

Item

2021/22 HOUSING REVENUE ACCOUNT BUDGET SETTING REPORT

To:

Councillor Richard Johnson, Executive Councillor for Housing

Report by:

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Wards affected:

Abbey, Arbury, Castle, Cherry Hinton, Coleridge, East Chesterton, King's Hedges, Market, Newnham, Petersfield, Queen Edith's, Romsey, Trumpington, West Chesterton

Key Decision

1. Executive Summary

- 1.1 As part of the 2021/22 budget process, the range of assumptions upon which the HRA Business Plan and Medium Term Financial Strategy were based, have been reviewed in light of the latest information available, culminating in the preparation of the HRA Budget Setting Report.
- 1.2 The HRA Budget-Setting Report provides an overview of the review of the key assumptions. It sets out the key parameters for the detailed recommendations and final budget proposals and is the basis for the finalisation of the 2021/22 budgets.
- 1.3 The resulting recommendations refer to the strategy outlined in the HRA Budget Setting Report.

- 1.4 The HRA Budget Setting Report is presented to this meeting of the Housing Scrutiny Committee on 19 January 2021, to allow consideration and scrutiny of proposals for both the review of rents and service charges and the revenue bids and savings, which form part of the HRA budget. The Executive Councillor for Housing will approve rents, service charges and the final HRA revenue budget, after consideration of any budget amendments for the Housing Revenue Account.
- 1.5 The Housing Scrutiny Committee will also consider and scrutinise the Housing Capital Investment Plan, including capital bids and all associated funding proposals, prior to the Executive Council for Housing making final capital recommendations for approval at Council on 25 February 2020.

2. Recommendations

Under Part 1 of the agenda, the Executive Councillor, is recommended, following scrutiny and debate at Housing Scrutiny Committee, to:

Review of Rents and Charges

- a) Approve that council dwellings rents for all social rented properties be increased by inflation of 0.5%, measured by the Consumer Price Index (CPI) at September 2020, plus 1%, resulting in rent increases of 1.5%, with effect from 5 April 2021. This equates to an average rent increase at the time of writing this report of £1.52 per week.
- b) Approve that affordable rents (inclusive of service charge) are reviewed in line with rent legislation, to ensure that the rents charged are no more than 80% of market rent, with rents for existing tenants increased by no more than inflation of 0.5%, measured by the Consumer Price Index (CPI) at September 2020, plus 1%, resulting in rent increases of up to 1.5%. Local policy is to cap affordable rents (inclusive of all service charges) at the Local Housing Allowance level, which would usually result in rent variations in line with any changes notified to the authority in this level if these result in a lower than 1.5% increase. As the Local Housing Allowance was increased significantly in late March 2020, affordable rent increases will be capped at 1.5% from April 2021.

- c) Approve that rents for shared ownership properties are reviewed and amended from April 2021, in line with the specific requirements within the lease for each property.
- d) Approve that garage and parking space charges for 2021/22, are increased by inflation at 0.9% in line with the level of inflation incorporated into the HRA as part of the Medium Term Financial Strategy process, and that charges for parking permits are reviewed, with resulting charges as summarised in Section 3 of the HRA Budget Setting Report.
- e) Approve the proposed service charges for Housing Revenue Account services and facilities, as shown in Appendix B of the HRA Budget Setting Report.
- f) Approve the proposed leasehold administration charges for 2021/22, as detailed in Appendix B of the HRA Budget Setting Report.
- g) Approve that caretaking, building cleaning, window cleaning, estate services, grounds maintenance, temporary housing premises and utilities, sheltered scheme premises and utilities, digital television aerial, gas maintenance, door entry systems, lifts, electrical and mechanical maintenance, flat cleaning, third party management, specialist equipment and catering charges continue to be recovered at full cost, as detailed in Appendix B of the HRA Budget Setting Report, recognising that local authorities should endeavour to limit increases to inflation as measured by CPI at September 2020 (0.5%) plus 1%, wherever possible.

Revenue – HRA

Revised Budget 2020/21:

- h) Approve with any amendments, the Revised Budget identified in Section 4 and Appendix D (1) of the HRA Budget Setting Report, which reflects a net increase in the use of HRA reserves for 2020/21 of £550.

Budget 2021/22:

- i) Approve with any amendments, any Non-Cash Limit items identified in Section 4 of the HRA Budget Setting Report or shown in Appendix D (2) of the HRA Budget Setting Report.

- j) Approve with any amendments, any Savings, Increased Income, Unavoidable Revenue Bids, Reduced Income Proposals and Bids, as shown in Appendix D (2) of the HRA Budget Setting Report.
- k) Approve the resulting Housing Revenue Account revenue budget as summarised in the Housing Revenue Account Summary Forecast 2020/21 to 2025/26 shown in Appendix J of the HRA Budget Setting Report.

Under Part 2 of the agenda, the Executive Councillor for Housing is asked to recommend to Council (following scrutiny and debate at Housing Scrutiny Committee):

Treasury Management

- l) Approve the need to borrow over the 30-year life of the business plan, with the first instance of this anticipated to be in 2022/23, to sustain the proposed level of investment, which includes ear-marking of funding for delivery of a net 1,000 new homes over a 10 year timeframe.
- m) Recognise that any decision to borrow further will impact the authority's ability to set-aside resource to redeem 25% of the value of the housing debt by the point at which the loan portfolio matures, with the approach to this to be reviewed before further borrowing commences.

Housing Capital

- n) Approval of the latest Decent Homes Programme, to include updated decent homes expenditure for new build dwellings to recognise the increased ongoing costs of maintaining homes at Passivhaus standards, as detailed in Appendix E of the HRA Budget Setting Report.
- o) Approval of the latest budget sums, profiling and associated financing for all new build schemes, including revised scheme budgets for Tedder Way, Kendal Way, Clerk Maxwell, Campkin Road, Colville Road and Kingsway, based upon the latest cost information from the Cambridge Investment Partnership (CIP) or direct procurements, as detailed in Appendices E and H, and summarised in Appendix K, of the HRA Budget Setting Report.
- p) Approval of allocation of funds from the budget ear-marked for the delivery of 1,000 net new homes to the five schemes at Fen Road, Ditton Walk, Aragon Close, Sackville Close, and Borrowdale in line with

the scheme specific reports presented to Housing Scrutiny Committee in the committee cycle.

- q) Recognition of removal of the budget and associated MHCLG grant income for the acquisition of property to accommodate rough sleepers, following confirmation that the authority was unsuccessful in the 2020/21 round of the Next Steps Grant bid process.
- r) Approval of the revised Housing Capital Investment Plan as shown in Appendix K of the HRA Budget Setting Report.

General

- s) Approval of inclusion of Disabled Facilities Grant expenditure and associated grant income from 2021/22 onwards, based upon 2020/21 original grant levels, with approval of delegation to the Head of Finance, as Section 151 Officer, to approve an in year increase or decrease in the budget for disabled facilities grants in any year, in direct relation to any increase or decrease in the capital grant funding for this purpose, as received from the County Council through the Better Care Fund. Approval of delegation to the Head of Finance, as Section 151 Officer, to determine the most appropriate use of any additional Disabled Facilities Grant funding announced in year, for the wider benefit of the Shared Home Improvement Agency.
- t) Approval of delegation to the Strategic Director to review and amend the level of fees charged by the Shared Home Improvement Agency for disabled facilities grants and repair assistance grants, in line with any decisions made by the Shared Home Improvement Agency Board.
- u) Approval of delegation to the Strategic Director, in consultation with the Head of Finance, as Section 151 Officer, to draw down resource from the ear-marked reserve for potential debt redemption or re-investment, for the purpose of open market land or property acquisition or new build housing development, should the need arise, in order to meet quarterly deadlines for the use of retained right to buy receipts or to facilitate future site redevelopment.
- v) Approval of delegation to the Head of Finance, as Section 151 Officer, to include both expenditure and income budgets in respect of any grant bid made to MHCLG as part of the Next Steps Grant Programme, recognising that any net impact for the HRA will need to be

retrospectively incorporated as part of the HRA Medium Term Financial Strategy in 2021/22.

- w) Approval of delegation to the Head of Finance, as Section 151 Officer, to make the necessary technical amendments to detailed budgets in respect of the outcome of the review of recharges between the General Fund and the HRA, with any change in impact for the HRA to be incorporated as part of the HRA Medium Term Financial Strategy in September 2021.

3. Implications

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

(a) Financial Implications

The financial implications associated with decisions are outlined in the HRA Budget Setting Report 2021/22, appended to this report, for consideration by both Housing Scrutiny Committee and Council.

(b) Staffing Implications

Any direct staffing implications are summarised in the HRA Budget Setting Report 2021/22, appended to this report.

(c) Equality and Poverty Implications

An Equalities Impact Assessment has been undertaken in respect of new budget proposals where any impact (positive or negative) is anticipated. The consolidated assessment is presented at Appendix L of the HRA Budget Setting Report.

(d) Environmental Implications

Where relevant, officers have considered the environmental impact of budget proposals, with any impact highlighted in the HRA Budget Setting Report 2021/22, appended to this report.

(e) Procurement Implications

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

(f) Consultation and Communication

Consultation with tenant and leaseholder representatives is an integral part of the Housing Scrutiny Committee process.

(g) Community Safety

Any community safety implications are outlined in the HRA Budget Setting Report 2021/21, appended to this report.

4. Background papers

Background papers used in the preparation of this report:

Housing Revenue Account Budget Setting Report 2020/21

Housing Revenue Account Medium Term Financial Strategy 2020/21

5. Appendices

The Housing Revenue Account Budget Setting Report 2021/22 is appended to this report.

6. Inspection of papers

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

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Version 2
HSC

Housing Revenue Account Budget Setting Report 2021/22



January
2021

Cambridge City Council

Version Control

Version	for:	Anticipated Content
1	Draft	Draft content for consultation
2	Housing Scrutiny Committee 19 January 2021	Member Scrutiny Tenant and Leaseholder Representative Input Amendments to Executive proposals Opposition budget amendment proposals Rents and Service Charges approved Revenue budgets considered and approved
3	Council Meeting 25 February 2021	The Executive Councillor for Housing's recommended final budget proposals Capital budgets considered and approved
4	FINAL	Final version for publication following Council

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Section 1

Introduction

Foreword by the Executive Councillor

The Housing Revenue Account (HRA) Budget Setting Report provides the City Council with an opportunity to review current and future policy and financial indicators and assumptions to ensure the HRA's business plan remains sustainable for the long-term, and to set a budget for the year ahead which outlines our revenue and capital spending priorities.

The last year has been significantly challenging for us all. Coronavirus has impacted every aspect of our lives, and we know that many of our tenants have found themselves in financial difficulties as a consequence of work drying up or having to self-isolate or shield. The Council was clear from the outset of the pandemic that any tenant who had trouble in paying their rent as a consequence of coronavirus would be supported. In recognising that the economic climate may get worse before it gets better, resource is proposed in the budget to continue the post of a Financial Inclusion Officer to help tenants who experience money problems or are affected by welfare reform policies.

The impact on the HRA has been that arrears, as a percentage of rent not collected, has increased. Yet, despite the financial turbulence experienced, it remains on a sound financial footing thanks to prudent financial planning, as well as the use of reserves to ease short-term pressures. This ensures tenants can continue to live in well-maintained homes and receive the services that they expect from us.

There will be increased capital expenditure from 2021/22 for the next ten years, for additional decent homes work, to tackle the backlog created as a consequence of previous national housing policies which reduced income available to the HRA. We are also keeping funds available for the acquisition of properties on the open market to assist with accommodating

former rough sleepers and are actively exploring opportunities currently. In addition, the Council also remains on track to exceed our target of 500 new council homes built with funding from the devolution agreement. The latest projection is that 544 net new homes are scheduled to be completed as part of this programme.

The future house building programme of a further one thousand additional new council homes will be one of the most ambitious schemes in the country by any local authority in recent years. In October, the Council made a clear decision to commit to the urgent and strategic investment required to help address the housing crisis which still exists in our city. The programme also envisages the construction of houses for shared ownership and for market sale, helping to part-subsidise the cost of the new council homes.

However, with the council borrowing hundreds of millions of pounds over the next few years to help finance the programme, it is important for any plans to be financially viable. Ensuring future proposals are achievable and realistic will allow us to address Cambridge's housing emergency whilst at the same time recognising the important task of attending to the climate emergency. Wherever possible, the new homes will be of at least Passivhaus (ultra-low carbon) standards, transitioning to net zero carbon as soon as we are able to do so. The Passivhaus homes will be built to a standard that would allow them to be retrofitted to net zero carbon. This year's budget proposes that resource is made available towards five new 'pilot' Passivhaus schemes, totalling 35 homes at Fen Road, Ditton Walk, Aragon Close, Sackville Close and Borrowdale.

Financially sustainable plans will allow the HRA to continue maintaining and improving our existing stock of over seven thousand homes and will also permit us to consider options for future retrofitting to low carbon standards. A study is in process to explore what would be feasible and achievable in this area and will build upon existing project work in improving the energy efficiency of our poorest performing homes, whilst also exploring alternative heating sources to replace gas boilers.

Councillor Richard Johnson.

Executive Councillor for Housing

Background

The Housing Revenue Account is managed in the context of a 30-year business plan and is reviewed twice each year, in September / October when the budget strategy is agreed and again in January / February, when the detailed budget is approved.

As the landlord account for the authority, the HRA accounts for all services to tenants and leaseholders and is the account into which the proceeds of the rent and service charges are credited. The HRA Budget Setting Report considers both HRA revenue and all housing capital spending.

The level of resource available to invest in housing is dependent upon the income streams in the Housing Revenue Account, the most significant of these being the rental income for the housing stock. The HRA can borrow to invest in housing, but again, the income stream must be able to fully support the borrowing. The authority is currently required to comply with a national approach to rent setting, where rents can be increased annually by up to inflation (as measured by the Consumer Price Index) plus 1%. This applies from April 2021, for a further 4 years.

The Housing Revenue Account continually reviews priorities for investment, considering:

- The level of investment required to maintain decency in the existing housing stock
- The need to spend on landlord services (management and maintenance)
- The need to support, and potentially set-aside for repayment of, housing debt
- The ability to identify resource for investment in new affordable housing
- The commitment to reach net zero carbon in Cambridge by 2050.
- The desire to invest in income generating activities and discretionary services (i.e.; support)
- The ability to respond quickly to changes in both housing and building legislation

The HRA must be able to support a significant level of housing debt whilst also ensuring the ongoing delivery of housing services. As at April 2020, the authority was supporting a net housing debt of £205,834,590.

Purpose, Scope and Key Dates

Purpose and Scope

The HRA Medium Term Financial Strategy, approved in September / October of each year sets the financial strategy for the HRA. As part of this, internal and external factors impacting the housing service are reviewed, taking account of any emerging changes in national housing policy and the impact of any anticipated change in the economic environment. In 2020/21, there was the need to take account of the unprecedented impact of the coronavirus pandemic on the HRA financial forecasts. The review determined the financial strategy for the HRA and the framework for the detailed budget work to develop proposals for the 2021/22 budget.

As part of the Budget Setting Report, the assumptions, business risks and risk mitigations upon which the HRA Medium Term Financial Strategy was based, are reviewed to determine whether any aspects of the strategy need to be revised. Sensitivity analysis is undertaken to ensure that effective contingency plans are considered and that appropriate reserves are maintained in light of any change in assumptions.

The outcome of the exercise, summarised in this document, provides the basis for setting the HRA budget and rents and charges for 2021/22, culminating in recommendations to both Housing Scrutiny Committee on 19 January 2021, and ultimately Council on 25 February 2021.

The work on the 2021/22 HRA Budget Setting Report adopts the following key parameters:

- A financial model assuming borrowing in order to deliver new homes alongside maintaining and improving the existing housing stock.
- Rent increases in line with the Rent Standard, with rent of CPI plus 1% per annum for a period of 4 further years from April 2021.
- Housing stock maintained at a minimum of the current decency standard.
- An efficiency savings target of £136,000 per annum included for 5 years, offset by a corresponding Strategic Investment Fund that allows resource to be re-invested in new and emerging priorities.

- Adjustment to responsive repairs expenditure in line with anticipated stock changes.
- Minimum working balance for reserves of £2m, with a target level of £3m.

Key Dates

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

Date	Task
2020	
24 September	The Executive Councillor for Housing considered HRA Medium Term Financial Strategy, incorporated Housing Scrutiny Committee, including Tenant and Leaseholder Representative views, and approved revenue aspects, making recommendations to Council in respect of the capital plan.
22 October	Council approved HRA Medium Term Financial Strategy 2020/21
2021	
19 January	Executive Councillor for Housing considers Housing Scrutiny Committee views, before approving HRA revenue budgets and rent levels, and making recommendations to Council in respect of the capital aspects of the HRA Budget Setting Report
25 February	Council approves HRA Budget Setting Report

Section 2

Review of National and Local Policy Context and External Factors

Review of National Policy Context

National Rent Setting Policy

From April 2020 local authority rents have been regulated by the Regulator of Social Housing, alongside housing associations and other registered providers, with the Regulator's rent standard applicable to local authorities also.

Rent increases are currently limited to an increase of up to CPI plus 1% from April 2021 for a further 4 years (based upon CPI at the preceding September), with properties below target rent levels moved directly to target rent only when they become void. Target rents continue to be set with reference to January 1999 property values.

Affordable rents increases are also limited to a maximum increase of CPI plus 1% from April 2021, but with the ability to re-set the rent at up to 80% of market rent upon re-let.

Following a period of consultation, the Regulator of Social Housing published the Rent Standard April 2020 in February 2020. No update to this Rent Standard had been published at the time of writing this report.

Social Housing White Paper (Charter for Social Housing Residents)

The Ministry of Housing, Communities and Local Government green paper 'A new deal for social housing' culminated in the publication of the Social Housing White Paper 'The Charter for Social Housing Residents' on 17 November 2020.

The charter sets out what every social housing tenant should be able to expect:

- To be safe in your home – working with industry and landlords to ensure every home is safe and secure;
- To know how your landlord is performing, including on repairs, complaints and safety, and how it spends its money, so you can hold it to account - empowering residents, ensuring voices are heard and landlords are held to account;
- To have your complaints dealt with promptly and fairly, with access to a strong Ombudsman who will give you swift and fair redress when needed;
- To be treated with respect, backed by a strong consumer regulator and improved consumer standards for tenants;
- To have your voice heard by your landlord, for example through regular meetings, scrutiny panels or being on its Board. The Government will provide help, if you want it, to give you the tools to ensure your landlord listens;
- To have a good quality home and neighbourhood to live in, with your landlord keeping your home in good repair;
- To be supported to take your first step to ownership, so it is a ladder to other opportunities, should your circumstances allow.

To ensure a safe home, the charter commits to:

- Legislate to strengthen the Regulator of Social Housing's consumer regulation objectives to explicitly include safety.
- Legislate to require social landlords to identify a nominated person responsible for complying with their health and safety requirements.
- Expect the Regulator of Social Housing to prepare a Memorandum of Understanding with the Health and Safety Executive to ensure effective sharing of information with the Building Safety Regulator.
- Launch a consultation on requiring smoke alarms in social housing and introducing new expectations for carbon monoxide alarms.
- Consult on measures to ensure that social housing residents are protected from harm caused by poor electrical safety.

- Continue to work with the Social Sector (Building Safety) Engagement Best Practice Group and the Building Safety Regulator to ensure resident voices are heard.

