

Housing Scrutiny
Committee

Housing Revenue Account Medium Term Financial Strategy (HRA Business Plan Update)



September
2019

2019/20 to 2048/49

Cambridge City Council

Contents

Section No.	Topic	Page No.
1	Introduction and Local Context	1
2	Housing Stock	5
3	National Policy Context and External Factors	7
4	Revenue Resources	19
5	Detailed Review of Revenue Budgets	27
6	Capital – Existing Stock	30
7	Capital & Asset Management – New Build & Re-Development	36
8	Summary and Conclusions	51

Appendices

Reference	Topic	Page No.
A	Key Risk Analysis	57
B	Business Planning Revised Assumptions	60
C	Retained 1-4-1 Right to Buy Receipts	63
D	2019/20 HRA Mid-Year Revenue Budget Amendments	64
E	2019/20 Mid-Year Housing Capital Budget Amendments	66
F	New Build Programme Cashflow	68
G (1)	HRA Summary Forecast 2019/20 to 2023/24	71
G (2)	HRA 10 Year Summary Forecast 2019/20 to 2028/29	72
H	Housing Capital Investment Plan (10-Year Detailed Investment Plan)	74
I	HRA Ear-Marked & Specific Funds	79
J	Business Planning Key Sensitivity Analysis	80
K	Areas of Uncertainty	81

Section 1

Introduction and Local Context

Foreword by the Executive Councillor

The City Council's Housing Revenue Account (HRA) Medium-Term Financial Strategy (MTFS) permits this authority to review and, if necessary, update key financial and policy assumptions that underpin the HRA's long-term business plan. It also permits in-year changes to the current HRA budget agreed earlier this year, and, in addition, sets the scene for the 2020/21 budget.

Since the approval of the HRA Budget Setting Report, the Government have still not allowed the appropriate Parliamentary time to formally repeal the provisions of the Housing and Planning Act 2016 that relate to the compulsory disposal of vacant higher value housing stock, as set out in its August 2018 Green Paper. Following this statement, we had deferred any assumption that we would be required to dispose of our higher value assets. However, as significant time has elapsed since the publication of the Green Paper, we are making a judgement now to fully remove from the HRA business plan the assumption that we would pay any levy. This brings us into line with many other stock holding authorities and will have a positive impact on the business with respect to anticipated future rental income.

We are also still waiting for the Government's response to the consultation on the future of Right to Buy. The Council welcomes some proposals made, for example increasing the percentage of the receipts from a sale that can be spent on financing new social rented homes from 30% to 50%, and for local authorities to keep these receipts for a longer period of time before being required to hand this money to the Treasury. It is clear, however, that Right to Buy has had a detrimental impact on stock numbers since reforms in 2012/13 increased the sale discount made available to tenants. The latest data shows that annual sales are continuing to slow and are now beginning to return to pre-2012 levels. Our current council house building programme will assist in replenishing stock levels, but the view of the Labour administration is that Right to Buy should be halted, rather than be expanded to cover housing associations which is what the Government has proposed.

It was confirmed in February of this year that from April 2020 rents will return to an annual increase of up to CPI plus 1% for a period of five years. This will, of course, result in an anticipated higher level of rental income. The previous four years' worth of rent cuts of 1% each year had placed great pressure on the HRA, requiring work to make efficiencies through the Housing Transformation Programme. With an improving internal financial outlook, together with increasing information on the current condition of our housing stock, the updated HRA Asset Management Strategy has identified areas where accelerated investment in some areas can be made.

Rent arrears as a percentage of gross rent collection levels have remained relatively stable despite the roll out of Universal Credit. This is certainly at least in part due to the investment the Council has made, together with partners like the Citizens' Advice Bureau, to prepare tenants for social security reforms. The Council bolstered its Income Management Team to ensure adequate support is in place for those who might be adversely affected, for example working on a one-to-one basis to assist tenants with budget management skills, supporting them in claiming for benefits online if they have trouble in doing so, and making earlier interventions to support tenants in financial difficulty to avoid the possibility of a tenancy ending.

This MTFS also provides an update on work to deliver the new council homes part-funded by the Devolution Grant. All sites have now been identified in meeting the target of 500 new homes, and the Council is on track to exceed this figure, with 537 units now projected to be completed by 2022/23. All homes being constructed go beyond national standards with respect to sustainability. The document crucially also signals the Council's commitment to take full advantage of the removal of the HRA cap, with initial modelling work conducted on a new target to deliver one thousand new homes over a ten year period to 2032/33 once current projects have concluded. This would be the largest council house building programme seen in Cambridge since the 1960's.

Councillor Richard Johnson.

Executive Councillor for Housing

Background and Executive Summary

The Housing Revenue Account (HRA) 30-Year Self-Financing Business Plan, originally approved in February 2012, is reviewed twice each year, with the Housing Revenue Account Medium Term Financial Strategy being the first of these updates.

The report considers any necessary change in financial strategy, policy or direction of travel for the business, following review of key assumptions and consideration of any material changes, to ensure a financially viable Housing Revenue Account in future years. Both revenue and capital investment is considered, with the impact of any proposed changes on the HRA Business Plan clearly identified. A review of strategic risks facing the HRA is presented at Appendix A. This year, the HRA Medium Term Financial Strategy is presented alongside an update of the HRA Asset Management Strategy, which has not been reviewed for some time. The HRA Medium Term Financial Strategy re-states the budget for the 2019/20, highlighting only significant or exceptional in-year changes for approval, reviews and updates financial assumptions and presents updated projections for the following 9 years from 2020/21 to 2028/29, in the context of the 30 year plan.

Removal of the assumption that the sale of higher value voids levy will ever be introduced, has improved the financial forecasts for the HRA over the longer-term, providing the capacity to address the majority of the increased investment need in our existing housing stock that has arisen following a major review of our Asset Management Strategy and resulting 30 Year Housing Capital Investment Plan. To facilitate additional investment in further new homes, it will be necessary for the HRA to borrow resource, which is possible now that the HRA Borrowing Cap no longer exists. It is critical though that any borrowing can be fully supported, and that it doesn't negatively impact the longer-term HRA Business Plan.

This iteration of the HRA Business Plan maintains the previous assumption that the authority will earmark £10,000,000 per annum for the delivery of new affordable homes, but also considers the potential impact on the business plan and financial forecasts if the authority were to escalate this investment in new homes, and deliver more homes in the 10 years following the end of the existing Devolution Programme. This report does not propose decisions in this regard as the future new build investment programme has not yet been developed in detail, and will be the subject of a separate report in a later committee cycle.

Timetable

Committee dates in the financial planning and budget preparation timetable are shown below:

Date	Task
2019	
26 September	Executive Councillor for Housing considers HRA Medium Term Financial Strategy incorporating Housing Scrutiny Committee views in recommendations to Council
17 October	Council considers HRA Medium Term Financial Strategy
2020	
15 January	Executive Councillor for Housing considers HRA Budget Setting Report, alternative budget proposals, approves rent levels and sets revenue budgets, considering Housing Scrutiny Committee views, making capital recommendations to Council
13 February	Council approves HRA Budget Setting Report

Section 2

Housing Stock

Housing and Leasehold Stock

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

Housing Category (Including Shared Ownership)	Actual Stock Numbers as at 1/4/2019	Estimated Stock Numbers as at 1/4/2020
General Housing	6,449	6,445
Sheltered Housing	510	510
Supported Housing	22	22
Temporary Housing (Individual Units)	61	61
Temporary Housing (HMO's / EA)	24	24
Miscellaneous Leased Dwellings	18	18
Shared Ownership Dwellings	109	97
Total Dwellings	7,193	7,177

Property Type (Including Shared Ownership)	Actual Stock Numbers as at 1/4/2019	Estimated Stock Numbers as at 1/4/2020
Bedsits	97	97
1 Bed	1,703	1,691
2 Bed	2,529	2,534
3 Bed	2,243	2,234
4 Bed	102	102
5 Bed	7	7
6 Bed	2	2
Sheltered Housing	510	510
Total Dwellings	7,193	7,177

Leasehold Stock

At 1st April 2019, the Council retained the freehold and managed the leases for 1,184 leasehold flats.

Housing Stock Changes

The table below compares reductions in the general housing stock (excluding shared ownership homes) in the last 10 years through right to buy sales, other sales, re-development and conversion, with increases in the number due to new build dwellings and acquisitions.

Year	Opening Stock	RTB's	Other Disposals / Demolitions	Conversions / Other Changes	Acquisitions / New Builds	Closing Stock
2018/19	7,103	(27)	(2)	(1)	11	7,084
2017/18	7,049	(47)	(29)	(1)	131	7,103
2016/17	7,040	(58)	(7)	(1)	75	7,049
2015/16	7,016	(42)	(4)	5	65	7,040
2014/15	7,164	(51)	(109)	(7)	19	7,016
2013/14	7,235	(60)	(45)	1	33	7,164
2012/13	7,280	(41)	0	(6)	2	7,235
2011/12	7,290	(12)	0	0	2	7,280
2010/11	7,364	(17)	(62)	0	5	7,290
2009/10	7,387	(13)	(2)	(8)	0	7,364
Total		(368)	(259)	(18)	342	

Section 3

The National Policy Context and External Factors

External Factors

In strategic decision making, it is critical that all financial assumptions are reviewed, also taking account of external factors, outside of the control of the organisation and that financial projections are adjusted in light of any changes or trends in these.

A table detailing all of the revised business planning assumptions is included at **Appendix B**.

Inflation Rates

The base rate of inflation used to drive expenditure assumptions in the HRA financial forecasts is the Consumer Price Index (CPI). The last 12 months has seen variations in the rate from a high of 2.7% in August 2018 to as low as 1.8% in January 2019, rising marginally again by July 2019 to 2.1%.

The Office for Budget Responsibility (OBR) is currently still predicting a return to the Bank of England's target level for CPI of 2% in the medium-term, with a small dip marginally below this level predicted before stabilisation. The Bank of England predictions following their August meeting, also indicate a short-term dip to 1.7% this year, but then predict an increase in CPI from 2021/22 onwards, until a higher rate of 2.4% is evident by the end of 2022.

Ongoing uncertainty surrounding the UK leaving the European Union, coupled with further changes in government at a national level, make it difficult to accurately predict in which direction this indices may actually move in the short or medium term.

With this in mind, forecasts for the rate of base inflation have been amended (using an annual average of the mid-year rates published by the Bank of England) as part of the

Medium Term Financial Review, from 2.1% to 1.8% for 2020/21, rising to 2.1% for 2021/22, 2.3% for 2022/23 and then assuming 2.4% on an ongoing basis from 2023/24. This will be reviewed again as part of the HRA Budget Setting Report in January 2020.

The assumptions surrounding building maintenance expenditure inflation are derived from a mix of forecast using the RICS (Royal Institution of Chartered Surveyors) Building Cost Information Service (BCIS) all in tender price index and CPI. This recognises that the older planned maintenance contract (TSG) is let as an Option C Target Contract which uses the BCIS as an inflation driver, and those let more recently (Fosters) have been let as lump sum priced contracts, instead adopting CPI as the measure of inflation for contract price increases. Upon re-tender, it is anticipated that all contracts will be let using CPI as the measure for inflation.

The latest projections for the BCIS Index over the next 4 years currently predict a higher rate of growth of 2.7% for 2020/21, followed by, 4.6%, 5.2% and 6.3% in the following 3 years. Taking an average of these rates of growth gives rise to an annual increase of 4.7%.

On a similar average basis, the assumptions for CPI over the same period are 2.15%, a difference of 2.55%. As only 50% of the work programme is anticipated to be subject to the BCIS indices, half of the uplift has been applied and a rate of CPI plus 1.28% has been incorporated into the business plan forecasts for the next 5 years, reverting to standard CPI after this, assuming that new contracts will be tendered using CPI as the standard measure of inflation.

Interest Rates

The Housing Revenue Account is entitled to a proportion of interest earned on revenue and capital cash balances invested by the authority, with a mix of investments adopted by the Council. The rate of interest assumed for 2019/20 in the HRA Budget Setting Report was 1.25%, rising to 1.3% from 2020/21.

This was based upon the HRA clawing back interest from the General Fund at the average interest rate earned by the authority across all of its investments. However, the authority has a

range of investments with varying levels of risk, and therefore interest rates attached to each. The General Fund effectively indemnifies the HRA against any downside risk on the value of investments, and there is an argument that as the General Fund bears the risk associated with achieving the higher rates, that it should benefit from the interest earned at these rates. If the HRA earned the average term deposit rate, the rate achieved from investments with minimal risk, the rate of return would be an estimated 0.8%.

Following a corporate review of the approach to the allocation of investments, the risk and the resulting interest receipts, the HRA Medium Term Financial Strategy has been constructed on the basis that HRA claws back interest on the lower risk investments only, with an interest rate of 0.8% assumed from 2019/20 on an ongoing basis. The revised interest rate assumptions are included in **Appendix B**.

In respect of HRA borrowing, the self-financing loan portfolio with the Public Works Loans Board remains, with rates of between 3.46% and 3.53%.

Now that the HRA borrowing cap has been abolished, subject to financial viability, and the ability to support the borrowing, the authority can borrow to invest in the provision of affordable housing without external constraint.

Any transfer of land between the General Fund and the HRA to allow development, currently still impacts the HRA Capital Financing Requirement, effectively increasing borrowing. Although there is now no cap on borrowing, such decisions must still be made in the knowledge of the revenue impact of transferring the land. The outcome of a government consultation which sought to allow the transfer of land between funds at nil value is still awaited.

The assumption is made that any additional borrowing is externalised, with updated PWLB maturity loan rates for loans of a 30 year duration used. Based upon the rates available at the time of drafting this report, a revised rate of 2.44% has been incorporated into any borrowing assumptions from 2019/20 onwards. To ensure prudence, this rate does not take account of the potential 20 basis point reduction that may be available to the authority

through the certainty rate currently in place if the authority shares its long term borrowing strategy and capital investment plans with government.

Although the rates available currently mean that the rates are still lower than those secured for the self-financing settlement in 2012, any attempt to re-finance the loans now to take advantage of the lower rates would incur significant early redemption penalties. Any interest saving would be far outweighed by the penalty, which would need to be paid at the point of re-financing.

Right to Buy Sales

In 2018/19, 60 right to buy applications were received and recorded, compared with 65 in 2017/18. A total of 30 applications have been received in the first 5 months of 2019/20. This seems to confirm that interest has now stabilised at the lower levels experienced prior to the introduction of self-financing for the HRA, before proposals for change in housing policy and the reinvigoration of the scheme that increased interest for a period.

In 2018/19, 27 of the applications proceeded to completion of the sale of the property, compared with 47 in 2017/18. In the first 5 months of 2019/20, 14 sales have completed, supporting the view that interest may now have stabilised.

It is difficult to predict future sales, although the continued lower level of initial interest in the scheme, coupled with the uncertainty in the country at national level, caused by anticipated exit from the European Union indicate it may be prudent to retain the assumption of a future decrease in sales, with 35 sales in 2019/20, reducing by 5 sales per annum, until 25 sales per annum are assumed from 2021/22 onwards.

Right to Buy Receipts

At 31 March 2019, the authority held £13,932,386.83 of right to buy receipts under the retention agreement with CLG, to be spent within 3 years of their original receipts date, to fund the delivery of new social housing, with a maximum of 30% of any dwelling being funded via this mechanism. The balance must be funded from the Devolution Grant, the

Council's own resources, or through borrowing and not on replacement dwellings or dwellings receiving any other form of public subsidy.

