

Version 2b
Housing Scrutiny
Committee

Housing Revenue Account
Budget Setting Report
2018/19
Liberal Democrat
Amendment
– Amended or Re-Stated
Content Only



January
2018

Cambridge City Council

Version Control

	Version	for :	Anticipated Content
	1	Draft	Draft content for consultation
	2	Housing Scrutiny Committee 17 January 2018	Member Scrutiny Tenant and Leaseholder Representative Input Amendments to Executive proposals Opposition budget amendment proposals Rents and Service Charges approved Revenue budgets considered and approved
Current	2b	Housing Scrutiny Committee 17 January 2018	Liberal Democratic Budget Amendments
	3	Council Meeting 22 February 2018	The Executive Councillor for Housing's recommended final budget proposals Capital budgets considered and approved
	4	FINAL	Final version for publication following Council

Section 1

Introduction

Secondary Foreword by the Opposition (Liberal Democrat) Spokesperson for Housing

Cambridge continues to be a city where ordinary people struggle to be able to afford to make ends meet. Over the last ten years the average price of a house has risen by over 60% and market rents in Cambridge have increased by approximately 20% over the last three years.

The City Council, as a key stakeholder in the city owning more than 7,000 homes, has an opportunity to make a material difference. The plan to build 500 new council houses is to be welcomed, although this only goes part of the way to meet the social housing need, with over 2,500 households on the Housing Needs Register waiting for council accommodation. The Council continues to be challenged on delivering on time new council houses, and this will be a key test for it in the delivery of the 500 new homes. Many households who are tenants of the council will be impacted by the introduction of Universal Credit during 2018.

The Liberal Democrat amendment reflects the concerns that residents across the city have voiced regarding the cost of living in new council owned property, the impact of the introduction of Universal Credit and the deterioration of community spaces and environment on many of the council's housing sites – leading to erosion in community wellbeing. Our proposals seek to address these concerns by:

Renting 3-5 bedroom houses that will be built as part of the 500 new council houses at a lower rent – saving a large Cambridge family approximately £2,000 a year in rent

The City Council intends to charge a rent on the 500 new council houses that it is building at a Local Housing Allowance level, rather than at the lower level of rents it charges tenants on the majority of its existing properties. Large households (with children) in the city on low incomes are already struggling to make ends meet. With the introduction of Universal Credit, this will increase. The Liberal Democrat amendment proposes to rent all the properties of 3 bedrooms or more (100 of the 500 houses to be built) at the lower historical rents the council charges. This could save a large Cambridge family (with children) approximately £2,000 a year in rent they pay to the council.

Employing an additional Housing Officer to assist tenants in the transition to Universal Credit

The rollout of Universal Credit across Cambridge will cause major disruption for the majority of council tenants, many of them vulnerable. Experience of pilot schemes across the country suggests that there is a vital need for additional resource to advise and assist individuals in the transfer over to the new system. The Liberal Democrat amendment proposes to employ an additional Housing Officer for 18 months, specifically to support tenants in managing this transition. This step seeks to ensure that the transition for tenants is as smooth as possible.

Undertaking a base line inspection of communal and estate areas on the councils housing sites, using the findings to undertake a comprehensive renewal programme

The council has numerous communal and estate areas across its housing portfolio. These areas typically are part of the access route to individual properties of tenants, their upkeep and maintenance is critical to the overall wellbeing of the community. The council allocates specific funds for the repair and maintenance of these areas, but these funds have historically been underspent and are often not sufficient to undertake a comprehensive renewal. The Liberal Democrat amendment

proposes to undertake a base line inspection of the communal and estate areas of the councils housing portfolio and use the findings to undertake a full renewal programme of these areas. A capital sum of £1,000,000 has been allocated to undertake the renewal programme.

Continuing the higher level of response repairs in sheltered housing

The Council has undertaken a consultation of tenants regarding tenants being responsible for the cost of certain repairs required to their properties in the future. Historically, the council has operationally undertaken some repairs, even though council policy has not required it to do so. The change will result in additional costs to council tenants. The proposed change will also impact elderly residents living in sheltered housing accommodation. The Liberal Democrat amendment proposes to continue to provide the historical level of response repairs in the council's 570 sheltered housing units, and to amend the tenancy agreement to reflect this, as these tenants are often the ones who are most vulnerable and unable to arrange, and meet the cost of the repair themselves.

Section 3

Housing Revenue Account Resources

Rent

Rent Arrears, Bad Debt Provision and Void Levels

Rent collection performance locally has been consistently good, with over 99% of the value of rent due, collected in 2016/17.

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)
31/3/2013	£661,246	1.86%	£862,042
31/3/2014	£619,986	1.68%	£967,755
31/3/2015	£637,735	1.67%	£763,491
31/3/2016	£598,820	1.51%	£735,539
31/3/2017	£645,398	1.63%	£728,050

Performance in the collection of current tenant debt worsened marginally during 2016/17, but is more concerning for the first half of 2017/18, where arrears are higher, when compared with the profile at this point in previous years. At the end of quarter 2 in 2017/18, current arrears totalled £1,084,771.06, compared to £968,534.24, at the same point in 2016/17. It is imperative that dedicated staff continue to work proactively with

tenants, particularly those impacted by benefit changes, in an attempt to reduce arrears significantly by the end of the financial year.

There is still a considerable challenge in respect of actively pursuing, or proactively writing off, former tenant debt, despite progress in this area over the last three years. At the end of quarter 2 in 2017/18 former tenant arrears stood at £795,401.63, compared to £778,434.27 at the same point in the preceding year, highlighting the need for continued focus in this area.

The provision for bad and doubtful debt, taking into consideration both the age and value of outstanding debt, stood at £1,202,755.80 at 31 March 2017, representing 88% of the total debt outstanding.

The value of rent not collected as a direct result of void dwellings in 2016/17 was £511,864, representing a void loss of 1.38%, compared with £389,281 in 2015/16, representing a void loss of 1.05%.

Void levels have increased in 2017/18 to date, with void loss up to the end of September 2017 of 3.05%. The significantly higher level is due to a combination of holding vacant units at Ditchburn Place pending refurbishment and at Anstey Way in anticipation of demolition and re-development of the site, coupled with difficulties in selling new shared ownership homes and delays in letting new build housing where large numbers were taken at Clay Farm within a short timeframe. Demolition of the Anstey Way site began in early November 2017.

Void performance statistics exclude the impact of those intentionally held void, ensuring that the authority has a proper picture of those dwellings vacant, but anticipated to be available for re-let once any standard void works have been completed.

On an ongoing basis, an assumption of 0.84% voids in general housing is assumed, recognising the reduction in void times anticipated as part of changes resulting from the Housing Transformation Programme. As part of the Medium Term Financial Strategy a temporarily increase in this assumption in the short-term to 1.25% in 2018/19 and 1% in 2019/20 was incorporated, recognising the release of a considerable amount of new build affordable housing in the city, and the ongoing refurbishment of Ditchburn Place.

The assumption for 2018/19 has been reduced to 1.16% for 2018/19, with the 1% assumed for 2019/20 retained, assuming that the excessively high void level being experienced currently is, in part, temporary in nature.

Rent Restructuring and Rent Levels

Property specific target social rents under the rent restructuring regime still apply for the properties held in the HRA prior to April 2012, but the requirement to reduce social housing rents, by 1% for a further 2 years, means that target rents will continue to reduce in line with this. The authority has the ability to close the gap between target social rent and the actual rent being charged for a dwelling, only when a property becomes void.

The average target 'rent restructured' rent at the start of 2017/18 across the general housing stock was £103.75, with the average actual rent charged being £99.37, both recorded on a 52 week basis. By the end of September 2017, 24% of the social rented housing stock was being charged at target rent levels, compared with 21.1% in April.

The gap between actual and target rent levels now equates to an annual loss of income of approximately £1,198,000 across the HRA, compared with the income assumption in the Self-Financing Settlement, where full convergence was anticipated.

There were 259 new build rented and shared ownership properties charged at the higher 'affordable rent' levels, equivalent to the Local Housing Allowance at the end of September 2017.

