach groups in resident involvement are traditionally thought of as young or BME residents. According to the most recent information held on the Councils' housing database, more than 60% of Council tenants and leaseholders in Cambridge identify themselves as White British, while almost 1/3rd are over the age of 55. Nonetheless, this still means there are a significant number of younger and BME tenants and leaseholders who do not get involved with the running of their housing and (in annual tenant and leaseholder surveys) often feel that they are not being listened to or represented.

4.2 Community Development is the Council department with the greatest expertise in engaging these hard to reach residents. As mentioned in section 2, many of their centres and projects are also active within or near to Cambridge City Council's estates and neighbourhoods.

4.3 This is another reason why it is key to work in partnership with Community Development and for the RI facilitator to actively link itself with the various Community Development staff who are based out on estates and neighbourhoods. This is particularly relevant in areas of high council home concentration like Arbury, Abbey, Kings Hedges, Cherry Hinton and Trumpington.

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5. Residents' Forum

5.1 Around a decade ago, there was an independent umbrella body for tenant and leaseholder Residents' Associations known as the Tenant Forum. The Forum gave the various Residents' Associations an outlet to share views and experiences from across the city, and (in the era when having tenants and leaseholders on HMB was still a new concept) provided a valuable, additional challenge to housing services and decisions.

5.2 As tenant and leaseholder Residents' Associations declined across the city, so too did the forum - which eventually saw its attendance diminish down to just a few core residents.

5.3 With the new support in place for Residents' Associations, the intention is to resurrect the Forum and to use it as a counterbalance to some of the topics routinely discussed at HMB - giving a valuable, additional tenant and leaseholder perspective to the decisions made at HMB.

5.4 We now have a vibrant array of various other social landlords in the city that the Council regularly works with in various capacities. Any new Forum should also offer these landlords the opportunity to take part and could be the beginning of an even bigger network of social housing tenants and leaseholders in Cambridge.

5.5 It is important to note that work on the new forum can only begin once other areas start to gain momentum - specifically, there needs to be a good number of new tenant and leaseholder Residents' Associations (as discussed in section 1) before the conditions will exist to really make the new Residents' Forum worthwhile.

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