To know how your landlord is performing, the charter commits to:

- Create a set of tenant satisfaction measures for landlords on things that matter to tenants.
- Introduce a new access to information scheme for social housing tenants of housing associations and other private registered providers of social housing, so that information relating to landlords is easily available.
- Ensure landlords provide a clear breakdown of how their income is being spent.
- Require landlords to identify a senior person in their organisation who is responsible for ensuring they comply with the consumer standards set by the Regulator of Social Housing.

To have your complaints dealt with promptly and fairly, the charter recognises recent action to:

- Speed up access to the Housing Ombudsman by removing (through the Building Safety Bill) the need for residents to either go to a 'designated person' or wait eight weeks before approaching the Ombudsman directly.
- Expand the Housing Ombudsman service, and increase its powers, so it will make decisions more quickly and can take stronger action against landlords where needed.

and also commits to:

- Provide residents with consistency across landlord complaint handling by ensuring landlords self-assess against the Housing Ombudsman's Complaint Handling Code by 31 December 2020.
- Ensure tenants know how to raise complaints and have confidence in the system by launching a communications campaign. We will expect landlords, the Housing Ombudsman and the Building Safety Regulator to ensure residents have clear and up to date information on how to complain.
- Legislate to ensure clear co-operation between the Housing Ombudsman and the Regulator of Social Housing to hold landlords to account more effectively when things go wrong.

- Make landlords more accountable for their actions by publicising the details of cases determined and published by the Housing Ombudsman.

To be treated fairly and with respect, backed by a strong consumer regulator for tenants, the charter commits to:

- Transform the consumer regulation role of the Regulator of Social Housing ("the regulator") so it proactively monitors and drives landlords' compliance with improved consumer standards.
- Remove the 'serious detriment test' and introduce routine inspections for the largest landlords (those with over 1,000 homes) every four years.
- Change the regulator's objectives to explicitly cover safety and transparency, and work with it to review its consumer standards to ensure they are up to date and deliver its revised objectives.
- Give the regulator the power to publish a Code of Practice on the consumer standards to be clear what landlords are required to deliver.
- Strengthen the regulator's enforcement powers to tackle failing landlords and to respond to new challenges facing the sector.
- Hold local authorities to account as landlords, including how they manage Arms Length Management Organisations and Tenant Management Organisations, to make sure they deliver a good service to tenants.
- Require the regulator to set up an Advisory Committee to provide independent and unbiased advice on discharging its functions.

To have your voice heard by your landlord, the charter commits to:

- Expect the regulator to require landlords to seek out best practice and consider how they can continually improve the way they engage with social housing tenants.
- Deliver a new opportunities and empowerment programme for social housing residents, to support more effective engagement between landlords and residents, and to give residents tools to influence their landlords and hold them to account.
- Review professional training and development to ensure residents receive a high standard of customer service.

To have a good quality home and neighbourhood to live in, the charter commits to:

- Review the Decent Homes Standard, including access to and the quality of green spaces.
- Tackle anti-social behaviour by enabling tenants to know who is responsible for action and who can support and assist them if they are faced with antisocial behaviour.
- Consider the results of the allocations evidence collection exercise findings to ensure that housing is allocated in the fairest way possible and achieves the best outcomes for local places and communities.

To be supported to take your first step to ownership, the charter commits to:

- Investing £11.5 billion to build up to 180,000 affordable homes – the highest single funding commitment to affordable housing in a decade. Around half of these new homes will be for affordable home ownership.
- Implementing a new, fairer and more accessible model for Shared Ownership.
- Implementing a new Right to Shared Ownership for tenants of housing associations and other private registered providers who live in new grant funded homes for rent.
- Emphasising through our new National Design Guide the importance of building beautiful and well-designed social homes.
- Introducing a new Affordable Homes Guarantee Scheme.
- Encouraging local authorities to take advantage of our removal of the borrowing cap to build more council homes.

Welfare Reforms

Universal Credit

Universal Credit full service in Cambridge started 17th October 2018. New tenants, and existing tenants who have a change in circumstances, need to apply for Universal Credit. 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.

Tenants in temporary, specified or supported accommodation continue to receive Housing Benefit for their housing costs.

Cambridge City Council continues to work with partners and the local Jobcentre Plus, including funding a post in the Jobcentre to provide Personal Budgeting Support (PBS). This arrangement has allowed significantly more claimants to receive support in making claims.

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.

The coronavirus pandemic has seen an increase in the number of tenants transitioning to Universal Credit as individual's circumstances change, and nationally there has been a steep rise in the number of claims overall as a direct result of the situation.

The authority had 1,469 HRA tenants claiming Universal Credit at the beginning of November 2020.

Between now and December 2023, a process of managed migration will move the remaining Housing Benefit claimants to Universal Credit. Details of exactly how and when are still being considered by government.

Other Benefit Changes

The Benefit Cap continues to impact residents, with Cambridge Citizens Advice and Cambridge Housing Society, providing support to help those affected into work. Others receive short term Discretionary Housing Payments (DHPs) to support them until they are able to improve their circumstances.

A steady number of residents are still affected by the removal of the spare room subsidy, with DHPs also used to support this group.

The HRA maintains a budget, incorporated at £21,900 for 2021/22 to provide financial support and incentive to assist tenant in downsizing. In order to support more tenants to downsize using this funding, those in receipt of DHP are now eligible to also have their downsizing payment met through DHP funding, leaving the HRA funding available to support other tenants who wish to downsize.

Limiting the child element in a benefit calculation to two children continues to impact new claimants, or those making a change to their claim in this regard.

Right to Buy

Right to Buy Sales

During 2019/20, 64 right to buy applications were received and recorded, resulting in 29 completions. This compares to 60 applications in the previous year, which gave rise to 27 completions, supporting the view that sales had stabilised.

In the first 8 months of 2020/21, 35 right to buy applications were received and only 10 sales completed. It is difficult to predict whether there has been any real downturn in interest, or whether the fall in activity is solely due to the coronavirus pandemic.

When the HRA Medium Term Financial Strategy was drafted in the summer of 2020, the assumption of 30 sales in 2020/21 was amended to 22, recognising the reduced activity in the first quarter of the year. For the HRA Budget Setting Report, 15 sales are now assumed in 2020/21, before returning to the previous assumption of 25 sales per annum from 2021/22 onwards.

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

Status	Year	Right to Buy (RTB)			Total
		House	Flat	Bedsit	
Actual Sales	2015/16	24	17	1	42
	2016/17	36	22	0	58
	2017/18	26	20	1	47
	2018/19	13	14	0	27
	2019/20	14	15	0	29
Estimated Sales	2020/21	10	5	0	15
	2021/22	12	13	0	25
	2022/23	12	13	0	25
	2023/24	12	13	0	25
	2024/25	12	13	0	25

Right to Buy Receipts

At 31 March 2020, the authority held £10,634,511 of right to buy receipts under the retention agreement with MHCLG, to be spent within 3 years of their original receipt date, with a maximum of 30% of any new dwelling being funded via this mechanism. The balance must be funded from Devolution Grant, the Council's own resources, or through borrowing. Retained right to buy receipts can't be used to fund replacement dwellings or dwellings receiving any other form of public subsidy. With the Bank of England base rate currently at 0.1%, any penalty interest payable on receipts not re-invested appropriately will be at the rate of 4.1%.

The 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.
- Defer 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.

Although the outcome of the consultation is still awaited at the time of writing this report, the authority entered into a minor variation to the retention agreement, proffered by government as a direct result of the coronavirus pandemic, which removed the quarterly deadlines for reinvestment of receipts for 30 June 2020 and 30 September 2020, and rolled up what needed to be spent in the deadline on 31 December 2020. This has recently been extended to 31 March 2021.

Appendix G 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, but has no protection from repayment of receipts, with sums required to be spent on new build homes in each arising quarter to avoid payment of any penalty.

Newly arising receipts continue to be retained at the end of each quarter, with any decision to pay over receipts to MHCLG made by 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 in any quarter were to be to pay receipts directly back to Central Government.

Review of Local Policy Context

Housing Stock

The Housing Revenue Account owns and manages the following properties:

Housing Category	Actual Stock Numbers as at 1/4/2020	Estimated Stock Numbers as at 1/4/2021
General Housing – Social	6,113	6,054
General Housing – Affordable (LHA Rents)	351	410
Sheltered Housing	512	512
Supported Housing	17	17
Temporary Housing (Individual Units)	70	70
Temporary Housing (HMO / EA's)	24	24
Miscellaneous Leased Dwellings	19	19
Sub Total Rented Dwellings	7,106	7,106
Shared Ownership Dwellings	97	96
Total HRA Dwellings	7,203	7,202

The number of properties anticipated to be held by 1/4/2021 is marginally lower than the number held at 1/4/2020 as a result of the assumption that a small number of properties are sold under the right to buy and vacant possession will be secured at both Campkin Road and Colville Road, to allow demolition prior to redevelopment. Although handover of new homes in Anstey Way and on some of the small garage and in-fill sites has taken place, with a few more handovers anticipated, there will not be enough new units delivered during 2020/21 to outstrip those disposed of or demolished.

A breakdown of the housing stock by property type is demonstrated in the table below:

Stock Category (Property Type)	Actual Stock Numbers as at 1/4/2020	Estimated Stock Numbers as at 1/4/2021
Bedsits	94	94
1 Bed	1,725	1,719
2 Bed	2,522	2,521
3 Bed	2,239	2,245
4 Bed	102	102
5 Bed	7	7
6 Bed	2	2
Sheltered Housing	512	512
Total HRA Rented and Shared Ownership Dwellings	7,203	7,202

Leasehold Stock

At 1st April 2020, the Council retained the freehold and managed the leases for 1,196 leasehold flats.

Housing Demand

The mix of new housing delivered by the Housing Revenue Account is influenced by a combination of the need as identified by the housing register locally, the housing requirements of those accommodated as homeless and strategic forecasts of future housing need.

Cambridge City Council currently has 2,749 households on the housing register (1,763 'live' and 986 with applications 'pending'). 580 applicants were housed over the last year (to end of September 2020), with the majority (84%) of lettings being to applicants at band A or B.

The greatest demand for housing is still one and two bedrooled properties, with one-bed applicants accounting for 58% of the register, two-bed applicants 25%, three-bed applicants 15% and 2% of applicants waiting for properties with 4 or more bedrooms.

Applicants are banded according to housing need. Band A represents the highest housing need, making up approximately 7% of the register. Band B applicants represent approximately 27%, band C 40% and band D 27% at the end of September 2020.

Support for Vulnerable People

The Housing Service has a Tenancy Support Team, with three full time equivalent staff employed to help and support tenants, with a focus on supporting the more vulnerable tenants in council homes, to help them sustain their tenancies. The HRA also employs two permanent and one part time fixed term Financial Inclusion Officers who work with tenants to ensure that they are receiving all the financial support to which they are entitled.

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

External Factors

Update of the financial forecasts for the HRA also takes into consideration factors outside of the direct control of the authority, but which will also impact strategic decision making.

Inflation Rates

The base rate of inflation used to drive expenditure assumptions in the HRA financial forecasts is the Consumer Price Index (CPI). Changes in this measure of inflation were reviewed as part of the Medium-Term Financial Strategy, with the view that a recent fall in rates, published at 1% for July 2020 may stay low for a period before recovery was experienced. A rate of 0.9% was adopted for 2021/22, before return to the Bank of England target of 2% by 2022/23.

In August the rate plummeted to 0.2%, before seeing some recovery to 0.5% for September 2020 and 0.7% by October 2020.

The Office for Budget Responsibility (OBR), in its Economic and Fiscal Outlook Report of November 2020, is now forecasting a slow recovery from a rate of 0.8% in 2020, to 1.2% in 2021, 1.6% in 2022, 1.7% in 2023, 1.9% in 2024, before finally recovering to the Bank of England's target level for CPI of 2% by 2025.

The Bank of England, in their Monetary Policy Report of October 2020, predicted a faster recovery, with rates of 2.1% forecast for 2021, 2% for 2022 and 2.1% for 2023.

The rate of 0.9% adopted for 2020 (to arrive at 2021/22 budgets) as part of the HRA Medium Term Financial Strategy in September 2020 is therefore still considered appropriate in respect of HRA expenditure and has been retained in this iteration of the business plan. The ongoing assumption of 2% from 2021 onwards has also been retained, as it sits in the middle of the assumptions currently being made by the OBR and the Bank of England.

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 older planned maintenance

contracts use the BCIS as an inflation driver, and those let more recently adopt CPI as the measure of inflation for contract price increases.

The latest projections for the BCIS Index over the next 4 years currently predict a rate of growth of 3.4% for 2021/22, increasing to 3.9%, 4% and 4.1% in the following 3 years. Taking an average of these rates of growth for the forecast three years gives rise to an annual increase of 4%.

On a similar average basis, the assumptions for CPI over the same period are 2%, a difference of 2%. 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% has been incorporated into the business plan forecasts for one further year (2022/23), assuming that upon re-tender all planned maintenance contracts will then adopt CPI as the 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. HRA resource is now only invested in lower risk investments, therefore generating a lower rate of return, with an ongoing interest rate of 0.6% assumed in the HRA Medium Term Financial Strategy.

This assumption has been retained for the HRA Budget Setting report, as detailed in **Appendix A**, recognising that the Bank of England base rate remains at 0.1%, and that market recovery will be slow. The interest rates projections will be reviewed again as part of the 2021/22 HRA Medium Term Financial Strategy.

In respect of HRA borrowing, the self-financing loan portfolio of £213,572,000 with the Public Works Loans Board remains, with rates of between 3.46% and 3.53%.

With no HRA borrowing cap, subject to financial viability, and the ability to support the borrowing, the authority can currently borrow to invest in the provision of affordable housing without external constraint.

The assumption is made that any additional borrowing is externalised, with updated PWLB maturity loan rates for loans of a 30-year duration used. On 25 November 2020, Treasury announced a 100 basis points (1%) reduction in the PWLB rate, but also removed reference to the previous HRA rate reduction of the same value. The 30 year maturity rate as at 26 November 2020 was published at 1.89%. The Certainty Rate, which provides a 20 basis points (0.2%) reduction remains in place, and Cambridge City Council are listed as qualifying authorities for this currently.

Following a government consultation, a proposal that any authority making an investment in an asset that is classified as an 'investment asset primarily for yield', will not be able to access loans from the PWLB in the financial year in which it makes this investment has now been confirmed. The guidance issued alongside the consultation response confirms that a local authority will need to submit a 3 year capital investment strategy / plan to be able to borrow, and that the Section 151 Officer will need to certify that none of the capital projects are classified as investments primarily for yield. Investment in housing, regeneration, preventative action (ie; buying an asset of community value) and treasury management (ie; re-financing existing debt) are acceptable, but investment for yield, such as investment in land or buildings to be let at market rates is prohibited. There is therefore the potential for any investment decisions made by the General Fund to detriment the HRA's ability to borrow from the PWLB in any given year. This would not stop the HRA borrowing but would mean that an alternative lending source would need to be identified, with rates potentially not being as preferential.

Based upon the rates available at the time of drafting this report, a revised rate of 1.89% has been incorporated into borrowing assumptions from 2021/22 onwards. For prudence, this does not include the application of the Certainty Rate. It should also be noted that this rate is reviewed and can change twice each day.

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 some land between funds at nil value is still awaited.

Section 3

Housing Revenue Account Resources

Rent

Rent Arrears, Bad Debt Provision and Void Levels

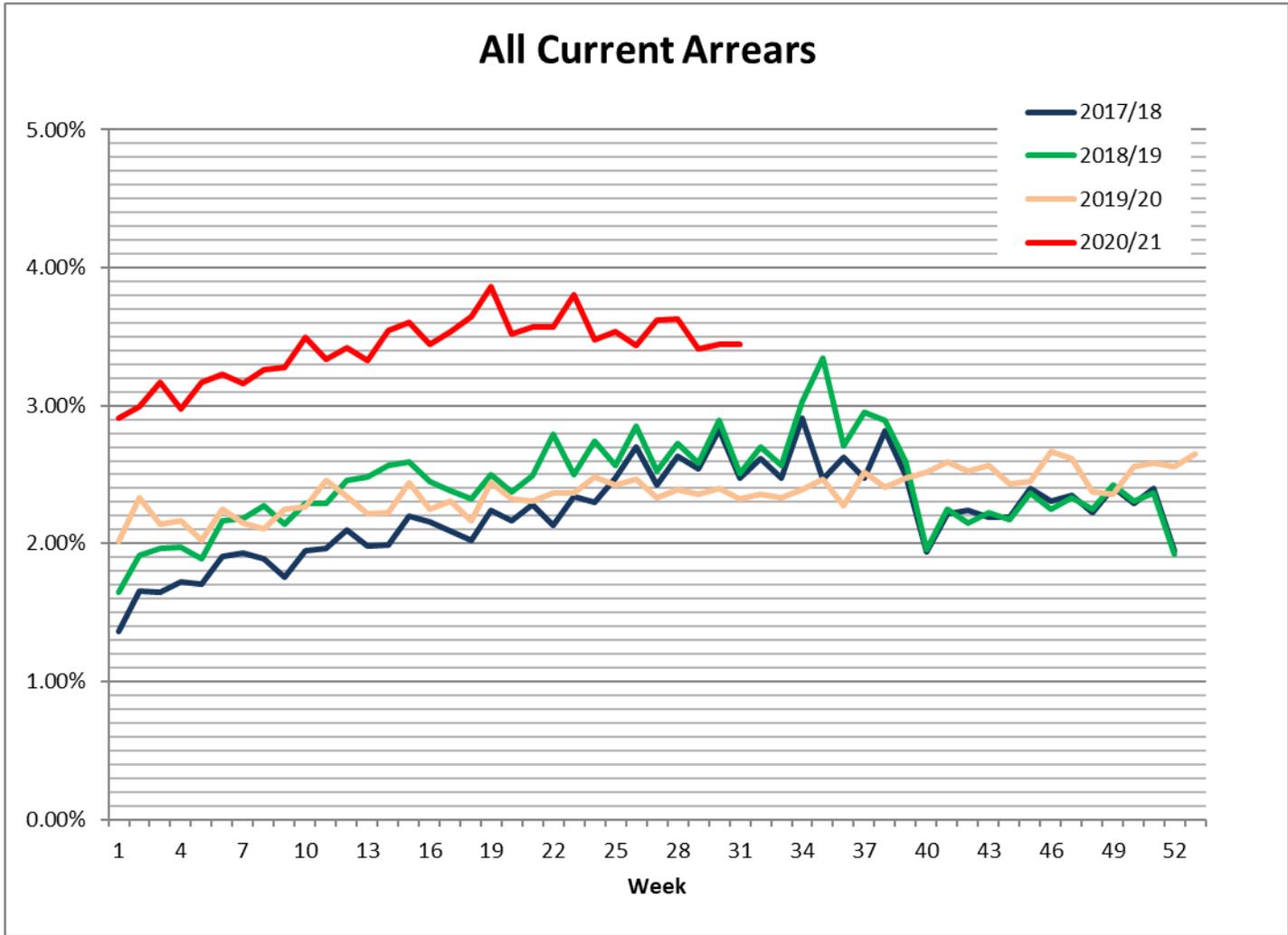
Rent collection performance fell in 2019/20, with 98.8% of the value of rent due, collected in the year, compared with 99.6% in the previous year. The level of arrears at year end increased significantly for 2019/20, with current tenant arrears at a high of just under £1.1 million by 31 March 2020.

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)
31/3/2016	£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
31/3/2020	£1,091,161	2.70%	£915,585

A combination of the impact of the rollout of Universal Credit and the coronavirus pandemic has seen the arrears figures increase significantly further in 2020/21 to date.