Rent Policy

The local rent setting policy was last updated and approved in September 2017. It has been reviewed again as part of this alternative budget, to reflect the proposal to introduce homes of 3 bedrooms or more, built using devolution funding, at local authority rent restructured target rent levels. This would result in a 3 bedroom home being let at an estimated £117.41 per week (over 52 weeks), as opposed to £153.45 per week (Local Housing Allowance level, less estimated service charges).

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.

From April 2018, the authority is required to apply the third year of a four year rent cut in social housing rents of 1% per annum.

The assumption being made, in respect of longer-term financial forecasts, that the authority will be able to revert to the previous policy of increasing rents by CPI (as measured at the preceding September), plus 1% each year, from April 2020, has been confirmed by government, with a commitment at these levels for at least 5 years.

For affordable rented homes, the requirement for local authorities to determine what 80% of the market rent is for each dwelling, and ensure that the combined rent and service charges levied for a property does not exceed this level, minus the 1% reduction required each year for the four years from April 2016 remains. As local policy limits affordable rents to the Local Housing Allowance level (approximately 58% of market

rent) from the point of introduction, it is argued that the 4 year reduction has already been applied for these properties at inception. As a result, affordable rents are reviewed in line with the Local Housing Allowance each year.

The exception to this will be homes of 3 bedrooms or more, built with the assistance devolution funding, which will instead be let at local authority rent restructured target rents, with the 1% reduction being applicable to any homes completed before 1st April 2019.

Section 4

Housing Revenue Account Budget

Overall Budget Position - 2018/19 onwards

Overall Budget Position

The overall revenue budget position for the Housing Revenue Account is summarised in the table below and at **Appendix J**, with detail for the period to 2021/22 provided in **Appendix D (1)**:

Proposal Type	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Target Included	250,000	0%	0%	0%	0%
Reduction required to meet Current Savings Target	250,000	250,000	250,000	250,000	250,000
2018/19 Budget Items					
Savings	(413,740)	(627,040)	(627,040)	(627,040)	(627,040)
Increased Income	(286,220)	(286,220)	(286,220)	(286,220)	(286,220)
Unavoidable Revenue Pressures	286,100	286,100	286,100	286,100	286,100
Reduced Income	54,700	75,310	97,800	204,630	242,110
Bids	152,200	217,400	119,800	110,600	110,600
Net Savings Position (above) / below Savings Requirement	43,040	(84,450)	(159,560)	(61,930)	(24,450)

Non-Cash Limit Adjustments	0	0	0	0	0
Net Position for the HRA (above) / below overall assumptions	43,040	(84,450)	(159,560)	(61,930)	(24,450)

Non-Cash Limit Budgets

Non-Cash Limit items are those that do not relate directly to the cost of service provision, including for example direct revenue funding of capital expenditure (DRF), investment income and depreciation. These items are treated outside of the 2018/19 cash limit, with the implications built into the financial forecasts for the HRA as part of the budget process, informing future budget strategy, savings targets and investment priorities. For 2018/19 the non-cash limit items arrive at a nil net value, with a reduction of £502,530 in the level of depreciation anticipated to be charged in year and therefore transferred to capital as a funding source, directly replaced by the use of direct revenue funding of capital expenditure (DRF) of the same value to ensure that the anticipated funding available is maintained.

Performance against Savings Target

A reduced savings target of £250,000 was incorporated into HRA forecasts for 2018/19 as part of the HRA Medium Term Financial Strategy approved in September 2017. The target was set in the context of a financial position which was improved in the short-term by the assumed deferral of the implementation of the higher value voids levy and in the longer-term by the increase in housing stock anticipated by virtue of Devolution Grant funding.

The savings identified in the table above, and included for decision as part of the HRA Budget Setting Report, are detailed in **Appendix D (1)**.

Savings that have been identified for 2018/19 are partially offset by the HRA reacting to unavoidable revenue pressures. The net position is an under-achievement against the savings target for 2018/19 of £43,040, but this moves to an over-achievement of £84,450 against the £250,000 single year target in 2019/20. Based upon the current assumptions, no further savings would be sought from 2019/20, unless the budget strategy was amended as part of the 2018/19 Medium Term Financial Strategy in response to any change in financial context or assumptions. Details of the net savings can be found in **Appendix D (1)**.

No savings target has been incorporated from 2019/20 onwards, recognising that the Housing Transformation Programme has significantly reduced expenditure in the HRA, and that there is a critical mass which needs to be retained. This approach will be reviewed as part of the 2018/19 Medium Term Financial Strategy, by which point the impact of changes in national housing policy may be clear.

The result of any corporate transformation activity may have a financial impact for the HRA. The detail, and impact in monetary terms, is not always available at the outset of each project. 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.

Transformation Fund

For 3 years from 2016/17 a budget of £120,000 per annum was included in the Housing Revenue Account, to allow investment in service transformation projects and in spend to save initiatives, in light of the major changes in national housing policy.

The budget has been used to deliver the Housing Transformation Programme, and to meet any cost of change that service transformation has incurred.

To date, the fund has been allocated to one-off projects only, with no ongoing call on the resource. As a result, the budget proposals for 2018/19 incorporate a reduction in the total budget of £366,200, to retain just £120,000 on an ongoing basis, to allow strategic investment in key areas of the housing service.

The responsibility for identification and approval of funding for suitable projects for this reduced resource to be invested in, whether one-off, or ongoing in nature, is delegated to the Strategic Director, who is responsible for ensuring that the authority continues to meet statutory obligations and has a housing offer which is fit for purpose.

Section 5

Housing Capital Budget

Capital Bids, Savings and Re-Phasing

There are capital bids incorporated as part of the 2018/19 HRA Budget Setting Report, alongside a number of areas of re-allocation and re-phasing.

Detailed changes are presented in **Appendix E** and capital bids are described in **Appendix D(2)**, with the overall financial and presentational impact of the following items being incorporated into the Housing Capital Investment Plan presented at **Appendix K**:

- Inclusion of a bid for £150,000 for the replacement of the Housing Management Information System, to add to the existing allocation for the project which is deemed insufficient to meet the cost of the breadth of services tendered for.
- Inclusion of a bid for £25,000 for the replacement of the Estate Service Champion estate vehicle, which is used for estate inspections, removal of bulky waste and fly-tipping on housing estates.
- ***Inclusion of a bid for £1,000,000 (£250,000 in 2018/19 and £750,000 in 2019/20) to allow increased investment in communal areas and on wider housing estates, in line with investment priorities identified as part of the estate inspections.***
- Inclusion of a bid of £1,548,000 to increase the budget for the project to reconfigure Ditchburn Place as self-contained accommodation, based upon the

latest cost estimates available for the project which is being delivered in phases, with contracts priced and awarded in this way also.

- Re-phasing of capital budgets, and associated contract overheads, for health and safety works and hard surfacing works from 2017/18 into 2018/19 in line with revised delivery timescales.
- Inclusion of £608,000 of estimated resource for Disabled Facilities Grants through the Better Care Fund for 2018/19 and the corresponding expenditure, recognising that this is still subject to confirmation by the County Council and with future years dependent upon a major review by the County Council and Home Improvement Agencies. Delegated authority is sought to adjust this budget once final grant levels have been confirmed.
- Adjustments to budgets for new build schemes that have previous approvals, recognising the latest delivery proposals for the site and associated cost estimates available, as identified in **Appendix E**.
- Re-phasing of new build schemes as identified in **Appendix E**.
- Re-phasing of the new build programme utilising both devolution grant and retained right to buy receipts, recognising the current schemes in the pipeline and their estimated delivery timescales.
- Adjustment to the level of resources held for works to new build dwellings and to meet the cost of inflation, as a result of the changes above.
- Inclusion of a £1,750,000 Section 106 affordable housing contribution as a funding source for the future delivery of affordable housing within the HRA.

Section 7

Summary and Overview

Equality Impact Assessment, Uncertainties and Risk

Equality Impact Assessment

Local authorities continue to 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, and to demonstrate this 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 part of this Budget Setting Report, an Equality Impact Assessment has been undertaken in respect of all new 2018/19 HRA Budget proposals, where any impact is anticipated. The assessment identifies the impact of a proposal, any mitigation available and includes an action plan detailing how negative impact can be addressed. All Equalities Impact Assessments are available on the Council's website. The Equalities Impact Assessment for the overall HRA budget is included at **Appendix L**.

