Cambridge City Council **Item**

To:	Executive Councillor for Housing: Councillor Kevin Price
Report by:	Liz Bisset, Director of Customer & Community Services
Relevant scrutiny committee:	Housing Scrutiny Committee 14/1/2015
Wards affected:	Abbey Arbury Castle Cherry Hinton Coleridge East Chesterton King's Hedges Market Newnham Petersfield Queen Edith's Romsey Trumpington West Chesterton

2015/16 HOUSING REVENUE ACCOUNT BUDGET SETTING REPORT

Key Decision

1. Executive summary

1.1 As part of the 2015/16 budget process, the range of assumptions upon which the HRA Business Plan and Mid-Year Financial Review were based, were reviewed in light of the latest information available, culminating in the preparation of the HRA Budget Setting Report.

1.2 The HRA Budget-Setting Report provides an overview of the review of the key assumptions. It sets out the key parameters for the detailed recommendations and final budget proposals, and is the basis for the finalisation of the 2015/16 budgets.

1.3 The resulting recommendations refer to the strategy outlined in the HRA Budget Setting Report.

1.4 The HRA Budget Setting Report is presented to this meeting of the Housing Scrutiny Committee on 14th January 2015, to allow consideration and scrutiny of proposals for both the review of rents and service charges and the revenue bids and savings, which form part of the HRA budget. The Executive Councillor for Housing will approve the final HRA revenue budget, after consideration of any budget amendments for the Housing Revenue Account.

1.5 The Housing Scrutiny Committee will also consider and scrutinise the Housing Capital Investment Plan, including capital bids and all associated funding proposals, prior to the Executive Council for Housing making final capital recommendations for approval at Council on 26th February 2015.

2. Recommendations

The Executive Councillor, is recommended, following scrutiny and debate at Housing Scrutiny Committee, to:

Review of Rents and Charges

a) Approve that council dwellings rents be increased in line with government guidelines, ceasing any move towards target rents for existing tenants, but instead applying an individual increase of 2.2% across all tenure, made up of inflation (CPI at September 2014 of 1.2%) plus 1%, with effect from 6th April 2015. This equates to an average rent increase at the time of writing this report of £2.18 per week on a 52 week basis.

b) Approve inflationary increases of 2% in garage and parking space rents for 2015/16, in line with the base rate of inflation for the year assumed in the HRA Budget Setting Report.

c) Approve the proposed service charges for Housing Revenue Account services and facilities, as shown in Appendix B of the HRA Budget Setting Report.

d) Approve the proposed leasehold administration charges for 2015/16 as detailed in Appendix B of the HRA Budget Setting Report.

e) Approve that service charges for gas maintenance, door entry systems, lifts and electrical and mechanical maintenance are increased by a maximum of inflation at 1.2% plus 1%, if required, to continue to recover full estimated costs as detailed in Appendix B of the HRA Budget Setting Report.

f) Approve that caretaking, communal cleaning, estate services, grounds maintenance, window cleaning, temporary housing premises and utilities, sheltered scheme premises and utilities, digital television aerial, flat cleaning and catering charges continue to be recovered at full cost, as detailed in Appendix B of the HRA Budget Setting Report.

Revenue – HRA

Revised Budget 2014/15:

g) Approve with any amendments, the Revised Budget identified in Section 4 of the HRA Budget Setting Report, which reflects a net reduction in the use of HRA reserves for 2014/15 of £1,084,630.

h) Approve the release of a net sum of £823,400, previously held within HRA repairs and renewals funds back into general HRA reserves, following a fundamental review of both the inventories and existing funds held.

i) Approve release of the ear-marked reserves of £389,960 previously held for the purpose of meeting additional pension fund contributions into general HRA reserves, to allow alternative future use.

Budget 2015/16:

j) Approve with any amendments, the Non-Cash Limit items shown in Appendix D (1) of the HRA Budget Setting Report.

k) Approve with any amendments, the Unavoidable Revenue Bids and Savings, including those associated with organisational transformation, shown in Appendix D (1) of the HRA Budget Setting Report.

l) Approve with any amendments, the Priority Policy Fund (PPF) Bids shown in Appendix D (1) of the HRA Budget Setting Report.

The Executive Councillor for Housing is asked to recommend to Council (following scrutiny and debate at Housing Scrutiny Committee):

Treasury Management

m) Retain the existing approach to treasury management, setting-aside a proportion of the surpluses generated over the life of the Business Plan to allow for potential debt redemption, but re-investing up to 75% of the surplus generated in the acquisition or development of new affordable housing, as outlined in Section 6 of the HRA Budget Setting Report.

Housing Capital

n) Approval of capital bids, shown in Appendix D (2) of the HRA Budget Setting Report, to include ear-marking resource for the implementation of both a new sub-regional choice based lettings IT system, and the software required to facilitate customer access to elements of the housing management information system, subject to each project demonstrating viability.

o) Approval of amendment to the Decent Homes Programme investment, recognising the financial implications of a change in the assumed life for UPVC window replacements, from 25 years, to the 40 years required as part of the Decent homes Standard.

p) Approval of re-allocation of £976,000 of resource in 2015/16 and 2017/18, originally included in previous years for works to communal areas, into the budget for garage improvement works, to allow the authority to undertake major works to some of the larger garage blocks should there be a financially viable business case for investment. The decision to proceed with works following the preparation of each business case shall be delegated to the Director of Customer & Community Services, in consultation with the Executive Councillor, Chair of Housing Scrutiny Committee (Part 2) and the Opposition Spokespersons.

q) Approval of the latest budget and funding mix for each of the schemes in the 2011-15 new build programme, as detailed in Section 5 and Appendix F of the HRA Budget Setting Report, recognising the most up to date information available as each scheme progresses through the design, planning, build contract and completion process.

r) Approval of gross funding of £7,008,000 for the development of the affordable housing project on the Homerton site, in line with the scheme specific report being presented to Housing Scrutiny Committee on 14th January 2015, which assumes 75% affordable rented and 25% shared ownership housing.

s) Approval to earmark the required level of additional funding for new build investment between 2015/16 and 2019/20 to ensure that the anticipated level of future retained right to buy receipts can be appropriately utilised.

t) Approval of re-direction of existing resource, previously identified as Cambridge Standard Investment, to create a new City Homes Estate Improvement Programme, with a view to increasing the future level of investment in this area, as part of the Fundamental Review of the HRA and Housing Service, which will take place during 2015.

u) Approval of the revised Housing Capital Investment Plan as shown in Appendix I of the HRA Budget Setting Report.

v) Approve a provisional addition to the Housing Capital Allowance of £29,151,000 in respect of anticipated qualifying expenditure in 2015/16.

3. Implications

All budget proposals have a number of implications. A decision not to approve a revenue bid will impact on managers' ability to deliver the service or scheme in question and could have staffing, equal opportunities, environmental and/or community safety implications. A decision not to approve a capital or external bid will impact on managers' ability to deliver the developments desired in the service areas.

(a) **Financial Implications**

The financial implications associated with decisions are outlined in the HRA Budget Setting Report 2015/16, appended to this report, for consideration by both Housing Scrutiny Committee and Council.

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

Any direct staffing implications are outlined in the HRA Budget Setting Report 2015/16, appended to this report.

(c) **Equality and Poverty Implications**

Equality Impact Assessments have been undertaken in respect of each budget proposal where any impact (positive or negative) is anticipated. All of the assessments are available to view on the Council's website, whilst a consolidated Impact Assessment is presented at Appendix J of the HRA Budget Setting Report.

(d) **Environmental Implications**

Where relevant, officers have considered the environmental impact of budget proposals, with any impact highlighted in the HRA Budget Setting Report 2015/16, appended to this report.

(e) **Procurement**

Any procurement implications arising directly from revenue or capital bids will be considered and addressed as part of each individual project.

(f) **Consultation and communication**

Consultation with tenant and leaseholder representatives is an integral part of the Housing Scrutiny Committee process. The views of tenants and leaseholders, in respect of investment priorities, were sought as part of the 2014 STAR tenants and leaseholder survey, and the outcome has informed this budget process.

(g) **Community Safety**

Any community safety implications are outlined in the HRA Budget Setting Report 2015/16, appended to this report.

4. Background papers

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

Housing Revenue Account Budget Setting Report 2014/15
Housing Revenue Account Mid-Year Financial Review 2014/15
Equalities Impact Assessments

5. Appendices

The Housing Revenue Account Budget Setting Report 2015/16 is appended to this report.

6. Inspection of papers

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

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Version 2
HSC Final

Housing Revenue Account Budget Setting Report 2015/16

January 2015

Cambridge City Council

Version Control

	Version	for :	Anticipated Content
	1	Draft	Draft content for consultation
Current	2	Housing Scrutiny Committee 14 January 2015	Member Scrutiny Tenant and Leaseholder Representative Input Amendments to Executive proposals Opposition budget amendment proposals
	3	Council Meeting 26 February 2015	The Executive Councillor for Housing's recommended final budget proposals
	4	FINAL	Final version for publication following Council

Cambridge City Council

Housing Revenue Account Budget Setting Report

2015/16 to 2019/20

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Section 1
Introduction

Background

Decisions about the level of expenditure in the Housing Revenue Account continue to be made in the context of a 30-year business plan, which is fully reviewed in January / February of each year, with a mid-year review of key assumptions taking place annually in September / October.

The level of funding available to invest in housing services is dependent upon anticipated income streams for the Housing Revenue Account, with the most significant of these being the rental income for the housing stock. The authority has the ability to set rents at a local level, although it does need to be recognised that the government still issues guidance for setting rents, which local authorities are expected to adhere to.

With greater flexibility over longer-term decision making at a local level, the Housing Revenue Account needs to continually review priorities for investment, delivering an appropriate balance between:

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

To achieve this, it is imperative that the organisation sets budgets for the medium term in the context of the longer-term impact of the financial viability of the Housing Revenue Account 30-Year Business Plan and Asset Management Plan

A key feature of the 30-Year Business Plan is the requirement to support, and potentially repay, a significant level of housing debt whilst also ensuring ongoing delivery of quality housing services. As at April 2014, the authority was supporting a housing debt of £214,748,250. The level of debt supported by the Housing Revenue Account is expected to increase to allow for the delivery of new affordable housing, until the current debt cap of £230,839,000 is reached.

Purpose, Scope and Key Dates

Purpose

Following scrutiny and debate at Housing Scrutiny Committee on 30th September 2014, the Executive Councillor for Housing approved the revenue aspects of the HRA Mid-Year Financial Review for 2013/14. At its meeting on 6 November 2014, the Council considered the capital aspects of the document. The mid-year review of factors affecting the housing service took into consideration emerging changes in both local and national policy priorities and the implications of anticipated changes in the current economic climate. The approved HRA Mid-Year Financial Review set out the agreed financial strategy for the HRA, and confirmed the framework for the detailed budget work to develop proposals for the 2015/16 budget.

As part of the preparation of the HRA Budget Setting Report, the range of assumptions on which the HRA Mid-Year Financial Review was based, were reviewed in light of the latest information available to determine whether any aspects of the strategy needed to be revised.

The outcome of the exercise, summarised in this document, provides the basis for the finalisation of the HRA budget and setting of rents for 2015/16, culminating in recommendations to both Housing Scrutiny Committee on 14th January 2015, and ultimately Council on 26 February 2015.

Scope

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

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

For the …	Period	Purpose / Use
HRA Mid-Year Financial Review & Budget Setting	5 years	Detailed budget & rent setting
Longer-Term Budget Projections	30 years	Demonstrate long-term effects & ability to support debt

Sensitivity analysis of key factors is undertaken, as part of the budget setting process to ensure that effective contingency plans are available to the Council and that an appropriate level of reserves can be maintained in light of changes in assumptions.

The work on the 2014/15 HRA Budget Setting Report takes as its starting point the following key medium and long-term parameters:

- A financial model that assumes resource is set-aside to redeem 25% of the housing debt, with the balance invested in the delivery of new homes.

- A financial model assuming use of borrowing headroom, in order to increase the supply of social housing.
- Rent increases in line with government rent guidelines.
- Housing stock that is maintained at an investment standard by the end of a 10-year period.
- The delivery, subject to viability of up to 444 new and re-provided homes over a 5 year period, with the potential for delivery of additional homes in years 6 to 30 of the Business Plan.
- A general savings requirement of 2% in general management expenditure for 2015/16 and beyond, alongside an adjustment in responsive repairs expenditure in line with anticipated stock changes.
- A contingency to support continual service development (known as the priority policy fund) for 2015/16 to 2019/20 at a level of £150,000, recognising some of the key challenges facing the authority as a landlord in the medium-term.
- A minimum working balance for reserves of £2m, with a target level of £3m.

Key Dates

The key member decision-making dates were / are as follows:

Date	Task
2014	
30 September	The Executive Councillor for Housing considered HRA Mid-Year Financial Review, incorporated Housing Scrutiny Committee, including Tenant and Leaseholder Representative views, and approved revenue aspects, making recommendations to Council in respect of the capital plan.
6 November	Council approved HRA Mid-Year Financial Review 2014/15
2015	
14 January	Executive Councillor for Housing considers Housing Scrutiny Committee views, before approving HRA revenue budgets and rent levels, and making recommendations to Council in respect of the capital aspects of the HRA Budget Setting Report
26 February	Council approves HRA Budget Setting Report

Section 2
Review of National and Local Policy Context and External Factors

Review of National Policy Context

National Rent Setting Policy for Social and Affordable Rents

Following consultation in 2013, the government issued revised guidance for setting rents in social housing from April 2015, in May 2014. The Council's approach to rent setting in light of the new guidance is the subject of a separate report being presented to Housing Scrutiny Committee on 14 January 2015. The key changes in the guidance are:

- A change in the inflationary measure used as part of the annual rent review, using CPI (Consumer Price Index) plus 1%, for the 10 year period from 2015/16 to 2024/25 instead of the historic inflationary rate of RPI (Retail Price Index) plus 0.5%, providing certainty and stability for both social landlords and investors.
- Cessation of the rent convergence policy for existing tenants from 2015/16.
- Assumption that authorities will move the rent levels for all properties directly to target rent when a property becomes void, thus still achieving rent convergence, but over a longer time frame.
- Assumption that new homes will be let at the higher 'Affordable Rents' of up to 80% market rent levels (inclusive of service charge), if the authority has a Framework Development Agreement in place with the Homes and Communities Agency, or has entered into a Retention Agreement, with the Department for Communities and Local Government, for the ability to retain right to buy receipts.

- Assumption that the rent for properties where the household income exceeds £60,000 per annum should be set at full market rent levels.

Local authorities are expected to have regard to guidance issued by Government on rent policy when setting rents.

Welfare Reforms

The Welfare Reform Act 2012 introduced a number of changes to Housing and other Benefits.

At the end of September 2014, approximately 405 HRA tenants were affected by the reduction in housing benefit as a result of removal of the spare room subsidy, with over 75% of those residents affected paying the additional rent due. It is estimated that £37,000 of arrears relate to households affected by this change.

In respect of these cases, Discretionary Housing Payment (DHP) continues to be considered, with time-limited top-up payments being awarded to support the most vulnerable tenants whilst alternative options are considered.

The Benefit Cap, (a cap of £500 per week for families, and £350 per week for a single person), introduced from 15th July 2013, currently impacts 14 City Council tenants, based upon the cases notified to us by the Department for Work and Pensions (DWP) at the time of writing this report.

Housing Benefit is to be incorporated into Universal Credit, but implementation delays mean that local authorities will now continue to administer Housing Benefit for longer than previously anticipated. From the point of introduction, new claimants for Jobseekers Allowance (income related), Income Support, Employment & Support Allowance (income related), Child Tax Credit, Working Tax Credit and Housing Benefit will claim Universal Credit.

The current intention is that residents will be paid directly, and will receive calendar monthly payments, in arrears, administered centrally by the DWP. In some cases an alternative payment arrangement might be available for those who genuinely cannot manage their monthly payment. This could take the form of a more frequent payment, split payment across the household or a managed payment direct to the landlord. Universal Credit will always be calculated based on a 52 week year. Pensioners continue to be excluded from these arrangements at present.

It was recently announced that starting in February 2015, Universal Credit will be rolled out across Great Britain for all new single claims previously eligible for Jobseeker's Allowance (JSA) including those with existing Housing Benefit and Tax Credit claims.

The current intention is that Universal Credit will be fully available during 2016 with the majority of the remaining Housing Benefit caseload moving to Universal Credit during 2016/17. Local support will be available to help support claimants and will be provided through local partnerships framework that has recently been rebranded and is now referred to as “Universal Support – delivered locally”.

The full impact of these reforms at a local level still remains unquantifiable at present.

Right to Buy Sales

Following changes in the right to buy legislation from July 2014, which saw the higher level of discount available index linked (using the Consumer Price Index at April of each year) going forward, the authority continues to experience increased levels of right to buy activity.

Future legislative changes are also expected to incorporate a reduction in the eligibility criteria for right to buy, reducing the period from 5 to 3 years. This change forms part of the De-Regulation Bill, which at October 2014 was sitting with the House of Lords, prior to receiving Royal Assent.

During 2013/14, 114 right to buy applications were received and recorded, resulting in 60 applications proceeding to completion This compares to 135 applications in the previous year, with 41 completions.

In the first 6 months of 2014/15, 24 completions took place, which may represent the slight slowing down in sales anticipated to occur at some point, although 62 applications were received for the same period suggesting that initial interest is still high.

Although impossible to accurately predict future sales, based upon the sustained higher level of initial interest in 2014/15 to date and the proposed legislative change that the qualifying period be reduced to 3 years, which is likely to prompt another peak in activity, it is considered prudent to retain the assumed level of sales of 60 for 2014/15 in line with sales in 2013/14, reducing to 50 in 2015/16, 40 in 2016/17, 30 in 2017/18, and to 20 sales per annum from 2018/19.