The authority is currently unable to directly utilise capital receipts from the sale of land and other housing assets, Section 106 receipts or other forms of public subsidy as a form of match funding for retained right to buy receipts.

With an increase in the Bank of England base rate to 0.75% from July 2018, any penalty interest payable on receipts not re-invested appropriately is currently at a rate of 4.75%.

A government consultation, which closed on 9 October 2018, considered the following amendments to the regulations surrounding the use and application of retained right to buy receipts:

- Extending the spending deadline from 3 to 5 years for receipts currently held, whilst retaining the 3 year timeframe for any future receipts received.
- Increasing the level of right to buy receipts which can be used to finance a new home from the current cap of 30%, to 50% in respect of social rented homes, where authorities meet the eligibility criteria for the Affordable Homes Programme and can demonstrate a need for social housing over other affordable housing.
- Deter the use of receipts for acquisition of existing market homes by limiting the value of an acquisition to the cost of delivery of a new home as determined by Homes England and the Greater London Authority. This would mean a cap on the value of an acquisition for Cambridge City Council of £167,000.
- Allowing right to buy receipts to be used to fund shared ownership homes as well as rented.
- Allowing land held by the General Fund to be transferred to the HRA for the delivery of affordable homes at zero value, but with some suggestion a time limit may be

imposed on how long the General Fund will have had to hold the land prior to transfer.

- Consideration of changes to allow transfer of receipts to a Housing Company or ALMO (Arm's Length Management Organisation), subject to some constraints.
- Allowing a 3 month 'interest free' window after each quarter to allow authorities to make decisions about whether to retain or pay over receipts.

The outcome of the consultation is still awaited at the time of writing this report.

Appendix C summarises the latest position in respect of receipts held and appropriately re-invested. The authority has avoided breach of any re-investment deadlines to date, with sufficient resource invested to avoid any penalty until at least June 2019.

Newly arising receipts will be retained without question at the end of each quarter for the current year and the following 2 years, as the authority requires the receipts to combine with Devolution Grant to deliver over 500 new homes. After this period, the decision to retain or pay over receipts each quarter will revert to the Head of Finance, in consultation with the Strategic Director, taking into consideration any need to borrow to appropriately re-invest the resource and the implications of this on the business plan. The Executive Councillor for Housing will be informed if the recommendation were to be to pay receipts directly back to Central Government.

The Strategic Director retains a delegation to draw down funds from HRA ear-marked reserves to acquire homes on the open market, if required, to ensure that investment is made well in advance of the prescribed deadlines.

National Housing Policy

National Rent Setting Policy

Following four years of 1% rent cuts, the authority expects to return to annual rent increases of a maximum of inflation, measured by CPI in the preceding September, plus 1% for a period of 5 years.

A government consultation, 'Rents for social housing from 2020', conducted between September and November 2018, resulted in the following outcomes being published in February 2019:

- From April 2020, local authority rents will be regulated by the Regulator of Social Housing, alongside housing associations and other registered providers.
- The Regulator's rent standard will apply to local authorities
- Rent increases will be limited to an increase of up to CPI plus 1% from April 2020 for 5 years, with properties below target rent levels still waiting until they are vacated to be moved directly to target rent.
- Target rents continue to be set with reference to January 1999 property values
- The 5% flexibility remains, but with the policy wording softened to remove the need to utilise the flexibility in a balanced way, but instead to ensure that there is a clear rationale for using the flexibility which takes into account local circumstances and affordability.
- Affordable rents increases are also limited to a maximum increase of CPI plus 1% from April 2020, but with the ability to re-set the rent at up to 80% of market rent upon re-let

- An authority can request an exemption from the rent standard from the Secretary of State, where the government rent policy would cause unavoidable and serious financial difficulty

The Regulator of Social Housing has carried out a further consultation between May and the end of July 2019, surrounding the detailed rules and expectations of the Rent Standard to be applicable from April 2020 in light of the Direction published by Government.

Housing Green Paper

Consultation on the Ministry of Housing, Communities and Local Government green paper 'A new deal for social housing' concluded on 6 November 2018, with Cambridge City Council submitting a formal response alongside many other stakeholders.

The formal outcome of the consultation and any resulting change in legislation is still awaited at the time of writing this report.

The five key principles in the consultation document were:

- a safe and decent home with a sense of security and ability to get on in life;
- improving and speeding up how complaints are resolved;
- empowering residents, ensuring voices are heard and landlords held to account;
- tackling stigma and celebrating thriving communities, challenging stereotypes
- building much needed social homes ensuring a springboard to home ownership.

The consultation considered a vast number of points, including:

- introduce further safety measures in social housing and reviewing the decent homes standard and engaging residents in how to ensure homes are safe
- improve mediation for residents, ensuring access to advice and support, review process for the handling of complaints.
- review performance reporting, regulation and resident engagement

- Tackle stigma in social housing, provide good neighbourhood management, tackle anti-social behaviour.

Also raised in the consultation was the need to strike a balance between funding housing associations to deliver new homes, and increase borrowing caps to allow local authorities' to build more by providing certainty over longer-term funding, This point was addressed in late 2018, with the abolition of the HRA borrowing cap and issue of an amending determination to implement this with immediate effect.

Mandatory Disposal of Higher Value Housing Stock

The Housing and Planning Act 2016 allowed Central Government to choose to impose a financial levy on stock owning authorities in respect of the assumed sale of higher value vacant housing stock.

The Housing Green Paper 'A new deal for social housing', indicated a clear commitment from government to revoke the legislation that would allow the levy to be introduced, with the following statement made:

'Therefore to increase councils' confidence to plan ambitious house building programmes, we are confirming in this Green Paper that the Government will not bring the Higher Value Assets provisions of the Housing and Planning Act 2016 into effect. We will look to repeal the legislation when Parliamentary time allows'.

No further announcements or activity has taken place in this area since the green paper was published.

In previous iterations of the business plan, the assumption that the authority will be required to dispose of assets to meet a levy has simply been deferred, pending confirmation that the legislation will be formally repealed in the outcome of the green paper.

In the absence of any formal announcement, and due to the time elapsed, this iteration of the business plan as part of the HRA Budget Setting Report makes the assumption that the

legislation will be repealed in due course, and completely removes the expectation that any levy will be payable.

Welfare Reforms

Universal Credit

Universal Credit full service in Cambridge started 17th October 2018.

Tenants needing to apply for one of the six legacy benefits for the first time now need to apply for Universal Credit instead. Existing legacy benefit claimants will be 'naturally migrated' to Universal Credit if they have a prescribed change in their circumstance.

Tenants in temporary or specified accommodation will receive Universal Credit for their living costs but Housing Benefit for their housing costs.

To support existing Housing Benefit claimants (unless temporary or supported accommodation) with the transition to Universal Credit, an additional payment of two weeks Housing Benefit is made.

Cambridge City Council continues to work with partners and the local Jobcentre Plus, including the funding of a post in the Jobcentre to provide Personal Budgeting Support (PBS). This arrangement has seen significant increases in the numbers receiving support compared to before the initiative started.

From April 2019, the DWP has been funding Citizens Advice through a national partnership to assist people with applying for Universal Credit. However, this does not include the PBS currently funded by Cambridge City Council.

There has been extensive engagement over the last 12 months with several articles in Open Door, support offered on a 1-2-1 basis when it is known that a tenant has moved to Universal

Credit and a leaflet has been sent to every working age Housing Benefit claimant explaining what they can do to prepare for the changes.

With high numbers of changes in the current benefit caseload, it is expected that many tenants will move to Universal Credit due to one of the specified changes in circumstances. From early 2020 to December 2023, a process of managed migration will move remaining Housing Benefit claimants to Universal Credit. Details of how and when are still being considered by government.

Benefit Cap

The project to manage the impact of the reduced Benefit Cap is continuing to support those affected. Referrals have been made to Cambridge Citizens Advice for budgeting support and some have been referred to Cambridge Housing Society to look at ways to help those affected into work. Others may need short term Discretionary Housing Payments (DHPs) to support them until they are able to improve their circumstances. DHPs are used extensively to support those affected by welfare reforms and are typically awarded with conditionality, the purpose of which is to assist the tenant in no longer being subject to the Benefit Cap. A big part of this is the work carried out by City Homes, who assist tenants to find solutions that work for them.

Removal of the Spare Room Subsidy

Numbers of customers affected by the removal of the spare room subsidy is remaining steady with 343 HRA tenants currently affected by the reform (355 in 2017). 291 are impacted by a reduction of 14% and 52 by 25%. DHPs are also used to support tenants affected by the Removal of the Spare Room Subsidy. Similar to the Benefit Cap, DHPs are typically awarded with attached conditionality that seeks to assist the tenant in no longer being subject to the Spare Room Subsidy.

Limiting the Child Element to two children

From 1 April 2017, new benefit claims and current benefit claims which increase the family element above two children, do not have additional child elements included in the Housing

Benefit calculation. There are some exemptions for multiple births, result of abuse and adoption, or similar.

It will not impact on current claimants with more than two children, unless they have more children, then the child allowances will not increase, subject to the above exemptions.

Supported Accommodation Review

A review of the funding of this type of accommodation has taken place; the government has decided that none of the suggested proposals will be taken forward. Housing Benefit will remain in place to fund this accommodation.

It is the DWP's intention "to develop a robust oversight regime" of supported accommodation. We welcome this, as supported accommodation has historically been an area where local authorities sustain significant subsidy losses. There remains a risk to wider council finances, although this has no direct impact on the HRA.

Support for Vulnerable People

Cambridge City Council remains in contract with the County Council for the delivery of tenure neutral support services to older people across the city as a whole, with a term of up to 4 years from April 2018. The contract sum is fixed at £180,000 per annum.

The authority has been contracted to deliver both care and support services in extra care housing at Ditchburn Place for many years. The County Council is still exploring options for the continued delivery of care at Ditchburn Place following an inability to award the contract through a formal tender process. The City Council is actively supporting this process, and as landlord, will work proactively with any new supplier to minimise the impact of any change for residents and staff.

Section 4

Revenue Resources – Rent and Other Income

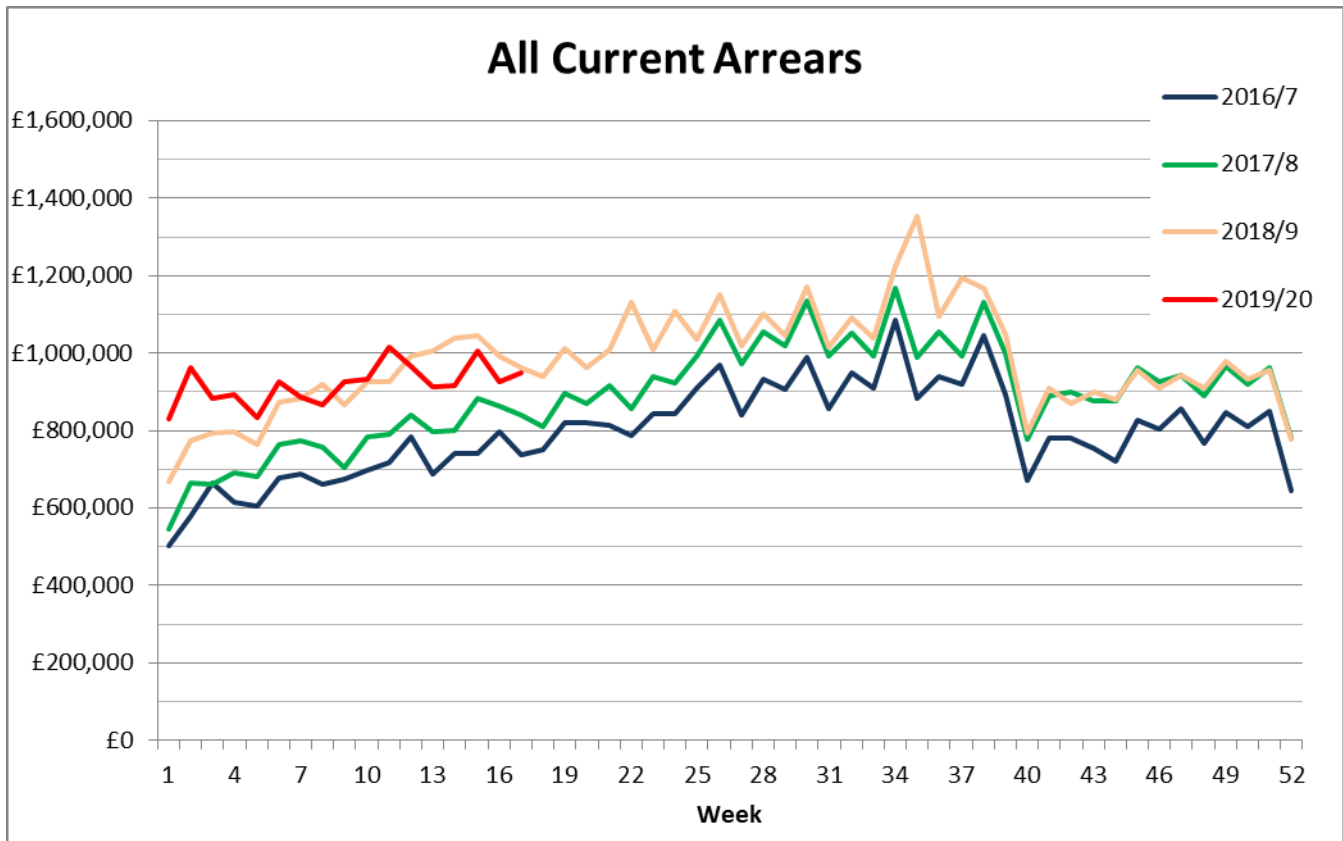
Rent Arrears and Bad Debt Provision

Rent collection performance has been broadly maintained, with just under 98% (97.97%) of the value of rent due, collected in 2018/19, compared with marginally over 98% (98.06%) in the previous year.

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

Financial Year End	Value of Year End Arrears in Accounts (Current Tenants)	Current Tenant Arrears as a Percentage of Gross Debit Raised in the Year	Value of Year End Arrears in Accounts (Former Tenants)
31/3/2015	£637,735	1.67%	£763,491
31/3/2016	£598,820	1.51%	£735,539
31/3/2017	£645,398	1.63%	£728,050
31/3/2018	£779,904	1.96%	£871,620
31/3/2019	£776,961	1.93%	£932,156

Performance in the collection of current tenant debt has been maintained during 2018/19, with the ongoing impact for residents of direct payment having a gradual impact, which is being actively managed. Increased staffing in this area, focussed on the impact of the Welfare Reforms are helping to mitigate the immediate impact on arrears levels.



A dedicated Income Management Team continue to work proactively with all tenants, but particularly those already, or soon to be, affected by the benefit changes, in an attempt to mitigate any negative financial impact on the Housing Revenue Account. An action plan is in place to ensure that residents are supported, whilst income recovery is maximised:

- Support a smooth transition to support for housing costs via Universal Credit for those currently receiving Housing Benefit and other legacy benefits.
- Improve tenants' budgeting skills
- Reduce levels of personal debt and increase disposable income.
- Assist customers in accessing affordable credit thereby avoiding high cost and illegal money lenders.
- Reduce the number of tenancy terminations by tenants affected by welfare reforms.
- Support online access and digital capability, as UC is an online claim.