Risk Assessment

It is imperative that consideration is given to any changes in the perceived level of internal and external risk that the housing service is subject to, ensuring that the authority is able to sustain a financially viable Housing Revenue Account.

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

HRA Reserves

Housing Revenue Account General Reserves

General reserves are held, in part, to help manage the risks inherent in financial forecasting and budget-setting. These risks include changes in legislative and statutory requirements, inflation and interest rates, unanticipated service needs and, 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.

For the Housing Revenue Account the target level of reserves of £3m, with a minimum level of reserves of £2m, is proposed to be retained, recognising the need to safeguard the Council against the higher levels of risk and uncertainty in the current financial and operational environment for housing.

During 2018/19 a review will be undertaken in respect of the approach to setting the target and minimum level of reserves for the HRA, to compare the approach taken to that now taken for the General Fund. Any change in approach will be presented as part of the HRA Medium Term Financial Strategy in September 2018.

Financial Assumptions and Sensitivity

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

In making financial assumptions, 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 I provides details of the key sensitivities modelled in the preparation of the HRA Budget Setting Report 2018/19.

Options and Conclusions

Overview

The budget for 2018/19 has been constructed in the wider context of the national position for social housing, with the authority still seeking to achieve a balance in investment against the previously agreed priorities:

- 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

Imposed rent cuts for a further 2 years continue to negatively impact the housing business, whilst uncertainties in respect of regulation for some other changes in national housing policy, still pose significant challenges in predicting the future for the housing service.

Considerable work has been undertaken over the last 3 years as part of the Housing Transformation Programme, to ensure that the authority is best placed to respond to the financial challenges that it faces. There are still work streams to conclude their findings, but there is also the need for some of the changes already implemented to be allowed to bed in, with changes in working practices and processes to be explored, communicated and widely adopted. A programme of training is ongoing for staff across the Housing Service to assist with this.

Summary and Conclusions

The work undertaken as part of the 2018/19 budget process to date, has resulted in the development of proposals for the base budget of the Housing Revenue Account.

In January 2018 Housing Scrutiny Committee will consider the budget proposals, prior to the Executive Councillor for Housing making decisions in respect of the revenue aspects of the budget, making recommendation for the housing capital budget for 2017/18 to 2022/23 to Council for consideration and approval.

The HRA Budget Setting Report recommends, in summary:

- Approval of property rents, garage and parking space rents and service charges
- Approval of any revised budget proposals
- Approval of any unavoidable revenue pressure proposals
- Approval of any savings proposals
- Approval of any increased income proposals
- Approval of any non-cash limit items
- Approval of any capital bids, capital savings, revised scheme costs and timings

- Approval of capital resource re-allocation

The meeting of Council on 22nd February 2018 will consider the final proposed Housing Capital Budget as identified in this report for approval.

A significant proportion of the savings identified in the HRA from 2018/19 result from a reduction in the ongoing funding identified for Housing Transformation, where significant savings have been delivered with little need identified for initial investment to deliver the change.

As part of the 2017/18 budget process, additional savings have been identified in other operational areas of the HRA, including reductions in office costs, utilities, pension deficit contributions and interest payable and the proposal to delete the vacant Strategic Housing Advisor post, now that the Transformation Project is nearing completion.

Increased rent and service charge income has been identified, due in part to the decision to defer the assumption around any implementation of the higher value voids levy, coupled with increases in photo-voltaic income and in interest anticipated to be received on cash balances held.

These savings are partially offset by unavoidable revenue pressures, predominantly due to increased costs in respect of responsive and cyclical repairs, the need to recruit an additional surveyor to address health and safety and risk management across the housing stock, and the need to meet the cost of higher than anticipated service charges at Scholar's Court.

Non-cash limit adjustments in respect of depreciation and revenue funding of capital expenditure directly offset each other, having a nil net effect on the HRA. These have therefore not been detailed in **Appendix D(1)** as they have been treated as virements.

The overall position for the HRA for 2018/19 (including non-cash limit adjustments) is under-achieved by £43,040, moving to an over-achievement of £84,450 in 2019/20. The over-achievement against the savings target reduces so that by 2022/23, the target is over-achieved by £24,450 on an ongoing basis.

There is currently no savings target incorporated from 2019/20 onwards, and it is recognised that to deliver further savings, the authority would need to accept significant changes in the level at which services are provided, or in the way in which services are delivered.

By the same token, there is no resource identified in future years for strategic investment or priority policy investment, so any areas of unavoidable revenue pressure or additional strategic investment identified, will need to be funded by the identification of savings elsewhere in the HRA.

The HRA's approach to long-term financial planning still incorporates the assumption that any surplus resource will be set-aside in the first instance, until 25% of the loan portfolio can be redeemed at maturity, with any balance available for re-investment in income generating assets, whilst also maintaining reasonable financial assumptions in ongoing investment need in the current housing stock. The review of this approach has been deferred until the outcome of the higher value voids levy is known, and this would significantly impact any recommendations arising from this review.

The inclusion of Devolution Grant in the financial projections, resulting in a programme of 500 new homes over a 5 year period, and a net increase in the housing stock over this period, with new homes outweighing those anticipated to be lost through the right to buy.

One of the biggest risks for the HRA in 2018/19 will be the ability to invest in new homes, using Devolution Grant and retained right to buy receipts, quickly enough to avoid the

need to hand any right to buy receipts to central government, with interest penalties attached.

Officers are exploring routes to accelerate delivery of new homes through CIP, and also the potential to acquire land in advance of the delivery of new affordable homes on privately owned sites in the city. There may still be the need to acquire further existing homes on the open market in 2018/19, but this could jeopardise the ability to deliver 500 homes through the Devolution Programme, if right to buy receipts and other HRA resources are directed into strategic acquisition of market homes to be used for affordable rent.

In 2018/19, the delegation to the Strategic Director, to allow revenue resource previously transferred into the potential debt redemption / new build reserve to be drawn down to allow the strategic acquisition of market housing for use as affordable rented homes is retained. This will continue to mitigate the risk that delay, or lead in, to the delivery of new homes may result in a requirement to pay retained right to buy receipts over to central government, with an interest penalty attached.

There is still uncertainty in other areas of national housing policy change, with regulations surrounding the introduction of compulsory fixed term tenancies still awaited and the future of the proposals around legislation for the sale of higher value voids levy still unclear.

As part of welfare changes, the local impact of direct payment through Universal Credit is also yet to be quantified and realised, but with concerns still evident based upon the experience of authorities who are further progressed in terms of rollout.

Any review of the need to identify savings in future years will need to consider not only the need to sustain a 30 year business plan, but also the impact of any emerging housing legislation, the authorities aspirations for delivery of new build housing in the

future, and the approach to continuing to set-aside resource for the redemption housing debt.

2018/19 Budget - All Revenue Items (HRA)

Appendix D(1)