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

Status	**Year**	**Right to Buy (RTB)**			**Total**
		House	Flat	Bedsit	
Actual Sales	2009/10	11	2	0	13
	2010/11	12	5	0	17
	2011/12	7	5	0	12
	2012/13	26	15	0	41
	2013/14	31	28	1	60
Estimated Sales	2014/15	30	30	0	60
	2015/16	25	25	0	50
	2016/17	20	20	0	40
	2017/18	15	15	0	30
	2018/19	10	10	0	20

Right to Buy Receipts

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

The call on right to buy receipts is as follows:

- Receipts from the level of sales assumed in the Self-Financing Settlement are split between CLG (75%) and the authority (25%) after allowable deductions. 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 those assumed in the settlement, 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 capital purposes, e.g.; investment in new affordable housing. There is currently nothing legislatively to stop the authority using these receipts for wider capital purposes, although CLG are clear that the intention in allowing the authority to retain the sums is that the HRA has debt relational to the dwellings sold, and should either redeem the debt or create an asset to replace it, thus allowing the debt to continue to be supported.
- 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.

It should be noted that risks remain in spending the sums retained in respect of the attributable debt element of the formula in the early years, as the government calculates the sum due to CLG on a cumulative basis year on year. If right to buy sales fall in later years, CLG will claw back monies from all right to buy receipts in-year, until they have arrived at the total sum due to them overall. This could mean that the authority receives no capital receipt from right to buy sales in any one year, thus putting at jeopardy the funding assumed to be available for the general fund housing elements of the Housing Capital Investment Plan in the year in question, such as Disabled Facilities Grants and Private Sector Housing Grants and Loans.

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 or additional borrowing approvals through the £300 million fund.

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

Quarter date for Receipt	Retained one-for-one 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	558,506.21	2,638,185,03	8,793,950.10	30/6/2016
30/9/2013	649,210.49	3,287,395.52	10,957,985.07	30/9/2016
31/12/2013	939,637.07	4,227,032.59	14,090,108.63	31/12/2016
31/3/2014	1,556,452.02	5,783,484.61	19,278,282.03	31/3/2017
30/6/2014	1,039,280.75	6,822,765.36	22,742,551.20	30/6/2017
30/9/2014	517,057.26	7,339,822.62	24,466,075.40	30/9/2017
Total	**7,339,822.62**	**7,339,822.62**	**24,466,075.40**	

The authority is required to invest a significant sum in the delivery of new social housing over the next 3 years. Although the total required expenditure to meet the above commitment has been included in the Housing Capital Investment Plan, specific sites need to be identified that can be delivered within the time frames. If this is not possible, the authority will consider the purchase of existing dwellings on the open market or alternatively passing the funding on to a registered provider to deliver the housing, before releasing existing and future 1-4-1 receipts directly to Central Government. A judgement will be made in this regard at the end of each quarter, and funds will be paid to Central Government if they are not deemed appropriately re-investable.

The authority has begun a review of 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, as part of a fundamental review of housing services. This review seeks to maximise the funding available for new build housing, thus ensuring that the resources made available through the right to buy process are retained and re-invested locally as far as possible.

Review of Local Policy Context

Portfolio Plan

The Housing Portfolio Plan will set out the Council's strategic objectives for housing in general across the city and will include the role of the city as a social housing landlord. The Housing Portfolio Plan for 2015/16 will be available on the City Council website in March 2015.

Housing Vision

The Council aims to deliver housing services in line with the following updated vision statement and key housing objectives:

Cambridge City Council’s Housing Vision

‘Fair for all’

We will provide a housing service that is fit for purpose and fair for all; that provides a range of housing options and housing solutions to meet our clients’ needs; that enables independent living and that is developed alongside our customers’ expectations.

‘A great place to live and work’

With the health and well-being of our residents a priority, we will ensure that a rented property in Cambridge is good quality, well managed and well regulated, and that the communities we support and develop are balanced, productive and sustainable.

‘Caring for our environment’

Our homes will be at the forefront of sustainable living. We will build and maintain homes to a standard that is mirrored across all rented tenures and by all housing providers within the City.

Cambridge City Council’s Housing Objectives

‘Fair for all’

Tackling and preventing homelessness

Tackling anti-poverty and social exclusion; ensuring fair services for all

Expanding and encouraging resident involvement; engaging with harder to reach groups

Providing a range of housing options and rent products to meet all housing need, supporting those on low incomes to access housing.

Providing easy access to a fair, well regulated, good quality private rented sector; improving awareness of landlords’ and tenant rights and responsibilities.

Recognising the need to demonstrate value for money, fairly charging for services and seeking out efficiencies.

Recognising and respecting difference, balancing organisational objectives with our customers' expectations.

Enabling people to live independently, working with partner agencies, and increasing customer awareness of services and support available to them.

Responding to the needs of, and protecting, our vulnerable clients.

'A great place to live and work'

Optimising how the Council manages its homes and estates.

Improving the quality of Council homes and rented homes in the private sector.

Ensuring housing provision in a range of sizes and types of tenure (social and intermediate housing), affordable to all.

Recognising links between health & housing; working positively with partner organisations

Maximising the supply of social housing; building ourselves or facilitating others.

Creating mixed, balanced and sustainable new communities, whilst recognising and tackling inequality in our established communities.

Positively tackling crime and anti-social behaviour.

Working with our customers, incorporating their views in service development, consulting broadly and responding positively to the outcomes.

'Caring for our environment'

Tackling utility poverty, improving energy and water efficiency of both Council homes and those in the private rented sector.

Building energy and water efficient housing to meet housing need and developing a sustainable building programme.

Developing build standards in consultation with our customers, aligning standards with expectations in the private rented sector.

Housing Stock

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

Housing Category	Actual Stock Numbers as at 1/4/2014	Estimated Stock Numbers as at 1/4/2015
General Housing – Social	6,511	6,350
General Housing - Affordable	0	41
Housing for Older People - Affordable	19	19
Sheltered Housing	521	507
Supported Housing	24	24
Temporary Housing (Incl. HMO / EA's)	70	71
Miscellaneous Leased Dwellings	19	18
Shared Ownership Dwellings	84	83
Total Dwellings	7,248	7,113

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

Stock Category (Property Type)	Actual Stock Numbers as at 1/4/2014	Estimated Stock Numbers as at 1/4/2015
Bedsits	111	109
1 Bed Flat / Maisonette	1,587	1,519
2 Bed Flat / Maisonette	1,261	1,256
3 Bed Flat / Maisonette	42	34
1 Bed House / Bungalow	190	161
2 Bed House / Bungalow	1,121	1,110
3 Bed House	2,226	2,227
4 Bed House	96	98
5 Bed House	7	7
6 Bed House	2	2
Sheltered Housing	521	507
Total Dwellings	7,164	7,030

Leasehold Stock

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

At 1st April 2014, the Council retained the freehold and managed the leases for 1,109 leasehold flats.

Housing Demand

The mix of new housing delivered by the Housing Revenue Account continues to be influenced by numbers on the housing register locally and the Affordable Housing Supplementary Planning Document (AHSPD), which shows what the dwelling mix should be for new homes between 2011 and 2031, based on a continuation of trends from 1991 to 2010. It may become necessary to seek a review of the AHSPD in the light of the impact of welfare reform on housing needs from 2010.

Support Service Contracts

Cambridge City Council entered into a new contract for the delivery of support services to older people across the city from 30th April 2014. The contract runs for three years, with an option to extend for up to two further years, but with services delivered on a city-wide basis, and not just to HRA residents as was the case under the previous contract. The demand for support services across the city as a whole is still unquantifiable, but all existing service recipients are undergoing needs assessments during the first year of the new contract, and support services will then be targeted at those in the greatest need, with signposting to other agencies available for those with lower support needs.

The authority is also contracted to deliver support services in both extra care housing (as part of the Ditchburn Place care contract) and temporary accommodation across the housing stock. The current contracts have been operating under temporary extensions whilst the County Council decided upon the most appropriate delivery vehicle for the future. Discussions are underway in respect of a 10 month extension to the care contract, with a view to working in partnership after this. The future provision of County Council funded support services in temporary housing is still unclear.

Funding for the provision of alarms, and the telephone response to alarms, in sheltered and older persons housing is being phased out by the County Council, with the expectation that its continued provision across our housing stock will form the basis of a separately identified service charge, which would be payable by all residents benefiting from the service, and not just the proportion who are self-funders, as is the case at present.

The table below summarises the current funding received for the provision of support services:

Contract	No. of Contract Units	Contract Status	Contracted Support Income 2015/16 (£)	Risks / Ongoing Assumptions
Temporary Housing	60	Block Gross Contract – Extension Expires 31/3/2015.	0	Uncertainty exists around County Council's plans after March 2015.
Older People Support Services	City-Wide	Fixed Price City-Wide Contract – Expires 30/4/2017, with an option to extend for up to 2 further years	180,000 (plus £51,700 TUPE funding whilst staff numbers are maintained)	Risks exist that additional funding for an initially higher staffing level will cease, whilst demand for services across the city will outstrip supply, with services only delivered to those in greatest need.
Sheltered Housing Alarms	470	Contract addendum to extend until	9,440	Supporting People funding for alarm services will cease with

		31/3/2016.		effect from 31/3/2016
Community Alarms	34	Contract addendum to extend until 31/3/2016.	7,830	Supporting People funding for alarm services will cease with effect from 31/3/2016
Ditchburn Place (Extra Care)	36	Block Gross Contract (Part of Care Contract) – Expires 31/3/2015.	45,740 (Accounted for outside of the HRA)	Uncertainty exists around the County Council's plans for care at Ditchburn Place post March 2015, although a contract extension is being considered
Total County Council Support Funding			**294,710**	

Tenant and Leaseholder Consultation

STAR Survey 2014 – Satisfaction Levels

The last tenant and leaseholder satisfaction surveys were undertaken in June 2014.

For our general needs tenants, overall satisfaction in services provided by the landlord has remained consistent since the 2012 survey; 82.5% compared to 83% in 2008 (73% to 72% on a net satisfaction basis). There has been a slight drop between 2012 and 2014 in levels of satisfaction in three key areas – overall quality of the home, rent providing value for money and how the Council deals with repairs and maintenance.

For our tenants in sheltered housing, overall satisfaction in services provided by the landlord remains high at 95% (93% in 2012). There was a slight drop in satisfaction with quality of the home; 93% in 2014 from 95% in 2012, and that rent provides value for money; 87% in 2014 from 91% in 2012.

For leaseholders, there has been a rise in overall satisfaction for leasehold services provided by the Council; from 49% in 2012 to 63% in 2014, and in other key areas - the neighbourhood as a place to live has increased from 59% in 2012 to 73% in 2014 and service charges providing value for money from 30% to 43%. Satisfaction with the repairs and maintenance service has however dropped to 42% in 2014 from 50% in 2012.

STAR Survey – Identification of Tenant Investment Priorities

In both the 2012 and 2014 survey, Housing took the opportunity to ask tenants to rank a number of areas of potential investment in their order of priority. General needs tenants ranked the following areas of service as their 1st priority:

2012	%	2014	%
Building new council housing	23%	Building new council housing	38%
Repairing your home	22%	Repairing your home	23%
Tackling anti-social behaviour	13%	Providing sheltered accommodation for older people	11%
Providing sheltered accommodation for older people	12%	Tackling anti-social behaviour	8%
Dealing with enquiries and providing support to tenants	11%	Advice & support for those seeking a home	7%

As the table above shows, there has been a significant rise in those tenants who see building more council homes as the top priority; repairing the home remains consistently in second place.

STAR Survey 2014 – Planning ahead

The Housing Regulation Panel (HRP) has been tasked with helping officers develop a programme of work that will be taken forward over the next year and beyond. Plans include a comprehensive drill-down into areas of lower satisfaction, using the Tenant and Leaseholder magazine Open Door to further capture opinion, using best practice from other Local Authorities to make the changes to services that most matter to our tenants and leaseholders and undertaking 'hotspot' improvements in specific services across the City where low satisfaction has been captured at ward level.

We will also continue to:

- Ensure that the post of Resident Involvement Facilitator focuses on developing residents' groups on estates to be an independent tenant voice.
- Run a series of features in Open Door, engaging residents with the results and impacts of the 2014 STAR survey, as well as undertaking some further focussed opinion polls within each edition.
- Remind Tenants' about their top 5 priorities for investment and how we're progressing.
- Hold Community/Environment Days showing how we listen to, and act upon, tenants' views, engaging with other community providers within estates so that tenants have access to wider support
- Include features showing how residents are involved in the whole STAR cycle.

Partnership Working and Shared Services

The organisation recognises the benefits, and therefore promotes, partnership working and shared services wherever possible. Opportunities to work in partnership with other local authorities, although challenging, can deliver significant efficiencies in both cost and service delivery terms.

Although the submission of a bid to Central Government for a City Deal did not produce an immediate outcome from a housing perspective, discussions are underway with South Cambridgeshire District Council, the County Council, the University and other potential partners about the possibility of creating a Joint Venture Company / Housing Development Vehicle to aid the delivery of new homes in the sub-region, both inside and outside of HRA control. This approach to joint working could help increase the supply of new housing in response to the investment in transport and infrastructure which the Greater Cambridge City Deal will bring.

Ongoing investment in the housing stock as part of the 30-Year HRA Business Plan has necessitated the authority procuring a new partner to deliver some of the planned maintenance services, both in terms of capital investment (including decent homes) and planned / cyclical revenue expenditure. A new contract with TSG will come into force in 2014/15 for the internal aspects of the programme, with options for delivering the balance of investment being explored currently.

From a corporate perspective, the authority has decided to progress shared service opportunities with South Cambridgeshire District Council and Huntingdonshire District Council for the provision of ICT and Legal Services, both of which will impact the HRA. Other shared service opportunities are currently being investigated, with the potential for more joined up working across both HRA and strategic housing services.

External Factors

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

Inflation Rates

Inflation rates have fluctuated significantly over the last 10 years, with a marked reduction in the rates as measured by the Retail Price Index (RPI) and the Consumer Price Index (CPI) over the last 4 years. This is conversely true in respect of the building industry, 'all in tender price inflation' cost indices, which has seen a marked recovery in the last few years.

There has been a significant reduction in inflation rates over the last few months; with rates at September 2014 falling again, to the lowest that they have been for 5 years.

The work undertaken in 2014, culminating in approval of the HRA Mid-Year Financial Review in October 2014, assumed a reduction from 2.5% to the use of 2% in general inflation (CPI) for 2015/16 and beyond. Although inflation rates are currently significantly lower than this, the position is not anticipated to continue at this all-time low, and recognising that the government's aim is to maintain CPI at 2% over the longer term, it is not proposed that any change is made in relation to these assumptions beyond 2015/16 as part of the budget setting process.

The impact of the low rate at September 2014 in particular, when CPI fell to 1.2%, has however been incorporated into the financial assumptions made as part of this report, as it guides the level of rent increase applicable from April 2015. The rate of inflation applied in respect of rent increases as part of the 2015/16 budget setting process will therefore be 2.2%, which represents CPI at 1.2%, plus 1%, in line with the current government guidelines. The rate of CPI assumed as part of the HRA Mid-Year Financial Review was 2%, resulting in significantly lower rental income than originally anticipated.

Interest Rates on Lending

The Council's General Fund lends externally, predominantly on a short-term basis, any cash balances that are held at any point within the financial year. In respect of any revenue, or unapplied capital balances held by the Housing Revenue Account or balance held in the Major Repairs Reserve, the General Fund is required to pay the interest earned across to the Housing Revenue Account.

The level of interest that the authority has been able to earn in recent years remains extremely low, with an average rate of 0.64% available during 2013/14. Although anticipated to be slow, some recovery in the rates available is still predicted in the longer term, with interest rate assumptions detailed in Appendix A.

In the future, if the HRA holds significant cash reserves, set-aside to repay an element of 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. An alternative to this would be to explore early repayment of the HRA debt, particularly if the benefit of doing so can be demonstrated to out-perform the interest anticipated to be earned on the retention of the balance until the loan's maturity date. Consideration could also be given to the Housing Revenue Account investing in additional property, where it can be demonstrated that investment could generate a higher return than investments elsewhere.

Interest Rates on Borrowing

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

The borrowing requirement currently identified in the next 5 years of the HRA Business Plan will be considered internally before external funding is sought. However, assumptions of the rates chargeable to the HRA continue to be made in line with lending rates available externally from the PWLB for prudency.

The authority is still eligible for a certainty rate with the Public Works Loans Board, which is renewed on an annual basis, with the current agreement confirmed until 31st October 2015. This allows the authority access to a 20 basis point reduction against the standard PWLB rates in respect of any new borrowing.

The rates available for shorter-term borrowing are lower than those available for borrowing of a longer-term nature, with the standard rate for maturity loans at October 2014, ranging from 2.48% over 5 years, up to 3.90% over 30 or 35 years, reducing marginally to 3.88% over 50 years. The rates for other types of borrowing, annuity or equal instalments of principal are generally lower over the short-term, but more similar in respect of longer-term borrowing. If the certainty rate is still available at the point at which the HRA is required to borrow, all published rates would be reduced by 0.2%.

Based upon the continued downward trend in interest rates available, it is proposed to reduce the cost of borrowing assumption in the HRA financial forecasts from 4.5% to 4%, as detailed in Appendix A.

Section 3

Housing Revenue Account Resources

Rent

Rent Arrears and Bad Debt Provision

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

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

Financial Year End	Value of Year End Arrears in Accounts (Current Tenants)	Current Tenant Arrears as a Percentage of Gross Debit Raised in the Year	Value of Year End Arrears in Accounts (Former Tenants)
31/3/2010	£625,433	2.05%	£642,521
31/3/2011	£582,400	1.88%	£746,852
31/3/2012	£655,177	1.98%	£863,677
31/3/2013	£661,246	1.86%	£862,042
31/3/2014	£619,986	1.68%	£967,755

Performance in the collection of current tenant debt was improved in 2013/14, despite the introduction of the first stages of welfare reform. Performance in first half of 2014/15 has been maintained, when compared with the profile in previous years. Dedicated Assistant Housing Officers continue to work proactively with tenants affected by the benefit changes, in an attempt to minimise the financial impact on the Housing Revenue Account and maintain or improve upon the current level of rent arrears by the end of 2014/15. The position is anticipated to become more challenging with the introduction of Universal Credit, based on experiences elsewhere, with authorities seeing a marked increase in the level of rent arrears.

