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Cambridge City Council

COMMUNITY SERVICES SCRUTINY COMMITTEE

To: **Scrutiny Committee Members**: Kerr (Chair), Blackhurst (Vice-Chair), Johnson, Kightley, Moghadas, Price, Roberts and Tucker

Alternates: Councillors Brierley, Todd-Jones, Marais and Minns

Executive Councillor for Community Wellbeing: Councillor Brown

Executive Councillor for Housing: Councillor Smart

Non-voting co-optees: Diane Best, Kay Harris, Diane Minns and John Marais (Tenant/Leaseholder Reps)& Tom Dutton (PCT Representative)

Despatched: Monday, 30 September 2013

Date: Thursday, 10 October 2013
Time: 1.30 pm
Venue: Committee Room 1 & 2 - Guildhall
Contact: Toni Birkin **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 7 - 32)*

To approve the minutes of the meetings of 23rd May 2013 and 27th June

2013. *(Pages 7 - 32)*

4 PUBLIC QUESTIONS (SEE INFORMATION BELOW)

5 DECISIONS TAKEN BY EXECUTIVE COUNCILLORS

5a Community Development Grant Application *(Pages 33 - 36)*
5b Winter Comfort Contract *(Pages 37 - 38)*
5c Appointment to Outside Body *(Pages 39 - 40)*
5d Repurchase of Shared Ownership Property *(Pages 41 - 42)*

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 rrecommendations 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.

Decisions of the Executive Councillor for Housing

Items for debate by the Committee and then decision by the Executive Councillor

6 COUNCIL NEW BUILD PROGRAMME - SCHEME APPROVALS *(Pages 43 - 92)*

7 HOUSING REVENUE ACCOUNT MID-YEAR FINANCIAL REVIEW *(Pages 93 - 146)*

Items for decision by the Executive Councillor, without debate

Exclusion of Press and Public
It is recommended that the committee resolves to exclude the press and public during item 8 by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

8 COMPULSORY PURCHASE ORDER

Decisions of the Executive Councillor for Community Wellbeing

Items for decision by the Executive Councillor, without debate

9 CAMBRIDGE FOLK FESTIVAL PORTABLE CABINS PRODUCTION TENDER 2014 - 2016

(Pages 147 - 150)

Items for debate by the Committee and then decision by the Executive Councillor

10 FUTURE OPTIONS OF DISCRETIONARY SERVICES

(Pages 151 - 158)

11 OPTIONS FOR CITY-WIDE DEVELOPER CONTRIBUTIONS FUNDING: 2ND ROUND SHORT-LISTING

Report to follow

12 COMMUNITY FACILITY CAPITAL GRANTS PROGRAMMES IN EAST AREA AND NEWTOWN

(Pages 159 - 162)

Information for the Public

Location

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

Between 9 a.m. and 5 p.m. the building is accessible via Peas Hill, Guildhall Street and the Market Square entrances.

After 5 p.m. access is via the Peas Hill entrance.

All the meeting rooms (Committee Room 1, Committee 2 and the Council Chamber) are on the first floor, and are accessible via lifts or stairs.

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Some meetings may have parts that will be closed to the public, but the reasons for excluding the press and public will be given.

Most meetings have an opportunity for members of the public to ask questions or make statements.

To ask a question or make a statement please notify the Committee Manager (details listed on the front of the agenda) prior to the deadline.

- For questions and/or statements regarding items on the published agenda, the deadline is the start of the meeting.
- 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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COMMUNITY SERVICES SCRUTINY COMMITTEE 23 May 2013
2.00pm - 2.02 pm

Present: Councillors Kerr (Chair), Blackhurst (Vice-Chair), Johnson, Kightley, Moghadas, Price, Roberts and Tucker

Also Present: Executive Councillor for Wellbeing: Councillor Brown
Executive Councillor for Housing

FOR THE INFORMATION OF THE COUNCIL

13/43/CS Appointments to Outside Bodies

The Scrutiny Committee recommended appointment to the outside bodies listed below.

The Executive Councillor for Community Wellbeing and the Executive Councillor for Housing agree the following appointments.

Adults Wellbeing and Health Scrutiny Committee

(led by County Council) (1 + 1 alternate)

Cllr: Brierley

Alternate: Moghadas

The Junction (3)

Cllrs: Kightley, Cantrill and Birtles

Addenbrookes Board of Governors (1)

Cllr: Swanson

Health and Wellbeing Partnership District Members Group (1)

Cllr: Brown

Opposition Spokes: Moghadas

City and South Cambs Children's and Young People's Area Board (1)

Cllr: Brown

Opposition Spokes: Moghadas

Local Health Partnership (3)

Cllrs: Brown, Moghadas and Smart

Older People Champion (1)

Cllr: Swanson

Young People Champion (1)

Cllr: Kerr

The meeting ended at 2.02 pm

CHAIR

COMMUNITY SERVICES SCRUTINY COMMITTEE 25 June 2013
1.30pm - 6.16 pm

Present: Councillors Kerr (Chair), Blackhurst (Vice-Chair), Brierley, Johnson, Moghadas, Price, Roberts and Tucker

Executive Councillor for Housing: Councillor Smart

Executive Councillor for Community Wellbing: Councillor Brown

Tenant and Leaseholders Representatives: Diane Best, Kay Harris and Diana Minns

Officers Present:
Director of Customer and Community Services – Liz Bisset
Head of Arts and Recreation – Debbie Kaye
Head of Community Development – Trevor Woollams
Head of Legal Services – Simon Pugh
Head of Strategic Housing – Alan Carter
Housing Strategy Manager: Helen Reed
Principal Accountant: Chris Humphris
Business Manager/Principal Accountant: Julia Hovells
Housing Advice Service Manager – David Greening
Development Officer: Gary Norman
Committee Manager – Glenn Burgess

FOR THE INFORMATION OF THE COUNCIL

13/44/CS Apologies

Apologies were received from Councillor Kighley. Councillor Brierley attended as an alternate.

13/45/CS Declarations of Interest

Name	Item	Interest
Kay Harris	13/55/CS	Personal: Member of Campkin/Hawkins Residents Association

13/46/CS Minutes

The minutes of the meeting held on 14 March 2013 were approved and signed by the Chair.

13/47/CS Public Questions (See information below)

Public questions were deferred to the beginning of the relevant items.

13/48/CS Record of Urgent Decision - Grant funding to develop Cambs HIA

The decision was noted.

13/49/CS 2012/13 Revenue and Capital Outturn, Carry Forwards and Significant Variances

Matter for Decision
The report presented a summary of the 2012/13 outturn position (actual income and expenditure) for services within the Arts, Sport and Public Places portfolio, compared to the final budget for the year. The position for revenue and capital was reported and variances from budgets were highlighted, together with explanations. Requests to carry forward funding arising from certain budget underspends into 2013/14 were identified. It was noted that outturn reports being presented in this Committee cycle reflect the reporting structures in place prior to the recent changes in Executive portfolios. In light of those changes (together with the requirement to report outturn on the basis of portfolios in place during 2012/13) members of the committee were asked to consider the proposals to carry forward budgets and make their views known to The Leader, for consideration at Strategy & Resources Scrutiny Committee prior to his recommendations to Council.

Decision of Executive Councillor: The Executive Councillor for Public Places was unable to attend this meeting.

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 Principal Accountant.

In response to Members' questions the Principal Accountant and the Director of Customer and Community Services confirmed the following:

(i) Whilst the net variance from final budgets would result in an increased use of General Fund reserves of £71,243, overall an underspend would be reported.
(ii) The loss of the Folk Festival sponsorship related to the 2012/13 budget and was therefore not factored into this report.
(iii) In order that capital contributions could be used for building improvements, a one-off final grant had been agreed for the Cambridge Arts Theatre.

The Committee had no views on the proposals.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/50/CS Project Appraisal for St.Andrew's Hall Community Café (Capital Grant)

Matter for Decision
Capital grant of £140,000 to St. Andrew's Hall Management Committee towards the cost of a new extension to St. Andrew's Hall to create additional meeting and activity space and could be used to house the existing community café.

Decision of Executive Councillor for Community Wellbeing

The Executive Councillor resolved to:

(i) Subject to relevant planning approval and completion of the Council's Capital Grant Agreement approved a capital grant of £140,000 to St. Andrew's Hall Management Committee towards major improvements to

St. Andrew's Hall in East Chesterton. This project is already included in the Council's Capital Plan.

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

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations
The Committee received a report from the Head of Community Development.

In response to Members' questions the Head of Community Development confirmed the following:

(iv) Approval would be subject to relevant planning approval and completion of the Council's Capital Grant Agreement.
(v) Whilst current costs for the building work were estimated, the Council's contribution of £140,000 would be fixed.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/51/CS 2012/13 Revenue and Capital Outturn, Carry Forwards and Significant Variances - Community Wellbeing Portfolio

Matter for Decision
The report presented a summary of the 2012/13 outturn position (actual income and expenditure) for services within the Community Development & Health portfolio, compared to the final budget for the year. The position for revenue and capital was reported and variances from budgets are highlighted, together with explanations. Requests to carry forward funding arising from certain budget underspends into 2013/14 were identified. It was noted that outturn reports being presented in this Committee cycle reflect the reporting structures in place prior to the recent changes in Executive portfolios. In light of those changes (together with the requirement to report outturn on the basis of portfolios in place during 2012/13) members of this committee are asked to consider the proposals to carry forward budgets and make their views known to The Leader, for consideration at Strategy & Resources Scrutiny Committee prior to his recommendations to Council.

Decision of Executive Councillor for Community Wellbeing

The Executive Councillor resolved to:

Note the views of the Scrutiny Committee regarding the following proposals, and resolved to make their views known to The Leader, for consideration at Strategy and Resources Scrutiny Committee prior to his recommendations to Council:

(i) To agree carry forward requests, totalling £16,000 as detailed in Appendix C of the officer's report.
(ii) To seek approval from Council to carry forward capital resources to fund rephased net capital spending of £183,000 from 2012/13 into 2013/14 as detailed in Appendix D of the officer's report.

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

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations
The Committee received a report from the Principal Accountant.

No views were expressed on the proposals.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/52/CS St.Lukes Barn – Future Options

Matter for Decision
The report considered the current use of the Barn as a sports and community facility in the context of other sports and community facilities of higher quality that were available in the locality and recommended that the Council give notice to the Trustees of the Old Schools of Cambridge that it does not intend to invest in the Barn in the future.

Decision of Executive Councillor for Community Wellbeing

The Executive Councillor resolved:

(i) That the Council give notice to the Trustees of the Old Schools of Cambridge that the Council no longer wishes to invest in St.Luke's Barn as set out in paragraph 6.1 of the officer's report.
(ii) If required to do so by the Trustees of the Old Schools of Cambridge, the Council arranges for the Barn to be demolished
(iii) Officers inform the community users of the Barn that they have given notice (as above) and that if the Trustees of the Old Schools of Cambridge decide to end community use, officers work with the school to support the users to help them find alternative venues for their activities.

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

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations
The Committee received a report from the Head of Community Development.

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

(i) The principal users (the University and Bottisham Badminton Clubs) had alternative facilities available to them in the area.
(ii) The building was not extensively used by the local community and alternative, fully DDA compliant, meeting rooms were available in the area.
(iii) Continuing to invest in St. Luke's Barn would not represent good value for tax payer's money.
(iv) Supported the officer's recommendation.

In response to Members' questions the Head of Community Development confirmed the following:

(vi) Cost comparisons for alternative facilities in the area had been undertaken.
(vii) The University would be opening additional facilities soon.
(viii) Officers would be working with the Islamic youth group that currently used St. Luke's Barn to source an affordable alternative venue.

The Committee resolved unanimously to endorse the recommendations.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/53/CS Leisure Management Contract 2013-2020

Matter for Decision
The Council's third leisure management contract expires at the end of September 2013. A procurement process has taken place to source management arrangements for a fourth contract to start on 30th September 2013 for a period of at least 7 years, with the option of a three year extension period. The report highlighted the procurement process and the resulting recommendation for award of the contract. The evaluation process considered both price and quality and concluded that the contractor with the highest total score was Greenwich Leisure Limited.

Decision of Executive Councillor for Community Wellbeing

The Executive Councillor resolved to:

(i) In accordance with the Council's Contract Procedure Rules, award the Leisure Management contract to Greenwich Leisure Limited for a seven year period from 30th September 2013, with the option of a three year extension.

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

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations

Public Speakers

Local residents raised the following points regarding the report:

(i) Supported the change of management.
(ii) Questioned why the Health Suite at Parkside Pools was being changed to a Fitness Centre, when similar facilities were available at Kelsey Kerridge Sports Centre.
(iii) Asked if any changes would be made to the opening hours or entrance fee at Parkside Pools.

The Executive Councillor for Community Wellbeing confirmed that the facilities at Parkside Pools and Kelsey Kerridge Sports Centre would complement one another and would not seek to be in direct competition. It was also noted that usage of the Health Suite had decreased recently and all bidders had proposed a change of use.

The Head of Arts and Recreation confirmed that entrance fees were scrutinised every year by this Committee and the Council sets a maximum price for swimming in the City. It was also noted that a better solution to the current 'Leisure Card' system would be looked at in consultation with users.

The Committee received a report from the Head of Arts and Recreation.

Members of the Committee made the following comments in response to the report:

(v) Commended officers for their work on this issue.
(vi) Supported the officer's recommendation to award the contract to Greenwich Leisure Limited.
(vii) Supported the bespoke apprenticeship scheme and the capital investment proposed.
(viii) Expressed concern that the Living Wage had not been made a condition of the contract.

In response to Members' questions the Head of Arts and Recreation and the Recreation Services Manager replied:

(ix) Officers undertook a Pre-Qualification Questionnaire (PQQ) process to select 6 appropriately qualified contractors. 3 contractors had subsequently dropped out. As part of the process in 2003, 4 contractors had been selected and 1 had subsequently dropped out.

(x) With regard to the Living Wage, and following legal advice, the Invitation to Tender (ITT):

- Identified strong support for the payment of Living Wage in the contract;
- Highlight the benefits that the Council believes this will provide;
- Include evaluation criteria that measure the performance of bidders in areas where the Council believes the benefits of paying the Living Wage will be demonstrated.
- Amend the previous decision relating to the capped annual fee for the contract and raise this by £25,000 to £675,000 per annum

(xi) The bespoke apprenticeship scheme would involve a 16-20 week qualification programme followed by employment opportunities. Greenwich Leisure Limited had their own Academies and Colleges of Further Education and worked closely with job centres.

(xii) Whilst a 16-20 week qualification programme was not as intensive as some service industry apprenticeships (such as plumbers and gas fitters), it was a very good scheme for the leisure industry.

(xiii) As is common practice in the leisure industry, the Council did not place restrictions on the sub-contracting out of services such as cleaning and pool maintenance.

(xiv) Quarterly performance management reports would be sent to Councillors and regular meetings held with the contractor.

<u>Exclusion of the Press and Public</u>

In order to discuss Appendix A of the officer's report, the Committee resolved to exclude members of the public from the meeting on the grounds that, if they were present, there would be disclosure to them of information defined as exempt from publication by virtue of paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

The Committee resolved (by 4 votes to 0) to endorse the recommendations.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

Re-Ordering of the Agenda

Under paragraph 4.2.1 of the Council Procedure Rules, the Chair used her discretion to alter the order of the agenda to move items 11 and 12 to the end of the meeting. However, for ease of the reader, these minutes will follow the order of the published agenda.

Exclusion of Press and Public

The Committee resolved to exclude members of the public from the meeting for the following item on the grounds that, if they were present, there would be disclosure to them of information defined as exempt from publication by virtue of paragraphs 1, 2 and 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

13/54/CS Compulsory Purchase Order

Matter for Decision
Approval of a Compulsory Purchase.

Decision of Executive Councillor for Housing

The Executive Councillor resolved to:

(i) Approve the Compulsory Purchase.

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

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations
The Committee received a report from the Head of Strategic Housing.

The Committee resolved (by 4 votes to 0) to endorse the recommendations.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/55/CS Affordable Housing Programme

Matter for Decision
The report provided a review of the programme and specifically seeks approval of a revised three year rolling programme that includes sites to be investigated 2013/14 to 2015/16. The report set this request for approval to the revised three year programme in the context of the delivery of Affordable Housing through the planning system, and the new Council housing programme.

Decision of Executive Councillor for Housing

The Executive Councillor resolved to:

(i) Approve revisions to the 3 Year Rolling Programme 2013/14 to 2015/16 in the context of the wider Affordable Housing Programme.

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

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations
The Committee received a report from the Head of Strategic Housing.

The Committee resolved (by 4 votes to 0) to endorse the recommendations.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/56/CS 2012/13 Revenue and Capital Outturn, Carry Forwards and Significant Variances - Housing Portfolio

Matter for Decision
The report presented a summary of the 2012/13 outturn position (actual income and expenditure) for services within the Housing portfolio, compared to the final budget for the year. The position for revenue and capital was reported and variances from budgets were highlighted, together with explanations. Requests to carry forward funding arising from certain budget underspends into 2013/14 were identified. It was noted that outturn reports being presented in this Committee cycle reflect the reporting structures in place prior to the recent changes in Executive portfolios. In light of those changes (together with the requirement to report outturn on the basis of portfolios in place during 2012/13) members of this committee are asked to consider the proposals to carry forward budgets and make their views known to The Leader, for consideration at Strategy & Resources Scrutiny Committee prior to his recommendations to Council.

Decision of Executive Councillor for Housing

The Executive Councillor resolved to:

Note the views of the Scrutiny Committee regarding the following proposals, and resolved to make their views known to The Leader, for consideration at Strategy and Resources Scrutiny Committee prior to his recommendations to Council:

(i) To agree carry forward requests, totalling £241,330 as detailed in Appendix C of the officer's report, are to be recommended to Council for approval.
(ii) To seek approval from Council to rephase spending of £48,000 in respect of energy efficiency improvements in the private sector into 2013/14, and to recognise the re-phasing required to finance £16,000 of expenditure in respect of the property accreditation scheme earlier than anticipated in 2012/13, therefore reducing the resource available in 2013/14, as detailed in Appendix D of the officers report.

(iii) To seek approval from Council to rephase general fund housing capital expenditure of £151,000 from 2012/13 into 2013/14, in respect of the balance of investment required to create the Assessment Centre on East Road, as detailed in Appendices D and E of the officer's report.

(iv) To seek approval from Council to carry forward net capital resources to fund rephased capital spending of £9,586,000 from 2012/13, deferring £8,165,000 into 2013/14, £700,000 into 2014/15, £517,000 into 2015/16 and £204,000 into 2028/29, in relation to investment in the Housing Revenue Account, as part of the Housing Capital Investment Plan, as detailed in Appendices D and E of the officers report and the associated notes. As part of this, also recognising a delay to 2013/14, of the anticipated £1,500,000 capital receipt for the land on which the market housing is being delivered on the Seymour Court site.

(v) To note the resulting need to defer the use of £3,085,000 of revenue funding of capital expenditure into 2013/14, as considered at Housing Management Board.

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.

No views were expressed on the proposals.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/57/CS Housing Revenue Account (HRA) Disposal and Acquisition Strategy

Matter for Decision
The report set out a policy in respect of strategically acquiring and disposing of HRA assets in response to these changes, to ensure that the authority makes best use of available capital resource, whilst maintaining a balanced and sustainable Housing Revenue Account.

Decision of Executive Councillor for Housing

The Executive Councillor resolved to:

(i) Approve the Housing Revenue Account Acquisition & Disposal Policy and Process documents, attached at Appendices A and B of the officer's report.

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

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations
The Committee received a report from the Business Manager/Principal Accountant.

Councillor Price commented that increased discounts on 'right to buy' properties meant that they were selling faster than the Council could build them. Concern was raised that this would lead to an overall decrease in affordable housing.

The Director of Customer and Community Services responded that the timescales in which the Council could spend 'right to buy' receipts was very short. The City Council, along with many other local authorities, were actively appealing against this.

The Committee resolved (by 4 votes to 0) to endorse the recommendations.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/58/CS Houses in Multiple Occupation in Cambridge

Matter for Decision
The report made recommendations on how the Council could improve its current approach, based on the findings of the project.

Decision of the Executive Councillor for Housing

The Executive Councillor resolved to:

Approve the following approach to dealing with Houses in Multiple Occupation:

(i) Continue to use available methods of supporting and regulating landlord and letting agent activity, increasing the focus on this area of work following the recent appointment of a dedicated new member of staff.
(ii) Support the introduction of an improved criteria-based policy for the Cambridge Local Plan which recognises the importance of HMOs but minimises the impact on the wider community.
(iii) Make better, more targeted information available to tenants on their rights and responsibilities. Information on waste management and recycling, deposit protection, and controlling mould-growth are particular priorities. Ensure that this information is accessible to those for whom English is not their first language.
(iv) Improve information available to tenants on longer-term housing options, including shared ownership and other intermediate tenures.
(v) Work with partners to explore options around procuring suitable shared accommodation in more affordable parts of the sub-region for single homeless people not in priority need.
(vi) Improve working links between different Council services working with residents and landlords –including enforcement, waste management, housing advice, landlord and tenant liaison, etc
(vii) Improve monitoring information available within the relevant service areas, to better understand the issues arising from HMOs and trends over time, so that services can respond effectively.
(viii) Improve engagement and communication with landlords and investigate whether this can be done jointly with other local authorities within the Cambridge sub-region.

(ix) That a review of the actions being taken be carried out in 1 years time to inform members of progress being made in tackling issues related to HMO's.

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

Any Alternative Options Considered and Rejected
Not applicable.

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

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

(ix) Raised concern over the low number of residents surveyed (152 living in the smaller privately rented HMO's).
(x) Felt that more could have been done to identify HMO's for the survey.
(xi) Suggested that the wider community needed to be included in the survey in order to get their views on the wider impact of HMO's.

In response to Members' questions the Housing Strategy Manager and the Director of Customer and Community Services confirmed the following:

(xv) Officers regarded the 152 residents surveyed as a fair spread, and confirmed that the aim was never to have a fully representative survey.
(xvi) It had proved difficult to identify HMO's and the cost of carrying out additional research had been a factor.
(xvii) Many local authorities experienced difficulty in identifying HMO's. Oxford City Council and Peterborough City Council had been approached to share good practice.
(xviii) One source of information for the survey was the Electoral Register.
(xix) The thrust of the work was to look at the smaller HMO's which the Council knew less about, but it had proved difficult to identify them all.
(xx) The rent levels for HMO's noted in appendix 1 of the officer's report came from publicly available information and not the survey.
(xxi) National research had highlighted issues such as anti-social behaviour, increased noise and parking issues as some of the 'negative impacts' of HMO's.

