

Version 2  
HSC Final

# Housing Revenue Account Budget Setting Report 2023/24



January /  
February  
2023

Cambridge City Council

# Version Control

Version	for:	Anticipated Content
1	Draft	Draft content for consultation
2	Housing Scrutiny Committee 24 January 2023	<b>Member Scrutiny</b>  <b>Tenant and Leaseholder Representative Input</b>  <b>Amendments to Executive proposals</b>  <b>Opposition budget amendment proposals</b>  <b>Rents and Service Charges approved</b>  <b>Revenue budgets considered and approved</b>
3	Council Meeting 23 February 2023	The Executive Councillor for Housing's recommended final budget proposals  Capital budgets considered and approved
4	FINAL	Final version for publication following Council

# Contents

Section No.	Topic	Page No.
1	Introduction	4
2	Review of National and Local Policy and Context	8
3	Housing Revenue Account Resources	19
4	Housing Revenue Account Budget	32
5	Housing Capital Budget	37
6	HRA Treasury Management	55
7	Summary and Overview	58

# Appendices

Reference	Topic	Page No.
A	Business Planning Assumptions	64
B	Service Charges 2023/24	67
C	HRA Ear-Marked & Specific Funds	70
D (1)	HRA Budget – 2022/23 Mid-Year Revenue Budget Changes	71
D (2)	HRA Budget – All Revenue Items	72
D (3)	HRA Budget – All Capital Items	82
E	Housing Capital Budget Amendment Summary 2022/23 to 2026/27	83
F	Key Risk Analysis	85
G	Retained Right to Buy Receipts	88
H	New Build Cash-flow Investment Profile	89
I	Sensitivity Analysis	92
J	HRA Summary Forecast 2022/23 to 2027/28	93
K	Housing Capital Investment Plan – 2022/23 to 2031/32	95
L	HRA Budget Equalities Impact Assessment	101
M	Homes England Grant Audit Findings Report (CONFIDENTIAL)	107

# Section 1

## Introduction

### Foreword by the Executive Councillor

As reported in the Housing Revenue Account Medium Term Financial Strategy, the HRA continues to face significant financial challenges as a result of interest rate rises, the unexpected high rate of inflation, and the need to comply with changes to policy from central government.

We are also still living with the consequences of COVID, which has generated a backlog in our maintenance list that is taking time to deal with, especially as lead times for materials have increased.

Setting rent levels for our tenants is one of the most important elements of the budget process. While the maximum rise was capped at 7% following the government consultation process, we decided that a 5% increase struck the right balance to enable us to carry out vital programmes of work without making things too difficult for tenants. Around 60% of our over 7,000 tenants receive some form of help with their rent, and this may rise after the rent increase.

At this level of rent increase we will be able to make significant progress in improving the energy efficiency of any of our homes that are currently below C for their energy performance. We will have all 1,700 remaining homes improved to EPC 'C' by 2035 and as well as being important for our net zero plans, this will reduce energy bills for tenants.

We continue to invest in new housing stock and have 475 homes currently on site, with more planned. We have revised our Ten Year New Homes Programme because of the significant increase in borrowing costs and the worsening economic situation, while retaining our ambition to build one thousand new homes over a longer timescale.

As a social housing tenant myself, I appreciate the need for a good landlord who will respond quickly and carry out repairs properly first time, and we aim for this. I don't expect the landlord to do everything – a tenancy is a two-way thing – but we can help tenants understand what is needed of them.

This is really clear when it comes to damp, mould and condensation (DMC). Fewer than 1% of our properties have DMC issues, but we are anticipating an increase due to both increased energy costs and cost of living. Since spring, officers have been working on a programme of insulation improvements, including sensors to assess humidity and temperature, and as soon as someone complains of a case of damp, they jump on it.

DMC is often caused by real problems with the building, but it can be made worse by the way people use the space, for example covering air vents and turning off extractor fans. Where problems can be solved by changing behaviour, we are advising tenants on the best things to do.

The stock condition survey has been very successful in identifying issues with housing stock and also opportunities to help tenants. Officers are also going round every council house over the next few years as part of our tenancy audit process, to check the property looking for issues with building and spotting things we can help with like improving access. We have had a very positive response, and I commend officers for getting ahead of the problems.

Finally, I'd like to thank officers and our tenant and leaseholder representatives for their continued commitment and support.

*Councillor Gerri Bird*

Executive Councillor for Housing

# Background

The Housing Revenue Account is the landlord account for the authority, operating in the context of a 30-year business plan, which 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.

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, with rental income for the housing stock being the key contributor to this. The HRA can borrow to invest in housing, but 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 2023, and for a further year, although government have imposed a cap at 7% for the 2023/24 rent increase due to the high levels of current inflation.

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. On 1 April 2022, the authority supported a net housing debt of £211,705,958.

# Purpose and Scope

Both the HRA Medium Term Financial Strategy and the HRA Budget Setting Report review internal and external factors impacting the housing service, taking account of any emerging changes in national housing policy, health and safety and building safety requirements, changes in risk profile and the impact of any anticipated change in the economic climate. The review undertaken in the autumn of each year determines the financial strategy for the HRA and the framework for the detailed budget work to develop proposals for the coming budget year. As part of the Budget Setting Report, consideration is given to whether any aspects of the strategy need to be revised and 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.

This document, provides the basis for setting the HRA budget and rents and charges for 2023/24, culminating in recommendations to both Housing Scrutiny Committee on 24 January 2023, and ultimately Council on 23 February 2024.

The work on the 2023/24 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.
- A rent increases of 5% for 2023/24, which is below the government cap of 7%, followed by an increase of CPI plus 1% for 2024/25, in line with the Rent Standard.
- Housing stock maintained at a minimum of the current decency standard, with investment in respect of energy efficiency improvements being a key priority.
- An efficiency savings target of £180,000 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.

# Section 2

## Review of National and Local Policy Context and External Factors

### Review of National Policy Context

#### **National Rent Setting Policy**

Local authority rents are regulated by the Regulator of Social Housing, alongside housing associations and other registered providers.

Rent increases have been limited to an increase of up to CPI (based upon CPI at the preceding September) plus 1% each year since April 2020. This was intended to be for a period of 5 years, but the current high levels of inflation prompted a government consultation seeking views on the intention to cap rent increases for 2023/24 at 5%, but with a 7% cap being the outcome of the consultation, recognising the increased costs being borne by social housing landlords, the need to improve energy efficiency in rented homes and the need for more affordable housing.

Properties below target rent levels move directly to target rent only when they become void. Target rents continue to be set with reference to January 1999 property values.

Affordable rent increases are subject to the same constraints as social rents, but with the ability to re-set the rent at up to 80% of market rent upon re-let.

#### **The Charter for Social Housing Residents**

The Charter for Social Housing Residents sets out what every social housing tenant should be able to expect:



- To be and feel safe in your home
- To have information from your landlord about the services they provide
- To have any complaints dealt with quickly and fairly
- To be treated with respect
- To be able to speak up and have your voice heard
- To have a good quality home and neighbourhood to live in
- To be supported to be able to own your own home

The government launched a Social Housing Quality Resident Panel in March 2022 to involve residents in shaping the future of social housing and published data on the panel membership in August 2022.

We await the introduction of legislation to fulfil the commitments of the charter and to improve the regulation of social housing, to strengthen the rights of tenants and ensure better quality, safer homes.

The government has committed to halving the number of non-decent social homes by 2030 requiring social housing landlords to install smoke alarms and carbon monoxide alarms by October 2022. The government has also concluded stage 1 of the Decent Homes Standard Review with the expectation that stage 2 will now seek to deliver a refreshed Decent Homes Standard by the end of 2022.

The Regulator of Social Housing has consulted on the proposed tenant satisfaction measures to both inform regulation and help tenants hold their landlords to account, with the outcome of the consultation now published. From April 2023 all registered providers of social housing will be required to collect and publish a range of comparable information in areas such as repairs, safety checks and complaints

# Welfare Reforms

## Universal Credit

New tenants, and existing tenants who have a change in circumstances, now need to apply for Universal Credit, unless in temporary or supported accommodation. Tenants in temporary,

specified or supported accommodation continue to receive Housing Benefit for their housing costs.

The authority had an estimated 2,034 HRA tenants identified as claiming Universal Credit at the end of October 2022, based upon accounts that have been flagged in the Housing Management Information System. This will not be 100% accurate as the data is reliant upon the authority being notified by the tenant that they are in receipt of Universal Credit or have ceased to be eligible, or by the DWP, who requires landlords to validate the sums being stated in a new or re-assessed claim.

Between now and 31 December 2024, a process of managed migration will begin to move the remaining Housing Benefit claimants to Universal Credit, with completion of the transition for all by 31 March 2025.

## **Other Benefit Changes**

The Benefit Cap and removal of the spare room subsidy still continue to impact residents, with some claimants receiving short term Discretionary Housing Payments (DHPs) to support them until they are able to gain employment, improve their financial circumstances or move to more suitable accommodation. The HRA retraining a budget (£24,440 for 2023/24) to provide financial support and incentive to assist tenants in downsizing. In order to support more tenants to downsize using this funding, those in receipt of DHP are also eligible to have the removal costs associated with downsizing met through DHP funding, leaving the HRA funding available to support other tenants who wish to downsize.

# **Right to Buy**

## **Right to Buy Sales**

During 2021/22, 89 right to buy applications were received and recorded, resulting in 34 completions. This compares to 65 applications in the previous year, which gave rise to 16 completions, where delay in completions was caused by the coronavirus pandemic. In the first 7 months of 2022/23, 44 right to buy applications were received with 18 sales completed. This

indicates a steady continued interest in the scheme, with activity to date only marginally lower than that of the previous financial year.

In the HRA Medium Term Financial Strategy the assumption of 25 sales per annum from 2023/24 onwards was retained, but with 32 sales assumed in 2022/23. For the HRA Budget Setting Report, 25 sales continue to be assumed from 2023/24 and beyond, as the current cost of living crisis and increase in interest rates is expected to dampen the current level of activity marginally,

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	2017/18	26	20	1	47
	2018/19	13	14	0	27
	2019/20	14	15	0	29
	2020/21	10	6	0	16
	2021/22	18	15	1	34
Estimated Sales	2022/23	16	16	0	32
	2023/24	13	12	0	25
	2024/25	13	12	0	25
	2025/26	13	12	0	25
	2026/27	13	12	0	25

## Right to Buy Receipts

At 31 March 2022, the authority held £7,243,745 of right to buy receipts under the retention agreement with the Department for Levelling Up, Housing and Communities (DLUHC), now to be spent within 5 years of their original receipt date, with a maximum of 40% of any new dwelling now able to be 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 but can now be utilised in the delivery of shared ownership homes. With the Bank of England base rate currently at 3%, the highest since 2008, any penalty interest payable on receipts not re-invested appropriately will be at the rate of 7%.

A cap also applies now in relation to the reinvestment of right to buy receipts in the form of acquisitions from the open market. The cap is being phased in between 2022/23 and 2024/25,

with a cap of 50% reducing to 30% over this period, but with the first 20 units of delivery excluded from the cap altogether.

The quarterly deadlines for reporting expenditure against targets no longer exist and have been replaced with an annual financial return. On a quarterly basis, only performance data in respect of starts on site is required.

**Appendix G** summarises the latest position in respect of receipts held and appropriately re-invested. With the new 5-year timescales for reinvestment the authority is not currently at risk of breaching any deadlines and therefore expects to avoid payment of any penalty.

Newly arising receipts continue to be retained, with any decision to pay over receipts to DLUHC 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 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 1/4/2022	Estimated Stock Numbers as at 1/4/2023
General Housing – Social Rent	6,008	5,928
General Housing – Affordable Rent	479	750
Sheltered Housing	514	522
Supported Housing	17	17
Temporary Housing (Individual Units)	92	98
Temporary Housing (HMO's / EA)	26	26
Miscellaneous Leased Dwellings	19	19
<b>Sub Total Rented Dwellings</b>	<b>7,155</b>	<b>7,360</b>
Shared Ownership Dwellings	91	91
<b>Total Dwellings</b>	<b>7,246</b>	<b>7,451</b>

The number of properties anticipated to be held by 1/4/2023 is higher than the number held at 1/4/2022, with the authority taking hand over of more new homes than those lost through either right to buy or demolition for redevelopment.

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

Property Type	Actual Stock Numbers as at 1/4/2022	Estimated Stock Numbers as at 1/4/2023
Bedsits	94	94
1 Bed	1,751	1,868
2 Bed	2,531	2,614
3 Bed	2,240	2,237
4 Bed	107	107
5 Bed	7	7
6 Bed	2	2
Sheltered Housing	514	522
<b>Total Dwellings</b>	<b>7,246</b>	<b>7,451</b>

## Leasehold Stock

At 1<sup>st</sup> April 2022, the Council retained the freehold and managed the leases for 1,191 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 had 2,256 households on the housing register at the end of September 2022. 507 applicants were housed in 2021/22, with the majority (86%) of lettings being to applicants at band A or B.

The greatest demand for housing is still one and two bedroomed properties, with one-bed applicants accounting for 55% of the register, two-bed applicants 25%, three-bed applicants 16% and 4% 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 10% of the register. Band B applicants represent approximately 26%, band C 36% and band D 28% at the end of September 2022.

## **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 and two part-Neighbourhood Support Officers supporting specific residents in new homes, The HRA also employs two permanent Financial Inclusion Officers and a dedicated Assistant Housing Officer who work with tenants to ensure that they are receiving all the financial support to which they are entitled.

Cambridge City Council expects to continue to be engaged by the County Council for the delivery of tenure neutral support services to older people across the city as a whole, with a new contract anticipated to be in place shortly. The contract sum is currently £183,600 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). The last 2 years have been particularly volatile, with rates ranging from 0.2% in August 2020 as a result of the early impact of the coronavirus pandemic lockdowns up to 11.1% by October 2022, contributed to by increased energy prices.

The Bank of England's Monetary Policy Report of November 2022 forecast a level of CPI in quarter 4 of each year at 10.9% for 2022, 5.2% for 2023, 1.4% for 2024 and 0% by 2024. The over-arching view is that inflation will reduce to below the target of 2% in the medium term.

The Office of Budgetary Responsibility (OBR), in their Economic and Fiscal Outlook in November 2022, forecast an increase in CPI during 2022 to 9.1%, reducing to 7.4% in 2023, 0.6% in 2024, and -0.8% in 2025 before beginning to climb again over the following two years back towards the target level of 2%,

The HRA Medium-Term Financial Strategy allowed 9.4% inflation for 2023/24, returning to the target of 2% from 2024/25.