The Income Management Team has been expanded by one full time additional Financial Inclusion Officer, to increase capacity to work with affected tenants as quickly as possible once they are impacted by change. And an additional Assistant Housing Officer to further support the work of the team, with a particular focus on arrears recovery support, leading to the administration of court proceedings, where required. This leaves funding to meet the additional direct costs of collecting the rent directly, ie; cash collection costs. A bid, as part of the 2019/20 budget process made a further £50,000 of resource available in 2019/20, specifically to support tenants through the transition from Housing Benefit to Universal Credit.

Following a consultation in late 2018, the authority moved to collecting the annual rent due from tenants over 52 or 53 weeks in each year as opposed to the 48 weeks previously adopted. Tenants pay the same sum over the rent year, but have less to pay in any one week and no longer benefit from non-payment weeks at Christmas and around Easter. This change brings the City Council in line with many other local authorities and housing associations and is more consistent with the way in which Universal Credit is being calculated and paid. There is still an ongoing debate at national level about the 53rd rent week in 2019/20, with the DWP refusing to recognise the impact of the way that Universal Credit is calculated in this regard, and effectively not paying for this one week every 6 or 7 years. The authority will continue to lobby in this regard on tenants' behalf.

Tackling former tenant arrears is increasingly challenging, with a further increase evident during 2018/19. Debt that is not realistically collectable is still recommended for write off, but the process through which this happens requires some review to avoid unnecessary delay. Provision is made in the Housing Revenue Account to write off 90.5% of former tenant debt, but a decision to do this is not taken until all avenues for collection have been exhausted.

The annual contribution to the bad debt provision is 1.5% from 2019/20. This assumption has been retained as part of this review. The level of provision for the longer term will be reviewed once the authority has more experience of payment performance locally after the full rollout of Universal Credit.

At 31 March 2019, the total provision for bad debt stood at £1,406,154, representing 82% of the total debt outstanding.

Void Levels

The value of rent not collected as a direct result of void dwellings in 2018/19 was £723,924 representing a void loss of 1.91%, compared with £902,193 in 2017/18, representing a void loss of 2.39%.

The value of rent lost through void dwellings during 2018/19 was lower than in 2017/18, and was within the higher target of 2% recognised as part of the 2018/19 HRA Medium Term Financial Strategy. The increase in void assumptions to 2% for 2018/19 was due to a combination of holding vacant properties prior to demolition and re-build coupled with vacant units at Ditchburn Place during refurbishment.

One of the key contributors to the void levels in 2018/19 remained the shared ownership housing at Virido, with void loss of approximately £214,000 due to the time taken to sell the initial share in the new build shared ownership homes. This has recently been resolved, with planning approval being granted to convert the unsold units to affordable rented homes. Void loss at Ditchburn Place was in the region of £124,000 in 2018/19 due to the planned refurbishment programme, which is expected to complete imminently. £30,000 of the void loss related to Tuscan Court, where property was acquired on the open market and fully refurbished before being let and a further £16,000 related to schemes being vacated for redevelopment.

Work undertaken to review the void and lettings processes as part of the Housing Transformation Programme, resulted in an extensive action plan for the improvement of void performance. The Repairs Review, being carried out during 2019/20 will build on this learning and further improve general void performance. It must be recognised however, that there will always be the impact of management voids caused by decisions such as redevelopment of a housing estate.

If the impact of the irregular void transactions (detailed above) are removed from the statistics, the void performance in general voids for 2018/19 would have been 0.9%. As a result of this the longer-term business planning assumption of 1.0% is still considered realistic. It needs to be recognised that there will be a continued higher incidence of void activity whilst further new build development sites are vacated. It is therefore proposed to adopt a marginally higher assumption of 1.75% for 2019/20.

Rent Setting

Rent levels are set in January of each year, with the Executive Councillor for Housing having authority to make the decision, following pre-scrutiny by Housing Scrutiny Committee. From April 2020, the authority expects to return to a position where rents can be increased by up to a maximum of inflation plus 1%, using the Consumer Price Index (CPI) as the measure of inflation.

In respect of affordable rented homes, the same inflation plus 1% ruling will apply for existing tenants, with the ability to re-set the rent at up to 80% of market rent when a property is vacated, should the authority so choose. Affordable rents at up to 80% of market rent must combine both the rent and service charges levied for any property. However, local policy is to limit affordable rents to the Local Housing Allowance level (recently benchmarked at approximately 54% of market rent currently) from the point of introduction.

Local authority rent levels will be governed by the Regulator of Social Housing from April 2020 onwards, instead of being controlled DWP through the limit rent system as they have been previously.

Rent Restructuring

Property specific target social rents under the rent restructuring regime still apply.

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, and actively does this.

The average target 'rent restructured' rent at the start of 2019/20 across the general housing stock was £101.69, with the average actual rent charged being £97.97, both recorded on a 52 week basis. By April 2019, 25% of the social rented housing stock was being charged at target rent levels, compared with 21% in April of the previous year.

The gap between actual and target rent levels in the general housing stock now equates to an annual loss of income of approximately £1,325,200 across the HRA, compared with the income assumption in the HRA Self-Financing Debt Settlement of 2012, where convergence was assumed.

There were 297 new build properties charged at the higher 'affordable rent' levels, equivalent to the Local Housing Allowance at 1st April 2019.

Reserves

Housing Revenue Account General Reserves

Reserves are held to help manage risks in business operation, financial forecasting and budget-setting. Risks include changes in inflation and interest rates, unanticipated service demands, rent and other income shortfalls, and emergencies, such as uninsured damage to the housing stock or unanticipated major repairs. Reserves may also be used fund investment which is anticipated to deliver savings in the longer-term. For the Housing Revenue Account the target level of reserves is £3,000,000, with a minimum level of reserves of £2,000,000. HRA reserves are currently held at levels above target, due to decisions to fund some re-provision of existing homes on development sites, where retained right to buy receipts and devolution funding can't be used for this purpose.

The impact on HRA reserves for 2018/19, and 2019/20 to date is shown in the table below:

Budgeted or Actual Use of / (Contribution to) HRA Reserves	2018/19 £'000	2019/20 £'000
Opening General HRA Reserves	(9,018)	(11,539)
Changes in HRA Reserves		
Original Budget (Approved in February)	(3,281)	(1,404)
Carry Forwards (Approved in June)	699	773
MTFS Mid-Year Review (Approved in October)	209	498
Budget Setting Report Revised Budget (February)	301	-
Estimated Closing General HRA Reserves	(11,090)	(11,672)
Actual Outturn variance for the Year (Reported in June)	(2,521)	-
Contribution from Ear-Marked Reserves	-	-
Actual Closing General HRA Reserves	(11,539)	-

The original budget for 2019/20 approved a net contribution to general reserves of £1,403,710, incorporating set-aside of £4,472,200 for potential debt repayment or re-investment, but with no assumed revenue contribution to fund capital expenditure for the year.

The financial projections incorporated into this report include the effects of changes in capital scheme approvals and resources, approved carry forwards from 2018/19, changes in estimated rental income for 2019/20, in interest due for the year based upon revised cash balance assumptions, in the level of depreciation assumed to be chargeable to the HRA and in the bad debt provision required for the year, based upon the latest stock estimates. Changes are also incorporated to reflect the need to increase budgets in year to recognise the true costs of repair works that need to be given to specialist contractors, to carry out a backlog of electrical testing to communal areas and to address the loss of income from South Cambridgeshire District Council following the cessation of the Shared Housing Finance Service.

The final general HRA reserves position reported at 31 March 2019 was £11,539,346.

The revised projection of the use of general reserves in the current year (2019/20) now indicates that there is expected to be a net contribution to reserves of £132,520, which would leave a balance of £11,671,866 at 31st March 2020.

There is now a proposed use of £2,911,300 of direct revenue financing of capital expenditure in 2019/20, to fund some of the costs of re-developing existing HRA homes, with the use of this resource offset by a corresponding reduction in the sum to be set-aside in 2019/20 for potential debt repayment.

Earmarked Funds

In addition to General Reserves, the Housing Revenue Account maintains a small number of earmarked or specific funds which are held for major expenditure of a non-recurring nature or where the income is received for a specific purpose. See **Appendix I** for detail of existing balances held.

Section 5

Detailed Review of Revenue Budgets

Housing Futures Programme

Following a period of three years (2016/17 to 2018/19), where significant savings were sought in the HRA in response to the financial pressure faced as a result of the need to reduce rents for four years, the external financial position for the business has stabilised somewhat.

The Housing Futures Programme now seeks to continue to drive out efficiencies in business operation, allowing resource to be strategically re-directed into other areas of investment, to meet emerging demands or to deliver new or enhanced services.

A number of service areas are identified for consideration during 2019/20, with the key aim of ensuring that the authority is best placed to respond to changes in the economy and in national housing policy whilst still meeting the needs of the most vulnerable:

- Stock Condition Survey (finalisation of work commenced in 2018/19)
- Repairs Full Service Review (brought forward from 2020/21)
- Rechargeable Repairs (deferred to fit with implementation of new Housing Management Information System in April 2020).
- Review of recharges between the General Fund and the HRA
- Review of services recharged to the HRA (grounds maintenance, street cleaning, etc)

The Repairs Review is a significant work stream, with external consultancy support in place to ensure delivery within the anticipated timescales. Operations, Stores and Asset Management functions will all be reviewed, looking at end to end business processes, reviewing roles, responsibilities and staffing structures where appropriate. The review aims to improve

efficiency across the service as a whole, reducing cost whilst also improving customer satisfaction.

Recommendations resulting from the above 2019/20 work streams will be presented to Housing Scrutiny Committee where appropriate, with any detailed resulting budget proposals to be incorporated as part of the 2020/21 budget process and included in the 2020/21 HRA Budget Setting Report.

2019/20 Mid-Year Budget Changes

As part of the HRA Medium Term Financial strategy, there is no formal mid-year review of service delivery or operational budgets, but there is an opportunity to review the HRA position for the current year from a strategic perspective, allowing incorporation of any unavoidable items, any major in-year changes in expenditure, income or financing arrangements as a direct result of changes in the capital programme.

For 2019/20 there is the need to recognise and approve the following changes in the HRA mid-year:

- Inclusion of £183,600 per annum from 2019/20 onwards to recognise the budget required to meet the cost of sub-contracted work in response repairs, where specialist contractors are needed to undertake the necessary works.
- Inclusion of a one-off budget in 2019/20 of £208,000 to undertake the backlog of electrical inspections in communal areas that have been identified as best practice following health and safety compliance audit activity.
- Following cessation of the shared housing finance service with South Cambridgeshire District Council there is the need to recognise loss of £44,670 of fee income.
- An increase in depreciation of £121,430 based upon the latest stock projections and depreciable asset values.

- An increase in anticipated rental income of £335,290, recognising the complete removal of the assumption that any sale of higher value voids levy will ever be implemented, coupled with a reduction in right to buy activity and delays in securing vacant possession of some new build development sites.
- An increase in the value of contribution to the bad debt provision for 2019/20, as this is linked directly to a percentage of the estimated rental income for the year.
- Inclusion of direct revenue funding of capital expenditure of £2,911,300 to meet some of the cost of redevelopment of existing HRA homes, where Devolution Grant and right to buy receipts can't be used to fund the expenditure, with a corresponding reduction in the sum to be set-aside for potential debt repayment for the current year.
- A reduction in the anticipated interest received on cash balances for 2019/20, as although the level of balances held is higher due to underspending in 2018/19 and re-phased capital expenditure, a change in the approach taken to recovering interest from the General Fund significantly reduces the sums anticipated. The interest paid by the HRA on notional internal borrowing will also reduce marginally as a result of this change.

These changes are detailed in **Appendix D**, and are incorporated into the HRA Summary Forecasts at **Appendix G (1)** and **Appendix G (2)**

Section 6

Capital and Planned Revenue - Existing Stock

Stock Condition / Decent Homes

The authority holds validated stock condition data for its housing stock, which is continually being updated. An exercise has been in progress for the past 12 months to increase the breadth of this data to help inform strategic decision making.

The housing service reported achievement of the decent homes standard in the housing stock as at 31 March 2019 at 89%, compared with 95% achieving the desired standard at 31 March 2018. There were 799 properties that were considered to be non-decent (in addition to 977 refusals), with another 307 estimated to become non-decent during 2019/20.

Stock Investment

A major review of the investment need in the housing stock has been undertaken in 2019/20 as part of the work to increase the level of stock condition data held and to produce an updated Asset Management Strategy. It has been a number of years since the detailed stock condition investment data has been reviewed and updated as part of the HRA Business Plan.

The review enables unit prices to be updated for each decent homes and other investment component, ensuring that the latest contract prices are incorporated into the 30 year investment programme.

As part of the Housing Transformation Programme, when faced with significant financial pressure in the HRA, the authority also took decisions to reduce the level of investment in some areas. The review has provided the opportunity to revisit these decisions and to re-accelerate investment in some areas.

Following the HRA Self-Financing Settlement in April 2012, the authority approved an investment standard above that required by basic decent homes. This full investment standard sought to replace components based upon just age, and not a combination of age and condition.

This standard was significantly paired back by April 2016 following announcements of a 1% cut in rents for four years. The authority has most recently adopted a decent homes standard, with life cycles extended to recognise not only age, but the potential for the condition of components to delay the need to replace them further.

As part of this review of investment in the asset base, the opportunity has been taken to reduce some of the life cycle replacement periods, recognising that the need to invest prior to failure will increase planned investment, but also that it will reduce the cost of reactive repairs, helping to manage the current overspending in this area. The backlog of decent homes investment, against the components detailed in the table below, which was removed when the HRA faced significant financial pressure, has also been reinstated as part of this review.

Element	Option	Life Assumed
Balcony		80
Balustrade/railing	Metal, timber, concrete, glass, melamine, other	80
Bathroom		40
Boiler		12
Canopy	Timber, concrete, GRP, metal	40
Chimney	Pointing & Render	50
Communal door	GRP, timber, PVCu, composite, steel, mixed	40

Element	Option	Life Assumed
Communal lift		30
Door entry system		20
Drainage		25
Electrics		30
Enclosure doors	GRP, timber, PVCu, composite, steel, mixed	40
Front/Back door (house)	GRP, timber, PVCu, composite, steel	40
Front/Back door (flat)	GRP, timber, PVCu, composite, steel	30 (was 40)
Garage		80
Garage door	Timber, composite, steel other	30
Garage rainwater goods		15
Garage roof	Metal, asbestos, concrete, felt, other	30
Glazed areas	PVCu, timber, metal, aluminium, SDG	40
Heating	Gas warm air, electric warm air, electric storage heaters	30
Heating	Other, solid fuel, electric ceiling heater	30
Heating	Gas radiator systems	40
Kitchen	Small, medium or large	25
Roof covering	Flat	30
Roof covering	Pitched	50 (was 60)
Roof structure		50
Shed door	GRP, Timber, PVCu, composite, steel, mixed, other	30
Shed roof	Metal, asbestos, corrugated sheets, felt, other	30
Shed windows	Timber, PVCu, metal, other	30
Wall Finish	Brick, render, cladded, tile hung, metal sheet	60
Wall structure	Brick, block, timber, concrete, combination, other	80
Water heating	On/off peak immersion, gas/electric instantaneous, communal systems	15
Window (house)	PVCu	40
Window (flat)	PVCu	30 (was 40)
Window (house)	Timber, metal, aluminium, part PVCu	40
Window (flat)	Timber, metal, aluminium, part PVCu	30 (was 40)

Following updated Fire Risk Assessments and revised fire safety regulations, a number of actions are required. We identified some opportunities to increase the level of fire protection in flatted accommodation above the level of compliance it already achieves.