By the end of November 2020, current tenant arrears stood at £1,420,876.85, with former tenant arrears at £998,656.75. This displays a significant in-year increase in current tenant arrears, with many tenants unable to pay as a direct result of the coronavirus pandemic, whilst the Council has also been unable to instigate court action against those unwilling to pay.



The Income Management Team continue to work with all tenants, but particularly those affected by the benefit changes and /or the coronavirus pandemic.

Financial Inclusion Officers are also working with tenants to support them through the transition from Housing Benefit to Universal Credit, to ensure that they are claiming all financial support to which they are entitled, to help improve budgeting skills and to identify ways in which debt can be managed more effectively.

Tackling former tenant arrears is also challenging, but with the level of former tenant arrears being relatively static due to the authority's inability to instigate legal proceedings over the first 6 months of the year.

Debt that is not realistically collectable is still recommended for write off and provision is currently made in the Housing Revenue Account to write off 88.1% of former tenant debt. Any decision to do this is not taken until all avenues for collection have been exhausted.

The provision in the Housing Revenue Account to write off former housing debt was made at 88.1% of the former tenant debt at 31 March 2020.

At 31 March 2020 the total provision for bad debt stood at £1,482,310.47 representing 74% of the total debt outstanding.

Recognising the unprecedented nature of the current position in respect of the coronavirus pandemic, and the impact that this is having on tenants ability to pay rent, the annual contribution into this reserve was increased from 1.5% to 4.5% in the current year as part of the HRA Medium Term Financial Strategy, with a contribution of £1,709,720 now budgeted for, before a return to 1.5% from 2021/22 onwards.

It is difficult to predict what the medium and longer-term impacts may be of both the full transition to Universal Credit and the current coronavirus pandemic, and as such the future level of provision will be reviewed once there is more clarity and the authority has more experience of payment performance locally.

The value of rent not collected as a direct result of void dwellings in 2019/20 was £635,949 representing a void loss of 1.68%, compared with £723,954 in 2018/19, representing a void loss of 1.91%.

Void levels have remained stable in 2020/21 to date, with the void loss between April and October 2020 (7 months) being £369,256, representing a 1.65% void loss. A snapshot of the proportion of stock vacant at the end of October 2020 confirms that 1.77% of homes (128 homes) are unoccupied, but with 0.51% (37) of these held vacant for demolition and a number having

been vacant for longer than desired, as a direct result of difficulties in re-let due to the coronavirus pandemic. Decisions to redevelop existing homes, requiring them to be vacated prior to demolition, causes a temporary increase in the void performance statistics, until the entire site is vacated, and the homes are formally removed from stock.

With the impact of irregular void transactions removed from the statistics, the void performance in general voids for 2019/20 would have been 1.2%. This has however been recovered during 2020/21 to date, with an average void loss of 1.04%, when irregular voids (including coronavirus related voids) are removed. As a result of this, it is recommended to retain the longer-term assumption of 1% in this iteration of the business plan.

Rent Restructuring and Rent Levels

The authority lets wholly rented property on two differing rent levels, social rent and affordable rent, with the latter capped locally at the level of the Local Housing Allowance.

The average target 'rent restructured' rent at the start of 2019/20 across the general housing stock was £104.48, with the average actual rent charged being £100.86. By April 2020, 29.5% of the social rented housing stock was being charged at target rent levels, compared with 25% in April of the previous year. The loss of rental income that arises for the gap between actual and target rent levels in the general housing stock equates to an annual loss of income of approximately £1,271,600.

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 continues to do this.

There were 417 new build rented and shared ownership properties charged at the higher 'affordable rent' levels, equivalent to the Local Housing Allowance at the end of October 2020.

Rent Policy

The local rent setting policy was last updated and approved in September 2017 and will be reviewed during 2021, as part of the work being undertaken to progress development of 1,000

net new council rented homes over the next 10 years, unless there is the need to recognise any impact on rents that may arise from changes in national housing legislation, following consultation, any sooner.

Rent Setting

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

From April 2021, the authority is required to increase rents by up to a maximum of CPI (at the rate in September 2020 of 0.5%) plus 1%, arriving at an overall increase of up to 1.5%. This is lower than was assumed when the HRA Medium Term Financial Strategy was published during September, where an increase of 1.9% was assumed. This change will impact the HRA negatively by approximately £154,000 from April 2021.

The assumption of an increase of CPI plus 1% is retained for the following three year also, with an assumption of CPI (as measured at the preceding September), plus 0.5% after this period

Affordable rented homes will be subject to the same inflationary increase, but with the requirement for local authorities to have regard for the Local Housing Allowance and to ensure at re-let that the combined rent and service charges levied do not exceed 80% of the market rent for each dwelling. To demonstrate regard for the Local Housing Allowance, which in Cambridge is significantly lower than 80% of market rent, our local policy limits affordable rents to the Local Housing Allowance level at the point of introduction. As a result, affordable rents for 2021/22 will be reviewed in line with the underlying inflation rate but will be capped at the Local Housing Allowance levels if these are lower.

As a result of the additional increase in the Local Housing Allowance for 2020/21, announced in late March 2021 in response to the coronavirus pandemic, and the lower level of inflation at September 2020, the combined rent and charges for all existing tenants in affordable rented homes will increase by 1.5% from April 2021, as the cap on the increase linked to inflation will be far lower than the Local Housing Allowance.

The authority will need to decide at what levels to introduce new affordable rented homes, either capping them at an inflated version of the original Local Housing Allowance level for 2020/21, or instead adopting the higher level of Local Housing Allowance introduced in late March 2020. The Office of Budgetary Responsibility Economic and Fiscal Outlook Report of November 2020 indicates the government's intention to freeze the Local Housing Allowance rates at the March 2020 levels for 5 years, up to and including 2025/26. The Council expects to consider an updated Housing Strategy in June 2020, which will include an Affordable Rents Policy, and the HRA Rent Setting Policy will be reviewed following this. In the interim, an inflated version of the January 2020/21 LHA rate will be adopted for any new schemes achieving completion.

Property Size	2020/21 LHA rate January 2020	2020/21 LHA rate inflated by 1.5%	2020/21 LHA rate March 2020
Shared Room	81.89	83.12	97.00
1 Bed	135.99	138.03	178.36
2 Bed	156.40	158.75	195.62
3 Bed	181.75	184.48	218.63
4 Bed	242.43	246.07	299.18

Service Charges

Service charges are levied for discretionary services that are provided to some tenants, but not necessarily all, depending upon the type, nature and location of a property. Some of these services are eligible for Housing Benefit or Universal Credit, depending upon the nature of the service provided.

In respect of social housing tenancies, service charges are separately identified on rent accounts, so that tenants can see what they are paying for alongside their core rent. For affordable rented homes, the tenant pays a total sum for rent and charges, which is capped at the Local Housing Allowance level, making the breakdown less meaningful.

On some new build affordable rented sites, where the total payable by the tenant, including all service charges is capped at the Local Housing Allowance level, the balance of income to the HRA after payment for services is not always sufficient to meet both the basic landlord costs and

support repayment of the initial investment. This is particularly relevant in mixed tenure flatted accommodation where there are both internal and external communal areas, where open space and roads are not adopted and there is the need for the provision of more ancillary services, often managed by a third-party management company.

Guidance expects registered providers to endeavour to ensure that service charge increases do not exceed CPI plus 1%, and to consult tenants in respect of the introduction of new services or before any material change to existing services.

The approach to setting service charges for 2021/22 is detailed at **Appendix B**.

Other Sources of Income

Garages

The Housing Revenue Account currently owns 1,526 residential garages and 35 parking spaces and manages a further 16 garages and 6 parking spaces on behalf of the General Fund. A number of HRA garages and parking spaces are on sites currently being explored for potential demolition and re-development. Many of these sites are in the early stages of investigation.

Of the garages available for letting, approximately 12.8% are currently void (compared to 12.2% at this time last year), but with a level of void loss in the year to date at the end of November 2020 of approximately 16% (compared to 12% at the same point last year). Void loss in 2020/21 to date is deemed to be higher than in 2019/20 as a direct result of the inability to let garages as normal during the initial coronavirus lockdown period.

The proposed charges for garage and parking spaces for 2021/22, increased by the rate of inflation of 0.9% as assumed in the HRA Medium Term Financial Strategy, are as follows, with any existing tenants who are being phased up to full rent levels following the charging review conducted in 2017/18 having their rents increased by inflation plus £2.00 per week until the levels below are achieved:

Category	Base Rent £ per rent week	VAT £ per rent week	Total Charge £ per rent week
Parking Spaces in standard area (tenants only)	7.48	0.00	7.48
Parking Spaces in standard area (non-tenants)	7.48	1.50	8.98
Garage in standard area (tenants only)	9.63	0.00	9.63
Garage in standard area (tenants storage use)	9.63	1.93	11.56
Garage in standard area (non-tenants)	9.63	1.93	11.56
Garage or Parking Space in high value / high demand area (tenants only)	18.36	0.00	18.36
Garage in high value / high demand area (tenants storage use)	18.36	3.67	22.03
Garage or Parking Space in high value / high demand area (non-tenants)	18.36	3.67	22.03
Resident's Parking Permit (new schemes)		VAT applies	52.00
Resident's Parking Permit *		VAT applies	20.00
Visitor's Parking Permit		VAT applies	20.00
Replacement Parking Permit		VAT applies	10.00
* 50% discount for vehicles with CO2 emissions under 75g/km (resident parking permits only)			
A £5.00 premium is added to all base rates above when rented for non-city resident, commuter, business or commercial use			
Parking Space - Non-City Resident / Commuter or Business / Commercial use	12.48	2.50	14.98
Garage in standard area - Non-City Resident / Commuter or Business / Commercial use in standard area	14.63	2.93	17.56
Garage in high value / high demand area - Non-City Resident / Commuter or Business / Commercial use in high value / high demand area	23.36	4.67	28.03

Parking spaces or garages in the curtilage of properties are charged at the prevailing base rate for the area. Internal council use to be charged at base garage rate excluding VAT.

Commercial Property

The level of rental income from commercial property is dependent upon the timing of lease renewals for the small portfolio of shops and other business premises that are owned by the HRA. In 2021/22 the income generated by the commercial property portfolio is anticipated to be in the region of £419,000.

General occupation of the HRA commercial property portfolio has historically been good, with vacant shop units usually re-let within reasonable timescales. Rent reviews have proved challenging in recent times, with the coronavirus pandemic directly, and negatively, impacting this.

Interest / Investment Income

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

Interest rates available to the Council remain very low, with the longer-term impact on investments of the coronavirus pandemic still uncertain. The HRA benefits only from the lower risk, and therefore lower return areas of Council investment.

The rate that the HRA can earn on investments, recognising the low risk nature of their investments, has been retained at 0.6% as part of this iteration of the HRA Business Plan.

Other External Funding

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

- Devolution Grant – The authority is receiving grant as part of the Devolution Agreement with Government and the Combined Authority, totalling £70,000,000 over a 5 year period

- Support Funding – Funding of £180,000 per annum for tenure neutral support to be provided to older people across the city is contracted for up to a further year from April 2021, subject to an agreed contract extension.
- Section 106 Funding – The HRA can benefit from the ability to invest sums received for affordable housing through Section 106 Agreements on development sites across the city, although these sums often come with both time and investment criteria constraints

Earmarked & Specific Funds

Earmarked Funds – Revenue Reserves

In addition to General Reserves, the Housing Revenue Account maintains earmarked or specific funds. **Appendix C** details the current level of funding in the reserves, including;

Repairs & Renewals – funds for major repairs of HRA-owned administrative premises and periodic replacement of assets such as vehicles, plant, equipment and furniture, particularly in sheltered and supported accommodation.

Major Repairs Reserve - a statutory reserve credited with depreciation in respect of the housing stock each year, with funding then in the Housing Capital Investment Plan, to meet the capital cost of works to HRA assets, or alternatively to repay housing debt.

Tenants Survey - allows the spread of costs for any Tenant and Leaseholder Survey evenly across financial years, despite the survey only being undertaken periodically.

HRA Set-Aside for Potential Debt Repayment or Future Re-Investment - The business plan currently assumes the authority notionally sets aside 25% of the value of the self-financing housing debt over the life of the plan, to retain flexibility in whether to redeem or re-finance some of the loan portfolio as loans mature. Using an ear-marked reserve, as opposed to making a formal voluntary revenue provision (VRP), allows the HRA to retain flexibility over the use of any resource that is available for set aside in the future. This policy will need to be reviewed when the authority borrows further.

Earmarked Funds – Capital Receipts

Right to Buy Attributable Debt Ear-Marked Capital Receipt - The HRA retains an element from all right to buy receipts over and above those assumed in the self-financing settlement, in recognition of the debt held in respect of the asset. These sums are held in a separate ear-marked capital balance, allowing them to be utilised to repay debt should the authority so choose, or alternatively reinvest as deemed appropriate.

Right to Buy Retained One-for-One (1-4-1) Ear-Marked Capital Receipt – With the Right to Buy Receipt Retention Agreement still in force, this reserve ensures that resource is separately identified for re-investment, and if necessary, repayment purposes.

Section 4

Housing Revenue Account Budget

Revised Budget 2020/21

The Housing Revenue Account revenue budget for the current year (2020/21) was amended as part of the HRA Medium Term Financial Strategy in September 2020, particularly to take account of the initial impact of the coronavirus pandemic.

As part of this HRA Budget Setting Report, any major unavoidable pressure or material change in income for the year is recognised, alongside the impact in revenue terms of the need to revisit funding requirements for the Housing Capital Investment Plan in 2020/21 following re-phasing of the programme. Re-phasing of the capital programme results in a small reduction in the level of interest that the HRA expects to earn for 2020/21. A net change of £550 in the 2020/21 HRA budget is identified, as summarised in the table below.

2020/21 Revised Budget	Original Budget January 2020 £	HRA MTFS September 2020 £	HRA BSR Proposed Changes £	HRA BSR January 2021 £
Net HRA Use of / (Contribution to) Reserves	3,997,780	5,983,200		
Savings / Increased Income			0	
Unavoidable Revenue Bids / Reduced Income			0	
Non-Cash Limit Adjustments (net)			550	
Revised Net HRA Use of / (Contribution to) Reserves				5,983,750
Variation on previously reported projection				550

The above figures include carry forward approvals from 2019/20 in the second column, in addition to changes approved as part of the Medium Term Financial Strategy in September 2020, with the net revenue impact identified in the current year, as part of the January 2020 committee cycle, incorporated in the right-hand column. The net increase in costs / reduction in income for 2020/21 will result in an increased call on Housing Revenue Account reserves for the current year, when compared to that anticipated in the HRA Medium Term Financial Strategy. Details are provided in **Appendix D (1)**.

Overall Budget Position - 2021/22 onwards

Overall Budget Position

The overall revenue budget position for the Housing Revenue Account is summarised in the table below and at **Appendix J**, with detail for the period to 2025/26 provided in **Appendix D (2)**:

Targets Set	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Efficiency Savings	0	(136,000)	(136,000)	(136,000)	(136,000)	(136,000)
Strategic Investment Fund	0	136,000	136,000	136,000	136,000	136,000
Net Change Required	0	0	0	0	0	0

Summary of Draft Proposals	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
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Unavoidable Revenue Bids	0	73,000	21,000	21,000	21,000	21,000
Reduced Income Proposals	0	105,000	105,000	105,000	105,000	105,000
Unavoidable	0	178,000	126,000	126,000	126,000	126,000

Savings Proposals	0	(414,100)	(414,100)	(414,100)	(414,100)	(414,100)
Increased Income Proposals	0	(10,800)	(10,800)	(10,800)	(10,800)	(10,800)
Bids	0	224,600	246,200	246,200	246,200	246,200
Discretionary	0	(200,300)	(178,700)	(178,700)	(178,700)	(178,700)

Non-Cash Limit Adjustments	550	(102,460)	(102,460)	(102,460)	(102,460)	(102,460)
Total Revenue Proposals	550	(124,760)	(155,160)	(155,160)	(155,160)	(155,160)
Under / (Over) Achievement against Target	550	(124,760)	(155,160)	(155,160)	(155,160)	(155,160)
Cumulative Under / (Over) Achievement against Target	550	(124,210)	(279,370)	(434,530)	(589,690)	(744,850)

Non-Cash Limit Budgets

Non-Cash Limit items are those that do not relate directly to the cost of service provision, including for example direct revenue funding of capital expenditure (DRF), interest and depreciation. These items are treated outside of the 2021/22 cash limit, with the implications built into the financial forecasts for the HRA as part of the budget process, informing future budget strategy, savings targets and investment priorities. For 2021/22 there are non-cash limit adjustments in respect of interest received based upon the latest balances and rate assumptions, in the required contribution to the bad debt provision and in Direct Revenue Financing of capital expenditure.

Performance against Net Savings Target

An efficiency savings target of £136,000 was included in the HRA forecasts for 2021/22 as part of the HRA Medium Term Financial Strategy approved in September 2020. The efficiency target was set in the context of the ability to deliver a balanced HRA budget, recognising the need to borrow to build new homes from 2022/23 and to maintain delivery of quality housing services whilst also allow resource for strategic reinvestment in new initiatives.

The savings identified in the table above, included for decision as part of the HRA Budget Setting Report, are detailed in **Appendix D (2)**.

The savings and increased income that have been identified for 2021/22 are partially offset by the HRA reacting to unavoidable revenue pressures and reductions in income and considering

strategic investment fund bids. The net position is an over-achievement against the targets set of £124,760 in 2021/22, increasing to £155,160 from 2022/23 on an ongoing basis. Details of the net savings can be found in **Appendix D (2)**.

If approved on this basis, the budget proposals for 2021/22 onwards result in a net ongoing contribution to HRA reserves, at £155,160 per annum from 2022/23, which has been used to reduce the borrowing requirement on the HRA for the delivery of 1,000 new homes, or alternatively could be reinvested in future years towards meeting the sustainability investment requirements in the existing housing stock once the costs of this have been quantified.

Corporate costs and overheads have been reviewed for the first time in a number of years to take account of changes in the incidence of employee numbers and to standardise the basis for apportioning overheads across the authority. The impact of the change in costs recharged between the General Fund and HRA has been quantified, with the initial financial impact of this incorporated into the Housing Revenue Account budget from April 2021.

Further efficiency targets have been incorporated from 2022/23 for four years, also at the level of £136,000 per annum. This will allow continued strategic re-investment at the same level each year, to be in a position to respond to challenges presented by changes in local and national housing and welfare policy and also in construction regulations.

Strategic Investment Fund

As part of the HRA Medium Term Financial Strategy, approved in September 2020, approval was given to retention of the Strategic Investment Fund of £136,000 per annum, to be directly offset by efficiency savings identified in the HRA each year, for the next 5 years.

Bids against this fund have been identified as part of the 2021/22 budget process, with the proposals detailed in **Appendix D(2)** and incorporated into the table above.

Transformation Fund

An ongoing budget of £120,000 per annum is still retained in the HRA to allow investment in service transformation projects, spend to save initiatives and to allow a quick response to in-year

changes in legislation or major change in national housing policy. The fund can be allocated to one-off projects or to meet ongoing commitments, recognising that if committed on an ongoing basis, there will be less capacity in future years to respond to arising issues.

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

Section 5

Housing Capital Budget

Stock Condition and Decent Homes

The housing service reported achievement of decency in the housing stock as at 31 March 2020 at 93%, with 515 properties that were considered to be non-decent (in addition to 1,022 refusals). A further 217 properties were estimated to become non-decent during 2020/21.

