



To: Executive Councillor for Housing: Councillor Kevin Price
Report by: Director of Customer & Community Services
Relevant scrutiny committee: Housing Scrutiny Committee 24/09/2015
Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge East Chesterton King's Hedges Market Newnham Petersfield Queen Edith's Romsey Trumpington West Chesterton

FUNDAMENTAL REVIEW OF THE HOUSING SERVICE Key Decision

1. Executive Summary

- 1.1 A fundamental review of the Housing Revenue Account (HRA) and General Fund (GF) housing services was initiated in autumn 2014. At that time it was recognised that we were nearly 3 years into self-financing, and had an ambitious future programme to manage our existing stock and our broader housing management services well, and also to build new affordable housing. The review was designed to enable us to review spending profiles and priorities, and to rebalance the budget and activities to take account of both new opportunities and pressures.
- 1.2 The analysis that we have undertaken in the review was designed to help us respond in our forward business planning to the changing priorities and major new pressures. We were expecting to rebalance budgets and redirect resources through identified savings. The most significant finding of the review was the impact of construction inflation on our repairs and planned works programme and on new build.
- 1.3 More recently we have needed to plan for the new Government proposals for council housing, which will have a significant impact on future rental income, stock retention, and as a result, our capital investment programme. In bringing forward the conclusions of the review we have had to look more radically at the future of housing services than we initially anticipated. Strategic proposals are made for the service as a whole to respond to the extent of change and the level of savings facing the service, whilst specific proposals are made for individual service areas.

2. Recommendations

The Executive Councillor is recommended:

- 2.1 To agree in principle to take savings for year one, and to agree the specific savings in the Mid-Year Financial Review which follows on this agenda.
- 2.2 To agree to bring back a strategy for achieving a balanced budget in future years, including further savings options, shared services and other potential options.

3. Background

3.1 The original aims of the review remain relevant, even though the context has changed. These were to:

- Identify past and future spend profiles
- Anticipate future funding pressures
- Rebalance HRA expenditure
- Identify areas for savings
- Consider redirection of resources
- Balance customer expectation against resources
- Recognise the range of objectives of our housing service and the need to prioritise within these.

3.2 The review was carried out against a background of some significant pressures. In the revenue budget we had increased provision for support for vulnerable tenants, and anticipate further pressures arising from welfare reform. In the capital programme we had identified the need to increase the provision for construction inflation in the planned maintenance programme, where inflationary increases in the sector have been significant. The review has also looked at the planned new build programme against Right to Buy (RTB) receipts and the additional provision made in the Housing Capital Plan.

3.3 The recently announced budget measures, together with the proposals set out in the Queen's speech will have a very significant impact on the HRA business plan. The review of the HRA will need to make recommendations that take on board the financial and other implications of these very recent announcements.

3.4 The Government's Budget requires us to apply a 1% reduction in rents, each year, for the next 4 years. This is effectively 4% because we have a 3% increase built into our financial assumptions and equates to £14.88m loss in rental income over the next 4 years, with £6m savings to be found out of the base budget by the end of this time. This is designed to reduce the Housing Benefit bill nationally, and will be supported by legislation contained in the Welfare Reform and Work Bill 2015-2016, published in July. The Institute of Fiscal Studies estimates that this will reduce social landlord income by £2.5bn nationally. The National Housing Federation estimate this to be higher at £3.9bn.

3.5 Not all tenants will see a reduction in their rent. Tenants in social housing who earn more than £30k, or £40k in London, will be expected to pay market or near

market rents. This is being referred to as Pay to Stay. Housing Associations will be able to recycle this money to build more homes, but Local Authorities will be required to return the additional money to the Exchequer to contribute to the national deficit reduction. The mechanism by which we will be expected to determine household income has not yet been announced, but may require additional resourcing.

- 3.6 The Queen's speech announced that Councils would be compelled to sell off their high value properties. This will pay for reimbursement of the financial impact of extension of the Right to Buy to Housing Associations, will be used for a one to one replacement property (although it is not clear where or who will provide), and to compensate for any debt remaining on the sold property. For Cambridge, using the Government's published benchmark values and void levels locally in 2014/15, this would mean an estimated loss of 127 properties a year (97 if we exclude sheltered properties). We estimate that this will mean an average net loss in our business plan of £87k per property over the lifetime of the plan, largely due to loss of rent. Significantly, this proposal will also impact on our ability to use sale proceeds of specific properties, where the capital receipt was intended to fund new build, particularly to match against RTB receipts.
- 3.7 Finally welfare reforms will impact on our rent arrears level. We estimate that 156 household, mostly families with children, will be subject to the overall benefits cap of £20k per year (74 Council tenants and 82 housing association tenants). The spare room subsidy reductions will continue, direct payments to claimants will increase the risk of non-payment, and for those in work the reduction in the child element of Universal Credit and tax credits will impact on the household incomes of poorer families. 18-23 year olds will see their entitlement to benefit severely restricted. We would expect to see increased pressure on the Discretionary Housing Payment fund as a result of these and other welfare reforms.