Reference	Item Description	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	Contact	Climate Effect & Poverty Rating
Savings								
Housing - HRA								
S4028	Reduction in interest anticipated to be payable by the HRA	(12,640)	(11,240)	(11,240)	(11,240)	(11,240)	Julia Hovells	Nil
	<i>Using the latest rates assumed for interest payable to the General Fund for internal borrowing, the HRA expects to pay less in interest than previously assumed, where an external PWLB interest rate was assumed.</i>							None
S4029	Savings in operational costs across the Housing Revenue Account	0	(22,700)	(22,700)	(22,700)	(22,700)	Julia Hovells	Nil
	<i>This saving is anticipated due to reduced operational expenditure such as IT, training, special projects and office running costs across Estates and Facilities, City Homes and HRA Departmental Overheads service areas.</i>							None
S4031	Savings in salary costs due to staff turnover and retention	0	(25,800)	(25,800)	(25,800)	(25,800)	Julia Hovells	Nil
	<i>This saving is delivered due to new staff being appointed at lower points on the scale, and retained staff at top of scale not being in receipt of incremental progression.</i>							None
S4033	Deletion of the Strategic Housing Advisor post	0	(54,600)	(54,600)	(54,600)	(54,600)	Suzanne Hemingway	Nil
	<i>Following completion of a 3 year programme of transformation of the Housing Service, the part-time vacant post of Strategic Housing Advisor and the associated costs of employing this post are proposed to be deleted. Future change and transformation of the Housing Service will now be led by the Strategic Director.</i>							None
S4034	Temporary Housing operational savings	0	(18,700)	(18,700)	(18,700)	(18,700)	David Greening	Nil
	<i>It is proposed to reduce budgets across the temporary housing service based upon prior year activity, with reductions in utilities, telephone and IT costs.</i>							None
S4082	Removal of years 1 and 2 ongoing transformation funding	0	(246,200)	(246,200)	(246,200)	(246,200)	Suzanne Hemingway	Nil
	<i>An ongoing transformation fund of £120,000 per annum for 3 years was included in the HRA to deliver major service transformation. As expenditure in years 1 and 2 has been one-off in nature, it is proposed to remove the ongoing budgetary provision, leaving £120,000 only (year 3 fund) , from April 2018 onwards.</i>							None
S4103	Reduced pension deficit contributions from the HRA	0	(34,500)	(247,800)	(247,800)	(247,800)	Julia Hovells	Nil
	<i>Following the latest triennial review and negotiations for a 3 year up-front settlement, the anticipated contributions from the HRA to meet the pension deficit are lower than previously budgeted.</i>							None
Total Savings in Housing - HRA		(12,640)	(413,740)	(627,040)	(627,040)	(627,040)		
Total Savings		(12,640)	(413,740)	(627,040)	(627,040)	(627,040)		

Increased Income

Housing - HRA

II4030	Increased income from photovoltaic installations on HRA buildings	0	(9,200)	(9,200)	(9,200)	(9,200)	Will Barfield	Nil
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As new build sites and refurbishment schemes progress, the income from photovoltaic generation and feed in tariffs increases. Low

II4104	Increased rental income in the HRA	0	(162,500)	(162,500)	(162,500)	(162,500)	Julia Hovells	Nil
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An increase in rental income is anticipated in 2018/19 due to the deferral of the assumption around the sale of higher value voids coupled with budgeting assuming that all new shared ownership homes are sold by April 2018, with sales values and proportions sold based upon experience to date. None

II4105	Net increase in service charge income in the HRA	0	(17,600)	(17,600)	(17,600)	(17,600)	Julia Hovells	Nil
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A net increase in service charge income to the HRA is anticipated after allowing for the anticipated expenditure and associated income for all new build sites delivered to date. The net increase is due to additional income anticipated to be received from leaseholders, partly offset by reductions in cleaning and utility charges. None

II4123	Interest due to the HRA	(140,170)	(96,920)	(96,920)	(96,920)	(96,920)	Julia Hovells	
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Based upon the latest estimated revenue and capital balance projections, coupled with the latest interest rate assumptions, the HRA is anticipated to receive a higher level of interest from 2018/19.

Total Increased Income in Housing - HRA	(140,170)	(286,220)	(286,220)	(286,220)	(286,220)
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Total Increased Income	(140,170)	(286,220)	(286,220)	(286,220)	(286,220)
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Unavoidable Revenue Pressure

Housing - HRA

URP4022	Appointment of a Statutory Inspection and Energy Surveyor and increase in hours of the Assistant Surveyor (Adaptations) post	0	45,500	45,500	45,500	45,500	Will Barfield	Nil
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Following recent tragic events at Grenfell Tower, it is necessary to employ a Statutory Inspection and Energy Surveyor to ensure that all health and safety and fire safety work is identified and carried out in a timely manner, and that any changes in legislation are responded to quickly and effectively. This bid also recognises the need to increase the Assistant Surveyor (Adaptations) post by 7 hours to be full time, following the decision made in January 2017, to introduce a new charging structure for adaptation work. None

URP4023	Net increase in cyclical and planned revenue repairs expenditure	0	34,200	34,200	34,200	34,200	Will Barfield	Nil
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Recognition of an increased need to spend in cyclical maintenance in respect of TV aerial relocation, fire safety equipment and disabled adaptation servicing and maintenance, partially offset by reductions in electrical supply costs, lift maintenance contracts and by cash limiting the fencing annual budget of £200,000. None

URP4032	Increased service charges at Scholar's Court	0	16,400	16,400	16,400	16,400	Julia Hovells	Nil
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The service charges payable to Carter Jonas for managing the Scholar's Court housing development are higher than the standard level of service charges assumed for HRA sites. None

URP4106	Increase in the cost of response repairs in the HRA	100,000	190,000	190,000	190,000	190,000	Lui Graziano	Nil
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The cost of response repairs across the HRA is expected to continue at the higher rate experienced during 2016/17. Although additional income is being received for special project work, the team are being required to be deployed to tackle day-to-day work when staff are absent, and an element of work is still needing to be sub-contracted. For 2017/18 the increase in costs is due to the need to survey some balconies as an urgent task. None

Total Unavoidable Revenue Pressure in Housing - HRA	100,000	286,100	286,100	286,100	286,100			
Total Unavoidable Revenue Pressure	100,000	286,100	286,100	286,100	286,100			

Reduced Income

Housing - HRA

RI4024	Net reduction in income at Ditchburn Place as a result of the refurbishment project	0	21,600	21,600	21,600	21,600	Laura Adcock	Nil
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A reduction in catering and other income is anticipated at Ditchburn Place as a direct result of the project to refurbish the scheme to create self-contained accommodation. The loss of income is partially offset by a reduction in anticipated spending on utilities and other operational costs. None

RI4027	Net impact of changes in anticipated income and expenditure for the Independent Living Service	0	13,200	13,200	13,200	13,200	Laura Adcock	Nil
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This reduced income bid combines the impact of a reduction in income for emergency alarms and a cash limited sum anticipated from the County Council for the provision of support to older people with an increase in the sum payable to the County Council for the out of hours response service. None

RI4100	Reduction in commercial property income HRA	0	19,900	19,900	19,900	19,900	Julia Hovells	Nil
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A lower level of commercial property income is anticipated in 2018/19 due predominantly to the decision not to re-let the clinic at Kingsway, but instead to convert it into 4 flats for rental. Low

LDR11	Reduction in rental income as a result of charging local authority rent restructured rents	0	0	20,610	43,100	149,930	Julia Hovells	
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Reduction in rental income as a result of charging local authority rent restructured rents to homes of 3 bedrooms or more built with devolution funding or re-provided on devolution funded sites

Total Reduced Income in Housing - HRA	0	54,700	75,310	97,800	204,630			
Total Reduced Income	0	54,700	75,310	97,800	204,630			

Bids

Housing - HRA

B4026	Running costs for the Estate Service Champion Van	0	2,000	2,000	2,000	2,000	Sandra Farmer	Nil
<p>The Estate Service champions have an outdated van which is used for a variety of tasks across our housing estates, including the removal of bulky waste and supporting community action days. The van is now in need of replacement, with a capital bid allowing for the purchase of a 3.5 ton tipper and this revenue bid allowing for the tax, insurance, servicing, repairs and fuel associated with running the vehicle.</p>								
B4101	Staffing – Fraud Prevention Officer	0	24,600	24,600	24,600	24,600	Julia Hovells	Nil
<p>In order to maintain current staffing levels a bid is being made for funding of a fraud prevention officer in light of the end of DCLG funding for this post. It is proposed to fund 60% of this post from the HRA as there is a significant incidence of reclaim of council owned dwellings as part of this work. (Linked to proposal B4004).</p>								
B4119	Increase in the ongoing support and maintenance costs for the Housing Management Information System	0	30,000	30,000	30,000	30,000	Julia Hovells	Nil
<p>Based upon the breadth of the specification that has been tendered, and the latest price indications from the marketplace, the existing budget for the ongoing support and maintenance of the Housing Management Information System is anticipated to be insufficient to meet the full cost of supporting all modules and associated add-on products.</p>								
B4131	Proposal for a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour	0	9,000	9,000	9,000	9,000	Julia Hovells	Nil
<p>The proposal is to introduce a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour. For employees the weighting will be paid in addition to salary and the Living Wage supplement, to bring the hourly rate to an equivalent of £10 per hour. For agency workers the weighting will apply in addition to current hourly rates and the Living Wage arrangements. The weighting will be variable, depending upon the current hourly rate and the Living Wage supplement payable at that time.</p>								
B4132	Digital Team Staffing - Joint 3C Approach	0	26,400	42,800	42,800	33,600	Jonathan James	Nil
<p>To create a collaborative Digital Structure working within 3C ICT that will give respective digital initiatives greater impetus and focus. The resources include the vital future hosting and development costs associated with the council's website, and will also facilitate C4065 as well as a transformational digital programme of work within the council. Strong public support for digital transformation and channel shift was evidenced in the City Council's recent budget consultation exercise. HRA element [Linked to B4068]</p>								
LDB1	Staffing - Housing Officer to manage transition to Universal Credit	0	23,800	47,600	0	0	Sandra Farmer	N/A
<p>To employ a dedicated Housing Officer for a period of 18 months from October 2018 to support tenants during the transition from Housing Benefit to Universal Credit.</p>								
LDB2	Communal area and estate inspection programme	0	25,000	50,000	0	0	Will Barfield	N/A
<p>To allow formal inspection of communal areas and estates to inform a programme of enhanced investment based upon priorities identified through both inspection and tenant survey results.</p>								