(xxii) The Focus Group had included some of the 152 residents surveyed.
(xxiii) The telephone survey had included 10 landlords and 10 letting agents.
(xxiv) The conclusion of the report was that there were no significant issues related to HMO’s that the Council was not already aware of.
(xxv) There was a requirement for leaseholders to inform the Council when they sub-let rooms.

The Executive Councillor for Housing confirmed that the aim of the survey was to look at the current landscape to identify any significant issues regarding HMO’s that the Council were not already aware of. No significant issues were identified and she felt that the survey was not flawed. It was also noted that an additional Environmental Health post had been added in order to address any issues of sub-standard HMO’s.

Councillor Brierley proposed the following additional recommendation:

(i) That a review of the actions being taken be carried out in 1 years time to inform members of progress being made in tackling issues related to HMO’s.

The Committee resolved unanimously to endorse the additional recommendation.

The Committee resolved (by 4 votes to 0) to endorse the recommendations.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/59/CS Ditchburn Place Refurbishment

Matter for Decision
Proposals for the refurbishment of Ditchburn Place sheltered housing scheme.

Decision of Executive Councillor for Housing

The Executive Councillor resolved to:

(i) Approve proposals for the refurbishment and extension of Ditchburn Place including the complete refurbishment and extension of existing small flats and existing Supported Housing bedsits to create new flats. Plus internal refurbishment of flats used for sheltered housing together with the provision of new services.
(ii) Approve the budget of £3,808,982 to fund the project.
(iii) Authorise the Director of Community Services to invite tenders and award a contract for the appointment of a main contractor and project consultants to carry out the works for the refurbishment of Ditchburn Place in accordance with the requirements of the Constitution.

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 Development Officer.

In response to Members' questions the Development Officer confirmed the following:

(xxvi) It would be more cost effective to replace the communal heating plant instead of the boilers in each of the individual flats.

The Committee resolved unanimously to endorse the recommendations.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/60/CS Equity Share

Matter for Decision
The Equity Share policy is proposed as an addition to the City Council's housing 'offer' at this time as it is a form of tenure that may be attractive to leaseholders of City Council flats that would be required to move under the Council's new build housing programme.

Decision of Executive Councillor for Housing

The Executive Councillor resolved to:

(i) Approve the Equity Share Policy attached as Appendix 1 of the officer's report.

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

Any Alternative Options Considered and Rejected
Not applicable.

Scrutiny Considerations
The Committee received a report from the Head of Strategic Housing who highlighted the following errors in the figures noted under the 'Financial implications' (page 3 of the officer's report):

(amendments in **bold**, errors ~~struck through~~)

There is likely to be an additional capital cost to the Council as any move facilitated under the Equity Share policy is likely to result in the resident moving to a property of a higher value. This capital cost will be recovered at the end of the lease or when the resident chooses to move in the future. Any capital cost will be considered as part of the project approval for the specific Council new build scheme.

The following is an example of the financial impact of an Equity Share move.

Assumptions;

Resident moves from one bedroom one person flat to one bedroom two person flat.

Value of current flat - £100,000
Value of new flat - £150,000

Home Loss Payment – £100,000 (current flat value) plus £10,000 (10% of current value) less £4,700 (compensation equivalent to tenant) = **£105,300** ~~£115,300.~~

Capital outlay by Council on new flat (the Council's equity) - £150,000 (value of new flat) less **£105,300** ~~£115,300~~ (the resident's equity) = **£44,700** ~~£34,700~~.

In this example the resident has an **70.2%** ~~77%~~ equity share in the new flat.

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

(xii) Felt that is should be made clearer that Equity Share was also available to non-resident leaseholders.

Councillor Price read out a statement of behalf of a resident of Aylesborough Close. The Director of Customer and Community Services confirmed that the Council were in discussions with the resident to address the issues, and the Head of Strategic Housing agreed to write a formal response and copy Councillor Price in.

The Committee resolved (by 4 votes to 0) to endorse the recommendations.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/61/CS Sub-Regional Single Homelessness Service

Matter for Decision
The report introduced Members to a new sub-regional initiative, led by Cambridge City Council, aimed at preventing rough sleeping.

Decision of Executive Councillor for Housing

The Executive Councillor resolved to:

(i) Approve the proposals for the establishment of a sub-regional single homelessness service and the City Council's lead role in its development.
(ii) Approve the new sub-regional reconnections policy (as set out in appendix 1 of the officers report), which underpins the approach to single homelessness in the sub-region.
(iii) Approve the broadening of the use of the Access Scheme holding account for the local lettings agency scheme as set out under financial implications at 4(a) of the officer's report.

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

Any Alternative Options Considered and Rejected
Not applicable.

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

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

(xiii) Welcomed any scheme that helped prevent rough sleeping in the City.
(xiv) Raised concern about moving people outside of the district and away from their support mechanisms.
(xv) Highlighted the importance of the Reconnection Procedure.

In response to Members' questions the Housing Advice Service Manager confirmed the following:

(xxvii) Whilst not ideal, depending on the availability of properties it was possible that people from Cambridge would be found accommodation in another district.
(xxviii) It was hoped that the scheme would encourage landlords in Cambridge to lower their rents in order to guarantee a tenant.
(xxix) Officers had attended meetings of the Landlords Association to explain the service and generate interest. 3 landlords had so far shown an interest.

(xxx) An assessment process would determine appropriateness for the scheme and choice and availability of accommodation would then be looked into.
(xxxi) Emergency accommodation would be available while officers were sourcing available places elsewhere.
(xxxii) The aim was to target those with low support needs and avoid them having to spend long periods in the hostel system.
(xxxiii) A rapid response service would be undertaking skills assessments and be linked in with employment agencies.

The Committee resolved (by 4 votes to 0) to endorse the recommendations.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

13/62/CS Discharge of statutory homelessness duties

Matter for Decision
The report provided a summary of homelessness and housing needs pressure in Cambridge.

Decision of Executive Councillor for Housing

The Executive Councillor resolved to:

(i) Note the contents of the report in relation to the current housing pressures faced by those in Cambridge who are in housing need.
(ii) Adopt the policy on discharge of homelessness duties as set out in appendix 1 of the officer's report.

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

Any Alternative Options Considered and Rejected
Not applicable.

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

The Committee resolved (by 4 votes to 0) to endorse the recommendations.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)
No conflicts of interest were declared by the Executive Councillor.

The meeting ended at 6.16 pm

CHAIR

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CAMBRIDGE CITY COUNCIL

Record of Executive Decision

Community Development Grant Application

Decision of:	**Councillor Brown,** Executive Councillor for Community Wellbeing
Reference:	
Date of decision:	5 August 2013 **Recorded on:** 13th August 2013
Decision Type:	Non Key Decision
Matter for Decision:	Allocation of a Community Development Grant of £30,000 to Cambridge Ethnic Community Forum Pilot (acting as lead organisation on behalf of a partnership with Disability Cambridgeshire and Cambridge Online) to provide better outcomes for disabled and disadvantaged people by providing face-to-face advice, advocacy and representation services with enhanced provision to specialist advice, training and support in relation to the use of IT and navigating the 'digital gateway' with weekly sessions at Barnwell Library, The Meadows Community Centre and The CECF in Sturton Street. The partners will share expertise and resources such as staff, volunteers, premises and ICT.
Why the decision had to be made (and any alternative options):	As detailed in the briefing note. It was not practical to delay the decision until the next committee meeting as the need for the service was considered urgent.
The Executive Councillor's decision(s):	**Resolved:** To award a Community Development Grant of £30,000 to Cambridge Ethnic Community Forum Pilot (acting as lead organisation on behalf of a partnership with Disability Cambridgeshire and Cambridge Online).
Reasons for the decision:	Many disadvantaged and vulnerable people have been negatively affected by cuts to benefits, and more are likely to be affected by further planned cuts (to Housing Benefit, Legal Aid, the Community Care Grant, Employment Support Allowance and Disability Living Allowance). There has been a shift towards the use of IT when offering advice about benefits, but there is a lack of knowledge of, and access to, IT amongst the people who are likely to need this advice (e.g. individuals with a disability are 3 x more likely to have never used the internet than individuals without a disability).
Scrutiny consideration:	The Chair and Spokesperson of Community Services Scrutiny Committee were consulted prior to the action being authorised.

Report:	A briefing note detailing the background and financial considerations is attached.
Conflicts of interest:	
Comments:	

Community Development Grant Application – URGENT DECISION

Cambridge Ethnic Community Forum
(acting as lead organisation on behalf of a partnership with Disability Cambridgeshire and Cambridge Online)

Project

Pilot to provide better outcomes for disabled and disadvantaged people by providing face-to-face advice, advocacy and representation services with enhanced provision to specialist advice, training and support in relation to the use of IT and navigating the 'digital gateway' with weekly sessions at Barnwell Library, The Meadows Community Centre and The CECF in Sturton Street. The partners will share expertise and resources such as staff, volunteers, premises and ICT.
Beneficiaries: 300 City residents during 8 month pilot project. (this will need to be reviewed depending on timescales and level of funding awarded)
Full cost: £42,089
Funding request: £33,224 (79%)

Justification

Many disadvantaged and vulnerable people have been negatively affected by cuts to benefits, and more are likely to be affected by further planned cuts (to Housing Benefit, Legal Aid, the Community Care Grant, Employment Support Allowance and Disability Living Allowance).
There has been a shift towards the use of IT when offering advice about benefits, but there is a lack of knowledge of, and access to, IT amongst the people who are likely to need this advice (e.g. individuals with a disability are 3 x more likely to have never used the internet than individuals without a disability).

Strong aims/outcomes

1. Disabled and disadvantaged community members receive specialist advice and support to assist them in having greater choice, control and empowerment over their own lives.
2. Disabled and disadvantaged community members receive specialist advocacy and representation to assist them in challenging decision makers (specifically in relation to the welfare benefits system)
3. Disabled and disadvantaged community members who are unable to leave their home have access to specialist home visit outreach advocates.
4. Disabled and disadvantaged community members who require specialist IT advice, support or training will receive the support they need.
5. Disabled and disadvantaged community members who access the services provided by the 'pilot' project will directly participate in shaping the service for future delivery.

Strong evidence of need

Planned cuts to benefits will affect the poorest, most disadvantaged and vulnerable. Currently disabled and disadvantaged people do not have the required access to specialist advice. Many lack the ability and knowledge to advocate for themselves so cannot challenge decision makers. Advocacy and representation is needed. Many also lack the IT skills to access welfare through the 'digital gateway'. IT training, support and access is needed to enable them to access this.

Officer comment:

This is an area of significant need and an interesting partnership arrangement of three voluntary organisations that have been to meet us to discuss this project from the outset.

There is sufficient funding available in the grants budget and there will still be money available to respond to new enquiries.

We would be clear that this does not assume future funding and that they would need to follow the main grants process to apply for funding following the pilot and that they would need to look for alternative funding streams to ensure sustainability into the future. We would apply our funding agreement and monitoring criteria, conditions and timescales.

Recommendation:

£30,000

Jackie Hanson
2.8.13

CAMBRIDGE CITY COUNCIL

Record of Executive Decision

Winter Comfort Contract

Decision of: Executive Councillor for Housing

Reference: 13/CS/H1

Date of decision: 24 July 2013 **Recorded on:** 24 July 2013

Decision Type: Key

Matter for Decision:

Request to end the contract with Winter comfort for provision of learning and development services to homeless or formerly homeless people, and convert it into a grant funding arrangement governed by a service level agreement (SLA). The current contract expires on 30th September 2013 and is jointly commissioned with the County Council. The request is based on the conclusion drawn by both councils that it is not beneficial to any of the parties involved to re-tender this contract. The annual contract value is £128,230. Both councils reviewed the funding arrangements and have concluded that moving to grant funding would provide better value and flexibility for the council(s) rather than re-procuring a contract for the services. In arriving at this conclusion the councils took account of the specialist nature of the services and the dependence on the current building from which to deliver the services effectively.

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

The reason for the request to make an urgent decision on this is that the contract expires on 30 September 2013. The contract has already been extended within agreed parameters and cannot be extended any further.

The Executive Councillor's decision(s):

To switch to grant funding for the learning and development services for a period of 5 years subject to annual review via a formal grant monitoring process.

Reasons for the decision:

As set out in the Officers Report

Scrutiny consideration:

The Chair and Spokes of the Scrutiny Committee were consulted as per the Scrutiny processes outlined in the constitution.

Report:	A report detailing the background and financial considerations is attached.
Conflicts of interest:	No conflicts of interest were declared by the Executive Councillor
Comments:	Councillor Price questioned the need for the decision to be taken through the 'Urgent Decision' process and emphasised the importance of proper scrutiny of decisions. Further information on the breakdown of the funding was also requested.

CAMBRIDGE CITY COUNCIL

Record of Executive Decision

Appointments to Outside Bodies

Decision of:	Executive Councillor (Community Wellbeing) Sarah Brown
Reference:	13/CS/CW1
Date of decision:	5 July 2013 **Recorded on:** 5 July 2013
Decision Type:	Non Key
Matter for Decision:	To appoint a representative to an outside bodies.
Why the decision had to be made (and any alternative options):	These decisions are part of the Council's Decision Making process. Executive Councillors have reviewed the appointments made annually to public bodies and voluntary organisations (observer status).
The Executive Councillor's decisions:	**Agreed** To appoint the following representative: To the Health and Wellbeing Board – Councillor Brown
Reasons for the decision:	As above.
Scrutiny consideration:	The Chair and Spokes of the Scrutiny Committee were consulted as per the Scrutiny processes outlined in the constitution.
Report:	N/A
Conflicts of interest:	None
Comments:	None

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CAMBRIDGE CITY COUNCIL

Record of Executive Decision

REPURCHASE OF SHARED OWNERSHIP PROPERTY

Decision of:	Executive Councillor for Housing (and Deputy Leader): Councillor Catherine Smart
Reference:	13/CS/Housing
Date of decision:	4th September 2013 — **Recorded on:** 4th September 2013
Decision Type:	Non Key
Matter for Decision:	The shared owner of a one-bedroom house with a garden - wishes to surrender their share of the property. The report recommends that the property be repurchased by the Council and used as a rented home to help meet the high level of need for one bedroom properties.
Why the decision had to be made (and any alternative options):	As detailed in the Confidential Report
The Executive Councillor's decision(s):	Agreed the repurchase by the Council of the shared ownership property, to be let as a social rented property.
Reasons for the decision:	As set out in the Officers Report
Scrutiny consideration:	The Chair and Housing Spokes of Community Services were consulted before action was taken.
Report:	**Confidential** Exempt under 1, 2 & 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.
Conflicts of interest:	No conflicts of interest were declared by the Executive Councillor

Comments: None

Cambridge City Council **Item**

To:	Executive Councillor for Housing: Cllr Catherine Smart
Report by:	Alan Carter, Head of Strategic Housing
Relevant scrutiny committee:	Community Services Scrutiny Committee
Wards affected:	All Wards
EqiA Undertaken	An EQIA has been undertaken for the New Build Programme as a whole.

COUNCIL NEW BUILD PROGRAMME - SCHEME APPROVALS
Key Decision

1. Executive summary

This report provides details of the proposed redevelopment of the final three sites that together will complete the investment of the £2.6 million capital grant from the Homes and Communities Agency (HCA) by the end of March 2015 to provide 146 new Affordable Housing dwellings (the 146 Programme). The three sites are all garage sites. A fourth site has been included in the report that involves the potential redevelopment of a disused drying area. The proposal for the fourth site is related to the Council's development of land at Clay Farm and involves the provision of two new houses to at least Level 5 of the Code for Sustainable Homes as prototypes for the Clay Farm development.

The report highlights that in addition to the use of the HCA grant there is the opportunity to invest capital receipts from the Right to Buy (RTB) programme.

The proposed redevelopment of the disused drying area will provide one Affordable Housing and one market dwelling and will be delivered at no direct cost to the Council.

2. Recommendations

The Executive Councillor is recommended for each of the following schemes

a. 301 to 326 Hawkins Road Garages.
b. 11 to 45 Ekins Road Garages

c. Fulbourn Road Garages
d. Disused Drying Area at Anstey Way

to:

- Approve the continuation of site feasibility work, noting the indicative schemes and the tenure mix options.

- Approve that delegated authority be given to the Director of Customer and Community Services following consultation with the Executive Councillor for Housing, Chair and Spokes to agree a final scheme and budget for each site based on the tenure mix that optimises the use of HCA and RTB receipts for the HRA Business Plan.

- Approve that delegated authority be given to the Director of Customer and Community Services following consultation with the Director of Resources and the Head of Legal Services to seal a Development Agreement with the Council's preferred house-builder/developer partners.

3. Background

The following Appendices to this report provide details of the proposed redevelopment of the final three sites that together will complete the investment of the £2.6 million capital grant from the Homes and Communities Agency (HCA) by the end of March 2015 (the 146 Programme). The three sites are all garage sites.

Appendix 1 – 301- 326 Hawkins Road Garages
Appendix 2 – 11 – 45 Ekins Road Garages
Appendix 3 - Fulbourn Road Garages

A fourth site has been included in the report that involves the potential redevelopment of a disused drying area. The proposal for the fourth site is related to the Council's development of land at Clay Farm and further details are provided in Appendix 4. It is proposed here to provide two, four bedroom houses that will be prototypes of the housing to be provided on the Council's Clay Farm development.

Sketch plans showing first indicative schemes for each site are shown at the end of each Appendix.

4. Implications :

(a) Financial

The development model used to-date for the 146 Programme has been to deliver mixed tenure schemes. This model provides a cross-subsidy of the Affordable Housing from the sale of market houses, thereby minimising capital outlay for the Council. The sketch plans shown in Appendices 1 to 3 assume that we continue to use this model. However, more information is now available on the capital receipts available from the Right to Buy Programme. Under the current RTB Programme regulations the Council will need to reinvest £305,694 of the capital receipts into new Affordable Housing by end September 2015 or this amount will need to be repaid to the Government. Currently a total of £2,638,185 RTB capital receipts have accumulated to be reinvested by end June 2016. As the RTB receipts can only fund 30% of the value of a new Affordable Housing dwelling, new dwellings with a total cost of £1,018,981.47 will need to be completed by September 2015.

If all of the garage sites in this report were developed out as 100% Affordable Housing £444,560 of RTB receipts would need to be invested. This would produce 12 additional Affordable Housing dwellings based on the indicative sketch schemes shown attached to the Appendices. These 12 additional homes would be over and above the 13 Affordable Housing dwellings that could be delivered under the 60:40 funding model used to-date for the 146 Programme.

The prototype properties to be provided on the disused drying area will be provided at no cost to the Council. One of the properties will be sold on the open market and the other will be for Affordable Rent. The sale of the market house will cover the cost of the house for rent. The contribution by the Council will, in effect, be the value of the land on which the market house is provided.

The financial implications of the garage site schemes are shown in full in the Appendices. As the schemes are still subject to planning, the costs are indicative. As final schemes are worked up they will only proceed if they can be funded within borrowing and capital funding parameters in the new 30 year Business Plan that has been established under ‘self-financing’.

(b) Staffing

A Development Officer from the Enabling and Development Team will be allocated to Project Manager each scheme. Projects will be monitored by the Affordable Housing Development Programme Board, a group of officers that meets quarterly. The Board includes representatives from the Enabling and Development Team, City Homes, Housing Strategy, and Procurement. Internal Audit and Legal are corresponding members.

(c) Equal Opportunities

An EQIA has been undertaken for the Council's new build programme as a whole which mainly highlighted the benefits of the Council retaining direct control of new housing development itself to ensure a focus on the delivering of housing that meets a diverse range of housing needs.

Project specific EQIAs have not been undertaken as the sites do not contain existing housing.

(d) Environmental

All of the new homes will meet Level 4 of the Code for Sustainable Homes as a minimum. The two houses on the disused drying area will be built to Level 5 of the Code for Sustainable Homes.

(e) Procurement

The garage sites will be developed working with Keepmoat Homes Ltd. The disused drying area will be developed by the successful tenderer for the Council's site at Clay Farm, Hill Residential Ltd. The Appendices to the report provide further detail on these procurements.

(f) Consultation and communication

See the Appendices for each scheme.

(g) Community Safety

All new Affordable Housing is assessed against Secured by Design criteria.

5. Background papers

None.

6. Appendices

Appendix 1 – 301- 326 Hawkins Road Garages
Appendix 2 – 11 – 45 Ekins Road Garages
Appendix 3 - Fulbourn Road Garages
Appendix 4 – Disused Drying Area Anstey Way

7. Inspection of papers

There are no background papers but if you have a query on the report please contact:

Author's Name:	Alan Carter
Author's Phone Number:	01223 – 457948
Author's Email:	alan.carter@cambridge.gov.uk

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Appendix 1 – 301- 326 Hawkins Road Garage Site
Project Appraisal

1. Summary

This garage site was identified for possible re-development via a citywide review of garages in 2010. Out of the 26 garages on this site 13 are empty. These garages were approved for consideration for redevelopment as part of the Council's 3 Year Rolling Programme in June 2012.

Within the local area there are 42 empty garages that tenants of the Hawkins Road garages could move to.

2. Reason for Investigation:

The site was identified in an officer review carried out in 2010 of unpopular garages that had redevelopment potential.

3. Feasibility:

<u>Existing Site :</u> 26 garages and hard standing area

The site is in Kings Hedges and occupies a narrow strip of land between the Grove School and the rear gardens of 2 - 24 Hawkins Road. A site location plan is shown at the end of the Appendix.

There is also a large hard standing area as part of the site.

The current garage block is in varying states of disrepair and has been identified as requiring significant investment or rebuilding.

Due to the lack of surveillance the garages do occasionally attract anti-social behaviour.

<u>Rent Loss</u>

The annual rent loss at a 50% void rate is £6,193.24.

<u>Local Housing Need</u>

The table below shows figures taken from the Home-Link Register in November 2012, indicating the demand in Kings Hedges from applicants with a local connection.

	1 bed	2 bed	3 bed	4 + bed
Kings H	1057	297	143	25

Site Constraints

There are two vehicular access points serving the garages that operate on a one way system. The access points between 16 and 18 Hawkins Road may need to be widened slightly to accommodate a housing scheme. Both these properties are in the Council's ownership.

The garage site is used a shortcut for children accessing Grove Park School and permission has been given in the past to install a gate in the fence line between the school and the garage site. This can and would need to be relocated if a housing scheme is to be developed on the site.

An electricity sub-station is located at one end of the site and the path of under-ground cables need to be confirmed to ensure that they will not inhibit a housing development.

Engagement with Existing Residents

The neighbours immediately adjacent to the garage block have recently been written to to seek their initial views as has the Head of Grove School.

A garage tenant contacted the project Officer who wished to be moved immediately. This was arranged at a local garage site to the resident's home.