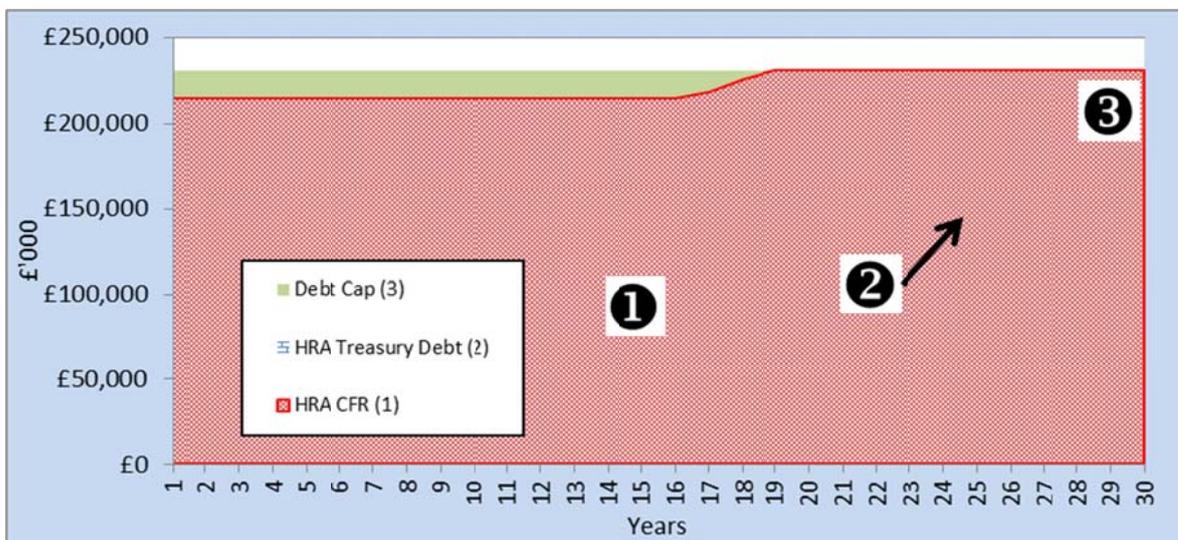
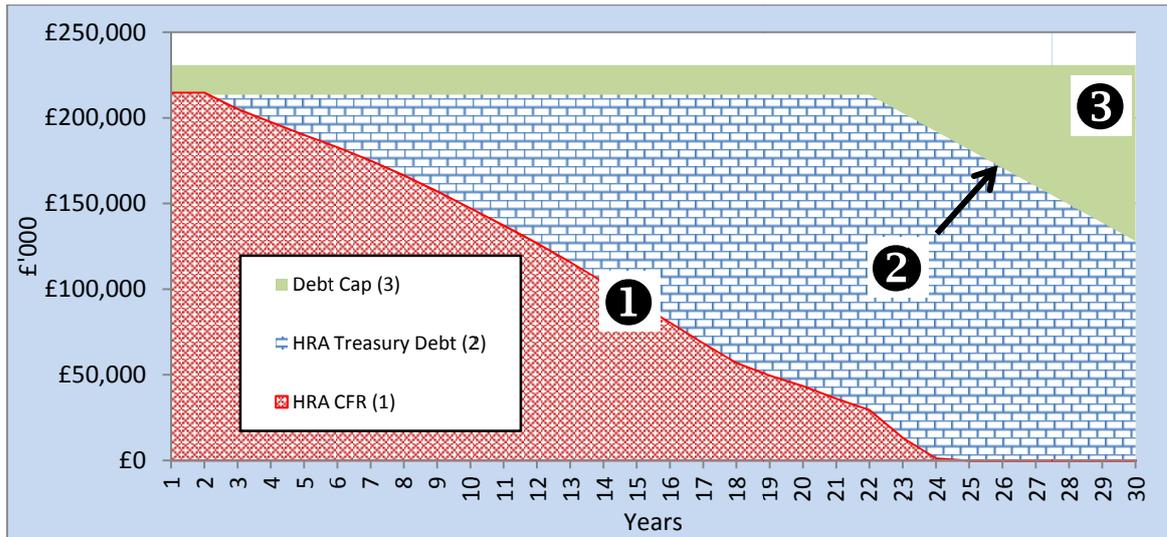
4. What does this mean for the housing service overall?