LDB3	Continued higher level of response repairs in sheltered housing	0	11,400	11,400	11,400	11,400	<i>Lui Graziano</i>	N/A
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To allow for continuation of small repairs in sheltered housing, historically undertaken by the Council despite being a tenant responsibility (and to amend the tenancy agreement to reflect this), but which may otherwise prove difficult for older or vulnerable residents to undertake themselves.

Total Bids in Housing - HRA	0	152,200	217,400	119,800	110,600
Total Bids	0	152,200	217,400	119,800	110,600
Report Total	(52,810)	(206,960)	(334,450)	(409,560)	(311,930)

2018/19 Budget - All Capital Items (HRA)

Appendix D(2)

Reference	Item Description	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	Contact	Climate Effect & Poverty Rating
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Capital Bids

Housing - HRA

C4025	Replacement of the Estate Service Champion Van	0	25,000	0	0	0	Sandra Farmer	+L
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The Estate Service champions have an outdated van which is used for a variety of tasks across our housing estates, including the removal of bulky waste and supporting community action days. The van is now in need of replacement, with this bid allowing for the purchase of a 3.5 ton tipper.

None

C4118	Increase in purchase and implementation costs for the Housing Management Information System	0	150,000	0	0	0	Julia Hovells	Nil
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Based upon the breadth of the specification that has been tendered, and the latest price indications from the marketplace, the existing budget for the replacement of the Housing Management Information System of £500,000 is anticipated to be insufficient to meet the full cost of all modules and associated add-on products.

None

C4121	Increase in costs for the refurbishment of Ditchburn Place	0	1,548,000	0	0	0	Julia Hovells	Nil
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Based upon the latest information arising from the gateway review of this project, it is clear that the budgeted sum for this scheme will be insufficient to meet the full cost once all work packages have been fully procured and instructed. Any decision not to increase the budget, may result in a reduced scope of works for the scheme. Full review of the contract cost plan is currently in progress.

None

LDC1	Investement in communal areas and wider housing estates	0	250,000	750,000	0	0	Will Barfield	N/A
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Funding to allow additional investment in communal areas of flats, and on wider housing estates, as identified by the estate inspections proposed in alternative budget proposal LDB2, and in line with tenant priorities.

N/A

Total Capital Bids in Housing - HRA

0	1,973,000	750,000	0	0
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Total Capital Bids

0	1,973,000	750,000	0	0
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Report Total

0	1,973,000	750,000	0	0
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Appendix E

2018/19 Capital Budget Amendments Summary

Area of Expenditure and Change	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/2 2 £'000
Total Housing Capital Plan Expenditure per HRA MTFS	25,102	49,159	35,130	36,598	32,994
General Fund Housing					
Increase in Disabled Facilities Grants to match anticipated Better Care Fund Grant	0	58	0	0	0
Decent Homes and Other HRA Stock Investment					
Re-phasing of budget for health and safety works	(162)	162	0	0	0
Re-phasing of budget for hard surfacing works	(132)	132	0	0	0
Re-phasing of contractor overheads associated with delivery of above	(32)	32	0	0	0
Change in budget for decent homes works to new build dwellings	0	(14)	(98)	(103)	(44)
New Build					
Draw down of additional funds under delegation for strategic acquisition of market housing for use as affordable rented	1,000	0	0	0	0
Re-phasing of budget for the conversion of Kingsway clinic into 4 flats	(410)	410	0	0	0
Removal of budget ear-marked for up front work on General Fund sites as approach to purchase now agreed	(320)	0	0	0	0
Increase in budget for Anstey Way and re-phasing based upon CIP delivery estimates	(375)	(597)	2,336	0	0
Increase in budget for 2016/17 in-fill sites and re-phasing based upon CIP delivery estimates	63	49	31	0	0
Increase in budget ear-marked for larger scheme at Akeman Street and re-phasing based upon CIP delivery estimates	(51)	(214)	2,400	0	0
Reduction in budget for Ventress Close and re-phasing based upon CIP delivery estimates	(235)	(1,313)	845	0	0
Increase in budget for Colville Road garage site and re-phasing based upon CIP delivery estimates	49	89	36	0	0

Area of Expenditure and Change	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/2 2 £'000
Inclusion of budget for Mill Road as per Leader's decision at S&R	0	3,268	6,891	9,206	0
Inclusion of budget for scheme at Gunhild Way	29	413	144	0	0
Inclusion of budget for scheme at Markham Close	0	237	619	0	0
Re-phasing of CIP new build and re-development programme part funded by Devolution Grant	0	(11,499)	(6,235)	15,907	(2,760)
Removal of budget ear-marked for re-development as costs now incorporated within pipeline schemes	0	(2,000)	(2,000)	(2,000)	(2,000)
City Homes Communal Areas and Estate Improvement Programme					
Communal Area and Estate Investment Programme	0	250	750	0	0
Sheltered Housing					
Increase in the budget for refurbishment of Ditchburn Place	0	1,548	0	0	0
Other HRA Capital Spend					
Re-phasing of budget for re-procurement of the housing management information system	(500)	500	0	0	0
Increase in budget for re-procurement of the housing management information system	0	150	0	0	0
Inclusion of a budget to replace the Estate Service Champion estate vehicle	0	25	0	0	0
Inflation Allowance					
Adjustment in inflation allowed as spend changes	0	510	562	448	(25)
Total Housing Capital Plan Expenditure per HRA BSR	24,026	41,355	41,411	60,056	28,165

HRA Summary 2017/18 to 2022/23

Appendix J

Description	2017/18 £0	2018/19 £0	2019/20 £0	2020/21 £0	2021/22 £0	2022/23 £0
Income						
Rental Income (Dwellings)	(36,740,450)	(36,661,380)	(35,919,920)	(36,828,160)	(38,322,970)	(39,754,680)
Rental Income (Other)	(1,119,500)	(1,128,710)	(1,153,540)	(1,180,070)	(1,203,670)	(1,227,750)
Service Charges	(2,724,240)	(3,004,310)	(3,065,580)	(3,131,050)	(3,189,280)	(3,248,690)
Contribution towards Expenditure	(3,360)	(3,450)	(3,520)	(3,600)	(3,680)	(3,750)
Other Income	(456,960)	(455,500)	(458,880)	(462,640)	(464,960)	(474,260)
Total Income	(41,044,510)	(41,253,350)	(40,601,440)	(41,605,520)	(43,184,560)	(44,709,130)
Expenditure						
Supervision & Management - General	3,658,940	3,423,140	3,560,340	3,582,930	3,616,780	3,774,770
Supervision & Management - Special	2,311,720	2,584,280	2,650,680	2,720,770	2,786,990	2,854,940
Repairs & Maintenance	6,590,940	6,608,140	6,807,400	6,990,470	7,249,930	7,565,040
Depreciation – t/f to Major Repairs Res.	9,765,080	10,041,820	10,309,370	10,461,630	10,661,380	10,878,030
Debt Management Expenditure	0	0	0	0	0	0
Other Expenditure	3,362,380	3,615,220	3,692,800	3,777,950	3,852,110	3,936,530
Total Expenditure	25,689,060	26,272,600	27,020,590	27,533,750	28,167,190	29,009,310
Net Cost of HRA Services	(15,355,450)	(14,980,750)	(13,580,850)	(14,071,770)	(15,017,370)	(15,699,820)
HRA Share of operating income and expenditure included in Whole Authority I&E Account						
Interest Receivable	(589,280)	(716,470)	(675,510)	(629,330)	(595,360)	(659,660)
HRA (Surplus) / Deficit for the Year	(15,944,730)	(15,697,220)	(14,256,360)	(14,701,100)	(15,612,730)	(16,359,480)
Items not in the HRA Income and Expenditure Account but in the movement on HRA balance						