A private home owner neighbour informed the project Officer that they have vehicular access over the proposed site area. They were also concerned that a restricted parking area would affect the ability for children who attend the Grove Primary School to be dropped off.

The Site Manager of the Grove Primary School contacted the project Officer with concerns about the ability for emergency vehicles to access the rear of the site and for children to be dropped off within the garage and hard standing area.

If a budget is approved the proposal will be the subject of a further neighbourhood engagement process both before and as part of the formal pre-application and planning applications stages.

4. Indicative Scheme

The sketch scheme drawn up as part of the feasibility work is shown at the end of the Appendix and shows the scheme with a 60/40% mix between Affordable Housing and Market Housing but all of the dwellings could be Affordable Housing.

Affordable Housing – Total 5

1 x 1 bed flat
1 x 2 bed flat
3 x 2 bed houses

Market Housing – Total 3

1 x Flat over Garage (FOG)
2 x 3 bed houses

- All of the Affordable Housing will meet Lifetime Homes Standard.
- All units will meet the requirements of Level 4 of the Code for Sustainable Housing.
- The Market Housing will be built and sold at the developer/house-builder partner's risk.

Target Start date	May 2014
Target completion date	March 2015

5. Cost, Funding and Viability

From a financial perspective two options have been considered in the feasibility involving two different tenure mixes. These are;

Option 1 – 60/40% mix between Affordable Housing and Market Housing consistent with the profile of the 146 new build programme.

Option 2 – 100% Affordable Housing

In both cases rents for the Affordable Housing have been assumed at Affordable Rents as follows;

Rent Levels –

1 bed - £122.00 per week
2 bed - £133.67 per week
3 bed - £158.07 per week

In terms of viability, a typical benchmark used by Registered Providers to determine whether a new scheme is viable is when the scheme breaks even in revenue terms (typically 12 years) and when the total capital used is paid back (typically 30 years). The viability against this benchmark is shown below:

Option 1 - 60/40% mix between Affordable Housing and Market Housing.

Capital Costs

Net Construction Costs	£532,264
Quantity Surveyor	£6,757
Internal Development Fee (2%)	£10,011
Total	£549,032

Funding

Grant	£35,446*
Borrowing	£513,586
Total	£549,032

Payback period	27 years
Break-even	Year 1

*Reduction in grant to 2 dwellings as 146 dwellings achieved

Option 2 – 100% Affordable Housing

Mix of houses and flats are as the complete Indicative Scheme shown in Section 4.

Capital Costs

Net Construction Costs	£1,158,312
Quantity Surveyor	£11,581
Internal Development Fee (2%)	£17,157
Total	£1,187,050

Funding

Grant	£70,892
RTB Receipts	£177,512
Borrowing	£938,646
Total	£1,187,050

Payback period	29 years
Break-even	Year 1

6. The Procurement

At the Community Services Committee on the 25 March 2010 the Executive Councillor for Housing approved that an Affordable Housing Development partnership be procured. This partnership was to enable the redevelopment of City Homes housing considered feasible for redevelopment in the 3 Year Rolling Programme. The 25 March 2010 report stated that two developer partners would be procured; due to procurement regulations it was not possible to procure two partners. Therefore a procurement exercise was undertaken to select one partner, which adhered to procurement rules.

The procurement process was completed in October 2011 and Keepmoat was the successful tenderer.

The principles behind the development model used on other Council schemes already approved is repeated here in option 1 i.e. a mixed tenure scheme, developed with the house-builder/developer partner, providing for the cross-subsidy of the Affordable Housing from the sale of market houses, thereby minimising capital outlay for the Council. The model involves the disposal of freehold plots to the house-builder/developer partner where Market Housing is proposed and/or disposal under long leases where Market Apartments are involved. The Council will retain the freehold of land upon which the Affordable Housing is provided and the freehold of land should Market Apartments be provided.

It is the intention to control and procure the redevelopment by way of a Development Agreement and a standard form JCT Design and Build contract to cover the building works. The draft agreements have been set up with the Council's legal team.

In summary, the key points of the draft Development Agreement are as follows;

The contractual arrangements with the house-builder/developer are conditional on the achievement of a satisfactory planning permission. The Development Agreement is also conditional on the Council confirming it has secured sufficient funding for the Project, achieved vacant possession and achieved all necessary Executive Councillor approvals. The Council must approve a scheme prior to the house-builder/developer submitting a planning application.
The cost of the redevelopment to the Council is capped at 10% above the Construction Cost of a final scheme agreed with the house-builder/developer to allow for any onerous conditions that may be applied through the planning process (this is within the limits allowed by the Council's Contract Procedure Rules).

In Option 2 the Council will fund all of the cost of the scheme including Keepmoat's profit acting as a building contractor. Again a standard JCT contract will be used.

7. Key Risks

The Development Agreement will be conditional on the Director of Resources confirming that the Council has the finance in place to fund the scheme. Therefore a key consideration is developing a finance package that is acceptable to the Director of Resources.

A planning application will need to be agreed between the developer / house-builder partner and the Council that is satisfactory to the Strategic Housing division.

Subject to the approval of the Committee of the scheme presented, the Development Agreement will be signed and our house-builder/developer partner will proceed to submit a planning application after vacant possession has been achieved. The Development Agreement will include a clause allowing our house-builder/developer partner to claim back a proportion of the cost of achieving planning permission should the Project not proceed for reasons that are not the fault of our partner. In the unlikely event that the Council does not wish to proceed with the redevelopment, the risk is mitigated by the fact that the land will have a planning permission that will have a value to the Council.

Should the Project proceed with HCA grant a key risk will be not meeting key deadlines for the HCA grant funding.

Site specific key risks are the potential need to widen the access to the site, the location of the utilities cables and the vehicular access a neighbour has over the site.

8. Other implications

VAT is not payable on new build construction costs. However, advice will be sought from the Council's VAT specialist to ensure that there are no adverse VAT issues affecting the project.

Davis Langdon has been appointed Quantity Surveyor for the Council 146 Programme and will verify that costs provided by Keepmoat are reasonable in the prevailing market.

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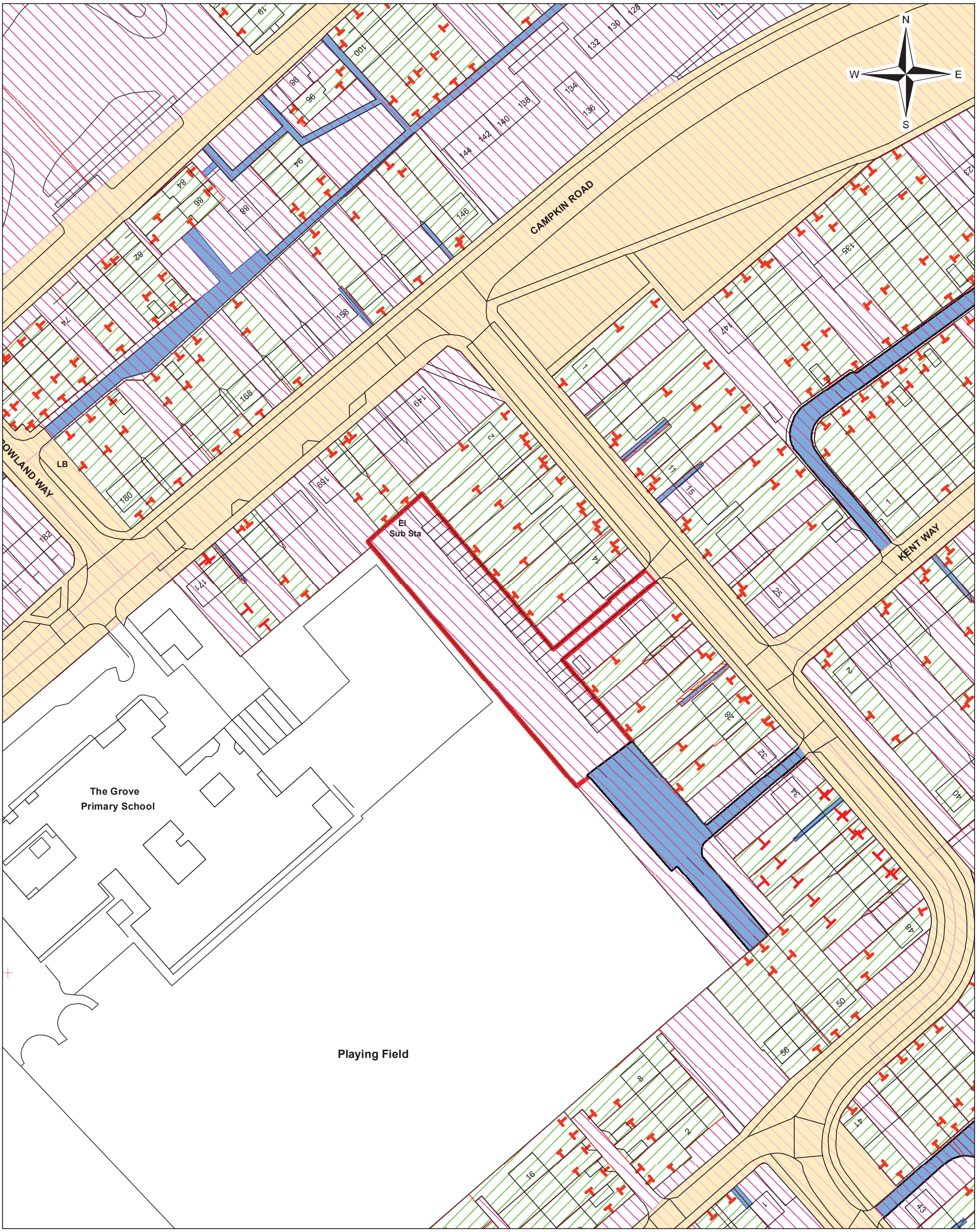

CAMBRIDGE CITY COUNCIL

Information Systems Team

Hawkins Road - Garage Site
City owned land (pink hatched)

Date: 07/09/13

Produced by: Steve Udall

Section/Department: Informations Systems Team

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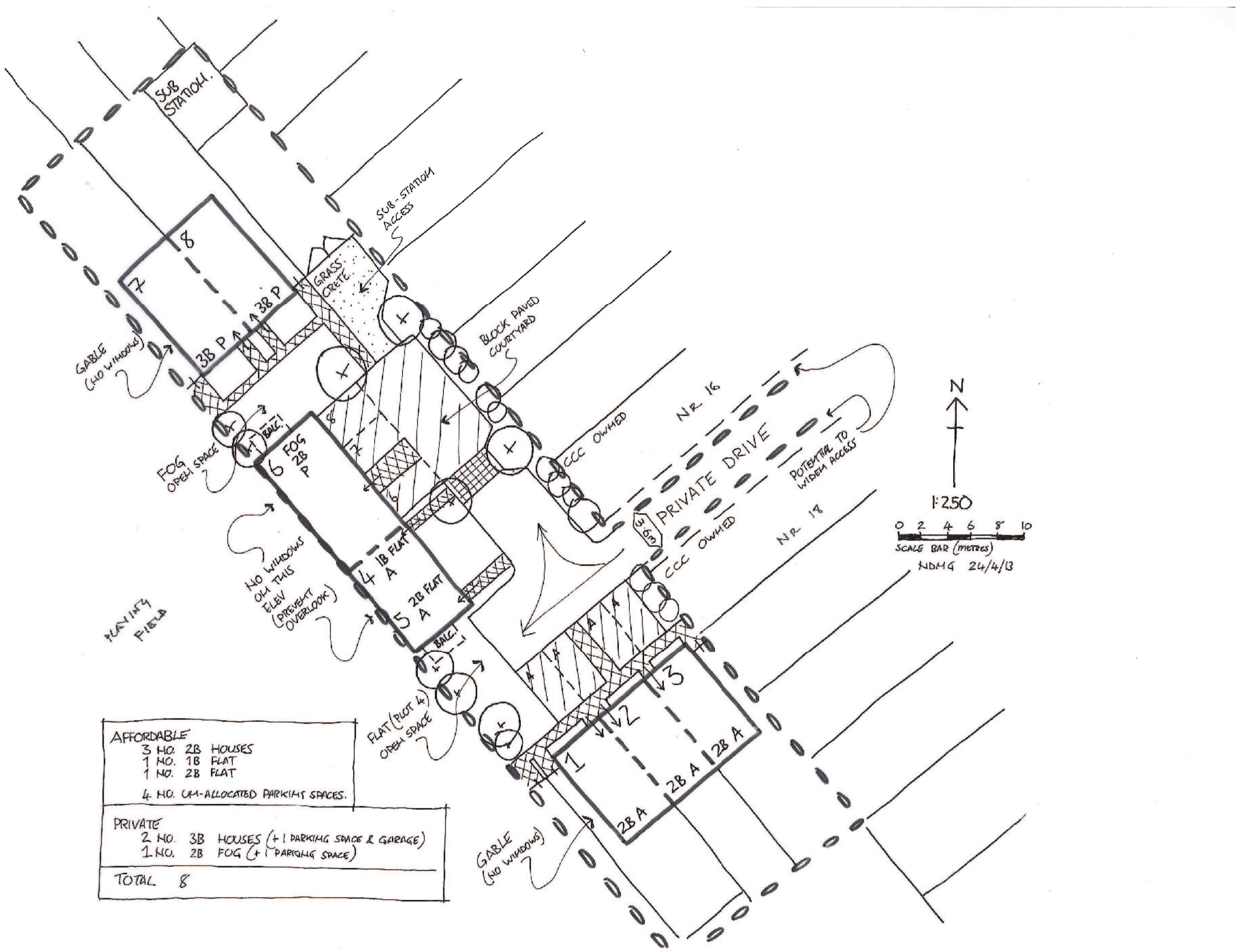

Page 59

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office@saundersboston.co.uk

Saunders Boston

Revisions

Job	Hawkins Road
Drawing	Sketch Proposed Site Plan
Scales	Scale Bar Shown
Drawn	NDMG
Number	PJ/CCC/HawkinsRoad/SK/001
Revision	-
Date	25/04/2013

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Appendix 2 – 11 to 45 Ekin Road Garage Site
Project Appraisal

1. Summary

This garage site was identified for possible re-development by officers. Out of the 35 garages on this site 14 are empty. These garages were approved for consideration for redevelopment as part of the Council's 3 Year Rolling Programme in June 2013.

There is limited availability of garages in close proximity to the site for garage tenants to be re-located to.

2. Reason for Investigation:

This garage site was identified for possible re-development by officers due to the high number of empty garages.

3. Feasibility:

<u>Existing Site :</u> 35 garages

The site is in the Abbey Ward has a single access between 11 and 13 Ekin Road. It is bounded on all sides by the gardens of houses in Ekin Road; Keynes Road and Ditton Lane. The adjacent houses are of a mixed tenure. A site location plan is shown at the end of the Appendix.

<u>Rent Loss</u>

The annual rent loss at a 40% void rate is about £6,670.

<u>Site Constraints</u>

The vehicular access between 11 and 13 Ekin Road may need to be widened slightly to accommodate a housing scheme. Both these properties are in the Council's ownership.

A number of surrounding properties appear to have informal access into the garage area. These need to be investigated thoroughly to establish whether any of the residents have acquired legal rights.

Engagement with Existing Residents

The neighbours immediately adjacent to the garage block have recently been written to to seek their initial views.

A resident has been in contact with concerns about the potential hindrance of emergency vehicles accessing the rear of Ditton Lane properties, the hindrance of access that neighbours have onto the garage site area and the maintenance and repairs costs, specifically asbestos removal, incurred on the site in the past five years.

A tenant has contacted the Council in relation to the Council requiring them to surrender part of their garden to enable the development.

If a budget is approved the proposal will be the subject of a further neighbourhood engagement process both before and as part of the formal pre-application and planning applications stages.

4. Indicative Scheme

The sketch scheme drawn up as part of the feasibility work is shown at the end of the Appendix and shows the scheme with a 66/34% mix between Affordable Housing and Market Housing but all of the dwellings could be Affordable Housing. The 66/34% mix, rather than the 60/40% mix approved on previous sites, is due to the layout of the site.

Affordable Housing – Total 4

2 x 2 bed houses
2 x 3 bed houses

Market Housing – Total 2

2 x 3 bed houses

- All of the Affordable Housing will meet Lifetime Homes Standard.

- All units will meet the requirements of Level 4 of the Code for Sustainable Housing.
- The Market Housing will be built and sold at the developer/house-builder partner's risk.

Target Start date	May 2014
Target completion date	March 2015

5. Cost, Funding and Viability

From a financial perspective two options have been considered in the feasibility involving two different tenure mixes. These are;

Option 1 – 66/34% mix between Affordable Housing and Market Housing broadly consistent with the profile of the 146 new build programme.

Option 2 – 100% Affordable Housing

In both cases rents for the Affordable Housing have been assumed as Affordable Rents as follows;

Rent Levels –

2 bed - £133.67 per week
3 bed - £158.07 per week

In terms of viability, a typical benchmark used by Registered Providers to determine whether new scheme is viable is when the scheme breaks even in revenue terms (typically 12 years) and when the total capital used is paid back (typically 30 years). The viability against this benchmark is shown below:

Option 1 - 60/40% mix between Affordable Housing and Market Housing.

Capital Costs

Net Construction Costs	£459,535
Quantity Surveyor	£5,841

Internal Development Fee (2%)	£8,654
Total	£474,030

Funding

Grant	£70,892
Borrowing	£403,138
Total	£474,030

Payback period	25 years
Break-even	Year 1

Option 2 – 100% Affordable Housing

Mix of houses and flats are as the complete Indicative Scheme shown in Section 4.

Capital Costs

Net Construction Costs	£877,043
Quantity Surveyor	£8,474
Internal Development Fee (2%)	£12,554
Total	£898,071

Funding

Grant	£70,892
RTB Receipts	£89,432
Borrowing	£737,747
Total	£898,071

Payback period	27 years
Break-even	Year 1

6. The Procurement

At the Community Services Committee on the 25 March 2010 the Executive Councillor for Housing approved that an Affordable Housing Development partnership be procured. This partnership was to enable the redevelopment of City Homes housing considered feasible for redevelopment in the 3 Year Rolling Programme. The 25 March 2010 report stated that two developer partners would be procured; due to procurement regulations it was not possible to procure two partners. Therefore a procurement exercise was undertaken to select one partner, which adhered to procurement rules.

The procurement process was completed in October 2011 and Keepmoat was the successful tenderer.

The principles behind the development model used on other Council schemes already approved is repeated here in option 1 i.e. a mixed tenure scheme, developed with the house-builder/developer partner, providing for the cross-subsidy of the Affordable Housing from the sale of market houses, thereby minimising capital outlay for the Council. The model involves the disposal of freehold plots to the house-builder/developer partner where Market Housing is proposed and/or disposal under long leases where Market Apartments are involved. The Council will retain the freehold of land upon which the Affordable Housing is provided and the freehold of land should Market Apartments be provided.

It is the intention to control and procure the redevelopment by way of a Development Agreement and a standard form JCT Design and Build contract to cover the building works. The draft agreements have been set up with the Council's legal team.

In summary, the key points of the draft Development Agreement are as follows;

The contractual arrangements with the house-builder/developer are conditional on the achievement of a satisfactory planning permission. The Development Agreement is also conditional on the Council confirming it has secured sufficient funding for the Project, achieved vacant possession and achieved all necessary Executive Councillor approvals. The Council must approve a scheme prior to the house-builder/developer submitting a planning application.

The cost of the redevelopment to the Council is capped at 10% above the Construction Cost of a final scheme agreed with the house-builder/developer to allow for any onerous conditions that may be applied through the planning process (this is within the limits allowed by the Council's Contract Procedure Rules).

In Option 2 the Council will fund all of the cost of the scheme including Keepmoat's profit acting as a building contractor. Again a standard JCT contract will be used.

7. Key Risks

The Development Agreement will be conditional on the Director of Resources confirming that the Council has the finance in place to fund the scheme. Therefore a key consideration is developing a finance package that is acceptable to the Director of Resources.

A planning application will need to be agreed between the developer / house-builder partner and the Council that is satisfactory to the Strategic Housing division.

Subject to the approval of the Committee of the scheme presented, the Development Agreement will be signed and our house-builder/developer partner will proceed to submit a planning application after vacant possession has been achieved. The Development Agreement will include a clause allowing our house-builder/developer partner to claim back a proportion of the cost of achieving planning permission should the Project not proceed for reasons that are not the fault of our partner. In the unlikely event that the Council does not wish to proceed with the redevelopment, the risk is mitigated by the fact that the land will have a planning permission that will have a value to the Council.

Should the Project proceed with HCA grant a key risk will be not meeting key deadlines for the HCA grant funding.

The key site specific risks are the narrow access onto the site and the two vehicular access points neighbours have onto the site.

8. Other implications

VAT is not payable on new build construction costs. However, advice will be sought from the Council's VAT specialist to ensure that there are no adverse VAT issues affecting the project.

Davis Langdon has been appointed Quantity Surveyor for the Council 146 Programme and will verify that costs provided by Keepmoat are reasonable in the prevailing market.