Taking account of recent views of both the Bank of England and the OBR it is considered prudent to retain the assumption of a return to the target level of 2% inflation in the HRA business planning assumptions from 2024/25 onwards. This will be reviewed again as part of the HRA Medium Term Financial Strategy in September 2023.

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. The Fosters contract is a lump sum priced contract, which adopts CPI as the measure of inflation. The TSG contract, which was recently re-procured with the incumbent supplier being re-appointed, is a target price contract, which adopts the BCIS as its measure of inflation. It should be recognised that the contract prices which the authority will initially pay under the new contract are likely to be driven by anticipated increases in the building cost inflation indices and the industry predictions of what might happen to these over the minimum 5-year contract term. The impact of this will need to be incorporated as part of the HRA Medium Term Financial Strategy in September 2023. Other specialist contractors will price work on a project basis, also taking account of industry forecasts.

The latest projections for the BCIS Index over the next 5 years currently predict a growth rate of 7.4% by 2023, with forecasts of 5.9%, 4.5%, 3.4% and 2.3% over the following 4 years. Taking an average of these rates of growth for the forecast five years gives rise to an annual increase of 4.7%. This has increased marginally since the last projections, with material and labour shortages and increased utility costs pushing up contract prices, particularly in the short-term. This rate is adopted for new build housing investment.

On a similar average basis, the assumptions we are adopting for CPI over the same period are 3.48%, a difference of 1.22%.

Recognising the continued mix of inflation drivers using both CPI and the BCIS indices, the assumption has been made that 50% of the work programme will be subject to the BCIS indices and 50% by the rate of CPI for the next 5 years. A blended rate of 4.09% (average CPI plus average BCIS divided by 2) has therefore been incorporated into the business plan forecasts for this period, reverting to standard CPI after this,

The pay award from April 2022 has now been agreed, with a flat rate of £1,925 per full time equivalent employee across all pay grades. This was incorporated into the assumptions in the Medium Financial Strategy, prior to acceptance of the offer.

Pay inflation has been incorporated at 3% for 2023/24, before returning to the previous assumption of 2% from 2024/25. The allowance for incremental progression has been retained at 1% per annum, recognising staff retention figures and the number of staff who are currently paid at the top of their pay scale.

## **Interest Rates**

The Housing Revenue Account is entitled to claim a proportion of interest earned on cash balances invested by the authority. The rate of interest assumed for 2022/23 in the HRA Budget Setting Report was 0.6%, based upon the HRA clawing back interest from the General Fund on investments with minimal risk. The actual average rate of interest earned on investments that benefited the HRA for 2021/22 was 0.24%.

Over the last 12 month, the Bank of England base rate has risen, with the latest rise to 3% on 3 November 2022 taking the rate to the highest it has been since 2008. The increase in the base rate has resulted in the authority beginning to realise higher rates of interest on its investments.

Based upon the current levels of interest being achieved on investments and taking account of industry projections, an increased rate of 1.6% has been adopted for 2022/23, rising to 2% from 2023/24 onwards. The interest rate assumptions are included in **Appendix A**.



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

With no cap on HRA borrowing, subject to financial viability and the ability to support the borrowing, the authority can borrow to invest in the provision of affordable housing with no external constraint.

The Local Authority Investment Guidance continues to be a risk to HRA borrowing, stating that where an authority invests in any 'investment asset primarily for yield', they will not be able to access loans from the PWLB in the financial year in which it makes this investment. A 3 year capital investment strategy must be submitted to be able to borrow, and the Section 151 Officer is required to certify that none of the capital projects fall into this category. 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.

Any transfer of land or financial resource between the General Fund and the HRA to facilitate development continues to impact the HRA Capital Financing Requirement, effectively increasing borrowing, with such decisions to be made in the knowledge of the revenue impact of transferring the asset.

For business planning purposes, the assumption has previously been made that borrowing is externalised, with anticipated PWLB maturity loan rates for loans of a 30-year duration used. Due to a number of external factors, the PWLB borrowing rate has seen a marked increase over the last few months, as have all lending rates in the marketplace.

At the time of drafting this report a PWB rate of 4.25% (4.45% published rate less the 0.2% certainty rate discount) was available, compared with a rate of 3.46% assumed when the HRA Medium Term Financial Strategy was drafted and 2.5% when the Budget Setting Report was produced last year. It should be noted that the PWLB rate is reviewed and can change twice each day.

The significant increase in borrowing rates over the last 12 months has a significant impact on the HRA business plan, particularly when combined with other assumption changes.

For the purpose of preparing the business plan, and to mitigate the daily rate fluctuations in PWLB rates, forecasts made by Link, the Council's treasury advisors are adopted, which project that PWLB 25 year lending rates will be 5.1% in December 2022, before declining slowly over 3 years to a forecast of just over 3% by September 2025.

Based upon these projections, revised rates of interest have been adopted for PWLB borrowing, using 4.6% for 2023/24, 3.8% for 2024/25 and 3.5% from 2025/26 and these have been incorporated into the borrowing assumptions, excluding the certainty rate for prudence.

This is a significantly more positive outlook than was anticipated during the earlier drafting of this report, but it must be noted that projections and forecasts are changing rapidly in the current economic climate and there is no guarantee that these interest rates will be available at the point at which the authority needs to borrow each year and plans, and decisions will need to be reviewed regularly to take account of this. The rates available currently are still far higher than those that have been available over the last few years but do seem to have stabilised over the last few weeks.

The HRA is also exploring a degree of internal borrowing from the General Fund, where the General Fund currently has reserves which could be utilised in this way. Any lending to the HRA would be managed through the Item 8 charge to the HRA and resource would need to be lent at an appropriate interest rate. The sums available and the rate would be charged are yet to be confirmed.

# Section 3

## Housing Revenue Account Resources

### Rent

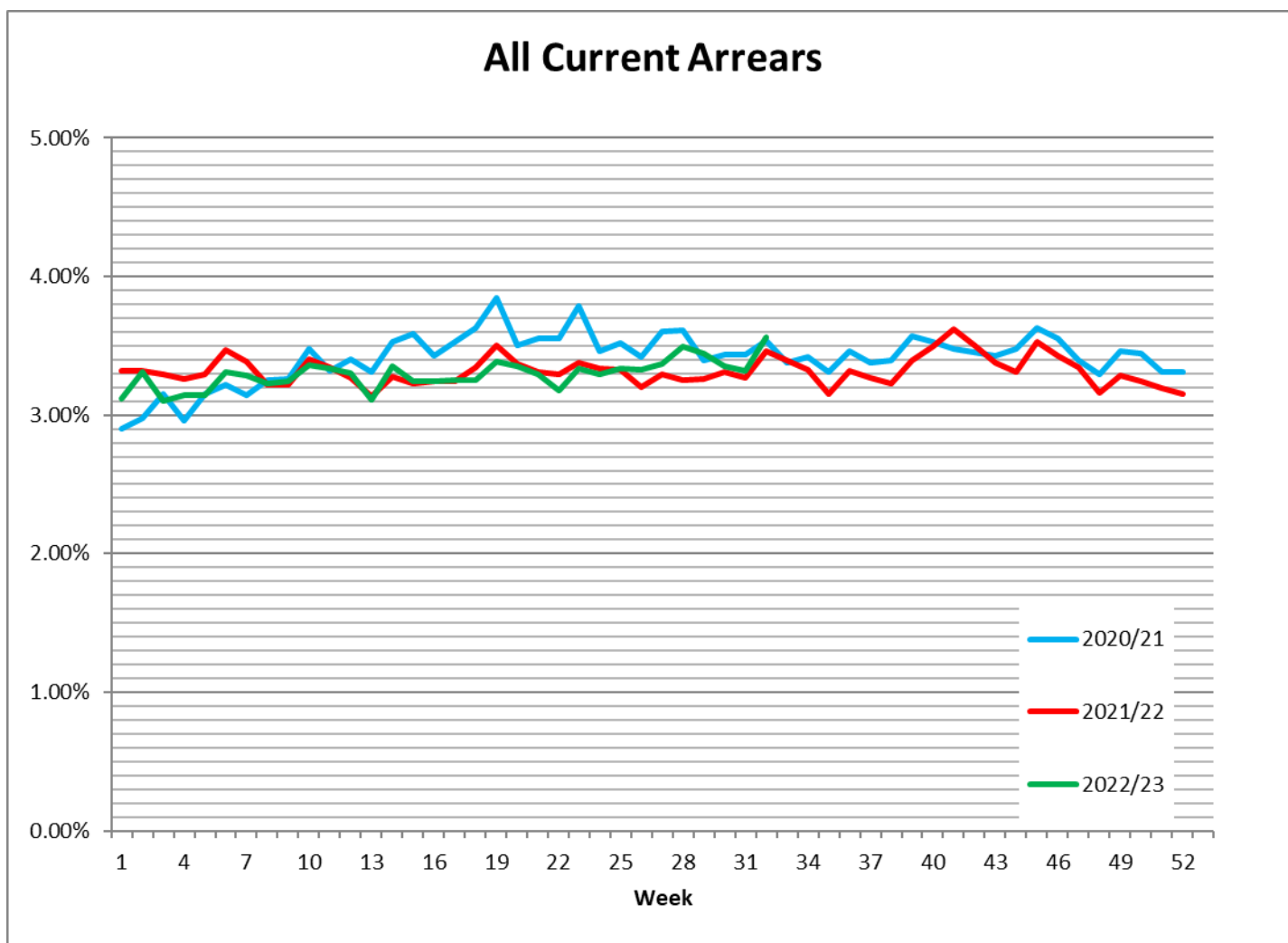
#### Rent Arrears, Bad Debt Provision and Void Levels

Rent collection performance was maintained during 2021/22, with 99.5% of the value of rent due, collected in the year, compared with 98.9% in the previous year.

Current arrears levels were maintained during 2021/22, with current tenant arrears of just over £1.3 million by 31 March 2022, as detailed in the table below. However, the level of former tenant arrears increased quite sharply to just over £1.1 million:

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)
31/3/2018	£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
31/3/2021	£1,374,167	3.30%	£925,982
31/3/2022	£1,337,622	3.14%	£1,121,082

In 2022/23 to date there has been an increase in current tenant arrears, which by the end of November 2022, stood at £1,499,036.56 whilst former tenant arrears had reduced marginally to £1,056,154.11. This demonstrates that the current economic climate is making it more challenging to recover tenant arrears.



The Income Management Team continue to work extensively with tenants and financial support providers to mitigate the impact of rent arrears for both tenants and the authority. The team continue to use the Income Analytics software, which facilitates improved arrears management and have recently implemented LIFT software, which combines financial data sets across the authority in an attempt to identify arrears risks and intervene to provide support before rent arrears prove a risk to the tenant's occupation of their home. The HRA hopes to see tangible benefits of being able to identify tenants who are not claiming all of the financial support to which they may be entitled and supporting them to do this.

Tackling former tenant arrears continues to be challenging. The dedicated fixed term officer employed to focus on former tenant arrears has succeeded in writing off over £242,000 in the first 8 months of 2022/23. Unfortunately, due to current tenancies in arrears coming to an end, the net reduction in former tenant arrears in the year to date has been only £64,928. Continuation of

the work to either collect or write off former tenant arrears is a critical aspect of managing the housing business and is something which saw some increased focus by our external auditors as part of auditing the 2021/22 accounts.

Debt that is not realistically collectable is routinely recommended for write off and provision is currently made in the Housing Revenue Account to write off 86.43% of former tenant debt. Any decision to do this is not taken until all avenues for collection have been exhausted.

At 31 March 2022 the total provision for bad debt stood at £1,965,939.96 representing 80% of the total debt outstanding.

Taking into account the value of the existing bad debt provision and recognising that current arrears levels have only risen marginally in 2022/23 to date, it is recommended to retain the ongoing assumption that the annual contribution into this reserve is set at 1.5% from 2022/23 onwards. This will be reviewed periodically, as more tenants transition to Universal Credit and the impact of the current cost of living crisis becomes clearer.

The value of rent not collected as a direct result of void dwellings in 2021/22 was £656,205 representing a void loss of 1.67%, compared with £613,999 in 2020/21 (1.58%).

Void levels have increased significantly in 2022/23 to date, with the void loss between April and October 2022 (7 months) being £627,749, representing a 2.63% void loss. A proportion of this relates to homes held intentionally vacant for redevelopment. A snapshot of the proportion of stock vacant at the end of October 2022 confirms that 2.19% of homes (159 homes) are unoccupied, but with 0.04% (3) of these being new homes awaiting their first let and 0.8% (58) of these held vacant for demolition. 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 2022/23 to date is an average void loss of 2.01%. Additional resource has been directed at tackling the current backlog of void property and subcontractors are being deployed to supplement our own workforce. A review of void processes has also been

conducted in an attempt to improve performance by the end of 2022/23. As a result of this, it is recommended to retain the voids assumption for 2022/23 at 2%, before returning to the longer-term assumption of 1% from 2023/24 in this iteration of the business plan.

## Rent Restructuring and Rent Levels

The authority now lets wholly rented property on a number of differing rent levels, social rent, affordable rent linked to an inflated pre-COVID Local Housing Allowance, affordable rent set at 60% of market rent and also at 80% of market rent.

The average target 'rent restructured' rent at the start of 2022/23 across the general housing stock was £110.44, with the average actual rent charged being £106.99. By April 2022, 35.5% of the social rented housing stock was being charged at target rent levels, compared with 31.8% 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 £1,201,000. The authority only has the ability to close the gap between target social rent and the actual rent being charged for a dwelling, when a property becomes void, and actively continues to do this.

There were 536 new build rented and shared ownership properties charged at the higher 'affordable rent' levels at the end of October 2022.

The table below confirms the current average rent levels charged or assumed in financial modelling:

Property Size	2022/23 Published LHA Rate (not adopted by CCC unless lower than a 60% rent)	2020/21 Pre- COVID LHA rate inflated by 1.5% and 4.1% Used by CCC for 2022/23	Indicative Programme Average 2022/23 Rents at 60% of Market Rent	Indicative Programme Average 2022/23 Rents at 80% of Market Rent
Shared Room	97.00	86.53	N/A	N/A
1 Bed	178.36	143.69	160.72	215.53
2 Bed	195.62	165.26	182.18	248.54
3 Bed	218.63	192.04	204.83	281.44

Property Size	2022/23 Published LHA Rate (not adopted by CCC unless lower than a 60% rent)	2020/21 Pre- COVID LHA rate inflated by 1.5% and 4.1% Used by CCC for 2022/23	Indicative Programme Average 2022/23 Rents at 60% of Market Rent	Indicative Programme Average 2022/23 Rents at 80% of Market Rent
4 Bed	299.18	256.16	242.28	333.58

## Rent Policy

The local rent setting policy was last updated and approved in September 2022. The policy outlines that affordable rented homes will be re-let at no more than or at no more than 60% of market rent or the current Local Housing Allowance, whichever is the lower, or at no more than 80% of market rent depending upon the category of housing they were built as. This ensures compliance with both government policy and the Greater Cambridge Housing Strategy.