A work programme has been developed to introduce measures which will improve early heat detection for fire prevention purposes and to protect means of escape.

Funding was incorporated into the Housing Revenue Account for internal fire doors, windows and emergency lighting in a small proportion of the housing stock and for the programmed installation of heat detectors in all general housing properties in line with those now installed as standard in new build homes. As part of this business plan review funding of £360,000 is requested to allow for the replacement of approximately 300 external doors, now that the authority has received details of the standard required and identified a supplier who can provide these.

Additional resource of £2,700,000 is also requested as part of this HRA Medium Term Financial Strategy, to undertake remedial structural works to balconies and walkways across three housing areas / estates. There is the potential for similar investment to be required in other blocks of similar age and construction, but until the specialist surveys have been completed, this can't be confirmed or quantified. Capital bids will need to be made as part of the 2020/21 budget process to allow further works to be undertaken if they are required.

Following stock condition survey work over the last 12 months, further analysis is now required on a property by property basis, to identify individual properties or blocks of flats where there is a significant investment need anticipated over and above that driven by the decent homes standard. For these assets there will be decisions to make about their overall contribution to the business plan, and whether they should be retained and improved, or alternatively disposed of or demolished and re-developed. No additional structural costs have been built into this iteration of the business plan, as until the work has been undertaken it is impossible to predict the decision that will be made or the costs that will be involved.

As a result of the fundamental review of planned investment, the current HRA Business Plan and resulting Housing Capital Investment Plan remain constructed on the basis that a partial investment standard is retained in the housing stock, but with accelerated investment in some areas to bring them back to nearer the full investment standard. This coupled with using the most up to date contract component prices results in a significantly higher level of investment over the life of the plan than previously incorporated.

It should be recognised however that the increased investment need in the existing housing stock has a direct impact on the resource available for other areas of the programme, such as the delivery of new homes. To maintain a significant new build programme alongside investing at a higher level in the existing stock, will require a significant amount of borrowing, with the need to ensure that the business can support this over the longer-term.

From a delivery perspective planned maintenance investment is currently broadly split between two main contractors, with Fosters responsible for the delivery of the majority of external planned works to the housing stock, blocks and estates, whilst TSG deliver the majority of internal planned investment. The contract with TSG runs until November 2019, with the ability to extend by a further 3 years and the contract with Fosters runs until July 2022, also with the potential to extend for a further 3 years.

The Council declared a climate change emergency in February 2019 and has called on government, industry and regulars to make changes to enable Cambridge to reach net zero carbon by 2030. There is a clear commitment to reducing the carbon footprint and improving sustainability across the asset portfolio, with the HRA stock representing a proportion of the portfolio.

Government plans for a Future Homes Standard and other policy changes and initiatives are also likely to impact the housing stock and maintenance of it in the future.

It is not yet clear exactly what will be required to improve the performance of the existing housing stock, but the Council will consider investment in this area as part of the 2020/21

budget process to allow both the identification and scoping of works and the resulting capital investment.

Appendix H provides detail of the revised 10-Year Housing Capital investment Plan, and incorporates the following items in relation to existing stock:

- Expenditure as approved in the HRA Budget Setting Report in February 2019.
- Re-phasing of expenditure anticipated to take place in 2018/19, into 2019/20 and beyond, as approved in June / July 2019.
- Inclusion of £2,700,000 (£500,000 in 2019/20 and £2,200,000 in 2020/21) to take the required remedial action to address structural balcony and walkway issues in three areas or estates across the city.
- Inclusion of £360,000 to replace external fire doors now that the updated standard has been made available.
- A full review of the 30 year Housing Capital Investment Plan to accommodate the latest stock condition data held, to incorporate the latest contract prices being realised and to adjust investment in some areas to mitigate the increase in response repairs being realised due to component failures.
- Inclusion of the investment required to tackle the backlog of decent homes work over the 10 year period from 2021/22 (5 years in respect of bathrooms and doors) alongside delivery of the programmed works, where this assumption had previously been removed in response to financial constraints imposed on the HRA by the 1% rent cuts.

These, and other changes, are summarised in **Appendix E** and incorporated into the revised Housing Capital Investment Plan at **Appendix H**.

Section 7

Capital & Asset Management – New Build & Re-Development

Asset Management

Consideration continues to be given to the strategic acquisition or disposal of assets, in line with the current HRA Acquisition and Disposal Policy.

Receipts from individual asset disposals are currently recognised in the HRA's reserves at the point of receipt and after all relevant costs have been provided for, and this approach will be continued unless there is any change in the indicated direction of travel for repealing the legislation that would have introduced the sale of higher value voids levy.

During 2018/19, the HRA only acquired two properties on the open market to assist with appropriately reinvesting right to buy receipts, including one property previously owned by the County Council and another as part of a re-development decision.

Although there are a number of properties currently being acquired on re-development sites at Colville Road and Campkin Road, there are no other strategic market acquisitions or disposals in process currently.

Acquisition / Disposal	Comment	Status
None	None in progress currently	N/A

The re-development of Colville Road and Campkin Road require the acquisition of 4 and 7 leasehold properties respectively. At the time of writing this report 1 property had been bought back, with the remaining 10 still under negotiation.

New Build

General Approach

All new build housing in the HRA is managed by the Housing Development Agency (HDA). There are still a number of options considered for the delivery of new homes.

One option remains for delivery of new homes through the Cambridge Investment partnership (CIP), but with 4 potential relationship arrangements depending upon the site ownership and the value of the build. The options through CIP include:

- Lease the land to CIP and acquire the affordable housing through an Affordable Housing Agreement. This option was adopted for Anstey Way and Mill Road Phase I, but does incur a Stamp Duty Land Tax (SDLT) liability
- Provide a license to CIP and acquire the affordable housing through an Affordable Housing Agreement. This option incurs no SDLT liability and is suitable for new schemes, such as Ventress Close, Akeman Street and Garage Sites, that are under the OJEU threshold
- For schemes required to deliver affordable under Section 106, the site is transferred to CIP under a Land and Development agreement, with the land for the affordable housing transferred back to the Council (HRA) at this point. This option incurs no SDLT liability, and may be suitable for Mill Road Phase II and Cromwell Road
- For schemes over the OJEU threshold, Hill can be appointed through an existing framework, where direct call off may be appropriate. This route may be suitable for Meadows, Buchan, Colville Road and Campkin Road

Alternative delivery models also exist, with the HRA able to contract directly with a builder / developer for a site or package of sites, following a competitive process, delivering the housing under a JCT build contract or similar.

The authority can also build out sites in-house, deploying the existing workforce in the Special Projects Team in the Estates and Facilities service area.

Where the Cambridge Investment Partnership are involved in the delivery of a site, they will continue to design and price the delivery of new build housing to the HRA, to include build cost, fees (architects, etc) and their fee for effectively project managing both the supply chain and the delivery of new homes. Some staff time for the H.D.A team continues therefore to be charged directly to CIP as part of the CIP Investment Team costs. The H.D.A charge a fee for their role in the detailed project management for the delivery of new homes from the Council's perspective, but the fee is lower, recognising the proportion of the team being funded by the Cambridge Investment Partnership, as part of the wider Investment Team.

The fees charged by the H.D.A have been reviewed as part of this Medium Term Financial Strategy. The proposed level of H.D.A fees for schemes approved from September 2019 onwards are:

- HRA housing schemes delivered using CIP – 2%
- HRA housing schemes delivered by H.D.A directly – 3%
- 1% addition to be added to each of the above if scheme includes re-development

Potential new build schemes are identified, and incorporated into the rolling affordable housing programme to allow formal feasibility investigation and consultation with stakeholders. Each scheme is subsequently considered and approved at Housing Scrutiny Committee based upon indicative costs, and then incorporated into the Housing Capital Investment Plan at the next approval opportunity. As the scheme design progresses and planning approval is sought, revised and more accurate scheme costs are available, culminating ultimately in a build contract value or affordable housing agreement, which form the final budget for each scheme.

Some of the HRA sites incorporate an element of re-development and therefore re-provision of existing homes, usually with the density of the new site being significantly increased.

Resource is also ear-marked in the Housing Capital Investment Plan for other potential sites to be brought forward, allowing this resource to be vired to specific scheme budgets once scheme specific approvals are presented for decision.

As part of the HRA Budget Setting Report or HRA Medium Term Financial Strategy, the latest scheme appraisal costs available at the time are incorporated into the financial models, and therefore the Housing Capital Investment Plan. These costs will not always be the finally agreed contractual sums that the authority enters into in all cases, but ensures that the most up to date data is being utilised.

New Build Schemes Completed

At the time of writing this report 327 new homes had been completed since April 2012, of which 36 were shared ownership homes.

The table below details the new build schemes completed to date:

Scheme	Date Completed	Social Housing / SO Units	External Funding Source	Percentage Social Housing on Site
Jane's Court	November 2013	20	HCA Grant	59%
Anstey Way	January 2015	1	RTB Receipts	50%
Latimer Close	March 2015	12	HCA Grant	60%
Barnwell Road	July 2015	12	HCA Grant	59%
Campkin Road	March 2016	20	HCA Grant	63%
Stanesfield Road	March 2015	4	HCA Grant	50%
Atkins Close	June 2015	8	HCA Grant	100%
Wadloes Road	October 2015	6	RTB Receipts	100%
Colville Road (Acquisitions)	June 2015	6	RTB Receipts	76%
Atkins Close (Acquisitions)	June 2015	4	RTB Receipts	100%

Scheme	Date Completed	Social Housing / SO Units	External Funding Source	Percentage Social Housing on Site
Wadloes Road (Acquisitions)	October 2015	3	RTB Receipts	100%
Colville Road	June 2016	19	HCA Grant	76%
Aylesborough Close	September 2016	20	HCA Grant	59%
Scholar's Court, Homerton	December 2016	39 (10 Shared Ownership)	RTB & Sales Receipts	40%
Virido, Clay Farm	June to September 2017	104 (26 Shared Ownership)	RTB & Sales Receipts, HCA Grant	50%
Water Lane (Jolley Ford Court)	September 2017	14	HCA Grant	61%
Ekin Road (Ekin Close)	October 2017	6	RTB Receipts	100%
Uphall Road	February 2018	2	RTB Receipts & Devolution Grant	100%
Fulbourn Road	February 2018	8	RTB Receipts	100%
Hawkins Road	April 2018	9	RTB Receipts	100%
Nuns Way/Cameron Road	September 2019	7	RTB Receipts & Devolution Grant	100%
Wiles Close	September 2019	3	RTB Receipts & Devolution Grant	100%
Total		327 (incl. 36 Shared Ownership)		

New Build Schemes On Site

Sites where work is in progress are summarised in the table below, with details of the anticipated costs and number of units that will be delivered on each site once complete:

Scheme	Approved Indicative Social Housing Units	Gain in Affordable Housing Units	Latest Budget Approved / for Approval	RTB Receipt / Sales Receipt Funding	Devolution Grant	Net Capital Cost to the HRA
Mill Road	118	118	24,965,630	(7,489,690)	(17,475,940)	0
Anstey Way	56	29	11,489,640	(1,886,750)	(3,551,230)	6,051,660
Ditchburn Place	2	2	332,000	(99,600)	(232,400)	0
Queensmeadow	2	2	621,040	(186,310)	(434,730)	0
Wulfstan Way	3	3	816,810	(245,040)	(571,770)	0
Colville Road Garages	3	3	847,300	(254,190)	(593,110)	0
Markham Close	5	5	1,186,650	(355,990)	(830,660)	0
Gunhild Way	2	2	664,140	(199,240)	(464,900)	0
Total	191	164				

New Build Schemes in the Pipeline

There are a number of sites which have scheme specific approval, but at the time of writing this report, were not on site. These schemes include HRA sites, General Fund sites and land acquisition sites, where the intention is for the HRA to deliver the affordable housing.

The table below details the latest budget requirements for approval as part of the HRA Budget Setting Report and the assumed number of new homes which can be delivered, recognising that this is currently subject to both planning approval and procurement of a contractor or transfer to CIP for some of the sites. The latest budget approvals for sites identified for transfer to CIP are based upon the most recent cost estimates provided by CIP, but will not be finalised until the Affordable Housing Agreement is entered into.

Scheme	Approved Indicative Affordable Housing Units	Gain in Affordable Housing Units	Latest Budget for Approval	RTB Receipt and Sales Receipt Funding	Devolution Grant / Section 106 Funding	Net Capital Cost to the HRA
Tedder Way	2	2	389,000	(116,700)	(272,300)	0
Kendal Way	2	2	374,000	(112,200)	(261,800)	0
Ventress Close	15	13	3,689,920	(783,910)	(1,828,600)	1,077,410
Akeman Street	14	12	4,422,010	(910,010)	(2,123,360)	1,388,640
Kingsway	4	4	410,000	(123,000)	(287,000)	0
Cromwell Road	118	118	24,865,800	(7,459,740)	(17,406,060)	0
Colville Road	69	49	15,690,580	(3,040,130)	(7,093,630)	5,556,820
Meadows and Buchan	106	106	25,398,270	(3,006,130)	(13,005,670)	9,386,470
Clerk Maxwell Road	14	14	2,746,760	(824,030)	(1,922,730)	0
Campkin Road	75	50	15,965,000	(2,823,740)	(1,750,000)	11,391,260
Total Due	419	370				

The Special Projects Team in Estates and Facilities are anticipated to deliver the new homes at Kingsway.

As part of this report, a scheme specific budget has been separately identified for Campkin Road, following scheme specific approval at Housing Scrutiny Committee and Council in June and July 2019.

Where the budgets for specific schemes are being proposed for amendment as part of this Budget Setting Report the original approval level and number of units anticipated is compared to the revised budget and number of units included as part of this report is summarised in the table below. This incorporates the latest cost estimates provided by CIP for the current number of units being proposed on each site, with increased units at both Mill Road and Colville Road, the latest contract values and recognises that Stamp Duty Land Tax

may not now be incurred in every instance, with a revised approach to the delivery of units being adopted for some sites.

The budget for the Akeman Street scheme has been revised based upon the latest costs provided by CIP, to include the costs of the commercial and community provision being identified separately.

Scheme	Latest Budget Approval	Original Estimated Units	Revised Budget Approval	Revised Estimated Units
Mill Road (Phase I and II)	24,636,730	116	24,965,630	118
Queensmeadow	619,590	2	621,040	2
Wulfstan Way	907,740	3	816,810	3
Colville Road Garages	900,460	3	847,300	3
Markham Close	1,063,870	5	1,186,650	5
Gunhild Way	655,040	2	664,140	2
Ventress Close	3,665,550	15	3,689,920	15
Akeman Street (includes community and commercial)	4,151,330	14	4,422,010	14
Cromwell Road	25,254,300	118	24,865,800	118
Colville Road	13,781,590	62	15,690,580	69
Meadows and Buchan	26,379,880	106	25,398,270	106
Clerk Maxwell	2,837,760	14	2,746,760	14

Although budgets have increased overall, the changes do incorporate the delivery of an additional 9 units on the sites at Colville Road and Mill Road when compared with previous assumptions.