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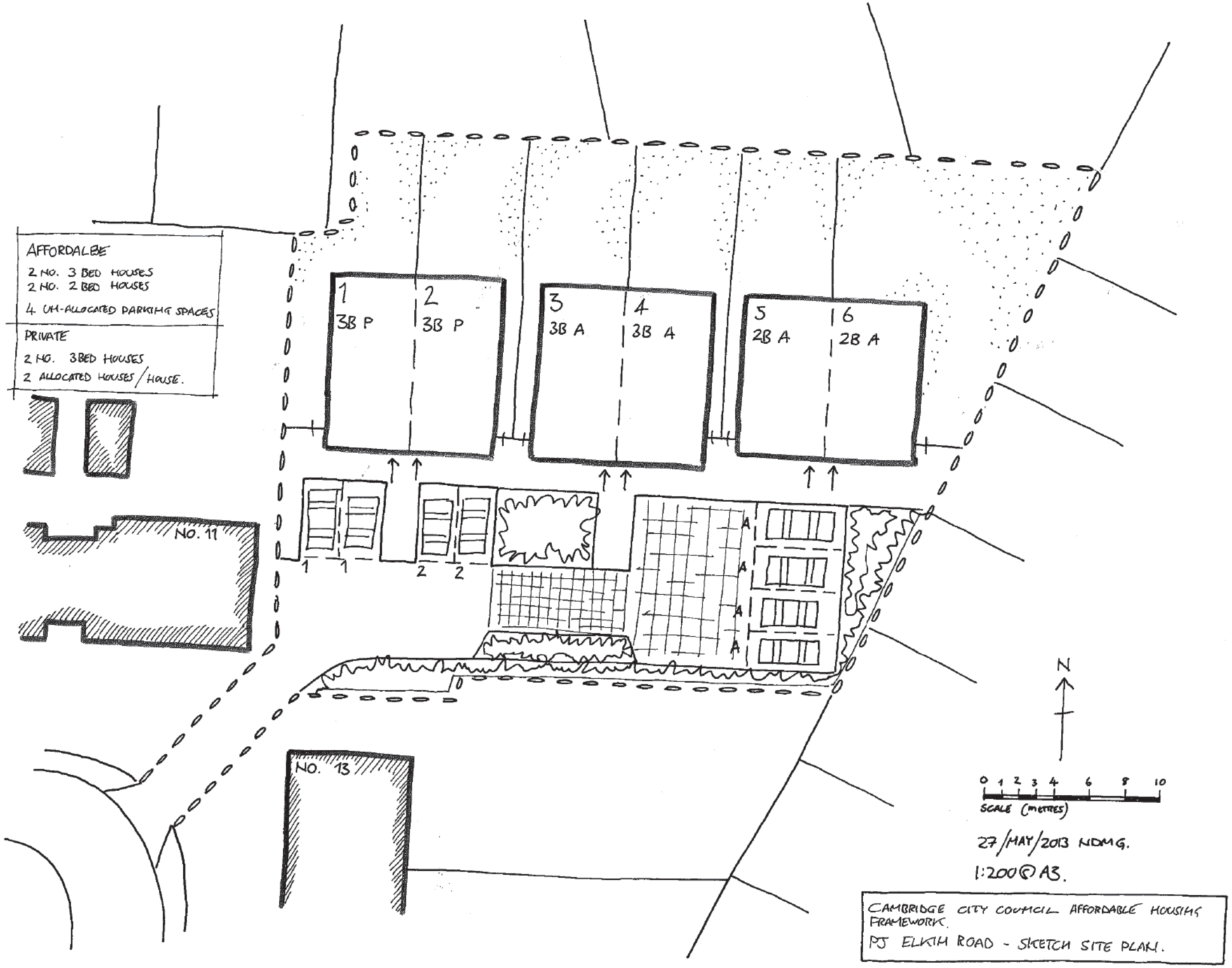

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Revisions	
Job	Elkin Road
Drawing	Sketch Proposed Site Plan
Scales	Scale Bar Shown
Drawn	NDMG
Number	PJ/CCC/ElkinRoad/SK/001
Revision	-
Date	28/05/2013

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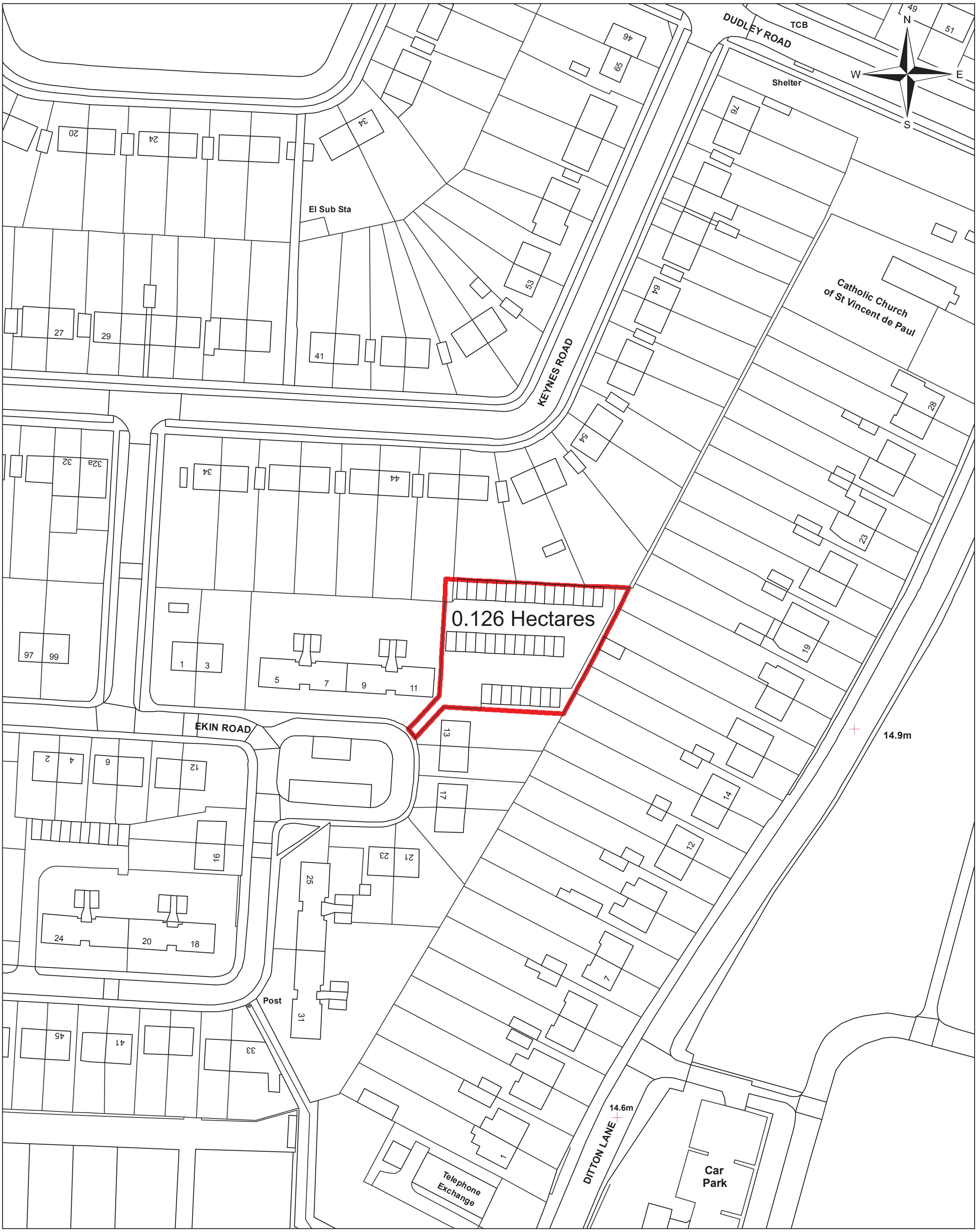

CAMBRIDGE CITY COUNCIL

Information Systems Team

Garages adjacent to 11 - 13 Ekin Road

Date: 11/09/13

Produced by: Steve Udall

Section/Department: Informations Systems Team

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Appendix 3 – Fulbourn Road Garage Site
Project Appraisal

1. Summary

This garage site was identified for possible re-development by housing officers. Out of the 32 garages on this site 12 are empty. Only seven of the twenty occupied garages are let to Council tenants and one garage is used by City Homes. These garages were approved for consideration for redevelopment as part of the Council's 3 Year Rolling Programme in June 2013.

There are no alternative garage sites in close proximity to the Fulbourn Road garage site, partly due to the location of this site at the very corner of Council land. The closest garage site has only 1 void.

2. Reason for Investigation:

The garages were highlighted by housing officers as being unpopular garages and having the potential for redevelopment for housing.

3. Feasibility:

<u>Existing Site :</u> 32 garages

The site is in Cherry Hinton and occupies area between Headington Close, Leete Road/Malletts and Fulbourn Road. There are only three house gardens that adjoin the site and it is also bounded by a cycle/footpath. A site location plan is shown at the end of the Appendix.

The current garage block is in varying states of disrepair and has been identified as requiring significant investment.

<u>Rent Loss</u>

The annual rent loss is about £5,240 for a 37.5% void rate.

Site Constraints

Access to Headington Close, which would be the obvious vehicular route into a new housing development, would require the acquisition of land that is not in the Council's ownership. The existing access to the garages is off Fulbourn Road and initial investigations confirm that this would be acceptable to the highway authority.

An electricity sub-station and a gas governor are located at the entrance to the site and the path of under-ground cables and ducting needs to be confirmed to ensure that they will not inhibit a housing development.

Engagement with Existing Residents

Tenants of and neighbours immediately adjacent to the garage block have recently been written to to seek their initial views. .

One neighbour has contacted the Council with a positive response to the possible re-development of the garages.

If a budget is approved the proposal will be the subject of a further neighbourhood engagement process both before and as part of the formal pre-application and planning applications stages.

4. Indicative Scheme

The sketch scheme drawn up as part of the feasibility work is shown at the end of the Appendix and shows the scheme with a 50/50% mix between Affordable Housing and Market Housing but all of the dwellings could be Affordable Housing. The proposed 50/50% mix on this site, rather than the 60/40% mix approved on previous sites, is due to the layout of the site and that the three garage sites within this report would achieve the 146 programme, for which the Council has funding.

Affordable Housing – Total 4

4 x 2 bed flats

Market Housing – Total 4

2 x 2 bed houses
2 x 3 bed houses

- All of the Affordable Housing will meet Lifetime Homes Standard.
- All units will meet the requirements of Level 4 of the Code for Sustainable Homes.
- The Market Housing will be built and sold at the developer/house-builder partner's risk.

Target Start date	May 2014
Target completion date	March 2015

5. Cost, Funding and Viability

From a financial perspective two options have been considered in the feasibility involving two different tenure mixes. These are;

Option 1 – 50/50% mix between Affordable Housing and Market Housing broadly consistent with the profile of the 146 new build programme.

Option 2 – 100% Affordable Housing

In both cases rents for the Affordable Housing have been assumed as Affordable Rents as follows;

Rent Levels –

2 bed - £133.67 per week
3 bed - £158.07 per week

In terms of viability, a typical benchmark used by Registered Providers to determine whether new scheme is viable is when the scheme breaks even in revenue terms (typically 12 years) and when the total capital used is paid back (typically 30 years). The viability against this benchmark is shown below:

Option 1 - 60/40% mix between Affordable Housing and Market Housing.

Capital Costs

Net Construction Costs	£309,089
Quantity Surveyor	£5,832
Internal Development Fee (2%)	£8,641
Total	£323,562

Funding

Grant	£70,892
Borrowing	£252,670
Total	£323,562

Payback period	16 years
Break-even	Year 1

Option 2 – 100% Affordable Housing

Mix of houses and flats are as the complete Indicative Scheme shown in Section 4.

Capital Costs

Net Construction Costs	£1,153,645
Quantity Surveyor	£12,275
Internal Development Fee (2%)	£18,185
Total	£1,184,105

Funding

Grant	£71,260
RTB Receipt	£177,616
Borrowing	£935,229
Total	£1,184,105

Payback period	29 years
Break-even	Year 1

6. The Procurement

At the Community Services Committee on the 25 March 2010 the Executive Councillor for Housing approved that an Affordable Housing Development partnership be procured. This partnership was to enable the redevelopment of City Homes housing considered feasible for redevelopment in the 3 Year Rolling Programme. The 25 March 2010 report stated that two developer partners would be procured; due to procurement regulations it was not possible to procure two partners. Therefore a procurement exercise was undertaken to select one partner, which adhered to procurement rules.

The procurement process was completed in October 2011 and Keepmoat was the successful tenderer.

The principles behind the development model used on other Council schemes already approved is repeated here in option 1 i.e. a mixed tenure scheme, developed with the house-builder/developer partner, providing for the cross-subsidy of the Affordable Housing from the sale of market houses, thereby minimising capital outlay for the Council. The model involves the disposal of freehold plots to the house-builder/developer partner where Market Housing is proposed and/or disposal under long leases where Market Apartments are involved. The Council will retain the freehold of land upon which the Affordable Housing is provided and the freehold of land should Market Apartments be provided.

It is the intention to control and procure the redevelopment by way of a Development Agreement and a standard form JCT Design and Build contract to cover the building works. The draft agreements have been set up with the Council's legal team.

In summary, the key points of the draft Development Agreement are as follows;

The contractual arrangements with the house-builder/developer are conditional on the achievement of a satisfactory planning permission. The Development Agreement is also conditional on the Council confirming it has secured sufficient funding for the Project, achieved vacant possession and achieved all necessary Executive

Councillor approvals. The Council must approve a scheme prior to the house-builder/developer submitting a planning application.
The cost of the redevelopment to the Council is capped at 10% above the Construction Cost of a final scheme agreed with the house-builder/developer to allow for any onerous conditions that may be applied through the planning process (this is within the limits allowed by the Council's Contract Procedure Rules).

In Option 2 the Council will fund all of the cost of the scheme including Keepmoat's profit acting as a building contractor. Again a standard JCT contract will be used.

7. Key Risks

The Development Agreement will be conditional on the Director of Resources confirming that the Council has the finance in place to fund the scheme. Therefore a key consideration is developing a finance package that is acceptable to the Director of Resources.

A planning application will need to be agreed between the developer / house-builder partner and the Council that is satisfactory to the Strategic Housing division.

Subject to the approval of the Committee of the scheme presented, the Development Agreement will be signed and our house-builder/developer partner will proceed to submit a planning application after vacant possession has been achieved. The Development Agreement will include a clause allowing our house-builder/developer partner to claim back a proportion of the cost of achieving planning permission should the Project not proceed for reasons that are not the fault of our partner. In the unlikely event that the Council does not wish to proceed with the redevelopment, the risk is mitigated by the fact that the land will have a planning permission that will have a value to the Council.

Should the Project proceed with HCA grant a key risk will be not meeting key deadlines for the HCA grant funding.

A site specific risk is the location of the underground caballing and ducting from the electricity sub-station and the gas governor.

8. Other implications

VAT is not payable on new build construction costs. However, advice will be sought from the Council's VAT specialist to ensure that there are no adverse VAT issues affecting the project.

Davis Langdon has been appointed Quantity Surveyor for the Council 146 Programme and will verify that costs provided by Keepmoat are reasonable in the prevailing market.

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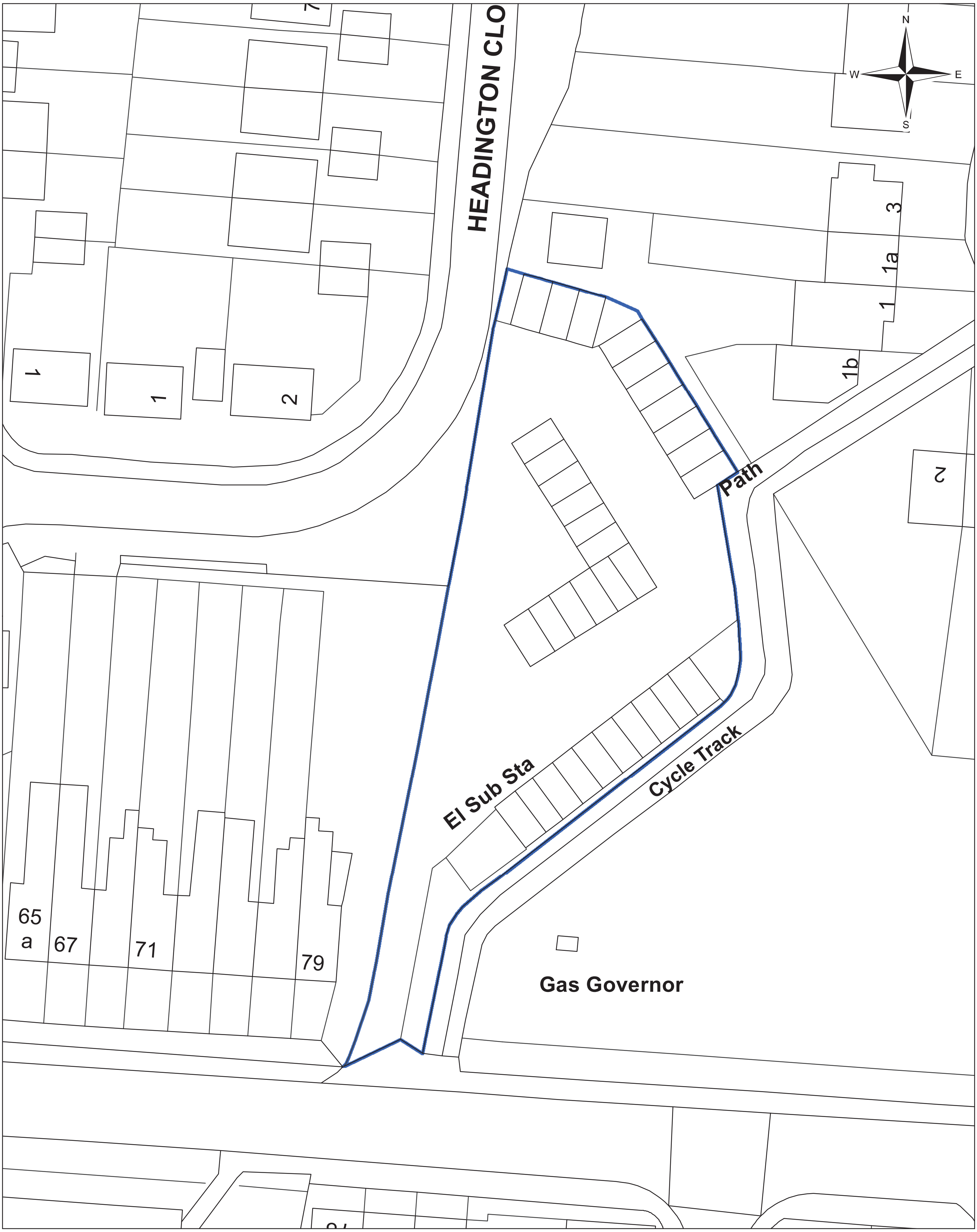

CAMBRIDGE CITY COUNCIL

Information Systems Team

Fulbourn Road Garages

Date: 10/09/13

Produced by: Steve Udall

Section/Department: Informations Systems Team

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27th JUNE 2013.

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Appendix 4 – Disused Drying Area Anstey Way
Project Appraisal

1. Summary

This site was added to the three year rolling programme in 2009. The proposed project is related to the Council's development of land at Clay Farm and involves the provision of two new houses to Level 5 of the Code for Sustainable Homes as prototypes for the Clay Farm development.

2. Reason for Investigation:

The disused drying area was originally highlighted by local Members and residents as having the potential for redevelopment because it is no longer used by residents and had fallen into disrepair. In June 2012 it was agreed that feasibility work should extend to the neighbouring bungalow and flats to see if site assembly would result in a better redevelopment scheme.

3. Feasibility:

The disused drying area site is triangular in shape and is located to the rear of the Trumpington Road local centre. It fronts a number of Council bungalows and has two market houses along its third boundary. A site location plan is shown at the end of the Appendix.

Site Constraints

There are six garages at the far end of the site. This part of the site is not required for the proposed housing development and there is the opportunity to demolish the garages and replace them with new ones.

Engagement with Existing Residents

The neighbours immediately adjacent to the disused drying area have recently been written to to seek their initial views. The residents of the neighbouring Council flats and bungalows have also been written to to set up a meeting in order that the proposed redevelopment of the drying area can be explained to them and that they can hear a progress report on the feasibility work associated with their homes.

No comments have been received from residents.

If approved, the drying area scheme will also go through a robust process of neighbourhood engagement at the pre-application and formal planning applications stages.

4. Indicative Scheme

The indicative scheme drawn up to show how the prototype houses may fit onto the site is shown at the end of the Appendix. The scheme involves the provision of two, four bedroom houses built to Level 5 of the Code for Sustainable Homes. The idea of the prototype scheme is to to allow Hill (selected through a tender process to develop the Council land at Clay Farm) and the Council to test the design and construction methods proposed to achieve Level 5 of the Code for Sustainable Homes and to receive early feedback from the occupants of the two homes on their use and performance in terms of energy efficiency.

One of the prototype properties will be sold and one will be rented at an Affordable Rent. There will need to be bespoke process to select the residents in order that the objectives in respect of monitoring the performance in use of the homes can be achieved.

5. Cost, Funding and Viability

The concept of the prototype homes has only recently been raised and discussed with Hill and therefore there has only been ‘headline’ costing work undertaken. The initial view is that sales receipt from the market home will cover the cost of the provision of both properties and therefore there will be no cost to the Council apart from the value of the land that the house for sale is built upon.

The Affordable Rent for the four bedroom house will be in the region of £205 per week.

6. The Procurement

Hill were selected by the Council to develop its land at Clay Farm following an extensive procurement process.

As the delivery of the prototype houses on another site is an extension to the procurement process through which they have secured a contract with the Council, a waiver under the Council's procurement rules will need to be secured if the project is to proceed.

7. Key Risks

A planning application will need to be agreed between the developer / house-builder partner and the Council that is satisfactory to Housing Services.

8. Other implications

VAT is not payable on new build construction costs. However, advice will be sought from the Council's VAT specialist to ensure that there are no adverse VAT issues affecting the project.

A Quantity Surveyor will be appointed to verify that the costs provided by Hill are reasonable in the prevailing market.

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Information Systems Team

Anstey Way

Date: 07/09/13

Produced by: Steve Udall

Section/Department: Informations Systems Team

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ANSTEY WAY - SITE PLAN 1:200@A3

ANSTEY WAY - SITE PLAN 1:1250@A3

DRAFT

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drawing status

SKETCH

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POLLARD THOMAS EDWARDS architects

project	drawn	audited	scale	date
QUAD, CLAY FARM CAMBRIDGE	TD	TB	1:200 @ A3	28.08.13
dwg title	**job no.**		**drg.no.**	**rev**
PROTOTYPE SITE PLAN ANSTEY WAY, CB2 9JE	12-606		SK_128	/

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Cambridge City Council **Item**

To:	Executive Councillor for Housing, Councillor Catherine Smart
Report by:	Liz Bisset, Director of Customer & Community Services
Relevant scrutiny committees:	Housing Management Board 1/10/2013
	Community Services 10/10/2013
Wards affected:	All Wards

Housing Revenue Account Mid-Year Financial Review
Key Decision

1. Executive Summary

1.1 The Housing Revenue Account Budget Setting Report, considered and approved in January / February of each year is the long-term strategic planning document for housing landlord services provided by Cambridge City Council.

1.2 The Housing Revenue Account (HRA) Mid-Year Financial Review provides an opportunity to review the assumptions incorporated as part of the longer-term financial planning process, recommending any changes in response to new legislative requirements, variations in external economic factors and amendments to service delivery methods, allowing incorporation into budgets and financial forecasts at the earliest opportunity.

2. Recommendations

The Executive Councillor is recommended, following scrutiny and debate at Housing Management Board:

a) To approve the Housing Revenue Account Mid-Year Financial Review attached, to include all proposals for changes in:

- revenue budgets as detailed in Sections 4 and 5, and summarised in Appendix E of the document.
- financial assumptions as detailed in Appendix B of the document.

The Executive Councillor is recommended, following scrutiny and debate at Community Services Committee:

b) To consider proposals for changes in housing capital budgets, as detailed in Sections 6 and 7, and summarised in Appendix F of the document, recommending the proposals for decision at Council on 24th October 2013.