As part of this iteration of the business plan it is identified that there a commitment to moving affordable rented homes let under the old inflated pre-COVID Local Housing Allowance rates, when they become vacant and are re-let, to affordable rents at 60% of market rent or the current Local Housing Allowance, whichever is lower, to be consistent with the Greater Cambridge Housing Strategy and associated Affordable Rents Policy. This will also ensure that over time we move away from these rents being set a locally derived rate that no longer fits within our Rent Policy. New build homes where letting has not begun will also be introduced at 60% of market rent as opposed to the old inflated pre-COVID Local Housing Allowance rates.

## Rent Setting

Changes to rent levels are approved 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 2023, under the current government Rent Standard, the authority would be expected to increase rents by up to a maximum of CPI (at the rate in September 2022 of 10.1%) plus 1%, arriving at an overall increase of up to 11.1%. It is recognised however, that this would be a significant rent rise at a time when other living costs are also increasing. In response to this, the government conducted a consultation in September / October 2022, with the suggestion that a

cap could be imposed in rent increase at an overall 5% from April 2023. Views on increases at 3% and 7% were also sought, but with the recommendation that 5% be adopted in recognition of the rising cost that social housing providers were having to meet and the need to invest in the housing stock to improve energy efficiency. It was announced as part of the Autumn Statement on 17 November 2022 that the cap would be imposed at 7%, recognising increased costs, the need for decent homes and energy investment in existing housing stock and the need for more affordable housing.

The authority has however incorporated a rent increase 5% from April 2023, as opposed to the 7% allowed under the rent cap. Even so, this is not a recommendation made lightly, as the authority is aware that tenants are currently facing increased costs elsewhere. However, the HRA needs to incorporate resource to allow for energy improvement works to the existing housing stock, to ensure that homes are brought up to at least an EPC 'C' standard by 2035. This will mean that over the longer-term tenants who receive these works to their homes should begin to realise reductions in utility costs.

Over the last 7 years, social rented tenants have received 4 years of 1% rent cuts, followed by increases of 2.7%, 1.5% and 4.1%, resulting in a total increase over 7 years of 4.24%. In real terms, when you take account of the rate of inflation in September of each year, this represents a real term rent cut of 7.9%.

Implementing a rent increase at 5% as opposed to the 3% included in the forecasts at the Medium Term Financial Strategy stage will impact the HRA positively by approximately £843,000 per annum from April 2023. This will assist greatly in meeting the £3,640,000 per annum capital investment that is required from 2023/24 for 13 years to allow all homes to be brought up to an EPC 'C' standard by the end of 2035.

For those in receipt of full housing benefit or Universal Credit the increase will be met through these routes. There is the potential for tenants who are under-occupying or are impacted by the benefit cap to be adversely affected, with the latter depending upon whether there are any increases in the benefit cap levels. Those impacted by the benefit cap continue to be considered for discretionary housing payments to mitigate the impact on them, and those who are under-occupying can seek support to downsize through the under-occupation scheme. For



those who pay their rent themselves, there will be an increase in rent to find, but the authority will continue to provide financial and budgeting advice to those who require it and will work with tenants to ensure that they are claiming all financial assistance to which they are entitled.

The assumption of an increase of CPI plus 1% is retained for the following year, with an assumption of CPI (as measured at the preceding September), plus 0.5% for five years after this period, before moving to an assumption of just CPI increases.

Existing 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. With the steep increase in the Local Housing Allowance from March 2020, annual inflationary increases are not expected to breach these levels in the short to medium-term. At re-let, the authority must ensure that the combined rent and service charges levied do not exceed 80% of the market rent for each dwelling.

As existing affordable rents are currently still well below the current Local Housing Allowance, the combined rent and charges for all existing tenants in affordable rented homes will also increase by 5% from April 2023, as the cap on the increase will still be lower than the Local Housing Allowance.

Earlier affordable rented homes continue to be charged an inflated version of the pre-COVID Local Housing Allowance rates, for existing tenants. Re-lets of these and new affordable rented homes will be introduced at 60% of market rent or the prevailing Local Housing Allowance, whichever is the lower, in line with the new Greater Cambridge Housing Strategy, or at 80%, depending upon the agreed rent levels for the scheme.

The table below includes details of what the inflated January 2020 Local Housing Allowance levels will be from April 2023, which will apply to affordable rented homes linked to the old LHA rate. Any newer affordable rents linked to 60% or 80% of market rent will also increase by 5%.

Property Size	2020/21 LHA rate January 2020	LHA rate March 2020 to 2022 (assumed frozen for 2023)	2020/21 LHA rate inflated to 2023/24 levels
Shared Room	81.89	97.00	90.86
1 Bed	135.99	178.36	150.87
2 Bed	156.40	195.62	173.52
3 Bed	181.75	218.63	201.64
4 Bed	242.43	299.18	268.97

## 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 what is 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 combined, which is introduced at either the inflated March 2020 Local Housing Allowance level, 60% or 80% of market rent depending upon the scheme, making any breakdown between rent and service charges less meaningful.

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 making any material change to existing services.

The approach to setting service charges for 2022/23 is detailed at **Appendix B**.

## Other Sources of Income

### Garages

The Housing Revenue Account currently owns 1,386 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 being explored for potential demolition and re-development, and so this number may reduce in the medium-term.

Of the garages available for letting, approximately 10.6% (150 garages) are currently void (compared to 13.3% at this time last year). Of the 150 vacant garages however, 49 have been vacated as the sites have been approved for redevelopment. A garage block is not removed from the system until all of the garages have been vacated. The void loss in the year to date at the end of October 2022 of approximately 13% (compared to 16% at the same point last year) is made up of 61% general void loss and 39% redevelopment void loss.

The proposed charges for garage, parking spaces and parking permits for 2023/24, increased by 3%, 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 3% plus £2.00 per week until the levels below are achieved:

<b>Category</b>	<b>Base Rent £ per rent week</b>	<b>VAT £ per rent week</b>	<b>Total Charge £ per rent week</b>
Parking Spaces in standard area (tenants only)	7.86	0.00	7.86
Parking Spaces in standard area (other city residents)	7.86	1.57	9.43
Garage in standard area (tenants only)	10.11	0.00	10.11
Garage in standard area (tenants storage use)	10.11	2.02	12.13
Garage in standard area (other city residents)	10.11	2.02	12.13
Garage or Parking Space in high value / high demand area (tenants only)	19.29	0.00	19.29
Garage in high value / high demand area (tenants storage use)	19.29	3.86	23.15
Garage or Parking Space in high value / high demand area (other city residents)	19.29	3.86	23.15
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	12.86	2.57	10.29
Garage in standard area - Non-City Resident / Commuter or Business / Commercial use in standard area	15.11	3.02	18.13
Garage in high value / high demand area - Non-City Resident / Commuter or Business / Commercial use in high value / high demand area	24.29	4.86	29.15
<b>Category</b>	<b>Base Charge £ per year</b>	<b>VAT £</b>	<b>Total Charge £ Per year</b>
Resident's Parking Permit (new schemes)	50.00	VAT applies	60.00
Resident's Parking Permit *	20.00	VAT applies	24.00
Visitor's Parking Permit	20.00	VAT applies	24.00
Replacement Parking Permit	10.00	VAT applies	12.00
* 50% discount for vehicles with CO2 emissions under 75g/km (resident parking permits only)			

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 2023/24 the income generated by the commercial property portfolio is anticipated to be in the region of £491,000. This may reduce in future years, where HRA commercial property may form part of housing development options.

General occupation of the HRA commercial property portfolio has historically been good, with vacant shop units usually re-let within reasonable timescales. Difficulties have been experienced more recently, with the re-modelled shops at Akeman Street proving very difficult to let. Rent reviews continue to be challenging, with business owners facing increased costs in a number of areas.

## 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 or unspent grants.

Interest rates available to the Council have been very low for several years, but with the recent increases in the Bank of England base rate (currently 3%), higher investment returns are beginning to be realised. 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 increased to 1.6% for 2022/23 and 2% from 2023/24 onwards 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 received grant as part of the Devolution Agreement with Government and the Combined Authority, totalling £70,000,000, with some of this resource still retained and being actively applied to schemes to deliver the 500 homes agreed.
- Support Funding – Funding of £183,600 per annum to provide tenure neutral support for older people across the city is anticipated to be contracted with the County Council for a further period from late 2022, subject to final contractual agreement,
- Homes England Grant Funding – The authority actively bids through the continuous market engagement process, to secure grant funding for some new build schemes.
- Brownfield Land Release Fund (BLRF2) – The authority has been awarded grant of £643,329 towards the site preparation works for the redevelopment of Aylesborough Close.
- Social Housing Decarbonisation - The authority is actively bidding for grant funding to deliver energy improvements in the existing housing stock., with the outcome anticipated in February / March 2023.

- 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 historically assumed the authority would notionally set aside 25% of the value of the self-financing housing debt over the life of the plan, to retain flexibility in whether to invest the sum in new homes or 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 resource is now being fully utilised prior to borrowing further to deliver new homes.

### 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 the associated debt. Alternatively, the authority could reinvest the resource in the delivery of new homes.

**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 2022/23

The Housing Revenue Account revenue budget for the current year was amended as part of the HRA Medium Term Financial Strategy in September 2022, taking account of any major changes.

As part of this HRA Budget Setting Report, 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 (DRF) for the Housing Capital Investment Plan in 2022/23 following re-phasing of the programme. Investment income in the HRA is anticipated to be significantly more than budgeted due to recent increase in interest rates, rent income is not expected to reduce quite as much in year as forecast and the use of direct revenue financing of capital is delayed. A net change of £16,521,190 in the 2022/23 HRA budget is identified, as summarised below.

<b>2022/23 Revised Budget</b>	<b>Original Budget January 2022 £</b>	<b>HRA MTFS September 2022 £</b>	<b>HRA BSR Proposed Changes £</b>	<b>HRA BSR January 2022 £</b>
Net HRA Use of / (Contribution to) Reserves	1,029,530	13,474,180		
Savings / Increased Income			(43,270)	
Unavoidable Revenue Bids / Reduced Income			0	
Non-Cash Limit Adjustments (net)			(15,977,920)	
Revenue Re-phasing			(500,000)	
<b>Revised Net HRA Use of / (Contribution to) Reserves</b>				<b>(3,047,010)</b>
Variation on previously projection				(16,521,190)



The above figures include carry forward approvals from 2021/22 in the second column, in addition to changes approved as part of the Medium Term Financial Strategy in September 2022, with any net revenue impact identified in the current year, as part of the January 2023 committee cycle, incorporated in the right-hand column. The net reduction in costs and financing and increase in income for 2022/23 will result in a reduced 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 - 2023/24 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 2027/28 provided in **Appendix D (2)**:

Targets Set	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Efficiency Savings	0	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)
Strategic Investment Fund	0	180,000	180,000	180,000	180,000	180,000
<b>Net Change Required</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Summary of Proposals	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
----------------------	--------------	--------------	--------------	--------------	--------------	--------------

Unavoidable Revenue Bids	0	357,600	257,830	255,990	55,990	55,990
Reduced Income Proposals	0	14,800	14,800	14,800	14,800	14,800
<b>Unavoidable</b>	<b>0</b>	<b>372,400</b>	<b>272,630</b>	<b>270,790</b>	<b>70,790</b>	<b>70,790</b>

Savings Proposals	(3,990)	(569,620)	(618,370)	(666,930)	(666,930)	(666,930)
Increased Income Proposals	(39,280)	(700,270)	(231,360)	(412,130)	(905,600)	(418,170)
Bids	0	350,470	350,470	350,470	350,470	350,470
<b>Discretionary</b>	<b>(43,270)</b>	<b>(919,420)</b>	<b>(499,260)</b>	<b>(728,590)</b>	<b>(1,222,060)</b>	<b>(734,630)</b>

Non-Cash Limit Adjustments	(15,977,920)	16,480,510	249,990	1,083,710	624,830	955,290
Revenue Re-phasing	(500,000)	500,000	0	0	0	0

<b>Total Revenue Proposals</b>	<b>(16,521,190)</b>	<b>16,433,490</b>	<b>23,360</b>	<b>625,910</b>	<b>(526,440)</b>	<b>291,450</b>
--------------------------------	---------------------	-------------------	---------------	----------------	------------------	----------------

<b>Under / (Over) Achievement against Target</b>	<b>(16,521,190)</b>	<b>16,433,490</b>	<b>23,360</b>	<b>625,910</b>	<b>(526,440)</b>	<b>291,450</b>
--	---------------------	-------------------	---------------	----------------	------------------	----------------

<b>Cumulative Under / (Over) Achievement against Target</b>	<b>(16,521,190)</b>	<b>(87,700)</b>	<b>(64,340)</b>	<b>561,570</b>	<b>35,130</b>	<b>326,580</b>
---	---------------------	-----------------	-----------------	----------------	---------------	----------------

## 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 2023/24 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 2023/24 there is a cash limit adjustment to recognise that the funding for bids to increase staffing in line with increased stock numbers is already built into the overall finances for the HRA and so will not affect the bottom line. There are also non-cash limit adjustments in respect of depreciation, direct revenue financing of capital expenditure, interest received based upon the latest balances and rate assumptions and interest paid based upon the latest forecast borrowing rates.

## Performance against Net Savings Target

An efficiency savings target of £180,000 was included in the HRA forecasts for 2023/24 as part of the HRA Medium Term Financial Strategy approved in September 2022. 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 2023/24 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 2023/24 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 £87,700 by the end of 2023/24, £64,340 by the end of 2024/25, moving to an under-achievement of £561,570 by 2025/26, an under-achievement of £35,130 by 2026/27 and an under-achievement of £326,580 by 2027/28. Details of the net savings can be found in **Appendix D (2)**.

If approved on this basis, the budget proposals for 2023/24 onwards result in a cumulative net under-achievement against the savings target of £326,580 by the end of the 5 year period. This is sustainable in the HRA business plan as the assumption that new homes are still being delivered in year 6 to 10 of the business plan will generate rental income in future years from investment made in the earlier years.