In an attempt to mitigate the impact on rent arrears caused by a variety of financial pressures experienced by our tenants, the budget proposals presented in this report incorporate the recommendation that resource is made available for an additional member of staff. This post will work proactively with tenants before they get into financial difficulties, using early intervention, financial advice, advocacy, sign-posting and financial awareness training as means to minimise the numbers of households getting into financial crisis.

A particular focus has been placed on actively pursuing, or proactively writing off, former tenant debt in the latter part of 2013/14 and 2014/15 to date. By a point in October 2014, former tenant debt had been reduced to £888,908, compared with the £967,755 that was evident at the end of March 2014.

The Housing Revenue Account maintains a provision for bad and doubtful debt, with the value of the provision reviewed annually, taking into consideration both the age and value of outstanding debt at the time. At 31 March 2014, the provision for bad debt stood at £1,259,257, representing 79% of the total debt outstanding.

Void Levels

The value of rent not collected as a direct result of void dwellings in 2013/14 was £330,126, representing a void loss of 0.93%, Void levels remain low in 2014/15 to date, with void loss for the first half of the year at 0.9%.

On an ongoing basis, an assumption of 1% voids in general housing is still considered prudent, recognising the release of a considerable amount of new build affordable housing in the city, and the intention to refurbish Ditchburn Place in 3 phases.

With the requirement to pay Council Tax now for any dwelling that is empty for more than one month, it is imperative that the time taken to undertake void works and re-let each dwelling is minimised. Consideration is being given, sub-regionally, to amending the choice based lettings system to allow weekly advertising as opposed to two weekly, which will assist this.

The requirement to pay Council Tax for vacant dwellings sooner, also impacts those properties held vacant awaiting re-development until they are physically demolished and means that Council Tax will be payable on new build schemes one month after they are deemed complete by the Council Tax Inspector.

Rent Restructuring

The HRA Self-Financing debt settlement assumed that all local authorities complied with government guidelines for setting rents, and imposed rent increases over a period of time, until target rents were arrived at. From April 2015, the move towards target rents will cease for existing tenants, with the ability to move only vacant properties directly to target rent.

The formula for the calculation of target rents remains unchanged, with 30% of a property’s rent based upon historic relative property values and 70% based upon historic relative local earnings, combined with a factor for the number of bedrooms in the property. The application of rent caps (a prescribed maximum level of rent chargeable for a property of one bedroom, two bedrooms, etc.) is also retained, although this affects very few properties owned by Cambridge City Council.

There is still some discretion in the government's current rent restructuring regime in how rents are set at a local level, with an option to use an element of flexibility in the calculation of target rents (5% for general stock housing and 10% for sheltered housing), as long as the average rent does not exceed limit rent. This option has not been exercised locally to date.

Both target and actual rents are expected to be increased annually by inflation as measured by the Consumer Price Index (CPI) at the preceding September plus 1%.

With target rents for Cambridge City Council still considerably above actual rents, it will be many years before target rents are achieved in totality, assuming rents are only increased when property becomes void.

The average target rent at the start of 2014/15 across the housing stock was £103.57, with the average actual rent charged being £98.49, both recorded on a 52 week basis. The average actual rent was therefore representative of 95% of the average target rent.

At the time of writing this report, only 12% of the housing stock had reached target rent levels, despite the decision to increase energy efficient void properties directly to target from April 2013.

With the opportunity to close the gap between target and actual rents only available at the point at which a property becomes vacant, it will be decades before the housing stock as a whole reaches target rent levels,

Rent Policy

The local rent setting policy is subject to review as part of the January 2015 committee cycle in a separate report to be presented to Housing Scrutiny Committee.

The current policy allows for the transition of energy efficient void properties direct to target rent before re-let. Based upon activity since April 2013, approximately 70% of void dwellings have been re-let at target rents. The proportion has increased over the last year as a proactive approach is taken to undertaking works during the void period which will improve the energy efficiency of the dwelling. It is not proposed to change this approach at present.

The updated policy also addresses the local approach to charging market rent for households on high incomes (over £60,000), with the recommendation to defer a decision on the implementation of this until such time as the legal mechanisms exist to facilitate collection of the required financial data.

Rent Setting

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

The HRA Business Plan is predicated on the assumption that the authority will continue to follow government guidelines for setting rent levels, and has been updated a number of times since the inception of self-financing in April 2012, to reflect changes in both national and local rent policy and the rates of inflation assumed for rent setting purposes.

Any decision to increase rents at a lower rate than assumed in the business plan, requires some form of remedial action to mitigate the financial impact if the authority still wishes to be in a position to deliver the existing HRA Business Plan.

The rate of inflation assumed for rent setting purposes from April 2015 in the HRA Mid-Year Financial Review was 3% (CPI at 2% plus 1%). The actual rate of inflation that will be applicable from April 2015 is 2.2% (CPI at September 2014 of 1.2% plus 1%). This change, although resulting in lower than anticipated rent increases for existing tenants, will result in the need to reduce costs elsewhere in the HRA as a direct consequence.

The cessation of any transition towards target rents for existing tenants and the base rate of inflation as measured by CPI at September 2014, will result in a rent increase for Cambridge City Council general and sheltered tenants of 2.2%, equivalent to an average, at the time of writing this report, of £2.18 per week on a 52-week basis.

Service Charges

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

The majority of services provided to tenants of Cambridge City Council are now separately identified, with the exception of communal electricity, grounds maintenance and estate services to non-sheltered flatted accommodation, where there is currently not considered to be any specific benefit to identifying these charges separately.

Building cleaning and window cleaning services are subject to a review, which has been delayed such that the new arrangements are not now expected to be in place until after April 2015.

Charges are also recovered through rent accounts for optional third party activity such as the Tenants Contents Insurance Scheme.

The approach to setting service charge levels for 2015/16 is detailed at Appendix B.

Other Sources of Income

Garages

The Housing Revenue Account currently owns 1,795 residential garages, and manages a further 23 on behalf of the General Fund. 93 of these garages are currently identified for demolition as part of the affordable housing development programme schemes approved to date.

Following a review of garage provision, the HRA has now adopted a variable charging structure, with charges reviewed annually as part of the budget process. The proposed garage charging structure for 2015/16 is as follows:

Category	Rent £ per rent week	VAT £ per rent week	Total Charge £ per rent week	Percentage Increase on previous year
Tenant of City Homes (for storing a motorised vehicle)	9.55	0.00	9.55	2%
Other Resident with Garage within ½ mile of address (for storing a motorised vehicle)	9.55	1.91	11.46	2%
Other Resident (Within Cambridge City) with Garage over ½ mile of address (for storing a motorised vehicle)	11.59	2.32	13.91	2%
Public Body/Charity (for storing a motorised vehicle)	15.95	3.19	19.14	2%
Non Cambridge City resident or Business / Commercial / General Storage Use	17.99	3.60	21.59	2%
Tenant of City Homes (For general storage)	17.99	3.60	21.59	2%
City Homes Use	17.99	0.00	17.99	2%

Of the garages available for letting, 25% are currently void, with total void loss to the end of October 2014 of 25.8%. In addition to the 93 (5%) of garages identified for demolition as part of the current new build programme, a number of other garage blocks have been identified for feasibility work as part of the 3 year affordable housing rolling programme. Targeted work is anticipated to market all garages available for letting in the near future, using a variety of communication media, to include Open Door.

Commercial Property

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

In 2014/15 the income generated by the commercial property portfolio is anticipated to be in the region of £408,000, increasing to £420,000 from 2015/16.

Some small businesses are still experiencing difficulties in terms of financial viability for their operation, and as such the HRA is experiencing bad debt and some difficulty in letting commercial property as a direct result.

Interest / Investment Income

The Housing Revenue Account receives interest on general or ear-marked revenue balances, any funds set-aside in the major repairs reserve and the revenue debt repayment reserve and more recently any unapplied capital balances.

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

Rates have been at historically low levels for the last 4 years, and recovery is still anticipated to be slow.

Other External Funding

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

- Homes and Communities Agency (HCA) Grant – The authority was awarded grant of £2,587,500 to build 146 new and re-developed homes before March 2015. Due to both delays in the new build programme and recent announcements by the HCA that schemes must have started on site by a specified date to comply with the grant requirements, the authority only expects to receive £1,659,630 in grant funding by the end of 2014/15, towards the development of 88 dwellings. There remains the opportunity to bid for grant for on some of these new homes that will complete in 2015/16.

- Supporting Funding – The level of funding via the Supporting People Programme has reduced significantly over the last 10 years. From May 2014 the authority contracted directly with the County Council for the provision of support to older people across the city, but uncertainty still exists for the future of funding for temporary housing services.

Earmarked & Specific Funds

Earmarked Funds – Revenue Reserves

In addition to General Reserves, the Housing Revenue Account maintains a number of earmarked or specific funds which are held against major expenditure of a non-recurring nature or where income is received for a specific purpose. The number, and purpose, of ear-marked reserves has been considered as part of the 2015/16 budget process, with the resulting proposals summarised below. See Appendix C for details of the current level of funding in the reserves proposed for retention.

Repairs & Renewals

These are maintained to fund major repairs of Council-owned administrative premises and periodic replacement of assets such as vehicles, plant, equipment and furniture. Annual contributions are based on estimated replacement costs, spread over the anticipated life of the assets.

These funds have been subject to a major zero-based review during 2014/15, with recommendations including a net reduction in the annual contribution to the funds of £40,710, and a one-off release of £823,400 of the ear-marked fund held back into general HRA reserves, both recognising that items have not been replaced as often as anticipated historically and that replacements values of many items are now lower due to corporate buying decisions.

Major Repairs Reserve

From April 2012, this statutory ear-marked reserve is being contributed to on an annual ongoing basis from the Housing Revenue Account, recognising the need to depreciate the housing stock, or in effect set-aside sufficient resource to maintain the asset base in a lettable state.

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

Shared Ownership

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

In many cases, the funding for shared ownership is re-circulated, with the HRA buying back and selling on a dwelling in the same financial year. As such, the demand on this reserve has been negligible in recent years, and it is therefore proposed to remove this specific reserve and instead to utilise and pay back general HRA reserves if and when the need arises.

Tenants Survey

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

HRA Aerial Monies

Mobile telephone aerials have been installed on the roofs of a number of the flat blocks within the HRA. The authority leases the roof space to the telecoms provider for an annual lease premium / rental fee. This income is appropriated into an ear-marked reserve, to allow offset of an element of expenditure specific to the area in which the mast is installed. Consideration is being given to wider use of the balance that has accumulated in the fund to date.

Pension Reserve

This reserve was created to address anticipated increases in employer contributions following the triennial review of the Pension Fund and outcomes of the fundamental structural review of public service pension provision by the Public Services Pensions Commission, chaired by Lord Hutton.

The impact of the triennial valuation has now been fully included in budgets, therefore the remaining balance (£389,960) is no longer needed and will be released to general HRA reserves, in line with the approach being taken in the General Fund.

HRA Set-Aside for Potential Debt Repayment or Future Re-Investment

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

To ensure that this is possible, resource is being appropriated, if available, at the end of each financial year into this ear-marked reserve in preparation for debt redemption at the appropriate time, should the authority choose to redeem as opposed to re-finance. Alternatively this reserve may be used to fund investment in expansion of the housing portfolio, with a conscious decision to re-finance debt at loan maturity.

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

Earmarked Funds – Capital Receipts

Right to Buy Attributable Debt Ear-Marked Capital Receipt

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

Right to Buy Retained one-for-one Ear-Marked Capital Receipt

Within the terms of the Right to Buy Receipt Retention Agreement, the authority may retain receipts from additional right to buy sales for a period of up to 3 years, for the express purpose of re-investment in new affordable housing. If not utilised within the time frame, the Council must pay the funds, with interest at 4% above the bank base rate, to central government. To ensure that these resources are separately identified for re-investment, and if necessary, repayment purposes, an ear-marked balance will be identified to hold the balance at any one time.

Section 4

Housing Revenue Account Budget

Post-HRA Business Plan Update Approvals

There were no revenue decisions impacting the Housing Revenue Account taken between the publication of the HRA Mid-Year Financial Review (approved as part of the September / October committee cycle) and publication of this document. Such decisions, including any made under urgency arrangements, together with financial implications would be noted here.

There are capital implications to take into account in reviewing the final budget proposals in relation to scheme specific amendments given by urgent decision or by entering into unconditional contract, for HRA new build and re-development schemes, and any new schemes which are presented in the January committee cycle. The schemes where the financial implications will need to be included are:

- Wadloes Road
- Hawkins Road (Garage Site)
- Fulbourn Road (Garage Site)
- Ekin Road (Garage Site)
- Aylesborough Close
- Water Lane
- Campkin Road
- Homerton

It should be noted that there are various stages to setting the budgets for new build schemes. Initially a budget is approved based on an indicative scheme. This approval in effect, confirms that a scheme is viable and gives permission for the scheme to be developed to submit a planning application. As the design of a scheme is being developed, should the final design and planning considerations result in a change to the cost or funding proposals, the budget will be formally revised in the Mid-Year Financial Review or annual Budget Setting Report whichever is applicable. If there is a significant adverse change in the cost then Executive Councillor re-approval will be required in line with the Council's financial regulations.

Revised Budget 2014/15

The Housing Revenue Account (HRA) revenue budgets for the current year (2014/15) were reviewed as part of the HRA Mid-Year Financial Review in September 2014. It is not proposed to undertake a further review of the current year as part of the budget setting process, but instead to report the position at outturn.

The only exceptions to this are the proposals to recognise in year, due to the size or nature of the changes, a decision not to deliver the Prior To Re-Paint (PTR) planned repairs programme in 2014/15 and changes in interest payments due to the setting aside of monies for potential debt repayment as part of the Mid-Year financial Review. Due to a change in planned maintenance contractor, and the inability to award a single contract for external works as part of the procurement process, the authority is reviewing its approach to the delivery of this planned revenue programme. Whilst this review takes place, the current year's programme has been put on hold, but is anticipated to begin again from 2015/16. This results in a proposal to reduce the planned repairs budget by £1,100,000 in 2014/15. This is partially offset by a net increase in interest anticipated to be paid in 2014/15 of £15,370, as detailed in Appendix D (1).

2014/15 Revised Budget	Original Budget January 2014 £	HRA Mid-Year Review September 2014 £	HRA BSR Proposed Changes £	HRA BSR January 2015 £
Net HRA Use of / (Contribution to) Reserves	(70,490)	5,895,820		
Savings			(1,100,000)	
Unavoidable Revenue Bids			0	
Non-Cash Limit Adjustments			15,370	
Revised Net HRA Use of / (Contribution to) Reserves				**4,811,190**
Variation on previously reported projection				(1,084,630)

The above figures include carry forward approvals from 2013/14 in the second and third columns, with the net saving identified in the current year, as part of the January 2015 committee cycle, incorporated in the right-hand column. The net reduction in expenditure for 2014/15 will result in a lower call on the use of Housing Revenue Account reserves than anticipated.

Overall Budget Position and Priority Policy Fund (PPF) - 2015/16 onwards

Overall Budget Position

The overall revenue budget position for the Housing Revenue Account is summarised in the table below, with detail on an item by item basis for the period to 2018/19 provided in Appendix D (1):

Proposal Type	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Reduction required to meet Cash Limit	113,000	113,000	113,000	113,000	113,000
Transformation Savings	(66,000)	(166,000)	(232,000)	(269,000)	(269,000)
Transformation Costs	38,000	95,000	95,000	33,000	24,000
Savings	(392,210)	(288,170)	(288,170)	(288,170)	(288,170)
Unavoidable Revenue Bids	173,400	107,740	107,740	107,740	107,740
Net Savings Position above / (below) Savings Requirement	**(133,810)**	**(138,430)**	**(204,430)**	**(303,430)**	**(312,430)**
PPF Funding	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
PPF Bids	138,060	128,950	107,540	107,540	107,540
Net PPF Position – Above / (Below) Available Funding	**(11,940)**	**(21,050)**	**(42,460)**	**(42,460)**	**(42,460)**
Net Position above / (below) Overall Cash Limit for the HRA	**(145,750)**	**(159,480)**	**(246,890)**	**(345,890)**	**(354,890)**
Non-Cash Limit Adjustments	1,115,850	10,330	190,330	370,330	550,330
Net Position for the HRA above / (below) overall assumptions	**970,100**	**(149,150)**	**(56,560)**	**24,440**	**195,440**

Non-Cash Limit Budgets

Non-Cash Limit items are those that do not relate directly to the cost of service provision, including for example dwelling rent income, direct revenue funding of capital expenditure (DRF) and investment income. These items are treated outside of the 2015/16 cash limit, with the implications built into the financial forecasts for the HRA as part of the budget process, informing future budget strategy, savings targets and investment priorities. Full details of these for the period to 2018/19 are given in Appendix D (1).

Performance against Savings Target

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

As shown in the table above, savings have been identified, which are partially offset by the HRA reacting to unavoidable revenue pressures, but with the net position being an over-achievement against the savings target for 2015/16 of £133,810, increasing to £138,430 for 2016/17, £204,430 for 2017/18, £303,430 for 2018/19 and £312,430 from 2019/20 onwards.

The result of transformation activity corporately will have a financial impact on the HRA in many cases, but the detail is not always available at the outset of each project. It is difficult to fully predict the impact in monetary terms of savings to the HRA from in-direct service reviews, as the detail surrounding revised recharging mechanisms is not usually completed until the after the transformation activity is complete and resulting changes have been made.

For prudency, any anticipated savings to the HRA are only included once the activity is confirmed corporately as being far enough progressed that some certainty can be given to the incidence of impact between the General Fund and the HRA.