Following a fundamental review of investment in the existing housing stock, an updated Asset Management Strategy was approved in September / October 2019.

The resulting programme of new initiatives and actions, subject to funding bids when costs have been quantified in some cases, include:

Initiative / Action	Current Status
Implement a new rolling programme of stock condition surveys so properties are inspected every five years	This commenced in 2019/20 but has been on hold for much of 2020 due to COVID-19. Resources have been re-allocated to external surveys and surveys of communal areas including footpaths
Continue the programme of structural surveys of flats blocks and implement survey programme for older flats and houses with structural concrete elements	In 2020/21 detailed surveys are being commissioned for Hanover and Princess Court, flats / maisonettes in the South Arbury area and Fanshawe and Davy Road flats
Reduce the electrical inspection cycle to five years in line with best practice	Bid included as part of this report to allow commencement of a 5-year programme from April 2021

Implementation of "Orchard Asset" asset management software – including development of the compliance and energy modules	Implementation project in progress with completion by September 2021
Develop a methodology which identifies high cost investment properties across the stock and calculates net present values – using new software in Orchard Asset	This will follow the implementation of Orchard Asset and the housing stock performance module.
Implement a programme of estate investment projects	Estate Investment Programme in progress over a 5-year period from April 2020
Establish a programme of re-inspection of asbestos containing materials and implement a new asbestos register based within Orchard Asset	A new Risk and Compliance team has been set up following the Estates and Facilities services review. An Asbestos Surveyor has been recruited and the Risk and Compliance Manager is in the process of being recruited. The new team will take forward this action
Implement an annual programme to inspect fire doors to flats and communal areas (including the replacement of non-compliant fire doors)	A fire door inspection programme has been procured and mobilisation is underway. There are 5,000 doors on the inspection schedule
Review maintenance requirements for flat roofs and sheds replacement and repair	A programme has been identified and will be included on the 5-year programme starting in April 2021
Develop a replacement programmes for lifts, door entry systems, communal entrance doors, fire systems, automatic doors, and communal lighting	Programmes of work have been implemented in 2020/21
Review the cyclical decoration programme and reduce the external masonry painting programme to a 7- year cycle to tie in with the painting and repair cycle	This is complete and the new 7-year cycle has been implemented.

Recognising the climate emergency, declared by the Council in February 2019, there is a strong commitment to increasing energy efficiency, reducing the carbon footprint and improving sustainability across the asset portfolio, with the HRA stock representing a significant proportion of this 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.

Additional resources were identified in the budget for 2020/21 (£500,000 in 2020/21, £1,000,000 in 2021/22 and £1,000,000 in 2022/23) to allow a pilot programme of energy efficiency measures to be developed and delivered. The programme is now underway to accelerate work on our stock and to collect the data required for the development of up a more detailed programme of investment in improving energy efficiency and environmental sustainability of our Council housing stock. This will inform a strategy for the improvement of energy in Council homes and consideration of future policies, for example in relation to heating sources. At this stage the financial impact of such a strategy still can't be incorporated into the financial forecasts but will be built in as part of the 2021/22 Medium Term Financial Strategy.

Both the role of Corporate Energy Manager and Energy Surveyor have now been successfully recruited to, and this will allow the programme of energy works to be specified and delivered effectively.

Work is in progress to raise Council dwellings with the lowest energy efficiency ratings (EPC rating of E, F and G) to at least a C rating. We are also implementing projects to identify the work and associated costs to improve the energy efficiency of all our older solid wall properties (the majority of these are currently D rated.) Housing Scrutiny Committee approved a programme of works to 140 homes (1935 build type) to improve them to a B rating by undertaking external wall insulation and solar panels. There are approximately 1,000 further homes that could benefit from this investment, subject to proof of concept and approval of resource in future years. Work is underway to better understand the challenges posed by other building types in Cambridge, and what is possible in terms of improving the SAP rating (ideally to B), reducing carbon emissions and tenant bills.

Work is proposed to explore alternative heat sources across the existing housing stock, reviewing how existing gas boilers could be replaced with more sustainable heat sources in the future. There

are a number of alternatives, but these options may not be suitable in every dwelling, and a programme that considers the viable options for each dwelling type across the housing stock will need to be developed and costed before any decisions can be made. The Asset Management Team have been working closely with the Housing Development Team to analyse the performance and associated maintenance and tenant based costs of the renewable technologies being considered for heating sources within the new build properties to establish what might be viable to replace gas as a heating source in our existing homes.

Across the stock, work is in progress in the current financial year to understand the level of investment that will be required to meet our aspirations and to move existing homes towards Passivhaus or net zero carbon standards through retrofit, so that this can be balanced against the aspiration to also deliver new build homes to the highest sustainability standards possible. The HRA has limited resource and will be required to borrow to meet increased investment costs, whether they are in respect of new dwellings or existing homes, with the need to ensure that the borrowing is fully supportable.

It must be noted, that upgrading existing homes does not currently lead to any increase in rental income, as rent increases are constrained by the rent standard, making borrowing for this purpose a far greater business risk. Consideration could be given to levying new service charges for some aspects of any increased ongoing costs.

Financial assumptions are currently constructed based on a partial investment standard, but with some lifecycles reduced to improve stock condition and funding included to tackle the decent homes backlog over the next 10 years.

New Build Affordable Housing

General Approach

The Council's approach to building new homes is being further developed, with consideration being given to the building and energy efficiency standards against which the authority will build going forward. A separate report presented in the January 2021 committee cycle will set out the proposed standards for the next 10-year programme.

New Build Schemes Completed – Devolution 500 Programme Onwards

At the time of writing this report 89 new homes had been completed since the beginning of 2018 as part of the Devolution 500 Programme, with a net gain of 62 council rented homes.

The table below details the new build schemes completed as part of this programme to date:

Scheme	Date Completed	Total Social Housing / SO Units	Gain in Social Housing Units	External Funding Source	Percentage Social Housing on Site
Uphall Road	February 2018	2	2	RTB Receipts & Devolution Grant	100%
Nuns Way/Cameron Road	September 2019	7	7	RTB Receipts & Devolution Grant	100%
Wiles Close	September 2019	3	3	RTB Receipts & Devolution Grant	100%
Ditchburn Place	September 2019	2	2	RTB Receipts & Devolution Grant	100%
Queensmeadow	June 2020	2	2	RTB Receipts & Devolution Grant	100%
Anstey Way	June 2020	56	29	RTB Receipts & Devolution Grant	100%
Colville Road Garages	July 2020	3	3	RTB Receipts & Devolution Grant	100%
Gunhild Way	July 2020	2	2	RTB Receipts & Devolution Grant	100%
Wulfstan Way	September 2020	3	3	RTB Receipts & Devolution Grant	100%
Markham Close	September 2020	5	5	RTB Receipts & Devolution Grant	100%

Scheme	Date Completed	Total Social Housing / SO Units	Gain in Social Housing Units	External Funding Source	Percentage Social Housing on Site
Mill Road	October 2020	4	4	RTB Receipts & Devolution Grant	50%
Total		89	62		

New Build Schemes On Site

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

Scheme	Approved (Indicative) Affordable Housing Units	Gain in Affordable Housing Units	Latest Budget Approved	RTB Receipt / Sales Receipt Funding	Devolution Grant	Net Capital Cost to the HRA
Mill Road	114 4 handed over	114 4 handed over	24,965,630	(7,489,690)	(17,475,940)	0
Kingsway	4	4	554,000	(166,200)	(387,800)	0
Akeman Street	14	12	4,526,720	(910,680)	(2,108,740)	1,507,300
Ventress Close	15	13	3,689,920	(783,910)	(1,828,600)	1,077,410
Cromwell Road	118	118	24,865,800	(5,308,690)	(17,406,060)	2,151,050
Colville Road II	67	47	14,467,580	(2,746,590)	(6,408,280)	5,312,710
Total	332	308				

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 can include HRA sites, land acquisition sites and Section 106 development sites, where the intention is for the HRA to deliver, or acquire, 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 delivery by CIP are based upon the most recent cost estimates provided by CIP but will not be finalised until the Affordable Housing Agreement or build contract is entered into. Any changes required at this stage are detailed in the second table below.

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 / Assumed Homes England Grant	Net Capital Cost to the HRA
Tedder Way	1	1	506,000	(151,800)	(354,200)	0
Kendal Way	1	1	524,000	(157,200)	(366,800)	0
Meadows and Buchan	106	106	27,318,760	(2,063,750)	(13,351,820)	11,903,190
Clerk Maxwell Road	14	14	3,046,760	(914,030)	(2,132,730)	0
Campkin Road	75	50	18,063,260	(3,243,250)	(1,750,000)	13,070,010
L2	30	30	6,207,000	(620,700)	0	5,586,300
Colville Road III	47	31	11,103,200	(1,288,920)	0	9,814,280
Histon Road	7	7	1,513,000	(151,300)	0	1,361,700
Fen Road	12	12	3,657,450	0	(840,000)*	2,817,450
Ditton Walk	6	6	1,918,230	0	(420,000)*	1,498,230
Aragon Close	7	7	1,850,490	0	(490,000)*	1,360,490
Sackville Close	7	7	1,850,490	0	(490,000)*	1,360,490
Borrowdale	3	3	874,740	0	(210,000)*	664,740
Total	316	275				

*Homes England Grant is assumed in line with the 1,000 Homes Programme strategic assumptions but has not yet been secured.

Where either the budgets, or the number of units planned for delivery, 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 for the current number of units being proposed on each site and the latest contract values.

The scheme referred to as Colville Road II has been adjusted to reflect the impact of the approval of the Colville Road III scheme in September 2020, which results in a reduction of two units in the former scheme to enable the latter to be delivered. The proposed schemes at both Tedder Way and Kendal Way have been reviewed with revised recommendations to build a single, very large, specifically adapted dwelling on each site to meet identified needs on the housing register, in place of the two smaller dwellings proposed for each site initially. The costs at Clerk Maxwell have been increased to recognise an increase in specification for this site, at Campkin Road recognising site constraints that are apparent now that further site preparation work has been concluded and at Kingsway, where complexities in respect of design and provision of utilities have caused delays and increased costs.

Scheme	Previous Budget Approval	Original Estimated Units	Latest Budget Approval Request	Revised Estimated Units
Kingsway	410,000	4	554,000	4
Tedder Way	389,000	2	506,000	1
Kendal Way	374,000	2	524,000	1
Colville Road II	15,690,580	69	14,467,580	67
Clerk Maxwell	2,746,760	14	3,046,760	14
Campkin Road	17,421,260	75	18,063,260	75

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

Scheme	Site Type	Status	Potential New Build Units
Tedder Way	In-fill	Pre-planning	1
Kendal Way	In-fill	Pre-Planning	1
Meadows and Buchan	Community Facility	Planning approved	106
Clerk Maxwell Road	Section 106 Site	Planning approved	14
Campkin Road	Existing HRA Housing	Planning approved	75
L2	CIP Acquisition	Awaiting planning	30
Colville Road III	Existing HRA Housing	Pre-planning	47
Histon Road	Section 106 Site	Planning approved	7
Fen Road	Land Acquisition	Pre-Planning	12
Ditton Walk	Land Acquisition	Pre-Planning	6
Aragon Close	Existing HRA Garages	Feasibility Stage	7
Sackville Close	Existing HRA Garages	Feasibility Stage	7
Borrowdale	Existing HRA Garages	Feasibility Stage	3

The Housing Capital Investment Plan, an updated version of which is attached at **Appendix K**, incorporates the funding for new build schemes as identified in the tables above. It recognises the need for gross spend on the housing scheme, land values, devolution grant, other grant and right to buy receipts to be shown separately, arriving at the net cash cost to the Council as per the tables 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.

Tedder Way

This scheme has been reviewed, with a proposal to deliver a single, very large, mobility adapted dwelling on the site to meet an identified need on the housing register. The budget has been increased to facilitate this, but the ability to proceed is subject to securing planning approval.

Kendal Way

This scheme has been reviewed, with a proposal to deliver a single, very large, mobility adapted dwelling on the site to meet an identified need on the housing register. The budget has been increased to facilitate this, but the ability to proceed is subject to securing planning approval.

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 scheme proposes new homes on both sites, 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.

Following a second public consultation the revised scheme now has planning committee approval.

Clerk Maxwell

The authority will acquire 14 affordable homes on an existing Hill Residential development site, where planning approval has been granted. The scheme budget has been revised to improve the specification and to allow a contingency for further specification changes as the build progresses, to ensure that the homes are delivered to a higher standard than initially proposed.

Campkin Road

To secure vacant possession for the re-development of the site at Campkin Road it is necessary to re-locate a total of 25 tenants, with 24 of the secure households having moved at the time of writing this report, and to buy back 7 leasehold flats, with 6 of these purchases having completed to date.

The scheme was granted planning permission in May 2020. Formal start on site is anticipated in January 2021 but having secured partial vacant possession work has been able to commence in one area already.

L2

This site was purchased by the Cambridge Investment Partnership in December 2019, with planning permission for 64 homes. It is anticipated that the scheme can be revised to deliver up to 75 homes, with the HRA acquiring the 30 (40%) affordable homes on the site. Subject to obtaining revised planning consent, it is estimated that start on site could be in April 2021.

Colville Road III

This site currently comprises 15 tenanted HRA properties, 2 leasehold flats, a flat that has already been repurchased by the HRA and is being let on a temporary basis and 4 shops. The proposed development will deliver 47 new or replacement homes alongside the re-provision of the commercial space. Consultation is underway with all affected parties, and at the time of writing this report 4 tenanted households had been relocated.

The commercial property that currently exists on the site of the Colville Road III development is held in the Council's General Fund, with the benefit of the rental income also being recorded there. Officers are still considering the most appropriate route to both identify the true costs that should be borne by the General Fund and to subsequently account for and finance this expenditure. At this stage the full scheme cost has been retained in the Housing Capital Plan, to allow the scheme to proceed. A delegation to the Section 151 Officer, in consultation with the Executive Councillor for Strategy and Resources and the Executive Councillor for Housing, was approved in the scheme specific report to allow the most appropriate valuation basis, funding route and accounting treatment for the value of the commercial units being provided to be determined.

Histon Road (The Mews)

This site is being developed by Laragh Homes, to deliver 17 private and 10 affordable homes off Histon Road. Cambridge City Council will acquire 7 of the affordable homes, all 2 bedroom properties, with the other 3 affordable homes forming part of the Cambridgeshire and Peterborough Combined Authority £100,000 home programme.

Fen End

This site was acquired by the HRA in earlier in 2020/21, by way of termination of a long lease. The scheme will result in the demolition of two existing buildings which previously provided

shared accommodation replacing them with an anticipated 12 new homes, two of which will be larger wheelchair accessible homes. The scheme is expected to be considered for planning in early 2021.

Ditton Walk

This site was acquired by the HRA earlier in 2020/21 and is a garden in-fill site. The scheme will provide an anticipated 6 new homes and is expected to be considered for planning in early 2021.

Aragon Close, Sackville Close and Borrowdale

The three sites at Aragon Close, Sackville Close and Borrowdale comprise existing HRA garage and parking bay provision, with an anticipated 17 new homes to be provided across all of the sites.

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 of 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 is still awaiting the outcome of a government consultation. 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.

1,000 Homes New Build Programme

As part of the HRA Medium Term Financial Strategy, approved in September / October 2020, funding was incorporated into the financial forecasts to provide the financial underpinning of a strategic commitment to the delivery of a net 1,000 new homes programme from 2022.

The key assumptions now made (these have been refined as part of this budget setting report) in respect of the funding incorporated are:

- 1,000 net additional council rented homes delivered over the 10 years from 2022
- To deliver 1,000 net new council rented homes in mixed communities, we will deliver 1,200 gross rented homes and develop other tenures where required (current assumption is that we will also build and own 233 shared ownership homes and build 500 homes for market sale)
- A range of delivery routes will be adopted, with a mix of 37% delivered via Joint Venture or Section 106, 21% land led schemes, 33% built on existing HRA sites and 8% of the shelf purchases assumed initially
- A build cost of £2,950 per square metre, which assumes building to Passivhaus standards, by allowing a £500 uplift per square metre on the standard rate of £2,450
- A land acquisition costs for land led schemes of £75,000 per plot
- New homes are all let at council affordable rent levels using the pre-COVID-19 Local Housing Allowance levels as a cap in line with current policy
- Homes England grant of £70,000 per unit for rented and £28,000 per unit for shared ownership homes
- Retained right to buy receipts would continue to be available for re-investment at the rate of £2,800,000 per annum and that they can be used in addition to Homes England Grant. (This will require a positive outcome from the MHCLG RTB Consultation)
- Borrowing has been assumed at 1.89%, based upon the PWLB HRA Certainty Rate at the time of writing this report
- Delivery of 1,200 gross council rented homes is combined with the assumption in the HRA business plan that in order to deliver 400 of these new homes on HRA land, there would be a need to demolish 200 existing properties as part of the site regeneration schemes, delivering a net gain of 1,000 rented homes
- Investment profile is spread equally across the 10-year programme (bar £3,000,000 incorporated into 2020/21 and 2021/22 for land acquisition and early investment)
- Annual servicing and maintenance costs have been increased by £130 per unit, recognising the need to maintain solar pv installations and a mechanical ventilation with heat recovery (MVHR) unit in each dwelling
- Future replacement costs have been increased by an average of £457 per annum to allow for the replacement of the additional components required to deliver a Passivhaus dwelling

This requires an estimated £342,000,000 of borrowing, against total investment of approximately £658,000,000, to deliver the new homes.

Work is still ongoing to identify and explore potential HRA sites and land acquisition opportunities that could be included within the 1,000 Programme. Sites and schemes will be brought forward for formal consideration and approval individually as opportunities arise, with five sites being presented to Housing Scrutiny Committee as part of this committee cycle.

Taking into consideration site constraints and the delivery vehicle adopted for each scheme as it is identified for inclusion in the programme, different recommendations may be made in respect of tenure mix and sustainability standards. The option currently incorporated into the plan assumes new homes will be built to Passivhaus standard wherever possible, but there is an intention to move towards zero-carbon during the life of the programme, where it is feasible and viable to do so. A separate report presented in the January 2021 committee cycle outlines the approach to be taken in respect of build and sustainability standards for the programme.

The programme, as incorporated currently, is dependent upon securing Homes England Grant funding for all of the council rented and shared ownership units, and failure to achieve this will mean that the programme will need to be reviewed to identify alternative sources of funding, to increase the amount of market sale or shared ownership housing provided, to reduce build standards or to reduce the number of council rented homes delivered overall.

Opportunities to secure additional future funding through the Combined Authority, Homes England or MHCLG are being fully explored, as this will mitigate the amount of resource that the HRA needs to borrow.

The need for the HRA to borrow significant sums of money over the 10-year period requires a review of borrowing options. Currently, the PWLB is offering reduced rates for lending to local authorities, but this rate may change significantly before the end of the 10-year programme. It is prudent for the authority to explore other borrowing routes to ensure that any borrowing decisions are made with the benefit of comprehensive market information.

The resource ear-marked in the business plan will be reviewed and re-profiled as the programme develops, with detailed borrowing options being explored and decisions being made as part of the Medium Term Financial Strategy or budget setting process for any year in which borrowing is deemed necessary. The first year that borrowing is currently anticipated is 2022/23.

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

Asset Acquisitions & Disposals

Consideration is given to the strategic acquisition or disposal of assets, in line with the HRA Acquisition and Disposal Policy. The capital receipt generated by a strategic disposal can still be retained in full by the authority, subject to utilising it to invest in affordable housing or regeneration.