Corporate costs and overheads have been reviewed in respect of any budget proposals that may span both funds, with the financial impact of this incorporated into the Housing Revenue Account budget process. This may be subject to further change as the General Fund finalises its budget proposals, but any resulting changes will be built into the HRA as part of the 2022/23 Medium-Term Financial Strategy process.

Further efficiency targets have been incorporated from 2023/24 for four years, also at the level of £180,000 per annum. This will allow continued strategic re-investment at the same level each year, to be able to respond to challenges presented by changes in local and national housing and welfare policy and also in construction and maintenance regulations.

## **Strategic Investment Fund**

As part of the HRA Medium Term Financial Strategy, approved in September 2022, approval was given to retention of the Strategic Investment Fund at £180,000 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 2023/24 budget process, with the proposals detailed in **Appendix D (2)** and incorporated into the table above.

## **Transformation Fund**

An ongoing budget of £120,970 per annum is 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 2022 at just under 98%, with 158 properties that were considered to be non-decent (in addition to 1,405 refusals).

The latest Asset Management Strategy was approved in September / October 2019. The outstanding, or in progress items on the Asset Management Action Plan, subject to funding bids when costs have been quantified in some cases, include:

Initiative / Action	Current Status
Implement a rolling programme of stock condition surveys so properties are inspected every five years	This commenced in 2019/20 but was on hold for much of 2020/21 due to COVID-19. Surveys resumed in July 2021, and we continue to deliver the programme that takes account of footpath surveys, void properties and new build properties, although staff secondment has reduced surveying capacity in 2022/23.
Continue the programme of structural surveys of flats blocks and implement survey programme for older flats and houses with structural concrete elements	In 2021/22 detailed surveys were being carried out in a number of areas. Some of the schemes have been deferred or amended as a result of pending decisions about the long-term future of the sites – Hanover and Princess Court and Davy Road have been removed from the current tender for Structural & Associated Works. Work was tendered in summer 2022 but no contract was awarded. The work will be re-tendered in December 2022.

	<p>If a contract can be awarded, details of the winning contractor and the tender costs will be passed to Home Ownership to issue the S20 Notice. It is anticipated that works will start on site by April 2023.</p> <p>A brief for structural works at Bermuda Terrace flats is being developed and procurement of a structural engineer is planned for December 2022.</p> <p>Balcony and brickwork repairs at Nicholson Way, Walker Court and Hanson Court are designed and tendered and will start on site in early 2023.</p>
Reduce the electrical inspection cycle to five years in line with best practice	All properties are to be inspected on a 5 year cycle and arrangements have been put in place to achieve this over the next 24 months. This is in progress.
Implementation of "Orchard Asset" asset management software – including development of the compliance and energy modules	Implementation project in progress with revised target completion by March 2023.
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. Current projects include streetlighting replacement and a project to upgrade all communal lighting in low level blocks of flats.
Establish a programme of re-inspection of asbestos containing materials and implement a new asbestos	<p>The Risk and Compliance team now lead in this area, The asbestos compliance module is still being implemented with assistance from Housing IT Team.</p> <p>Asbestos Analyst is to start 01/08/2022 and will start the review of all communal re-inspections</p>

register based within Orchard Asset	
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 re-procured, with new contractor Ventro (Passive Fire Protection Specialists) appointed in February 2022. HRA properties completed include all temporary and sheltered accommodation. General needs purpose-built blocks of flats has started and will continue to be the focus for the remainder of the programme. Results from surveys are being used to develop programmes of planned work including new and replacement fire doors.
Review maintenance requirements for flat roofs and sheds replacement and repair	A programme has been identified and implemented from April 2021. There are 88 shed roof replacements and 10 flat roof replacements to houses / flats on the 2022/23 programme for Foster this year. 78 shed roof replacements have been ordered and there is forward programme of over 500 sheds with felt and asbestos cement roofing is programmed to be completed over the next 2 years.
Develop a replacement programme for lifts, door entry systems, communal entrance doors, fire systems, automatic doors, and communal lighting	Programmes of work have been implemented and began in 2020/21. A full survey of communal lighting is underway with a plan to replace all communal lighting with LED lighting, starting in 2022/23. Work to replace communal entrance doors and door entry systems to flats and maisonettes in South Arbury area was due to be completed as part of structural repairs contracts. Initial tenders were not successful so this work will be re-tendered separately with a planned start on site in April / May 2023.

Following changes to fire risk regulations, dwellings continue to have heat and smoke detection upgrades during 2022/23. We are still experiencing access issues to complete this work. Where there is "no access" work will be added to future planned work programmes, and resource has been re-phased as part of this report to facilitate this.

Following a decision to remove all gas supplied to flat blocks at Princess and Hanover Court and Kingsway for fire safety reasons, replacement of the heating system is proceeding at Kingsway, but has been placed on hold at Princess and Hanover Court while decisions on the longer term future of the blocks are made.

Following the decision in January 2022 to begin the decant of the blocks at Princess and Hanover Court, a detailed options appraisal will be presented to a future Housing Scrutiny Committee. The options appraisal will explore options to refurbish, demolish and re-develop or dispose of the scheme.

Following the decision to continue to let the block at Kingsway, £1,200,000 was retained in 2022/23 to undertake required fire compartmentalisation works, with £650,000 deferred until 2025/26 for further fire safety works there if required. The fire alarm installation works at Kingsway started in August 2022 and the compartmentation trial works at Kingsway were completed in November 2022. We are now assessing the results and producing a cost plan for the work which will determine how the work will be procured. The compartmentation works to the remaining flats at Kingsway will be started during the latter part of 2022/23.

Following a programme of structural surveys of flat blocks in 2021/22, some work has been completed at Hazelwood and Molewood Close, and further work will be delivered in South Arbury and Coleridge between September 2022 and January 2023, once a current procurement process has concluded and contracts have been awarded. We are procuring a structural engineer consultancy framework which will be utilised to undertake structural monitoring of blocks where structural works have been completed.

## **Net Zero Retrofit Pilot Project**

Following approval last year of £5,000,000 for a net zero pilot project and receipt of the final Fielden and Mawson Report in 2021, a Net Zero Retrofit Project Officer was appointed. Due to delays in recruiting a permanent member of staff to deliver the project, design works have been delayed and we expect works to start on site in 2023. Initial resident engagement commenced in July 2022 and 48 residents in the Ross Street area have opted-in to take part in this pioneering project. We have also successfully appointed an architect team to fully design the project for the 50 Council homes.



The objectives for this funding are to allow the authority to prove whether the estimated costs in the Fielden and Mawson report are achievable, to allow time to lobby government and other bodies, backed by real evidence, in an attempt to secure external investment and to allow further exploration of the potential to use the 5% flexibility in the rent restructuring formula and / or to introduce a 'comfort' charge for tenants. There is also a skills shortage in this industry currently, and the approach should also allow local providers to upskill their workforce.

Whilst we are unlikely to have procured the works contractor before summer 2023, market research is currently being conducted to determine the costs for different measures and we are conducting trials of the measures that are likely to form part of the final design. More informed pricing for individual measures is expected to be available in early 2023.

Therefore, expenditure of £500,000 is anticipated this financial year in undertaking full design works and trials, with the balance of £4,500,000 now being required in 2023/24 when the construction phase is now due to start. Budget has been re-phased as part of this HRA Medium Financial Strategy Report.

## **Other Energy Works**

Offices are in the process of appointing a contractor to deliver energy efficiency works under the planned works programme and expect to deliver 80 properties with external wall insulation and solar pv, where suitable, in 2022/23. In addition, we will continue with loft insulation upgrades and cavity wall insulation, extraction and re-fill, to other properties. We have also carried out some trials of internal wall insulation to flats. We have a forward programme of around 800 EPC "D" rated solid walled houses that will need to be insulated if they are to reach EPC 'C'.

Despite being unsuccessful in Wave 1, the authority has bid for Social Housing Decarbonisation Fund Grant as part of Wave 2. The value of the grant bid is £2,260,175 and the criteria is to ensure property reaches EPC 'C' and reduces energy demand to below a set level. If successful, these funds will be available to deliver external wall insulation works to HRA properties from April 2023. An urgent decision was taken in November 2022 to include £3,640,000 in the Housing Capital Investment Plan in 2023/24 to facilitate the bid, which requires the authority to have approved investment that can be topped up by the grant award. This

funding will allow external wall insulations and solar pv works to improve around 130 homes to an EPC 'C' standard.

A bid is incorporated into the 2023/24 budget process to extend the annual sum of £3,640,000 for a further 12 years to allow the authority to move all of its housing stock to a minimum of EPC 'C' by 2035, the target date for achieving this.

Over the course of a year the difference in energy costs between a 'G' rated property and a 'A' rated property is estimated at £1,500, and this can be split between each step in between. Effectively, we can assume, on average, that for every full step up the EPC ladder that we improve the energy efficiency of a home, the tenant could save up to £250 each time. Taking a home from a 'D' to a 'B' for example, could save £500 per year.

# New Build Affordable Housing

## **General Approach**

The Council's approach to building new homes continues to develop, with both Passivhaus and Net Zero Carbon pilot schemes now approved the former now beginning on site. The authority is having to explore a multitude of options for the delivery of new homes, with inflation rate and interest rate rises making it more challenging to demonstrate scheme viability.

There is still a strong commitment to delivering good quality, affordable rented accommodation in the city, but there is a recognition that it might take longer than originally planned to deliver against the aspirational targets, and some compromise may need to be made.

## **Future New Build Programme**

As a result of increases in inflation rates for expenditure and interest rates for borrowing, the assumptions in the HRA Business Plan for the delivery of new homes have currently had to be scaled back. There is still a strong commitment to deliver as many new homes as financially feasible, with a recognition that if the economy recovers more quickly than anticipated, the programme can easily be scaled back up again.

The key assumptions now made in respect of the funding incorporated are:

- 634 net additional council rented (social rent and 60% of market rent) homes delivered over the 10 years from 2022.
- 362 affordable rented homes at 80% of market rent.
- Delivery of the net new council rented homes assumes the need to demolish and re-provide 337 existing properties as part of site regeneration schemes.
- To deliver the net new council rented homes in mixed and balanced communities, market housing will also be delivered by developers on some of the identified sites.
- A range of delivery routes will be adopted, with a mix delivered via Joint Venture or Section 106, land led schemes, existing HRA sites and potentially off the shelf purchases.
- A build cost of £3,290 per square metre, which assumes building to Passivhaus or equivalent performance standards informed by up to date valuations, This assumes that building to Passivhaus standard or similar may be deliverable on all sites.
- Inflation in build costs incorporated at 4.7% per annum for the life of this programme
- Homes England grant of £66,877 per unit assumed across all affordable tenures, recognising that not all units will be eligible for grant, particularly where a larger proportion of market sale or replacement units are proposed.
- Brownfields Land Release Fund (BLRF) grant included where awarded (currently £643,329 for Aylesborough Close).
- Retained right to buy receipts continue to be available for re-investment at the assumed rate of approximately £3,500,000 per annum but can't be appropriately reinvested in addition to Homes England Grant, and instead will be utilised for sites which are ineligible for grant or where grant is not awarded. This sum assumes continued sales at the rate of 25 per annum to generate this resource.
- Borrowing has been assumed at the higher rate of 4.6% for 2023/24, 3.8% for 2024/25 and 3.5% from 2025/26 ongoing, based upon Link, our treasury advisors, forecasts of the PWLB rates over the medium term.
- Investment profile is spread across the 10-year programme based upon indicative delivery timescales, which are subject to change
- 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 £417,000,000 of borrowing in the HRA over the next 10 years of the plan.

Work is still ongoing to identify and explore potential HRA sites and land acquisition opportunities that could be included within the 10 Year New Homes Programme. Sites and schemes will continue to be brought forward for formal consideration and approval individually as opportunities arise, on a prioritised basis.

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 using Passivhaus principles wherever considered possible but there is recognition that the intention would be to move towards net zero-carbon during the life of the programme, where it is feasible and viable to do so.

The programme, as incorporated, is still dependent upon securing Homes England Grant funding, bid for on a scheme-by-scheme basis. Grant rates are not as high as initially hoped, but the authority has been successful in securing grant for a number of sites to date. If unsuccessful, the ability to replace grant with retained right to buy receipts would only help deliver a very small proportion of the planned programme. Failure to achieve grant will mean that the programme will need to be reviewed to identify alternative sources of funding, to increase the amount of market sale housing provided, to reduce build standards or to reduce the number of council rented homes delivered overall. The authority has been successful in securing additional infrastructure funding for Aylesborough Close through Brownfield Land Release Funding and will explore further opportunities like this to aid delivery of the programme.

The resource ear-marked in the business plan will be reviewed and re-profiled as the programme develops, with detailed borrowing options explored and decisions 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 external borrowing is currently anticipated is now 2023/24.