Significant savings have been incorporated into the HRA in this budget process, as part of the fundamental change in support service delivery models anticipated over the coming years.

Priority Policy Fund (PPF)

The Housing Revenue Account PPF makes money available for new and expanding service areas, recognising the priorities identified through the Annual Statement and the STAR Tenants and Leaseholder Survey.

The HRA Mid-Year Financial Review of September 2014 assumed a continued level of funding for HRA PPF Bids of £150,000 per annum for the period from 2015/16 to 2019/20.

The current list of PPF Bids is shown in Appendix D (1). In reviewing PPF Bids for approval, consideration is given to the relative value of PPF Bids compared to the additional Savings that their inclusion would require.

As shown in the table above, the demand for PPF funding in 2015/16 and beyond is lower than the funding available for this period, and as a result the HRA can support all PPF bids, subject to being satisfied that the investment will provide tangible benefits to tenants.

Any shortfall in PPF funding against the bids proposed, can be addressed by:

- Reducing the level of direct revenue funding of capital
- Reducing any ability to set-aside resource to repay housing debt
- Identifying additional areas of saving to allow increased targeted investment
- Reducing the level of PPF funding available in future years

Any surplus in PPF funding in any year can be utilised to either:

- Increase the level of direct revenue funding of capital
- Increase the ability to set-aside resource to repay housing debt
- Offset any under-achievement in net savings, or a negative impact of non-cash limit items, to mitigate an increased savings requirement in future years

Section 5

Housing Capital Budget

Stock Condition and Decent Homes

Stock condition data is continually updated in respect of the housing stock, improving the information held to inform future decision making.

Work has happened to identify much of the investment need in the communal areas of both sheltered and flatted accommodation, with findings being collated to form part of the review of the Housing Capital Investment Plan during 2015/16. Until this point, the uplift of £75.00 per property per annum, as recommended by Savills, has been retained in the Housing Capital Investment Plan for future years, although funds identified and not spent in earlier years are being recommended for re-direction into other areas of investment.

The housing service reported achievement of decency in the housing stock as at 31 March 2014 at 97.9%, with 151 properties that were considered to be non-decent (in addition to refusals). A further 510 properties were anticipated to become non-decent during 2014/15.

To meet the national standard and be decent, a home must meet the current statutory minimum standard for housing, must be in a reasonable state of repair, must have reasonably modern facilities and services must provide a reasonable degree of thermal comfort.

As part of the original HRA 30-Year Business Plan and Asset Management Plan, approved in February 2012, the authority reduced the assumed lives of a number of decent homes elements, moving from a basic decent homes standard to a full investment standard. This decision is reviewed as part of the financial planning processes, responding to the need to set a budget with a balance of investment between existing dwellings, housing services and the supply of additional affordable housing.

From April 2015 it is recommended to increase the assumed life of the replacement of PVCU windows to 40 years, as recommended in the decent homes standard, which is not expected to have a detrimental impact on the authority’s ability to maintain decency. Any impact of this change in the volume or cost of responsive repairs in respect of windows will be carefully monitored from April 2015.

All elements of the programme will be reviewed in the coming year as part of a fundamental review of the Housing Capital Investment Plan.

The Asset Management Plan, originally approved in February 2012, and subject to a review during 2015, addresses the approach being taken to meet the investment need in Housing Revenue Account assets over a 30-year period. An update of the medium-term investment position, for the period from 2014/15 to 2019/20 is included at Appendix I.

New Build Affordable Housing

New Build & Re-Development – 2011-15 Programme

Work continues to deliver the 2011-15 New Build Programme (146 programme), where at the time of writing this report the first 20 dwellings had been completed at Jane’s Court. The programme was originally constructed on the basis of delivering 146 new and re-developed homes in the city, utilising £2,587,500 of Homes and Communities Agency grant.

Delays in the delivery process and recent announcements by the HCA of the need to be on site earlier than anticipated for each scheme to be eligible to receive the grant awarded, will mean the authority will not receive the full grant sum. To mitigate the impact of both this, and some increased costs in respect of some of the later sites as they have gone through the development process, an urgent decision approved the use of retained right to buy receipts as an alternative funding source. The use of right to buy receipts is sufficient to be able to mitigate the impact of any loss of grant or increase in development costs in relation to the schemes at Wadloes Road, Ekin Road, Hawkins Road, Fulbourn Road, Aylesborough Close, Campkin Road and Water Lane. The current financial impact, both in terms of total revised scheme costs and funding mix is shown in the following table.

Scheme	HRA BSR Gross Affordable Housing Cost for Approval	Funding Stream			
		Land Subsidy	HCA and Other Grants	Retained Right to Buy Receipts	Net HRA Resources
Jane's Court	2,733,070	(1,500,000)	(354,460)	0	(878,610)
Latimer Close	2,445,600	(875,860)	(212,680)	0	(1,357,060)
Barnwell Road	2,111,190	(1,043,550)	(212,680)	0	(854,960)
Campkin Road	4,275,620	(1,557,520)	(230,400)	0	(2,487,700)
Colville Road	3,091,620	(1,598,030)	(336,740)	0	(1,156,850)
Stanesfield Road	1,107,430	(536,890)	(170,890)	0	(399,650)
Atkins Close	1,224,180	(635,750)	(141,780)	0	(446,650)
Wadloes Road	1,001,730	(231,550)	0	(300,520)	(469,660)
Hawkins Road	1,493,890	0	0	(448,170)	(1,045,720)
Fulbourn Road	1,399,470	0	0	(419,840)	(979,630)
Ekin Road	1,132,760	0	0	(339,830)	(792,930)
Water Lane	2,206,550	(561,590)	0	0	(1,644,960)
Aylesborough Close	4,360,880	(1,562,880)	0	0	(2,798,000)
Total 3 Year Programme	**28,583,990**	**(10,103,620)**	**(1,659,630)**	**(1,508,360)**	**(15,312,380)**

As the point at which each scheme received specific committee approval, the indicative cost of the scheme was incorporated into the Housing Capital Investment Plan. As each scheme design progresses and planning approval is achieved, revised and more accurate scheme costs are available. It is not until the build contract for each scheme becomes unconditional, that the final scheme budget can be confirmed. As part of the HRA Budget Setting Report, the latest scheme appraisal costs have been incorporated into the financial models, and therefore the Housing Capital Investment Plan.

The table below shows the status of each scheme in this programme:

Scheme	Status	HRA MFR Approved Social Housing Units	HRA MFR Net Funding Approved (Capital Cost net of Grant and Land Transfer)	HRA BSR Revised Social Housing Units for Approval	Percentage Social Housing on Site	HRA BFR Net HRA Funding for Approval (Capital Cost net of Grant, Land Transfer and RTB Receipts)
Jane’s Court	Complete	20	878,610	20	59%	878,610
Latimer Close	Unconditional	12	1,357,060	12	60%	1,357,060
Barnwell Road	Unconditional	12	854,960	12	59%	854,960
Campkin Road	Unconditional	20	2,363,640	20	63%	2,487,700
Colville Road	Unconditional	19	1,156,850	19	58%	1,156,850
Stanesfield Road	Unconditional	4	399,650	4	50%	399,650
Atkins Close	Unconditional	8	446,650	8	67%	446,650
Wadloes Road	Unconditional	6	568,760	6	67%	469,660
Hawkins Road	Not in Contract	9	1,193,990	9	100%	1,045,720
Fulbourn Road	Not in Contract	8	1,127,200	8	100%	979,630
Ekin Road	Not in Contract	6	828,520	6	100%	792,930
Water Lane	Not in Contract	14	1,644,960	14	58%	1,644,960
Aylesborough Close	Unconditional	20	2,659,070	20	57%	2,798,000
Total		**158**	**15,479,920**	**158**	**63%**	**15,312,380**

The Housing Capital Investment Plan, an updated version of which is attached at Appendix I, incorporates the funding for new build schemes as identified in the tables above. It recognises the need for gross spend on the affordable housing scheme, land values, grant and right to buy receipts to be shown separately, but arriving at the net cash cost to the Council as per the table above. For these purposes the use of retained right to buy receipt is treated as an external funding source, recognising that failure to utilise it as required statutorily, would result in the need to pay the receipt over to Central Government

As an addition to the 2011-15 New Build Programme, the assumption remains that the authority purchases a further 13 dwellings on the development sites at Colville Road, Wadloes Road and Atkins Close, which were previously ear-marked for market sale. The authority has already exchanged contracts in respect of 9 of the dwellings and will deliver the remaining 4 dwellings via a direct build contract. This decision allows the use of further retained right to buy receipt.

A single additional dwelling will also be completed during 2014/15 at Anstey Way, where Hill have provided an affordable home for the price of the HRA land upon which they have erected a single market property for sale, as a pilot project for the Clay Farm development.

New Build – Clay Farm

Work is progressing with Hill, for the development of the Clay Farm site, which will deliver 104 new affordable dwellings which the City Council will own and manage. Following consideration at Community Services Committee in January 2014 and subsequent approval by Council in February 2014, the scheme will deliver a tenure mix comprising 78 affordable rented dwellings and 26 shared ownership dwellings.

The scheme was considered by the Planning Committee in November 2014, where planning permission was granted. Work is anticipated to start on site in April 2015, with the first homes available for occupation by April 2016 and the site reaching completion in full by June 2017.

The funding mix for the scheme includes the use of retained right to buy receipts to fund 30% of the social rented housing on the site, which maximises the use of these receipts against this scheme. It is assumed that the balance of the costs will be met from existing HRA resource and borrowing, ensuring that the scheme incorporated into the Housing Capital Investment Plan is financially viable.

New Build – Homerton

Approval in principle was given by Housing Scrutiny committee in September 2014 for the authority to deliver and manage the anticipated 39 units of affordable housing on the Homerton Development site. As with Clay Farm, the site as a whole is being built out by Hill. A planning application has been submitted for the scheme by Hill, with formal planning consideration anticipated by February 2015. If approval is given, it is anticipated that work could start on site in May 2015, with completion by May 2017. Scheme specific approval is being sought for this site as part of the January 2015 committee cycle, and the financial implications of the proposals have been incorporated into the financial forecasts for the HRA and into this budget setting report.

New Build – Other

The Housing Capital Investment Plan also ear-marks significant resources for the period from 2015/16 for investment in other new build housing schemes. The authority is currently investigating a number of potential development opportunities, and is undertaking discussions with a number of external partners in this regard. The sites include the HRA owned sites that form part of the 3 year rolling programme, general fund owned sites, such as that at Mill Road and proposed / potential developments on land owned by other public bodies. Each of these potential investment opportunities and others as they arise, are investigated, with scheme specific proposals presented to Housing Scrutiny Committee once the initial feasibility work has been concluded.

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

Asset Disposals & Acquisitions

Consideration continues to be given to the strategic acquisition or disposal of assets, following approval of the HRA Acquisition and Disposal Policy in June 2013. The capital receipt generated by a strategic disposal can be retained in full by the authority, subject to offsetting it against the authority housing capital allowance and utilising it to invest in affordable housing. Receipts from individual 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.

The following HRA assets have recently been, or are being, considered for market acquisition or disposal:

Potential Acquisition / Disposal / Change of Use	Comment	Status
18A Magrath Avenue	Dwelling requires significant investment. Approval to dispose of leasehold dwelling and freehold jointly with the neighbour to achieve the benefit of a share in the higher marriage value for the asset as a whole.	In negotiation
Engineers House	Dwelling is a 3-bedroomed detached house in a non-estate location. Options for this property are currently being considered as the dwelling is vacant.	Under Investigation
Ex. Council Property	Dwelling is a 2 bedroom flat, which was previously sold under the right to buy, with the owner occupier offering the Council the opportunity to buy back if desired.	Under Investigation
Ex. Council Property	Dwelling is a 2 bedroom bungalow, which was previously sold under the right to buy, with the owner occupier offering the Council the opportunity to buy back if desired.	Under Investigation

All ex-Council dwellings that are subject to the right of first refusal legislation continue to be considered for re-purchase against the criteria agreed when the legislation was introduced, including whether a property meets an identified need for specific accommodation or could form part of a site assembly for a future re-development.

Officer decisions about the future of existing shared ownership assets are now made in line with the delegations agreed at Community Services Scrutiny Committee in January 2014, with options to:

- Buy back and sell a share to another applicant
- Buy back to use as general rented stock
- Buy back and sell the whole property on the open market
- Advise the seller to sell their share sold on the open market

The agreement with Communities and Local Government (CLG) to retain additional right to buy receipts for re-investment in the provision of new affordable housing allows the strategic acquisition of existing dwellings in the city, as an alternative to building new dwellings. Although this is a less attractive proposition than the creation of a new dwelling for the city, it is none the less a viable option to increase the supply of social housing in the city, where new build is not possible within a quarterly deadline for the use of retained receipts.

It is likely that a mix of new build and acquisition of existing dwellings will be required in 2015/16, with any acquisitions being funded from the capital sums ear-marked for new build funded partly by unallocated right to buy receipts. A separate future report will be presented to Housing Scrutiny Committee, considering the process for delegation and approval for the strategic acquisition of properties, recognising the need to act quickly in the market place.

Capital Bids

Detailed in Appendix D are the capital bids for the period from 2015/16 to 2019/20, with the impact of these incorporated into the Housing Capital Investment Plan presented at Appendix I. The bids include:

- One-off capital funding of £22,500 in 201516, for the purchase and implementation of the self-service (customer facing) module of the Orchard Housing Management Information System, should the benefits be clearly demonstrable once the business case for purchase is complete.

- One-off contribution of £30,000 in 2015/16, to the Sub-Regional Choice Based Lettings partnership for a contribution towards the purchase and implementation of a replacement Choice Based Lettings IT system, should replacement be deemed the appropriate route following a forthcoming review of the system.

Also incorporated into the Housing Capital Investment Plan at Appendix I is the financial and presentational impact of the following changes:

- Amending the asset life for PVCU windows in line with the proposal on page 41 of this document, from the previous 25, to a 40 year life cycle. This change delivers a saving in capital investment in the existing housing stock of approximately £10 million over the next 10 years, after which time the programme of replacement would begin again.

- Re-allocation of backlog resource of £976,000, originally ear-marked for works to communal areas, which had previously been re-phased into 2015/16 and 2016/17 where works were not delivered in the earlier years of self-financing whilst surveys were undertaken. It is proposed to instead ear-mark this funding in 2015/16 and 2016/17 for potential investment in some of the larger garage sites, where either major remedial works are required or it is considered that demand would be higher with significant investment in the blocks. A business case will be prepared before any resource is committed to a specific scheme, which will be considered by Housing Management Team and pre-approved by the Director of Customer & Community Services before the Executive Councillor for Housing is asked to approve that a project can proceed.

- Amendments to the approved level of investment for the schemes in the 2011-15 new build programme, as detailed earlier in this section of the report.

- Amendments to the approved funding mix for the schemes in the 2011-15 new build programme, in response to both changes in HCA grant expectations and in costs, as detailed earlier in this section of the report.

- Inclusion of funding for the Homerton development as outlined earlier in this section of the report, and in line with the scheme specific report being presented as part of the January 2015 committee cycle.

- Amendments to the level of resource ear-marked for investment in the acquisition or creation of new social housing, based upon the latest projections of investment required to be in a position to continue to retain and appropriately utilise right to buy receipts.

- Re-direction of existing resource previously identified as Cambridge Standard Investment, to create a new City Homes Estate Improvement Programme, with a view to increasing the future level of investment in this area, as part of the Fundamental Review of the HRA and Housing Service which will take place during 2015.

Section 6
HRA Treasury Management

Background

It is a statutory requirement for a Housing Revenue Account Council to set a balanced budget, recognising the revenue implications that arise from capital financing decisions. When approving any capital expenditure in the Housing Revenue Account, consideration is given not only to the ability to fund the direct capital expenditure, but also to the revenue implications of both the financing decision and the ongoing cost of managing and maintaining the asset.

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

Current HRA Borrowing

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

As at 1 April 2014, the Housing Revenue Account was supporting two forms of borrowing, internal and external.

External Borrowing

Based on the final self-financing determination, the HRA supports borrowing of £213,572,000 from the Public Works Loans Board (PWLB), in a portfolio of 20 maturity loans of equal value, at preferential rates ranging between 3.46% and 3.53% depending upon the term of the loan. The loans have varying maturity dates, with the first £10,678,600 due to be repaid on 28th March 2038, and the last on 28th March 2057.

Internal Borrowing

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

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

The Housing Revenue Account is required to pay the General Fund the annual interest associated with the above internal borrowing as part of the Item 8 Debit to the HRA. The interest rate payable by the HRA can be determined by the authority, but must be deemed reasonable and stand up to external scrutiny from auditors.

Future Borrowing

The Housing Revenue Account is still subject to an overall debt cap, notified to the authority as part of the HRA Self-Financing Settlement, at a level of £230,839,000. With existing HRA debt of £214,748,250, the authority currently retains borrowing headroom of £16,090,750, a large proportion of which is committed as part of the Housing Capital Investment Plan, contributing to the finance available for the delivery of the future new build programme, including Clay Farm and the housing required using the earliest one-for-one right to buy receipts.

The latest financial projections, incorporated into this Budget Setting Report, indicate that the HRA will be required to borrow during 2016/17 and 2017/18.

As part of the lead-in to borrowing, consideration will be given to the source of borrowing, and both the type and length of loan that will be taken out, in the context of the financial environment at the time.