3. Background

3.1 The Housing Revenue Account budget was set for 2013/14 as part of 2013/14 HRA Budget Setting Report, approving a net contribution to reserves in the year of £725,500.

3.2 This figure was later amended to reflect approvals to carry forward expenditure originally anticipated to be incurred in 2012/13 into 2013/14 as part of the closedown process for 2012/13. Following these changes, the sum of £2,382,980 was anticipated to be required as a contribution from reserves for the year.

3.3 The HRA Mid-Year Financial Review revisits the assumptions made as part of the HRA Budget Setting Report, and recommends both changes in these, and in some areas of budgeted expenditure and income for 2013/14 and beyond.

3.4 The resulting financial impact for the Housing Revenue Account is explained and summarised in the attached document and appendices.

4. Implications

(a) **Financial Implications**

The financial implications associated with the HRA Mid-Year Financial Review are incorporated as part of the document itself and the associated appendices.

(b) **Staffing Implications**

Any staffing implications are incorporated as part of the HRA Mid-Year Review document.

(c) **Equal Opportunities Implications**

An equalities impact assessment will be carried out in relation to any budgetary changes proposed as part of the HRA Budget Setting Report in February 2014.

(d) **Environmental Implications**

The environmental implications of any changes proposed as part of the HRA Mid-Year Financial Review will be addressed by the officer responsible for the associated income or expenditure.

(e) **Procurement**

There are no direct procurement implications associated with this report.

(f) **Consultation and Communication**

Tenant and Leaseholder representatives are being consulted on the proposals in the HRA Mid-Year review as part of the HMB scrutiny process. No direct consultation has been undertaken, as no formal changes in policy are being proposed at this stage.

(g) **Community Safety**

There are no direct community safety implications associated with the HRA Mid-Year Financial Review.

5. Background Papers

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

- Housing Revenue Account 30-Year Business Plan (February 2012)
- Housing Revenue Account Budget Setting Report (February 2013)

6. Appendices

- Housing Revenue Account Mid-Year Financial Review

7. Inspection of Papers

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

Author's Name:	Julia Hovells, Business Manager / Principal Accountant
Author's Phone Number:	01223 457822
Author's Email:	julia.hovells@cambridge.gov.uk

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Version 2
Community
Services

Housing Revenue Account Mid-Year Financial Review (Business Plan Update)

October
2013

2013/14 to 2042/43

Cambridge City Council

CAMBRIDGE
CITY COUNCIL

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5	Revenue Resources	18
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7	Capital & Asset Management – New Build & Re-Development	26
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B	Key Risk Analysis – New or Amended Risks	35
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D	Business Planning Key Sensitivity Analysis – New or Amended Sensitivities	38
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Section 1
Introduction

Background

The Housing Revenue Account (HRA) Mid-Year Financial Review is to be read in conjunction with the HRA 30-Year Business Plan approved in February 2012, and the HRA Budget Setting Report of February 2013.

This report provides an opportunity to consider whether there are any material changes which need to be incorporated in year, into the financial planning for the HRA in advance of the 2014/15 budget setting process, recommending any required changes to the financial strategy. The report makes proposals for the development of both revenue and capital budgets for 2014/15, providing an indication of any change in the impact on the 30-year period of the Business Plan.

These changes may include changes in assumptions made, either as a direct result of changes in external factors, economic climate, national policy, legislation and decisions taken locally.

The HRA Mid-Year Financial Review incorporates a review of the current year budget position (2013/14), and updated projections for the 5 years from 2014/15 to 2017/18, to demonstrate the full-year effects of any changes in assumptions and the impact of any changes in service delivery methods.

A key part of the mid-year review processes is the identification of:

- Items which for exceptional reasons, require immediate action or approval (which may include net changes to existing budgets).
- Items which provide context for decisions on the strategy or process, influencing:
    - The level at which any Priority Policy Fund (PPF) is set.
    - The level at which the HRA savings target is set.

Timetable

The financial planning and budget preparation timetable is shown below:

Date	Task
2013	
1 October	Executive Councillor for Housing considers HRA Mid-Year Financial Review and incorporates HMB views in recommendations to Council
10 October	Community Services consider HRA Mid-Year Financial Review
24 October	Council considers HRA Mid-Year Financial Review
2014	
16 January (Provisionally)	Executive Councillor for Housing (at a joint meeting of HMB and Community Services) considers HRA Budget Setting Report, approves rent levels and revenue budgets, following consideration of HMB and Community Services Scrutiny Committee views, making final capital related recommendations to Council
27 February	Council approves HRA Budget Setting Report

The detailed corporate budget timetable is attached at Appendix A, highlighting the aspects relevant to the Housing revenue Account.

Section 2
Housing Stock

Housing and Leasehold Stock

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

Housing Category (Including Shared Ownership)	Actual Stock Numbers as at 1/4/2013	Estimated Stock Numbers as at 1/4/2014
General Housing	6,607	6,443
Sheltered Housing	520	506
Supported Housing	24	24
Temporary Housing (Individual Units)	42	42
Temporary Housing (HMO's / EA)	23	23
Miscellaneous Leased Dwellings	19	19
Shared Ownership Dwellings	86	86
Total Dwellings	7,321	7,143

Property Type (Excluding Shared Ownership)	Actual Stock Numbers as at 1/4/2013	Estimated Stock Numbers as at 1/4/2014
Bedsits	112	112
1 Bed	1,819	1,681
2 Bed	2,390	2,382
3 Bed	2,290	2,272
4 / 4+ Bed	104	104
Sheltered Housing	520	506
Total Dwellings	7,235	7,057

Leasehold Stock

At 1st April 2013, the Council retained the freehold and managed the leases for 1,092 leasehold flats.

Section 3

The National Policy Context and External Factors

External Factors

As part of the Housing Revenue Account Mid-Year Financial Review it is considered prudent to review the assumptions made in the original HRA Business Plan and HRA Budget Setting Report approved in February 2013. The impact that external factors, outside of the control of the organisation, have on the operation of the housing business, is key in decision making.

In reviewing financial projections for the future operation of the business, it is imperative that we recognise any significant changes in the assumptions previously made, and react accordingly to include these revised assumptions in our financial models.

Inflation Rates

The base rate of inflation used to drive expenditure assumptions in the HRA financial forecasts is the Consumer Price Index (CPI). Having reviewed changes in this measure of inflation over the past 12 months, the average rate of growth was 2.6%.

This is not considered to be materially different from the 2.5% included in the HRA financial model in the HRA Budget Setting Report, and therefore no change is proposed mid-year.

Expenditure in respect of building maintenance is inflated in the financial forecasts using the Building Cost Information Service (BCIS) all in tender price index. Figures in recent years have shown this measure of inflation to be increasing at lower levels than the standard measures of inflation, with forecasts indicating this index will remain low in the short term, with slow recovery in years to come, until it again outstrips CPI. On the basis of a slow recovery, it is recommended the assumption that this index runs at 2% above CPI for 5 years and then reverts to 1% above CPI, is amended to reflect inflation at 1% above CPI for the duration of the plan.

Interest Rates on Lending

The Council lends externally, on a short-term basis, any cash balances that are held at any point within the financial year. If the balances held relate to the Housing Revenue Account, the interest earned by the authority is credited to the Housing Revenue Account. The level of interest receivable on the investment of balances and reserves currently remains low. Although anticipated to be slow, recovery in the rates available is predicted in the longer term.

Status	Year	Interest Rate Earned on Balances
Council Estimated Rates (Sector)	2013/14	0.64%
	2014/15	0.64%
	2015/16	1.25%
	2016/17	1.25%
	2017/18	1.5%
Average Over Remaining 25 Years of the HRA Business Plan (External Third Party Predictions)	2018/19 to 2042/43	3.8%

In the medium to long-term, if the HRA holds significant cash reserves, set-aside to repay debt in the future, the authority will need to consider forms of longer-term lending of these larger sums, in order to secure the higher rates that are predicted to be available.

Interest Rates on Borrowing

The Council secured preferential borrowing rates from the Public Works Loans Board (PWLB), of between 3.46% and 3.53% for the self-financing loan portfolio taken out on 28th March 2012.

Any additional borrowing must be within the level of the current HRA borrowing cap, resulting in maximum borrowing in the region of £16m. It is still considered likely that this will be facilitated via internal borrowing from the General Fund, subject to the availability of this level of resource at the point at which it is required.

If external borrowing is deemed necessary, the authority has taken advantage of a certainty rate from the PWLB, ensuring that any prudential borrowing for the HRA can be secured at 20 basis points (0.2%) below the standard PWLB lending rates. The agreement runs for a year at a time, with the current agreement expiring in November 2013. If available from November 2013 onwards, the authority will again subscribe to this offer to maintain the greatest degree of flexibility possible.

The external borrowing rate assumed in the HRA Budget Setting Report was 4%, but having reviewed the certainty rates currently available from the PWLB for maturity loans with a 30 year duration, it is considered prudent to increase this assumption to 4.5% as part of the HRA Mid-Year Financial Review.

Right To Buy Sales

Following changes in right to buy legislation from April 2012, made to reinvigorate the scheme, the authority has seen a huge increase in right to buy activity.

During 2012/13, 135 right to buy applications were received and recorded, compared with 48 in the previous year. It is difficult to predict whether this level of activity will continue in the medium to long term, but consideration may need to be given to the staffing resource allocated to this area of activity.

In 2012/13, 41 of the applications proceeded to completion of the sale of the property, compared with only 12 in 2011/12. In the first 3 months of 2013/14, 11 completions took place, indicating that the higher level of sales is continuing. Although impossible to accurately predict future sales, based upon the continued higher level of activity in 2013/14 to date and the suggestion, by Central Government, that the qualifying period will be reduced from 5 years to 3 years, it is considered prudent to continue to assume a level of 42 sales in 2013/14, but to increase the assumption for 2014/15 to 35 sales, before reducing to the ongoing assumption of 28 sales per annum from 2015/16.

Right To Buy Receipts

The authority is now subject to a revised agreement with CLG, effective from 1 April 2013, allowing the authority to retain some right to buy receipts, but still subject to a set of specific conditions.

The call on right to buy receipts is as follows:

- Receipts from the first 10 to 17 sales each year (depending upon the year) are split between CLG (75%) and the authority (25%) after allowable deductions. This was assumed in the self-financing settlement and the 25% retained can be spent on any area of our housing capital programme, but currently funds our General Fund Housing expenditure.

- For any further sales over and above the 10 to 17, the first call on the receipts is a sum considered comparable with the debt that the authority holds in respect of each dwelling. These receipts can be used for debt repayment, or alternatively could be used for HRA capital purposes, e.g.; investment in new affordable housing.
- Any residual receipt is known as a one for one (1-4-1) receipt, and in line with the agreement with CLG must be spent to fund the delivery of new social housing, with a maximum of 30% of any dwelling being funded via this mechanism. The balance must be funded from the Council's own resources or through borrowing. There is a 3-year time limit on delivery of the new unit, with the receipt having to be paid to central government, with interest (at 4% above the base rate) if not spent appropriately.

In respect of 1-4-1- receipts, it is not possible, under the terms of the agreement with CLG, to use the receipt to fund the development of a dwelling that is already receiving any other form of public subsidy, e.g.; Homes and Communities Agency grant.

As the resource held is capital in nature, the General Fund currently benefits from any interest earned on it. If any unused receipts have to be paid over to central government, the 'penalty' interest payable, will far exceed the level of interest that the General Fund will have earned in the interim.

The table below identifies the current 1-4-1 receipts held by the HRA:

Quarter date for Receipt	Retained 1-4-1 Receipt Value (Per Quarter)	Retained 1-4-1 Receipt Value (Cumulative)	Amount of New Build Expenditure Required (Cumulative)	Deadline for Receipt to be spent on Completed Dwelling
30/6/2012	0.00	0.00	0.00	N/A
30/9/2012	305,694.44	305,694.44	1,018,981.47	30/9/2015
31/12/2012	1,052,927.43	1,358,621.87	4,528,739.57	31/12/2015
31/3/2013	721,056.95	2,079,678.82	6,932,262.73	31/3/2016
30/6/2013	558,506.20	2,638,185,02	8,793,950.07	30/6/2016

It is clear from the above figures, that the authority now needs to urgently consider reviewing the balance of investment in the current HRA Business Plan, between the provision of services, investment in existing housing stock and in delivering or acquiring new affordable housing, before potentially releasing existing and future 1-4-1 receipts directly to Central Government, as delivery of new build affordable housing is only possible if the authority already has the 70% top up funding or the ability to borrow it within its borrowing cap.

The HRA does not currently have sufficient resource or borrowing capacity to fulfil the existing obligations under the 1-4-1 agreement, and consideration needs to be given to addressing this as part of the 2014/15 budget process.

National Housing Policy

National Rent Setting Policy

As part of the Comprehensive Spending Review in 2013, government announced plans for future rent policy for social housing.

The two key announcements as part of this are:

- A proposal to move from the historic inflationary increase in rent levels of RPI (Retail Price Index) plus 0.5% to using CPI (Consumer Price Index) plus 1%, for the period from 2015/16 to 2024/25.
- Indication that rent convergence will not be extended beyond 2014/15.

The commitment to a long term rent policy is intended to provide certainty and stability for both social landlords and investors, and is designed to support providers in securing private finance. It is suggested that on average, RPI has been higher than CPI by 0.5%, with the latest figures showing it to be 0.4% higher. It is argued therefore, that a move from RPI plus 0.5% to CPI plus 1% will be comparable for landlords and tenants over the longer term.

The announcement that there is no intention to extend rent convergence beyond 2014/15 comes with the statement from Communities and Local Government that:

"We expect most landlords to have achieved rent convergence by 2015. By that point, rent convergence policy will have been in place for almost 15 years – this is a significant period of time for landlords to make full use of the rent flexibilities the Government has provided, and most have done so".

Cambridge City Council has followed government guidelines in setting rents since the introduction of rent restructuring, including adhering to the numerous constraints introduced by Communities and Local Government throughout the process. The result is that rent levels for the authority are still considerably below the level of target rents. Many landlords are hugely concerned by these proposals, and Cambridge City Council are not alone in having concerns about their ability to support a debt which was calculated on the basis that rent levels would achieve targets during the life of the business plan, to facilitate debt repayment.

The table below indicates the net impact in the authority's inability to achieve target rents across the housing stock from 2015/16, assuming static stock numbers for indicative purposes. The table combines the difference between ceasing a move to convergence from April 2015 the previous assumption included in the HRA Business Plan, which was that rents continued to move towards target levels by a factor of £2.00 per week each year.

Year	Estimated Average Target Rent	Estimated Average Actual Rent (February 2013 Business Plan)	Estimated Average Actual Rent (With Convergence Ceased)	Rental Differential (Constraint Applied by Cessation of Convergence)	Annual Shortfall in Income Compared to HRA Business Plan February 2013
2013/14	99.81	92.78	92.78	0.00	0
2014/15	102.81	97.37	97.37	0.00	0
2015/16	105.89	102.12	100.30	1.82	688,411
2016/17	109.07	106.36	103.31	5.77	1,153,656
2017/18	112.34	110.41	106.40	5.94	1,516,774
2018/19	115.71	114.33	109.60	6.12	1,789,113
2019/20	119.18	118.17	112.88	6.30	2,000,932
2020/21	122.76	122.00	116.27	6.49	2,167,361
2021/22	126.44	125.87	119.76	6.68	2,311,095
2022/23	130.24	129.81	123.35	6.88	2,443,482

It is clear from the above table, that an inability to converge rents at target level will have a significant detrimental impact on the Housing Revenue Account. The ability to support the level of debt held, without a negative impact on the quality or volume of services that can be delivered to residents is evident. Over 30 years, the net impact of this single change on the business model is in the region of £22 million.

Some local authorities are considering whether to apply larger rent increases in 2014/15, in an attempt to close the gap between target and actual rents before the revised rent policy comes into force from April 2015. Many may choose to move directly to either target rent or limit rent, despite the fact that this will mean rent increases above the inflation, plus 0.5% plus £2.00 cap that should exist for any one household. At April 2013, 158 were being charged at target rent, with the variance between target and actual for the rest of the housing stock ranging between £.0.31 and £40.28 per week on a 52 week basis. The average difference between target and actual rent was £7.01 per week on a 52 week basis.

The financial impact of the move to using CPI as the driver for rents inflation, from RPI, is more difficult to quantify, as historically these rates have been volatile, and both have been higher and lower than each other at different times. In recent years, RPI has proved to be the higher of the two rates, with a differential of approximately 0.5%, suggesting that the impact of a change from RPI plus 0.5% to CPI plus 1% may not be significantly different for tenants in real terms over the longer term. The HRA Business Plan incorporated the assumption that the base rate of inflation, whether RPI or CPI, was the same, so as not to assume that rents increased at a far greater pace than the associated expenditure. Many other local authorities will have assumed that RPI drives both income and expenditure, thus also using the same base rate of inflation for both income and expenditure. This assumption means that any move to **inflation plus 1%,** from **inflation plus 0.5%,** for rents, will have a positive impact on our business model, and would in fact negate the financial impact of our inability to move to target rents.

Proposed changes to social housing rent setting policy will be consulted upon by Communities and Local Government prior to implementation, but Government Spending Plans have already been constructed incorporating the assumptions described above.

Welfare Reforms

April 2013 saw the removal of the subsidy on bedrooms deemed to be 'spare' for working age tenants, which impacted less than 500 City Council residents. This number was lower than the 600 originally anticipated due to a combination of changes in household circumstances and award of Discretionary Housing Payments (DHP). Under these changes, housing benefit entitlement for a household considered to be under-occupying by one bedroom is reduced by approximately 14%, and by two bedrooms by approximately 25%.

Discretionary Housing Payments are being considered by the Housing Benefits Service on a case by case basis, with time-limited top up payments being awarded, from a finite allocation of resource, to allow tenants the time to make alternative housing arrangements. In some cases, tenants are registered with Homelink, and are actively looking to downsize to a property which suits their household size in Housing Benefit terms. DHP can be awarded to meet the additional rent payments whilst this takes place. At the end of August 2013, it was estimated that 45% of residents affected were paying the additional rent due, with an estimated £29,000 of arrears relating households affected by the social sector size criteria reduction. It is estimated that 77% of residents affected are now paying, due to increased staffing input from City Homes.

The Benefit Cap (a cap of £500 per week for families, and £350 per week for a single person) was introduced later than anticipated, effective from 15th July 2013. Although the full impact for City Council tenants has not been fully realised,10 cases had been notified to us by the Department for Work and Pensions (DWP) at the time of writing this report.

The introduction of Universal Credit, which replaces a range of existing means-tested benefits and tax credits with a single payment, has been delayed, with additional pilot projects expected to take place during the autumn of 2013. Introduction in Cambridge is now anticipated to be no earlier than October 2014.

From the point of introduction, new claimants for Job Seekers Allowance (working age and income based), Income Support, Employment & Support Allowance (income related), Child Tax Credit, Working Tax Credit and Housing Benefit, will claim Universal Credit. Claimants will be paid directly, and will receive monthly payments, in arrears, administered centrally by the DWP. Pensioners continue to be excluded from these arrangements at present.

The impact of these reforms in respect of our housing business is still difficult to quantify, but the experience of many of the pilot authorities, with the need to collect 100% of rent directly from tenants as opposed to less than 50%, is a significant increase in rent arrears and in collection and recovery costs.

Supporting People

Uncertainties continue to exist in respect of the funding, managed on a county-wide basis by Cambridgeshire County Council, for the provision of support services in the city. Cambridge City Council are still currently contracted to deliver support services in sheltered housing, extra care housing and temporary accommodation across the housing stock.

The current contracts are operating under temporary extensions whilst the County Council decide upon the most appropriate delivery vehicle for the future, whether this is a formal tender, or some form of partnership agreement. It is clear that financial pressures for the County Council continue to drive the need for services to be delivered with significantly lower level of funding in the future.

The table below summarises the current funding received for the provision of support services, highlighting the current contractual position for the authority.

Contract	No. of Units	Contract Status	Estimated Support Income 2013/14 (£)	Risks / Ongoing Assumptions
Temporary Housing (116 Chesterton Road) Temporary Housing (New Street) Temporary Housing (Dispersed Tenancies) Temporary Housing (Shared Houses)	60	Block Gross Contract – Extension Expires 31/3/2014.	132,070	Supporting People could tender the service, with the City council being unsuccessful.
Sheltered Housing	468	Fixed Price Block – Re-extension Expires 31/3/2014	212,450 (net income for 12 months)	Tender documents were anticipated in July 2013, but current decision by County Council is to enter into discussions with the City Council, with the outcome yet unknown.
Community Alarms	44	Anticipated to expire 31/12/2013 in line with sheltered housing contracts.	9,310	Potential to contract direct with each landlord in isolation or let a contract county-wide.
Ditchburn Place (Extra Care)	36	Block Gross Contract (Part of Care Contract) – Expires 25/1/2014. Request by County to extend contract until 31/3/2015.	45,740	Extension carries financial risks for the General Fund, as care is currently being subsidised by the City Council.
Total Maximum Support Income (Gross of Voids)			**399,570**	

Section 4
Housing Service Mid-Year Budget Issues

2012/13 Outturn

The position at outturn for 2012/13 has been scrutinised and changes to the 2013/14 budget and beyond as part of the HRA Mid-Year Financial Review are recommended as a result. Areas of particular under and over-spending in 2012/13 have been investigated to determine whether variances from the budget were one-off, with appropriate explanation, or demonstrated potential patterns in spending for the future. Changes proposed are detailed in Section 9 of this document, and are included in the HRA Summary Statement (2013/14 to 2017/18) at Appendix E.

2013/14 Budgets

HRA General Management

The key issues affecting estimated general management expenditure for 2013/14 and future years relate predominantly to the changes either being experienced, or anticipated, as part of the Welfare Reforms. It is currently difficult to accurately predict the impact that these changes will have on the workload of existing staff in City Homes and the Business Team, the increase in collection costs that will occur and the impact that will be experienced in the level of rent arrears, and therefore potentially bad debt for the HRA.

The ongoing mid-year revenue savings in general management expenditure incorporated as part of the HRA Mid-Year Financial Review forecast include:

- £12,430 reduction in the budget for Resident Involvement, from 2013/14, following a revised approach to the delivery of this service. This saving is offered, after allowing for the employment of a third team member in the Resident Involvement Team and the construction of a planned programme of spending in line with the proposals previously presented to HMB.

- £14,350 reduction in Strategic Housing overheads, from 2013/14, incorporating savings in external audit fees, stock valuation costs, training and rent collection charges.
- £10,000 reduction in City Homes overheads, from 2013/14, incorporating savings in equipment purchase, telephone costs and consultants fees.
- £57,600 anticipated savings in IT costs, from 2014/15, as a direct result of a change in supplier from July 2013.