## New Build Schemes Completed – Devolution 500 Programme

At the time of writing this report 291 new homes had been completed since the beginning of 2018 as part of the Devolution 500 Programme, with a net gain of 260 council rented homes, as detailed below:

<b>Scheme</b>	<b>Total Social Housing / SO Units</b>	<b>Gain in Social Housing Units</b>	<b>Percentage Social Housing on Site</b>
Uphall Road	2	2	100%
Nuns Way/Cameron Road	7	7	100%
Wiles Close	3	3	100%
Ditchburn Place	2	2	100%
Queensmeadow	2	2	100%
Anstey Way	56	29	100%
Colville Road Garages	3	3	100%
Gunhild Way	2	2	100%
Wulfstan Way	3	3	100%
Markham Close	5	5	100%
Ventress Close	15	13	100%
Akeman Street	14	12	100%
Mill Road	112	112	50%
Cromwell Road	65	65	40%
<b>Total</b>	<b>291</b>	<b>260</b>	

## New Build Schemes On Site

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

## Devolution 500 Programme

Scheme	Approved Social Housing Units	Gain in Affordable Housing Units	Latest Budget Approved / for Approval	RTB Receipt / Sales Receipt Funding	Devolution Grant / S106 Funding	Rent Basis
Mill Road	6 (112 taken)	6 (112 taken)	24,965,630	(7,489,690)	(17,475,940)	Inflated Old LHA
Cromwell Road	53 (65 taken)	53 (65 taken)	24,865,800	(6,741,600)	(17,406,060)	Inflated Old LHA
Colville Road II	67	47	14,467,580	(2,743,430)	(6,272,280)	Inflated Old LHA
Meadows and Buchan	106	106	25,929,000	(7,778,700)	(8,163,900)	60%
Campkin Road	75	50	18,063,260	(3,243,930)	(6,509,450)	60%
Clerk Maxwell	14	14	3,046,760	(914,030)	(2,132,730)	60%
<b>Total</b>	<b>321</b>	<b>276</b>				

## 10 Year New Homes Programme

Scheme	Approved Social Housing Units	Gain in Affordable Housing Units	Latest Budget Approved / for Approval	RTB Receipt / Sales Receipt Funding	Homes England Grant	Rent Basis
Histon Road	10	10	1,978,000	(258,610)	0	60%
L2	75	75	17,727,000	0	(4,830,000)	30 Social Rent / 45 80%
Fen Road	12	12	4,015,000	0	(1,077,000)	Social Rent
Colville Road III	48	32	12,681,000	0	(2,144,000)	32 Social Rent / 16 80%
Ditton Fields	6	6	1,944,000	0	(534,000)	Social Rent
Borrowdale	3	3	1,044,000	0	(258,000)	Social Rent
<b>Total</b>	<b>154</b>	<b>138</b>				

## 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.

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

### Devolution 500 Programme

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	Rent Basis
Tedder Way	1	1	506,000	(151,800)	0	60%
Kendal Way	1	1	524,000	(157,200)	0	60%
<b>Total</b>	<b>2</b>	<b>2</b>				

### 10 Year New Homes Programme

Scheme	Approved / Indicative Affordable Housing Units	Gain in Affordable Housing Units	Latest Budget for Approval	RTB Receipt and Sales Receipt Funding	Homes England / BLRF Grant	Rent Basis
Aragon Close	7	7	2,103,000	0	(413,000)*	80%
Sackville Close	7	7	2,121,000	0	(413,000)*	80%
Aylesborough Close	70	37	19,030,000	0	(2,743,329)*	41 Social Rent / 29 80%

Scheme	Approved / Indicative Affordable Housing Units	Gain in Affordable Housing Units	Latest Budget for Approval	RTB Receipt and Sales Receipt Funding	Homes England / BLRF Grant	Rent Basis
St Thomas's Road	8	8	2,953,000	(614,000)	(560,000)*	60%
Paget Road	4	4	1,421,000	0	(300,000)*	2 Social Rent / 2 80%
Fanshawe Road	93	71	28,587,000	0	(5,508,890)*	44 Social Rent / 49 80%
Princess and Hanover Court	82	0	28,610,000	0**	0	Social Rent
East Road	40	40	10,964,000	0	(2,576,000)*	16 Social Rent / 24 80%
<b>Total</b>	<b>311</b>	<b>174</b>				

\* Homes England Grant is assumed, but no grant has yet been secured, but BLRF Grant approved.

\*\* The anticipated land receipt to the HRA for the element of land transferred to deliver market housing is currently netted off against the costs until details have been finalised.

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

Scheme	Site Type	Status	Potential New Build Units
Tedder Way	In-fill	Planning approved	1
Kendal Way	In-fill	Planning approved	1
Aragon Close	Existing HRA Garages	Planning approved	7
Sackville Close	Existing HRA Garages	Planning approved	7
Aylesborough Close	Existing HRA Housing	Planning approved	70
St Thomas's Road	Existing HRA Garages	Pre-planning	8
Paget Road	Existing HRA Garages	Pre-planning	4
Fanshawe Road	Existing HRA Housing	Pre-planning	93



<b>Scheme</b>	<b>Site Type</b>	<b>Status</b>	<b>Potential New Build Units</b>
Princess and Hanover Court	Existing HRA Housing	Options appraisal in progress	82
East Road	Demolished HRA Garages	Pre-planning	40

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.

### **Tedder Way**

This scheme now anticipates delivering a single, very large, mobility adapted dwelling on the site to meet an identified need on the housing register. The scheme achieved planning approval in November 2022. Start on site is anticipated in May 2023.

### **Kendal Way**

This scheme will deliver a large, mobility adapted 3 bedroom house to meet an identified need on the housing register. Start on site is anticipated by January 2023.

### **Aragon and Sackville Close**

The two sites at Aragon and Sackville Close comprise existing HRA garage and parking bay provision, with an anticipated 12 new homes to be provided across both sites. Both schemes now have planning approval, with start on site anticipated in March 2023.

### **Aylesborough Close**

This scheme comprises the redevelopment of 33 existing tenanted and 3 leasehold properties, to deliver an anticipated 70 new homes. Planning approval was granted in October 2022 as a pilot Passivhaus flatted development. At the time of writing this report, 2 tenants remain to be relocated and 1 leasehold property is still to be re-acquired.

## **St Thomas's Road**

This is an existing HRA garage and in-fill site, which involves the demolition of 20 garages. The original proposals indicated the delivery of 8 homes, but this is being reviewed as part of the design work. This scheme was originally anticipated to be delivered to net zero carbon standards, with grant funding from the European Regional Development Fund (ERDF). Unfortunately, the funding was not secured by our identified partner, and as a result the budget for the scheme will also need to be reviewed. At this stage the budget has only been amended to reflect the need to acquire, modify and sell on an adjacent dwelling to secure appropriate access for the development. Further amendment may be required following the scheme review and detailed design work.

## **Paget Road**

This is an existing HRA garage and in-fill site, which involves the demolition of 34 garages, with a view to re-providing 4 larger family homes. This scheme was originally anticipated to be delivered to net zero carbon standards, with grant funding from the European Regional development Fund (ERDF). Unfortunately, the funding was not secured, but having reviewed the budget as part of the HRA Medium Term Financial Strategy, this standard is still expected to be delivered.

## **Fanshawe Road**

This is an existing HRA site, which involves the demolition of 32 properties (22 tenanted and 10 leasehold) and 39 garages, with a view to delivering 93 new homes. It is anticipated that planning submission will be made in January 2023, with relocation of tenants and buy out of leasehold flats taking place currently. At the time of writing this report, 13 tenanted homes had been vacated, and 4 leasehold flats had been bought back.

## **Princess and Hanover Court**

Resource of £28,610,000 is now ear-marked in the Housing Capital Investment Plan to allow the relocation of tenants and the buy back of leasehold flats at both Princess Court and Hanover Court and for full redevelopment with the HRA securing a replacement 82 units at social rent and the balance at market sale should this be the preferred option. A detailed options appraisal is currently in progress. The HRA would receive a capital receipt for the land upon which the market units would be built, which has been netted off against the anticipated costs

of the social housing. A report will be presented to a future Housing Scrutiny Committee with final recommendations. At the time of writing this report, 35 tenant relocations were still required and 39 leasehold flats remained to be bought back. Void properties are actively being used to provide temporary housing to minimise extended void loss whilst the options appraisal is being carried out.

## East Road

A scheme specific report is presented to Housing Scrutiny Committee as part of this committee cycle for the redevelopment of what was previously a garage site on East Road. The multi-storey garage block was irreparably damaged in storms in early 2022, and the garages were demolished in May 2022 for safety reasons. It is proposed to develop the site to provide 40 affordable homes within the HRA.

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

# Asset Acquisitions & Disposals

Strategic acquisition or disposal is considered, in line with the HRA Acquisition and Disposal Policy. The capital receipt generated 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.

Acquisitions or disposals in 2022/23 to date include:

Acquisition / Disposal	Comment	Status
1 Bed Flat *	Purchase of a 1 bed flat in Kings Hedges ward for rough sleepers	Complete

Acquisition / Disposal	Comment	Status
1 Bed Flat *	Purchase of a 1 bed flat in Abbey ward for rough sleepers	Complete
1 Bed Flat *	Purchase of a 1 bed flat in Petersfield ward for rough sleepers	Complete
3 Bed House	Purchase of a 3 bed house in the Abbey ward for potential future development	Complete
2 further existing market dwellings *	Purchase of a further two 1 bed homes on the open market to house rough sleepers as part of the DLUHC Next Steps Programme, with grant funding awarded.	Grant awarded and acquisitions in progress
8 x 1 Bed Flats	Purchase of 8 self-contained flats for use as sheltered housing	In progress

\* Acquisitions using an element of Rough Sleeper Accommodation Programme grant funding to acquire 14 homes on the open market to accommodate rough sleepers. The grant conditions require that these homes are ear-marked for this purpose for 30 years, with residents expected to move on within a 2-year time frame to permanent accommodation.

Cambridge City Council was selected by Homes England for a regular compliance audit in respect of one of the rough sleeper property acquisitions. The audit took place over the summer and the authority received the results of the audit on 23 November 2022. Providers are awarded a green, amber or red status following the audit, with a requirement to report the results to the relevant Board Chair or equivalent, noting any breaches or recommendations for action and correcting these in any future schemes. A red rating would conclude a risk of misappropriation of public funds.

The Council was awarded a green rating, confirming that no high or medium severity breaches had been identified and that the authority has a satisfactory overall performance. The Homes England Compliance Audit Report is attached as confidential Appendix M to this report for information.

# Capital Bids, Savings and Re-Phasing

There are two formal capital bids incorporated as part of the 2023/24 HRA Budget Setting Report, but there are also 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**:

- Inclusion of a capital bid for £3,640,000 per annum for 12 years from 2024/24 (£3,640,000 in 2023/24 was approved under urgency in November 2022) to fund energy improvements to the existing housing stock to bring all homes up to at least an EPC 'C' rating by 2035.
- Inclusion of a capital bid for £129,830 in 2023/24, reducing to £23,000 per annum from 2024/25 to meet the HRA share of the cost of corporate ICT investment.
- Increase of £45,000 per annum in the budget for Disabled Facilities Grants, in line with increased grant funding received via the Better Care Fund.
- Inclusion of £10,964,000 for the development of the site at East Road, with a view to delivering 40 new affordable homes for the HRA, in line with the scheme specific report presented to this committee cycle.
- Re-phasing of budgets for decent homes works, and other capital works to the existing HRA stock, as identified in **Appendix E**
- Re-phasing of new build schemes as identified in **Appendix E**.
- Adjustment to the level of inflation held in the capital programme, recognising the anticipated increased in building costs in the medium-term.
- Adjustment to the level of resources held for future works to create new build dwellings recognising the increased borrowing cost and associated need to scale back the programme in this iteration of the business plan.

# 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 the borrowing requirement in any year, 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.

A risk to the HRA's ability to borrow remains the Local Authority Investment Guidance which states that any authority making an investment 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. Local authorities need to submit a 3-year capital investment strategy to be able to borrow, and the Section 151 Officer needs to certify that none of the capital projects are classified as investments primarily for yield. 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.

# HRA Borrowing

As at 1 April 2022, 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 28<sup>th</sup> March 2038, and the last on 28<sup>th</sup> March 2057.

At April 2022, the external loans attributable to the HRA, were notionally reduced as part of the HRA Capital Financing Requirement 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 internal lending, 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.

If the HRA acquires housing built on General Fund land, the land has to be appropriated (transferred) to the HRA, increasing the HRA Capital Financing Requirement and the resulting interest due to the General Fund. This transfer takes place at market value, but taking into account the intended future use for the site, i.e.; as social or affordable housing.

This iteration of the business plan assumes that the authority will re-invest all revenue resource that has been previously set-aside for potential debt redemption or re-investment, prior to undertaking any additional borrowing, currently estimated at £417,000,000 to deliver the 10 Year New Homes Programme from 2023/24. Borrowing of a further £203,000,000 is required over the life of the plan, to ensure that self-financing borrowing is re-financed, 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.

Due to the current economic uncertainty, and the resulting increase in the Bank of England base rate, lending rates have increased significantly. In the HRA Budget Setting Report in January 2022, a borrowing rate of 2.5% was assumed. The comparable rate at the time of drafting this report was 4.45%, a rate which has a catastrophic impact on the authority's ability to deliver what is

had planned. However, adopting Link (the Council's treasury advisors) view of what may happen to interest rates over the medium term does indicate some recovery, with average rates of 5.1% for 2022/23, 4.6% for 2023/24, 3.8% for 2024/25 and 3.5% from 2025/26. Although still worse than anticipated 12 months ago, the projections do now show a positive trajectory.

The HRA financial forecasts assume that the initial borrowing requirement in 2023/24 is met by borrowing from the Public Works Loan Board (PWLb), adopting the Link forecast rates.

Alternative borrowing routes are being explored, as the authority is required to borrow significantly greater sums. Consideration is also being given to internal borrowing, inter-authority borrowing, market borrowing and institutional investment.

The 2023/24 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. Further review will need to be undertaken during 2023/24 before significant borrowing is undertaken.

## Debt Repayment / Re-Investment

### **Set-Aside for Repayment of HRA Debt**

The debt repayment strategy no longer sets 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, but instead assumes that loans are re-financed to allow a continued programme of new homes to be delivered.

The ear-marked revenue reserve created to allow resource to be informally 'set aside' will be utilised before further borrowing is taken out. Any resource set-aside since April 2012 has been incorporated for use by 2022/23 to fund the delivery of new homes,



# 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 2023/24 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, statutory and regulatory requirements, inflation and interest rates, unanticipated service needs and rent and other income shortfalls and emergencies, such as uninsured damage to the housing stock. In addition, reserves may be used to support the Housing Capital Investment Plan and, in the short-term, to support revenue spending, for example to spread the impact of savings requirements over more than one financial year or to invest up front in a project that is anticipated to pay back over a period of time or deliver future savings.

For the Housing Revenue Account, the target level of reserves of £3m, with a minimum level of reserves of £2m, is proposed to be retained, recognising the need to safeguard the Council against the 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 2023/24.

# Conclusion

The budget for 2023/24 seeks to achieve a balance in investment against current priorities, as outlined in the introduction.

Update of the HRA Business Plan and preparation of the 2023/24 budget has been challenging as a result of changes in leadership at national level, realisation of some of the longer-term impacts of the coronavirus pandemic, the impact on energy prices and other commodities as a result of the war in Ukraine and resulting spiralling inflation, increases in the Bank of England base rate and therefore in borrowing rates.

This iteration of the business plan does however strengthen the focus on the challenge to identify resource to allow improvement to the energy efficiency of the existing housing stock, with funding incorporated to improve existing homes to at least an EPC 'C' standard over the next 13 years, whilst also ensuring that new build homes meet high energy efficiency standards. This will ensure good progress towards meeting the aspirational energy efficiency standards across the housing stock and will improve thermal comfort and reduce energy bills for tenants.