Borrowing Source

The result of work undertaken previously indicates that the following borrowing sources are the most likely routes to be pursued:

- Internal Borrowing – Subject to available resource in the General Fund, and the ability for the General Fund to commit to lending for the length of time required by the HRA and at competitive interest rates. May be more appropriate to meet shorter-term borrowing requirements. Has the advantage of retaining any interest paid within the Council overall, and provides benefits to the General Fund, if the negotiated interest rate payable exceeds the sum that would otherwise be earned on cash balances.
- Inter-Authority Borrowing - Subject to engagement by other public bodies with available resource, and the ability for the organisation to commit to lending for the length of time required by the HRA and at competitive interest rates
- PWLB Borrowing – Guaranteed availability of resource, with a range of borrowing types and loan lengths. Potential to benefit from the current Certainty Rate, which provides a 20 basis point reduction in the standard rate until October 2015

Borrowing Type

Borrowing can be taken out on either fixed or variable interest rates, with the latter clearly carrying significantly more risk in respect of long-term borrowing. The types of borrowing available through the PWLB include:

- Maturity Loans – Interest only paid throughout the life of the loan, with the capital sum due at the end of the borrowing term. Minimises payment required during the life of the loan, but requires set-aside to allow for repayment of the principal sum, or a clear acceptance that the loan will be re-financed accepting the resulting risks in prevailing interest rates at the time. Retains the greatest flexibility.
- Equal Instalments of Principal (EIP) Loans – Payments include equal instalments of principal and reducing interest sums as throughout the life, with interest reducing in line with principal repaid. Results in higher payments during the earlier years of borrowing
- Annuity Loans – Both principal and interest repaid throughout the life of the loan, with periodic sums payable remaining static. As the loan balance reduces, the value of the principal being paid increases and the interest reduces

Length of Borrowing

When determining the length that borrowing should be taken out over, consideration needs to be given to the interest rates available at the time, in comparison with predicted future rates and borrowing requirements. These considerations need to be coupled with the specific purpose of the borrowing, with the break-even and pay-back periods for the investment forming a key part of the borrowing decision. Far lower interest rates are available for short-term borrowing than long-term, but the authority needs not only to be able to support the borrowing during the life of the loan, but also be in a position to redeem the loan when it matures or support its refinancing.

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

Debt Repayment / Re-Investment

Set-Aside for Repayment of HRA Debt

The debt repayment strategy approved as part of the 2014/15 HRA Budget Setting Report revised the initial decision to set-aside resource to repay all of the housing debt, and instead approved that the HRA set-aside sufficient resource to redeem 25% of the HRA debt from the point at which the loan portfolio begins to mature, in 2037/38.

The table below shows the current PWLB loan portfolio:

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

The current debt repayment strategy allows the investment of significant resource that would otherwise be set-aside for the future repayment of housing debt, to instead be re-invested in meeting housing priorities, with the delivery of new affordable housing being one of the key areas of spending.

The strategy makes the assumption that HRA surpluses will be invested in income generating assets, to ensure that the business plan is able to support re-financing of the remaining 75% of the existing housing debt when loans reach maturity.

In measuring the ability to utilise HRA revenue surpluses for re-investment in the future housing business, the following assumptions have been made as part of the 2015/16 budget setting process:

- Land is available at nil cost , ie; provided by developers as part of their affordable housing contribution
- New build to code level 4 or above at a cost of £153,750 per property
- Acquisition Cost - £300,000 per unit, where applicable
- No HCA Grant
- Retained right to buy receipts as a funding source on an ongoing basis
- 100% affordable rented units, with rental income no greater than the LHA rates
- Voids and bad debts as per existing HRA stock
- Management, maintenance and major repairs broadly in line with existing stock assumptions

Based upon the above assumptions, it is estimated that there is capacity to deliver around 1,470 new affordable homes during the life of the HRA Business Plan, in addition to those that already have scheme specific approval in the early years of the plan.

To retain flexibility in the debt repayment strategy, any surplus generated since April 2012, and any further resource identified for future debt repayment, will not be formally set-aside, but will instead be held in an ear-marked reserve to allow for either repayment of debt or future re-investment.

Premature Repayment of PWLB Debt

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

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

In light of the current debt repayment strategy and the low rates that were secured on 28th March 2012 to fund the self-financing settlement, it is likely that early surpluses generated will used to re-invest in increasing the supply of income generating assets, and therefore early redemption of debt is unlikely at this stage.

Treasury Management Summary

In summary, in respect of the HRA's approach to treasury management and additional borrowing against the headroom, it is recommended that:

- Resource is still set-aside over the life of the existing loan portfolio to redeem 25% of the original PWLB debt, should the authority so choose.
- All other HRA in-year surpluses continue to be re-directed into investment to increase the supply of affordable housing, subject to the availability of sites and the financial viability of schemes proposed
- Fixed rate loans are considered as opposed to the variable alternative
- Consideration is given, particularly for short-term scenarios, to borrowing from the General Fund or other public sector organisations, alongside the PWLB, with the financial impact of each option identified

- If borrowing from the PWLB, the previous approach of taking out maturity loans to provide flexibility and reduce risk is continued
- The term of the loan should be considered based upon the break-even and payback of the scheme and the impact on the HRA's cashflow, with the aim that schemes should payback within a target of 30 years, with 35 years as the maximum

Section 7
Summary and Overview

Equality Impact Assessment, Uncertainties and Risk

Equality Impact Assessment

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

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

As a key element of considering the changes proposed in this Budget Setting Report, Equality Impact Assessments have been undertaken in respect of all of the 2015/16 HRA Budget proposals, where any impact is anticipated. The assessments identify the impact that financial proposals could have on equality groups, together with mitigation arrangements. They also include an action plan identifying how disadvantage or negative impact can be addressed, together with timescales and details of lead officers. All of the Equalities Impact assessments are available on the Council's website.

A composite Equalities Impact Assessment for the HRA budget as a whole, is presented at Appendix J.

Risk Assessment

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

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

HRA Reserves

Housing Revenue Account General Reserves

General reserves are held partly to help manage risks inherent in financial forecasting and budget-setting. These risks include changes in legislative and statutory requirements, inflation and interest rates, unanticipated service needs, rent and other income shortfalls and emergencies, such as uninsured damage to the housing stock. In addition, reserves may be used to support 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 or to invest up front in a project that is anticipated to pay back over a period of time or deliver future savings.

The HRA Budget Setting Report incorporates the requirements of the Local Government Act 2003, where the Chief Financial Officer is required to report on the adequacy of reserves and provisions and the robustness of budget estimates.

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

It is not proposed to make any changes to either the target or minimum levels for reserves, as it is considered prudent to retain the current levels in order to safeguard the Council against the higher levels of risk and uncertainty in the current operating environment.

Financial Assumptions and Sensitivity

The current financial assumptions, reviewed and used as part of this BSR are detailed in Appendix A. The assumptions are derived from information available at the time of preparing this report, utilising both historic trend data and the expert advice and opinion of specialists in the field of housing finance, treasury management and asset management, where required.

In making financial assumptions, it is recognised that there will always be a number of alternative values that could have been used. To mitigate the risks associated with this, modelling of key sensitivities is undertaken to provide context to the financial impact that a change in an assumption will make.

Appendix G provides details of the key sensitivities modelled in the preparation of the HRA Budget Setting Report 2015/16.

Options and Conclusions

Overview

The budget for 2015/16 has been considered in the wider context of the locally identified housing priorities, which seek to achieve a balance of investment in housing assets and services between:

- Investment in the existing housing stock
- Investment in new affordable housing

- Investment in new initiatives and income generating activities
- Spend on landlord services (i.e. housing management, responsive and void repairs)
- Spend on discretionary services (i.e. support)
- Support for, and potential repayment of a proportion, of housing debt

Summary and Conclusions

The work undertaken as part of the 2015/16 budget process to date has resulted in the development of proposals for the base budget of the Housing Revenue Account.

During January 2015 Housing Scrutiny Committee will consider the budget proposals, prior to the Executive Councillor for Housing making decisions and further recommendation for the final HRA Budget for 2014/15 to 2019/20 to Council for consideration and approval.

The HRA Budget Setting Report recommends, in summary:

Approval of rent and service charges
Approval of the revised budget proposals
Approval of the unavoidable revenue bid proposals
Approval of the general savings proposals
Approval of the business transformation savings
Approval of the non-cash limit items
Approval of the PPF bids
Approval of the capital bids, revised scheme costs and funding mix
Approval of capital resource re-allocation
The meeting of Council on 26th February 2015 will consider the final proposed Housing Capital Budget as identified in this report for approval.

The review of key factors undertaken and presented in this report shaped the approach for finalising the budget for 2015/16. As part of the 2015/16 budget process, significant savings have been identified, particularly in the revenue aspects of the repairs service and resulting savings from a review of repairs and renewals fund contribution rates. Savings were partially offset by pressure from unavoidable revenue bids, which were identified across a number of areas of the housing service, but particularly in increased costs for central and support service recharges from the General Fund, as the HRA's call on these resources increases in line with increased housing activity.

A reduction of £1,084,630 in revenue costs for 2014/15 has been identified as part of this report, which will be returned to reserves, and utilised to increase direct revenue financing of capital expenditure in 2015/16, thus deferring the need to borrow for a further year, until 2016/17.

The overall position for the HRA for 2015/16 (including PPF's and non-cash limit adjustments) is under-achieved in 2015/16 by £970,100, but over-achieved by £149,150 in 2016/17 and £56,560 in 2017/18. Of the underachievement in 2015/16 £779,970 is an intentional use of additional revenue resource to finance capital expenditure to negate the need to borrow to meet capital investment commitments.

In 2018/19 the impact of assumed additional pension fund contributions results in an overall under-achievement of £24,440, rising to £195,440 from 2019/20. Response to the financial impact of this non-cash limit adjustment in the later years will form part of the 2016/17 budget strategy

As part of the budget process consideration is given to whether the perceived benefits of strategic investment in new areas, outweigh any anticipated negative impact of the savings proposed as part of the HRA budget process.

The HRA's approach to long-term financial planning incorporates the assumption that surplus resource will be used to re-invest in income generating assets whilst maintaining prudent financial assumptions in ongoing investment need in the current housing stock.

Business Planning Assumptions Appendix A

Key Area	Assumption	Comment	Status
General Inflation (CPI)	2%	General inflation on expenditure included at 2% (Based upon CPI to June 2014), from 2015/16.	Retained
Capital Inflation	5% for 5 years, then 3% ongoing	Real increase above CPI of 3% for 5 years, then reverting to 1% above CPI from 2020/21.	Retained
Debt Repayment	Set-aside 25% to Repay Debt	Assumes surplus is re-invested in income generating assets, with 25% of resource set-aside to repay debt as loans reach maturity dates.	Retained
Capital Investment	Partial Investment Standard (in 10 Years)	Base model assumes partial investment standard in the housing stock, compared with a basic decent homes standard. This will be reviewed again during 2015/16.	Retained
Pay Inflation	**1.9% Pay Progression plus: 2014/15 – 1.0% 2015/16 – 1.0% 2016/17 – 1.5% 2017/18 – 2.0% 2.5% ongoing**	**Assume allowance for increments at 1.9%. Pay inflation for 2014/15 and 2015/16 at 1% and a stepped increase thereafter, reflecting economic recovery. Separate allowance made for current LGA proposals of 2.2% from January 2015 to cover both 2014/15 and 2015/16 in one.**	**Amended**
Employee Turnover	3%	Employee budgets assume a turnover saving of 3.0% of gross pay budget for office-based staff.	Retained
Rent Increase Inflation	**2.2% for 2015/16 3% for 9 years, then 2.5%**	**Rent increases in line with government guidelines of CPI at the preceding September plus 1% from 2015/16 to 2024/25, then CPI plus 0.5%. CPI in September 2014 was 1.2%. CPI ongoing as above.**	**Amended**
Rent Convergence	Energy Efficient Voids Only	Ability to move to target rent achieved only through movement of energy efficient void properties directly to target rent.	Retained
External Lending Interest Rate	**0.64%, 1.04% for 5 years, then 1% ongoing**	**Interest rates based on latest market projections, an average of 0.64% for 2014/15, 1.04% from 2015/16 for 5 years, and then 1% from 2020/21.**	**Amended**

Key Area	Assumption	Comment	Status
Internal Lending Interest Rate	**0.64%, 1.04%, for 5 years, then 1% 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.**	**Amended**
External Borrowing Interest Rate	**4%**	**Assumes additional PWLB borrowing at a rate of 4%. Current rates for 25 to 50 years are between 3.87% and 3.9%. Reduce prudently to 4%.**	**Amended**
Internal Borrowing Interest Rate	**4%**	**Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route.**	**Amended**
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, recognising risks in a Self-Financing environment.	Retained
HRA Target Balances	£3,000,000	Maintain HRA target balance at £3,000,000.	Retained
Right to Buy Sales	60, 50, 40, 30, then 20 sales ongoing	Scheme reinvigoration has prompted sustained increased activity. Assume 60 for 2014/15, reducing by 10 sales per annum, until 20 are assumed on an ongoing basis.	Retained
Right to Buy Receipts	Settlement right to buy and assumed one-for-one receipts included	Debt settlement receipts included, assuming the receipts utilised partly for general fund housing purposes. Anticipated one-for one receipts included, but prudently only those received to date are committed to specific new build schemes. Debt repayment proportion has currently been set-aside.	Retained
Void Rates	1%	Assumes 1% per annum from 2015/16 onwards.	Retained
Bad Debts	0.56% for 2014/15 and 2015/16, then 1.12%	Bad debt provision in the HRA increased by 100% to reflect the requirement to collect 100% of rent directly, with the implementation of Universal Credit now assumed from 2016	Retained
Rent Collection Transactional Costs	**Increase in transactional costs of £100,000 per annum from 2016/17**	**An increase of £100,000 per annum was included anticipating an 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**	**Amended**

Key Area	Assumption	Comment	Status
		benefit. Universal Credit delayed now until 2016, with cost collection assumption again deferred by one year.	
Debt Management Expenses	£21,180 per annum	Internal treasury management is recharged within existing SLA's. This allows a provision for specialist financial advice in this field, still included from 2015/16 in case the need arises.	Retained
Savings Target	2%	Target included assuming efficiencies will be driven out to allow strategic re-investment. Target is a percentage of net general management and repairs administration expenditure.	Retained
Responsive Repairs Expenditure	Adjusted pro rata to stock changes	An assumption is made that direct responsive repair expenditure is adjusted annually in line with any change in stock numbers.	Retained
Policy Space	£150,000	Policy space retained in base model at the level of £150,000 for 5 years recognising desire to expand services and respond to external pressures. To be reviewed again as part of 2015/16 HRA MFR.	Retained
Transformation	On case by case basis	Transformation programme outcomes assumed to deliver to the HRA as indicated in each business case.	Retained

Service Charges Appendix B

Charge Description	**Charges 2014/15**	**Charge Basis**	**Charges 2015/16**
General Stock and Housing for Older People			
Caretaking Charge	£0.80 to £6.48	Per Week Over 48 Weeks	A
Communal Cleaning	£1.11 to £4.70	Per Week Over 48 Weeks	A
Estate Services Champion	£0.79	Per Week Over 48 Weeks	A
Window Cleaning	£0.01 to £1.53	Per Week Over 48 Weeks	A
Door Entry	£0.13 to £1.61	Per Week Over 48 Weeks	B
Passenger Lifts	£0.46 to £2.45	Per Week Over 48 Weeks	B
Gas Maintenance / Servicing	£2.10	Per Week Over 48 Weeks	A / B
Digital TV Aerial Charge	£0.44	Per Week Over 48 Weeks	A
Grounds Maintenance	£2.52	Per Week Over 48 Weeks	A
Parking Space	£7.28	Per Week Over 48 Weeks	£7.43
Community Alarm Charge	£4.41	Per Week Over 48 Weeks	C
General Sheltered Schemes			
Premises Charge	£1.02 to £21.54	Per Week Over 48 Weeks	A
Communal Heating / Lighting	£2.57 to £8.78	Per Week Over 48 Weeks	A
Individual Heating / Lighting	£5.82 to £12.66	Per Week Over 48 Weeks	A
Water	£2.26 to £3.51	Per Week Over 48 Weeks	A
Grounds Maintenance	£0.88 to £2.29	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£2.71 to £4.95	Per Week Over 48 Weeks	B
Sheltered Support Charge	£9.00 to £10.46	Per Week Over 48 Weeks	C
Ditchburn Place			
Premises Charge	£2.88 to £46.80	Per Week Over 48 Weeks	A
Flat Cleaning / Laundry Charge	£25.44	Per Week Over 48 Weeks	A
Communal Heating / Lighting	£0.65 to £5.98	Per Week Over 48 Weeks	A

Individual Heating / Lighting	£7.17 to £11.56	Per Week Over 48 Weeks	A
Water	£4.39 to £5.49	Per Week Over 48 Weeks	A
Catering	£94.90	Per Week Over 48 Weeks	A
Grounds Maintenance	£1.74	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£2.55	Per Week Over 48 Weeks	B
Sheltered Support Charge	£10.46	Per Week Over 48 Weeks	C
Extra Care Support Charge	£26.47	Per Week Over 48 Weeks	C
Launderette – Wash / Dry	£6.50	Per Load As Requested	A
Temporary Accommodation			
Premises Charge	£45.76 to £53.77	Per Week Over 48 Weeks	A
Individual Heating / Lighting	£15.98 to £27.16	Per Week Over 48 Weeks	A
Water	£7.02	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£3.66 to £7.41	Per Week Over 48 Weeks	B
Independent Living Services			
Private Lifelines - In City	£4.65	Per Week Over 52 Weeks	£4.65
Private Lifelines - Out City	£7.53	Per Week Over 52 Weeks	£7.53
Keysafe / Keyholding Charge	£1.88	Per Quarter	£1.88
Warden Agencies	£4.04	Per Week Over 52 Weeks	£4.04
Monitoring Charge	£0.32	Per Week Over 52 Weeks	£0.32
Leasehold Charges for Services			
Solicitors' pre-sale enquiries	£75.00	As Requested	£75.00
Copy of lease	From £20.00	As Requested	From £20.00
Re-mortgage Enquiry/Copy of Insurance schedule	£25.00	As Requested	£25.00
Notice of Assignment/Notice of Charge	£75.00	As Requested	£75.00
Deed of Variations	£150.00	As Requested	£150.00
Retrospective consent for improvements	£25.00	As Requested	£25.00

Registering sub-let details	£50.00	As Requested	£50.00
Initial Administration Fee/Survey for Application to purchase Loft Space	£150.00	As Requested	£150.00

Key	
A	These charges are currently (or will be - in the case of any new charges), based on recovering the actual cost of service provision and the proposal is to continue to recover the full estimated cost of providing these services in 2015/16.
B	These charges were separated out from pooled rent in 2004/05, and therefore can be increased to recover full cost up to a maximum of inflation at 2.2% (CPI at September 2014 plus 1%) for future years.
C	Charges levied for support activities will be reviewed in line with services being provided following expansion of the support service for older people, where the County Council now commission services across the city as a whole.
	Charges for the optional household contents insurance scheme will continue to be determined by the insurer but notified to tenants by the Council.