In respect of acquisitions, a delegation to the Strategic Director exists to allow draw down of resource, otherwise set aside for the repayment of debt, to acquire land or homes on the open market if new build housing is not coming forward quickly enough to avoid the loss of right to buy receipts or for the acquisition of homes that are on sites which have been identified for potential future redevelopment, but where the schemes haven't yet been formally approved.

In 2020/21, a number of strategic acquisitions or disposals have been completed or are in progress.

Acquisition / Disposal	Comment	Status
2 Bed House	Sale of 2 bedroom property in the south of the city to facilitate vacant possession of another property in a development site	Complete
1 Bed Flat	Purchase on open market of a 1 bedroom flat in an existing HRA block in the south of the city	Complete
Land at Fen Road	Purchase of a plot in the north of the city - 3,000 square metres of land with development potential	Complete
Land at Ditton Fields	Purchase of a property and adjoining land plot in the south of the city with planning permission for a single dwelling on the land plot	Complete
Land at Queensmeadow	Purchase of a small land parcel in the south of the city	In progress

Acquisition / Disposal	Comment	Status
Rough Sleeper Property Acquisitions	Following an unsuccessful bid as part of the MHCLG Next Steps Programme, a reduced budget of £1.9 million has been retained to allow purchase of homes on the open market to accommodate rough sleepers if required	Purchases being actively explored

Capital Bids, Savings and Re-Phasing

There are no formal capital bids or savings incorporated as part of the 2021/22 HRA Budget Setting Report, but there are a number of areas of updated new build costs, budget re-allocation and re-phasing.

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

- Changes to new build budgets, where scheme specific approval is already in place, with an increase of £117,000 at Tedder Way and £150,000 at Kendal way to allow the development of adapted homes, a reduction of £1,223,000 at Colville Road II recognising a reduction in units and fewer site constraints than originally anticipated, an increase of £300,000 at Clerk Maxwell to allow for specification improvements, an increase of £144,000 at Kingsway recognising issues with both utilities provision and in-house delivery capacity and an increase of £642,000 at Campkin Road in recognition of increased site complexity.
- Reduction of £2,573,000 in the budget for the purchase of market homes or POD's to accommodate rough sleepers to a residual level of £1,901,000, recognising that the bid to MHCLG for Next Steps grant funding was unsuccessful.
- Re-phasing of new build schemes as identified in **Appendix E**.
- Adjustment to the level of resources held for future works to new build dwellings recognising the increased sustainability build standards and to meet the cost of inflation, as a result of the changes above.

Section 6

HRA Treasury Management

Background

Statutorily, the Housing Revenue Account is required to set a balanced budget, including recognition of the revenue implications that arise from capital financing decisions.

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

There is currently no constraint on the level of borrowing that the HRA can take out, but the authority must ensure that it can demonstrate the resource is being utilised in the provision of social or affordable rented housing, it is able to identify the revenue resource to support the borrowing and must give due regard to the need to repay or re-finance the debt at the end of any initial borrowing term.

The only risk to the HRA's ability to borrow in the future resides in the outcome of the government consultation in respect of prudential borrowing, which from 26 November 2020, prohibits borrowing from the PWLB if the authority is making any investment that is classified as an 'investment asset primarily for yield', in the same year. This would not stop the HRA borrowing but would mean that an alternative lending source would need to be identified, with rates potentially not being as preferential. The Section 151 Officer is responsible for categorising the content of the Council's Capital Plan and for certifying that no prohibited expenditure is included if borrowing from the PWLB is planned. There is no expenditure in the Council's current Capital Plan which is expected to prohibit borrowing from the PWLB, but this will need to be reviewed regularly to mitigate any impact on the HRA's ability to borrow.

HRA Borrowing

As at 1 April 2020, the Housing Revenue Account supported external borrowing of £213,572,000 in 20 maturity loans with the Public Works Loans Board (PWLB), with rates ranging between 3.46% and 3.53% depending upon the term of the loan. The loans have varying maturity dates, with the first £10,678,600 due to be repaid on 28th March 2038, and the last on 28th March 2057.

At April 2020, the external loans attributable to the HRA, were notionally reduced as part of the HRA Capital Financing Requirement by the sum of £7,737,410 in recognition of the balance of the land acquisition costs which the HRA met in respect of the land site at Cromwell Road. In the short term, the General Fund is required to pay the HRA annual interest on this sum, at a reasonable rate, as part of the Item 8 Debit or Credit to the HRA. Once the scheme is complete, and CIP has repaid the loan to the Council for land purchase, this arrangement will no longer exist, and the HRA will return to the previous position where there is a small sum of notional internal borrowing from the General Fund, with interest payable in the same way in return.

Under the current regulations, if the HRA were to acquire housing built on General Fund land, the land would have to be appropriated (transferred) to the HRA, increasing the HRA Capital Financing Requirement and the resulting interest due to the General Fund. This statutory requirement to charge the HRA for the cost of land transferred from the General Fund may be revised as part of a government consultation, for which we still await the outcome.

This iteration of the business plan assumes that the authority will re-invest any revenue resource that has been previously set-aside for potential debt redemption or re-investment, prior to undertaking the additional borrowing, currently estimated at £342,000,000 to deliver the 1,000 homes programme from 2022/23. Borrowing of a further £62,000,000 is required over the life of the plan, to ensure that new homes are maintained at Passivhaus standards and that the small ongoing programme of new homes continues to be delivered at this standard where possible.

The HRA financial forecasts assume that the first borrowing requirement in 2022/23 is met by borrowing from the Public Works Loan Board (PWLB), assuming the reduced base rates announced from 26 November 2020, which at the time of writing this report was 1.89%. Borrowing is therefore assumed at 1.89% on an ongoing basis.

Alternative borrowing routes may need to be explored before the authority borrows as a funding source for investment in affordable housing, with consideration given to internal borrowing, inter-authority borrowing, market borrowing and bond issuance. All of these borrowing routes have been explored previously, but the preferential rates available from the PWLB mean that they have previously been ruled out.

The 2021/22 HRA Budget Setting Report does not review the potential sources of lending, types of borrowing, lengths of loans or alternative rates available for taking out any additional borrowing at this stage, with the current rate of PWLB lending of 1.89% being adopted as a default. Further review will need to be undertaken during 2021/22 before borrowing is undertaken as part of the coming year's budget.

Debt Repayment / Re-Investment

Set-Aside for Repayment of HRA Debt

The debt repayment strategy to date has been to set-aside resource to redeem 25% of the HRA self-financing debt from the point at which the loan portfolio begins to mature, in 2037/38.

To retain flexibility, any surplus generated for future debt repayment, is not formally set-aside, but is instead held in an ear-marked reserve to allow for either repayment of debt or draw down for re-investment.

Any resource set-aside since April 2012 for potential debt redemption is incorporated for use over the next two years to fund the delivery of new homes, before the HRA begins to borrow further, with the assumption that the HRA will set-aside resource to redeem 25% of the HRA self-financing debt deferred until later years in the programme, when the rents from the new homes begin to deliver a surplus into the business plan.

Section 7

Summary and Overview

Equality Impact Assessment, Uncertainties and Risk

Equality Impact Assessment

Local authorities have legal duties to pay 'due regard' to the need to eliminate discrimination and promote equality with regard to race, disability, gender, including gender reassignment, age, sexual orientation, pregnancy / maternity, and religion or belief as well as to promote good race relations, and to demonstrate this in the decision making process. Assessing the potential equality impact of proposed changes in policies, procedures and practices is one of the ways public authorities can show 'due regard'.

As part of this Budget Setting Report, an Equality Impact Assessment has been undertaken in respect of all new 2021/22 HRA budget proposals, where any impact is anticipated. The assessment identifies the impact of a proposal, any mitigation available and includes an action plan detailing how negative impact can be addressed. The Equalities Impact Assessment for the overall HRA budget is included at **Appendix L**.

Risk Assessment

Consideration is given to any changes in the perceived level of internal or external risk that the housing service is subject to, ensuring that the authority can sustain a financially viable Housing Revenue Account.

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

HRA Reserves

Housing Revenue Account General Reserves

General reserves are held to help manage risks inherent in financial forecasting. These risks include changes in legislative and statutory requirements, inflation and interest rates, unanticipated service needs and, rent and other income shortfalls and emergencies, such as uninsured damage to the housing stock or a pandemic. In addition, reserves may be used to support the Housing Capital Investment Plan and, in the short-term, to support revenue spending, for example to spread the impact of savings requirements over more than one financial year or to invest up front in a project that is anticipated to pay back over a period of time or deliver future savings.

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

Financial Assumptions and Sensitivity

The current financial assumptions, reviewed and used as part of this BSR are detailed in **Appendix A**.

All financial assumptions are subject to change, with a number of alternative values that could have been assumed. To mitigate the risks associated with this, modelling of key sensitivities is undertaken to provide context to the financial impact that a change in an assumption will make.

Appendix I provides details of the key sensitivities modelled in the preparation of the HRA Budget Setting Report 2021/22.

Conclusion

Overview

The budget for 2021/22 seeks to achieve a balance in investment against current priorities:

- Investment required to maintain decency in the existing housing stock
- Spend on landlord services (i.e. housing management, responsive and void repairs)
- The need to support, and potentially set-aside for repayment of, housing debt
- Investment in new affordable housing
- A commitment to reach net zero carbon in Cambridge by 2050.
- Investment in income generating activities and discretionary services (i.e. support)
- The ability to respond quickly to changes in both housing and building legislation

There remains a very strong focus on identifying resource to allow improvement to the energy efficiency of the existing housing stock, whilst also ensuring that new build homes meet high energy efficiency standards. Resource has been incorporated into the HRA financial forecasts to go some way towards meeting this aspiration in respect of new homes, but a longer-term programme needs to be developed and costed in respect of meeting the aspiration in the existing housing stock.

This report has been constructed amidst continued uncertainty in respect of regulation for some proposed changes in national housing policy, with the outcome of the government consultation on the use and application of right to buy receipts still awaited at the time of writing this report. Following the outcome of an earlier consultation, the detailed impact of constraints on local authority borrowing also need to be explored and fully quantified. Publication of the Housing White Paper 'The Charter for Social Housing Residents' has provided details of the government's commitment to future provision and regulation of social housing, but there is still detail awaited in respect of a review of the decent homes standard and the application of commitments to improved regulation and routine inspection of social housing providers, alongside the Fire Safety Bill, which is anticipated in early 2021. The rollout of Universal Credit continues to contribute to uncertainty for the Housing Service, with the full impact of direct payment still anticipated to have a significant negative impact on rent collection levels and arrears. These uncertainties are further

compounded by the impact of the coronavirus pandemic, with any longer-term impact for the HRA impossible to predict at this stage.

Summary and Conclusions

Work undertaken as part of the 2021/22 budget process has resulted in the development of proposals for setting the budget for the Housing Revenue Account.

In January 2021 Housing Scrutiny Committee will consider the budget proposals, prior to the Executive Councillor for Housing making decisions in respect of the revenue aspects of the budget, making recommendation for the housing capital budget for 2020/21 to 2025/26 to Council for consideration and approval.

The HRA Budget Setting Report recommends, in summary:

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

The meeting of Council in February 2021 will consider the final proposed Housing Capital Budget as identified in this report for approval.

Savings identified in the HRA from 2021/22 include a reduction in recharges for corporate costs and overheads, a reduction in the costs of customer service, anticipated to follow a service review and restructure and the closure of cashiers, reduction in the resident involvement budget as more residents opt to receive Open Door on line, savings in the costs of street light maintenance as more lamps are replaced with LED's and in the costs of Ditchburn Place, where the Council is now acting solely as landlord, and no longer as care provider.

Increased service charge income is anticipated from 2021/22 due to the number of properties in stock and the higher level of services being provided to some of them.

Savings and increased income are partially offset by unavoidable revenue pressures, predominantly due to increased costs of heating servicing in sheltered housing and the electrical testing programme, where contract costs have increased and the one-off cost to mobilise a new building cleaning contractor in communal areas of housing blocks and sheltered schemes.

A reduction in rent income is also anticipated as the rate of CPI, upon which rent increases are based was 0.5% in September 2020, compared with the 0.9% assumed when the HRA MTFs was constructed.

Any net saving delivered allows for the creation of a Strategic Investment Fund as approved in the HRA Medium Term Financial Strategy, with bids proposed to move the 10 year electrical testing programme to 5 years, as identified in the latest Asset Management Strategy, for continuation of a full time post to support securing vacant possession on HRA redevelopment sites as more sites are brought forward, to meet the up-front feasibility costs for potential HRA new build sites and to continue a small contribution towards the Financial Inclusion Officer employed in Revenues and Benefits for one further year.

There are non-cash limit adjustments in respect of interest received, the required contribution to the bad debt provision which is linked to the anticipated rental income and in respect of direct revenue financing of capital expenditure, where this has been reduced to mitigate the impact of the lower level of rental income anticipated from 2021/22.

The overall position for the HRA by 2021/22 (including non-cash limit adjustments) is a cumulative over-achievement of £124,210, increasing by £155,160 per annum thereafter.

There is currently an assumption that efficiency savings of £136,000 per annum will be sought for a further 4 years, allowing the creation of a corresponding Strategic Investment Fund for the same period. Effectively, any increase in costs or investment in new areas of priority will need to be funded through the identification of efficiency savings or increased income elsewhere across the service.

The HRA's approach to long-term financial planning has previously incorporated the assumption that surplus resource will be set-aside so that 25% of the self-financing loan portfolio can be redeemed at maturity. Now that the authority has committed to further expansion of its new build programme, which will require significant additional borrowing, there will need to be a fundamental review of the overall approach to future debt redemption.

The HRA is making significant progress in delivering over 500 additional homes using Devolution Grant, with 62 additional homes handed over and a further 308 additional homes on site at the time of writing this report. A net increase in the housing stock is anticipated over this period, with new homes outweighing those anticipated to be lost through the right to buy.

One of the key challenges for the HRA remains the ability to invest in new homes, using Devolution Grant and retained right to buy receipts, quickly enough to avoid the need to hand any right to buy receipts to central government, with interest penalties attached.

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

Any review of the need to identify savings in future years will need to consider not only sustaining a 30 year business plan, supporting borrowing and taking account of the impact of any emerging housing legislation, but also considering the authorities commitment to the delivery of new build housing and aspiration to improve the sustainability standards of existing housing, whilst also being mindful of the approach to set-aside of any resource for the redemption housing debt.

Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	0.9% for 2021/22, then 2% ongoing	General inflation on expenditure included at 0.9% for 2021/22, then 2% ongoing, per Bank of England) forecasts of May 2020.	Retained
Capital and Planned Repairs Inflation	CPI plus 1.1%	Based upon the mix of BCIS and CPI forecasts for next 2 years, using averages over this period. Reverts to CPI after 2 years.	Retained
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 self-financing 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.	Retained
Pay Inflation	1.5% Pay Progression & Pay Inflation at 2.5% for 2021/22 then 2% from 2022/23	Assume allowance for increments at 1.5% and cost of living pay inflation at 2.5% for 2021/22, then 2% on an ongoing basis.	Retained
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 4 years from 2021/22, then CPI plus 0.5% from 2025/26	Rent increases of up to CPI plus 1% for 4 further 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 4 years from 2021/22, then CPI 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 directly to target rent.	Retained

Key Area	Assumption	Comment	Status
External Lending Interest Rate	0.6%	Interest rates based on latest market projections, recognising that the HRA will benefit from low risk investments only	Retained
Internal Lending Interest Rate	0.6%	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.	Retained
External Borrowing Interest Rate	1.89%	Assumes additional borrowing using PWLB reduced rates from November 2020.	Amended
Internal Borrowing Interest Rate	1.89%	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	15, then 25 sales ongoing	The impact of the coronavirus pandemic is expected to result in a decline in activity for 2020/21. Assume 15 in 2020/21 then 25 sales annually ongoing.	Amended
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% ongoing	Assume an ongoing void rate of 1% from 2021/22, recognising recent standard void performance.	Retained
Bad Debts	4.5% for 2020/21, then 1.5% from 2021/22 ongoing	Bad debt provision increased to 4.5% for 2020/21 as a result of the coronavirus pandemic, then 1.5% ongoing reflecting the requirement to collect 100% of rent directly through Universal Credit.	Retained
Savings Target	£136,000 (4% of general and repairs administrative expenditure)	Retain an efficiency target of £136,000 from 2021/22 for 5 years. Allows strategic reinvestment or alternatively a response to pressure from national housing policy change.	Retained

Key Area	Assumption	Comment	Status
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	£136,000	Housing Strategic Investment Fund included from 2021/22 for 5 years at the same value as the savings target.	Retained

Service Charges

Appendix B

Charge Description	Charges 2020/21	Charge Basis	Charges 2021/22
General Stock			
Caretaking Charge	£3.70 to £4.58	Per Week	A
Building Cleaning	£0.01 to £6.50	Per Week	A
Estate Services Champion	£0.16 to £0.47	Per Week	A
Door Entry	£0.16 to £3.70	Per Week	A / B
Passenger Lifts	£0.21 to £1.06	Per Week	A / B
Gas Maintenance / Servicing	£0.71 to £2.14	Per Week	A / B
Digital TV Aerial Charge	£0.07 to £0.26	Per Week	A
Grounds Maintenance	£0.02 to £4.73	Per Week	A / B
Communal Electricity	£0.10 to £1.81	Per Week	A / B
Community Alarm Charge	£5.32	Per Week	C
Third Party Service Charge	£11.59 to £31.01	Per Week	A
Disabled Adaptation Charge	£2.94 to £6.35	Per Week	A
Dropped Kerb Charge	£0.05 to £1.08	Per Week	Frozen
General Sheltered Schemes			
Premises Charge	£0.72 to £27.47	Per Week	A
Communal Heating / Lighting	£2.09 to £5.67	Per Week	A
Individual Heating / Lighting	£3.45 to £13.77	Per Week	A
Water	£1.87 to £3.12	Per Week	A
Grounds Maintenance	£0.26 to £2.55	Per Week	A
Electrical / Mechanical Maintenance	£0.36 to £4.82	Per Week	B
Sheltered Support Charge	£5.64 to £6.95	Per Week	C
Alarm Charge	£1.90	Per Week	A
Landlord Emergency Contact	£1.17	Per Week	A
Sheltered Hall Hire	£10.00 (M - F) £20.00 (Sat/Sun)	Per Hour	£10.00 (M - F) £20.00 (Sat/Sun)

	£5.45 (Reduced)**		£5.45 (Reduced)**
**Reduced hourly rate for events which CCC sheltered residents can attend			
Ditchburn Place			
Premises Charge	£1.95 to £43.08	Per Week	A
Flat Cleaning / Laundry Charge	£28.09	Per Week	A
Communal Heating / Lighting	£0.59 to £4.02	Per Week	A
Individual Heating / Lighting	£5.61 to £10.30	Per Week	A
Water	£3.07	Per Week	A
Catering	£127.07	Per Week	A
Grounds Maintenance	£1.96	Per Week	A
Electrical / Mechanical Maintenance	£2.76	Per Week	B
Sheltered Support Charge	£6.95	Per Week	C
Alarm Charge	£1.90	Per Week	A
Landlord Emergency Contact	£1.17	Per Week	A
Launderette – Wash / Dry / Iron	£6.50	Per Load	£9.00
Cleaning	£7.16	Per 30 Mins	£9.00
Temporary Accommodation			
Premises Charge	£28.59 to £53.55	Per Week	A
Individual Heating / Lighting	£12.01 to £25.52	Per Week	A
Water	£7.49 to £11.23	Per Week	A
Grounds Maintenance	£0.19 to £1.91	Per Week	A
Electrical / Mechanical Maintenance	£0.27 to £3.03	Per Week	B
Independent Living Services			
Private Lifelines - In City	£5.32	Per Week	£5.32
Keysafe / Keyholding Charge	£3.34	Per Quarter	£3.34
Monitoring Charge	£0.40	Per Week	£0.40
Leasehold Charges for Services			
Solicitors' pre-sale enquiries	£110.00	Per Request	£150.00

Copy of lease / Document provision	£30.00	Per Request	£30.00
Re-mortgage Enquiry/Copy of Insurance schedule	£30.00	Per Request	£30.00
Notice of Assignment / Notice of Charge	£90.00	Per Request	£100.00
Deed of Variations Administration plus CCC Solicitor Fee and Own Solicitor Fee	£50.00 £550.00+	Per Request	£50.00 £550.00+
Home Improvement Administration Home Improvement Survey	£30.00 £125.00	Per Request	£30.00 £125.00
Retrospective consent for improvements	Above +£25.00	Per Request	Above +£25.00
Registering sub-let details	£50.00	Per Request	£75.00
Advice Interview for Prospective Purchasers	£50.00	Per Request	£50.00
Right of First Refusal – s156a Certificate	£150.00	Per Request	£150.00
Deed of postponement	£140.00	Per Request	£140.00

Key	
A	Charges based on recovering the actual cost of service provision. Proposal is to continue to recover the full estimated cost of providing these services in 2021/22, recognising that the authority should endeavour to limit increases to inflation at 1.5% (CPI at September 2020 plus 1%). The exception to this will be in respect of affordable homes, where total rents and service charges will be limited to Local Housing Allowance levels, and therefore full cost recovery will not always be possible. Where possible service charges will be amended, with the rent element acting as the balancing figure.
B	Charges were separated out from rent in 2004/05. Charges can be increased to recover full cost, recognising that the authority should endeavour to limit increases to inflation at 1.5% (CPI at September 2020 plus 1%)
C	Charges levied for support activities will be reviewed in line with services being provided following renegotiation of the support service for older people, where the County Council commission services across the whole city.
	Charges for the optional household contents insurance scheme will continue to be determined by the insurer but notified to tenants by the Council.