To facilitate this level of investment however, it is necessary to impose a 5% rent increase for tenants from April 2023. This increase is significantly lower than the CPI plus 1% increase of 11.1% that would be applied under the government's Rent Standard, recognising both nationally and locally that an increase of this level would not be acceptable in the current economic climate. The 5% increase is also lower than the government's cap of 7%, recognising that it is necessary to impose a rent increase to facilitate energy investment in the housing stock, but not applying an increase as high as the government have indicated.

The 5% rent increase also acknowledges the level of inflation that is being applied to costs for 2023/24, with a base inflation level of 9.4% being adopted. It is imperative that the authority is not only able to continue to deliver quality services, but also to meet its contractual obligations. The building trade continues to experience both materials and labour shortages, with delays and increased costs still being experienced as a direct result.

The authority still awaits the detail surrounding the Charter for Social Housing Residents and the revised Decent Homes Standard (Decent Homes 2), and how this will impact service delivery, with legislation awaited.

The rollout of Universal Credit continues to contribute to uncertainty for the Housing Service, with the impact of direct payment on rent collection and rent arrears, yet to be fully realised.

Work undertaken as part of the 2023/24 budget process has resulted in the development of proposals for setting the budget for the Housing Revenue Account.

In January 2023 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 2022/23 to 2031/32 to Council for consideration and approval.

The HRA Budget Setting Report recommends approval of, where applicable:

- Property rents, garage and parking space rents and service charges
- Revised budget proposals
- Unavoidable revenue pressure proposals
- Reduced income proposals
- Revenue bids
- Savings proposals
- Increased income proposals
- Non-cash limit items
- Capital bids, capital savings, revised scheme costs and timings
- Capital resource re-allocation

The meeting of Council in February 2023 will consider the final proposed Housing Capital Budget as identified in this report for approval.

Savings identified in the HRA from 2023/24 include reductions in gas servicing costs following a re-procurement, reductions in national insurance following reversal of the social care levy proposals, reduction in pension costs and other operational savings.

Increased income is anticipated from rents due to the proposal to increase rents by 5% from April 2023, and in service charges where full cost recovery is proposed in respect of sheltered housing charges and where the costs of the Engagement, Education and Enforcement Officer are anticipated to be passed on.

Savings and increased income are partially offset by unavoidable revenue pressures, including the need for the HRA to contribute to corporate transformation costs, an increase in recharges from the General Fund for support services, the costs of council tax in vacant dwellings pending redevelopment and increased emergency lighting maintenance costs.

A reduction in garage rental income is anticipated due to declining garage numbers.

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 increase staffing in the Housing Management Team, Application Support Team, Estates and Facilities Team, Housing Development Team, Risk and Compliance Team and to continue funding the Engagement, Education and Enforcement Officer, subject to charging residents for the service.

There are non-cash limit adjustments to reflect the use of existing resource to fund some of the increased staffing bid for above, where resource has already been built into the HRA as stock numbers increase, increased investment income as rates on cash balances have gone up, but also an increase in interest paid as borrowing costs have also risen sharply.

The overall position for the HRA by 2023/24 (including non-cash limit adjustments) is a cumulative over-achievement of £87,700, reducing by the end of the 5 year term to result in a cumulative under-achievement of £326,580 by 2027/28. This can only be sustained as a result of the decision on setting rent levels for 2023/24, coupled with net new homes being delivered in years 6 to 10 of the business plan, which will bring with them additional rental streams.

There is currently an assumption that efficiency savings of £180,000 per annum will be sought for a further 4 years, allowing the continuation of a corresponding Strategic Investment Fund for the same period. Effectively, any increase in revenue costs or investment in new revenue 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, with significant additional borrowing planned, this approach is no longer adopted.

The HRA is making significant progress in delivering over 500 additional homes using Devolution Grant, with 260 net additional homes handed over and a further 276 net additional homes on site at the time of writing this report. The authority also has a number of schemes approved as part of the new 10 Year New Homes Programme, with 138 net new homes on site at the time of writing this report.

The biggest risks to the business plan currently are the uncertainty in how long interest rates for borrowing will take to come back down to previous levels, if they ever do and the assumption that the authority will be successful in securing Homes England Grant, with assumptions that the majority of sites on the 10 Year New Homes Programme will have grant funding to allow them to proceed. If the authority is unsuccessful in securing grant, each scheme will need to be revisited before entering into contract to ensure that the HRA can borrow sufficient funds to proceed.

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.

## Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	9.4% for 2023/24, returning to 2% from 2024/25	General inflation on expenditure included at 9.4% for 2023/24, with 2% ongoing per Bank of England and OBR forecasts.	Retained
Capital and Planned Repairs Inflation	<b>4.09% for 5 years, then revert to CPI. 4.7% for new build</b>	<b>Based upon the mix of BCIS and CPI forecasts for next 5 years, using averages over this period. Reverts to CPI after 5 years. Adopt 4.7% for new build based upon industry projections.</b>	<b>Amended</b>
Debt Repayment	<b>Re-financing of Self-Financing Debt</b>	<b>Assumes surplus is re-invested in income generating assets, with re-financing of debt as loans reach maturity dates,</b>	<b>Amended</b>
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% Pay Progression & Pay Inflation at £1,925 per FTE for 2022/23, 3% for 2023/24 then 2% ongoing	Assume allowance for increments at 1% and cost of living pay inflation at £1,925 per FTE for 2022/23, 3% for 2023/24, 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	<b>Capped at 5% for 2023/24, CPI plus 1% for 2024/25, then CPI plus 0.5% for 5 years</b>	<b>Rent increases capped at 5% for 2023/24, at up to CPI plus 1% for 2024/25, reverting to inflation plus 0.5% for 5 years after this, then CPI. Assume CPI in preceding September is as above.</b>	<b>Amended</b>
Affordable Rent Review Inflation	<b>Capped at 5% for 2023/24, CPI plus 1% for 2024/25, then CPI plus 0.5% for 5 years</b>	<b>Affordable rents to be reviewed annually in line with rent guidance, ensuring that they do not breach the Local Housing Allowance, 60% or 80% of market rent, depending upon the tenure.</b>	<b>Amended</b>
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	1.6% for 2022/23, then 2%	Interest rates based on latest market projections, recognising that the HRA will benefit from low risk investments only	Amended
Internal Lending Interest Rate	1.6% for 2022/23, then 2%	Assume the same rate as anticipated can be earned on cash balances held, so as not to detriment either the HRA or the General Fund longer-term.	Amended
External Borrowing Interest Rate	5.1% for 2022/23, 4.6%, 3.8%, then 3.5% from 2025/26	Assumes additional borrowing using LINK projections of PWLB rates at November 2022.	Amended
Internal Borrowing Interest Rate	5.1% for 2022/23, 4.6%, 3.8%, then 3.5% from 2025/26	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	25 sales ongoing	Assume 25 sales annually ongoing.	Retained
Right to Buy Receipts	Settlement right to buy and assumed one-for-one receipts included	Debt settlement receipts included, assuming the receipts utilised partly for general fund housing purposes. Anticipated one-for-one receipts included, and ear-marked for direct new build spend. Debt repayment proportion assumed to be set-aside.	Retained
Void Rates	2% for 2022/23, then 1% ongoing	<b>Assume increased void rate of 2% for 2022/23, then ongoing void rate of 1% from 2023/24, recognising plans to improve void performance.</b>	Amended
Bad Debts	1.5% from 2023/24 ongoing	Bad debt 1.5% ongoing reflecting the requirement to collect 100% of rent directly through Universal Credit.	Retained
Savings Target	£180,000 (4% of general and repairs administrative expenditure)	Retain an efficiency target of £180,000 from 2023/24 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	£180,000	Housing Strategic Investment Fund included from 2023/24 for 5 years at the same value as the savings target.	Retained

# Service Charges

## Appendix B

Charge Description	Range of Charges 2022/23	Charge Basis	Charges 2022/23
<b>General Stock</b>			
Caretaking Charge	£4.03 to £5.20	Per Week	A
Building Cleaning	£1.95 to £2.99	Per Week	A
Window Cleaning	£0.01 to £0.54	Per Week	A
Estate Services Champion	£0.16 to £0.48	Per Week	E
Door Entry	£0.11 to £2.43	Per Week	A / B
Passenger Lifts	£0.37 to £1.53	Per Week	A / B
Gas Maintenance / Servicing	£0.43 to £2.16	Per Week	A / B
Digital TV Aerial Charge	£0.13 to £0.33	Per Week	A
Grounds Maintenance	£0.02 to £5.05	Per Week	A / B
Communal Electricity	£0.15 to £4.27	Per Week	A / B
Third Party Estate Service Charge	£0.80 to £5.48	Per Week	A
Third Party Service Charge	£5.91 to £21.82	Per Week	A
Disabled Adaptation Charge	£2.23 to £5.28	Per Week	A
Dropped Kerb Charge	£0.05 to £1.08	Per Week	Frozen
<b>General Sheltered Schemes</b>			
Premises Charge	£1.17 to £30.14	Per Week	D
Communal Heating / Lighting	£2.96 to £7.01	Per Week	A
Individual Heating / Lighting	£3.98 to £16.70	Per Week	A
Water	£1.74 to £3.81	Per Week	A
Grounds Maintenance	£0.28 to £2.77	Per Week	A
Electrical / Mechanical Maintenance	£0.38 to £5.09	Per Week	B
Sheltered Support Charge	£5.79 to £7.20	Per Week	C
Alarm Charge	£0.80	Per Week	A
Landlord Emergency Contact	£0.81	Per Week	A

Sheltered Hall Hire	£10.00 (M - F) £20.00 (Sat/Sun) £5.45**	Per Hour	£10.00 (M - F) £20.00 (Sat/Sun) £5.45**
**Reduced hourly rate for events which CCC sheltered residents can attend			
<b>Ditchburn Place</b>			
Premises Charge	£1.45 to £42.52	Per Week	A
Flat Cleaning / Laundry Charge	£34.88	Per Week	A
Communal Heating / Lighting	£0.76 to £5.86	Per Week	A
Individual Heating / Lighting	£8.18 to £15.01	Per Week	A
Water	£2.35	Per Week	A
Catering	£113.16	Per Week	A
Grounds Maintenance	£2.14	Per Week	A
Electrical / Mechanical Maintenance	£2.92	Per Week	B
Sheltered Support Charge	£7.20	Per Week	C
Alarm Charge	£0.80	Per Week	A
Landlord Emergency Contact	£0.81	Per Week	A
Launderette – Wash / Dry / Iron	£9.00	Per Load	£10.00
Cleaning	£9.00	Per 30 Mins	£10.00
<b>Temporary Accommodation</b>			
Premises Charge	£28.06 to £50.65	Per Week	A
Individual Heating / Lighting	£15.90 to £35.77	Per Week	A
Water	£6.37 to £10.20	Per Week	A
Grounds Maintenance	£0.02 to £3.16	Per Week	A
Electrical / Mechanical Maintenance	£0.28 to £3.71	Per Week	B
<b>Leasehold Charges for Services</b>			
Solicitors' pre-sale enquiries	£150.00	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	£100.00	Per Request	£100.00

Deed of Variations Administration plus CCC Solicitor Fee and Own Solicitor Fee	£50.00 £550.00+	Per Request	£50.00 £580.00+
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	£75.00	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	£160.00
Deed of postponement	£140.00	Per Request	£150.00
<b>Other Charges for Services</b>			
Land Acquisition Enquiry / Administration Fee	£50.00	Per Request	£100.00

Key	
A	Proposal to recover the full estimated cost of providing these services in 2023/24, recognising the authority should endeavour to limit increases to inflation at 11.1% (CPI at September 2022 of 10.1% plus 1%). Exception to this will be in respect of affordable homes, where rents and service charges are capped in totality, and therefore full cost recovery will not always be 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 11.1% (CPI in September 2022 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 with the County Council
D	Proposal to recover the full estimated cost of providing these services in 2023/24, where this has previously been subsidised by rental income across the HRA.
E	Proposal to recover the full estimated cost of providing these services in 2023/24, recognising an increase for the Engagement, Education and Enforcement Officer.

# HRA Earmarked & Specific Funds

# Appendix C

## HRA Earmarked & Specific Revenue Funds (£'000)

### Repairs & Renewals

	Opening Balance	Contributions	Expenditure to October	Current Balance
General Management	(702.1)	(71.1)	0.0	(773.2)
Special Services	(1,323.8)	(150.3)	57.6	(1,416.5)
Repairs and Maintenance	(586.2)	(49.3)	0.0	(635.5)
<b>Total</b>	<b>(2,612.1)</b>	<b>(270.7)</b>	<b>57.6</b>	<b>(2,825.2)</b>

### Tenants Survey

	Opening Balance	Contributions	Expenditure to October	Current Balance
Tenants Survey	(34.7)	(6.5)	8.2	(33.0)

### Debt Set-Aside (Revenue)

	Opening Balance	Contributions	Expenditure to October	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 October	Current Balance
Debt Set-Aside	(11,215.4)	0.0	0.0	(11,215.4)

### Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to October	Current Balance
MRR	(11,540.7)	0.0	0.0	(11,540.7)

# Appendix D(1)

## 2022/23 HRA Mid-Year Revenue Budget Adjustments

Area of Income / Expenditure	Description	Budget Amendment in 2022/23 Budget (£)	Budget Amendment in 2023/24 Budget (£)	Comment
<b>Budgeted use of / (contribution to) HRA Reserves pre BSR</b>		<b>13,474,180</b>		
<b>HRA General and Special Management</b>				
No Changes	Not applicable	0	0	
<b>Total HRA General and Special Management</b>		<b>0</b>		
<b>HRA Repairs</b>				
Heat and Smoke Detectors	Re-phasing of heat and smoke detector funding from 2022/23 into 2023/24	(500,000)	500,000	Re-phasing
<b>Total HRA Repairs</b>		<b>(500,000)</b>	<b>500,000</b>	
<b>HRA Summary Account</b>				
Rent Income	Increased rent income due to temporary use of decants	(39,280)		Future years adjusted accordingly
Bad Debt Provision	Reduced contribution to fund based upon latest assumptions	(3,990)		Built into base for future years
Depreciation	Changes to depreciation based on latest assumptions	2,360		Built into base for future years
Interest earned on HRA Balances	An increase in both interest rates and the level of balances held by the HRA result in an increase in the level of interest that will be earned.	(644,690)		Built into base for future years
Interest Paid	Adjustment to interest due in 2022/23 recognising the impact of internal lending	19,120		Built into base for future years
DRF	Re-phasing of DRF recognising slippage in the capital programme	(15,354,710)	15,384,710	Re-phasing
<b>Total HRA Summary</b>		<b>(16,021,190)</b>		
<b>Revised use of / (contribution to) HRA Reserves post HRA BSR</b>		<b>(3,047,010)</b>		

## 2023/24 Budget – HRA Proposals – by Type

## Appendix D (2)

Reference	Item Description	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	Climate Rating	Poverty Ratings & Contact
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	-------------------	---------------------------------

### Unavoidable Revenue Pressure

URP5013	Increased Emergency Lighting Costs	30,620	30,620	30,620	30,620	30,620	Nil	No Impact
---------	------------------------------------	--------	--------	--------	--------	--------	-----	-----------

Inspections of emergency lighting are resulting in increased repair costs as failures are identified. In the longer-term lighting is being upgraded, but there will be additional repair costs for a period of time, whilst this takes place.