Loan Interest	7,502,580	7,503,980	7,515,220	7,515,220	7,515,220	7,515,220
Housing Set Aside	6,769,740	4,472,200	4,472,200	4,472,200	4,472,200	4,472,200
Appropriation form Ear-Marked Reserve	(500,000)	0	0	0	0	0
Depreciation Adjustment	0	0	0	0	0	0
Direct Revenue Financing of Capital	4,614,210	502,530	5,287,180	6,620,790	1,926,740	4,235,010
(Surplus) / Deficit for Year	2,441,800	(3,218,510)	3,018,240	3,907,110	(1,698,570)	(137,050)
Balance b/f	(10,178,140)	(7,736,340)	(10,954,850)	(7,936,610)	(4,029,500)	(5,728,070)
Total Balance c/f	(7,736,340)	(10,954,850)	(7,936,610)	(4,029,500)	(5,728,070)	(5,865,120)

Housing Capital Investment Plan

Appendix K

Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend						
Disabled Facilities Grants	605	608	550	550	550	550
Private Sector Housing Grants and Loans	195	195	195	195	195	195
Total General Fund Housing Capital Spend	800	803	745	745	745	745
HRA Capital Spend						
Decent Homes						
Kitchens	206	274	655	640	252	484
Bathrooms	275	305	331	1,036	189	52
Central Heating / Boilers	1,210	1,583	2,586	3,536	1,463	1,568
Insulation / Energy Efficiency	112	758	583	274	758	539
External Doors	169	114	112	351	99	69
PVCU Windows	0	0	0	6	30	0
Wall Structure	292	140	134	254	73	38
External Painting	0	0	0	300	300	300
Roof Structure	175	450	300	300	300	300
Roof Covering	361	334	334	334	334	334
Chimneys	1	0	1	0	1	0
Electrical / Wiring	581	493	555	932	435	251
Sulphate Attacks	27	102	102	102	102	102
Major Voids / Major Works	0	0	0	0	0	0
HHSRS Contingency	50	150	100	100	100	100
Other Health and Safety Works	150	212	50	50	50	50

Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Other External Works	0	0	0	0	0	0
Capitalised Officer Fees - Decent Homes	305	305	305	305	305	305
Decent Homes Planned Maintenance Contractor Overheads	397	542	643	904	493	461
Decent Homes New Build Allocation	219	255	384	535	757	989
Total Decent Homes	4,530	6,017	7,175	9,959	6,041	5,942
Other Spend on HRA Stock						
Garage Improvements	123	100	100	100	100	100
Asbestos Removal	100	50	50	50	50	50
Disabled Adaptations	878	878	878	878	878	878
Communal Areas Uplift	23	651	321	321	321	321
Fire Prevention / Fire Safety Works	96	50	50	50	50	50
Hard surfacing on HRA Land - Health and Safety	152	357	225	225	225	225
Communal Areas Floor Coverings	58	170	100	100	100	100
Lifts and Door Entry Systems	13	13	13	13	13	13
Capitalised Officer Fees - Other HRA Stock Spend	114	114	114	114	114	114
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	159	249	191	191	191	191
Total Other Spend on HRA stock	1,716	2,632	2,042	2,042	2,042	2,042
HRA New Build / Re-Development / Acquisition						
3 Year Affordable Housing Programme (Hawkins Road / Fulbourn Road)	707	0	0	0	0	0
Clay Farm	4,109	0	0	0	0	0
Anstey Way	842	5,365	4,039		0	0

Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
2015/16 Garage & In-Fill Sites	523	2,090	0	0	0	0
Uphall Road	317	0	0	0	0	0
2016/17 In-Fill Sites (Queensmeadow / Hills Avenue / Wulfstan Way)	133	1,495	31	0	0	0
Akeman Street	48	1,670	2,400	0	0	0
Ventress Close	788	1,817	845	0	0	0
Colville Road Garage Site	49	782	36	0	0	0
Mill Road	0	3,268	6,891	9,206	0	0
Gunhild Way	29	413	144	0	0	0
Markham Close	0	237	619	0	0	0
Acquisition or New Build - Retained RTB Receipt Investment	5,590	0	0	0	0	0
Kingsway Clinic Conversion	0	410	0	0	0	0
New Build - CIP Programme (Devolution New Build and Re-Development)	0	8,101	13,765	35,907	17,240	9,816
Re-development of Existing HRA Stock	0	0	0	0	0	0
Total HRA New Build	13,135	25,648	28,770	45,113	17,240	9,816
City Homes Estate Improvement Programme						
City Homes Estate Improvement Programme	21	250	750	0	0	0
Total City Homes Estate Improvement Programme	21	250	750	0	0	0
Sheltered Housing Capital Investment						
Ditchburn Place	2,137	3,428	0	0	0	0
Total Sheltered Housing Capital Investment	2,137	3,428	0	0	0	0

Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Other HRA Capital Spend						
Orchard Replacement / Mobile Working	23	650	0	0	0	0
Stores Reconfiguration	130	0	0	0	0	0
Estate Service Champion Estate Vehicle	0	25	0	0	0	0
Shared Ownership Repurchase	300	300	300	300	300	300
Commercial and Administrative Property	63	30	30	30	30	30
Total Other HRA Capital Spend	516	1,005	330	330	330	330
Total HRA Capital Spend	22,055	38,980	39,067	57,444	25,653	18,130
Total Housing Capital Spend at Base Year Prices	22,855	39,783	39,812	58,189	26,398	18,875
Inflation Allowance and Stock Reduction Adjustment for Future Years	1,171	1,572	1,599	1,867	1,767	1,872
Total Inflated Housing Capital Spend	24,026	41,355	41,411	60,056	28,165	20,747
Housing Capital Resources						
Right to Buy Receipts	(527)	(532)	(537)	(543)	(548)	(548)
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0	0
Major Repairs Reserve	(8,293)	(16,812)	(10,561)	(10,461)	(10,663)	(10,878)
Direct Revenue Financing of Capital	(4,614)	(503)	(5,287)	(6,621)	(1,927)	(4,235)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(4,398)	(300)	(300)	(300)	(300)	(300)
Devolution Grant	(971)	(11,826)	(16,996)	(27,902)	(10,303)	(2,001)
Retained Right to Buy Receipts	(3,220)	(5,068)	(7,284)	(11,958)	(3,680)	(2,514)
Disabled Facilities Grant	(605)	(608)	(271)	(271)	(271)	(271)
Prudential Borrowing	0	0	0	0	0	0

Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Total Housing Capital Resources	(22,628)	(35,650)	(41,236)	(58,056)	(27,691)	(20,747)
Net (Surplus) / Deficit of Resources	1,398	5,705	175	2,000	474	(0)
Capital Balances b/f	(9,752)	(8,354)	(2,649)	(2,474)	(474)	0
Use of / (Contribution to) Balances in Year	1,398	5,705	175	2,000	474	0
Capital Balances c/f	(8,354)	(2,649)	(2,474)	(474)	0	0
Other Capital Balances (Opening Balance 1/4/2017)						
Major Repairs Reserve	(5,549)	Utilised to fund the decent homes programme				
Retained 1-4-1 Right to Buy Receipts	(12,536)	Built into spending by 2019/20				
Right to Buy Receipts for Debt Redemption	(6,877)	Set-aside for potential debt redemption				
Total Other Capital Balances	(24,962)					