- 4.1 Self-financing was introduced in 2012 and enabled us to develop a 30 year business plan that provided housing management services, maintain our stock in decent condition, and invest in new affordable housing. Taking this year (2015/16) as an example our main areas of expenditure are:

Income	£'000
Dwelling Rents	(37,186)
Non-Dwelling Rents	(1,096)
Service Charges	(2,448)
Other Income	(687)
Total Income	(41,417)
Expenditure	£'000
Housing Services	12,413
Recharges and Overheads	3,101
Loan Interest and Debt Management Costs	7,562
Depreciation (Major Repairs Reserve)	8,159
DRF (Direct Revenue Financing of Capital)	20,191
Other Expenditure	254
Total Expenditure	51,680

4.2 The use of £10,263,000 of reserves in 2015/16 is unusual, and relates predominantly to the need to fund new build expenditure delayed from 2014/15. It has previously been anticipated that HRA reserves will be down to the target level of £3,000,000 by 2017/18, at which point it is anticipated that we will need to set a budget which balances in-year.

4.3 The graphs below show the investment potential before and after the changes in national housing policy. They demonstrate the inability to set-aside resource to redeem housing debt, and the lack of any available headroom (funding) to invest in areas such as new build housing.



4.4 The requirement to find savings equivalent to the loss of 4% of rental income for each of the next 4 years means that the cumulative savings target will be:

2016/17	£1.466m
2017/18	£2.951m
2018/19	£4.463m
2019/20	£6.003m

4.5 The impact of taking £6.003m out of the base budget on an ongoing basis, is approximately a further £156.1m (excluding the impact of inflation) to be found over the remainder of the lifetime of the plan (26 x £6.003m), enough to build about 870 new homes.

5. How should we approach the need to make savings?

5.1 The HRA review has enabled us to identify potential HRA savings for 2016/17 of £1,194,880 in revenue and £237,900 in capital, totalling £1,432,780. This is anticipated to rise by a further £71,560 in 2017/18 and £50,000 from 2018/19, where some savings proposals will take some time to deliver. The review has also enabled suggestions to be made as to how the savings target could be met in future years.

5.2 It is possible to take an approach of not making savings in 2016/17, but instead to use the money set aside to build future council housing that is not yet committed to specific schemes to offset the significant loss of rental income, but these are limited and only provide a stop-gap but do not reduce the base budget in the long term. Funds identified for top up investment in new build housing, but not committed to specific schemes, stood at around £3.2m for 2015/16 and £29.9m over the 5 year period from 2015/16 to 2019/20 when budgets were agreed for 2015/16 (before recent announcements). However, all but £4.6m in the later years was expenditure which also assumes the use of RTB receipts, and is required to avoid the need to pay the receipts over to central government. Once we factor in schemes that have subsequently received approval, the anticipated rent reduction, and the compulsion to sell high value properties, there will only be £3m of top up resource remaining across 2015/16 and 2016/17, which is sufficient only to meet our existing obligations in respect of retained receipts held to date. Use of this resource could only be a short term solution, as the total amount we have uncommitted could not close the funding gap over the lifetime of the business plan, and in the short-term would mean that we had to return existing RTB receipts with interest .We are however not proceeding with any new commitments until we have fully explored and modelled the impact of the 1% rent reduction on the budget as a whole.

5.3 We could also consider using some or all of the money set aside to potentially repay the principal on the debt incurred from buying ourselves out of the subsidy system (previously set-aside totalling £53.4m was included with £2.5m recurring from 2018/19). The re-modelling undertaken in anticipation of the changes in housing policy indicates that there is now the ability to set-aside only £26m from revenue resources, which represents approximately 12.3% of our current debt. Reducing this set-aside further would be a very high risk strategy as it would rely on re-financing all of the debt as the loans reach maturity, where it is not possible to accurately predict the level of interest rates so far ahead and ignores the fact that the housing stock upon which the debt is secured will be significantly lower. It removes any flexibility to respond to market rates from our financial plans.

5.4 Therefore, for the first year, we are proposing savings in specific areas to meet a £1.466m savings target, driven by the anticipated loss of rental income, based on the work we have done in the HRA review.

5.5 For future years it is proposed that we consider options that include:

- A shared housing service with South Cambs. This would deliver both savings and resilience. We have already agreed to share the development function.
- Reviewing the new build programme and the options for taking this forward. On our current programme this means taking stock of our aspirations for Mill Road, Park Street and Anstey Way, the latter of which has only been approved on the assumption that savings would be identified elsewhere in the capital plan to fund the scheme. The impact on having to return RTB receipts with interest, and our City Deal commitments to deliver against housing targets need to be played into this.
- We have 20 loans with the Public Works Loans Board, totalling £213.6m, which mature starting from March 2038 annually over the following 20 years. There is a need to plan responsibly for the future and to consider the risks in any use of set aside, even if some of it is only used as a one off to ease transitional arrangements and buy us time to agree a future strategy.
- The disadvantages that Councils now face cannot be ignored. Unlike Housing Associations we will be compelled to sell off our high value stock, cannot recycle higher rents, have a restrictive debt cap and cannot borrow further against our assets, and do not have our losses through RTB reimbursed. We need to consider what, in the long term, will be in the interests of existing and future tenants, and explore the options that might be available.