HRA Earmarked & Specific Funds

Appendix C

HRA Earmarked & Specific Revenue Funds (£'000)

Repairs & Renewals

	Opening Balance	Contributions	Expenditure to November	Current Balance
General Management	(873.5)	(69.1)	32.5	(910.1)
Special Services	(1,141.5)	(146.1)	31.4	(1,256.2)
Repairs and Maintenance	(489.9)	(47.9)	0.0	(537.8)
Total	(2,504.9)	(263.1)	63.9	(2,704.1)

Tenants Survey

	Opening Balance	Contributions	Expenditure to November	Current Balance
Tenants Survey	(47.5)	(6.3)	12.5	(41.3)

Debt Set-Aside (Revenue)

	Opening Balance	Contributions	Expenditure to November	Current Balance
Debt Set-Aside	(14,704.5)	0.0	0.0	(14,704.5)

HRA Earmarked & Specific Capital Funds (£'000)

Debt Set-Aside (Capital)

	Opening Balance	Contributions	Expenditure to November	Current Balance
Debt Set-Aside	(9,855.6)	(166.8)	0.0	(10,022.4)

Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to November	Current Balance
MRR	(9,800.7)	0.0	0.0	(9,800.7)

Appendix D(1)

2020/21 HRA Mid-Year Revenue Budget Adjustments

Area of Income / Expenditure	Description	Budget Amendment in 2020/21 Budget (£)	Budget Amendment in 2021/22 Budget (£)	Comment
Budgeted use of / (contribution to) HRA Reserves pre BSR		5,983,200		
HRA General and Special Management				
No Changes	Not applicable	0	0	
Total HRA General and Special Management		0		
HRA Repairs				
No Changes	Not applicable	0	0	
Total HRA Repairs		0		
HRA Summary Account				
Interest earned on HRA Balances	The level of balances held by the HRA result in an estimated reduction in the level of interest that will be earned.	550	0	Built into base for future years
Total HRA Summary		550		
Revised use of / (contribution to) HRA Reserves post HRA BSR		5,983,750		

2021/22 Budget – HRA Proposals – by Type

Appendix D (2)

Reference	Item Description	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	Climate Effect	Poverty Ratings & Contact
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Unavoidable Revenue Pressure

URP4747	Housing Repairs Heating / Boiler Servicing	10,000	10,000	10,000	10,000	10,000	Nil	No Impact
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This budget relates to the servicing of communal boilers in sheltered schemes and related repairs arising from the service. As the boilers are aging, the need to repair is increasing, but repairs extend the life cycle of the boiler and reduce the potential for a total breakdown resulting in the need to replace the boiler as an emergency.

John Conroy

Housing (HRA) Portfolio

URP4748	Electrical safety testing (Hard wire testing).	11,000	11,000	11,000	11,000	11,000	Nil	No Impact
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The current programme of testing electrical installations in properties and communal areas of blocks of flats is based upon a 10 year cycle. The current budget does not include sufficient allowance for the inspection of the communal areas and needs to be increased by £11,000 to enable these essential works to be undertaken. There is a separate bid for Members to consider which would reduce this programme from a 10 year cycle to a 5 year cycle as recommended by Industry best practise guidelines.

Lynn Thomas

Housing (HRA) Portfolio

URP4802	Building Cleaning Contract Mobilisation Costs	52,000	0	0	0	0	Nil	Low Impact
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The transfer of building cleaning services to a new contractor results in contract mobilisation costs which will not be passed on to residents in the form of service charges and will need therefore to be met from the HRA directly.

Sandra Farmer

Housing (HRA) Portfolio

Total Unavoidable Revenue Pressure	73,000	21,000	21,000	21,000	21,000			
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2021/22 Budget – HRA Proposals – by Type**Appendix D (2)**

Reference	Item Description	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	Climate Effect	Poverty Ratings & Contact
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Reduced Income

RI4793	Reduction in rent income from 2021/22	105,000	105,000	105,000	105,000	105,000	Nil	No Impact
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Rent increases are based upon the rate of CPI at September each year. In the HRA MTFs a rate of 0.9% was assumed, but once announced, the rate had fallen to 0.5%, resulting in lower rent income from April 2021 than anticipated.

Julia Hovells

Housing (HRA) Portfolio

Total Reduced Income	105,000	105,000	105,000	105,000	105,000
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2021/22 Budget – HRA Proposals – by Type

Appendix D (2)

Reference	Item Description	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	Climate Effect	Poverty Ratings & Contact
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Bids

B4693	Continuation of the Housing Officer (Re-Development) role on a full time basis	12,600	46,900	46,900	46,900	46,900	Nil	No Impact
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This bid would allow the Housing Officer (Re-Development) role to be made full time from August 2021 for the remainder of the financial year, and to be continued on a full time basis from April 2022 onwards. This post will continue to support tenants and leaseholders on re-development sites to find alternative accommodation and to support the handover of new council homes once completed. This role is key to supporting the future new housing delivery and also to support residents when they first move into their homes. The scale of handovers from August 2022 cannot be met with existing HO/HA resources.

Sandra
Farmer

Housing (HRA) Portfolio

B4697	Financial Inclusion Officer (HRA share - 35% of post) 0.8 FTE	12,700	0	0	0	0	Nil	No Impact
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Extension of Financial Inclusion Officer - This existing post provides support and hands on assistance in helping people affected by welfare reforms to maximise their income, reduce their costs and explore options for improving their lives moving forward. The client group tends to be those on lowest incomes, the most vulnerable claimants and families with complex needs and often chaotic lifestyles. This bid relates to the revised HRA share for this post (35%) and subject to confirmed General Fund funding for the balance of the post, allows extension of the role until 31/3/2022.

Sandra
Farmer

Housing (HRA) Portfolio

B4749	Electrical safety testing (Hard wire testing) accelerate to 5 year programme	99,300	99,300	99,300	99,300	99,300	Nil	No Impact
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The current programme of testing electrical installations is based upon a 10 year cycle. However, industry best practice recommends that this work is undertaken every 5 years. This enhanced timescale is not a legislative requirement but enhances safety through the early identification of potential or actual faults to the wiring of a property or block of flats. It should be noted that this programme does encounter access difficulties. To reduce the cycle to 5 years would require additional funding of £99,340 assuming full access can be achieved. (A separate bid has been made to increase the current base budget in line with costs associated with the 10 year programme)

Lynn
Thomas

Housing (HRA) Portfolio

B4804	Increase in new build feasibility funding	100,000	100,000	100,000	100,000	100,000	Nil	No Impact
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Following approval of a commitment to deliver 1,000 homes in the next new build programme, an increase in the budget for feasibility work is required, to meet the cost of up-front investment prior to formal scheme decision.

Julia Hovells

Housing (HRA) Portfolio

2021/22 Budget – HRA Proposals – by Type**Appendix D (2)**

Reference	Item Description	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	Climate Effect	Poverty Ratings & Contact
Total Bids		224,600	246,200	246,200	246,200	246,200		
Pressures & Bids Total:		402,600	372,200	372,200	372,200	372,200		

2021/22 Budget – HRA Proposals – by Type

Appendix D (2)

Reference	Item Description	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	Climate Effect	Poverty Ratings & Contact
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Savings

S4694	Reduction in funding required for Holiday Pay	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	Nil	No Impact
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An allowance was made in the HRA to meet the costs of holiday pay due to employees in respect of overtime worked. A reduction in the amount of overtime paid has resulted in an over-provision in the funds held to meet the cost of holiday pay, with a resulting saving delivered. Julia Hovells

Housing (HRA) Portfolio

S4695	Savings resulting from a review of the Resident Involvement (RI) Budget	(8,100)	(8,100)	(8,100)	(8,100)	(8,100)	Nil	No Impact
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A review of the RI budget has concluded that it is possible to save £4,000 from the annual printing and postage costs of Open Door due to more copies now being sent electronically, and a previous reduction from 4 issues to 3 annually. In addition, it is also possible to save £1,000 by reducing the provision for Resident Association Grants based on previous years applications. A further £3,100 can be saved by reducing the amount budgeted for other areas of work including digital grants, whilst still leaving enough of a fund to carry out the work planned for this area. Laura Adcock

Housing (HRA) Portfolio

S4698	Closure of Housing Cashiers	(10,100)	(10,100)	(10,100)	(10,100)	(10,100)	Nil	No Impact
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This proposal would see the permanent closure of the cashiering service at 171 Arbury Road, following its temporary closure from March 2020. The saving of £41,400 would be shared between the General Fund and the Housing Revenue Account, with the HRA share totalling £10,100. The General Fund will benefit from a saving of £31,300 as the full recharge for the cost of the cashiers service including all management costs and overheads would be deleted, but some of these management costs and overheads will need to be retained in the HRA, with only the direct costs of service provision ceasing. Sandra Farmer

Housing (HRA) Portfolio

S4761	Customer Services service review - Provisional HRA allocation	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	Positive/Lo w Impact	No Impact
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To implement a restructure of Customer Services including introduction of new digital self-service channels, enhanced assisted self-service provision, a new (cashless) face to face model, and improved service quality. The impact of this proposal should be to reduce the recharge from Customer Services to the HRA by the specified amount and for the HRA budget to be reduced by the same amount. Julia Hovells

Housing (HRA) Portfolio

S4762	Savings arising from reconfiguration of services post the transfer of care	(16,800)	(16,800)	(16,800)	(16,800)	(16,800)	Nil	No Impact
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2021/22 Budget – HRA Proposals – by Type**Appendix D (2)**

Reference	Item Description	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	Climate Effect	Poverty Ratings & Contact
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Increased Income

114792	Increased service charge income	(10,800)	(10,800)	(10,800)	(10,800)	(10,800)	Nil	No Impact
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Based upon the latest data available, a marginal increase in the level of service charge income is anticipated from April 2021.

Julia Hovells

Housing (HRA) Portfolio

Total Increased Income	(10,800)	(10,800)	(10,800)	(10,800)	(10,800)
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Savings Total:	(424,900)	(424,900)	(424,900)	(424,900)	(424,900)
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2021/22 Budget – HRA Proposals – by Type

Appendix D (2)

Reference	Item Description	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	Climate Effect	Poverty Ratings & Contact
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Non-Cash Limit Items

NCL4794	Reduction in the level of Direct Revenue Financing (DRF) of capital	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	Nil	No Impact
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A reduction in the level of rent income anticipated from April 2021, will mean a lower level of rental surplus available to transfer into the Housing Capital Programme over the same period. Capital expenditure will instead need to be funded from other capital resources or borrowing. Julia Hovells

Housing (HRA) Portfolio

NCL4795	Reduction in Contribution to the HRA Bad Debt Provision	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)	Nil	No Impact
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The contribution to the HRA Bad Debt Provision is linked to rental income, with a reduction in anticipated rental income from 2021/22 driving a small reduction in the level of contribution required. Julia Hovells

Housing (HRA) Portfolio

NCL4796	Reduction in interest due to the HRA	8,790	8,790	8,790	8,790	8,790	Nil	No Impact
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A reduction in the level of interest anticipated to be due to the HRA results from all of the other changes incorporated into the HRA Budget Setting Report. Julia Hovells

Housing (HRA) Portfolio

Total Non-Cash Limit Items	(102,460)	(102,460)	(102,460)	(102,460)	(102,460)
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Non - Cash Limit Items Total:	(102,460)	(102,460)	(102,460)	(102,460)	(102,460)
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Appendix D (3)

HRA Budget – All Capital Items

No formal capital bids exist for 2021/22 onwards as part of the 2021/22 HRA Budget Setting Report

Appendix E

2020/21 Capital Budget Amendments Summary

Area of Expenditure and Change	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Total Housing Capital Plan Expenditure per HRA MTFS	59,726	66,879	105,657	87,288	88,031
General Fund Housing					
No changes	0	0	0	0	0
Decent Homes and Other HRA Stock Investment					
Adjustment to allocation for new build decent homes work to recognise increase to Passivhaus standard	0	67	219	260	343
New Build					
Re-phase and increase budget for Tedder Way	5	112	0	0	0
Re-phase and increase budget for Kendal Way	(40)	190	0	0	0
Re-phase and increase budget for Kingsway	(166)	310	0	0	0
Re-phase budget for Meadows and Buchan Street	(1,640)	(3,077)	(2,336)	5,153	1,900
Re-phase and increase budget for Clerk Maxwell	0	200	100	0	0
Re-phase and increase budget for Campkin Road	140	(614)	1,116	0	0
Rephase budget for L2	(903)	436	467	0	0
Rephase and reduce budget for Colville Road II	927	(575)	(1,575)	0	0
Rephase budget for Colville Road III	(417)	0	0	417	0
Inclusion of scheme specific budget for Fen Road	100	1,779	1,779	0	0
Inclusion of scheme specific budget for Ditton Walk	100	909	909	0	0
Inclusion of scheme specific budget for Aragon Close	100	875	875	0	0
Inclusion of scheme specific budget for Sackville Close	100	875	875	0	0
Inclusion of scheme specific budget for Borrowdale	100	388	387	0	0

Area of Expenditure and Change	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Re-allocation of 1,000 homes budget into 5 specific schemes above	(500)	0	(9,651)	0	0
Reduce budget for Rough Sleeper Next Steps Acquisitions in recognition of unsuccessful MHCLG grant bid	(2,573)	0	0	0	0
Sheltered Housing					
No changes	0	0	0	0	0
Other HRA Capital Spend					
No changes	0	0	0	0	0
Inflation Allowance					
Adjustment in inflation allowed as spend changes	0	(7)	(23)	(24)	14
Total Housing Capital Plan Expenditure per HRA BSR	55,059	68,747	98,799	93,094	90,288

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>Changes in national housing or 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 has just been 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 • Project Board for system replacement are aware of the potential need for further changes to IT systems • Fixed term tenancies may now not be compulsory, depending upon outcome of Housing Green Paper
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

Risk Area & Issue arising	Controls / Mitigation Action
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>The financial impact of the coronavirus pandemic is far greater, and longer lasting, than anticipated in 2020/21</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 • Ongoing monthly review of key parameters whilst the impact of the coronavirus pandemic is uncertain.
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 • Council has completed an independent review of new build delivery

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 or the Coronavirus pandemic</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 in the economic environment cause a significant reduction in the number of right to buy sales, reducing the resource available to finance the capital investment programme</p>	<ul style="list-style-type: none"> • Sensitivities modelled so potential impacts are understood • Business plan is regularly reviewed allowing reallocation of resource or consideration of borrowing if required
<p>Changes to the right to buy rules 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 planned capital investment 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 • Regular review of mix of new build delivered to ensure that assumptions around shared ownership and market sale are realistic

Appendix G

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)
31/03/2016	1,591,834.76	13,136,139.23	43,787,130.78	31/03/2019	54,012,650.36	16,203,795.11	-	-
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	-	-
30/09/2016	1,874,821.59	17,274,833.75	57,582,779.17	30/09/2019	61,400,261.17	18,420,078.35	-	-
31/12/2016	1,320,457.44	18,595,291.19	61,984,303.97	31/12/2019	66,415,285.15	19,924,585.55	-	-
31/03/2017	1,313,143.16	19,908,434.35	66,361,447.83	31/03/2020	76,190,083.40	22,857,025.02	-	-
30/06/2017	2,045,445.56	21,953,879.91	73,179,599.70	30/06/2020	78,748,340.69	23,624,502.21	-	-
30/09/2017	1,779,600.43	23,733,480.34	79,111,601.13	30/09/2020	84,496,495.72	25,348,948.72	-	-
31/12/2017	2,229,968.03	25,963,448.37	86,544,827.90	31/12/2020			614,499.65	2,048,332.18
31/03/2018	646,869.52	26,610,317.89	88,701,059.63	31/03/2021			1,261,369.17	4,204,563.91
30/06/2018	1,556,719.56	28,167,037.45	93,890,124.83	30/06/2021			2,818,088.73	9,393,629.11
30/09/2018	557,803.20	28,724,840.65	95,749,468.83	30/09/2021			3,375,891.93	11,252,973.11
31/12/2018	1,210,892.84	29,935,733.49	99,785,778.30	30/12/2021			4,586,784.77	15,289,282.58
31/03/2019	209,910.09	30,145,643.58	100,485,478.60	31/03/2022			4,796,694.86	15,988,982.88
30/06/2019	1,408,403.81	31,554,047.39	105,180,157.97	30/06/2022			6,205,098.67	20,683,662.24
30/09/2019	711,247.45	32,265,294.84	107,550,982.80	30/09/2022			6,916,346.12	23,054,487.08
31/12/2019	317,598.07	32,582,892.91	108,609,643.03	30/12/2022			7,233,944.19	24,113,147.31
31/03/2020	908,642.82	33,491,535.73	111,638,452.43	31/03/2023			8,142,587.01	27,141,956.71
30/06/2020	544,986.29	34,036,522.02	113,455,073.40	30/06/2023			8,687,573.30	28,958,577.68
30/09/2020	0	34,036,522.02	113,455,073.40	30/09/2023			8,687,573.30	28,958,577.68