The HRA Mid-Year Financial Review has also identified one-off reductions in general management budgets in 2013/14 and one-off additional income expectations, including:

- £102,000 saving in 2013/14, recognising the deferred need to meet rent collection costs for 100% of tenants, due to delays in the implementation of Universal Credit until October 2014 at the earliest.

HRA Special Services

The greatest areas of uncertainty across special services are the anticipated changes in the delivery and funding mechanisms for the provision of support services, where the County Council are yet to confirm the final position from 2014/15 onwards and in the delivery vehicle for building cleaning services, where Streets and Open Spaces are in the process of reviewing the provision of these services.

The unavoidable additional revenue funding requirements for HRA special services incorporated as part of the HRA Mid-Year Financial Review forecast include:

- £19,250 per annum, ongoing from 2013/14, in respect of a reduction in the anticipated income for the emergency alarm and response service provided by the Independent Living Service. This is due to a reduction in customer numbers, both in individual private residents and housing association clients.
- £6,000 per annum, ongoing from 2013/14, in respect of an increase in gas usage costs at Ditchburn Place, predominantly due to the nature of services provided on this site.

The ongoing mid-year revenue savings in special service expenditure incorporated as part of the HRA Mid-Year Financial Review forecast include:

- £11,760 per annum, from 2013/14, in respect of communal electricity usage costs, based upon prior year experience.

Repairs & Maintenance

The Repairs and Maintenance Service is still facing the challenges of demonstrating that the responsive repair and void services can be delivered in-house in a more efficient and cost effective manner than could be achieved if the service were to be externalised. Major changes in Information systems during 2013/14 will help to facilitate this.

The unavoidable additional revenue funding requirements for repairs and maintenance incorporated as part of the HRA Mid-Year Financial Review forecast include:

- £45,000 in 2013/14 only, recognising the element of the cost of adjudication with the housing planned maintenance contractor that the authority is required to bear. The arbitration provided a predominantly positive outcome for the HRA overall.

The HRA Mid-Year Financial Review forecast also incorporates one-off reductions in repairs and maintenance budgets in 2013/14, including:

- £100,000 saving in the void repairs budget, based upon a reduction in average void costs due to changes made as part of the Repairs Improvement Plan. A zero based budget exercise will be undertaken as part of the 2014/15 budget process.

HRA Summary Account

The HRA Mid-Year Financial Review forecast also incorporates one-off reductions in summary account expenditure budgets in 2013/14, one-off additional income expectations, and ongoing changes, including:

- £20,000 saving in 2013/14, recognising that there will be no need to obtain external borrowing advice in the current financial year. The provision has currently been retained for future in light of the intention to borrow to fund new build housing.
- £25,000 increase in income in 2013/14, in respect of the capitalisation of the costs of administering a continuing higher level of right to buy sales. This figure is based upon the total value capitalised in 2012/13, with sales in 2013/14 expected to remain at similar levels.
- £192,670 reduction in the annual contribution to the bad debt provision for 2013/14, recognising that the impact of being required to collect 100% of rent directly from tenants will not be realised until 2014/15.
- £122,990 increase in anticipated rental income for 2013/14 compared to original budgets set in February 2013, where specific assumptions were made in respect of rent loss for re-development voids, but now recognising that general voids have been lower in 2013/14 to date, possibly as a direct result.
- £27,530 additional interest payable by the HRA in 2013/14, recognising that the HRA will still be under-financed in year, as debt set-aside was not formally undertaken in 2012/13. Monies available for debt set-aside in 2012/13 were transferred to ear-marked reserve for potential debt redemption or future re-investment to retain maximum future flexibility for the HRA.
- £24,920 reduction in interest received on HRA balances due to a reduction in the anticipated rate for 2013/14 from 0.82% to 0.64%.
- £169,070 ongoing increase in depreciation costs for the housing stock, based upon the latest estimates, and including recognition that the depreciation costs for surplus HRA assets held impacts the revenue bottom line for the HRA.
- £259,410 additional income for the provision of support services in 2013/14, where prudent assumptions were made as part of the 2013/14 budget process, recognising that Supporting People contracts were due to terminate in March 2013. Contract extensions, with no changes in contract values, mean that income is still being received in 2013/14.

Section 5
Revenue Resources – Rent and Other Income

Rent Arrears and Bad Debt Provision

The performance with regard to collection of rent income is key in the delivery of the Housing Revenue Account Business Plan. Rent arrears at 31st March 2013 were £661,246 in respect of current tenants and £862,042 for former tenants.

Performance in the collection of current tenant debt was maintained in 2012/13, and in the early part of 2013/14, despite the economic climate, changes imposed with the removal of the spare bedroom subsidy and the initial impact of the benefit cap, introduced in July 2013. The small number of residents affected by the cap, coupled with additional staffing input into proactive rent arrears support for residents, is expected to allow the HRA to maintain the current level of rent arrears by the end of 2013/14.

However, the position is likely to worsen during 2014/15, with the introduction of Universal Credit, based on the initial experience of pilot authorities seeing a marked increase in the level of rent arrears.

On this basis, the higher level of contribution that was approved for the bad debt provision for 2013/14, assuming the need to collect 100% of rent from April 2013, is not anticipated to be required. The higher level will need to be retained from 2014/15, and further consideration, as part of the 2014/15 budget process, will need to be given to whether this is increased further in light of the experience of the pilot authorities.

At 31 March 2013, the provision for bad debt stood at £1,204,518, representing 79% of the total debt outstanding.

Void Levels

The value of rent not collected as a direct result of void dwellings in 2012/13 was £368,335, representing a void loss of 1.11%, compared with £354,050 in 2011/12, representing a void loss of 1.15%.

Void levels remain high in 2013/14, due to a combination of the sheltered housing refurbishment programme and the re-development programme, where properties are vacated well in advance of works commencing.

On an ongoing basis, an assumption of 1% voids in general housing is still considered prudent.

Rent Restructuring

Rent restructuring, which was designed to ensure consistency in rent levels for all social housing tenants, irrespective of landlord, is now under some scrutiny at national level.

Although introduced in April 2002, the difference between target and actual rents at a local level, combined with the constraints applied by Communities and Local Government, mean that only a small proportion of the City Council's housing stock will achieve target rent levels by April 2015, the point from which the regime may now cease to operate.

At April 2013, the average actual rent was representative of 93% of the average target rent.

If the changes indicated as part of the Comprehensive Spending Review are implemented, with April 2014 being the last time that rents can be increased specifically towards convergence, only a handful of the City Council's housing stock will ever reach target rent, having a significant negative financial impact on the HRA as a housing business.

Rent Policy and Rent Setting

At the start of 2013/14, the average target rent for the general housing stock was £99.81, the limit rent was £96.50 and the average actual rent being charged was £92.78. The limit rent is set by government, and is the rent level over which the HRA would need to pay rent rebate subsidy limitation to the General Fund, impacting the level of subsidy received from the

Department for Work and Pensions for housing benefit payments. From April 2015, the limit rent and the target rent are expected to be set at identical levels, so that rent rebate subsidy limitation no longer exists.

The latest policy allowed for the transition of energy efficient void properties direct to target rent before re-let. Based upon inspections in 2013/14 to date, 64% of void dwellings have an energy efficiency rating of C or above. In the 4 months from April to July 2013, the rent for approximately 54 properties has moved directly to target rent. If this trend were to continue, it could be estimated that 2.2% of the housing stock would move directly to target rent in any one financial year.

Using the average differential between target and actual rents, the decision to move energy efficient voids direct to target rent would result in an additional £59,000 each year, with the annual sum reducing as actual rents neared target rents under the existing rent restructuring formula.

If the proposed cessation of a move to target rents is introduced, it appears there will no longer be the ability to continue with this approach to moving void dwellings to target rent after 2014/15.

Rent levels will 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.

Historically, Cambridge City Council has always set rents in line with government guidelines and the government expectation under self-financing was that this would be expected to continue.

As identified in Section 3, National Housing Policy, significant changes are proposed to national rent setting policy from April 2015, with a view that rent restructuring should be discontinued after 2014/15, irrespective of the disparity that this may leave between local authority and other social housing providers rent levels.

A decision will need to be made as part of the 2014/15 budget process, as to whether the City Council wishes to deviate from government rent setting policy for 2014/15, to mitigate the negative impact on the HRA Business Plan of the proposal to end rent restructuring from 2015/16. For example a move directly to limit rent from April 2014 would see an average increase of £5.38 per week, before inflation. The decision on the level of rent increase to approve will need to be made in the context of the wider budget setting process, taking account of the financial projections for the Housing Revenue Account over the longer term.

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.

For the Housing Revenue Account the intended target level of reserves remains at £3m, with a minimum level of reserves of £2m.

The impact on HRA reserves for 2012/13, and 2013/14 to date is shown in the table below:

Budgeted or Actual Use of / (Contribution to) HRA Reserves	Financial Year	
	2012/13 £'000	2013/14 £'000
Original Budget (Approved in February)	**2,602**	**(726)**
Carry Forwards (Approved in June)	1,853	3,109
Total Including Carry Forwards	**4,455**	**2,383**
MTS / MFR Mid-Year Review (Approved in October)	99	(579)
Total Including Mid-Year Amendments	**4,554**	**1,804**
Budget Setting Report Revised Budget (February)	57	-
Total Including Revised Budget Changes	**4,611**	**-**
Actual Outturn (Reported in June)	**1,479**	**-**

The original budget for 2013/14 approved a net contribution to reserves of £725,500, recognising the desire to hold target HRA general reserves of £3,000,000. The budget incorporated a revenue contribution of £7,162,340 to fund capital expenditure.

This projection includes the effects of changes in capital resources, incorporation of revenue and capital funding requests included as part of this HRA Mid-Year Financial Review and any requested carry forwards from 2012/13.

The final general HRA reserves position for 31 March 2013 was £5.495,489. This included £3,108,480, which will be required to fund the approved carry forward items.

The revised projection of the use of reserves in the current year (2013/14) now indicates that there is expected to be a net contribution from reserves of £1,804,140.

Earmarked Funds

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

- Repairs and Renewals
- Major Repairs Reserve
- Shared Ownership
- Tenants Survey
- Aerial Monies
- Pension Fund
- Set-Aside for Potential Debt Repayment or Future Re-Investment

Section 6
Capital - Existing Stock

Stock Condition / Decent Homes

The authority holds validated stock condition data for its housing stock, which is continually updated. However, one of the areas where data gathering and recording is still weak is in respect of the communal areas of both sheltered and flatted accommodation, where an allowance has been made in the financial planning in anticipation of a more detailed investment profile in the future. Staff have now been recruited to allow this piece of work to be progressed during 2013/14.

The housing service reported achievement of the decent homes standard in the housing stock as at 1 April 2013 at 96.5%, compared with just over 96% achieving the desired standard at 1 April 2012. There were 253 properties that were considered to be non-decent (in addition to the 845 refusals), with another 53 anticipated to become non-decent during 2013/14. The local decision to move to an investment standard with shorter lifecycles, results in a level of decency against this higher standard of 89.4% at April 2013. This local standard incorporates shorter lifecycles for kitchens, bathrooms, boilers and windows as part of the advice provided by Savills in the preparations for self-financing. Against this standard, there were 827 properties that were considered to be non-decent (in addition to the 845 refusals), with another 528 anticipated to become non-decent during 2013/14.

Stock Investment

Appendix F provides detail of the 5-Year Housing Capital investment Plan, and incorporates the following items:

- Expenditure as approved in the HRA Budget Setting Report in February 2013.

- Re-phasing of expenditure anticipated to take place in 2012/13 into 2013/14 and beyond, as approved in July 2013.

- Items identified as part of the HRA Mid-Year Financial Review.

- Capital financing has been updated in respect of revised assumptions in right to buy and other capital receipts, revenue funding of capital expenditure and borrowing requirements.

The changes proposed as part of this HRA Mid-Year Financial Review include:

- Re-phasing of expenditure and approval of revised funding requirements, based upon the latest development appraisals for new build / re-development schemes (see table in section 7).
- Removal of the residual budget of £7,000 for the delivery of the first 7 units of new build in Harris Road, Cockerell Road and Church Lane, as all costs have been realised.
- In-year re-allocation of budgets for decent homes and other works to the housing stock in line with contract packages awarded to Apollo, Kier and other contractors under the SCAPE and ESPO frameworks.
- Reduction of £1,878,000 in the allocation for backlog works in 2013/14, re-profiling this funding to the end of the 10-year programme, to 2022/23, recognising difficulties in delivery at the anticipated levels within existing contractual constraints.
- Reduction of £150,000 in the budget for disabled adaptations, recognising that current commitments are not likely to exceed the full budget, which included a significant carry forward from 2012/13.
- Re-phasing of £50,000 of the decent homes budget for wall finishes from 2013/14 into 2016/17, in line with anticipated delivery timescales.
- Re-basing of internal fees, planned maintenance contractor overheads and inflation, recognising both the decision in 2012 to increase In-house staff to deliver higher levels of capital investment in the housing stock and subsequent decisions to re-phase expenditure.

The current HRA Business Plan, and resulting Housing Capital Investment Plan are constructed on the basis of delivering at an investment standard in our housing stock.

As part of the work for the 2014/15 budget, officers will consider the difference in costs of returning to the basic decent homes standard, to provide flexibility to respond to anticipated increased financial pressures elsewhere across the housing service and / or to re-direct into other areas of investment, ie; new build affordable housing.

Significant work is required to ensure that the authority can accurately profile the agreed level of capital investment required in the housing stock over the short to medium term, making sure that delivery is possible in procurement terms in line with investment aspirations.

Section 7
Capital & Asset Management – New Build & Re-Development

Asset Management

Consideration is now being given to strategic acquisition or disposal of assets, following approval of the HRA Acquisition and Disposal Policy in June 2013.

A review is also underway in respect of the HRA's shared ownership portfolio, currently consisting of 86 dwellings, with a view to recommendations for the future being presented to committee in January / February 2014. The review will consider both the condition, use and occupancy of the existing shared ownership stock, and whether the authority should build new shared ownership stock on development sites.

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

Outside of the currently approved 3-Year Affordable Housing Programme, the following HRA assets have been, or are being, considered for market acquisition or disposal:

Potential Acquisition/Disposal	Comment	Status
24 Elizabeth Way	Consideration being given to potential market disposal of this vacant dwelling	Under Investigation
1Honey Hill	Offer from owner occupier for consideration of buy back of ex-right to buy dwelling	Under Investigation
18A Magrath Avenue	Dwelling requires significant investment. Potential to dispose of leasehold dwelling to neighbour who would seek to acquire the freehold for the block	Under Investigation

New Build & Re-Development

The Council secured Homes and Communities Agency grant of £2,587,500 towards the development of 146 affordable homes in the city, which form part of the 3-year affordable housing programme.

The Seymour Court / Seymour Street site is now nearing completion, and will be re-let as Jane's Court in the autumn of 2013.

At the time of writing this report, approximately 90% of residents affected by the re-development programme had been re-housed and 6 of the 19 leasehold re-purchases required had taken place.

As each scheme receives specific committee approval, the indicative cost of the scheme is incorporated into the Housing Capital Investment Plan. As the scheme design progresses and planning approval is sought, revised and more accurate scheme costs are available. As part of the HRA Mid-Year Financial Review, the latest scheme appraisal costs have been incorporated into the financial models, and therefore the Housing Capital Investment Plan. These costs will still not be the finally agreed contractual sums that the authority enters into, but will ensure that the most up to date data is being utilised.

Scheme	Committee Approved Social Housing Units	Committee CCC Funding Approval (capital cost net of grant & land transfer)	Revised Social Housing Units for Approval	Revised CCC Funding for Approval (capital cost net of grant and land transfer)
Seymour Court	21	953,000	20	878,440
Latimer Close	12	1,1,81,590	12	1,250,180
Barnwell Road	16	938,160	12	1,094,750
Campkin Road	18	2,144,740	20	2,451,640
Colville Road	21	1,344,950,	19	1,304,920
Water Lane	14	1,180,790	14	1,384,170
Aylesborough Close	16	2,033,610	21	2,543,670

Scheme	Committee Approved Social Housing Units	Committee CCC Funding Approval (capital cost net of grant & land transfer)	Revised Social Housing Units for Approval	Revised CCC Funding for Approval (capital cost net of grant and land transfer)
Stanesfield Road	5	608,550	4	554,020
Wadloes Road	6	663,110	6	646,530
Atkins Close (Garage Site)	7	583,000	8	601,070
Hawkins (Garage Site)(*)	0	0	5	513,590
Fulbourn (Garage Site)(*)	0	0	4	252,670
Ekin Road (Garage Site)(*)	0	0	4	403,140
Yet to be allocated to Specific Schemes	10	671,660	0	0
Total	**146**	**12,303,160**	**149**	**13,878,790**

(*) Some of the above schemes are still at viability stage, and therefore have not yet received formal planning approval. As such, it is not guaranteed that schemes will proceed if they prove to be either financially or technically unviable. The net funding approval identified above assumes delivery of a 60/40 split of affordable versus market housing across the programme. As part of the scheme proposals being presented in this committee cycle, consideration is given to the option of delivering 100% affordable housing on these sites, with delegations sought for final approval of the option which deliver the best results.

The Housing Capital Investment Plan, an updated version of which is attached at Appendix F, incorporates the funding for new build schemes as identified in the table above, recognising the need for gross spend on the affordable housing scheme, land values and grant receipts to be shown separately, but arriving at the net cash cost to the Council as per the table above.

If the option to deliver 100% affordable housing on any of the latter sites is approved, any changes in funding requirements will be incorporated as part of the HRA Budget Setting Report in January / February 2014.

The Council has procured Hill Partnerships to develop out the Clay Farm site, to include 105 new Affordable Housing dwellings for the Council. Funding for the scheme has been earmarked in the HRA Business Plan, but a final funding model requires approval by Community Services Committee once a detailed scheme has been drawn up for planning approval.

City Deal

The Council has included two significant requests to government under the City Deal bid that, if progressed, would significantly benefit the HRA Business Plan. First a controlled relaxation of the debt cap has been proposed and secondly the three year time frame to reinvest RTB receipts has been requested to be extended to five years.

Section 8
Summary and Conclusions

HRA Budget Strategy

The Budget Process

The HRA budget process for 2014/15 will remain broadly similar to that for previous years, working within cash limited budgets, and considering savings in general management and repairs administration, to meet both known financial pressures and to create policy space to allow for strategic re-investment in housing services. The key changes proposed are:

- Undertaking zero based budget exercises in a number of specific areas, where a wider review of spending is considered appropriate, to include both void and cyclical revenue repairs.
- A special combined meeting of both Housing Management Board and Community Services, to allow decisions to be made that allow rent levels to be set within the statutory timescales, whilst also facilitating consideration of alternative budget proposals, taking account of the inextricable financial links between revenue and capital decisions in the HRA.
- In line with tenants views, consideration will be given, as part of the 2014/15 budget process as to whether changes should be made to the balance of expenditure between the level of direct investment in the existing housing stock, in new build affordable housing and in the potential to invest further in housing services, dealing with enquiries, supporting tenants and tackling anti-social behaviour.

The updated base model used to prepare this report has driven the recommendations in respect of the 2014/15 budget process, recommending the level of savings required to meet both current and anticipated spending needs.

The HRA Mid-Year Financial Review has highlighted the need for additional resource in some areas and the ability to offer mid-year savings in others. The inclusion of these in the financial modelling undertaken as part of the review of the HRA, will ensure that the most appropriate decisions can be made in respect of the Housing Revenue Account's approach to setting the 2014/15 budget.

Approach to HRA Savings

The September 2012 HRA Mid-Year Business Plan Update set a target of 1.6% for ongoing savings in general management expenditure for 2013/14, equivalent to £76,880, recognising the desire to continue to create policy space for strategic re-investment. A separate target of £21,310 was set in respect of repairs expenditure, recognising the anticipated reduction in stock numbers. Priority policy funding at the increased level of £150,000 was provided for.

For 2014/15, a sustainable position is sought, continuing to assume that resources are set-aside for the future repayment of debt within the 30-year business plan, whilst utilising HRA reserves and any additional surplus generated, to meet the identified investment need in both the housing stock and in new build affordable housing, maintaining balances at the target level of £3m.

Current financial projections, taking account of revised assumptions and incorporating all changes proposed as part of this HRA Mid-Year Financial Review, indicate a savings requirement of 2% per annum from 2014/15, in order to deliver a sustainable HRA over the next 30 years. This target is set assuming savings in both general management and repairs administration expenditure, which will require savings in the region of £113,000 per annum. This level has been set to include the continued higher provision of £150,000 of priority policy space for 5 years, as outlined in this document. Consideration will be given, as part of the 2014/15 budget process, to whether the level of policy space should be retained at this higher level in the medium term. The financial modelling also continues to incorporate the assumption that responsive repair budgets are adjusted proportionately to reflect anticipated changes in stock numbers.

The position will be reviewed again as part of the February 2014 HRA Budget Setting Report, with a view to achieving a balance between prudence and deliverability, based on the latest information available.

Base Assumptions

In order to update the Housing Revenue Account Business Plan, the assumptions included in the base plan have been revisited, and confirmed or amended as appropriate in the light of any more up-to-date intelligence and information.

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

Appendix E summarises the revenue budget position for the HRA for the period between 2013/14 and 2017/18, based upon inclusion of the amended financial assumptions that form part of the revised base self-financing business plan.

Sensitivities

In respect of all of the assumptions that are incorporated into the HRA Business Plan, there continue to be numerous alternative judgements that could have been made. It is not possible to predict accurately what will happen in the future, particularly in respect of external factors completely outside of Council control.

To demonstrate the potential financial impact of any change in key factors, the table at Appendix D indicates either the cost to the HRA or the change in the HRA's ability to pay off debt, with the current base model being amended for a number of individual sensitivities. This will identify only the impact of a single assumption change, and not the compound impact of multiple changes.

Appendix H details a number of identified financial and operational uncertainties, highlighting risks and describing areas of known change but with currently unquantifiable impacts.