5.6 Some housing providers are arguing that we should be seeking concessions such as removal of the debt cap, and the extension of the time in which we must spend RTB receipts, and while these may allow us to continue to build they will not mitigate the impact of the 1% reduction in rents in the HRA. Thus we must plan for reduced budgets in the future.

6. Review areas and identified budget savings

6.1 The analysis of the business plan looked at specific areas and this report summarises the findings from each area for review. The tables below gives the total 2015/16 revenue budgets and these broken down for each area reviewed, with potential savings identified from each of these budgets.

Service Area	2015/16 Budget (£)
HRA revenue budget for direct services	12,413,120
General Fund revenue budget	3,404,880
Total revenue services subject to review	15,818,000

6.2 The following table identifies the key revenue areas where savings are proposed from 2016/17 onwards:

Revenue Review Area	2015/16 Budget (£)	2016/17 Saving Proposal HRA (£)	2016/17 Saving Proposal HGF (£)	Comments
Planned Repairs	1,022,700	400,000	0	
Responsive and Void Repairs	5,832,540	379,510	0	Rising to £479,510 by 2018/19
RTB, Shared Ownership and Leasehold Services	112,370	0	0	
General HRA Services	2,551,520	396,650	0	Rising to £418,210 from 2017/18
Special HRA Services	2,507,580	0	0	
Housing Plus	141,240	0	0	
Emerging Priorities	20,810	0	0	
General Fund Services (Incl. HRA share)	3,629,240	18,720	27,800	With HGF saving rising to £49,360 from 2017/18
Total revenue services reviewed and savings proposed	15,818,000	1,194,880	27,800	£1,365,800 by 2018/19 (£1,316,440 is HRA)

6.3 Additional proposals include recurring reductions in the capital programme, in line with those detailed in the table below:

Capital Review Area	Base Ongoing Budget (£)	2016/17 Saving Proposal HRA (£)	2016/17 Saving Proposal HGF (£)	Comments
City Homes Estate Improvement Programme	200,000	200,000	0	
Asset Management (Fees)	455,000	17,900	0	Rising to £35,800 by 2017/18
Long Term Vacants	20,000	20,000	0	HGF expenditure, but saving in HRA Capital
Total capital savings proposed		237,900	0	£255,800 by 2017/18

- 6.4 With both the revenue and capital savings proposed, there would be a reduction in HRA spending of £1,432,780 from 2016/17 and £1,572,240 by 2018/19, as summarised below:

Review Area	2016/17 Saving Proposal HRA (£)	2016/17 Saving Proposal HGF (£)	By 2018/19 Saving Proposal HRA (£)	By 2018/19 Saving Proposal HGF (£)
Revenue Savings Programme	1,194,880	27,800	1,316,440	49,360
Capital Savings	237,900	0	255,800	0
Total capital savings proposed	1,432,780	27,800	1,572,240	49,360

- 6.5 There is also a proposal to reduce investment in roof covering by £10m over the life of the plan, moving from pro-active replacement to a repair and only replace upon full failure approach. This proposal has been incorporated into the financial models, but will not deliver savings in the immediate future due to the current profile of the budget.
- 6.6 There is some potential to make up any shortfall for 2016/17 through savings from the lower than predicted wage increases and overheads, although this is partially offset by increases in employer national insurance contributions from April 2016.
- 6.7 The savings identified so far are full year savings which do not yet include redundancy costs, which would need to be netted off, or part year savings for other reasons relating to implementation.

7. Revenue budget proposals

7.1 Responsive repairs, voids and cyclical maintenance

The planned revenue maintenance budget has underspend in each year for the last 5 years. Expenditure profiles suggest this budget could be reduced by £400k, primarily from the cyclical maintenance programme (called the PTR programme), which has reduced in need as stock is refurbished and wooden windows and doors have been replaced with UPVC. **Saving as included above of £400k.**

- 7.1.1 Other savings will be sought from increased efficiency in the response repairs team and the voids team, by either increasing the income received for the service for work undertaken outside of the HRA, or by reducing the size of the teams. The capacity to acquire an income from new work will be explored to achieve this saving, as a preferable alternative to reducing the workforce. **Saving as included above, at £200k over 3 years.**
- 7.1.2 Void turnaround times and the cost of void repairs have both been improved significantly, generating savings last year. Further reducing void turnaround times and reducing the cost of voids will also contribute to the generation of the saving above. The compulsion to sell high value properties from 2017 will impact on the number of voids and therefore reduce future workload, and may incur additional costs such Council Tax liability during the sale period.