The table below confirms the current status for each pipeline scheme:

Scheme	Site Type	Status	Potential New Build Units
Tedder Way	In-fill	Awaiting planning	2
Kendal Way	In-fill	Planning approved	2
Ventress Close	Existing Housing	Planning approved	15
Akeman Street	Existing Mixed Use	Planning approved	14
Kingsway	Commercial	Planning approved	4
Cromwell Road	Commercial	Planning approved	118
Colville Road	Existing Housing	Awaiting planning	69
Meadows and Buchan	Community Facility	Pre-planning	106
Clerk Maxwell Road	Section 106 Site	Awaiting planning	14
Campkin Road	Existing Housing	Pre-planning	75

Tedder Way

This scheme was previously anticipated to be delivered by the in-house team, but will now be subject to external tender, to allow the Special Projects Team to concentrate resource in delivering the scheme at Kingsway. The review of the Repairs Service will consider the approach to internal delivery of future new build schemes.

Akeman Street

Planning approval was granted in June 2019. There have been some issues on the site, with the presence of Japanese Knotweed requiring a greater degree of excavation and site clearance activity to be undertaken before the build can formally begin. These enabling works are however expected to begin imminently, with the community centre to be re-located to alternative premises in Akeman Street whilst construction is in progress.

Colville Road

To secure vacant possession for the re-development of the site at Colville Road, it is necessary to re-locate a total of 20 tenants, with 6 of these households having moved at the time of writing this report, and to buy back 4 leasehold flats, with 1 of these purchases having completed to date.

Meadows and Buchan Street

This scheme sees the re-development of two General Fund sites at Buchan Street and the Meadows, where both are currently entirely community provision. The original scheme proposed 106 new homes, with 21 on the Buchan Street site and 85 homes on the Meadows site, with the community provision combined and re-provided on the Meadows site, and some new retail space at Buchan Street. The cost of the retail units and community centre re-provision will be met by the General Fund (unless Secretary of State approval were obtained to allow the HRA to fund or contribute towards the costs of these community assets).

Following public consultation and early discussions with planning, the scheme is undergoing a major re-design before being presented for formal planning approval. This re-design may impact both costs and timescales, and any changes in either will be incorporated into the HRA business plan at the next available opportunity.

Campkin Road

Following scheme specific approval in Housing Scrutiny Committee in June 2019, and approval of the full budget for the scheme at Council in July 2019, work is now underway to secure vacant possession of the site and to obtain planning permission.

There is a need to relocate a total of 25 tenants, with 1 of these households having moved at the time of writing this report, and to buy back 7 leasehold flats.

The number of homes to be delivered at Campkin Road may well change from the original assumptions incorporated into our financial plans. Pre-app discussions are under way with planners and there are issues relating to the surface water. Flood risk studies are being commissioned currently and will be reviewed with the design team. Until this is known the budget and number of homes will remain as per those detailed in the approved scheme.

As part of this report, it is also proposed that £1,175,000 of Section 106 resource be utilised towards the cost of the scheme, as Devolution Grant is expected to have been fully exhausted by this point.

General Fund Sites

Where any General Fund sites are taken forward for development with the potential for the HRA to acquire the affordable homes, there is the need to consider the impact of the transfer of land between the General Fund and the HRA and any resulting impact on the HRA Capital Financing Requirement. Under current legislation, any increase in this results in increased interest costs to the HRA. The potential for land to be transferred from the General Fund to the HRA at nil value was part of a government consultation, for which the outcome is still awaited. If General Fund sites are built out by the Cambridge Investment Partnership, with the intention of the Council being to exercise the break clause in a lease in order to acquire the affordable homes, it is considered necessary for this land to be appropriated between the General Fund and the HRA at existing use value prior to lease to the Cambridge Investment Partnership.

Devolution Grant and RTB Funding

The devolution programme, which utilises £70,000,000 of grant awarded to the authority over a 5 year period from the latter part of 2017/18 to deliver 500 new affordable homes, is now a fully committed, scheme specific programme.

The last of the 500+ homes are expected to be delivered by 2022/23.

Future New Build

After completion of the 500+ Devolution Programme, the authority is committed to continue a programme to deliverer new homes. Following the abolition of the HRA Borrowing Cap, it is now possible to increase the supply of new homes that can be delivered, assuming that the authority is content to borrow to achieve this, that the business plan can support the costs of borrowing and that suitable land sites can be identified to achieve this.

With the current Devolution Programme of 500 homes identified and well underway in delivery terms, consideration is being given to the future programme. With confidence that 500 homes will be delivered over an approximate 5 year time period through the Devolution Programme, it is anticipated that delivery could continue at this pace, subject to land supply and financial viability.

Although this iteration of the business plan maintains the previous broad assumption that £10,000,000 per annum is ear-marked for investment in the delivery of new homes for the life of the 30 year plan, consideration has been given to the impact of delivering a greater number of homes over the initial 10 year period following completion of the Devolution Programme, to model the impact that this would have on the housing business.

The future new build investment programme has not yet been developed in detail, as officers are still exploring potential development sites, considering wider land availability, exploring the delivery vehicles that may be available to the authority and considering the specification to which we may want to build in the future. The HRA Future New Build programme will be the subject of a future report to Housing Scrutiny Committee.

With this in mind, as part of this report, early financial modelling has been undertaken to quantify the impact of accelerating the delivery of new homes over the decade following the Devolution Programme, to provide an indication of what may be possible.

With no detailed decisions in place at this stage, a number of key assumptions have been made in respect of this modelling as follows:

- 1,000 new homes are delivered over the 10 year period following the Devolution Programme
- The cost of each home has been estimated at £250,000
- New homes will be built to our current affordable homes new build specification
- New homes will be built on HRA land or Section 106 development sites where 40% affordable housing is a planning requirement

- New homes are all let at affordable rent levels using the Local Housing Allowance as a cap in line with current policy
- Modelling has been undertaken on the assumption that all 1,000 are new provision (Option A) and a variant has been considered where there is the potential for 25% of the 1,000 homes to be as a result of demolition and re-development of existing homes, to recognise where this may be needed to tackle both the condition and sustainability of some of the older housing stock (Option B).

Option A – Potential to deliver 1,000 new homes with the above assumptions.

- This option would require £156,000,000 of additional borrowing to deliver the new homes, but would still allow set-aside of resource in line with the current policy over the life of the plan to redeem the housing debt.

Option B – Potential to deliver 1,000 new homes with the above assumptions, but with 250 of these replacing existing HRA homes and 750 delivering additionality

- This option would require £163,000,000 of additional borrowing to deliver the new homes, but would still allow set-aside of resource in line with the current policy over the life of the plan to redeem the housing debt. There would be a lower level of resource available for debt redemption or re-investment under this option of approximately £37,000,000.

Any requirement to purchase land or any increase in the new build specification would result in an increased cost that would mean a higher degree of borrowing or delivery of fewer potential units overall. Any decision to reduce the rent levels charged for the new homes would also impact the number of homes that could be delivered, as the funds available to support the borrowing would be lower.

With carbon impact in mind, future investment in new homes will need to consider lower carbon development, whilst also balancing the delivery of new homes against the desire to reduce the carbon impact in our existing housing stock. Demolition and re-development of

existing homes may be required in some cases, with the need to consider introducing retrofit solutions to existing homes in other cases.

Any opportunity to secure additional future funding through the Combined Authority or Homes England will be fully explored, thus mitigating the amount of resource that the HRA would need to borrow.

Retention of the previous ear-marked sum of £10,000,000 per annum in the Housing Capital Investment Plan for potential future sites ensures that resource is available for schemes that may come forward whilst the wider programme is still being developed. With this overall budget approval in place, it allows draw down when a scheme is brought forward for scheme specific approval to Housing Scrutiny Committee.

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

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

Capital Programme

Appendix H provides detail of the revised 10-Year Housing Capital investment Plan, and incorporates the following items in respect of new build and acquired housing:

- Expenditure as approved in the HRA Budget Setting Report in February 2019.
- Re-phasing of expenditure anticipated to take place in 2018/19 into 2019/20 and beyond, as approved in June / July 2019.

- Re-allocation of new build budget between the unallocated / generic new build budget and individual scheme specific budgets, in line with approval to proceed with the schemes at Campkin Road.
- Inclusion of a total capital budget of £15,965,000 for the re-development of the Campkin Road site, following approval of the scheme at Housing Scrutiny Committee in June 2019, and of the increased budget requirement (over and above that ear-marked in the HRA) at Council in July 2019.
- Approval to increase the budget at Akeman Street to reflect the latest cost estimates based upon delivery of 14 residential units, alongside 3 commercial units and a community centre.
- Approval to adjust budgets for Clerk Maxwell Road, Colville Garages, Cromwell Road, Gunhild Way, Markham Close, Meadows and Buchan, Queens Meadow, Ventress Close and Wulfstan Way to reflect the latest cost estimates available and to remove the anticipated cost of Stamp Duty Land Tax, where these are no longer expected to be payable.
- Approval to increase the budget for the combined Mill Road phase I and II schemes, recognising the provision of 2 additional affordable units on the overall site.
- Approval to increase the budget for the Colville Road scheme, recognising the provision of 7 additional affordable units on the site.
- As part of this HRA Medium Term Financial Strategy, approval to re-phase budgets in respect of a number of new build sites, as detailed in **Appendix E**, with the resulting changes incorporated in to the Housing capital investment Plan at **Appendix H**, is also being sought.
- Capital financing has been updated in respect of revised assumptions in right to buy and other capital receipts, grants, revenue funding of capital expenditure, use of Section 106 resources and borrowing requirements.

Section 8

Summary and Conclusions

HRA Budget Strategy

The Budget Process

The HRA budget for 2020/21 will incorporate the outcome of work carried out as part of the Housing Futures Programme. The budget process itself will remain broadly similar to that for previous years in terms of timing and detailed administration.

Work undertaken as part of the Housing Transformation Programme, the incorporation of Devolution Grant and the removal of the assumption that any higher value voids levy will be payable, is positive for the authority. This allows the HRA to address the challenges that have been identified as part of the review of the investment need in the existing housing stock, where significant additional resource is required to maintain the stock in a safe and lettable condition.

Changes in assumptions made as part of this update of the HRA Business Plan that have a positive impact for the HRA, include removal of the assumption about the sale of higher value voids levy, but also the impact of the removal of the HRA borrowing cap, both of which introduce greater flexibility for the business.

Other changes in assumptions result in a negative impact, with a significant increase in the capital investment in the existing housing stock required over the next 30 years following a robust review of the investment strategy. The Housing Capital Investment Plan has been updated to include the latest contract prices for all elements of the decent homes programme and recognition has been given to the fact that some of the asset component

lives have previously been shortened too much, resulting in the appearance of failures in the form of additional response repairs and complaints.

The net impact of these initial changes does however improve the outlook for the HRA in the longer term, and therefore this report proposes retention of a budget strategy where efficiency savings are sought to ensure that value for money can be demonstrated and that tenants and leaseholders continue to receive services at the best price possible, whilst also incorporating a strategic investment fund, which will allow re-direction of resources into key areas of the Housing Service to meet the ongoing challenges that providers of affordable housing are facing.

The robust approach to financial management for the HRA, where efficiencies are sought wherever possible, enables strategic re-direction of resource into other areas of investment, such as new build housing, if all of the financial pressures are not as originally anticipated.

The detail in terms of individual savings proposals, and the impact of reducing budgets by these values, will be presented as part of the 2020/21 budget bids and savings process, to ensure that these can be weighed up against any strategic re-investment proposed.

There is a strong desire to significantly increase the supply of new affordable housing to be owned and managed within the HRA.

As part of this iteration of the business plan consideration has been given to the financial impact of the delivery of 1,000 homes over the 10 years following completion of the 500 homes being built as part of the Devolution Programme. This could see significantly more investment in new homes than previously incorporated into financial plans. To facilitate this level of investment, there would however, be the need to exercise our ability to borrow, as there is not sufficient resource available in the HRA directly. There is no assumption of any further funding from MHCLG through the Combined Authority, and the level of right to buy receipts is expected to reduce as the number of sales decline. The HRA business plan could, subject to all of the assumptions included in the modelling undertaken, support the proposed borrowing in terms of the interest that will be payable on the loans.

For 2019/20 the HRA Medium Term Financial Strategy incorporates changes in the anticipated rental income for the current year, changes in interest earned in year from a revenue perspective, recognising that the opening balances at the start of the year were higher than anticipated, and adjusts the anticipated contribution required to the bad debt provision. The report proposes some changes in operational budgets, both in respect of response repairs and cyclical repairs and also recognises the loss of income resulting from the cessation of the shared housing finance service.

Changes in the capital programme in respect of the budget now required for specific new build schemes have been incorporated, with budgets adjusted as schemes reach the next milestone in the development process. Longer-term, budgets for non-scheme specific new build investment or acquisition have been retained at £10,000,000 per annum, ensuring that the level of investment required to avoid paying any retained right to buy receipts to Central Government is maintained, instead ensuring these receipts can be re-invested in the locality.

Approach to HRA Savings

In line with the budget strategy outlined in the 2018/19 HRA Medium Term Financial Strategy, it is recommended that a savings target is retained, but in the form of an efficiency target. It is also proposed to continue to include a corresponding strategic reinvestment fund.

The continued inclusion of a 4% of general management and repairs administration expenditure (£130,000 per annum) efficiency target is considered prudent in light of continued uncertainty in some areas of national housing policy, and allows resource to be identified for strategic reinvestment in other areas of the housing service. The removal of the sale of higher value voids levy assumption from our financial planning does not mean that the legislation will definitely be repealed and inclusion of an efficiency target, and an associated strategic reinvestment fund ensures that the authority is best placed to respond to any change. The authority will need to review and evaluate its position for 2021/22 onwards, once there is further clarity at a national level.

The assumption that repairs expenditure is adjusted in line with any stock changes is also retained.

Retention of strategic reinvestment funding of £130,000 per annum, funded from any efficiency savings identified, for the next 5 year period, from 2020/21, allows the authority to either redirect resource into key areas or alternatively to hold off in the event of financial pressure, allowing the efficiency savings identified to contribute to an overall reduction in HRA expenditure in response to any national policy announcements. There is also the option in any one year, if efficiency savings are not identifiable, to waive any strategic reinvestment, thus negating the need to make savings which may detrimentally impact the delivery of key housing services.

Despite the need to borrow short-term in the early years of the plan whilst the backlog of investment in the existing housing stock is tackled, alongside the delivery of new affordable homes, the longer-term assumption that the authority attempts to set-aside resource for the repayment of up to 25% of the self-financing housing debt by the point at which the loan portfolio begins to reach maturity has been retained. The authority will review this, and will reconsider its approach to debt set-aside once the future new build programme has been developed and legislation around the sale of higher value vacant homes levy has formally been repealed.

As part of the 2020/21 budget setting process, any areas of new revenue investment, will need to be offset by the identification of savings or increased income generation elsewhere across the HRA.

There is sufficient resource available to match fund retained right to buy receipts with the 70% of additional investment required. The key challenge remains the ability to bring forward enough new build housing in quick enough timeframes to allow the investment of these resources within the currently prescribed timeframes. Failure to invest the retained right to buy receipts within the required 3 year timeframe will still carry the penalty of paying them to central government with interest currently at 4.75%, calculated from the quarter in which they were originally received.

The position for the HRA will be reviewed again as part of the January 2020 HRA Budget Setting Report, with a view to maximising investment in new homes, maintaining service

delivery in key statutory areas and protecting services for the most vulnerable, whilst also ensuring that the existing housing stock is maintained to the latest standards.

Base Assumptions

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

In all cases, the revised assumptions included are derived from the best information available at the current time, utilising both historic trend data and the expert advice and opinion of specialists where appropriate.

The base financial assumptions included in the financial model are included at **Appendix B**, with continuing uncertainties for the HRA summarised at **Appendix K**.