1. Title of strategy, policy, plan, project, contract or major change to your service:
HRA Budget Setting Report 2018/19
2. Webpage link to full details of the strategy, policy, plan, project, contract or major change to your service (if available)
3. What is the objective or purpose of your strategy, policy, plan, project, contract or major change to your service?
<p>The HRA Budget Setting Report enables the City Council to set a balanced budget for 2018/19 that reflects the Council's vision statements and takes into account councillor's priorities in its proposals for achieving the savings required. The report provides an overview of the finances for the HRA. It covers both HRA revenue and housing capital spending, highlighting the inter-relationships between the two.</p> <p>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.</p>
4. Responsible Service
<p>Directorate: Strategic Director</p> <p>Service: Corporate Strategy and Finance have coordinated the document, with input from Housing Services and Estates and Facilities in particular.</p>
5. Who will be affected by this strategy, policy, plan, project, contract or major change to your service? (Please tick those that apply)
<p><input checked="" type="checkbox"/> Residents of Cambridge City</p> <p><input type="checkbox"/> Visitors to Cambridge City</p> <p><input checked="" type="checkbox"/> Staff</p>
Please state any specific client group or groups (e.g. City Council tenants, tourists, people who

work in the city but do not live here):

This is a composite EqIA for all 2018 -2019 HRA budget bids and it covers all Council Housing Revenue Account services.

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

- New
- Major change
- Minor change

7. Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service? (Please tick)

- No
- Yes (Please provide details):

This report involves cross organisation responsibility and input from various departments in the Council. The budget also affects some of our partnership working, notably with South Cambridgeshire District Council and Huntingdonshire District Council.

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

The HRA Budget Setting Report 2018-19 is being presented to Housing Scrutiny Committee in January 2018.

9. What research methods/ evidence have you used in order to identify equality impacts of your strategy, policy, plan, project, contract or major change to your service?

None at this stage – this is an overall EqIA that addresses where monitoring and research may be required at the service impacts outlined in the Budget are rolled out. It is expected that those responsible for implementing services will complete a specific EqIA as required.

10. Potential impacts

For each category below, please explain if the strategy, policy, plan, project, contract or major change to your service could have a positive/ negative impact or no impact. Where an impact has been identified, please explain what it is. Consider impacts on service users, visitors and staff members separately.

(a) Age - Any group of people of a particular age (e.g. 32 year-olds) , or within a particular age range (e.g. 16-24 year-olds) – in particular, please consider any safeguarding issues for children and vulnerable adults

Appointment of a Statutory Inspection and Energy Surveyor and increase in hours of the Assistant Surveyor (Adaptations) post will have a positive impact on the safety of residents living in blocks of flats, and those older tenants who require adaptations to their homes to support independent living.

The replacement of the Estate Service Champion estate vehicle, which is used for estate inspections, removal of bulky waste and fly-tipping on housing estates will have a positive impact on all tenants living in communities that are suffering with fly tipping or the accumulation of bulky waste. As the van will be used to support Community Days, where residents are encouraged to bring bulky waste for disposal, this will have a positive impact on older or vulnerable tenants who will be able to get support to dispose of items they are not able to carry.

Increase in costs for the refurbishment of Ditchburn Place as self-contained accommodation will have a positive effect on current and future residents of this supported scheme; providing an enhanced level of independence whilst still maintaining the necessary levels of support for older, more vulnerable tenants.

Changes in anticipated income and expenditure for the Independent Living Service: an increase in the sum payable to the County council for the out of hours response service and a reduction in income from the community alarm service could have an impact on older and vulnerable residents if the extra budget required to cover the delivery of the service is not agreed.

Retention of a higher level of response repairs for those in sheltered housing will have a positive impact on older and potentially vulnerable residents, who will still be able to request small repairs, which might otherwise be identified to be tenant responsibility, but which they may find difficult to undertake themselves.

(b) Disability - A person has a disability if she or he has a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities

The replacement of the Estate Service Champion estate vehicle, which is used for estate inspections, removal of bulky waste and fly-tipping on housing estates : will have a positive impact on all tenants living in communities that are suffering with fly tipping or the accumulation of bulky waste. As the van will be used to support Community Days, where residents are encourage to bring bulky waste for disposal, this will have a positive impact on disabled tenants who will be able to get support to dispose of items they are not able to carry.

Appointment of a Statutory Inspection and Energy Surveyor and increase in hours of the Assistant Surveyor (Adaptations) post will have a positive impact on the safety of residents living in blocks of

flats, and disabled tenants who require adaptations to their homes to support independent living.

Increase the budget for the project to reconfigure Ditchburn Place as self-contained accommodation will have a positive effect on current and future disabled residents of this supported scheme; providing an enhanced level of independence whilst still maintaining the necessary levels of support for more vulnerable tenants.

Inclusion of £608,000 of resource for Disabled Facilities Grants through the Better Care Fund for 2018/19 will have a positive impact on disabled residents who require adaptations to enable them to live independently in their own home.

Changes in anticipated income and expenditure for the Independent Living Service: an increase in the sum payable to the County council for the out of hours response service and a reduction in income from the community alarm service could have an impact on disabled residents if the extra budget required to cover the delivery of the service is not agreed.

(c) Sex – A man or a woman.

No disproportionate impact has been identified in relation to sex in the bid proposals contained in the 2018/19 HRA Budget Setting Report.

(d) Transgender – A person who does not identify with the gender they were assigned to at birth (includes gender reassignment that is the process of transitioning from one gender to another)

No disproportionate impact has been identified in relation to gender or transgender in the bid proposals contained in the 2018/19 HRA Budget Setting Report.

(e) Pregnancy and maternity

No disproportionate impact has been identified in relation to pregnancy or maternity in the bid proposals contained in the 2018/19 HRA Budget Setting Report.

(f) Marriage and civil partnership

No disproportionate impact has been identified in relation to marriage or civil partnership in the bid proposals contained in the 2017/18 HRA Budget Setting Report.

(g) Race - The protected characteristic 'race' refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins.

No disproportionate impact has been identified in relation to race in the bid proposals contained in the 2018/19 HRA Budget Setting Report.

(h) Religion or belief

No disproportionate impact has been identified in relation to religion or belief in the bid proposals contained in the 2018/19 HRA Budget Setting Report.

(i) Sexual orientation

No disproportionate impact has been identified in relation to sexual orientation in the bid proposals contained in the 2018/19 HRA Budget Setting Report.

(j) Other factors that may lead to inequality – in particular – please consider the impact of any changes on low income groups or those experiencing the impacts of poverty

Funding contribution for a Fraud Prevention Officer – positive impact on all tenants who are waiting to receive a council property that is currently occupied fraudulently.

The replacement of the Estate Service Champion estate vehicle, which is used for estate inspections, removal of bulky waste and fly-tipping on housing estates: will have a positive impact on all tenants living in communities that are suffering with fly tipping or the accumulation of bulky waste. As the van will be used to support Community Days, where residents are encouraged to bring bulky waste for disposal, this will have a positive impact on tenants who will be able to dispose of items for free.

Proposal for a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour will have a positive effect on all staff who are currently struggling with affordability in the Cambridge market.

Increase in purchase and implementation costs for the Housing Management Information System, Net increase in cyclical and planned revenue repairs expenditure, Increased service charges at Scholar's Court, Increase in the cost of response repairs in the HRA, Reduction in commercial property income HRA: any increase in the cost of services may need to be passed onto tenants or leaseholders as increased service charge where applicable.

Introduction of an estimated 100 homes of 3 bedrooms or more at the lower local authority rent restructured rent levels will specifically benefit families and larger households on low incomes, making housing costs more affordable alongside other living expenses.

The employment of a dedicated Housing Officer for a period of 18 months to aid the transition to Universal Credit will benefit residents on low incomes who are likely to be eligible for financial support via these means.

11. Action plan – New equality impacts will be identified in different stages throughout the planning and implementation stages of changes to your strategy, policy, plan, project, contract or major change to your service. How will you monitor these going forward? Also, how will you ensure that any potential negative impacts of the changes will be mitigated? (Please include dates where possible for when you will update this EqIA accordingly.)