7.1.3 The sub-contractors budget for repairs and voids sub-contractor work can be reduced as we move to an increased reliance on in-house labour. **Saving as included above £200k.**

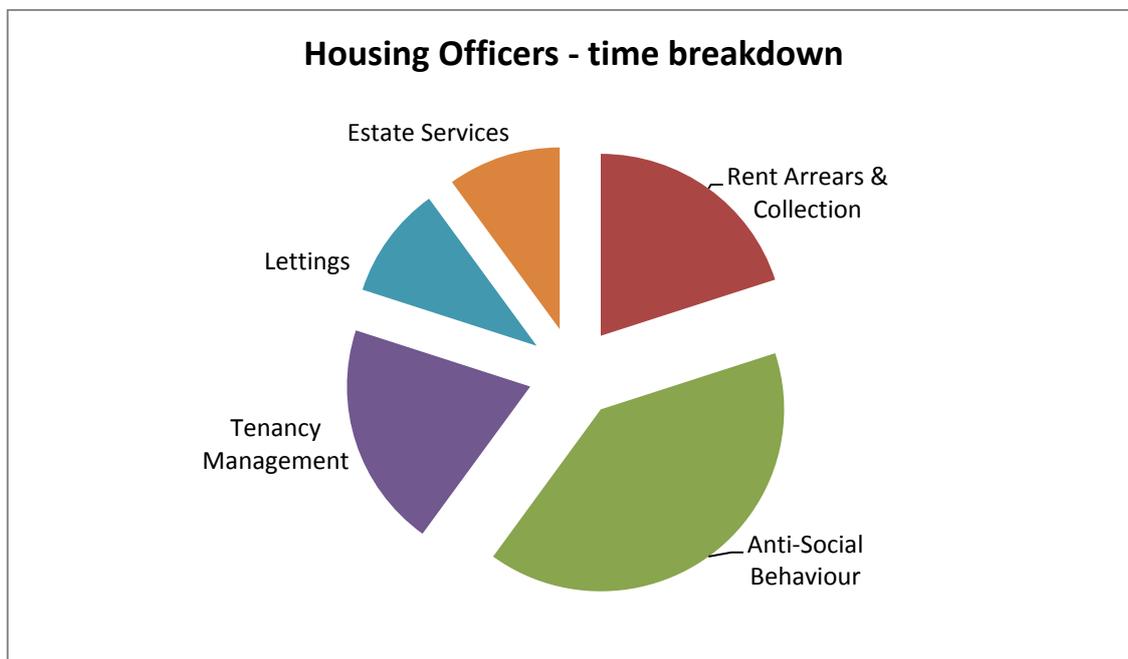
7.1.4 Change inspection procedures for repairs to reduce costs. **Saving, as above £80k.**

7.2 Leasehold and Shared Ownership service

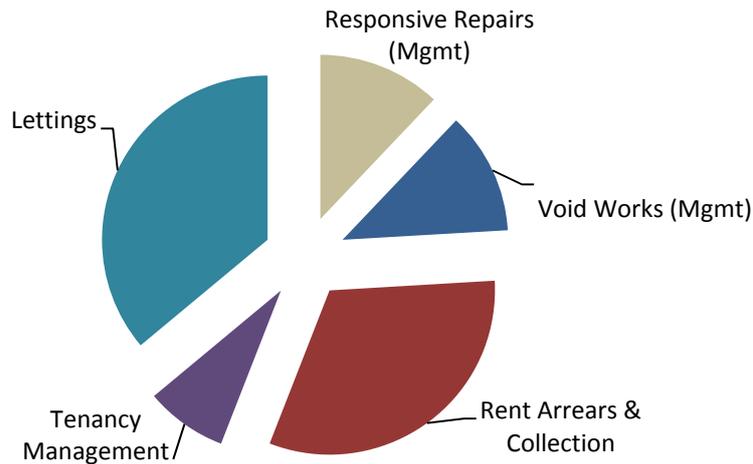
7.2.1 This is a service predominantly recharged to leaseholders, and is periodically adjusted to ensure full cost recovery of administrative costs. The area for efficiencies in this service is ensuring that leaseholders are full recharged for works through more timely use of section 20 notices, which must be raised for major works, and rely on accurate prediction of the future capital works programme. 50% of leasehold properties are sub-let as businesses. Pressure on this service has increased as the volume of RTBs has gone up with increasingly generous discounts. Staff capacity has recently been increased, but needs to be kept under review.