New Build Investment Cashflow

Appendix H

New Build / Re-Development Scheme	2020/21 £'0000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
New Build / Acquisition / Re-Development Cash Expenditure										
Anstey Way	100	0	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites (Nuns & Cameron / Wiles / Teddar)	15	490	0	0	0	0	0	0	0	0
Kendal Way	5	490	0	0	0	0	0	0	0	0
Queensmeadow	28	0	0	0	0	0	0	0	0	0
Wulfstan Way	289	0	0	0	0	0	0	0	0	0
Akeman Street	2,566	68	0	0	0	0	0	0	0	0
Ventress Close	1,479	0	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	113	0	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	8,899	2,747	0	0	0	0	0	0	0	0
Gunhild Way	129	0	0	0	0	0	0	0	0	0
Markham Close	116	0	0	0	0	0	0	0	0	0
Cromwell Road	3,503	3,791	3,263	198	0	0	0	0	0	0
Kingsway Clinic Conversion	165	310	0	0	0	0	0	0	0	0
Colville Road	3,867	7,425	2,064	0	0	0	0	0	0	0
Meadows and Buchan Street	1,733	8,000	8,000	7,000	1,900	0	0	0	0	0
Clerk Maxwell Road	604	2,343	100	0	0	0	0	0	0	0
Campkin Road	4,700	6,381	6,341	0	0	0	0	0	0	0
L2	400	3,540	2,267	0	0	0	0	0	0	0
Colville Road III	600	2,522	5,043	2,939	0	0	0	0	0	0
Histon Road	151	832	530	0	0	0	0	0	0	0
Fen Road	100	1,779	1,779	0	0	0	0	0	0	0
Ditton Walk	100	909	909	0	0	0	0	0	0	0
Aragon Close	100	875	875	0	0	0	0	0	0	0

New Build / Re-Development Scheme	2020/21 £'0000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Sackville Close	100	875	875	0	0	0	0	0	0	0
Borrowdale	100	388	387	0	0	0	0	0	0	0
Rough Sleeper Acquisitions	1,901	0	0	0	0	0	0	0	0	0
Keepmoat Defect Management	28	0	0	0	0	0	0	0	0	0
Acquisition or New Build (Unallocated)	2,482	0	0	0	0	0	0	0	0	0
1,000 New Build Programme	500	2,000	48,064	63,236	65,758	65,758	65,758	65,758	65,758	65,758
Total New Build/ Re-Development Expenditure	34,873	45,765	80,497	73,373	67,658	65,758	65,758	65,758	65,758	65,758
New Build Devolution Grant Funding / MHCLG Rough Sleeper Next Steps Grant Funding										
Anstey Way	(36)	0	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites	(11)	(343)	0	0	0	0	0	0	0	0
Kendal Way	(3)	(343)	0	0	0	0	0	0	0	0
Queensmeadow	(20)	0	0	0	0	0	0	0	0	0
Wulfstan Way	(202)	0	0	0	0	0	0	0	0	0
Akeman Street	(1,191)	(12)	0	0	0	0	0	0	0	0
Ventress Close	(876)	0	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	(79)	0	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	(6,229)	(1,923)	0	0	0	0	0	0	0	0
Gunhild Way	(90)	0	0	0	0	0	0	0	0	0
Markham Close	(81)	0	0	0	0	0	0	0	0	0
Cromwell Road	(2,452)	(2,654)	(2,284)	(139)	0	0	0	0	0	0
Kingsway Clinic Conversion	(116)	(217)	0	0	0	0	0	0	0	0
Colville Road	(1,580)	(3,646)	(1,014)	0	0	0	0	0	0	0
Meadows and Buchan Street	(1,213)	(5,600)	(5,600)	(434)	0	0	0	0	0	0
Clerk Maxwell Road	(423)	(1,640)	(70)	0	0	0	0	0	0	0
Fen Road	0	(420)	(420)	0	0	0	0	0	0	0
Ditton Walk	0	(210)	(210)	0	0	0	0	0	0	0
Aragon Close	0	(245)	(245)	0	0	0	0	0	0	0

New Build / Re-Development Scheme	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£'0000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sackville Close	0	(245)	(245)	0	0	0	0	0	0	0
Borrowdale	0	(105)	(105)	0	0	0	0	0	0	0
Rough Sleeper Acquisitions	0	0	0	0	0	0	0	0	0	0
1,000 New Build Programme	0	0	(6,593)	(9,043)	(9,043)	(9,043)	(9,043)	(9,043)	(9,043)	(9,043)
Total New Build / Re-Development Funding	(14,603)	(17,603)	(16,785)	(9,616)	(9,043)	(9,043)	(9,043)	(9,043)	(9,043)	(9,043)
Use of Retained Right to Buy Funding										
Anstey Way	(16)	0	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites	(5)	(147)	0	0	0	0	0	0	0	0
Kendal Way	(2)	(147)	0	0	0	0	0	0	0	0
Queensmeadow	(8)	0	0	0	0	0	0	0	0	0
Wulfstan Way	(87)	0	0	0	0	0	0	0	0	0
Akeman Street	(511)	(5)	0	0	0	0	0	0	0	0
Ventress Close	(375)	0	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	(34)	0	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	(2,670)	(824)	0	0	0	0	0	0	0	0
Gunhild Way	(39)	0	0	0	0	0	0	0	0	0
Markham Close	(35)	0	0	0	0	0	0	0	0	0
Cromwell Road	(350)	(379)	(327)	(20)	0	0	0	0	0	0
Kingsway Clinic Conversion	(49)	(93)	0	0	0	0	0	0	0	0
Colville Road	(678)	(1,563)	(434)	0	0	0	0	0	0	0
Meadows and Buchan Street	(519)	(264)	(72)	(945)	(57)	0	0	0	0	0
Clerk Maxwell Road	(181)	(703)	(30)	0	0	0	0	0	0	0
Campkin Road	(629)	(1,276)	(1,268)	0	0	0	0	0	0	0
L2	(40)	(354)	(227)	0	0	0	0	0	0	0
Colville Road III	(69)	(293)	(585)	(341)	0	0	0	0	0	0
Histon Road	(15)	(83)	(53)	0	0	0	0	0	0	0

Acquisition or New Build (Unallocated)	(390)	0	0	0	0	0	0	0	0	0
1,000 New Build Programme	0	0	0	(2,400)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)
Total Use of Retained Right to Buy Funding	(6,702)	(6,131)	(2,996)	(3,706)	(2,857)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)
Total to be funded from HRA Resources (DRF & MRR) and Sales Receipts	13,567	22,031	8,614	25,264	23,815	23,419	26,047	25,237	22,776	17,992
Total HRA Borrowing	0	0	52,101	34,788	31,943	30,496	27,868	28,678	31,139	35,923

Key Sensitivity Analysis

Appendix I

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
Rents Inflation	CPI plus 1% for 4 further years from 2021/22, followed by CPI plus 0.5%	Although confirmed by government, for the next 4 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 £96 million during the life of the plan and the resource available for debt redemption at the end of the business is £50 million lower, with the need to re-finance earlier loans in the portfolio.
Direct Payments (Universal Credit)	Bad Debts at 1.5% (4.5% for 2020/21 due to coronavirus)	Evidence from the pilot authorities for direct payment indicated that collection rates may fall from 99% to 95%. Assume bad debts at 5% from 2021/22.	Borrowing increases by £69 million during the life of the plan and the resource available for debt redemption at the end of the business plan is £25 million lower, with the need to re-finance earlier loans in the portfolio.
Cost of HRA New Build 1,000 Programme	Homes England Grant assumed for both rented (£70,000) and shared ownership (£28,000) homes	Assume that the authority fails to secure Homes England Grant to support the delivery of 1,200 council rented and 233 shared ownership homes	Borrowing increases by £147 million during the life of the plan and the resource available for debt redemption at the end of the business plan is £38 million lower, with the need to re-finance earlier loans in the portfolio.

HRA Summary 2020/21 to 2025/26

Appendix J

Description	2020/21 £0	2021/22 £0	2022/23 £0	2023/24 £0	2024/25 £0	2025/26 £0
Income						
Rental Income (Dwellings)	(38,006,650)	(39,077,680)	(41,765,880)	(44,898,390)	(46,694,000)	(48,676,510)
Rental Income (Other)	(1,256,680)	(1,301,130)	(1,327,150)	(1,353,700)	(1,380,770)	(1,408,380)
Service Charges	(3,028,520)	(3,085,630)	(3,142,760)	(3,201,040)	(3,260,480)	(3,321,110)
Contribution towards Expenditure	(658,690)	(667,770)	(681,120)	(694,750)	(708,640)	(722,820)
Other Income	(460,530)	(458,110)	(466,540)	(475,870)	(485,390)	(495,090)
Total Income	(43,411,070)	(44,590,320)	(47,383,450)	(50,623,750)	(52,529,280)	(54,623,910)
Expenditure						
Supervision & Management - General	3,928,910	4,023,820	4,068,310	4,251,400	4,394,880	4,541,150
Supervision & Management - Special	3,153,450	3,238,530	3,263,930	3,343,350	3,424,850	3,508,500
Repairs & Maintenance	8,147,100	8,475,110	8,367,110	8,666,020	8,945,410	9,310,770
Depreciation - t/f to Major Repairs Res.	10,636,970	10,792,810	11,174,660	11,831,340	12,285,780	12,645,760
Debt Management Expenditure	0	0	0	0	0	0
Other Expenditure	5,277,990	3,916,400	4,072,610	4,239,470	4,390,450	4,548,550
Total Expenditure	31,144,420	30,446,670	30,946,620	32,331,580	33,441,370	34,554,730
Net Cost of HRA Services	(12,266,650)	(14,143,650)	(16,436,830)	(18,292,170)	(19,087,910)	(20,069,180)
HRA Share of operating income and expenditure included in Whole Authority I&E Account						
Interest Receivable	(375,370)	(230,750)	(129,600)	(113,440)	(114,410)	(117,700)
HRA (Surplus) / Deficit for the Year	(12,642,020)	(14,374,400)	(16,566,430)	(18,405,610)	(19,202,320)	(20,186,880)
Items not in the HRA Income and Expenditure Account but in the movement on HRA balance						
Loan Interest	7,452,250	7,471,700	7,926,700	8,743,940	9,359,490	9,934,050
Housing Set Aside	(3,905,000)	(5,858,000)	(4,941,510)	0	0	0

Appropriation from Ear-Marked Reserve	0	0	0	0	0	0
Direct Revenue Financing of Capital	15,078,520	19,133,030	13,512,170	9,487,440	9,869,190	10,207,680
(Surplus) / Deficit for Year	5,983,750	6,372,330	(69,070)	(174,230)	26,360	(45,150)
Balance b/f	(15,478,891)	(9,495,141)	(3,122,811)	(3,191,881)	(3,366,111)	(3,339,751)
Total Balance c/f	(9,495,141)	(3,122,811)	(3,191,881)	(3,366,111)	(3,339,751)	(3,384,901)

Housing Capital Investment Plan

Appendix K

Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend										
Disabled Facilities Grants	935	707	707	707	707	707	707	707	707	707
Private Sector Housing Grants and Loans	195	195	195	195	195	195	195	195	195	195
Hill POD Homes	140	0	0	0	0	0	0	0	0	0
Total General Fund Housing Capital Spend	1,270	902								
HRA Capital Spend										
Decent Homes										
Kitchens	682	303	466	621	753	1,136	747	1,474	1,367	1,799
Bathrooms	1,049	188	47	158	650	653	146	67	363	1,222
Central Heating / Boilers	1,888	2,816	2,050	2,525	2,675	1,902	2,129	2,315	1,685	3,711
Insulation / Energy Efficiency / Wall Finishes	1,384	891	807	676	519	420	970	181	1,184	807
Energy Efficiency Pilot / Retrofit	500	1,000	1,000	0	0	0	0	0	0	0
External Doors	270	52	72	20	58	52	75	57	58	162
PVCU Windows	689	467	241	855	538	1,062	380	328	1,111	776
Wall Structure	2,567	2,708	6	19	2	250	94	505	681	1,057
External Painting	357	357	357	357	357	357	357	357	357	357
Roof Structure	300	300	300	300	300	300	300	300	300	300
Roof Covering	869	1,106	200	690	1,918	1,647	994	1,058	935	398
Chimneys	2	0	0	2	2	0	0	0	7	0
Electrical / Wiring	296	274	445	388	483	209	266	4	19	559
Sulphate Attacks	102	102	102	102	102	102	102	102	102	102
HHSRS Contingency	457	100	100	100	100	100	100	100	100	100

Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other Health and Safety Works	90	50	50	50	50	50	50	50	50	50
Capitalised Officer Fees - Decent Homes	330	330	330	330	330	330	330	330	330	330
Decent Homes Backlog	0	4,716	4,716	4,716	4,716	4,716	3,811	3,811	3,811	3,811
Decent Homes Planned Maintenance Contractor Overheads	1,308	1,096	576	754	936	906	738	759	915	1,254
Decent Homes New Build Allocation	0	975	1,184	1,546	1,843	2,151	2,469	2,800	3,142	3,795
Total Decent Homes	13,140	17,831	13,049	14,209	16,332	16,343	14,058	14,598	16,517	20,590
Other Spend on HRA Stock										
Garage Improvements	100	100	100	100	100	100	100	100	100	100
Asbestos Removal	50	50	50	50	50	50	50	50	50	50
Disabled Adaptations	808	808	808	808	808	808	808	808	808	808
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	329	71	76	136	71	140	71	73	185	161
Fire Prevention / Fire Safety Works	954	300	50	50	50	50	50	50	50	50
Hard surfacing on HRA Land - Health and Safety Works	225	225	225	225	225	225	225	225	225	225
Communal Areas Floor Coverings	100	100	100	100	100	100	100	100	100	100
Lifts and Door Entry Systems	231	9	0	38	28	75	0	0	40	40
Estate Investment Scheme	1,238	970	1,000	806	0	0	0	0	0	0
Capitalised Officer Fees - Other HRA Stock Spend	114	114	114	114	114	114	114	114	114	114
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	344	183	182	193	185	197	182	182	199	196
Total Other Spend on HRA stock	4,743	3,180	2,955	2,870	1,981	2,109	1,950	1,952	2,121	2,094

Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HRA New Build / Re-Development										
Anstey Way	100	0	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites (Nuns & Cameron / Wiles / Teddar)	15	490	0	0	0	0	0	0	0	0
Kendal Way	5	490	0	0	0	0	0	0	0	0
Queensmeadow	28	0	0	0	0	0	0	0	0	0
Wulfstan Way	289	0	0	0	0	0	0	0	0	0
Akeman Street	2,566	68	0	0	0	0	0	0	0	0
Ventress Close	1,479	0	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	113	0	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	8,899	2,747	0	0	0	0	0	0	0	0
Gunhild Way	129	0	0	0	0	0	0	0	0	0
Markham Close	116	0	0	0	0	0	0	0	0	0
Cromwell Road	3,503	3,791	3,263	198	0	0	0	0	0	0
Kingsway Clinic Conversion	165	310	0	0	0	0	0	0	0	0
Colville Road Phase II	3,867	7,425	2,064	0	0	0	0	0	0	0
Meadows and Buchan Street	1,733	8,000	8,000	7,000	1,900	0	0	0	0	0
Clerk Maxwell Road	604	2,343	100	0	0	0	0	0	0	0
Campkin Road	4,700	6,381	6,341	0	0	0	0	0	0	0
L2	400	3,540	2,267	0	0	0	0	0	0	0
Colville Road Phase III	600	2,522	5,043	2,939	0	0	0	0	0	0
Histon Road	151	832	530	0	0	0	0	0	0	0
Fen Road	100	1,779	1,779	0	0	0	0	0	0	0
Ditton Walk	100	909	909	0	0	0	0	0	0	0

Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Aragon Close	100	875	875	0	0	0	0	0	0	0
Sackville Close	100	875	875	0	0	0	0	0	0	0
Borrowdale	100	388	387	0	0	0	0	0	0	0
Rough Sleeper Acquisitions	1,901	0	0	0	0	0	0	0	0	0
Keepmoat Defect Management (10 Schemes)	28	0	0	0	0	0	0	0	0	0
Acquisition or New Build (Unallocated)	2,482	0	0	0	0	0	0	0	0	0
1,000 New Build Programme	500	2,000	48,064	63,236	65,758	65,758	65,758	65,758	65,758	65,758
Total HRA New Build	34,873	45,765	80,497	73,373	67,658	65,758	65,758	65,758	65,758	65,758
Sheltered Housing Capital Investment										
Ditchburn Place	15	0	0	0	0	0	0	0	0	0
Total Sheltered Housing Capital Investment	15	0								
Other HRA Capital Spend										
Orchard Replacement / Mobile Working	422	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	752	330								
Total HRA Capital Spend	53,523	67,106	96,831	90,782	86,301	84,540	82,096	82,638	84,726	88,772
Total Housing Capital Spend at Base Year Prices	54,793	68,008	97,733	91,684	87,203	85,442	82,998	83,540	85,628	89,674
Inflation Allowance and Stock Reduction Adjustment for Future Years	266	739	1,066	1,410	3,085	4,677	6,067	7,761	9,684	11,954
Total Inflated Housing Capital Spend	55,059	68,747	98,799	93,094	90,288	90,119	89,065	91,301	95,312	101,628

Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing Capital Resources										
Right to Buy Receipts	(405)	(478)	(483)	(483)	(483)	(483)	(483)	(483)	(513)	(518)
Other Capital Receipts (Land / Dwellings)	0	0	0	0	0	0	0	0	0	0
Major Repairs Reserve	(7,860)	(22,630)	(11,915)	(11,832)	(12,286)	(12,645)	(13,016)	(13,394)	(13,784)	(14,183)
Direct Revenue Financing of Capital	(15,079)	(19,133)	(13,512)	(9,487)	(9,869)	(10,208)	(10,762)	(11,147)	(11,601)	(12,040)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(2,334)	(300)	(300)	(22,475)	(23,100)	(23,737)	(24,386)	(25,049)	(25,725)	(26,414)
Devolution Grant	(14,603)	(17,603)	(16,785)	(9,616)	(9,043)	(9,043)	(9,043)	(9,043)	(9,043)	(9,043)
Retained Right to Buy Receipts	(6,702)	(6,131)	(2,996)	(3,706)	(2,857)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)
Disabled Facilities Grant	(651)	(707)	(707)	(707)	(707)	(707)	(707)	(707)	(707)	(707)
Prudential Borrowing	0	0	(52,101)	(34,788)	(31,943)	(30,496)	(27,868)	(28,678)	(31,139)	(35,923)
Total Housing Capital Resources	(47,634)	(66,982)	(98,799)	(93,094)	(90,288)	(90,119)	(89,065)	(91,301)	(95,312)	(101,628)
Net (Surplus) / Deficit of Resources	7,425	1,765	0	0	0	0	0	0	0	0
Capital Balances b/f	(10,006)	(2,581)	(816)							
Use of / (Contribution to) Balances in Year	7,425	1,765	0	0	0	0	0	0	0	0
Capital Balances c/f	(2,581)	(816)								
Other Capital Balances (Opening Balance 1/4/2020)										

Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Repairs Reserve	(9,801)	Utilised in future years to fund investment in the housing stock								
Retained 1-4-1 Right to Buy Receipts	(10,635)	Utilised between 2020/21 and 2021/22 above								
Right to Buy Receipts for Debt Redemption	(9,856)	Retained for future debt repayment								
Total Other Capital Balances	(30,292)									

Equalities Impact Assessment Appendix L



Cambridge City Council Equality Impact Assessment (EqIA)

This tool helps the Council ensure that we fulfil legal obligations of the [Public Sector Equality Duty](#) to have due regard to the need to –

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Guidance on how to complete this tool can be found on the Cambridge City Council intranet. For specific questions on the tool email Helen Crowther, Equality and Anti-Poverty Officer at equalities@cambridge.gov.uk or phone 01223 457046. Once you have drafted the EqIA please send this to equalities@cambridge.gov.uk for checking. For advice on consulting on equality impacts, please contact Graham Saint, Strategy Officer, (graham.saint@cambridge.gov.uk or 01223 457044).