Appendix G summarises the revenue budget position for the HRA for the period between 2019/20 and 2028/29, based upon inclusion of the amended financial assumptions that form part of the update to the Self-Financing Business Plan.

Appendix J demonstrates the potential impact on the business plan of changes in some of the base assumptions that have been incorporated as part of this review, including the negative impact if rent increases were not returned to the level of CPI plus 1% from 2020/21, as currently planned.

HRA MTFS Conclusions

Updating the base assumptions for the HRA has had a material impact on the future financial projections for the housing business.

Changes to the anticipated level of investment required across the housing stock over the life of the business plan have had a material negative impact on financial projections, whilst

the removal of the assumption that a sale of higher value voids levy will ever be imposed has had a significantly positive impact, providing the headroom to be able to consider the higher level of investment in the housing stock.

Delivery against some of the key assumptions is critical to the success of the housing business plan, with the assumption of a return to rent increases at CPI plus 1% for five years from April 2020 being one of the critical assumptions included. Despite having received national confirmation of this policy, finer detailed is awaited from the Regulator of Social Housing, who will be responsible for controlling the new rent regime.

A key risk remains the still unquantifiable impact of the full rollout of Universal Credit, with the authority still working proactively with affected residents in an attempt to mitigate the impact initially being felt, and the increasing impact anticipated.

Another key risk remains the authority's ability to invest retained right to buy receipts within the timescales, despite sufficient match funding for these. However, with a number of key schemes now either on site, or anticipated to be on site imminently, the required level of investment should be met over the next two years. There is now less reliance on the use of this resource in respect of re-development sites, where it can only be used towards the cost of additionality on the site, and where there are often far greater lead in times between scheme decision and start on site, whilst vacant possession is secured.

Although delivery of significant savings in the short to medium term is not critical to the success of the business plan, the inclusion of an efficiency target, offset by a corresponding strategic reinvestment fund is still considered to be a prudent approach to ensuring that resources are targeted to the areas that most need them, and that flexibly is maintained to allow response to both local demands and national housing policy change.

Appendix A

Key Risk Analysis

Risk Area & Issue arising	Controls / Mitigation Action
Effects of Legislation / Regulation	
<p>Implications of new legislation / regulation or changes to existing are not identified</p> <p>Delays in announcement of detail surrounding housing policy change negatively impacts decisions taken at a local level</p> <p>Funding is not identified to meet the costs associated with changes in statutory requirements</p> <p>HRA Debt Settlement could be re-opened by Government (or not re-opened when changes dictate that it should)</p> <p>Changes in national rent policy impact the ability to support the housing debt or deliver against planned investment programmes</p> <p>Implementation of Fixed Term Tenancies carries administrative cost and would dictate the need for system change at a time when the Housing Management Information System is being replaced</p>	<ul style="list-style-type: none"> • Effective, formal, regular review processes are in place for the HRA to ensure that implications are identified, quantified and highlighted • Decisions taken in the context of a business plan which recognises the uncertainty. Savings taken have impacts exemplified to ensure impact is mitigated • Additional / specific funding requirements for new services can be identified through the budget process, to allow effective prioritisation of resources. Minimum reserves are held to allow immediate investment if required • The Council has processes in place ensuring early engagement in any consultation and collective representation through national housing bodies • Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible • Consideration could be given to deviating from national rent policy at a local level if statute were to allow • Project Board for system replacement are aware of the potential need for changes to IT systems and have discussed this with suppliers as part of the tender process • Fixed term tenancies may now not be imposed, depending upon outcome of Housing Green Paper

Risk Area & Issue arising	Controls / Mitigation Action
Housing Portfolio & Spending Plans	
<p>The Council approves plans which are not sustainable into the future, leading to increasing problems in balancing budgets</p>	<ul style="list-style-type: none"> • Council has adopted medium and long-term modelling (up to 30 years) for HRA, ensuring decisions are made in context of long-term impact • The Business Plan includes long-term trend analysis on key cost drivers • Target levels of reserves are set for the HRA to enable uneven pressures to be effectively dealt with, and to provide cover against unforeseen events / pressures
Financial planning lacks appropriate levels of prudence	
<p>Business Planning assumptions are wildly inaccurate</p> <p>Financial policies, in general, are not sufficiently robust</p> <p>Funding to support the approved Capital Plan is not available</p>	<p>Council has adopted key prudence principles, reflected in:</p> <ul style="list-style-type: none"> • Use of external expert opinion and detailed trend data to inform assumptions • Ongoing revenue funding for capital is reviewed for affordability as part of the 30-year modelling process • Adoption of strict medium / long-term planning • Policy on applying general capital receipts for strategic disposals only at point of receipt
Use of resources is not effectively managed	
<p>There is ineffective use of the resources available to the HRA</p> <p>Failure to deliver Major Housing / Development Projects, i.e. return on capital investment, project on time etc.</p> <p>Value for money in terms of investment in new build homes is challenged</p>	<ul style="list-style-type: none"> • Council employs robust business planning processes for the HRA • Council has adopted a standard project management framework • A business case is required for all strategic acquisitions, disposals and one-off areas of significant investment • Performance and contractor management procedures are robust and contracts are enforceable • The Council's accounts are audited on an annual basis, with assurance given that the authority is delivering economy, efficiency and effectiveness in its use of resources • Council adopts a mix of delivery vehicles • Council employs cost consultants to demonstrate price comparability with the local market

Risk Area & Issue arising	Controls / Mitigation Action
External income / funding streams	
<p>Undue reliance may be placed on external income streams, leading to approval of unsustainable expenditure</p>	<ul style="list-style-type: none"> • Modelling over the medium and long-term is conducted for key income sources, including sensitivity analysis of potential changes • Council seeks to influence national settlements and legislative changes through response to formal consultation
<p>Rent and service charge arrears increase and bad debt rises, as a direct result of the Welfare Benefit Reforms</p>	<ul style="list-style-type: none"> • Increased resources identified for income management. Performance closely monitored to allow further positive action if required.
<p>Rent income is under-achieved due to a major incident in the housing stock</p>	<ul style="list-style-type: none"> • Asset Management Plan in place to identify and address key issues in the housing stock to minimise likelihood of widespread incidents
<p>Changes to the right to buy rules and pooling regulations result in an increase in the level of sales, with the associated commitment to deliver replacement units or pay over receipts with interest</p>	<ul style="list-style-type: none"> • Sensitivities modelled so potential impacts are understood • Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity
<p>Volatility and competition in the property market impacts the ability to fund capital pressures from the sale of assets</p>	<ul style="list-style-type: none"> • Policy on applying general capital receipts for strategic disposals only at point of receipt

Appendix B

Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	1.8% for 2020/21, then 2.1%, 2.3% and 2.4% ongoing	General inflation on expenditure included at 1.8% for 2020/21, 2.1% for 2021/22, 2.3% for 2022/23, then 2.4% ongoing, per Bank of England) forecasts of August 2019.	Amended
Capital and Planned Repairs Inflation	CPI plus 1.28%	Based upon the mix of BCIS and CPI forecasts for next 4 years, using averages over this period. Reverts to CPI after 5 years.	Amended
Debt Repayment	Set-aside 25% to Repay Self-Financing Debt	Assumes surplus is re-invested in income generating assets, with 25% of resource set-aside to repay debt as loans reach maturity dates, pending review of the set-aside policy in conjunction with any borrowing being considered.	Retained
Capital Investment	Partial Investment Standard	Base model assumes a partial investment standard in the housing stock, compared with a basic decent homes standard.	Amended
Pay Inflation	1.5% Pay Progression & Pay Inflation at 2.5% for 2020/21, then 2%	Assume allowance for increments at 1.5% and cost of living pay inflation at 2.5% for 2021, then 2% on an ongoing basis.	Amended
Employee Turnover	3%	Employee budgets assume a 3% turnover, unless service area is a single employee, or is a shared service, externally recharged service or trading account.	Retained
Social Rent Review Inflation	CPI plus 1% for 5 years from 2020/21, then CPI plus 0.5% from 2025/26	Rent increases of up to CPI plus 1% for 5 years, reverting to inflation plus 0.5% after this. Assume CPI in preceding September is as above.	Retained
Affordable Rent Review Inflation	CPI plus 1% for 5 years from 2020/21, then CPI plus 0.5% from 2025/26	Affordable rents to be reviewed annually in line with Local Housing Allowance, ensuring that they match the LHA unless it rises above CPI plus 1%, in which case the lower will apply.	Retained
Rent Convergence	Voids Only	Ability to move to target rent achieved only through movement of void properties	Retained

Key Area	Assumption	Comment	Status
		directly to target rent.	
External Lending Interest Rate	0.8%	Interest rates based on latest market projections, recognising that the HRA will benefit from low risk investments only	Amended
Internal Lending Interest Rate	0.8%	Assume the same rate as anticipated can be earned on cash balances held, so as not to detriment either the HRA or the General Fund longer-term.	Amended
External Borrowing Interest Rate	2.44%	Assumes additional borrowing using current PWLB rates.	Amended
Internal Borrowing Interest Rate	2.44%	Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route.	Amended
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, pending a review once the business plan and asset investment strategy has been fully reviewed.	Retained
HRA Target Balances	£3,000,000	Maintain HRA target balance at £3,000,000, pending a review once the business plan and asset investment strategy has been fully reviewed.	Retained
Right to Buy Sales	35, 30, then 25 sales ongoing	An uncertain economy expected to result in a marginal decline in activity. Assume 35 in 2019/20 then reducing by 5 sales per annum, until 25 are assumed ongoing.	Retained
Right to Buy Receipts	Settlement right to buy and assumed one-for-one receipts included	Debt settlement receipts included, assuming the receipts utilised partly for general fund housing purposes. Anticipated one-for-one receipts included, and ear-marked for direct new build spend. Debt repayment proportion assumed to be set-aside.	Retained
Void Rates	1.75% for 2019/20, then 1% ongoing	Assumes 1.75% to include known void loss for re-development sites in 2019/20, reducing to 1%, from 2020/21, recognising refurbishment works and improved void processes longer-term	Amended
Bad Debts	1.5% from 2019/20 ongoing	Bad debt provision increased to 1.5% reflecting experience in 2017/18 and the requirement to collect 100% of rent directly more widely from October 2018.	Retained
Savings Target	£130,000 (4% of	Retain an efficiency target of £130,000	Retained

Key Area	Assumption	Comment	Status
	general and repairs administrative expenditure)	from 2020/21 for 5 years. Allows strategic reinvestment or alternatively a response to pressure from national housing policy change.	
Responsive Repairs Expenditure	Adjusted pro rata to stock changes	An assumption is made that direct responsive repair expenditure is adjusted annually in line with any change in stock numbers.	Retained
Strategic Investment Fund	£130,000	Housing Strategic Investment Fund included from 2020/21 for 5 years.	Retained

Appendix C

Retained 1-4-1 Right to Buy Receipts

Quarter date for Receipt	Retained 1-4-1 Receipt Value (Per Quarter)	Retained 1-4-1 Receipt Value (Cumulative)	Amount of New Build Expenditure Required (Cumulative)	Deadline for Receipt to be spent on New Dwelling	Qualifying Spend by Deadline (Cumulative)	Retained 1-4-1 Receipt Spent (Cumulative)	Balance of Retained 1-4-1 Receipts to be Spent or Paid to CLG (Cumulative)	Further New Build Spend Required by Deadline (Cumulative)
31/03/2015	831,750.78	9,189,595.70	30,631,985.67	31/03/2018	34,063,317.03	10,218,995.11	0.00	0.00
30/06/2015	595,447.59	9,785,043.29	32,616,810.97	30/06/2018	44,963,531.08	13,489,059.32	0.00	0.00
30/09/2015	902,092.08	10,687,135.37	35,623,784.57	30/09/2018	45,811,867.07	13,743,560.12	0.00	0.00
31/12/2015	857,169.10	11,544,304.47	38,481,014.90	30/12/2018	47,212,958.99	14,163,887.70	0.00	0.00
31/03/2016	1,591,834.76	13,136,139.23	43,787,130.78	31/03/2019	54,012,650.36	16,203,795.11	0.00	0.00
30/06/2016	2,263,872.93	15,400,012.16	51,333,373.87	30/06/2019	57,282,779.08	17,184,833.72	0.00	0.00
30/09/2016	1,874,821.59	17,274,833.75	57,582,779.17	30/09/2019			90,000.03	300,000.08
31/12/2016	1,320,457.44	18,595,291.19	61,984,303.97	31/12/2019			1,410,457.47	4,701,524.88
31/03/2017	1,313,143.16	19,908,437.35	66,361,447.83	31/03/2020			2,723,600.63	9,078,668.75
30/06/2017	2,045,445.56	21,953,879.91	73,179,599.70	30/06/2020			4,769,046.19	15,896,820.62
30/09/2017	1,779,600.43	23,733,480.34	79,111,601.13	30/09/2020			6,548,646.62	21,828,822.05
31/12/2017	2,229,968.03	25,963,448.37	86,544,827.90	31/12/2020			8,778,614.65	29,262,048.82
31/03/2018	646,869.52	26,610,317.89	88,701,059.63	31/03/2021			9,425,484.17	31,418,280.55
30/06/2018	1,556,719.56	28,167,037.45	93,890,124.83	30/06/2021			10,982,203.73	36,607,345.75
30/09/2018	548,341.57	28,715,379.02	95,717,930.07	30/09/2021			11,530,545.30	38,435,150.98
31/12/2018	1,210,892.84	29,926,271.86	99,754,239.53	30/12/2021			12,741,438.14	42,471,460.45
31/03/2019	209,910.09	30,136,181.95	100,453,939.83	31/03/2022			12,951,348.23	43,171,160.75
30/06/2019	1,408,403.81	31,544,585.76	105,148,619.20	30/06/2022			14,359,752.04	47,865,840.12

Appendix D

2019/20 HRA Mid-Year Revenue Budget Adjustments

Area of Income / Expenditure	Description	Budget Amendment in 2019/20 Budget (£)	Budget Amendment in 2020/21 Budget (£)	Comment
Budgeted use of / (contribution to) HRA Reserves pre MTFS		(631,200)		
HRA General Management				
Shared Housing Finance Recharge Income	Cessation of the shared housing finance team results in the unavoidable loss of income from South Cambridgeshire District Council	44,670	44,670	Built into base for future years
Total HRA General Management		44,670		
HRA Repairs				
Electrical Testing	Funding approved under urgency to complete an identified backlog of electrical inspections	208,000	0	One-off cost to catch up backlog
Response Repairs	Increased funding for sub-contracted specialist response repair activity	183,600	183,600	Built into base for future years
Total HRA Repairs		391,600		
HRA Summary Account				
Bad Debt Provision	Increase in bad debt provision linked to increase in rental income assumptions	8,060	Incorporated into base assumptions	Built into base for future years
Rent Income	Increase in rental income for 2019/20 and beyond due to removal of sale of higher value voids levy and delays in decant on redevelopment sites	(335,290)	Incorporated into base assumptions	Built into base for future years
Dwelling Depreciation	Increase in the estimated level of depreciation based upon the latest stock numbers and property values	121,430	Incorporated into base assumptions	Built into base for future years
Interest earned on HRA Balances	The HRA will benefit from a lower rate of interest following a review of the approach to	275,250	Incorporated into base	Built into base for future years