7.3 General Housing Management / Services (HRA)

7.3.1 General housing management services have a budget of £2.5m. The greater costs in this budget are staffing and accommodation. Cambridge is in the third quartile in terms of spend per property on housing and tenancy management staff, and the top (most expensive) quartile for anti-social behaviour work.



Assistant Housing Officers - time breakdown



7.3.2 There is some immediate scope to reduce costs next year through reduced management costs, reduction in budgets for tenant involvement. Moving to a single area office in the North would generate significant savings if the South Office could be vacated, but could take time to realise. Savings from a Head of Service post will be achieved from the transfer of this post to the Housing Development Agency. The cost of housing management needs further scrutiny. The above charts for example suggest that ASB and rent arrears collection may be areas for further efficiencies in the longer term, and this will be subject to review next year. **Saving as included above of £418,210 by 2017/18.**

7.4 Special HRA Services

7.4.1 This area of the review includes the Independent Living Service, Ditchburn Place, Temporary Housing, caretaking, cleaning and estate management. This budget is intended to be self-funding, as the expenditure is expected to be recovered either through service charges, funding for the provision of support from the County Council or recharges to the General Fund for shared amenities.

7.4.2 Our services for older and vulnerable people are highly rated. A recent Care Quality Commission report on the extra care service found the service to be of a good quality, and raised no concerns. However the service relies of external funding from both Adult Care and self-funders. The future of the service is continually reviewed as contracts for County funded activities come up for renewal.

7.4.3 The next area we will need to review is support for those living in our temporary accommodation, as future County funding is uncertain from 2016/17.

7.4.4 Services for older people are delivered under an agreement whereby we work collaboratively to deliver services that reflect the changing needs of older people in the city, across tenures. **No saving proposed at this stage.**

7.5 Specialist services that support the vulnerable

7.5.1 This is a part of the housing management service and currently comprises 4 FTEs, 2 to support those with mental health issues and chaotic lifestyles, a rent

adviser and a financial inclusion officer. The cost of staff is £150k p.a. This service has been enhanced in order to provide a better service to those tenants who, because they fail to manage their debt or behaviour cannot sustain their tenancies and go round the system in and out of homelessness. They remain a cost overall as they go through what are sometimes called revolving doors, and are picked up through different budgets. The service is relatively new and posts were set up in response to research findings on the streetlife community, the number of ASB cases involving mental health issues, and the increased pressure that comes from welfare reform and reduced incomes.

- 7.5.2 It is not proposed to take any savings from this service at this time. But it is a discretionary service and so it will be important to have measures of its effectiveness and successes, to justify its continued existence. **No savings proposed at this time.**

7.6 General Fund housing services

- 7.6.1 Housing Strategy, Housing Options and Homelessness. We will be removing the Head of Service element, a post from housing options, and some ASB costs. This delivers savings of £43,120 to the HRA , already included in the general HRA saving, and savings of £43,120 to the General Fund by 2017/18. This combined with proposals to reduce costs in Housing Options by £24,960, shared between the HRA and the General Fund in a 75% / 25% split, will result in savings of £49,360 for the General Fund by 2017/18 and **£18,720 for the HRA as included above.**

- 7.6.2 In the longer term there will be pressure on the general fund element of the homelessness budget from the reduction of available properties if the proposal for us to dispose of higher value properties goes through. There is already pressure within the bed and breakfast budget and temporary accommodation to keep spend within existing provision.

- 7.6.3 The Cambs Home Improvement Agency is contained within this budget. This is a shared service with Hunts and South Cambs which used to require a significant subsidy from the General Fund and is now self-funding through a combination of grants and private sector householders contributions to the cost of works.

8 The Capital budget proposals (impacts on DRF)

8.1 Decent Homes and Other Planned Works (Capital) – Reductions required to compensate for construction industry inflation

- 8.1.1 The decent homes programme maintains our existing council housing and communal areas in good condition. When we moved to self-financing we committed to a programme that went beyond basic decent homes. The spend profile for decent homes and planned works is around £10m a year, and is funded in part through revenue contributions to capital.

- 8.1.2 It is important to appreciate that the following changes proposed will not deliver savings into the revenue budget because they are being used to absorb construction inflation which is running at levels above the predicted rate. The key task in reviewing this budget has been to make adjustments to the existing programme to bring increasing expenditure, in line with the existing budget.

8.1.3 In order to do this the following changes are proposed, savings about £40m over the lifetime of the programme. (The individual value of these proposals is set out in the accompanying Medium Term Financial Review).