1. Title of strategy, policy, plan, project, contract or major change to your service:

Housing Revenue Account Budget 2021/22.

2. Webpage link to full details of the strategy, policy, plan, project, contract or major change to your service (if available)

Documents will be published here:

<https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=116&MId=3781>

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

This EqIA considers equality impacts of budget proposals that form part of the HRA Budget Setting Report that is presented to Housing Scrutiny Committee.

An EqIA is undertaken on the proposals in order to enable the City Council to set a balanced Housing Revenue Account budget for 2021/22 that reflects the Council's vision and takes into account councillors' priorities in its proposals for achieving the efficiency savings required to allow the strategic reinvestment of resource into new areas.

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

This EqIA assesses the equality impacts of the Housing Revenue Account element of the City Council's budget.

An EqIA has been completed for budget proposals that are likely to result in significant service changes. This EqIA sets out the material information attached to individual budget bids. Some bids or savings identify very small or neutral impacts and therefore have not been included.

This approach is intended to ensure that in making decisions on the Budget, the Council is discharging its Public Sector Equality Duty under the Equality Act 2010.

The 2021/22 budget bid and saving proposals that are considered as part of this impact assessment are:

- Closure of cashiering service
- Extension of Decant and Re-Housing Officer in the Housing Development Agency to support securing vacant possession of HRA redevelopment sites
- Extension of Financial Inclusion Officer post (reduced HRA share)
- Reduction in Resident Involvement expenditure
- Accelerate electrical hardwire testing programme to every 5 years from 10 years
- Review and restructure of Customer Services (HRA share)
- Reduction in costs following transfer of care services at Ditchburn Place to an external provider
- Reduction in maintenance costs for housing street lighting
- Reduction in rent income due to the rate of inflation at September 2020

4. Responsible Service

The Finance service manages the budget process, but a range of Council Services are responsible for the individual bid proposals included in this EqIA.

5. Who will be affected by this strategy, policy, plan, project, contract or major change to your service? (Please tick those that apply)

- Residents of Cambridge City
- Visitors to Cambridge City
- Staff

Please state any specific client group or groups (e.g. City Council tenants, tourists, people who work in the city but do not live here): City Council tenants and leaseholders

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

Each of the proposals identified will change the level of service to be delivered.

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

Yes: This is an assessment of the Council's Housing Revenue Account budget proposals and therefore covers all of our landlord related services, and as such will involve multiple council departments.

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

The HRA Budget Setting Report considers revenue budget bid proposals at the meeting of Housing Scrutiny Committee on 19th January 2021 and capital bids at Council on 25th February 2021:

<https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=116&MId=3781>

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

This information is based on feedback from Council Officers that lead on the individual Budget Bid proposals and any EqlA's they have produced.

10. Potential impacts

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

(a) Age

Closure of housing cashiering service

This proposal would see the permanent closure of the cashiers and reception at 171 Arbury Road, following its temporary closure from March 2020. This proposal relates to the fact that the Council has invested significantly in technology over the last two years to replace a number of legacy back-office IT systems and to integrate these with a single, self-service online access point, the "My Cambridge customer portal", which sits alongside the existing website. Older customers lacking in robust support networks and who live within a reasonable range of the Arbury Road office may be disadvantaged by the closure of cashiers and reception and the move to digitised access to support, as they are more likely to be digitally excluded, which can relate to the issue of lack of digital skills that increases with age.

However, as Public Health guidelines around social distancing relax, City Homes' Housing Officers will have a greater presence within neighbourhoods to engage with tenants and give them the capacity to focus more on their 'patch areas'. If tenants are not able to register and sign into our Customer Portal where they need to Housing Officer's would re-direct them to the Customer Service Centre or the City Homes Income Management Team. With regards to support from the Customer Service Contact Centre, older customers can seek support with making digital payments from Mandela House that shall be providing assisted digital support, including carrying out a transaction on a customer's behalf where appropriate or navigating customers through online systems. There will be proactive communications to ensure customers understand the changes and how they can access assistance if needed.

Extension of Decant and Re-Housing Officer in the Housing Development Agency to support securing vacant possession of HRA redevelopment sites

HRA redevelopment sites are focussed on areas where the existing provision is in poor condition, where there are identified housing management issues, and where increased density can be achieved on a site. Where density can be significantly increased, there can be bungalows as part of the existing site make-up, which are often let to older residents. As part of any consultation and any subsequent redevelopment of a site, officers work proactively with all residents to ensure that they are supported in finding suitable alternative accommodation that meets their needs fully. Every effort is made to support older, long-term residents in finding accommodation which means that they can stay connected to their community, and this post will contribute to this. The officer will utilise the existing allocations and lettings system to ensure a fair system for all, whilst taking account of any special considerations for each household.

Extension of Financial Inclusion Officer post (Housing Revenue Account share)

This bid is to increase the capacity of the Financial Inclusion Officer to support and provide hands-on assistance in helping people affected by welfare reforms (working age people) to maximise their income, reduce their costs and explore options for improving their lives going forward. The Financial Inclusion Officer works with all age groups but has some particularly complex cases of single parents, mostly female, with young children who struggle to access work due to childcare issues. Strong links have been made with Cambridge Housing Society Employment Advisor and successes have been made getting single parents closer to the workforce and into employment.

(a) Age

Reduction in Resident Involvement expenditure

The cost of Open Door is reducing as more tenants and leaseholders receive the communication on-line. Based upon reduced activity over the last few years, a reduction in general resident involvement investment is proposed. This has the potential to impact older people particularly, who have historically been those most engaged with the council in this regard, with retired residents often having more time to volunteer for, or engage in, resident activities. We will continue to liaise with our elected tenant and leaseholder representatives to monitor any impact of these changes.

Review and restructure of Customer Services (HRA share)

This bid would be to implement a restructure of Customer Services including introduction of new digital self-service channels, enhanced assisted self-service provision, a new (cashless) face to face model, and improved service quality.

In relation to customers, the move to an appointment only service at Mandela House will have a positive impact on people who are digitally competent, especially likely to be younger people as on-line options are developed. These options should result in quicker response times/results for customers. Younger customers identifying as vulnerable or with complex needs could benefit from new arrangements as staff are trained and empowered to identify these groups and provide appropriate and tailored assistance. Older customers may be disadvantaged, as they are more likely to be digitally excluded. A large reason for older people's digital exclusion is lack of digital skills, and the issue increased with age. However, assisted digital arrangements will ensure that customers are able to access services effectively: including carrying out a transaction on a customer's behalf where appropriate or navigating council services. Feedback from advisors taking face to face payments is that some older people are used to making payments or making applications with assistance by dropping into Mandela House. There will be proactive communications to ensure customers understand the changes and how they can access assistance if needed. Customers known to cashiers will be contacted pro-actively to be offered help too.

Customer Services employs 43 staff between the ages of 24 and 63 and most are aged between 30 to 39 (16 people) and the second most common age group is 40 to 49. There are 11 people aged between 50 and 69. Older staff in customer services may be adversely affected due to lack of digital skills as the service moves towards 'assisted digital' provision, however training will be provided for all staff before service implementation and any further impact monitored through ongoing supervision. In addition, older staff may be adversely affected in relation to further job and retraining opportunities if facing redundancy. Support will be planned and provided throughout staff consultation and employment opportunities through the redeployment pool.

(a) Age

Reduction in Resident Involvement expenditure

The cost of Open Door is reducing as more tenants and leaseholders receive the communication on-line. Based upon reduced activity over the last few years, a reduction in general resident involvement investment is proposed. This has the potential to impact older people particularly, who have historically been those most engaged with the council in this regard, with retired residents often having more time to volunteer for, or engage in, resident activities. We will continue to liaise with our elected tenant and leaseholder representatives to monitor any impact of these changes.

Reduction in costs following transfer of care services at Ditchburn Place to an external provider

Care services for older people were transferred to an external provider in 2019/20. The saving proposed in the 2021/22 budget process recognises changes made to the landlord services that have been retained, with caretaking and cleaning functions now provided during the day, as opposed to at night, ensuring that residents can interact with staff to discuss service levels and specific cleaning requirements. The number of hours that the Service Manager works has been reduced, but the external care provider has management capacity in place of this.

The transfer of Extra Care Services under a reduced funding envelope from the County may have an adverse impact on older residents and those with disabilities requiring extra care services, but this is within the control of the County Council, who will have considered the impacts before arriving at their decision.

Reduction in maintenance costs for housing street lighting

A programme to replace older, failing street lighting, with modern LED equivalents, will not only reduce ongoing maintenance costs, but will also reduce the likelihood of failure resulting in better quality lighting which will particularly benefit older residents who may have visual impairments or mobility issues that can make them at greater risk of trips and falls.

(a) Disability

Closure of housing cashiering service

Some disabled customers might be disadvantaged from the closure of cashier service and reception, and the associated increased move to online channels to seek support. Disabled people are more likely to be digitally excluded because they may lack equipment adapted to meet their needs and are more likely than non-disabled people to have insufficient skills to use the internet.

There are plans for City Homes' Housing Officers to have a greater presence within neighbourhoods to engage with tenants and give them the capacity to focus more on their 'patch areas'. If tenants are not able to register and sign into our Customer Portal where they need to Housing Officer's would re-direct them to the Customer Service Centre or the City Homes Income Management team. With regards to support from the Customer Service Contact Centre, disabled customers can seek support with making digital payments from Mandela House that shall be providing assisted digital support, including carrying out a transaction on a customer's behalf where appropriate or navigating customers through online systems. There will be proactive communications to ensure customers understand the changes and how they can access assistance if needed.

Extension of Decant and Re-Housing Officer in the Housing Development Agency to support securing vacant possession of HRA redevelopment sites

HRA redevelopment sites are focussed on areas where the existing provision is in poor condition, where there are identified housing management issues, and where increased density can be achieved on a site.

Where density can be significantly increased, there can be bungalows as part of the existing site make-up, which are often let to disabled residents. As part of any consultation and any subsequent redevelopment of a site, officers work proactively with all residents to ensure that they are supported in finding suitable alternative accommodation that meets their needs fully. Every effort is made to support disabled residents in finding accommodation which means that they can stay connected to their community, and this post will contribute to this. The officer will utilise the existing allocations and lettings system to ensure a fair system for all, whilst taking account of any special considerations for each household. This officer can also work alongside the Disabled Adaptations Officer to help identify and meet specific needs.

Extension of Financial Inclusion Officer post (Housing Revenue Account share)

The Financial Inclusion Officer would have increased capacity to assist people with claiming disability benefits, explain potential impacts when receiving additional benefits and can offer support if applications fail and an appeal needs to be made. UK statistics indicate that disabled adults in working-age families are more likely to be in poverty because they are more likely to be out of work or in low-paid employment.

(b) Disability

Review and restructure of Customer Services (HRA share)

Disabled people as a group are more likely to be digitally excluded and a main reason for this can be lack of access to equipment adapted to meet their needs that can impact also on their development of sufficient skills to use the internet. However, people with mobility impairments who are not digitally excluded might benefit from digital options providing quicker resolutions to enquiries and service requests, as they are not required to travel to have their query resolved. Also, an enhanced 'assisted digital' service, triage arrangements and vulnerability/complex needs framework will ensure that customers requiring assistance can be identified and staff shall be trained to provide tailored assistance. The impacts will be different for specific characteristics within this group: for example, people with learning disabilities that may need support to navigate multiple services will be assisted by an advisor through an appointment.

In relation to impacts on staff, change and uncertainty around job security can detrimentally impact on staff members' mental health. Managers will alert staff to means they can access including the PAM Assist Employee Programme for support with mental health and a range of other personal issues. Reasonable adjustments will be made for staff with disabilities or long-term illnesses will be made to ensure needs are met.

Reduction in costs following transfer of care services at Ditchburn Place to an external provider

Care services for older people, including those with a disability, were transferred to an external provider in 2019/20. The saving proposed in the 2021/22 budget process recognises changes made to the landlord services that have been retained, with caretaking and cleaning functions now provided during the day, as opposed to at night, ensuring that residents can interact with staff to discuss service levels and specific cleaning requirements. The number of hours that the Service Manager works has been reduced, but the external care provider has management capacity in place of this.

The transfer of Extra Care Services under a reduced funding envelope from the County may have an adverse impact on older residents and those with disabilities requiring extra care services, but this is within the control of the County Council, who will have considered the impacts before arriving at their decision.

Reduction in maintenance costs for housing street lighting

A programme to replace older, failing street lighting, with modern LED equivalents, will not only reduce ongoing maintenance costs, but will also reduce the likelihood of failure resulting in better quality lighting which will particularly benefit disabled residents who may have mobility issues or visual impairments.

(c) Gender reassignment

No specific impact for this protected characteristic group.

(d) Marriage and civil partnership

No specific impact for this protected characteristic group.

(e) Pregnancy and maternity

Extension of Decant and Re-Housing Officer in the Housing Development Agency to support securing vacant possession of HRA redevelopment sites

As part of any consultation and any subsequent redevelopment of a site, officers work proactively with all residents to ensure that they are supported in finding suitable alternative accommodation that meets their needs fully. Every effort is made to support pregnant residents, or those on maternity leave, in finding accommodation which means that they can stay connected to their community, schools and support network, and this post will contribute to this. The officer will utilise the existing allocations and lettings system to ensure a fair system for all, whilst taking account of any special considerations for each household.

Extension of Financial Inclusion Officer post (Housing Revenue Account share)

Extending the capacity of the Financial Inclusion Officer may particularly benefit lone parent families by ensuring they receive benefits they are entitled to and in providing budgeting and debt advice. Pregnancy and maternity can be a financially difficult time for some families, particularly for lone parent families. Until a baby is born, it is not included in the household for the purposes of additional financial support. Research in June by The Joseph Rowntree Foundation and Save the Children found that 86% of those with children on Universal Credit or Child Tax Credits have faced extra household costs owing to the pandemic and half were then behind on essential bills and rent. According to latest UK figures, 24% of lone parent households are likely to experience poverty.

(f) Race

Extension of Financial Inclusion Officer post (Housing Revenue Account share)

It is likely that the increase in hours for this post will especially be of benefit to ethnic minority groups who may be more likely to experience poverty, and so benefit from support to identify benefit entitlement or to manage their money. UK statistics find that Bangladeshi and Pakistani families have experienced much greater rates of poverty than all other ethnic groups. Poverty rates are higher among all ethnic minority groups compared with those among White British people.

Review and restructure of Customer Services (HRA share)

Where English is not their first language people may be negatively impacted from a move to increasingly digitised services and removal of a face to face drop-in service. Face to face contact with a customer with language barriers upon first contact can often help us determine what their main language is (e.g. by using a language chart) so we can arrange telephone interpretation to help us during the face-to-face meeting to more quickly support someone. Nevertheless, the enhanced triage arrangements, assisted digital and vulnerability/complex needs framework developed will ensure that customers requiring assistance can be identified so the council can continue to use its interpretation/ translation service effectively to support customers with language barriers.

Reduction in maintenance costs for housing street lighting

A programme to replace older, failing street lighting, with modern LED equivalents, will not only reduce ongoing maintenance costs, but will also reduce the likelihood of failure resulting in better quality lighting which may help to reduce race related crime.

(g) Religion or belief

No specific impact for this protected characteristic group.

(h) Sex

Extension of Financial Inclusion Officer post (Housing Revenue Account share)

Women are more likely to be single parents than men. By providing access to financial support to this group at an early point, outcomes are often more positive and longer lasting.

(i) Sexual Orientation

No specific impact for this protected characteristic group.

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

Closure of housing cashiering service

People on a low income may be negatively impacted by the closure of the cashiers and reception at 171 Arbury Road service. This could be due to lack of funds to access a computer or other device and/or internet access.

There are plans for City Homes' Housing Officers to have a greater presence within neighbourhoods to engage with tenants and give them the capacity to focus more on their 'patch areas'. If tenants are not able to register and sign into our Customer Portal where they need to Housing Officers would re-direct them to the Customer Service Centre or the City Homes Income Management team. With regards to support from the Customer Service Contact Centre, the enhanced assisted digital arrangements including access to computers means staff can provide tailored assistance to this group from Mandela House. There will be proactive communications to ensure customers understand the changes and how they can access assistance if needed.

Finally, the council is in the process of creating a scheme for City Council tenants and leaseholders to loan out tablets which have pre-paid Wi-Fi connectivity for up to a max of 6 months. This is also to enable them to improve their economic situation through job hunting or access to benefits. Improving digital inclusion is a key priority of the council's Anti-Poverty Strategy.

Extension of Decant and Re-Housing Officer in the Housing Development Agency to support securing vacant possession of HRA redevelopment sites

This post will have a positive impact for a number of equality groups, as it provides dedicated resource to support those who are required to find alternative accommodation as part of an HRA site redevelopment. The postholder will ensure that each household has access to the available financial and practical support on offer. The officer will utilise the existing allocations and lettings system to ensure a fair system for all, whilst taking account of any special considerations for each household.

Extension of Financial Inclusion Officer post (Housing Revenue Account share)

The increase in hours of the Financial Inclusion Officer post would have a positive income on people on low incomes, by providing support and hands-on assistance in helping people affected by welfare reforms to maximise their income, reduce their costs and explore options for improving their lives going forward. The client group tends to be those on lowest incomes, the most vulnerable claimants and families with complex needs and often chaotic lifestyles.

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

Review and restructure of Customer Services (HRA share)

People on a low income may be negatively impacted following a removal of drop-ins for services and cash payments and increasingly digitised services. This could be due to lack of access to a computer or device and funds for internet access. However, the enhanced assisted digital arrangements including access to computers means staff can provide tailored assistance to this group. The council shall also continue to work with partners to improve access to the internet for people in poverty or on a low income as a key priority of its Anti-Poverty Strategy 2020 to 2023.

Reduction in rent income due to the rate of inflation at September 2020

The level of rent increase applicable from April 2021 is governed by the rate of inflation at September 2020. This was forecast to be 0.9%, which would result in rent increase of 1.9%, but was published on 21/10/2020 at 0.5%, which will result in a lower rent increase of 1.5%. This will be of benefit to all tenants, but particularly those on lower incomes, who do not benefit from Universal Credit to support payment of their housing costs.

11. Action plan

This EqIA provides an overall assessment of the equality impacts of budget proposals included in the Housing Revenue Account budget proposals presented to Housing Scrutiny Committee on 19th January 2021. Any mitigating actions identified as part of this EqIA will be addressed by the officer responsible for each bid or saving proposal.

12. Do you have any additional comments?

No additional comments.

13. Sign off

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

Julia Hovells, Assistant Head of Finance and Business Manager

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

- Helen Crowther, Equality and Anti-Poverty Officer
- Catherine Buckle, Business Development Manager
- Elissa Rospigliosi, Head of Transformation
- Lynn Thomas, Head of Housing Maintenance and Assets
- David Greening, Head of Housing
- Claire Flowers, Head of Housing Development Agency
- Alison Cole, Head of Revenues and Benefits

Date of EqIA sign off: 2/12/2020

Date of next review of the equalities impact assessment: This will be different for each project

Date to be published on Cambridge City Council website: EqIA will be published as part of the HRA Budget Setting Report presented to Housing Scrutiny Committee on 19th January 2021 and Council on 25th February 2021).