HRA Earmarked & Specific Funds Appendix C

(£'000)

Repairs & Renewals *	Opening Balance	Contributions	Expenditure to Oct	Current Balance
General Management	(1,265.2)	(131.7)	6.2	(1,390.7)
Special Services	(1,073.6)	(141.1)	45.0	(1,169.7)
Repairs and Maintenance	(53.3)	(56.9)	0.0	(110.2)
Totals	(2,392.1)	(329.7)	51.2	(2,670.6)

Major Repairs Reserve	Opening Balance	Contributions	Expenditure to Oct	Current Balance
MRR	(4,920.0)	0.0	0.0	(4,920.0)

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

Tenants Survey	Opening Balance	Contributions	Expenditure to Oct	Current Balance
Tenants Survey	(41.5)	(6.2)	17.7	(30.0)

Aerial – Roof Space Rental	Opening Balance	Contributions	Expenditure to Oct	Current Balance
Aerial Income	(107.0)	(17.8)	0.0	(124.8)

Pension Reserve **	Opening Balance	Contributions	Expenditure to Oct	Current Balance
Pension Reserve	(390.0)	0.0	0.0	(390.0)

Debt Set-Aside (Revenue)	Opening Balance	Contributions / Adjustments	Expenditure to Oct	Current Balance
Debt Set-Aside	(1,090.4)	0.0	0.0	(1,090.4)

* The balance in respect of the HRA Repairs and Renewals Funds will be reduced in year, following approval of the HRA Budget Setting Report, by a total of £823,400, following a fundamental review of both the fund required to date, and contributions required on an annual ongoing basis. The review resulted in the proposal to reduce the balance of the General Management funds by £549,010 and the Special Services funds by £356,450, whilst including additional resource of £82,060 in the Repairs and Maintenance fund, recognising the location of both office based staff and equipment across the service. The net funds released, totalling £823,400 will be transferred into general HRA reserves for re-investment elsewhere.

** The balance in the HRA Pension Reserve is no longer needed following the outcome of the latest triennial review. The net funds released, totalling £389,960 will be transferred into general HRA reserves for re-investment elsewhere and the fund will be terminated.

2015/16 Budget - HRA All Revenue Items

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating

Reduction required to Cash Limit

Housing Revenue Account

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
RCL3504	**HRA Savings Target (excludes any reduction in response repair budgets, as a net increase in HRA stock is anticipated in 2015/16)**	0	113,000	113,000	113,000	113,000	Julia Hovells	n/a

In addition to a savings assumption at 2% of general management and repairs adminstration expenditure in the HRA, an adjustment is also made in response repairs for any anticipated change in stock levels. For 2015/16 a net increase in housing stock is anticipated, so instead of an increase in the savings target as has applied in previous years, additional funding has been included in the base budget for response repairs to meet this anticipated additional cost.

	2014/15	2015/16	2016/17	2017/18	2018/19
Total Reduction required to Cash Limit in Housing Revenue Account	**0**	**113,000**	**113,000**	**113,000**	**113,000**
Total Reduction required to Cash Limit	**0**	**113,000**	**113,000**	**113,000**	**113,000**

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating

Programme

Housing Revenue Account

PROG3661	**Reduction in support and central costs through a Council wide Support Services Review**	0	(34,000)	(122,000)	(175,000)	(200,000)	Paul Boucher	Nil

As the Council moves to other ways of delivering services and our own support service demands reduce, there is a need to balance the books by reducing our support and central costs relating to property, people, technology and other supplies and services. We are undertaking a phased approach to this project as we are at the early stages of developing and implementing alternative service delivery models and the future is uncertain. [Linked to PROG3662 & PROG3686]

Phase 1 of this project will focus on removing costs from ICT and transactional finance activity; Phase 2 will focus on removing costs from business support activity and other support functions and Phase 3 will review all remaining areas particularly those required to initially support the Transformation Programme.

PROG3662	**Costs of delivering change in respect of support and central services**	0	38,000	95,000	95,000	33,000	Caroline Ryba	Nil

There will be costs associated with the transformation proposed as part of the review of support and central services, with the need to meet any exit costs associated with the implementation of new service delivery models. [Linked to PROG3661]

PROG3709	**ICT Shared Service**	0	(25,000)	(37,000)	(50,000)	(62,000)	Ray Ward	Nil

The shared ICT service with South Cambridgeshire District Council and Huntingdonshire District Council will produce savings by reviewing management arrangements; delivering a package of IT standardisation and reducing external expenditure. This proposal represents the HRA element of the total saving. [Linked to PROG3687 - General Fund element of saving.]

PROG3710	**Legal Shared Service**	0	(7,000)	(7,000)	(7,000)	(7,000)	Ray Ward	Nil

The shared Legal service with South Cambridgeshire District Council and Huntingdonshire District Council will produce savings through a number of measures including reviewing the current legal personnel structure, ensuring that we assign activity more efficiently; reviewing our use of external legal advice in light of the expertise and capacity that exists across the shared service and reviewing the current legal support administrative arrangements, bringing together the systems and processes of all three councils into one consistent approach . This proposal represents the HRA element of the total saving. [Linked to PROG3688 - General Fund element of saving.]

Total Programme in Housing Revenue Account	**0**	**(28,000)**	**(71,000)**	**(137,000)**	**(236,000)**
Total Programme	**0**	**(28,000)**	**(71,000)**	**(137,000)**	**(236,000)**

2015/16 Budget - HRA All Revenue Items

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating

Savings

Housing Revenue Account

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
S3507	**Saving from cash limiting supplies and services budgets**	0	(10,140)	(10,140)	(10,140)	(10,140)	Julia Hovells	Nil

A decision to cash limit the budgets for all supplies and services, except those where specific or contractual arrangements are in place, results in the delivery of a saving across the HRA as a whole.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
S3508	**Reduction in budget for operational cost across City Homes.**	0	(19,440)	(19,440)	(19,440)	(19,440)	Robert Hollingsworth	Nil

Based upon prior year spending, it is proposed to reduce City Homes operational budgets, to include removal of photocopying budgets and reductions in recruitment costs, printing, postage, telephones and books and publication budgets.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
S3509	**Reduction in budgets for servicing and maintenance contracts across the housing stock**	0	(82,500)	(82,500)	(82,500)	(82,500)	John Horwood	Nil

The result of a zero-based budget exercise culminates in proposals to reduce budgets for door entry maintenance (£13,000), gas maintenance (£34,500), lift maintenance (£15,500), fire extinguisher maintenance (£3,000), adaptation maintenance (£1,500), asbestos management and lamp column maintenance (£15,000), in line with contract sums and prior year spending profiles.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
S3514	**Reduction in budget for operational cost across the Independent Living Service**	0	(4,360)	(4,360)	(4,360)	(4,360)	Frances Swann	Nil

Based upon prior year spending, it is proposed to reduce Independent Living Service operational budgets, to include reductions in printing, photocopying, postage, telephone, building maintenance, equipment purchase and equipment maintenance budgets.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
S3516	**Cessation of contract for administration of HRA mortgages**	0	(3,570)	(3,570)	(3,570)	(3,570)	Julia Hovells	Nil

The last of the housing mortgages, historically given to allow residents to purchase their property under the Right to Buy legislation has now been redeemed, negating the need for a continued contract with an external supplier to administer the mortgage portfolio.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
S3517	**Reduction in annual contribution to HRA Repairs and Renewals Funds**	0	(40,710)	(40,710)	(40,710)	(40,710)	Julia Hovells	Nil

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating

Savings

A comprehensive review of the repairs and renewals funds held across the HRA as part of the fundamental review of the service, has resulted in the ability to significantly reduce the annual contribution to the fund. This is possible as asset lives have been reviewed based upon past experience of replacement and replacement prices have been reduced in line with corporate buying guides for furniture.

S3518	**HRA salary savings**	0	(7,970)	(7,970)	(7,970)	(7,970)	Julia Hovells	Nil

Salary savings derived from recruitment to vacant posts at lower points than vacated, partially offset by an increase in the proportion of the Head of Strategic Housing charged to the HRA, recognising the impact of the HRA new build programme.

S3522	**Reduction in Void Repair budget**	0	(75,000)	(75,000)	(75,000)	(75,000)	Julia Hovells	Nil

Changes in the way in which the Repairs Service is delivered, following the Repairs and Maintenance Improvement Plan, is anticipated to deliver a reduction in the cost of void repairs.

S3642	**Removal of contingency for Enhanced Housing Management Services**	0	(32,040)	(32,040)	(32,040)	(32,040)	Frances Swann	Nil

Funding was ear-marked in a previous budget process to allow the retention of an enhanced housing management service across sheltered housing if the City Council were lose the support contracts commissioned by the County Council. This contract has now been re-awarded for a period of up to 5 years, and the contingency is therefore not required.

S3644	**Reduction in sheltered scheme utilities**	0	(12,440)	(12,440)	(12,440)	(12,440)	Frances Swann	+L

A review of the budgets for gas, electricity and water based upon prior year expenditure, results in a net reduction in budget requirement across the sheltered housing stock.

S3660	**Removal of budget held in 2015/16 for direct collection of 100% of rent income**	0	(104,040)	0	0	0	Julia Hovells	Nil

Additonal funding was incorporated into the HRA recognising the need to collect 100% of rent directly after the implementation of Universal Credit. With implementation delayed until 2016, this funding is not expected to be required in 2015/16.

S3731	**Reduction in budget for the planned revenue prior-to re-paint (PTR) programme in 2014/15**	(1,100,000)	0	0	0	0	Will Barfield	Nil

Due to a change in planned maintenance contractor, the 2014/15 PTR programme will not be delivered in year as originally budgeted.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating

Savings

Total Savings in Housing Revenue Account	(1,100,000)	(392,210)	(288,170)	(288,170)	(288,170)
Total Savings	(1,100,000)	(392,210)	(288,170)	(288,170)	(288,170)

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating

Unavoidable Revenue Pressure

Housing Revenue Account

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
URP3506	**Inability to recharge full costs of building cleaning services**	0	65,660	0	0	0	Julia Hovells	Nil

A review of the cost of building cleaning services across the communal areas of the housing stock resulted in an increase in costs to the HRA from 2014/15 onwards. A decision was taken in the 2014/15 budget process not to pass the higher costs on to residents as the service was undergoing a review, with the anticipated outcome being a significant reduction in costs following a tender process which was expected to conclude before April 2015. This project has been delayed, which results in the need to either extend meeting the additional cost from HRA resources, or to pass on higher costs to residents temporarily.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
URP3512	**Increased revenue staffing cost for the work undertaken by the Energy Officer to conduct EPC's**	0	33,860	33,860	33,860	33,860	Will Barfield	Nil

The requirement to produce Energy Performance Certificates for all dwellings at change of tenure has resulted in an increased revenue staffing cost, with the inspections predominantly being carried out by the Energy Officer. The Energy Officer was previously funded predominantly by capital grant income from the energy companies, which is no longer received.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
URP3546	**Adjustment to staff recharges between the General Fund and the HRA**	0	64,860	64,860	64,860	64,860	Julia Hovells	Nil

Recharges for the Director of Customer & Community Services, Executive Team and Business Team have been reviewed in light of the changes in responsibility for service areas, with Estates and Facilities now managed in this department, whilst Customer Services have transferred to the Director of Business Transformation.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
URP3643	**Reduction in income to the HRA**	0	9,020	9,020	9,020	9,020	Julia Hovells	Nil

The level of service charge income for 2015/16 is anticipated to be marginally lower than previously predicted (£20,220), although this is expected to be partially offset by an over-achievement in garage income if lettings stay at the same level as in 2014/15 (6,780) and commercial property rental income (£4,420) if all rent reviews conclude as expected.

	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £
Total Unavoidable Revenue Pressure in Housing Revenue Account	**0**	**173,400**	**107,740**	**107,740**	**107,740**
Total Unavoidable Revenue Pressure	**0**	**173,400**	**107,740**	**107,740**	**107,740**

2015/16 Budget - HRA All Revenue Items

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
PPF Funding								
Housing Revenue Account								
FPPF3505	**HRA Priority Policy Funding**	0	(150,000)	(150,000)	(150,000)	(150,000)	Julia Hovells	n/a
Total PPF Funding in Housing Revenue Account		**0**	**(150,000)**	**(150,000)**	**(150,000)**	**(150,000)**		
Total PPF Funding		**0**	**(150,000)**	**(150,000)**	**(150,000)**	**(150,000)**		

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating

PPF Bids

Housing Revenue Account

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
PPF3511	**Increased staffing capacity in Housing Development**	0	9,110	0	0	0	Alan Carter	Nil

An increased ability to investment in new build housing in the HRA necessitates an increase in staffing input. This proposal is to recruit to a shared post with South Cambridgeshire District Council. The HRA is expecting to contribute revenue resource for a proportion of this post directly, recognising the desire for the new post holder to explore and potentially set up a Joint Venture Company to aid and speed up the delivery of new Affordable Housing.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
PPF3513	**Increased staffing capacity to meet the Housing Plus Agenda**	0	35,740	35,740	35,740	35,740	Robert Hollingsworth	Nil

As part of the Housing Plus Agenda, it is proposed to recruit an additional member of staff to work with tenants to provide financial advice, support and advocacy to prevent households getting into financial crisis.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
PPF3515	**Increased staffing capacity within the Leasehold Services Team**	0	21,410	21,410	0	0	Andrew Latchem	Nil

As part of the agreed review of the leasehold service, a restructure of the team is proposed from 2015/16, which would see the establishment increased by approximately 0.6 full time equivalent staffing, to assist with the increased workload for the team. This cost will be recovered through service charges to leaseholders, but with a delay before it will appear as part of the actuals exercise undertaken annually.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
PPF3520	**Support and maintenance for a Self-Service Portal for the Housing Service**	0	3,400	3,400	3,400	3,400	Julia Hovells	Nil

This bid would allow the authority to purchase ongoing support and maintenance for self-service access to housing tenants of the Council to the housing management information system, which would allow residents to check the status of their rent accounts, make payments and request and monitor progress about repairs. This PPF bid is linked to a capital bid for the purchase and implementation of the software.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
PPF3521	**Increase in the budget for the Under-Occupation Scheme**	0	40,000	40,000	40,000	40,000	Andrew Latchem	Nil

Due to a good level of take up, it is proposed to increase the level of funding for the Under-Occupation Scheme by £40,000 per annum on an ongoing basis.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
PPF3523	**Employment of an additional Repairs Work Planner**	0	28,400	28,400	28,400	28,400	Julia Hovells	Nil

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating

PPF Bids

Employment of a second work planner in the repairs and voids service is required as a result of reductions in the use of external contractors, and an increase in the use of the internal team, allowing more effective management of the service.

	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £
Total PPF Bids in Housing Revenue Account	0	138,060	128,950	107,540	107,540
Total PPF Bids	0	138,060	128,950	107,540	107,540

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating

Non-Cash Limit Items

Housing Revenue Account

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
NCL3555	**Provision for currently proposed pay award for 2014/15 and 2015/16**	0	18,000	18,000	18,000	18,000	Julia Hovells	Nil

Based upon the latest pay negotiations, a pay award of 2.2% is proposed, to be effective from January 2015 and to cover both pay reviews due in April 2014 and April 2015.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
NCL3556	**Reduction in rent income**	0	285,800	285,800	285,800	285,800	Julia Hovells	Nil

The level of rent increase applicable from April 2015 will be driven by the Consumer Price Index (CPI) at September 2014, which the government seek to keep at 2%. In August 2014 inflation fell to 1.5% and again in September 2014 to a level of 1.2%, the lowest in 5 years. The unprecedented drop in inflation will result in a lower level of rent income in 2015/16 and beyond than anticipated (£290,000) as part of the HRA Mid-Year Financial Review. This is offset marginlly by a reduction of £4,200 in the associated bad debt provision.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
NCL3650	**Reduction in capitalisation of Estates and Facilities Asset Management staff**	0	90,500	90,500	90,500	90,500	Julia Hovells	Nil

The proportion of time charged to revenue and capital for the Estates and Facilities Asset Management Team has been reviewed, resulting in an increase in the time charged to revenue, directly offset by a reduction in the time charged against the capital programme, which will be reflected by a change in the level of Direct Revenue Financing of capital expenditure (DRF).