- Extend the replacement period for kitchens, bathrooms, boilers, windows, roofs
- Remove some of the dedicated budget for communal areas uplift, providing for elsewhere in the budget
- Remove the budget for backlog works and absorb into the current programme
- Reduce discretionary works by £3m over the lifetime of the plan (£300k pa)
- Remove contingency budgets for major voids, roof structures and asbestos, picking up costs from elsewhere in the capital budget

8.1.4 The reductions in spending proposed here do not deliver savings against the budget, but simply bring activity in line with the previously approved budget, with the exception of the saving of £10m in roof covering across the life of the business plan, which has been incorporated into the longer-term financial assumptions for the HRA and **£35,800 by 2017/18 in respect of asset management fees and £20,000 removal of the budget to invest in long term private sector vacant properties (never used), which has been included above.**

8.1.5 Further savings could be sought from this budget, but would involve scaling back the programme to a more basic decent homes level and extending replacement periods even further. More work is needed to consider whether further scaling back of the programme and staff team to support the programme is possible within existing contractual arrangements.

8.2 City Homes Estate Improvement Programme (Cambridge Standard)

8.2.1 This is a budget of £200k per annum. It was set up to supplement the decent homes programme when budgets were very constrained by the need to achieve decent homes. It has consistently underspent over the last 4 years, mainly because of the lack of proposals coming forward for the budget, which was set up to meet extra estate based needs above and beyond decent homes. This possibly reflects the extra investment made in the last 4 years to the decent homes programmes. As this is a discretionary budget, it is proposed to delete it and pick up the type of requests previously funded through this budget in the mainstream decent homes programme. Fencing, for example, is part of the main stream budget. This is in line with a corporate approach to reducing unallocated funds to be bid into, which tend to underspend. **Saving as included above of £200k.**

8.3 Development

8.3.1 Our current new build programme has delivered 56 new social housing properties to the end of March 2015 (plus 28 associated market properties). A further 119 social housing properties (plus 57 market) are due to be completed in 2015/16. We have committed projects to deliver a further 199 social housing properties (plus 104 market) over the next two years, including the Homerton site and Clay Farm. Thereafter we have a pipeline of potential projects identified that would deliver approximately 212 more social housing properties (plus 117 market properties).

- 8.3.2 The current programme assumes an income stream based on the 2015/16 business plan, before the Government's recent proposals regarding Council housing and associated rent levels. Having reviewed the financial position to take account of predicted changes in rental income from 2017/18 and the compulsion to sell high value void properties, assuming we find savings from elsewhere for 2016/17, there is insufficient resource to invest in any further new build other than that we are already required to do to avoid paying existing retained right to buy receipts over to central government.
- 8.3.3 The pace of our current programme has been driven in part by the need to use RTB receipt, and as yet we have not returned any. However we still have £9m of retained receipts that need to be matched with 70% of our own resources, and we will need to return this with 4% interest if we do not spend it by the end of the 3 year deadline for each quarters receipts. We need to explore whether we could still elect to pass the receipts on to Housing Associations to build, although this would still be at a general loss of future assumed rental income to the HRA budget.
- 8.3.4 Appendix B provides tables of the completed, committed and pipeline projects. The intention at this stage is to continue with our own committed new build, the garage sites, Clay Farm and Homerton, but to put Anstey Way on hold until we can be confident about how we will fund this.
- 8.3.5 Although we still have scope to use HRA borrowing headroom of £16m, it would seem prudent to avoid any additional borrowing in a financial environment where we are currently unable to set-aside the resource to repay even our previously agreed 25% of our existing debt. It is apparent that the housing stock upon which this is secured could diminish relatively quickly over the life of the business plan.
- 8.3.6 We might be able to mitigate the impact of the 1% reduction on the new build programme through:
- Mixed tenure schemes
 - Increase in HRA headroom
 - Extra time to spend RTB receipts
 - HCA grant in some circumstances

The scope to develop new models for continuing with the build programme that do not require funding from surpluses will be brought back for further consideration.

8.4 Longer term

- 8.4.1 Even with the levels of savings identified in this paper we are still a long way of the level of savings we need to make given the combined impact of the rent reduction and the expected compulsion to sell high value stock, both of which reduce our income.
- We still have a further 3 years of savings to find
 - We cannot progress with any new build beyond our current commitments
 - Any future RTB receipts must be returned or used by another housing provider
 - The amount we can set aside to pay of our debt reduces by more than half

- Our business plan goes into deficit in around 10 years.
- 8.4.2 We will need to continue to look for savings in areas which will require further review. Areas already identified include income generation, more stringent enforcement of tenancy conditions, and recharges to leaseholder, areas where our costs appear high, and disabled adaptations.
- 8.4.3 However the overall savings target cannot be disproportionately met from housing management and day to day repairs as this represents only a portion of the budget. Commitments on the Capital Programme and new ways of delivering services must also be looked at.
- 8.4.4 We may want to consider returning to a Decent Homes level planned maintenance programme, which is the minimum we are required to deliver as a social housing provider, with a conscious decision about what we want to add on top of this. Our existing contractual commitments may constrain how far and how fast we can make adjustments to this large area of expenditure.
- 8.4.5 Shared services in other areas have delivered resilience and savings, through shared staff resources. The Housing Development Agency has already been agreed as a shared development service with South Cambs and the County. This principle could be extended to the rest of housing services.
- 8.4.6 Other future models are beginning to be floated as part of the national debate about how housing might be delivered in the future. We need to keep abreast of these, being clear about what objectives we expect achieve in any proposed changes eg protecting services for tenants, creating resilience against the impact of cuts, building new homes , working with a broad range of partners to meet housing need in the City.