Area of Income / Expenditure	Description	Budget Amendment in 2019/20 Budget (£)	Budget Amendment in 2020/21 Budget (£)	Comment
			assumptions	
Interest paid on Borrowing	The change in interest rate assumed receivable by the HRA also impacts the rate assumed to be payable on notional internal borrowing from the General Fund	(7,040)	Incorporated into base assumptions	Built into base for future years
Direct Revenue Financing of Capital Expenditure (DRF)	Increase in DRF to contribute to the costs of securing vacant possession on HRA re-development sites	2,911,300	Incorporated into base assumptions	Built into base for future years
Debt Set-Aside	Reduction in set-aside for potential debt repayment or re-investment, with decision to re-invest in 2019/20, using DRF to facilitate this	(2,911,300)	Incorporated into base assumptions	Built into base for future years
Total HRA Summary		62,410		
Revised use of / (contribution to) HRA Reserves post MTFS		(132,520)		

Appendix E

2019/20 Mid-Year HRA Capital Budget Amendments

Area of Expenditure And Change	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Total Housing Capital Plan Expenditure pre HRA MTFS	56,832	67,804	31,348	23,477	23,257
General Fund Housing					
Increase in budget for DFG's to enable spending of increased Better Care Fund Grant	29	0	0	0	0
Decent Homes and Other HRA Stock Investment					
Include funding in wall structures for identified balcony works	500	2,200	0	0	0
Include funding for replacement external doors, now that standards have been confirmed	360	0	0	0	0
Adjust funding for Kitchens following investment review	0	42	51	(18)	100
Adjust funding for Bathrooms following investment review	0	13	(1)	(5)	16
Adjust funding for Heating / Boilers following investment review	0	302	403	482	297
Adjust funding for Insulation / Energy / Wall Finishes following investment review	0	1,070	133	268	101
Adjust funding for External Doors following investment review	0	(235)	(47)	3	(126)
Adjust funding for PVCU Windows following investment review	0	683	437	241	855
Adjust funding for Wall Structure following investment review	0	(208)	(67)	(32)	(28)
Adjust funding for External Painting following investment review	0	57	57	57	57
Adjust funding for Roof Covering following investment review	0	354	772	(134)	356
Adjust funding for Chimneys following investment review	0	2	(1)	0	1
Adjust funding for Electrical / Wiring following investment review	0	(636)	(161)	(286)	(53)
Re-inclusion of Decent Homes Backlog works over 10 years	0	0	4,716	4,716	4,716
Adjust funding for Communal Doors following investment review	0	258	0	5	65
Adjust funding for Lifts and Door Entry following investment review	0	218	(4)	(13)	25
Adjust funding for Contractor Overheads following	147	453	174	114	183

Area of Expenditure And Change	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
investment review					
Adjustment to allocation for new build decent homes work to recognise delays and additions in the programme	134	(255)	(390)	(620)	(189)
New Build					
Increase budget and re-phasing for Queensmeadow	48	(46)	0	0	0
Reduce budget and re-phasing for Wulfstan Way	(118)	27	0	0	0
Increase budget and re-phasing for Akeman Street mixed use site	1,299	(1,028)	0	0	0
Increase budget and re-phasing for Ventress Close	(340)	364	0	0	0
Reduce budget and re-phasing for Colville Road garage site	(105)	52	0	0	0
Increase budget and re-phasing for Mill Road (l & li)	(27)	317	39	0	0
Increase budget and re-phasing for Gunhild Way	82	(73)	0	0	0
Increase budget and re-phasing for Markham Close	(81)	203	0	0	0
Reduce budget and re-phasing for Cromwell Road	108	(40)	(457)	0	0
Increase budget and re-phasing for Colville Road	380	1,529	0	0	0
Reduce budget and re-phasing for Meadows and Buchan	(1,358)	1,330	(953)	0	0
Reduce budget and re-phasing for Clerk Maxwell	(965)	874	0	0	0
Inclusion of budget for Campkin Road following scheme specific approval	4,811	11,154	0	0	0
Adjustment to ear-marked resources held for new build reflecting virement to specific schemes	(4,599)	(9,412)	0	0	0
Increase budget ear-marked for the delivery of new build and re-developed homes	0	0	10,000	0	0
Include budget to tackle defects challenge for Keepmoat schemes	60				
Sheltered Housing					
No changes	0	0	0	0	0
Other HRA Spend					
No changes	0	0	0	0	0
Inflation Allowance					
Adjust inflation allowed to reflect new base and revised inflation assumptions	(2,190)	(1,746)	(1,305)	(890)	(422)
Total Housing Capital Plan Expenditure post HRA MTFs	55,007	75,627	44,744	27,365	29,211

Appendix F

New Build Investment Cashflow

New Build / Re-Development Scheme	2019/20 £'0000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
New Build / Acquisition / Re-Development Cash Expenditure										
Anstey Way	5,876	0	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites	1,793	0	0	0	0	0	0	0	0	0
Kendal Way	346	0	0	0	0	0	0	0	0	0
Queensmeadow	461	63	0	0	0	0	0	0	0	0
Wulfstan Way	552	194	0	0	0	0	0	0	0	0
Akeman Street	1,949	2,419	0	0	0	0	0	0	0	0
Ventress Close	1,362	1,557	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	573	202	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	9,333	9,333	1,669	0	0	0	0	0	0	0
Gunhild Way	414	177	0	0	0	0	0	0	0	0
Markham Close	806	283	0	0	0	0	0	0	0	0
Cromwell Road	3,070	4,539	5,740	0	0	0	0	0	0	0
Kingsway Clinic Conversion	382	0	0	0	0	0	0	0	0	0
Ditchburn Place New Build	143	0	0	0	0	0	0	0	0	0
Colville Road	4,257	11,373	0	0	0	0	0	0	0	0
Meadows and Buchan Street	1,765	13,613	9,832	0	0	0	0	0	0	0
Clerk Maxwell Road	714	2,033	0	0	0	0	0	0	0	0
Campkin Road	4,811	11,154	0	0	0	0	0	0	0	0
Keepmoat Defect Management	60	0	0	0	0	0	0	0	0	0
Acquisition / New Build (Unallocated)	0	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000

New Build / Re-Development Scheme	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'0000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total New Build/ Re-Development Expenditure	38,667	56,940	27,241	10,000	10,000	10,000	10,000	10,000	10,000	10,000
New Build Devolution Grant Funding										
Anstey Way	(2,107)	0	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites	(1,255)	0	0	0	0	0	0	0	0	0
Kendal Way	(242)	0	0	0	0	0	0	0	0	0
Queensmeadow	(323)	(44)	0	0	0	0	0	0	0	0
Wulfstan Way	(386)	(136)	0	0	0	0	0	0	0	0
Akeman Street	(921)	(1,172)	0	0	0	0	0	0	0	0
Ventress Close	(805)	(945)	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	(401)	(141)	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	(6,533)	(6,533)	(1,168)	0	0	0	0	0	0	0
Gunhild Way	(290)	(124)	0	0	0	0	0	0	0	0
Markham Close	(564)	(198)	0	0	0	0	0	0	0	0
Cromwell Road	(2,149)	(3,177)	(4,018)	0	0	0	0	0	0	0
Kingsway Clinic Conversion	(267)	0	0	0	0	0	0	0	0	0
Ditchburn Place New Build	(100)	0	0	0	0	0	0	0	0	0
Colville Road	(1,413)	(5,653)	0	0	0	0	0	0	0	0
Meadows and Buchan Street	(1,237)	(9,530)	(2,109)	0	0	0	0	0	0	0
Clerk Maxwell Road	(500)	(1,423)	0	0	0	0	0	0	0	0
Campkin Road	0	0	0	0	0	0	0	0	0	0
Total New Build / Re-Development Funding	(19,492)	(29,076)	(7,295)	0	0	0	0	0	0	0
Use of Retained Right to Buy Funding										
Anstey Way	(903)	0	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites	(538)	0	0	0	0	0	0	0	0	0
Kendal Way	(104)	0	0	0	0	0	0	0	0	0

New Build / Re-Development Scheme	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'0000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Queensmeadow	(138)	(19)	0	0	0	0	0	0	0	0
Wulfstan Way	(165)	(58)	0	0	0	0	0	0	0	0
Akeman Street	(394)	(502)	0	0	0	0	0	0	0	0
Ventress Close	(345)	(405)	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	(172)	(61)	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	(2,800)	(2,800)	(501)	0	0	0	0	0	0	0
Gunhild Way	(124)	(53)	0	0	0	0	0	0	0	0
Markham Close	(242)	(85)	0	0	0	0	0	0	0	0
Cromwell Road	(921)	(1,362)	(1,722)	0	0	0	0	0	0	0
Kingsway Clinic Conversion	(115)	0	0	0	0	0	0	0	0	0
Ditchburn Place New Build	(43)	0	0	0	0	0	0	0	0	0
Colville Road	(606)	(2,423)	0	0	0	0	0	0	0	0
Meadows and Buchan Street	0	0	(2,949)	0	0	0	0	0	0	0
Clerk Maxwell Road	(214)	(610)	0	0	0	0	0	0	0	0
Campkin Road	(593)	(2,230)	0	0	0	0	0	0	0	0
Acquisition or New Build (Unallocated)	0	0	(750)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)
Total Use of Retained Right to Buy Funding	(8,417)	(10,608)	(5,922)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)
Total to be funded from HRA Resources (DRF & MRR) and Sales Receipts	10,758	17,256	14,024	7,300	7,300	7,300	7,300	7,300	7,300	7,300
Total HRA Borrowing	0	0	0	0	0	0	0	0	0	0

Appendix G (1)

HRA Summary Forecast 2019/20 to 2023/24

Description	2019/20 £0	2020/21 £0	2021/22 £0	2022/23 £0	2023/24 £0
Income					
Rental Income (Dwellings)	(36,484,730)	(37,958,600)	(40,616,510)	(43,828,190)	(45,840,170)
Rental Income (Other)	(1,199,740)	(1,221,340)	(1,246,980)	(1,275,660)	(1,306,280)
Service Charges	(2,969,250)	(3,018,630)	(3,077,280)	(3,142,860)	(3,212,870)
Contribution towards Expenditure	(679,430)	(691,660)	(706,180)	(722,420)	(739,760)
Other Income	(458,880)	(460,520)	(463,440)	(474,100)	(485,480)
Total Income	(41,792,030)	(43,350,750)	(46,110,390)	(49,443,230)	(51,584,560)
Expenditure					
Supervision & Management - General	4,084,860	3,725,850	3,866,070	4,160,830	4,306,740
Supervision & Management - Special	3,174,520	3,146,750	3,224,020	3,308,090	3,396,890
Repairs & Maintenance	7,841,170	7,543,470	7,628,700	7,979,610	8,271,250
Depreciation – to Major Repairs Res.	11,070,740	11,171,550	11,857,240	12,349,290	12,664,570
Debt Management Expenditure	0	0	0	0	0
Other Expenditure	4,034,970	4,113,480	4,212,110	4,335,540	4,451,410
Total Expenditure	30,206,260	29,701,100	30,788,140	32,133,360	33,090,860
Net Cost of HRA Services	(11,585,770)	(13,649,650)	(15,322,250)	(17,309,870)	(18,493,700)
HRA Share of operating income and expenditure included in Whole Authority I&E Account					
Interest Receivable	(525,700)	(390,710)	(252,190)	(197,580)	(191,410)
(Surplus) / Deficit on the HRA for the Year	(12,111,470)	(14,040,360)	(15,574,440)	(17,507,450)	(18,685,110)
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance					
Loan Interest	7,506,750	7,532,410	7,532,410	7,532,410	7,532,410
Housing Set Aside	1,560,900	(2,165,000)	(9,145,000)	(1,280,000)	(1,696,000)
Appropriation from Ear-Marked Reserve	0	0	0	0	0
Direct Revenue Financing of Capital	2,911,300	12,509,920	17,109,620	11,260,810	12,791,340
(Surplus) / Deficit for Year	(132,520)	3,836,970	(77,410)	5,770	(57,360)
Balance b/f	(11,539,346)	(11,671,866)	(7,834,896)	(7,912,306)	(7,906,536)
Total Balance c/f	(11,671,866)	(7,834,896)	(7,912,306)	(7,906,536)	(7,963,896)

Appendix G (2)

HRA 10 Year Summary Forecast 2019/20 to 2028/29

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income										
Rental Income (Dwellings)	(36,485)	(37,958)	(40,617)	(43,828)	(45,840)	(47,550)	(49,123)	(50,744)	(52,415)	(54,139)
Rental Income (Other)	(1,200)	(1,221)	(1,247)	(1,276)	(1,306)	(1,338)	(1,370)	(1,403)	(1,436)	(1,471)
Service Charges	(2,969)	(3,019)	(3,077)	(3,143)	(3,213)	(3,285)	(3,363)	(3,444)	(3,527)	(3,611)
Contribution towards Expenditure	(679)	(692)	(706)	(722)	(740)	(758)	(776)	(794)	(813)	(833)
Other Income	(459)	(461)	(463)	(474)	(485)	(497)	(509)	(521)	(534)	(547)
Total Income	(41,792)	(43,351)	(46,110)	(49,443)	(51,584)	(53,428)	(55,141)	(56,906)	(58,725)	(60,601)
Expenditure										
Supervision & Management - General	4,085	3,726	3,866	4,161	4,307	4,432	4,581	4,736	4,895	5,060
Supervision & Management - Special	3,174	3,147	3,224	3,308	3,397	3,488	3,582	3,678	3,777	3,879
Repairs & Maintenance	7,841	7,543	7,629	7,980	8,271	8,594	8,765	9,149	9,480	9,780
Depreciation – to Major Repairs Res.	11,071	11,172	11,856	12,349	12,665	12,988	13,312	13,651	14,000	14,357
Debt Management Expenditure	0	0	0	0	0	0	0	0	0	0
Other Expenditure	4,035	4,113	4,212	4,335	4,451	4,566	4,681	4,799	4,919	5,043
Total Expenditure	30,206	29,701	30,787	32,133	33,091	34,068	34,921	36,013	37,071	38,119
Net Cost of HRA Services	(11,586)	(13,650)	(15,323)	(17,310)	(18,493)	(19,360)	(20,220)	(20,893)	(21,654)	(22,482)
HRA Share of operating income and expenditure included in Whole Authority I&E Account										
Interest Receivable	(526)	(390)	(252)	(198)	(191)	(178)	(165)	(170)	(191)	(207)
(Surplus) / Deficit on the HRA for the Year	(12,112)	(14,040)	(15,575)	(17,508)	(18,684)	(19,538)	(20,385)	(21,063)	(21,845)	(22,689)
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance										
Loan Interest	7,507	7,532	7,532	7,532	7,532	7,532	7,532	7,533	7,533	7,533

Housing Set Aside	1,561	(2,165)	(9,144)	(1,280)	(1,696)	(419)	0	0	0	0
Appropriation from Ear-Marked Reserve	0	0	0	0	0	0	0	0	0	0
Direct Revenue Financing of Capital	2,911	12,510	17,110	11,261	12,791	14,847	14,867	11,714	12,084	14,413
(Surplus) / Deficit for Year	(133)	3,837	(77)	5	(57)	2,422	2,014	(1,816)	(2,228)	(743)
Balance b/f	(11,539)	(11,672)	(7,835)	(7,912)	(7,907)	(7,964)	(5,542)	(3,528)	(5,344)	(7,572)
Total Balance c/f	(11,672)	(7,835)	(7,912)	(7,907)	(7,964)	(5,542)	(3,528)	(5,344)	(7,572)	(8,315)

Appendix H

Housing Capital Investment Plan (10 Year Detailed Investment Plan)