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
NCL3651	**Reduction in estimated depreciation charge to the HRA**	0	(113,030)	(113,030)	(113,030)	(113,030)	Julia Hovells	Nil

Based upon the latest estimates, the recharge to the HRA in respect of depreciation from 2015/16 is anticipated to be lower than previously assumed. This is due to the timing of delivery of the new build housing and the latest assumptions in property values and asset lives.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
NCL3652	**Changes in the level of Direct Revenue Financing of capital expenditure available**	0	779,970	(90,500)	(90,500)	(90,500)	Julia Hovells	Nil

The proposed reduction in investment in the revenue planned repairs (PTR) programme in 2014/15 results in additional revenue resource that can be utilised to fund capital expenditure in 2015/16, negating the anticipated need to borrow in the coming year. From 2016/17 onwards, the ongoing impact of reducing the level of Estates & Facilities Asset Management Team recharged to capital will result in a reduction in the level of DRF required.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
NCL3653	**Removal of inflation allowances in the HRA where they are not required**	0	(80,370)	(80,370)	(80,370)	(80,370)	Julia Hovells	Nil

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating

Non-Cash Limit Items

The inflation applied to specific account codes in the HRA was lower than anticipated in totality for 2015/16 and specific revenue provisions made for responding to the delivery of new build housing have not been required as anticipated. Separate bids have been included for staffing resource where required.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
NCL3654	**Changes in the level of interest paid and received by the HRA**	0	(100,070)	(100,070)	(100,070)	(100,070)	Julia Hovells	Nil

The net level of interest payable by the HRA in 2015/16 will be lower than anticipated, as the availability of revenue resources to fund capital expenditure negate the need to borrow for another year.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
NCL3656	**Under-achievement in rent income**	0	235,050	0	0	0	Julia Hovells	Nil

Delays in the delivery of some of the HRA new build programme will result in a lower level of rent income in 2015/16 than anticipated.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
NCL3712	**Pension Fund Contributions**	0	0	0	180,000	360,000	Julia Hovells	Nil

Increased contribution anticpated to the pension fund at the next triennial review. [Linked to NCL3674 General Fund element]

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
NCL3732	**Changes in interest payments**	15,370	0	0	0	0	Julia Hovells	Nil

The ability to set-aside revenue resource for future debt repayment, reduction in the revenue prior-to-re-paint programme and re-profiling of spend in the capital programme result in a net change in the inerest payments and receipts anticipated in 2014/15.

	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £
Total Non-Cash Limit Items in Housing Revenue Account	**15,370**	**1,115,850**	**10,330**	**190,330**	**370,330**
Total Non-Cash Limit Items	**15,370**	**1,115,850**	**10,330**	**190,330**	**370,330**
Report Total	**(1,084,630)**	**970,100**	**(149,150)**	**(56,560)**	**24,440**

2015/16 Budget - HRA All Capital Items

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating

Capital Bids

Housing Revenue Account

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
C3519	**Purchase and implementation of a Self-Service Portal for the Housing Service**	0	22,500	0	0	0	Julia Hovells	Nil

This bid would allow the authority to investigate, and if proven beneficial, provide self-service access to housing tenants of the Council to the housing management information system, allowing residents to check the status of their rent accounts, make payments and request and monitor progress about repairs.

Reference	Item Description	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	Contact	Climate Effect Rating
C3537	**Procurement and implementation of a replacement IT system for Choice Based Lettings**	0	30,000	0	0	0	David Greening	Nil

The contract for the provision of the sub-regional Homelink choice based lettings IT system is due for re-procurement during 2015/16, with the City Council being required to meet its share of the costs alongside other partner authorities. The City Counci's contribution will be met from the Housing Capital Investment Plan, recognising that the expenditure is housing related.

	2014/15	2015/16	2016/17	2017/18	2018/19
Total Capital Bids in Housing Revenue Account	**0**	**52,500**	**0**	**0**	**0**
Total Capital Bids	**0**	**52,500**	**0**	**0**	**0**
Report Total	**0**	**52,500**	**0**	**0**	**0**

Key Risk Analysis

Appendix E

Risk Area & Issue arising	Controls / Mitigation Action
Effects of Legislation / Regulation	
Implications of new legislation / regulation or changes to existing are not identified	• Effective, regular processes are in place for the HRA to ensure that implications are identified and raised
Funding is not identified to meet the costs associated with changes in statutory requirements	• Additional / specific funding enhancements for new services can be identified through the budget process, to allow effective implementation
HRA Debt Settlement could be re-opened by Government	• The Council has processes in place to manage the demands of local and national housing agendas, ensuring early engagement in any consultation and collective representation through national housing bodies
Changes in national rent policy impact the ability to support the housing debt or deliver against planned investment programmes	• Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible. • Consideration could be given to deviating from national rent policy at a local level
Housing Portfolio & Spending Plans	
The Council approves plans which are not sustainable into the future, leading to increasing problems in balancing budgets	• Council has adopted medium (5 year) and long-term modelling (up to 30 years) for HRA, to ensure decisions are made in the knowledge of long-term deliverability issues / implications • The Business Plan includes long-term trend analysis on key cost drivers such as growth levels and demographics, and their implications • Target levels of reserves are set for the HRA to enable uneven pressures to be effectively dealt with, and to provide cover against unforeseen events / pressures

Risk Area & Issue arising	Controls / Mitigation Action
Financial planning lacks appropriate levels of prudency	
Business Planning assumptions are wildly inaccurate Financial policies, in general, are not sufficiently robust Funding to support the approved Capital & Revenue Projects Plan is not available	Council has adopted key prudency principles, reflected in: • Use of external expert opinion and detailed trend data to inform assumptions • Ongoing revenue funding for capital is reviewed for affordability as part of the 30-year modelling process • Adoption of strict medium / long-term planning • Policy on applying general capital receipts for strategic disposals only at point of receipt
Use of resources is not effectively managed	
There is ineffective use of the resources available to the HRA Failure to deliver Major Housing / Development Projects, i.e. return on capital, project on time etc.	• Council employs robust business planning processes for the HRA • Council has adopted a standard project management framework • A business cases is required for all strategic acquisitions, disposals and one-off areas of significant investment • Housing Service is required to contribute to Portfolio Planning process, linked directly to resources • Performance and contractor management procedures are robust and contracts are enforceable • Organisational development and workforce planning activity is ongoing and reflects the needs of the HRA • The Council's accounts are audited on an annual basis, with assurance given that the authority is delivering economy, efficiency and effectiveness in its use of resources

Risk Area & Issue arising	Controls / Mitigation Action
External income / funding streams	
Undue reliance may be placed on external income streams, leading to approval of unsustainable expenditure	• Modelling over the medium and long-term is conducted for key income sources, including sensitivity analysis of potential changes • Council seeks to influence national settlements and legislative changes through response to formal consultation and the provision of information to negotiation bodies such as LGA and CIH
Rent and service charge arrears increase and bad debt rises, as a direct result of the Welfare Benefit Reforms	• Increased resources identified for income management. Performance closely monitored to allow further positive action if required.
Rent income is under-achieved due to a major incident in the housing stock	• Asset Management Plan in place to identify and address key issues in the housing stock to minimise likelihood of widespread incidents
Changes to the right to buy rules and pooling regulations result in a continued high level of sales, with the associated commitment to deliver replacement units or pay over receipts with interest	• Sensitivities modelled so potential impacts are understood • Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity
Volatility and competition in the property market impacts the ability to fund capital pressures from the sale of assets	• Policy on applying general capital receipts for strategic disposals only at point of receipt

New Build Investment Cashflow

Appendix F

New Build / Re-Development Scheme	Prior Year Actuals	2014/15 Budget	2015/16 Budget	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget
	£'0	£'0	£'0	£'0	£'0	£'0	£'0
New Build / Re-Development Cash Expenditure (Net of Developer's Cross Subsidy / Notional Land Value)							
Jane's Court	1,233,070	0	0	0	0	0	0
Latimer Close	980,820	588,920	0	0	0	0	0
Barnwell Road	437,170	630,470	0	0	0	0	0
Campkin Road (Phase 1)	1,128,270	1,218,490	371,330	0	0	0	0
Colville Road (Phase 1)	311,950	1,181,640	0	0	0	0	0
Water Lane	161,110	856,830	627,010	0	0	0	0
Aylesborough Close	490,200	1,293,150	1,014,650	0	0	0	0
Stanesfield Road	80,670	489,880	0	0	0	0	0
Wadloes Road	1,510	768,670	0	0	0	0	0
Atkins Close (Garage Site)	3,260	585,180	0	0	0	0	0
Hawkins Road (Garage Site)	0	1,493,890	0	0	0	0	0
Fulbourn Road (Garage Site)	0	1,399,470	0	0	0	0	0
Ekin Road (Garage Site)	0	1,132,760	0	0	0	0	0
Market Housing on Re-Development Sites	0	2,894,000	0	0	0	0	0
Clay Farm	0	1,551,830	264,680	8,081,800	6,306,320	0	0
Homerton	0	0	3,504,000	3,504,000	0	0	0
New Build – + RTB Receipts	0	0	4,531,000	8,243,000	10,981,000	6,150,000	6,150,000
New Build – HRA Surpluses	0	0	0	0	0	3,844,000	769,000
Total New Build / Re-Development Expenditure	**4,828,030**	**16,085,180**	**10,312,670**	**19,828,800**	**17,287,320**	**9,994,000**	**6,919,000**

New Build / Re-Development Scheme	Prior Year Actuals	2014/15 Budget	2015/16 Budget	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget
	£'0	£'0	£'0	£'0	£'0	£'0	£'0
New Build / Re-Development Grant and Area Committee Funding							
Jane's Court	(354,460)	0	0	0	0	0	0
Latimer Close	(106,340)	(106,340)	0	0	0	0	0
Barnwell Road	(106,340)	(106,340)	0	0	0	0	0
Campkin Road (Phase 1)	0	(230,400)	0	0	0	0	0
Colville Road (Phase 1)	0	(336,740)	0	0	0	0	0
Water Lane	0	0	0	0	0	0	0
Aylesborough Close	0	0	0	0	0	0	0
Stanesfield Road (Incl. 100k Area Committee Grant)	(35,440)	(135,440)	0	0	0	0	0
Wadloes Road	0	0	0	0	0	0	0
Atkins Close (Garage Site)	0	(141,780)	0	0	0	0	0
Hawkins Road (Garage Site)	0	0	0	0	0	0	0
Fulbourn Road (Garage Site)	0	0	0	0	0	0	0
Ekin Road (Garage Site)	0	0	0	0	0	0	0
Total New Build / Re-Development Funding	**(602,580)**	**(1,057,040)**	**0**	**0**	**0**	**0**	**0**
Retained Right to Buy Funding							
Jane's Court	0	0	0	0	0	0	0
Latimer Close	0	0	0	0	0	0	0
Barnwell Road	0	0	0	0	0	0	0
Campkin Road (Phase 1)	0	0	0	0	0	0	0
Colville Road (Phase 1)	0	0	0	0	0	0	0

New Build / Re-Development Scheme	Prior Year Actuals	2014/15 Budget	2015/16 Budget	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget
	£'0	£'0	£'0	£'0	£'0	£'0	£'0
Water Lane	0	0	0	0	0	0	0
Aylesborough Close	0	0	0	0	0	0	0
Stanesfield Road (Incl. 100k Area C'ttee Grant)	0	0	0	0	0	0	0
Wadloes Road	0	(300,520)	0	0	0	0	0
Atkins Close (Garage Site)	0	0	0	0	0	0	0
Hawkins Road (Garage Site)	0	(448,170)	0	0	0	0	0
Fulbourn Road (Garage Site)	0	(419,840)	0	0	0	0	0
Ekin Road (Garage Site)	0	(339,830)	0	0	0	0	0
Market Housing on Re-Development Sites	0	(868,200)	0	0	0	0	0
Clay Farm	0	(348,790)	(59,550)	(1,785,090)	(1,385,610)	0	0
Homerton	0	0	(779,880)	(779,880)	0	0	0
New Build – With RTB Receipts	0	0	(1,359,300)	(2,472,900)	(3,294,300)	(1,845,000)	(1,845,000)
Total Retained Right to Buy Funding	**0**	**(2,725,350)**	**(2,198,730)**	**(5,037,870)**	**(4,679,910)**	**(1,845,000)**	**(1,845,000)**
Balance met from HRA Resources	**4,225,450**	**12,302,790**	**8,113,940**	**8,344,930**	**8,232,410**	**5,602,000**	**2,474,000**
Balance met from HRA Borrowing	**0**	**0**	**0**	**6,446,000**	**4,375,000**	**2,547,000**	**2,600,000**

Key Sensitivity Analysis

Appendix G

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
Interest Rates for additional borrowing	PWLB fixed rate maturity loan at 4%	Assume fixed rate loans, with increase of 2% in interest rates from the outset.	The debt cap is breached by 2019/20 and current plans are therefore not fully deliverable.
General Inflation	General Inflation using CPI at 2% for expenditure	Volatility in the economy could lead to an increase in external costs. 1% increase in general inflation for expenditure only for the life of the plan.	The debt cap is breached by 2019/20 and current plans are therefore not fully deliverable.
Rents Inflation	CPI at 1.2% for 2015/16, then CPI at 2% from 2016/17	Fluctuations in monthly inflation rates could lead to a variation in the CPI used for rents compared with expenditure. Assume 0.5% reduction in rents base inflation ongoing compared to expenditure.	The debt cap is breached by 2019/20 and current plans are therefore not fully deliverable.
Capital Investment Real Increase Inflation	Capital Investment Inflation at 3% above CPI for 5 years	A real increase of 3% is allowed for building inflation. Assume that real inflationary increase required is 5% for remaining 4 years from 2016/17 as the building industry in Cambridge is buoyant.	The debt cap is breached by 2019/20 and current plans are therefore not fully deliverable.
Investment Income	Interest on balances increasing to 1% long-term	Rates may recover more than anticipated, or long-term lending options may prove viable. Assume ongoing rate of 3% from 2017/18.	£26 million additional resource over the 30 year life of the plan.
Housing Rent Collection and Welfare Reforms	Costs based on historic activity, but an increase in transactional collection costs	Universal Credit results in 100% of rent being collected directly from tenants. Assume, in addition to the increase in transactional costs, an ongoing increase in bad debt of an additional 1% per annum from 2016/17.	The debt cap is breached by 2019/20 and current plans are therefore not fully deliverable.

HRA Summary 2014/15 to 2018/19 Appendix H

Description	2014/15 £0	2015/16 £0	2016/17 £0	2017/18 £0	2018/19 £0	2019/20 £0
Income						
Rental Income (Dwellings)	(36,059,720)	(37,185,810)	(39,005,680)	(40,991,310)	(42,626,680)	(44,461,790)
Rental Income (Other)	(1,064,000)	(1,096,480)	(1,118,410)	(1,140,780)	(1,163,590)	(1,186,870)
Service Charges	(2,203,270)	(2,447,980)	(2,559,560)	(2,606,410)	(2,654,180)	(2,702,920)
Contribution towards Expenditure	(103,150)	(3,210)	(3,280)	(3,340)	(3,410)	(3,480)
Other Income	(466,140)	(455,090)	(443,400)	(431,070)	(418,060)	(426,420)
Total Income	**(39,896,280)**	**(41,188,570)**	**(43,130,330)**	**(45,172,910)**	**(46,865,920)**	**(48,781,480)**
Expenditure						
Supervision & Management - General	3,187,920	3,441,480	3,763,680	4,046,220	4,332,620	4,684,840
Supervision & Management - Special	2,201,970	2,414,310	2,475,400	2,542,870	2,617,300	2,694,250
Repairs & Maintenance	5,914,420	6,824,030	7,107,190	7,422,470	7,821,140	8,197,750
Depreciation – t/f to Major Repairs Res.	10,348,510	10,509,920	10,875,690	12,478,260	13,286,620	14,010,150
Debt Management Expenditure	0	21,180	21,900	22,750	23,760	24,800
Other Expenditure	2,925,650	3,038,890	3,346,550	3,451,960	3,556,680	3,678,880
Total Expenditure	**24,578,470**	**26,249,810**	**27,590,410**	**29,964,530**	**31,638,120**	**33,290,670**
Net Cost of HRA Services	**(15,317,810)**	**(14,938,760)**	**(15,539,920)**	**(15,208,380)**	**(15,227,800)**	**(15,490,810)**
HRA Share of operating income and expenditure included in Whole Authority I&E Account						
Interest Receivable	(154,420)	(228,910)	(210,720)	(177,490)	(184,200)	(196,650)
HRA (Surplus) / Deficit for the Year	**(15,472,230)**	**(15,167,670)**	**(15,750,640)**	**(15,385,870)**	**(15,412,000)**	**(15,687,460)**
Items not in the HRA Income and Expenditure Account but in the movement on HRA balance						
Loan Interest	7,547,170	7,541,290	7,670,210	7,886,650	8,025,100	8,128,040
Housing Set Aside	811,270	0	0	0	2,485,150	2,485,150

Depreciation Adjustment	(2,413,480)	(2,351,280)	(2,200,030)	0	0	0
Direct Revenue Financing of Capital	14,338,460	10,968,440	11,579,610	7,497,310	4,904,400	5,015,760
(Surplus) / Deficit for Year	**4,811,190**	**990,780**	**1,299,150**	**(1,910)**	**2,650**	**(58,510)**
Balance b/f	(8,880,740)	(5,282,910)	(4,292,130)	(2,992,980)	(2,994,890)	(2,992,240)
Transfer from Ear-Marked Reserve	(1,213,360)	0	0	0	0	0
Total Balance c/f	**(5,282,910)**	**(4,292,130)**	**(2,992,980)**	**(2,994,890)**	**(2,992,240)**	**(3,050,750)**

Housing Capital Investment Plan

Appendix I

Description	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend						
Assessment Centre	0	0	0	0	0	0
Disabled Facilities Grants	550	550	550	550	550	550
Private Sector Housing Grants and Loans	195	195	195	195	195	195
Long Term Vacants	20	20	20	20	20	20
Choice Based Letting IT System	0	30	0	0	0	0
Total General Fund Housing Capital Spend	**765**	**795**	**765**	**765**	**765**	**765**
HRA Capital Spend						
Decent Homes						
Kitchens	918	598	292	466	500	621
Bathrooms	672	525	119	61	306	954
Central Heating / Boilers	1,114	1,106	1,326	1,357	1,902	2,676
Insulation / Energy Efficiency	100	100	100	100	100	100
External Doors	212	108	63	88	40	47
PVCU Windows	502	0	0	0	0	0
Wall Structure	334	213	264	105	78	450
Wall Finishes	89	260	265	267	352	253
Wall Insulation	100	100	100	100	100	100
External Painting	0	0	0	0	0	0
Roof Structure	945	687	322	300	307	307
Roof Covering	1,661	210	274	658	617	420
Chimneys	102	2	1	0	1	0