Renier  
Barnard

Housing (HRA) Portfolio

URP5029	Increased cost of Council Tax in void dwellings	100,000	0	0	0	0	Nil	No Impact
---------	---	---------	---	---	---	---	-----	-----------

Decant of homes at Fanshawe Road, Princess Court and Hanover Court will result in increased void council tax costs for 2023/24.

Julia Hovells

Housing (HRA) Portfolio

URP5124	Anticipated change in recharges between the General Fund and HRA	5,750	5,980	4,140	4,140	4,140	Nil	No Impact
---------	--	-------	-------	-------	-------	-------	-----	-----------

This is the anticipated net impact on recharges between the General Fund and HRA if all General Fund budget proposals are approved

Julia Hovells

Housing (HRA) Portfolio

URP5125	Employee Pension Rate Increase	12,250	12,250	12,250	12,250	12,250	Nil	No Impact
---------	--------------------------------	--------	--------	--------	--------	--------	-----	-----------

It is expected that the employer's contribution towards employees' pensions will increase from 17.4% to 17.6% as a result of the Pension Fund triennial valuation.

Julia Hovells

Housing (HRA) Portfolio

URP5137	Increase in HRA Bad Debt Provision	8,980	8,980	8,980	8,980	8,980	Nil	No Impact
---------	------------------------------------	-------	-------	-------	-------	-------	-----	-----------

An increase in rent levels results in an increase in the contribution required for the bad debt provision, as the two are linked by formula.

Julia Hovells

Housing (HRA) Portfolio

URP5140	HRA Contribution to Corporate Transformation	200,000	200,000	200,000	0	0	Nil	No Impact
---------	--	---------	---------	---------	---	---	-----	-----------



2023/24 Budget – HRA Proposals – by Type

Appendix D (2)

Reference	Item Description	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	Climate Rating	Poverty Ratings & Contact
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	-------------------	---------------------------------

Funding for Housing Transformation has been increased by £200,000 per annum for 3 years to allow the HRA to meet it's share of corporate transformation costs.

Julia Hovells

Housing (HRA) Portfolio

Total Unavoidable Revenue Pressure	357,600	257,830	255,990	55,990	55,990
------------------------------------	---------	---------	---------	--------	--------

# 2023/24 Budget – HRA Proposals – by Type

# Appendix D (2)

Reference	Item Description	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	Climate Rating	Poverty Ratings & Contact
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	-------------------	---------------------------------

## Reduced Income

RI5023	Reduced garage rental income	14,800	14,800	14,800	14,800	14,800	Nil	No Impact
--------	------------------------------	--------	--------	--------	--------	--------	-----	-----------

A reduction in garage income is anticipated as a result of decant of garages at Princess and Hanover Court and demolition of garages at East Road.

Julia Hovells

Housing (HRA) Portfolio

Total Reduced Income	14,800	14,800	14,800	14,800	14,800
----------------------	--------	--------	--------	--------	--------

## 2023/24 Budget – HRA Proposals – by Type

## Appendix D (2)

Reference	Item Description	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	Climate Rating	Poverty Ratings & Contact
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	-------------------	---------------------------------

### Revenue Bids

<b>B5019</b>	<b>Increase in Housing Staffing recognising increased stock</b>	57,610	57,610	57,610	57,610	57,610	Nil	No Impact
--------------	---	--------	--------	--------	--------	--------	-----	-----------

It is proposed to increase housing management staffing by employing a Tenancy and Estate Services Operations Manager, in recognition of an increase in stock numbers. This has already been allowed for in the business plan forecasts

Anna Hill

Housing (HRA) Portfolio

<b>B5020</b>	<b>Continuation of the Tenancy Auditor Function</b>	49,350	49,350	49,350	49,350	49,350	Nil	No Impact
--------------	---	--------	--------	--------	--------	--------	-----	-----------

Following a successful pilot period a report to HSC in September 2022 recommended continued funding of the tenancy audit function .

Anna Hill

Housing (HRA) Portfolio

<b>B5021</b>	<b>Increased staffing in the Compliance Team</b>	38,950	38,950	38,950	38,950	38,950	Nil	No Impact
--------------	--	--------	--------	--------	--------	--------	-----	-----------

Additional resource is required to address fire safety and asbestos recommendations, and to ensure that the authority can carry out and respond to increased fire risk assessments.

Lynn Bradley

Housing (HRA) Portfolio

<b>B5024</b>	<b>Continuation of the Engagement, Education and Enforcement Officer Post</b>	49,460	49,460	49,460	49,460	49,460	Nil	No Impact
--------------	---	--------	--------	--------	--------	--------	-----	-----------

Following a successful pilot, it is proposed to make this post permanent, but to meet the cost through an increase in estate service champion charges to residents

Anna Hill

Housing (HRA) Portfolio

<b>B5027</b>	<b>Appointment of a compliance officer to support the H.D.A in both securing and meeting the audit requirements for Homes England Grant</b>	44,620	44,620	44,620	44,620	44,620	Nil	Low Positive Impact
--------------	---	--------	--------	--------	--------	--------	-----	---------------------

The administration and record keeping in order to ensure compliance with Homes England grant conditions is extensive, and the authority is dependent upon this grant to be able to build new homes.

Julia Hovells

Housing (HRA) Portfolio

# 2023/24 Budget – HRA Proposals – by Type

# Appendix D (2)

Reference	Item Description	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	Climate Rating	Poverty Ratings & Contact
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	-------------------	---------------------------------

B5038	Increased Capacity for Housing IT Development	50,930	50,930	50,930	50,930	50,930	Nil	No Impact
-------	---	--------	--------	--------	--------	--------	-----	-----------

It is proposed to recruit a Housing IT Development Officer to consider and deliver improvements and developments to the housing IT offering, with a focus on digital solutions and customer self-service

Julia Hovells

Housing (HRA) Portfolio

B5049	Continued employment of the Former Tenant Arrears Officer	0	0	0	0	0	Nil	No Impact
-------	---	---	---	---	---	---	-----	-----------

This post was originally approved as a pilot to tackle former tenant arrears recovery and bad debt write off. This is delivering results and it is proposed to extend the post for a further 12 months, recognising that funding has already been incorporated for this

Julia Hovells

Housing (HRA) Portfolio

B5083	Resource to deliver Service Improvement	59,550	59,550	59,550	59,550	59,550	Nil	No Impact
-------	---	--------	--------	--------	--------	--------	-----	-----------

This resource will facilitate service improvement, mange and reduce complaints, improve data holding and manage the response to legislative change.

Lynn Bradley

Housing (HRA) Portfolio

Total Revenue Bids	350,470	350,470	350,470	350,470	350,470
Pressures & Bids Total:	722,870	623,100	621,260	421,260	421,260

## Appendix D (2)

Reference	Item Description	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	Climate Rating	Poverty Ratings & Contact
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	-------------------	---------------------------------

## Savings

[illegible]

All known structural works where temporary propping is required will be completed by March 2022, with no identified need for props in 2023/24.

Martin  
Donnelly

Housing (HRA) Portfolio

[illegible]

A reduction in resident involvement expenditure is proposed, with reduce demand for public transport claims, a lower level of take up of residents association grants and lower expenditure in respect of other services

Nathan  
Chapman

Housing (HRA) Portfolio

<b>S5014</b>	<b>Gas Servicing Contract Saving</b>	(63,970)	(63,970)	(63,970)	(63,970)	(63,970)	Positive/Low Impact	No Impact
--------------	--------------------------------------	----------	----------	----------	----------	----------	---------------------	-----------

Savings are anticipated in gas servicing following award of a new contract resulting from a recent procurement exercise, with communal gas boilers being installed on a number of new build sites instead of individual gas boilers and alternative options being considered for the future..

Renier  
Barnard

Housing (HRA) Portfolio

[illegible]

Reduced estate clearance and fly tip removal costs are anticipated, as the Estate Champion Service proactively deals with this on housing sites

Anna Hill

Housing (HRA) Portfolio

<b>S5018</b>	<b>City Homes Operational Savings</b>	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	Positive/Low Impact	No Impact
--------------	---------------------------------------	---------	---------	---------	---------	---------	---------------------	-----------

Savings in operational budgets such as printing, stationery and travel can be made due to new ways of working

Anna Hill

Housing (HRA) Portfolio

[illegible]

## 2023/24 Budget – HRA Proposals – by Type

## Appendix D (2)

Reference	Item Description	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	Climate Rating	Poverty Ratings & Contact
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	-------------------	---------------------------------

Provision was made a number of years ago, with no market supplement arrangements agreed. The majority of posts have now been successfully recruited to, and provision has been retained for a small number of specialist roles in case it is still required

Lynn  
Bradley

### Housing (HRA) Portfolio

<b>S5096</b>	<b>Reduction in Employer's National insurance</b>	(52,400)	(52,400)	(52,400)	(52,400)	(52,400)	Nil	No Impact
--------------	---	----------	----------	----------	----------	----------	-----	-----------

The social care levy, set to replace the 1.25% increase in employer's national insurance from April 2023 has been reversed by the chancellor in the mini budget on 23/9/2022. As a result the unavoidable revenue pressure (URP4886) included in the 2022/23 HRA budget process will not be required from 2023/24

Julia Hovells

### Housing (HRA) Portfolio

<b>S5126</b>	<b>Reduction in pension costs following the triennial valuation</b>	(358,440)	(407,190)	(455,750)	(455,750)	(455,750)	Nil	No Impact
--------------	---	-----------	-----------	-----------	-----------	-----------	-----	-----------

The triennial valuation performed in 2022 has identified the opportunity to reduce the HRA's share of the overall pension deficit contribution. The saving to the HRA is significant as the contribution has reduced overall, the share of the total cost that the HRA should meet has been reviewed, and inflation allowed for is not required.

Julia Hovells

### Housing (HRA) Portfolio

<b>Total Savings</b>	(569,620)	(618,370)	(666,930)	(666,930)	(666,930)
----------------------	-----------	-----------	-----------	-----------	-----------

## 2023/24 Budget – HRA Proposals – by Type

## Appendix D (2)

Reference	Item Description	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	Climate Rating	Poverty Ratings & Contact
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	-------------------	---------------------------------

### Increased Income

<b>II5007</b>	<b>Increased Catering Income at Ditchburn Place</b>	(32,880)	(32,880)	(32,880)	(32,880)	(32,880)	Nil	No Impact
---------------	---	----------	----------	----------	----------	----------	-----	-----------

Increased catering income is anticipated at Ditchburn Place, now that the scheme is operating at full capacity again.

Nathan  
Chapman

Housing (HRA) Portfolio

<b>II5016</b>	<b>Additional Home Ownership Fee Income</b>	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	Nil	No Impact
---------------	---	---------	---------	---------	---------	---------	-----	-----------

Additional fee income is anticipated based upon previous year's experience.

Anna Hill

Housing (HRA) Portfolio

<b>II5025</b>	<b>Service charge income for the Engagement, Education and Enforcement Officer</b>	(49,460)	(49,460)	(49,460)	(49,460)	(49,460)	Nil	No Impact
---------------	--	----------	----------	----------	----------	----------	-----	-----------

Following a successful pilot, it is proposed to continue with this service, but to charge for it within the estate service champion charge

Julia Hovells

Housing (HRA) Portfolio

<b>II5026</b>	<b>Increased service charge income</b>	(59,810)	(59,810)	(59,810)	(59,810)	(59,810)	Nil	No Impact
---------------	--	----------	----------	----------	----------	----------	-----	-----------

Increased service charge income, predominantly as a result of fully recovering premises charges across sheltered housing

Julia Hovells

Housing (HRA) Portfolio

<b>II5039</b>	<b>Increased commercial rent income</b>	(5,740)	(5,740)	(5,740)	(5,740)	(5,740)	Nil	No Impact
---------------	---	---------	---------	---------	---------	---------	-----	-----------

Based upon current rent review projections and assuming vacant unit are successfully let, HRA commercial rent income will be marginally greater than budgeted

Julia Hovells

Housing (HRA) Portfolio

<b>RI5022</b>	<b>Increased rental income</b>	(549,380)	(80,470)	(261,240)	(754,710)	(267,280)	Nil	No Impact
---------------	--------------------------------	-----------	----------	-----------	-----------	-----------	-----	-----------

# 2023/24 Budget – HRA Proposals – by Type

# Appendix D (2)

Reference	Item Description	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	Climate Rating	Poverty Ratings & Contact
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	-------------------	---------------------------------

Rental income is anticipated to be higher than assumed in the HRA MTFS as a result of applying a 5% rent increase. This is partially offset by delays in the delivery of new homes. This figure will be far less if the current void levels and void backlog continues, but this is anticipated to be resolved by March 2023.

Julia Hovells

## Housing (HRA) Portfolio

Total Increased Income	(700,270)	(231,360)	(412,130)	(905,600)	(418,170)
<b>Savings Total:</b>	<b>(1,269,890)</b>	<b>(849,730)</b>	<b>(1,079,060)</b>	<b>(1,572,530)</b>	<b>(1,085,100)</b>



## 2023/24 Budget – HRA Proposals – by Type

## Appendix D (2)

Reference	Item Description	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	Climate Rating	Poverty Ratings & Contact
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	-------------------	---------------------------------

### Non-Cash Limit Items

<b>NCL5028</b>	<b>Utilise funding for growth from business plan to meet costs of specific HRA bids</b>	(171,800)	(171,800)	(171,800)	(171,800)	(171,800)	Nil	No Impact
----------------	---	-----------	-----------	-----------	-----------	-----------	-----	-----------

Funding is incorporated into the HRA business plan to recognise an increase in stock numbers. It is proposed to utilise this to meet growth related bids.