1. Housing Transformation Board to continue to invest time in implementing process reviews to ensure the reconfigured housing service is working effectively, and there is no negative impact on customers or staff.
2. Housing Transformation Board continue to monitor and manage increase in the costs of services against savings identified to ensure services remain affordable for tenants and leaseholders, and for the council to deliver, whilst rents are still required to be reduced each year until 2020.

12. Do you have any additional comments?

Reduction in interest anticipated to be payable by the HRA, Savings in operational costs across the Housing Revenue Account, Temporary Housing operational savings, reduced pension deficit contributions from the HRA: where savings can be made from back office functions, this will have an overall positive impact on all tenants and leaseholders as cuts to funding do not have to be made from front line services.

Savings in salary costs due to staff turnover and retention, Deletion of the Strategic Housing Advisor post, Removal of years 1 and 2 on-going transformation funding: The outcome of years 1 -3 of the Housing Transformation Programme has meant further savings can now be secured without the need to further change front line services. However it is important that monitoring of services going forward is undertaken, to ensure there is no negative impact on customers from the years 1-3 service reconfiguration.

Increased income from photovoltaic installations on HRA buildings, Increased rental income in the HRA, Net increase in service charge income in the HRA, Interest due to the HRA: An increase in income to the HRA has an overall positive impact on tenants and leaseholders in continuing to help protect services from future cuts.

13. Sign off

Name and job title of lead officer for this equality impact assessment:

Catherine Buckle – Business Development Manager (Housing)

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

Julia Hovells – Business Manager / Principal Accountant

Date of EqIA sign off: 28/12/17

Date of next review of the equalities impact assessment:

Sent to Helen Crowther, Equality and Anti-Poverty Officer?

No

Yes

Date to be published on Cambridge City Council website (if known):

17/01/18 if alternative budget is adopted

Rent Setting Policy

1 Introduction

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

2 Policy Statement

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

The Council will set rents following consideration of any national rent legislation, and the Government's 'Guidance on Rents for Social Housing', and any subsequent publications, in the context of both local housing demand and Cambridge's pressured housing market.

Rents are set at a level that ensures that the Council can meet its landlord obligations to tenants and maintain its housing stock to a minimum of the Decent Homes Standard, whilst also delivering a financially viable Housing Revenue Account over the longer term, facilitating investment in the delivery of new Affordable Housing.

3 Policy Objectives

The objectives of the rent setting policy are:

- To consider, and respond locally, to Government legislation and guidance on setting rents for Affordable Housing (social housing, affordable housing and intermediate housing)
- To identify how Cambridge City Council will set rents for general stock properties
- To identify how Cambridge City Council will set rents for shared ownership properties
- To identify how Cambridge City Council will set rents for new build properties
- To identify how Cambridge City Council will set rents for garages and parking spaces
- To identify the process for providing statutory notice to tenants of proposed changes in rent levels

4 Background

For social rented properties, rent restructuring was introduced in April 2002, with the aim of achieving consistency in the calculation of rents for both local authorities and other Registered Providers (RP's), ensuring that social rents were more affordable, fairer and less confusing for all tenants.

The Government rent restructuring policy requires rents to be set based upon a formula driven by a combination of relative county earnings and relative property values, weighted for the number of bedrooms that a property has.

The Government 'Guidance on Rents for Social Housing' document of May 2014 set out the anticipated approach to setting rents in the social sector for a ten year period. This guidance was then over-ridden in some areas by the Welfare Reform and Work Act 2016 and subsequent amending regulations, which amongst other things imposed a 1% rent cut for four years from April 2016.

5 Detailed Implementation

In line with the rent restructuring policy, Cambridge City Council calculates a 'target' rent for all existing, and any new socially rented properties, based on the Government's 'target' rent formula as set out below:

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

Actual rents currently charged below target rents will move towards target rents only when an existing property becomes void, in line with government legislation.

6 Annual Rent Review

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

Rent levels will be reviewed annually, in line with current rent legislation and government guidelines, with a 1% rent cut for socially rented properties to be applied from April 2018 and April 2019. From April 2020, rent levels will be reviewed in line with previous government guidelines, 'Guidance on Rents for Social Housing', resulting in an adjustment to reflect the change in prices between one year and the next, with inflation plus 1.0% applied across all properties (based on the consumer price index (CPI) inflation rate for the preceding September).

Where the rent charged for a property is below the target rent for the dwelling, no additional increase will be applied to move towards rent convergence whilst the property is occupied by the existing tenant.

The approach from April 2020 would be superseded by any rent legislation of government guidelines issued between now and then, which would result in a review of this Rent Setting Policy.

Rent will be due on each Monday during the rent year 52 (or 53) weeks, but will be raised on rent accounts across 48 (or 49) chargeable weeks for collection purposes.

7 General Needs, Sheltered and Supported Housing

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

Rents in respect of void properties will be set at target rent levels before the property is re-let. This will not apply in the case of mutual exchanges, where there is no formal void period and therefore rents will remain as they do in respect of existing tenants.

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

8 Shared Ownership Housing

Rents for shared ownership properties will be reviewed annually in line with the requirements of the leases in force.

For pre-2012 shared ownership properties, target rents will be reduced by 20%, in line with the terms of the shared ownership lease, to reflect the tenant's liability for repairs to the property.

Rents will be increased (or decreased) in line with government guidelines for rent restructuring as far as possible within the terms of the lease, with a maximum increase of inflation (CPI at the preceding September) plus 1.0%

Rents in respect of void properties will be set at target rent levels before the property is re-let.

For post-2012 shared ownership properties, rents will be set at a maximum of 2.75% of market value of the share of the property which the Council retains.

Rents will be reviewed annually as at 31st March each year, and increased from 1st April by the change in the Retail Price Index (RPI) for the 12 months up to January of each year plus 0.5% or 0.5%, whichever is the greater, in line with the terms of the HCA model shared ownership lease.

9 New Build Housing

In respect of new build housing, consideration will be given to rent levels in the context of the financial viability of the initial investment, with affordable rents considered at up to 80% of market rent levels.

There is a local commitment to deliver a Cambridge Rent Programme, with rent levels no higher than the Local Housing Allowance, currently considered to be between 60% and 65% of market rent levels in the city.

Where Local Housing Allowance is used as the measure for rents to be set, the level at the preceding April will be used for all properties completed during each financial year. Rent levels will be assessed against the latest available market data at that time as a check how they compare with the 60% target level, bearing in mind that market rents can vary significantly over time.

This policy allows for new build homes to be delivered with rents of between an estimated 60% and 80% of market rent levels, dependent upon scheme mix and scheme viability, thus allowing for rents to be set at as low as approximately 60% where viable, but at up to 80%, in line with government guideline, should the investment dictate this.

For new build or re-provided homes of 3 bedrooms or more, built on sites which are in receipt of devolution funding, rents will be set at the lower target rent restructured rents, to ensure affordability for families with children and larger households.

Although there is also a requirement to reduce affordable by 1% per annum for 4 years from April 2016 as with social rents, the local decision to introduce new homes at the Local Housing Allowance level of approximately 60% of market rent, is argued to have more than pre-applied the 4 years of 1% rent cuts, allowing the authority to review affordable rents annually in line with Local Housing Allowance levels, as long as these don't exceed 76% of market rent, as measured at the outset.

In respect of homes with 3 bedroom or more, built on sites with any devolution funding applied, the government guidelines for rent restructured rents will apply, with a 1% reduction to be applied from April 2018 and April 2019 in line with other properties charged on a rent restructured basis. From April 2020, rents will be reviewed in line with government guidelines, resulting in an adjustment to reflect the change in prices between one year and the next, with inflation plus 1.0% applied across these properties (based on the consumer price index (CPI) inflation rate for the preceding September).

10 Garages and Parking Spaces

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

A variable charging structure will apply, which recognises both tenure type and proposed use of the garage. The variable charging structure will be subject to periodic review, with the next review anticipated to be in January 2018.

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

11 Monitoring

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

12 Review of the Rent Setting Policy

The Rent Setting Policy will be reviewed by officers at a minimum of every 3 years, with any changes being presented to Housing Scrutiny Committee for debate, and then approval by the Executive Councillor for Housing.

Reviewed Policy Date January 2018

Next Review Date January 2021