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend										
Disabled Facilities Grants	754	550	550	550	550	550	550	550	550	550
Private Sector Housing Grants and Loans	195	195	195	195	195	195	195	195	195	195
Total General Fund Housing Capital Spend	949	745	745	745	745	745	745	745	745	745
HRA Capital Spend										
Decent Homes										
Kitchens	655	682	303	466	621	753	1,136	747	1,474	1,367
Bathrooms	331	1,049	188	47	158	650	653	146	67	363
Central Heating / Boilers	2,586	3,838	1,866	2,050	1,850	2,675	1,902	2,129	2,315	1,685
Insulation / Energy Efficiency	833	1,344	891	807	676	519	420	970	181	1,184
External Doors	148	116	52	72	20	58	52	75	57	58
PVCU Windows	0	689	467	241	855	538	1,062	380	328	1,111
Wall Structure	634	2,246	6	6	19	2	250	94	505	681
External Painting	0	357	357	357	357	357	357	357	357	357
Roof Structure	398	300	300	300	300	300	300	300	300	300
Roof Covering	542	688	1,106	200	690	1,918	1,647	994	1,058	935
Chimneys	1	2	0	0	2	2	0	0	0	7
Electrical / Wiring	555	296	274	445	388	483	209	266	4	19
Sulphate Attacks	102	102	102	102	102	102	102	102	102	102

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HHSRS Contingency	229	100	100	100	100	100	100	100	100	100
Other Health and Safety Works	269	50	50	50	50	50	50	50	50	50
Other External Works	0	0	0	0	0	0	0	0	0	0
Capitalised Officer Fees - Decent Homes	305	305	305	305	305	305	305	305	305	305
Decent Homes Backlog	0	0	4,716	4,716	4,716	4,716	4,716	3,811	3,811	3,811
Decent Homes Planned Maintenance Contractor Overheads	842	1,305	667	576	680	936	906	738	759	915
Decent Homes New Build Allocation	477	163	732	1,009	1,092	1,180	1,271	1,364	1,463	1,564
Total Decent Homes	8,907	13,632	12,482	11,849	12,981	15,644	15,438	12,928	13,236	14,914
Other Spend on HRA Stock										
Garage Improvements	195	100	100	100	100	100	100	100	100	100
Asbestos Removal	50	50	50	50	50	50	50	50	50	50
Disabled Adaptations	878	878	878	878	878	878	878	878	878	878
Communal Areas Uplift	100	100	100	100	100	100	100	100	100	100
Communal Electrical Installations / Fire Systems / Communal Lighting	150	150	150	150	150	150	150	150	150	150
Communal Entrance / Enclosure Doors + Glazing	71	329	71	76	136	71	140	71	73	185
Fire Prevention / Fire Safety Works	921	50	50	50	50	50	50	50	50	50
Hard surfacing on HRA Land - Health and Safety Works	508	225	225	225	225	225	225	225	225	225
Communal Areas Floor Coverings	295	100	100	100	100	100	100	100	100	100
Lifts and Door Entry Systems	138	231	9	0	38	28	75	0	0	40
Estate Investment	1,000	1,000	1,000	1,000	1,000	0	0	0	0	0
Capitalised Officer Fees - Other HRA Stock Spend	114	114	114	114	114	114	114	114	114	114

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	364	243	191	190	201	193	205	190	190	207
Total Other Spend on HRA stock	4,784	3,570	3,038	3,033	3,142	2,059	2,187	2,028	2,030	2,199
HRA New Build / Re-Development										
Anstey Way	5,876	0	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites (Nuns & Cameron / Wiles / Teddar)	1,793	0	0	0	0	0	0	0	0	0
Kendal Way	346	0	0	0	0	0	0	0	0	0
Queensmeadow	461	63	0	0	0	0	0	0	0	0
Wulfstan Way	552	194	0	0	0	0	0	0	0	0
Akeman Street	1,949	2,419	0	0	0	0	0	0	0	0
Ventress Close	1,362	1,557	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	573	202	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	9,333	9,333	1,669	0	0	0	0	0	0	0
Gunhild Way	414	177	0	0	0	0	0	0	0	0
Markham Close	806	283	0	0	0	0	0	0	0	0
Cromwell Road (Including Land Acquisition)	3,070	4,539	5,740	0	0	0	0	0	0	0
Kingsway Clinic Conversion	382	0	0	0	0	0	0	0	0	0
Ditchburn Place New Build	143	0	0	0	0	0	0	0	0	0
Colville Road	4,257	11,373	0	0	0	0	0	0	0	0
Meadows and Buchan Street	1,765	13,613	9,832	0	0	0	0	0	0	0
Clerk Maxwell Road	714	2,033	0	0	0	0	0	0	0	0
Campkin Road	4,811	11,154	0	0	0	0	0	0	0	0
Keepmoat Defect Management (10 Schemes)	60	0	0	0	0	0	0	0	0	0

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Acquisition or New Build (Unallocated)	0	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total HRA New Build	38,667	56,940	27,241	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Sheltered Housing Capital Investment										
Ditchburn Place	772	0	0	0	0	0	0	0	0	0
Total Sheltered Housing Capital Investment	772	0	0	0	0	0	0	0	0	0
Other HRA Capital Spend										
Orchard Replacement / Mobile Working	543	0	0	0	0	0	0	0	0	0
Stores Reconfiguration	55	0	0	0	0	0	0	0	0	0
Estate Service Champion Estate Vehicle	0	0	0	0	0	0	0	0	0	0
Shared Ownership Repurchase	300	300	300	300	300	300	300	300	300	300
Commercial and Administrative Property	30	30	30	30	30	30	30	30	30	30
Total Other HRA Capital Spend	928	330	330	330	330	330	330	330	330	330
Total HRA Capital Spend	54,058	74,472	43,091	25,212	26,453	28,033	27,955	25,286	25,596	27,443
Total Housing Capital Spend at Base Year Prices	55,007	75,217	43,836	25,957	27,198	28,778	28,700	26,031	26,341	28,188
Inflation Allowance and Stock Reduction Adjustment for Future Years	0	410	908	1,408	2,013	2,811	3,233	3,089	3,527	4,371
Total Inflated Housing Capital Spend	55,007	75,627	44,744	27,365	29,211	31,589	31,933	29,120	29,868	32,559
Housing Capital Resources										
Right to Buy Receipts	(474)	(478)	(483)	(483)	(483)	(483)	(483)	(483)	(513)	(518)
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0	0	0	0	0	0

Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Repairs Reserve	(19,308)	(14,164)	(11,857)	(12,350)	(12,666)	(12,988)	(13,312)	(13,652)	(14,000)	(14,357)
Direct Revenue Financing of Capital	(2,911)	(12,510)	(17,110)	(11,261)	(12,791)	(14,847)	(14,867)	(11,714)	(12,084)	(14,413)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(1,028)	(2,050)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)
Devolution Grant	(19,492)	(29,076)	(7,295)	0	0	0	0	0	0	0
Retained Right to Buy Receipts	(8,417)	(10,608)	(5,922)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)
Disabled Facilities Grant	(682)	(271)	(271)	(271)	(271)	(271)	(271)	(271)	(271)	(271)
Prudential Borrowing	0	0	0	0	0	0	0	0	0	0
Total Housing Capital Resources	(52,312)	(69,157)	(43,238)	(27,365)	(29,211)	(31,589)	(31,933)	(29,120)	(29,868)	(32,559)
Net (Surplus) / Deficit of Resources	2,695	6,470	1,506	0	0	0	0	0	0	0
Capital Balances b/f	(10,671)	(7,978)	(1,506)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Use of / (Contribution to) Balances in Year	2,693	6,472	1,506	0	0	0	0	0	0	0
Capital Balances c/f	(7,978)	(1,506)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other Capital Balances (Opening Balance 1/4/2019)										
Major Repairs Reserve	(11,231)	Utilised in future years to fund investment in the housing stock								
Retained 1-4-1 Right to Buy Receipts	(13,932)	Utilised between 2019/20 and 2020/21 above								
Right to Buy Receipts for Debt Redemption	(9,031)	Retained for future debt repayment								
Total Other Capital Balances	(34,194)									

Appendix I

HRA Earmarked & Specific Revenue Funds (£'000)

Repairs & Renewals

	Opening Balance	Contributions	Expenditure to July	Current Balance
General Management	(949.3)	(80.3)	3.0	(1,026.6)
Special Services	(1,117.2)	(146.1)	57.4	(1,205.9)
Repairs and Maintenance	(429.7)	(60.2)	0.0	(489.9)
Total	(2,496.2)	(286.6)	60.4	(2,722.4)

Tenants Survey

	Opening Balance	Contributions	Expenditure to July	Current Balance
Tenants Survey	(41.2)	(6.3)	0.0	(47.5)

Debt Set-Aside (Revenue)

	Opening Balance	Contributions	Expenditure to July	Current Balance
Debt Set-Aside	(13,143.6)	(4,472.2)	0.0	(17,615.98)

HRA Earmarked & Specific Capital Funds (£'000)

Debt Set-Aside (Capital)

	Opening Balance	Contributions	Expenditure to July	Current Balance
Debt Set-Aside	(9,031.2)	(364.8)	0.0	(9,396.0)

Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to July	Current Balance
MRR	(11,230.6)	0.0	0.0	(11,230.6)

Appendix J

Business Plan Key Sensitivity Analysis

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
Rents Inflation	CPI plus 1% for 5 years, followed by CPI plus 0.5%	Although confirmed by government, for the next 5 years, there is no guarantee that there will be the ability to return to previously assumed rent increases if rents are set legislatively after 2024/25, so assume CPI only from 2025/26.	Borrowing increases by £16 million during the life of the plan and the resource available for debt redemption at the end of the 30 years is £68 million lower.
Sale of Higher Value Assets	Assumed that legislation is repealed and policy is never implemented.	Assume that the primary legislation is not repealed and the policy is implemented after all.	Borrowing increases by £445 million during the life of the plan to sustain the basic business activity and the HRA ceases to be able to set a budget and operate from year 14 onwards.
Direct Payments (Universal Credit)	Bad Debts at 1.5%	Evidence from the pilot authorities for direct payment indicated that collection rates may fall from 99% to 95%. Assume bad debts at 5% from 2020/21.	Borrowing increases by £26 million during the life of the plan and the resource available for debt redemption at the end of the 30 years is £40 million lower.
Cost of HRA New Build post the 500 homes	Cost of £250,000 per units assumed, based upon use of HRA land or S106 sites built to current standards.	Assume that the authority opts to build sustainable homes, with build costs at 50% more per square metre, resulting in costs of £375,000 per unit.	Borrowing increases by £69 million during the life of the plan and the resource available for debt redemption at the end of the 30 years is £61 million lower.

Note: Key sensitivities are modelled independently to demonstrate the financial impact. Combined they would have a cumulative effect.

Appendix K

Areas of Uncertainty

Housing Revenue Account – Revenue Uncertainties

Self-Financing for the HRA

Future uncertainty still exists about the ability to manage the cashflow and service / re-pay the debt for the HRA in a self-financing environment. Despite the end of 4 years of rent cuts, rent are still controlled at national level, which was never the intention of operating in a self-financing environment.

Right to Buy Sales

The number of sales increased significantly from April 2012, but have now reduced and stabilised. Current uncertainty in the economy may result in further decline in sales in the coming years, although this is impossible to predict accurately.

Right to Buy Retention Agreement

Resource retained in respect of 1-4-1 receipts must be appropriately re-invested in the HRA, with reliance on the £70 million Devolution Grant currently. At present, sufficient investment is incorporated into the HRA financial model to avoid penalty, but specific sites for all of the future investment required have not been identified and approved to proceed. Potential interest that will be payable if the receipts are not utilised within the agreed 3-year period has not been incorporated into the HRA revenue projections.

Ditchburn Place Extra Care

The current care and support contract is operating under temporary arrangements whilst the County Council seek to contract directly with another care provider. Although technically not an HRA function care is delivered alongside HRA services, and the inextricable links to the provision of landlord services mean that any changes to the delivery of care and support services will impact HRA services also.

HRA Commercial Property

Stock condition surveys and investment profiles are still required in respect of the HRA's commercial property portfolio, to ensure that sufficient resource is identified in the Housing Capital Plan to maintain the properties in a lettable condition.

HRA New Build

Delays in the delivery of the new build programme impact negatively upon rental income. If any individual development scheme does not proceed, the initial outlay needs to be treated as revenue expenditure, but without the anticipated payback that the capital investment would have resulted in. Until schemes are approved, in contract, and have appropriate planning permission, there are still uncertainties over final costs and dwelling numbers, which could impact the HRA in terms of anticipated rental streams.

Welfare Reforms

The negative impact that the introduction of Universal Credit may have on the level of rent arrears and bad debts within the HRA is still unquantifiable in totality, although expectations are that we will see a significant increase in arrears levels.

Housing Revenue Account – Revenue Uncertainties

National Rent Policy

The change in national rent policy, with what was previously rent guidance, now being legislation, removes all local control over the setting of rent levels. Although a return to increases of CPI plus 1% has been confirmed for the next 5 years, there is no certainty over what will happen from April 2025.

Compulsion to Sell Higher Value Homes Levy

The Housing and Planning Act allowed the introduction of an annual levy, representative of the proportion of high value homes which may become vacant in any one year. In addition to the loss of rental income, the process to dispose of a large number of assets in any one year would be costly and administratively burdensome. It is now assumed, based upon the content of the Housing Green Paper that the primary legislation will be repealed, but until this formally happened there is still an inherent risk in business planning with the levy incorporated into financial assumptions.

Housing Revenue Account - Capital Uncertainties

Sulphate Attack

Sulphate attack was identified a number of years ago in a few council dwellings, resulting in the potential need to invest £1.87m to eradicate the problem. Following a risk assessment, the approach taken has been to address the defect when the property is void. Currently 12 of the 110 properties potentially affected have been rectified. Reduced funding of approximately £1m is included in the Housing Capital Programme over the next 10 years to continue to fund this risk-based approach. This will not meet the remedial costs of all sites where sulphate has been identified and there is the potential for similar sulphate attacks in the structures of other council dwellings constructed at a similar time, resulting in the need for additional investment.

Disabled Facilities Grants and Private Sector Housing Grants and Loans

Although DFG's are currently fully funded by the Better Care Fund, any future top up investment by the authority in DFG's or funding for Private Sector Housing Grants and Loans, is wholly dependent upon the generally available element of right to buy receipts in any year, with funding dependent upon 25% of the first 10 to 17 right to buy sale receipts per annum, as assumed to be available for general use in the self-financing settlement. This could put at significant risk the desired level of investment in this area, particularly if funding via the Better Care Fund were to reduce.

Right to Buy Sales and Retained Right to Buy Receipts

Interest in right to buy has declined and stabilised over the last two years, following abolition of the 'Pay to Stay' policy, coupled with economic uncertainty. Under the agreement with CLG, the authority is committed to invest the receipts in new homes within 3 years of the date of the receipt, with this funding meeting no more than 30% of the cost of a dwelling. Once Devolution Grant is exhausted, the authority will be required to identify the 70% top up funding itself or through borrowing, with this assumption incorporated. Receipts may need to be paid over to central government at the end of each quarter, if delays in the delivery of new homes mean that deadlines are breached.

Fire Safety Works in Flatted Accommodation

The authority still awaits information on the potential for changes to fire safety regulations, which may impact the future investment need in flatted accommodation particularly. The cost of any works required under revised regulations will need to be met from reserves in the short-term, with a wider review of stock investment budgets to follow. In the short-term funding is requested as part of this HRA MTFs to meet current recommendations in respect of fire doors.