Description	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Electrical / Wiring	91	181	317	120	356	441
Smoke Detectors	27	109	9	26	18	28
Sulphate Attacks	102	102	102	102	102	102
Major Voids / Major Works	201	48	53	53	54	54
HHSRS Contingency	117	150	100	100	100	100
Other Health and Safety Works	50	50	50	50	50	50
Other External Works	3	5	0	0	0	1
Rising Damp / Penetrating Damp	0	0	0	0	0	0
Capitalised Officer Fees - Decent Homes	439	341	341	341	341	341
External Professional Fees	22	17	17	17	17	17
Decent Homes Backlog	0	2,097	3,019	2,663	0	710
Decent Homes Planned Maintenance Contractor Overheads	751	680	693	677	510	758
Decent Homes New Build Allocation	0	69	196	272	462	534
Total Decent Homes	**8,552**	**7,758**	**8,023**	**7,923**	**6,313**	**9,064**
Other Spend on HRA Stock						
Garage Improvements	300	788	788	100	100	100
Asbestos Removal	200	200	200	100	100	100
Disabled Adaptations	938	878	878	878	878	878
Tenants Incentive Scheme	21	21	21	21	21	21
Communal Areas Uplift	596	546	546	546	546	546
Fire Prevention / Fire Safety Works	938	300	300	300	300	300
Hard surfacing on HRA Land - Health and Safety Works	274	280	150	150	150	150
Hard surfacing on HRA Land - Recycling	0	0	142	0	0	0

Description	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Communal Areas Floor Coverings	235	0	0	0	0	0
Capitalised Officer Fees - Other HRA Stock Spend	122	114	114	114	114	114
Lifts and Door Entry Systems	41	13	13	13	13	13
Fencing	215	200	200	200	200	200
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	384	330	331	236	236	236
Total Other Spend on HRA stock	**4,264**	**3,670**	**3,683**	**2,658**	**2,658**	**2,658**
HRA New Build / Re-Development						
Roman Court	677	0	0	0	0	0
3 Year Affordable Housing Programme	11,639	2,013	0	0	0	0
3 Year Affordable Housing Programme (Notional Spend - Land Value)	4,922	3,682	0	0	0	0
Market Housing on HRA Sites	2,894	0	0	0	0	0
New Build - Clay Farm	1,552	265	8,082	6,306	0	0
New Build - Homerton	0	3,504	3,504	0	0	0
New Build - Unallocated Retained RTB Receipt Investment	0	4,531	8,243	10,981	6,150	6,150
New Build - Investment of HRA Surpluses	0	0	0	0	3,844	769
Total HRA New Build	**21,684**	**13,995**	**19,829**	**17,287**	**9,994**	**6,919**
City Homes Estate Improvement Programme						
City Homes Estate Improvement Programme	306	200	200	200	200	200
Total City Homes Estate Improvement Programme	**306**	**200**	**200**	**200**	**200**	**200**

Description	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Sheltered Housing Capital Investment						
Ditchburn Place	1,900	1,900	0	0	0	0
Total Sheltered Housing Capital Investment	**1,900**	**1,900**	**0**	**0**	**0**	**0**
Other HRA Capital Spend						
Orchard Upgrade / Open Contractor / Mobile Working / ASB Database	21	23	0	0	0	0
Cambridge Public Sector Network	76	0	0	0	0	0
Air Cooling Systems in Area Offices	11	0	0	0	0	0
Shared Ownership Repurchase	300	300	300	300	300	300
Right of First Refusal Buy Back	663	0	0	0	0	0
Commercial Property	178	30	30	30	30	30
Total Other HRA Capital Spend	**1,249**	**353**	**330**	**330**	**330**	**330**
Total HRA Capital Spend	**37,955**	**27,876**	**32,065**	**28,398**	**19,495**	**19,171**
Total Housing Capital Spend at Base Year Prices	**38,720**	**28,671**	**32,830**	**29,163**	**20,260**	**19,936**
Inflation Allowance and Stock Reduction Adjustment for Future Years	537	1,275	2,295	2,717	3,426	4,644
Total Inflated Housing Capital Spend	**39,257**	**29,946**	**35,125**	**31,880**	**23,686**	**24,580**

Description	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Housing Capital Resources						
Right to Buy Receipts	(495)	(516)	(522)	(527)	(532)	(537)
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0	0
Notional Land Receipts (New Build Schemes)	(4,922)	(3,682)	0	0	0	0
Major Repairs Reserve	(12,688)	(7,432)	(9,570)	(12,478)	(13,287)	(14,010)
Direct Revenue Financing of Capital	(14,338)	(10,968)	(11,580)	(7,497)	(4,904)	(5,016)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(1,357)	(300)	(1,699)	(2,050)	(300)	(300)
Retained Right to Buy Receipts	(2,725)	(2,199)	(5,038)	(4,680)	(1,845)	(1,845)
Disabled Facilities Grant	(271)	(271)	(271)	(271)	(271)	(271)
Prudential Borrowing	0	0	(6,446)	(4,375)	(2,547)	(2,600)
Total Housing Capital Resources	**(36,796)**	**(25,368)**	**(35,126)**	**(31,878)**	**(23,686)**	**(24,579)**
Net (Surplus) / Deficit of Resources	2,461	4,578	(1)	2	(0)	1
Capital Balances b/f	**(8,143)**	**(5,682)**	**(1,104)**	**(1,105)**	**(1,103)**	**(1,103)**
Use of / (Contribution to) Balances in Year	2,461	4,578	(1)	2	(0)	1
Capital Balances c/f	**(5,682)**	**(1,104)**	**(1,105)**	**(1,103)**	**(1,103)**	**(1,102)**
The inflationary element of the decent homes spend for 2014/15 will be allocated against decent homes elements once the year-end outturn position is known. The same will apply for 2015/16 inflation once the impact of the new planned maintenance contract prices have been fully incorporated into the programme.						

Appendix J

Cambridge City Council Equality Impact Assessment

CAMBRIDGE CITY COUNCIL

1. Title of strategy, policy, plan, project, contract or major change to your service:
Budget 2015/16 (HRA) EqIA

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

The HRA Budget Setting Report enables the City Council to set a balanced budget for 2015/16 that reflects the Council's vision statements and takes into account councillor's priorities in its proposals for achieving the savings required. This EQIA assesses the equality impacts of the Housing Revenue Account (HRA) element of the City Council's budget; a separate EQIA has been completed for the General Fund (GF) element of the Council's budget.

An Equality Impact Assessment (EqIA) has been completed for budget proposals that will result in significant service changes. This EqIA sets out the material information from these EqIAs. This approach is intended to ensure that elected Members have access to all the relevant information on the equality impact of budget proposals at the point when they are being asked to make a decision. This will enable Members to discharge their Duty under the Equality Act 2010 to consider the equality impacts of decisions.

EqIAs have been completed for the following budget proposals :

- PPF3521 HRA - Increase in the budget for the Under-Occupation Scheme
- PPF3513 HRA - Increased staffing capacity to meet the Housing Plus Agenda
- PPF3520 HRA/ C3519 - Support and maintenance for a Self-Service Portal for the Housing Service /Purchase and implementation of a Self-Service Portal for the Housing Service -
- PROG3709 - ICT Shared Service
- PROG3710 - Legal Shared Service
- PROG3661 - Reduction in support and central costs through a Council wide Support Services Review
- URP3506 - Inability to recharge full costs of building cleaning services

3. **Who will be affected by this strategy, policy, plan, project, contract or major change to your service? (Please tick those that apply)**
X Residents X Visitors X Staff
A specific client group or groups (please state): This is a composite EqIA for all 2015 -2016 HRA budget bids and it covers all Council housing revenue account services.

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

5. **Responsible directorate and service**
Directorate: This report involves cross organisation responsibility and is managed by a team from different departments in the Council – Corporate Strategy and Finance have coordinated the document, with input from City Homes, Strategic Housing and Estates and Facilities in particular.

6. **Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service?**
0 No X Yes (please give details): This is an assessment of the Council's HRA budget and therefore covers all HRA services. In particular the EqIA considers the equalities impacts of proposals submitted by City Homes, Strategic Housing, Estates and Facilities, ICT and Legal. The budget also affects some of our partnership working, notably with South Cambridgeshire District Council and Huntingdonshire District Council, and has the ability to impact the County Council in respect of the delivery of support activity and housing plus services.

7. Potential impact
Please list and explain how this strategy, policy, plan, project, contract or major change to your service could **positively** or **negatively** affect individuals from the following equalities groups. • Informal consultation is being carried out with staff where appropriate. • Formal consultation with staff will follow if the Council supports the staffing changes proposed in some areas of the HRA budget. This consultation will take place on a number of specific elements of proposed changes over the next six to nine months. • No individual public consultation is proposed with service users (tenants and leaseholders) because no significant change in service delivery is anticipated. Consultation with tenant and leaseholder representatives is however undertaken through the formal committee process and through specific tenant led representative groups, such as the Housing Regulation Panel. • This EQiA is a working document. There are two parts of the process. The first stage will be to formally consult staff and unions on the creation of the single shared service and the second stage will be to work through detailed implementation issues which will also be subject to consultation with staff and unions. Throughout these stages the EQiA will be updated.

(a) Age (any group of people of a particular age, including younger and older people – in particular, please consider any safeguarding issues for children and vulnerable adults)
PPF3513 - As part of the Housing Plus Agenda, it is proposed to recruit an additional member of staff to work with tenants to provide financial advice, support and advocacy to prevent households getting into financial crisis. This has a potential positive impact. PPF3521 - Due to a good level of take up, it is proposed to increase the level of funding for the Under-Occupation Scheme by £40,000 per annum on an ongoing basis. This fund supports people to leave larger properties to find more suitable sized homes. This has a positive impact on low income groups who may not be able to afford to maintain large properties. The fund supports a positive transition and a move to a more manageable situation for older people. C3519 - This bid would allow the authority to investigate, and if proven beneficial, provide self-service access to housing tenants of the Council to the housing management information system, allowing residents to check the status of their rent accounts, make payments and request and monitor progress about repairs. Some older people may find accessing digital services more difficult so there may be a negative impact but this is an additional service to the more traditional ways of contacting the housing teams so the impact is mitigated. PROG3661 – In the first phase of this project, 35 -44 year olds are potentially more affected than other age groups by the proposals as they make up around 41% of the total group (this means 11 people) However, as the project will be consulting on these proposals around mid-December, the full impact is unknown at this time. The EqIA will be updated as the project progresses. No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(b) Disability (including people with a physical impairment, sensory impairment, learning disability, mental health problem or other condition which has an impact on their daily life)
C3519 - This bid would allow the authority to investigate, and if proven beneficial, provide self-service access to housing tenants of the Council to the housing management information system, allowing residents to check the status of their rent accounts, make payments and request and monitor progress about repairs. Some people with disabilities may find accessing digital services more difficult to access so there may be a minor negative impact but this is an additional service to the more traditional ways of contacting the housing teams so the impact is mitigated and could be a positive benefit as those who find it difficult to travel could access their services online. No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(c) Gender
PPF3521 - Due to a good level of take up, it is proposed to increase the level of funding for the Under-Occupation Scheme by £40,000 per annum on an ongoing basis. Due to a good level of take up, it is proposed to increase the level of funding for the Under-Occupation Scheme by £40,000 per annum on an ongoing basis. This fund supports people to leave larger properties to find more suitable sized homes. This has a potential positive impact on women who may not be able to afford to move to large properties. PROG3661 – In the first phase of this project, men are potentially more affected by the proposal as they make up around 63% of the group affected (17 people) However, the project has not yet defined the actual impacts as the consultation on these proposals is not due until mid-December. The EqIA will be updated as the project progresses. No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(d) Pregnancy and maternity
PPF3521 - Due to a good level of take up, it is proposed to increase the level of funding for the Under-Occupation Scheme by £40,000 per annum on an ongoing basis. Due to a good level of take up, it is proposed to increase the level of funding for the Under-Occupation Scheme by £40,000 per annum on an ongoing basis. This fund supports people to leave larger properties to find more suitable sized homes. This has a potential positive impact on women and their families who may need a larger property at the time of their pregnancy. NCL3555 - Based upon the latest pay negotiations, a pay award of 2.2% is proposed, to be effective from January 2015 and to cover both pay reviews due in April 2014 and April 2015. This might mean a marginal benefit to staff taking maternity leave, as the maternity pay would be based upon the pay offer. No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(e) Transgender (including gender re-assignment)
No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(f) Marriage and Civil Partnership
No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(g) Race or Ethnicity
No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(h) Religion or Belief
No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(i) Sexual Orientation
No disproportionate has been identified for the other bid proposals contained in the 2014/15 HRA Budget Setting Report.

(j) Other factors that may lead to inequality – <u>in particular</u> – please consider the impact of any changes on low income groups or those experiencing the impacts of poverty (please state):
NCL3555 - Based upon the latest pay negotiations, a pay award of 2.2% is proposed, to be effective from January 2015 and to cover both pay reviews due in April 2014 and April 2015. This might mean a marginal benefit to those on low incomes as lower paid jobs would see a very small increase. PPF3521 - Due to a good level of take up, it is proposed to increase the level of funding for the Under-Occupation Scheme by £40,000 per annum on an ongoing basis. Due to a good level of take up, it is proposed to increase the level of funding for the Under-Occupation Scheme by £40,000 per annum on an ongoing basis. This fund supports people to leave larger properties to find more suitable sized homes. This has a potential positive impact on people on lower incomes either manage a positive transition to a smaller property or move to a larger one depending on need. URP3506 - A review of the cost of building cleaning services across the communal areas of the housing stock resulted in an increase in costs to the HRA from 2014/15 onwards. A decision was taken in the 2014/15 budget process not to pass the higher costs on to residents as the service was undergoing a review, with the anticipated outcome being a significant reduction in costs following a tender process which was expected to conclude before April 2015. This project has been delayed, which results in the need to either extend meeting the additional cost from HRA resources, or to pass on higher costs to residents temporarily. The Council is currently tendering this service and depending on the new contractor – costs may go up or down for tenants. The Council has mitigated this by covering the increased costs for the last 2 years. This may have an impact on those on low incomes but until the results and subsequent contract details are known, it won't be clear if costs will go up or down or remain the same.

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

The overall number of HRA budget items included in the HRA Budget Setting Report was 38 – some of these are linked together.

EqIAs were completed for 7 bids.

Many of the bids had no disproportionate impact for the following reasons:

- No or little impact on people – e.g. capital bids
- It was too early to assess the impacts or they had been previously assessed last year and had been to Committee and then were delayed in being implemented – the EqIAs for these bids have been looked at as part of this process.
- The scale of change was small or process related e.g. small increase in hours for an existing post or internal recharging.

The greatest impacts were on age, pregnancy, maternity, disability and socio economic factors. Positive impacts generally outweighed the negative and were already being mitigated.

All of the EqIAs are available for viewing and can be found here: HRA EqIAs

9. Conclusions and Next Steps

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

10. Sign off

Name and job title of assessment lead officer: Julia Hovells

Names and job titles of other assessment team members and people consulted:
Suzanne Goff – Corporate Strategy

Date of completion: December 2014

Date of next review of the assessment: December 2015

Action Plan

Equality Impact Assessment title: Budget 2015/16 (HRA) EqIA

Date of completion: December 2014

Equality Group	**Age**
Details of possible disadvantage or negative impact	Reduction in support and central costs through a Council wide Support Services Review has the potential to impact negatively on some age groups.
Action to be taken to address the disadvantage or negative impact	Impact assessment to be reviewed following the consultation process, to quantify and consider any disproportionate impact.
Officer responsible for progressing the action	Paul Boucher
Date action to be completed by	January 2015 for Project 1, March 2015 for Project 2, and summer 2015 for Project 3.

Equality Group	**Disability**
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	**Gender**
Details of possible disadvantage or negative impact	Reduction in support and central costs through a Council wide Support Services Review has the potential to impact negatively on the male gender group.
Action to be taken to address the disadvantage or negative impact	Impact assessment to be reviewed following the consultation process, once proposals are finalised, to quantify and consider any disproportionate impact.
Officer responsible for progressing the action	Paul Boucher
Date action to be completed by	January 2015

Equality Group	Pregnancy and Maternity
Details of possible disadvantage or negative impact	None
Action to be taken to address the disadvantage or negative impact	N/A
Officer responsible for progressing the action	N/A
Date action to be completed by	N/A

Equality Group	Transgender
Details of possible disadvantage or negative impact	None
Action to be taken to address the disadvantage or negative impact	N/A
Officer responsible for progressing the action	N/A
Date action to be completed by	N/A

Equality Group	Marriage and Civil Partnership
Details of possible disadvantage or negative impact	None
Action to be taken to address the disadvantage or negative impact	N/A
Officer responsible for progressing the action	N/A
Date action to be completed by	N/A

Equality Group	Race or Ethnicity
Details of possible disadvantage or negative impact	None
Action to be taken to address the disadvantage or negative impact	N/A
Officer responsible for progressing the action	N/A
Date action to be completed by	N/A

Equality Group	**Religion or Belief**
Details of possible disadvantage or negative impact	None
Action to be taken to address the disadvantage or negative impact	N/A
Officer responsible for progressing the action	N/A
Date action to be completed by	N/A

Equality Group	**Sexual Orientation**
Details of possible disadvantage or negative impact	None
Action to be taken to address the disadvantage or negative impact	N/A
Officer responsible for progressing the action	N/A
Date action to be completed by	N/A

Other factors that may lead to inequality – <u>in particular</u> – please consider the impact of any changes on low income groups or those experiencing the impacts of poverty (please state):	
Details of possible disadvantage or negative impact	Inability to recharge full costs of building cleaning services has the potential to impact negatively for those on low incomes at the point at which the agreed protection form full cost stops. This is wholly dependent upon the outcome of a current competitive tender process, where costs may be reduced so as to fully mitigate any potential impact.
Action to be taken to address the disadvantage or negative impact	Potential impact to be reviewed once future prices are available.
Officer responsible for progressing the action	Julia Hovells
Date action to be completed by	March 2016