4. Implications

(a) **Financial Implication**

The proposals in this paper identify an approach to making savings to accommodate construction inflation and the impact of Government proposals. The detailed financial implications resulting from recommendations are incorporated into the HRA Mid-Year Financial Review.

(b) **Staffing Implications**

The savings proposals include deletion of posts. This will be subject to full staff and trade union consultation in line with the management of change policy.

(c) **Equality and Poverty Implications**

An Equalities Impact Assessment has been carried out as part of the HRA Mid-Year Financial Review, which also incorporates all of the recommendations from this report. The Impact Assessment is available as a background paper to the HRA Mid-Year Financial Review Report.

(d) **Environmental Implications**

It is not anticipated that the savings proposals for year one will have any

significant environmental implications. A reduction in office space will have a marginally positive impact by reducing the carbon footprint for the service, but the removal of the estate improvement programme could have a marginally negative impact, depending upon the projects that would otherwise have taken place.

(e) **Procurement**

The proposed reductions in the capital programme will impact on future procurement of goods and services.

(f) **Consultation and communication**

The Government's announcements in June and July have provided limited time to consult with staff, trade unions and resident representative, although all have been briefed on the proposals in this report prior to publication.

There will be consultation with staff and trade unions about any changes impacting on staff structures,

There will be further communication with tenants and leaseholders on the implementation of the 2016/17 savings proposals and where appropriate consultation. A communications strategy will be developed to keep tenants and leaseholders informed of proposals. Tenants would need to be properly consulted on any longer-term changes to the service that involved different management arrangements such as shared services.

(g) **Community Safety**

It is not anticipated that the savings proposals for year one will impact on community safety.

5. Background Papers

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

HRA Mid-Year Financial Review: September 2015, as reported to Housing Scrutiny Committee on 24 September 2015.

6. Appendices

Appendix A - Detailed savings

Appendix B - Completed, committed and pipeline new housing schemes

7. Inspection of Papers

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

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Appendix A

Detailed savings

The savings we have identified for the first year so far are (HRA only):

	£
Cyclical maintenance	400,000
Response repairs (workforce)	100,000
Response repairs and voids	200,000
Change inspection procedure	79,510
Vacating the South Office	146,920
Management posts	96,690
RI and other budgets reduced 50%	53,780
Under-occupation scheme 50% reduction	40,000
Cease quarterly rent statements	12,360
Orchard and Other IT	15,000
Debt management	21,180
Cease Housemark subscription	8,000
Pay budget (overtime)	11,730
Professional Training	6,605
Recruitment	5,950
DFR	
Cambridge Standard	200,000
Asset management team	17,900
Long term vacants	20,000
Total	1,432,780

Completed 2010/11 to 2014/15 (Total completed 84)

Scheme	New Homes	
	Social	Market
7 houses	7	0
Janes Court	20	15
Latimer Cl	12	8
Stanesfield	4	4
Anstey Way	1	1
Atkins Close	12	0
Total	56	28

Committed and due for completion 2015/16 (Total – 176)

Scheme	New Homes	
	Social	Market
Campkin Rd	20	12
Colville Rd	25	8
Barnwell Rd	12	8
Aylesborough	20	15
Water Lane	10	14
Wadloes Cl	9	0
Hawkins Rd	9	0
Ekin Road	6	0
Fulbourn Rd	8	0
Total	119	57

Committed and due for completion 2016/17 to 2017/18 (Total – 321)

Scheme	New Homes	
	Social	Market
Clay Farm – Virido/The Quads	104	104
Homerton	39	56
18 Unit Garage and Infill	18	0
	161	160

On-hold pending review

Scheme	New Homes	
	Social	Market
Anstey Ph 1	12	0
Anstey Ph 2	26	6
	38	6

Pipeline 2017/18 onwards (Total – 561) – Subject to future funding availability

Scheme	New Homes	
	Social	Market
Infill 17/18	10	0
Mill Road	67	100
Colville 2	16	10
Aylesborough 2	11	7
Infill 18/19	10	0
Worts Causeway	92	138
	206	355