Appendix A

Financial Planning Timetable

Date	Major Stage
2013	
23 May	Council adopts Annual Statement setting out plan & priorities for 2013/14
18 Sep	General Fund (GF) Mid-Year Financial Review (MFR) published for S&R Scrutiny Committee
19 Sep	Housing Revenue Account (HRA) MFR published
30 Sep	S&R Scrutiny Committee / Leader recommendation of GF MFR to Council
1 Oct	Housing Management Board (HMB) considers the HRA MFR
10 Oct	Community Services Scrutiny Committee considers the HRA MFR
14 Oct	Accountancy despatch: Budget Process Guidance
	Accountancy despatch: Budget proposals pro-forma to Heads of Service
	Accountancy despatch: Budget Working Papers to Cost Centre Managers
17 Oct	MFR & budget briefing for Heads of Service
Oct	Budget process workshops for managers
24 Oct	Council considers GF and HRA Mid-Year Financial Review reports
8 Nov	Managers to complete and return Budget Proposal Forms to Accountancy · 2013/14 Revised Budget items · 2014/15 Revenue Budget Proposals · 2014/15 Capital Budget Proposals · Outcomes of Service Reviews
15 Nov	Managers return completed budget working papers (incorporating budget proposals)

Date	Major Stage
w/c 18 Nov	Officer Working Groups meet to consider and comment on budget proposals
16 Dec (provisional)	HRA Budget Setting Report 2014/15 published
Dec	Provisional Government Settlement Announcement
2014	
6 Jan	GF budget proposals for Environment and Community Services Scrutiny Committees published
8 Jan	GF Budget Setting Report 2014/15 published for Strategy & Resources Scrutiny Committee
Jan	Final Government Settlement Announcement
14 Jan	Environment Scrutiny Committee consider budget proposals for own portfolios
16 Jan (provisional)	Meetings of Community Services Scrutiny Committee and Housing Management Board (Special) consider the HRA Budget Setting Report Community Services considers any Executive & / or Opposition HRA budget amendment proposals relating to capital HMB meeting considers any Executive & / or Opposition HRA budget amendment proposals to revenue budget and / or rent levels Executive Councillor for Housing approves rent levels and revenue budgets. Executive Councillor makes final capital proposal recommendations to Council.
16 Jan	Community Services Scrutiny Committee consider General Fund budget proposals for its own portfolios
20 Jan	Strategy & Resources Scrutiny Committee considers GF budget proposals for its own portfolios and GF Budget Setting Report
23 Jan	Meeting of The Executive to consider and recommend GF Budget Setting Report and Council Tax requirement
7 Feb	Special Strategy & Resources Scrutiny Committee considers any GF budget amendment proposals
27 Feb	Council approves GF Budget and sets Council Tax (including precepts). Council approves Capital & Revenue Projects Plan (including HRA recommendations)
31 Mar	Approved budget reports to be sent to Cost Centre Managers by Accountancy

Note: Items that are applicable to the HRA are shown as shaded lines.

Appendix B

Key Risk Analysis – New or Amended Risks

Risk Area & Issue arising	Controls / Mitigation Action	Status
Effects of Legislation / Regulation		
Ability to move properties to target rent is constrained by legislative changes	• Impact of proposed changes to national rent policy is incorporated into financial planning. • Consideration could be given to remedial action in 2014/15.	New
External income / funding streams		
Changes to the right to buy rules and pooling regulations result in a continued significant increase in sales and commitment to deliver replacement units or pay over receipts with interest	• Sensitivities modelled so potential impacts are understood • Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity	Amended

Appendix C

Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	2.5%	General inflation on expenditure included at 2.5% (Based upon CPI to June 2013), from 2014/15.	Retained
Capital Programme Inflation	**3.5% ongoing**	**Real increase above CPI of 1%.**	**Amended**
Debt Repayment	Set-Aside to Repay Debt	Assumes resource is set-aside to repay debt as loans reach maturity dates.	Retained
Capital Investment	Investment Standard (in 10 Years)	Base model assumes investment standard in the housing stock, compared with a basic decent homes standard. This will be reviewed as part of the 2014/15 HRA BSR.	Retained
Pay Inflation	2.9% for 2014/15, then 4.4%	Assume pay award of 1% and allowance for increments at 1.9% for 2014/15, then re-introducing allowance for pay award at 2.5% from 2015/16 onwards.	Retained
Employee Turnover	3%	Employee budgets - assume an employee turnover saving of 3.0% of gross pay budget for office-based staff.	Retained
Rent Increase Inflation	**3.5% from 2014/15, 3% from 2025/26**	**Rent increases in line with government proposals of RPI at the preceding September plus 0.5% for 2014/15 and then move to CPI plus 1% from 2015/16 to 2024/25. Assume RPI in September 2013 is 3%. CPI as above.**	**Amended**
Rent Convergence	**No**	**Assume that current government proposals inhibit the ability to move to target rents after 2014/15.**	**Amended**
External Lending Interest Rate	**0.64% for 2 years,1.25% for 2 years, then 1.5%**	**Interest rate – based on latest market projections (on average 0.64% for 2013/14 and 2014/15, 1.25% for 2015/16 and 2016/17, then 1.5% from 2017/18.**	**Amended**
Internal Borrowing Interest Rate	**0.64% for 2 years,1.25% for 2 years, 1.5% & 3.8% ongoing**	**Assume the same rate as anticipated can be earned on cash balances held, so as not to detriment the General Fund over the longer term. Long term lending rates taken from information supplied by third party advisors.**	**Amended**
External Borrowing Interest Rate	**4.5%**	**Assumes additional PWLB borrowing at a rate of 4.5%. Current rates for 25 to 50 years range from 4.44% to 4.52%.**	**Amended**
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, recognising increased risks in HRA Self-Financing environment.	Retained
HRA Target Balances	£3,000,000	Maintain HRA target balance at £3,000,000.	Retained
Right to Buy Sales	**42, 35, then 28 sales**	**Reinvigoration of the scheme has prompted increased activity. Assume 42 for 2013/14, 35 for 2014/15, then 28**	**Amended**

Key Area	Assumption	Comment	Status
	ongoing	**per annum.**	
Right to Buy Receipts	**Only settlement right to buy sale receipts included**	**Right to buy receipts in the debt settlement included, assuming the receipts will be utilised partly for general fund housing purposes. Additional receipts anticipated have been excluded, but recognising they are required to be utilised to repay debt, deliver new affordable housing or be paid to CLG in 3 year agreed timescale.**	**Amended**
Void Rates	**Property specific for 2013/14, then 1%**	**Assumes continued higher void rate for 2013/14 based upon actual activity, then 1% assumed from 2014/15 onwards.**	**Amended**
Bad Debts	**0.56% for 2013/14, then 1.12%**	**Historic bad debt provision made in the HRA was increased by 100% from 2013/14 to reflect the requirement to collect 100% of rent directly. Universal credit is delayed until at least April 2014, so amend current year back to 0.56%. Assumes an extension of the existing rent payment profile across the entire housing stock.**	**Amended**
Rent Collection Transactional Costs	**An increase in transactional costs of £100,000 per annum from 2014/15**	**An increase of £100,000 per annum was included from 2013/14, recognising the increase in transactional 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. With Universal Credit delayed until April 2014, this assumption has been deferred by one year.**	**Amended**
Debt Management Expenses	**£20,000 per annum**	**Internal treasury management is recharged within existing SLA's. This allows a provision for specialist financial advice in this field, now from 2014/15.**	**Amended**
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 2016/17.	Retained
Savings Target	**2%**	**A savings target is included in the HRA model, with the assumption that savings and efficiencies will be driven out to allow strategic re-investment. The target is calculated as a percentage of net general management and repairs administration expenditure.**	**Amended**
Responsive Repairs Expenditure	Reduced pro rata to stock reductions	An assumption is made that direct responsive repair expenditure is reduced annually in line with any reduction in stock numbers.	Retained
Policy Space	£150,000	Policy space retained in base model at an increased level for 5 years recognising desire to expand services and respond to external pressures. To be reviewed as part of 2014/15 HRA Budget Setting Report.	Retained
Service Reviews	On case by case basis	Outcomes of service reviews will deliver ongoing benefit to the HRA as indicated in the review business case.	Retained

Appendix D

Business Planning Sensitivity Analysis – New or Amended Sensitivities

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
Interest Rates for additional borrowing	PWLB fixed rate maturity loan at 4.5%	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 £10.925 million.
General Inflation	General Inflation using CPI at 2.5% for expenditure	Volatility in the economy could lead to fluctuation in inflation. 1% increase in general inflation for the life of the plan	Inability to pay off the debt during the life of the business plan.
Rents Inflation	RPI for 2014/15 at 3%, then CPI at 2.5% ongoing for rents base	Volatility in the economy could lead to fluctuation in inflation as measured by CPI. 1% increase in rents base inflation from 2015/16 for the life of the plan	Ability to redeem debt by year 19.
Rent Convergence	No ability to converge rents after 2014/15.	Proposal not yet consulted upon, so assume ability to converge rents is retained.	An additional £103 million received in rental income over the life of the plan.
Capital Investment Real Increase Inflation	Capital Investment Inflation at 1% above CPI	A real increase of 1% is allowed for building inflation. Assume that recovery in the building industry is better than anticipated, with a real inflationary increase of 2% from 2017/18 for the remainder of the plan	Inability to pay off the debt during the life of the business plan.
Right to Buy Sales (Revenue Impact)	Numbers assumed to be 42 in 2013/14, reducing to 35 in 2014/15 and then 28 per annum thereafter.	The increase in discount levels could result in interest at the levels experienced in 2012/13 and 2013/14 to date. Assume sales remain at 42 from 2014/15.	The ability to repay debt is extended by 2 years.
Investment Income	Business Plan assumes interest on balances increasing to 1.5% by 2017/18, then at an average of 3.8% for longer-term investments from 2018/19	Long-term rates may fail to recover as anticipated. Assume ongoing rate at 1.5% for the long-term.	The ability to repay debt is extended by 5 years.

Appendix E

HRA Summary Forecast 2013/14 to 2017/18

Description	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Income					
Rental Income (Dwellings)	(34,195,990)	(35,875,200)	(37,735,740)	(39,714,760)	(40,936,900)
Rental Income (Other)	(1,047,410)	(1,073,600)	(1,100,440)	(1,127,950)	(1,156,140)
Service Charges	(2,104,180)	(2,156,780)	(2,210,700)	(2,265,970)	(2,322,620)
Contribution towards Expenditure	(347,590)	(88,260)	(88,340)	(88,410)	(88,500)
Other Income	(409,030)	(393,630)	(403,470)	(413,560)	(423,900)
Total Income	**(38,104,200)**	**(39,587,470)**	**(41,538,690)**	**(43,610,650)**	**(44,928,060)**
Expenditure					
Supervision & Management - General	4,789,040	4,995,440	5,122,680	5,362,240	5,540,940
Supervision & Management - Special	2,343,370	2,265,370	2,335,550	2,408,090	2,483,060
Repairs & Maintenance	7,049,650	7,293,770	7,607,470	7,974,130	8,299,020
HRA Subsidy	0	0	0	0	0
Depreciation – to Major Repairs Res.	9,811,240	10,177,860	10,471,580	10,872,910	10,829,160
Debt Management Expenditure	(301,330)	25,030	21,490	22,430	23,420
Other Expenditure	526,540	783,150	852,290	925,060	991,610
Total Expenditure	**24,218,510**	**25,540,620**	**26,411,060**	**27,564,860**	**28,167,210**
Net Cost of HRA Services	**(13,885,690)**	**(14,046,850)**	**(15,127,630)**	**(16,045,790)**	**(16,760,850)**
HRA Share of operating income and expenditure included in Whole Authority I&E Account					
Interest Receivable	(79,850)	(55,710)	(85,380)	(84,740)	(101,240)
(Surplus) / Deficit on the HRA for the Year	**(13,965,540)**	**(14,102,560)**	**(15,213,010)**	**(16,130,530)**	**(16,862,090)**
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance					
Loan Interest	7,501,770	8,072,400	8,065,060	8,018,800	7,919,750
Debt Redemption Premium	301,330	0	0	0	0
Housing Set Aside	0	0	1,709,800	5,690,780	6,252,260
Depreciation Adjustment	(2,280,780)	(2,394,240)	(2,504,670)	(2,582,100)	(2,345,920)
Direct Revenue Financing of Capital	10,247,360	9,077,330	8,001,410	5,047,800	5,034,440
(Surplus) / Deficit for Year	**1,804,140**	**652,930**	**58,590**	**44,750**	**(1,560)**
Balance b/f	(5,495,490)	(3,691,350)	(3,038,420)	(2,979,830)	(2,935,080)
Total Balance c/f	**(3,691,350)**	**(3,038,420)**	**(2,979,830)**	**(2,935,080)**	**(2,936,640)**

Appendix F

Housing Capital Investment Plan (5 Year Detailed Investment Plan)

Description	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend					
Assessment Centre	151	0	0	0	0
Disabled Facilities Grants	550	550	550	550	550
Private Sector Housing Grants and Loans	195	195	195	195	195
Long Term Vacants	20	20	20	20	20
Total General Fund Housing Capital Spend	**916**	**765**	**765**	**765**	**765**
HRA Capital Spend					
Decent Homes					
Kitchens	970	618	598	292	466
Bathrooms	243	522	525	119	61
Boilers / Central Heating	2,116	618	2,450	1,688	1,510
Insulation / Energy Efficiency	159	100	100	100	100
External Doors	278	129	108	63	88
PVCU Windows	373	1,002	1,350	912	915
Wall Structure	36	621	63	114	105
Wall Finishes	346	319	230	165	167
Wall Insulation	200	100	100	100	100
External Painting	0	0	0	0	0
Roof Structure	300	800	687	322	300
Roof Covering	2584	215	210	274	658
Chimneys	90	12	2	1	
Electrical / Wiring	183	91	181	317	120
Smoke Detectors	8	19	109	9	26
Sulphate Attacks	102	102	102	102	102
Major Voids	98	51	48	53	53

Description	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
HHSRS Contingency	150	100	100	100	100
Other Health and Safety Works (Balconies)	50	50	50	50	50
Other External Works	0	3	5	0	
Rising Damp / Penetrating Damp	0	0	0	0	
Professional Fees	556	556	556	556	556
External Professional Fees	19	27	27	27	27
Decent Homes Backlog	0	2,131	1,066	3,019	2,663
Planned Maintenance Contractor Overheads	1,038	778	827	798	776
Total Decent Homes	**9,899**	**8,964**	**9,494**	**9,181**	**8,943**
Other Spend on HRA Stock					
Garages	346	300	300	300	100
Asbestos Contingency	200	200	200	200	100
Disabled	864	878	878	878	878
TIS Schemes	21	21	21	21	21
Communal Areas Uplift	546	1046	546	546	546
Fire Prevention / Fire Safety Works	1060	300	300	300	300
Hard surfacing on HRA Land - Health and Safety Works	250	250	280	150	150
Hard surfacing on HRA Land - Recycling	147	0	0	0	0
Communal Areas Floor Coverings	170	200	0	0	0
Professional Fees	155	155	155	155	155
Lifts and Door Entry Systems	29	13	13	13	13
Fencing	100	100	100	100	100
Cemetery Lodge	49	0	0	0	0
Hanover / Princess Laundry	2	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	442	338	270	256	226
Total Other Spend on HRA stock	**4,385**	**3,801**	**3,063**	**2,919**	**2,589**

Description	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
HRA New Build / Re-Development					
Roman Court	1,193	41	0	0	0
3 Year Affordable Housing Programme	6,899	7,918	0	0	0
3 Year Affordable Housing Programme (Notional Spend)	3,256	4,712	0	0	0
Clay Farm	0	10,247	3,416	0	0
New Build Decent Homes	0	0	0	140	143
Total HRA New Build	**11,348**	**22,918**	**3,416**	**140**	**143**
Cambridge Standard Works					
Cambridge Standard Works	372	200	200	200	200
Total Cambridge Standard Works	**372**	**200**	**200**	**200**	**200**
Sheltered Housing Capital Investment					
Emergency Alarm Service	15	0	0	0	0
Ditchburn Place	1,912	1,900	0	0	0
Brandon Court	0	0	0	0	0
Total Sheltered Housing Capital Investment	**1,927**	**1,900**	**0**	**0**	**0**
Other HRA Capital Spend					
Orchard Upgrade / Open Contractor / Mobile Working / ASB Database	191	0	0	0	0
Low Cost Home Ownership	300	300	300	300	300
RFR Buy Back	520	330	0	0	0
Commercial Property	232	30	30	30	30
Total Other HRA Capital Spend	**1,243**	**660**	**330**	**330**	**330**
Total HRA Capital Spend	**29,174**	**38,443**	**16,503**	**12,770**	**12,205**
Total Housing Capital Spend at Base Year Prices	**30,090**	**39,208**	**17,268**	**13,535**	**12,970**
Inflation Allowance and Stock Reduction Adjustment for Future Years	0	1,345	1,175	1,374	1,780
Total Inflated Housing Capital Spend	**30,090**	**40,553**	**18,443**	**14,909**	**14,750**

Description	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
Housing Capital Resources					
Right to Buy Receipts	(441)	(495)	(500)	(505)	(510)
Other Capital Receipts (Land and Dwellings)	(400)	0	0	0	0
Notional Land Receipts (New Build Schemes)	(3,256)	(4,712)	0	0	0
Major Repairs Reserve	(9,635)	(10,791)	(7,967)	(8,291)	(8,483)
Direct Revenue Financing of Capital	(10,247)	(9,023)	(8,001)	(5,048)	(5,035)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(1,615)	(2,415)	(1,210)	(300)	(300)
Disabled Facilities Grant	(262)	(262)	(262)	(262)	(262)
Prudential Borrowing	0	(12,352)	0	0	0
Total Housing Capital Resources	**(25,856)**	**(40,050)**	**(17,940)**	**(14,406)**	**(14,590)**
Net (Surplus) / Deficit of Resources	4,234	503	503	503	160
Capital Balances b/f	**(8,277)**	**(4,043)**	**(3,540)**	**(3,037)**	**(2,534)**
Use of / (Contribution to) Balances in Year	4,234	503	503	503	160
Capital Balances c/f	**(4,043)**	**(3,540)**	**(3,037)**	**(2,534)**	**(2,374)**
Other Capital Balances (Opening Balance)					
Retained 1-4-1 Right to Buy Receipts	(2,072)				
Right to Buy Receipts for Debt Redemption	(997)				
Total Other Capital Balances	**(3,069)**				

Appendix G

HRA Earmarked & Specific Funds (£'000)

Repairs & Renewals

Housing Revenue Account	Opening Balance	Contributions	Expenditure to July	Current Balance
General Management	(1,088.5)	(141.8)	0.2	(1,230.1)
Special Services	(1,019.9)	(138.3)	8.8	(1,149.4)
Repairs and Maintenance	(40.9)	(12.4)	0.0	(53.3)
Totals	**(2,149.3)**	**(292.5)**	**9.0**	**(2,432.8)**

Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to July	Current Balance
MRR	(5,111.5)	0.0	0.0	(5,111.5)

Shared Ownership

	Opening Balance	Contributions	Expenditure to July	Current Balance
Shared Ownership	(300.0)	0.0	0.0	(300.0)

Tenants Survey

	Opening Balance	Contributions	Expenditure to July	Current Balance
Tenants Survey	(35.3)	(6.2)	0.0	(41.5)

Aerial – Roof Space Rental

	Opening Balance	Contributions	Expenditure to July	Current Balance
Aerial Income	(96.5)	(8.8)	3.2	(102.1)

Pension Reserve

	Opening Balance	Contributions	Expenditure to July	Current Balance
Pension Reserve	(192.7)	(197.3)	0.0	(390.0)

Debt Set-Aside (Revenue)

	Opening Balance	Contributions	Expenditure to July	Current Balance
Debt Set-Aside	(1,090.4)	0.0	0.0	(1,090.4)

Appendix H

Areas of Uncertainty

Housing Revenue Account – Revenue Uncertainties

Self-Financing for the HRA

Continued uncertainties include the potential for the debt settlement to be re-opened, a debt cap over which the HRA is not allowed to borrow and the implications of managing the cashflow for the HRA in light of the need to service the debt.

Right to Buy Sales

The number of sales has increased significantly since April 2012, and interest remains high. The implications of continued high levels of sales from a revenue perspective are significant, with the potential loss of rental income being the major factor.

Right to Buy Retention Agreement

The resource currently retained in respect of 1-4-1 receipts already exceeds the level that the authority is able to support in 70% match funding. At present, the investment required to fulfil the obligations under this agreement has not been incorporated into the HRA financial model, nor has the potential interest that will be payable (possibly by the General Fund) if the receipts are not utilised within the agreed 3-year period.

Independent Living Service – Ditchburn Place Extra Care

The current care and support contract with the County Council is due to expire in January 2014, with a request received to accept a 14 month extension. Although delivered alongside HRA services, the inextricable links to the provision of landlord services mean that any changes to the delivery of care and support services will impact HRA services also.

Independent Living Service – Sheltered and Temporary Housing

The current contract for Sheltered Housing support terminates in December 2013 and for Temporary Housing support in March 2014. It is anticipated that the County Council will either negotiate directly with providers for the continued provision of support or formally re-tender support services across these areas. The protracted timescales for these decisions causes additional uncertainty for both residents and staff.

HRA Commercial Property

Review of the ownership of some commercial property in the Council's portfolio is required to ensure that both rental income and maintenance liabilities are being correctly provided and accounted for.

HRA New Build

Although the 146 programme is progressing well, if any individual development scheme does not proceed, the initial outlay will need to be treated as revenue expenditure, but without the anticipated payback that the capital investment would have resulted in. Until schemes are approved, in contract, and have appropriate planning permission, there are still uncertainties over final costs and dwelling numbers, which could impact the HRA in terms of borrowing costs and anticipated rental streams.

Housing Revenue Account – Revenue Uncertainties

HRA Review of Area Offices

The decision about the future of the area housing offices will not be made until the implications of the delayed introduction of direct payment for housing benefit are clear. Progress with additional IT solutions and self-service options in the Customer Service Centre are also key in this decision. The last break clause in the lease for the south area office is January 2015, necessitating notice being given by July 2014, which is now unlikely. Otherwise, the lease ends in January 2020.

National Rent Policy

Current government indications are that rent policy will see a move from April 2015/16 to rent increases limited to CPI plus 1%, as opposed to RPI plus 0.5%, with the cessation of any further moves towards target rent. This decision will be subject to national consultation, so although financial modelling has been undertaken on the assumption that the proposal goes ahead, this is not currently guaranteed, however Government have prepared spending plans on the assumption that it does.

Cyclical Revenue Maintenance

Arrangements for the provision of cyclical maintenance services, (ie; door entry, lifts, electrical testing, fire risk assessments, warden call systems) are being incorporated as part of the planned maintenance procurement, with a view to new contracts being in place by April 2014. It is difficult to predict the cost base for the revenue elements of these contracts, when considered as part of a larger contract. The contract for gas inspections and servicing, previously procured jointly with South Cambridgeshire District Council, is also due for re-tender or extension from June 2014.

Welfare Reforms

The negative impact that the introduction of Universal Credit may have on the level of rent arrears and bad debts within the HRA is currently unquantifiable, although indications from the earlier pilot authorities are that it will be significant.

Eastfield Site

The potential future income stream for the Eastfield site is subject to discussion with Hundred Houses.

Housing Revenue Account - Capital Uncertainties

Ditchburn Place

Funding has been ear-marked for the re-development of the extra care housing at Ditchburn Place. The scheme has been considered using indicative costs, but until tendered, the finalised costs will not be available, The decision to phase the works also poses additional uncertainty in terms of both the costs and the length of the build.

Expansion of Investment Standard to include Communal Areas

Incorporation of communal areas into our investment standard, to include lifts and common parts in flatted accommodation, requires both up front investment to survey and ongoing investment to meet and maintain any standards set. The Housing Capital Investment Plan includes an uplift of £75 per property per year to meet the investment needs in un-surveyed communal areas. Until surveys are complete it is unclear whether this allocation will be required in totality.

Sulphate Attack

Sulphate attack was identified a number of years ago in a few council dwellings, resulting in the potential need to invest £1.87m to eradicate the problem. Following a risk assessment, the approach taken has been to address the defect when the property is void. Currently 12 of the 110 properties potentially affected have been rectified. Funding of approximately £1.6m is included in the Housing Capital Programme over the next 15 years to continue to fund this risk-based approach. There is the potential for similar sulphate attacks in the structures of other council dwellings constructed at a similar time, resulting in the need for significant additional investment.

Disabled Facilities Grants and Private Sector Housing Grants and Loans

Council investment in both DFG's and Private Sector Housing Grants and Loans is dependent upon existing capital balances or capital receipts in year. Once existing capital balances are exhausted, future funding is dependent upon 25% of the first 10 to 17 right to buy sale receipts per annum, as assumed to be available for general use in the self-financing settlement. This puts at significant risk the desired level of future investment in this area.

Right to Buy Sales

Interest in right to buy remains high following changes to the scheme in April 2012. Under the terms of the agreement signed with CLG, the authority is committed to deliver completed replacement dwellings from right to buy receipts within 3 years of the date of the retained 1-4-1 receipt, with this funding meeting no more than 30% of the cost of the dwelling. There is doubt over the level of top up funding that can be afforded by the authority, particularly in light of the borrowing cap.

Asbestos Removal

Potential to change strategy for asbestos removal, to ensure that blocks / streets are tackled as projects (as in Edgecombe) as opposed to in isolation whilst dwellings are void. This approach may bring forward the need for resources previously anticipated to be spent much later in the programme and also incur the additional costs of decant, but would accelerate the programme and reduce the additional revenue costs of repairs in properties with asbestos.

Energy Efficiency

Legislative requirements / local desire to increase the energy efficiency of the housing stock could result in significant increased investment, with little or no financial return to the HRA.

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Cambridge City Council Item

To:	Executive Councillor for Arts, Sport & Public Places
Report by:	Elaine Midgley, Arts & Events Manager
Relevant scrutiny committee:	Customer Services *10/10/2013*
Wards affected:	Cherry Hinton

Cambridge Folk Festival Portable Cabin production tender for the 2014 event (with option to extend to 2015 and 2016)
Key Decision

1. Executive summary

The contract for the provision of Portable Cabins for the Cambridge Folk Festival expired after the 2013 event. Officers are seeking permission to enter a formal tender process for the provision of this service for the Cambridge Folk Festival from 2014 for up to a maximum of 3 years.

The contract will be awarded to the successful contractor on a single year basis with an option to extend the contract annually subject to satisfactory performance of the contractor and no anticipated changes to requirements.

The anticipated contract financial value is £35,000 pa (£105,000 total for a 3 year term).

Price includes a 10% flexibility in case of changes to specification.

2. Recommendations

The Executive Councillor is recommended:

2.1 To authorise the Head of Arts & Recreation to tender for a contractor to provide Portable Cabin services for the Folk Festival.

2.2. To authorise the Head of Arts and Recreation to award the contract to the most favourable tender, in accordance with pre-determined selection criteria.

3. Background

3.1 The current contract for Folk Festival provision for the above service has expired after the 2013 event.

3.2 Procurement of this service is a lengthy and resource heavy process. The Council's procurement team have advised that it is preferable to have a lengthy contract term to prevent having to repeatedly re-tender for services. Therefore the service will have a proposed maximum contract term of 3 years before we will go back out to market.

3.4 The contract will be offered on an initial 1 year basis with an option to extend on an annual basis until the completion of the proposed maximum term.

3.5 The reason for awarding contract on an annual basis is to enable the Festival to terminate a contract sooner if the requirements of the event change, or the relationship proves unsatisfactory. Due to the proposed re-developments of Cherry Hinton Hall Grounds in the form of the Masterplan, this has a high likelihood. This enables the Festival to flexibly respond to these changes.

3.6 In addition, the Council is continually reviewing the delivery processes for all areas of its outdoor events and the contract may need to be terminated at an earlier date if a new method of delivery is selected or the contract needs to be transferred to another party.

4. Implications

(a) Financial Implications

The contract value is approx £105,000 over the course of the entire term and the annual Folk Festival budget contains provisions for these services. If for any reason the cost of the contract is more than 15% higher than anticipated, following consultation with the Director of Finance, the Executive Councillor will be asked to consider a decision on the contract award/s and any such acceptance of a higher offer will be reported to the next Scrutiny Committee in line with Procurement guidance.

(b) Staffing Implications (if not covered in Consultations Section)

The tender will be project managed by the Arts & Events Manager with the support of a project team consisting of officers from procurement, finance, legal and arts & events.

(c) Equal Opportunities Implications

All tenders shall be dealt within accordance with the Constitution and shall be subject to a team evaluation. An EQIA was undertaken on the Council's outdoor events, including the Folk Festival, in 2010 and included contractor considerations. This is due to be repeated during Autumn 2013 and will consider procurement implications.

(d) **Environmental Implications**

Environmental performance of contract bidders (such as their recycling policy and appropriate minimising of power use) will form part of the selection criteria. Reference will be made to the Council's Green Procurement Guidelines as part of the tendering and selection process.

Rating: -L negative impact.

Follow the guidance on the intranet at
http://intranet/sustainability/policies-and-procedures.html

(e) **Consultation**

The implications of the Folk Festival on the local community are considered within consultation meetings with Friends of Cherry Hinton, through complaints & complements received, social media feedback, and debriefs with event contractors and staff.

(f) **Community Safety**

All contractors have to meet minimum legal health & safety requirements.

5. Background papers

None.

6. Appendices

None

7. Inspection of papers

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

Author's Name:	Elaine Midgley, Arts & Events Manager
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Cambridge City Council **Item**

To:	Executive Councillor for Community Wellbeing Sarah Brown
Report by:	Liz Bisset
Relevant scrutiny committee:	Community Services Scrutiny Committee 10/10/2013
Wards affected:	All Wards

FUTURE OPTIONS OF DISCRETIONARY SERVICES

Key Decision

1. Executive summary

1.1. The mid-year financial review, presented to Strategy and Resources Scrutiny Committee on 30 September 2013 sets out the challenges facing us as an organisation. It anticipates that the City Council will need to transform the way that it delivers services, reflecting on the sorts of options the Council will need to consider in order to achieve this with diminishing resources. This paper considers future options for Arts and Recreation and Community Development, discretionary services which together account for around a quarter of the Council's net budget.

2. Recommendations

The Executive Councillor is recommended:

1. To agree that a range of options will be brought forward for transforming the delivery of Arts and Recreation and Community Development in the longer term.

2. Building on the principles in the review of ChYpPS (reported to this committee in January 2012) to ask the Head of Community Development to restructure the service to deliver savings of £340k for 2014.

3. Background

3.1. Arts and Recreation and Community Development combined have a net budget of £5m, around a quarter of the Council's net budget overall.

Although both services have taken savings over the years, the Council has continued to deliver these discretionary services at an exceptionally high level in comparison to other local authorities. When we carried out the Children and Young People's Participation Service (ChYpPS) review no other authority, unitary or district, was maintaining a service of this type at this level of expenditure. Similarly we maintain a grants budget of £1.3m, higher than many unitary authorities. We directly run a major venue and events such as the Big Weekend, which residents' surveys consistently tell us people value but do not think we should be running directly.

3.2. There is no doubt that the services delivered by Arts and Recreation and Community Development are valued by residents. The question is at what level of expenditure should they be provided, and could they be provided differently. Allied to this is consideration of whether the Council aspires to retain services which would not otherwise be provided, and whether this is directly or through support for other forms of delivery. As high spend services the range of the current offer needs to be considered in the light of the Council's priorities to maintain basic services, protect the vulnerable and invest where we have only once chance to get it right.

3.3. This paper explores, if overall expenditure were reduced in these areas, how to maintain a core level of provision, and where and how elements of the service could be delivered differently. It proposes a planned approach to restructuring and making changes that are designed to deliver significant savings, whilst maintaining the current scope of services, although not necessarily in their current form.

4. Options for change

4.1. The proposal is to restructure services that make up Arts and Recreation and Community Development in phases. This will give time and capacity to explore options more rigorously, and to design future services that deliver the outcomes that are being sought. These will be different for different elements of the service.

4.2. The Council's annual statement for 2013/14 flagged up the expected consolidation of Arts and Recreation and Community Development, with an implied single Head of Service post. Given the need for capacity to deliver the proposals outlined in this paper, coupled with the extra workload created for Arts and Recreation of event management of the Tour de France, implementation of this change would not be before autumn 2014.

4.3. The first phase would build upon the outcomes from the ChYpPS review which was reported to this committee in January 2012. The cross party member working group that led the review concluded that ChYpPS was a recognised and valued brand delivering high quality play and

participation services to (primarily) 9-13 year old children and young people but also that it could not be sustained by the Council in its current form. The service has already put in place changes that have given greater focus to increased income generation and use of volunteers. The proposal outlined in this paper is to restructure the service, retaining a significant level of the core service, but reducing the open access services by targeting them to areas of greatest need. This restructure would be designed to take out £340k from the budget, and to be completed by April 2014.
4.4. The second phase of work would consider the options for the future delivery of the Corn Exchange and events management. In particular the options appraisal will consider the merits of delivering services through an arms-length trust or company, and the benefits this might deliver. Early analysis has suggested this is a viable option with the potential to deliver savings. If setting up an arms length organisation is the agreed way forward then time would be needed for implementation, with a likely delivery date of early 2015.

4.5. Over the same time scale a review will be carried out of the Council's grants programme. This will be driven by a clear set of criteria for future grant funding, aligned to the Council's broader objectives, that will frame the basis of future grant funding at whatever level of resource is available.

4.6. The broad scope of what each of these stages would entail would be as follows.

5. ChYpPS

5.1. The proposal to restructure ChYpPS would retain a significant core service, basing the service at Brown's Field Youth and Community Centre. ChYpPS would be focused on 3 key areas of work.

ChYpPS Adventures

5.2. 'ChYpPS Adventures' would focus on promoting and delivering income generating work, including targeted work with vulnerable children, work with schools and increased income from hiring out the Boat and the Urban Adventure Play Base at Cherry Hinton. This area of work is in accordance with the ChYpPS Business Plan 2013-2016, agreed at this committee in October 2012. This work has been developing successfully as a result of a change in emphasis agreed in the ChYpPS review and set out in the Business Plan. ChYpPS are on track to achieve their income target of £30k in 2013/14 and they will need to develop this work further in order to meet a challenging income target of £60k in 2014/15.

Open access play

5.3. ChYpPS currently run extensive programmes of play activities at both neighbourhood level and including larger activities in our parks that attract children from across the city. They would run a reduced programme that would concentrate on areas of the city with high numbers of disadvantaged children, as well as running some larger events that attract high numbers of young people in more accessible places such as Jesus Green.

Facilitating others to provide play activities

5.4. ChYpPS would also have an important role to play as a hub for connecting with, enabling and facilitating self-organised, voluntary and community based play. This is an area highlighted in the review and included in year 2 (2014/15) of the Business Plan. ChYpPS are already investigating opportunities to facilitate this through, for example, street play (where parents in a street can apply for short road closures to allow safe play areas for their children), the provision of Play Pods (where schools or other organisations have sheds that are filled with recyclable material that their children can use and their staff are trained and supported to deliver the play provision) and through training other providers in the delivery of Adventure Play.

5.5. There would be a greater emphasis on partnership working, building upon existing collaborations with organisations such as Romsey Mill and Sin Cru, established community events such as Arbury Carnival, Chesterton Festival and Mill Road Winter Fair, work with the developer funded growth teams and work with internal Council departments and services. This work would be built into ChYpPS programmes and jointly promoted. The merger of Community Development and Arts and Recreation will help us to use staff resources more efficiently and build upon the success of our existing joint activities such as the recent Urban Sports Festival.

5.6 In accordance with the findings from the review, ChYpPS would continue to focus their activities on children and young people aged 9-13 years old. Whilst younger or older children would not be excluded from these activities, ‘youth’ work with older teenagers would not be a priority for ChYpPS as the County Council has responsibilities for this age group.

6. Arts and Recreation

6.1. The City Council directly manages the Corn Exchange, Guildhall halls, Bonfire Night, the Big Weekend, the Folk Festival and the Mayor’s day out. Other events are supported, sometimes with a level of grant funding but provided by others. Early exploration suggest that there would be financial advantages to placing income generating activities into an arms length trust, partly through the more efficient use of cultural exemptions on VAT. A trust model could be set up with broad objectives that encompassed the values that the Council would want to retain within these services. It is not however a straightforward case of simply hiving off those elements of the service and leaving the rest. Services such as the business team and the events team support both income generating activities and activities that are a direct cost to the Council such as the Big Weekend. A decision to move elements of the service into an arms length trust need to be modelled alongside proposals for what happens to remaining services, who delivers them and at what level. Ultimately the model would need to be both financially sustainable and deliver a saving.

7. Grants

7.1 The total grants budget managed by Community Development is £1.3 million. We need to take stock and consider what outcomes are being delivered through the current programme and how this is reflected in the criteria used to evaluate applications for funding. We may want to differentiate more clearly between different kinds of supported activity; that which we consider core provision to meet a clear need not otherwise provided for; and the more optional one-off enhancements to community activity. Any change to the level of grant provision, under the Cambridgeshire Compact agreed with the voluntary and community sector, requires us to consult and give notice of change. Consultation would need to begin early next year in preparation for next year's grant round, whereby grants for 2015/16 are assessed in the autumn of 2014. Consultation would need to be based on proposals for changes to criteria under which future grant applications were assessed, and ideally the proposed level of funds available. Because organisations receiving funding need to plan ahead, it will be important to come forward with clear proposals.

8. Implications

(a) **Financial Implications**

The ChYpPS proposals are designed to deliver an on-going saving of £340k from 2014/15 from a total budget of £770k. There will be one-off costs to cover redundancy payments. Further details on the likely financial implications of other proposals will be brought forward in due course.

(b) **Staffing Implications** (if not covered in Consultations Section)

The changes outlined in this paper will reduce the staff complement in ChYpPS as the budget is largely staffing costs. The organisational change policy will be applied, including consultation with staff and trades unions about proposed new structures and posts. In order to deliver savings for

2014/15, a consultation paper setting out details of proposals to restructure ChYpPS will need to be published before the end of October.

(c) **Equal Opportunities Implications**

An equality impact assessment will be carried out for each element of proposed change as these are brought forward. EQIAs were completed for both the ChYpPS Review and the ChYpPS Business Plan and are available on the Council's website. An initial EQIA for the proposed changes to ChYpPS has been completed. As this contains sensitive information about staff, this will be published alongside the restructure consultation paper and reviewed once consultation with staff and Trades Unions has taken place. The key points emerging from the EQIA are:

Age: -
ChYpPS is focused upon services to children and young people so there will inevitably be some impact. Focusing activities on areas with children with high needs, targeted work with small groups of children with common needs and facilitating others to provide play activities will mitigate the impact.
Overall, ChYpPS has a young staff profile. The organisational change policy will ensure the redeployment process is fair for all staff affected.

Disability: -
No disproportional impact. The ability to seek and deliver commissioned work and selective targeted work will enable ChYpPS to continue to provide activities for children and young people with disabilities.

Race / Ethnicity: -
In broad terms there will be no disproportional impact. BME communities with high need tend to live in the wards with higher deprivation which is where ChYpPS open access activities will be focused. The ability to seek and deliver commissioned work and selective targeted work will enable ChYpPS to continue to provide activities for children and young people from BME communities with particular needs.

Low income families: -
There should be little impact as ChYpPS will focus their open access activities in wards where there are high levels of deprivation. Care will need to be taken to ensure children from low income families in the more affluent wards are also able to access activities.

New communities: -
It is important that children moving into the growth sites are helped to integrate with children from our existing communities through activities and information. We are using developer contributions to pay for staff to provide these activities across the southern fringe and similar arrangements will be

put in place to deliver activities across the north west growth sites as these progress.

(d) **Environmental Implications**

As part of this section, assign a climate change rating to your recommendation(s) or proposals. You should rate the impact as either:

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

(e) **Procurement**

Options to procure services currently provided directly may emerge from the review of these services, for example for elements of event management, but it is too early to be specific at this stage.

(f) **Consultation and communication**

A programme of consultation with staff in Arts and Recreation and Community Development is underway, with trade union representatives included. This will follow the Organisational Change policy, and will aim to provide a good level of information and support throughout.

Any change to voluntary sector grant funding will be taken forward in line with the Cambridgeshire Compact, to which Cambridge City Council is a signatory. This sets out timescales and other criteria to be followed. A report will be brought back to Community Services Scrutiny Committee in the new year setting out proposals on which to consult.

(g) **Community Safety**

There are no specific proposals that impact on community safety issues in a measurable way at this stage.

5. Background papers

These background papers were used in the preparation of this report:
Mid-year financial review
http://democracy.cambridge.gov.uk/documents/g2461/Public%20reports%20pack%2030th-Sep-2013%2018.00%20Strategy%20and%20Resources%20Scrutiny%20Committee.pdf?T=10
Cambridgeshire Compact (correct title)
http://www.cambridgecvs.org.uk/reports/8
ChYpPS Business Plan
http://democracy.cambridge.gov.uk/documents/g540/Public%20reports%20pack%2011th-Oct-2012%2013.30%20Community%20Services%20Scrutiny%20Committee.pdf?T=10
ChYpPS Business Plan EQIA 2012

https://www.cambridge.gov.uk/sites/www.cambridge.gov.uk/files/docs/eqia-ChYpPS-Business-Plan-Sept-2012.pdf

ChYpPS Review
http://democracy.cambridge.gov.uk/documents/g530/Public%20reports%20pack%2012th-Jan-2012%2013.30%20Community%20Services%20Scrutiny%20Committee.pdf?T=10

ChYpPS Review EQIA 2011
https://www.cambridge.gov.uk/sites/www.cambridge.gov.uk/files/docs/chypps-review-equality-impact-assessment-2011.pdf

6. Appendices

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 **Item**

To:	Executive Cllr Community Well-being
Report by:	Trevor Woollams (Head of Community Development)
Relevant scrutiny committee:	Community Services 10.10. 2013
Wards affected:	Trumpington, Abbey, Petersfield, Coleridge, Romsey

Community Facility Capital Grants Programmes in East Area and Newtown

Not a Key Decision

1. Executive summary

1.1 This report follows on from a report to Environment Scrutiny Committee in June on the devolved process for decisions about spending developer contributions. The report highlighted capital programmes for improving community facilities across the east area wards and the Newtown area within Trumpington and questioned whether the programmes should now be assimilated into the single corporate devolved process to simplify management arrangements and ensure fairness across the city.

1.2 The report recommends that the remaining unallocated funds should be incorporated into the Council's approach to devolved decision making.

2. Recommendations

The Executive Councillor is recommended that

2.1 The remaining unallocated budget within the East Area Capital Grants Programme be incorporated into the Council's approach to devolved decision making.

2.2 The remaining unallocated budget within the Newtown Capital Grants Programme be incorporated into the Council's approach to devolved decision making.

3. Background

3.1 The East Area and Newtown capital programmes for improving community facilities were set up in 2010 and 2008 respectively for 3 years. The Newtown programme was extended in 2010 so both programmes were due to be concluded in 2013.

3.2 The East Area programme included £800,000 of developer contributions for improving community facilities. All but £41,500 has been spent on, or formally allocated to, projects to improve community facilities across all 4 wards. The remaining £41,500 has been notionally set aside by members for additional projects in Abbey ward.

3.3 The Newtown capital programme included £130,000 of developer contributions to improve community facilities. To date £76,000 has been allocated to projects to improve community facilities within the Newtown area plus a project to provide a new community room at Rock Road library. Additional capital funding from developer contributions has recently been secured for projects to improve community facilities within the area. This has included:

- £100,000 from South Area Committee for a community Room at Princes Court / Hanover Court

- £64,800 from East Area Committee (£14,800) and the Executive Councillor's strategic budget (£50,000) for improvements to the Centre at St.Pauls.

  In addition, developers will soon be providing a new community facility on the Kaleidoscope site off of Brooklands Avenue. Developers are currently working with the Newtown Forum (a Forum of residents groups, ward councillors and interested parties from the Newtown area) to discuss how the facility should be managed.

3.4 There are currently no additional eligible project ideas identified within Newtown that could be taken forward in the foreseeable future with the remaining developer contributions which must be used to improve 'community facilities' (i.e. buildings).

3.5 In June 2013 the Executive Councillor for Public Places considered a report about the Council's approach to allocating devolved developer contributions. The report highlighted the capital programmes for improving community facilities across the east area wards and the Newtown area within Trumpington and questioned whether the programmes should now be assimilated into the single corporate devolved process to simplify management arrangements and ensure fairness across the city.

3.6 Officers are recommending that the East Area and Newtown capital programmes for community facilities are now formally ended and that the remaining budgets are assimilated into the Council's corporate process for devolved decision making.

4. Implications

(a) **Financial Implications**

None

(b) **Staffing Implications**

Ending of the 2 capital programmes and assimilation of the budgets into the corporate process for devolved decisions on developer contributions will simplify reporting processes.

(c) **Equal Opportunities Implications**

The recommendations in this report will not have equalities implications. The equalities implications for each project as it is brought forward in the future will still need to be assessed and considered.

(d) **Environmental Implications**

None

(e) **Consultation and Communication**

Officers have consulted ward councillors from East Area and South Area committees and the chairs, vice chairs and opposition spokes of West Central and North area committees about this proposal. The proposal was also highlighted in a report to East Area Committee in July 2013. Officers also consulted members of the Newtown Forum at their meeting on 3rd July.

(f) **Procurement**

None

(g) **Community Safety**

None

8. Inspection of papers

The report to Environment Scrutiny Committee in June 2013 on the Council's overall approach on allocating developer contributions can be found here:

http://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=177&MId=1033&Ver=4

see agenda item 10

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

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