Julia Hovells

Housing (HRA) Portfolio

<b>NCL5053</b>	<b>Increased HRA investment income</b>	(496,980)	(193,540)	(199,180)	(198,570)	(202,840)	Nil	No Impact
----------------	--	-----------	-----------	-----------	-----------	-----------	-----	-----------

The rate of interest that the HRA expects to be able to earn on balances has increased from 0.6% to 1.6%.

Julia Hovells

Housing (HRA) Portfolio

<b>NCL5135</b>	<b>Increase in Interest Payable on HRA Borrowing</b>	288,540	717,520	1,100,340	943,320	263,900	Nil	No Impact
----------------	--	---------	---------	-----------	---------	---------	-----	-----------

Due to recent rises in the Bank of England base rate, the cost of HRA borrowing is expected to increase significantly for all new loans assumed to be taken out from 2023/24 in the business plan.

Julia Hovells

Housing (HRA) Portfolio

<b>NCL5136</b>	<b>Reduction in Depreciation for HRA Assets</b>	(19,660)	(97,860)	(165,940)	(37,660)	(93,480)	Nil	No Impact
----------------	---	----------	----------	-----------	----------	----------	-----	-----------

Based upon the latest stock numbers, anticipated property values and remaining lives a small reduction in depreciation is anticipated from 2023/24.

Julia Hovells

Housing (HRA) Portfolio

<b>NCL5141</b>	<b>Increase in Direct Revenue Financing (DRF) of Capital</b>	16,880,410	(4,330)	520,290	89,540	1,159,510	Nil	No Impact
----------------	--	------------	---------	---------	--------	-----------	-----	-----------

DRF is maximised as a funding source before any further borrowing is taken out

Julia Hovells

Housing (HRA) Portfolio

Total Non-Cash Limit Items	16,480,510	249,990	1,083,710	624,830	955,290			
----------------------------	------------	---------	-----------	---------	---------	--	--	--

<b>Non - Cash Limit Items Total:</b>	<b>16,480,510</b>	<b>249,990</b>	<b>1,083,710</b>	<b>624,830</b>	<b>955,290</b>			
--------------------------------------	-------------------	----------------	------------------	----------------	----------------	--	--	--

# 2023/24 Budget – HRA Proposals – by Type

# Appendix D (3)

Reference	Item Description	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	Climate Rating	Poverty Ratings & Contact
-----------	------------------	------------------------	------------------------	------------------------	------------------------	------------------------	-------------------	---------------------------------

## Capital Bids

CAP5122	Funding to improve 130 existing homes per annum to EPC 'C'	0	3,640,000	3,640,000	3,640,000	3,640,000	Positive/Medium Impact	Low Positive Impact
---------	--	---	-----------	-----------	-----------	-----------	------------------------	---------------------

Funding is incorporated into the HRA Business Plan to improve 130 homes each year to meet EPC 'C' standards. This funding is needed for 13 years from 2023/24 to ensure that all 1,700 homes currently below this standard are improved to this degree. Funding for 2023/24 was approved under urgency powers in November 2022.

Julia Hovells

Housing (HRA) Portfolio

CAP5123	HRA contribution to ICT investment	129,830	23,000	23,000	23,000	23,000	Nil	No Impact
---------	------------------------------------	---------	--------	--------	--------	--------	-----	-----------

A number of areas of IT investment have been proposed as part of the General Fund budget process, and this sum assumes the HRA contributes proportionally.

Julia Hovells

Housing (HRA) Portfolio

Total Capital Bids	129,830	3,663,000	3,663,000	3,663,000	3,663,000
Capital Total:	129,830	3,663,000	3,663,000	3,663,000	3,663,000

# Appendix E

## 2022/23 Capital Budget Amendments Summary

Area of Expenditure and Change	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
<b>Total Housing Capital Plan Expenditure per HRA MTFS</b>	<b>94,756</b>	<b>101,025</b>	<b>90,530</b>	<b>92,983</b>	<b>97,357</b>
<b>General Fund Housing</b>					
Increase in Disabled Facilities Grants in line with funding received / anticipated	45	45	45	45	45
<b>Decent Homes and Other HRA Stock Investment</b>					
Re-profile decent homes and other stock investment budgets based upon latest delivery forecasts					
Heating and Boilers	(1,012)	1,012	0	0	0
Wall Structure	(2,040)	2,040	0	0	0
Sulphate Works	(102)	0	0	0	0
Decent Homes Contractor Overheads	(574)	487	0	0	0
Communal Doors	(400)	400	0	0	0
Fire Safety Works	(1,500)	1,500	0	0	0
Estate Improvement Scheme	(650)	650	0	0	0
Decent Homes Backlog	0	445	445	445	445
Other Stock Investment Contractor Overheads	67	20	0	0	0
Decent Homes New Build Allocation	0	(140)	(235)	(56)	(132)
Include energy investment to move 1,700 homes to EPC 'C' as a minimum	0	3,640	3,640	3,640	3,640
<b>New Build</b>					
Re-phase budget for Tedder Way	(10)	10	0	0	0
Re-phase budget for Kendal Way	(34)	34	0	0	0
Re-phase budget for Colville Road II	(44)	(13)	57	0	0
Re-phase budget for Meadows and Buchan	680	(511)	(169)	0	0
Re-phase budget for Campkin Road	(257)	30	227	0	0
Re-phase budget for L2	(516)	516	0	0	0
Re-phase budget for Colville Road III	57	381	(438)	0	0
Increase budget for Fen Road	(353)	353	0	0	0
Reduce budget for Ditton Fields	(536)	536	0	0	0
Re-phase budget for Aragon Close	64	(64)	0	0	0
Re-phase budget for Sackville Close and correct carry forward error from 2021/22	106	(166)	0	0	0
Re-phase budget for Borrowdale	(210)	210	0	0	0
Re-phase budget for Aylesborough Close	2	0	(2)	0	0

Area of Expenditure and Change	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Re-phase budget for St Thomas's Road	(691)	691	0	0	0
Re-phase budget for Paget Road	(28)	28	0	0	0
Re-phase budget for Fanshawe Road	(1,202)	1,256	80	80	(214)
Re-phase budget for Princess and Hanover	(1,949)	(5,230)	2,180	3,181	1,818
Include funding for the demolition of the garages at East Road in line with earlier urgent decision and budget for redevelopment	387	1,886	8,167	824	0
Re-allocation of 1,000 homes budget in line with changes to scheme specific approvals and update of sums for latest programme assumptions	(275)	2,993	(10,821)	1,542	(21,581)
<b>Sheltered Housing</b>					
No changes	0	0	0	0	0
<b>Other HRA Capital Spend</b>					
Include budget for HRA share of corporate IT investment	0	130	23	23	23
<b>Inflation Allowance</b>					
Adjust inflation allowed to reflect new base and revised inflation assumptions	0	486	326	1,432	(3,219)
<b>Total Housing Capital Plan Expenditure per HRA BSR</b>	<b>83,781</b>	<b>114,680</b>	<b>94,055</b>	<b>104,139</b>	<b>78,182</b>

Risk Area & Issue arising	Controls / Mitigation Action
<b>Effects of Legislation / Regulation</b>	
<p>Implications of new legislation / regulation or changes to existing are not identified</p>	<ul style="list-style-type: none"> <li>• Effective, formal, regular review processes are in place for the HRA to ensure that implications are identified, quantified and highlighted. Housing Leaders review any publications.</li> </ul>
<p>Delays in announcement of detail surrounding housing policy change negatively impacts decisions taken at a local level</p>	<ul style="list-style-type: none"> <li>• Decisions taken in the context of a business plan which recognises the uncertainty. Savings taken have impacts exemplified to ensure impact is mitigated.</li> </ul>
<p>Funding is not identified to meet the costs associated with changes in statutory requirements</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Representation made to DLUHC and other national bodies where statutory requirements carry excessive cost.</li> </ul>
<p>Changes in national housing or rent policy impact the ability to support the housing debt or deliver against planned investment programmes</p>	<ul style="list-style-type: none"> <li>• The Council has processes in place ensuring early engagement in any consultation and collective representation through national housing bodies.</li> <li>• Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible with scenario impact quantified.</li> </ul>
<b>Housing Portfolio &amp; Spending Plans</b>	
<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"> <li>• Council has adopted medium and long-term modelling (up to 30 years) for HRA, ensuring decisions are made in context of long-term impact.</li> <li>• The Business Plan includes long-term trend and scenario 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.</li> </ul>
<b>Financial planning lacks appropriate levels of prudence</b>	
<p>Business Planning assumptions are wildly inaccurate</p>	<p>Council has adopted key prudence principles, reflected in:</p> <ul style="list-style-type: none"> <li>• Use of external expert opinion and detailed trend data to inform assumptions</li> </ul>

Risk Area & Issue arising	Controls / Mitigation Action
<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</p> <p>Business plan assumption that all borrowing is re-financed at the end each borrowing term can't be supported</p>	<ul style="list-style-type: none"> <li>• Ongoing revenue funding for capital is reviewed for affordability as part of the 30-year modelling process</li> <li>• Adoption of strict medium / long-term planning</li> <li>• Policy on applying general capital receipts for strategic disposals only at point of receipt</li> <li>• Ongoing review of key parameters whilst the long-term impact of the coronavirus pandemic is still uncertain.</li> <li>• Business plan revenue is reviewed annually, housing stock is maintained to decent standards, with an asset management strategy in place.</li> </ul>
<b>Use of resources is not effectively managed</b>	
<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"> <li>• Council employs robust business planning processes for the HRA</li> <li>• Council has adopted a standard project management framework</li> <li>• A business decision is required for all strategic acquisitions, disposals and one-off areas of significant investment</li> <li>• Performance and contractor management procedures are robust and contracts are enforceable</li> <li>• 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</li> <li>• Council adopts a mix of delivery vehicles</li> <li>• Council employs cost consultants to demonstrate price comparability with the local market</li> <li>• Council has completed an independent review of new build delivery</li> </ul>
<b>External income / funding streams</b>	
<p>Undue reliance may be placed on external income streams, leading to approval of unsustainable expenditure</p> <p>Rent and service charge arrears increase, and bad debt rises, as a direct</p>	<ul style="list-style-type: none"> <li>• Modelling over the medium and long-term is conducted for key income sources, including sensitivity analysis of potential changes</li> <li>• Council seeks to influence national settlements and legislative changes through response to formal consultation</li> <li>• Increased resources identified for income management. Performance closely monitored to allow further positive action if required.</li> </ul>

Risk Area & Issue arising	Controls / Mitigation Action
<p>result of the Welfare Benefit Reforms or the Coronavirus pandemic</p> <p>Rent income is under-achieved due to a major incident in the housing stock</p> <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> <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> <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"> <li>Income Analytics and LIFT software procured to aid arrears recovery.</li> <li>Asset Management Plan in place to identify and address key issues in the housing stock to minimise likelihood of widespread incidents</li> <li>Sensitivities modelled so potential impacts are understood</li> <li>Business plan is regularly reviewed allowing reallocation of resource or consideration of borrowing if required</li> <li>Sensitivities modelled so potential impacts are understood</li> <li>Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity</li> <li>Delivery timeframe extended to 5 years, with ability to invest up to 40% of receipt into the replacement dwelling</li> <li>Policy on applying general capital receipts for strategic disposals only at point of receipt</li> <li>Regular review of mix of new build delivered to ensure that assumptions around shared ownership and market sale are realistic</li> </ul>

# Appendix G

## Retained 1-4-1 Right to Buy Receipts

Year End Date for Receipt	Retained 1-4-1 Receipt Value (Per Annum)	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)	Further New Build Spend Required by Deadline (Cumulative)	Retained 1-4-1 Receipt Extinguished (Cumulative) receipts	Balance of Retained 1-4-1 Receipts to be Spent or Paid to CLG (Cumulative)
31/03/2017	6,772,295.12	19,908,434.35	66,361,447.83	31/03/2022	109,235,760.54	0.00	37,058,159.43	-
31/03/2018	6,701,883.54	26,610,317.89	83,116,156.68	31/03/2023		0.00		-
31/03/2019	3,535,325.69	30,145,643.58	91,954,470.91	31/03/2024		0.00		-
31/03/2020	3,345,892.15	33,491,535.73	100,319,201.28	31/03/2025		0.00		-
31/03/2021	2,457,228.82	35,948,764.55	106,462,273.33	31/03/2026		0.00		-
31/03/2022	4,065,708.84	40,014,473.39	116,626,545.43	31/03/2027		7,390,784.89		2,956,313.96

Based upon current projections, the existing balance of retained right to buy receipts is forecast to be re-invested in full by the end of 2023/24, well before the deadline of 31/3/2027 (see Appendix H).



# New Build Investment Cashflow

# Appendix H

New Build / Re-Development Scheme	2022/23 £'0000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000
<b>New Build / Acquisition / Re-Development Cash Expenditure</b>										
Anstey Way	63	0	0	0	0	0	0	0	0	0
Tedder Way	144	329	0	0	0	0	0	0	0	0
Kendal Way	111	372	0	0	0	0	0	0	0	0
Akeman Street	62	0	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	2,258	0	0	0	0	0	0	0	0	0
Cromwell Road	3,213	378	0	0	0	0	0	0	0	0
Colville Road II	5,625	181	262	0	0	0	0	0	0	0
Meadows and Buchan Street	8,700	9,544	4,228	0	0	0	0	0	0	0
Clerk Maxwell Road	2,717	0	0	0	0	0	0	0	0	0
Campkin Road	7,280	1,790	227	0	0	0	0	0	0	0
L2	7,763	8,079	0	0	0	0	0	0	0	0
Colville Road III	4,478	7,306	175	0	0	0	0	0	0	0
Histon Road	1,674	0	0	0	0	0	0	0	0	0
Fen Road	2,340	1,430	0	0	0	0	0	0	0	0
Ditton Walk	799	1,067	0	0	0	0	0	0	0	0
Aragon Close	638	1,411	0	0	0	0	0	0	0	0
Sackville Close	686	1,380	0	0	0	0	0	0	0	0
Borrowdale	295	685	0	0	0	0	0	0	0	0
Aylesborough Close	1,652	10,910	6,164	0	0	0	0	0	0	0
St Thomas's Road	896	2,024	0	0	0	0	0	0	0	0
Paget Road	42	1,349	0	0	0	0	0	0	0	0
Fanshawe Road	2,623	8,044	7,844	7,844	2,232	0	0	0	0	0
Princess and Hanover	3,599	4,738	4,094	9,839	6,227	113	0	0	0	0
East Road	387	1,886	8,167	824	0	0	0	0	0	0

<b>New Build / Re-Development Scheme</b>	<b>2022/23 £'0000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>2028/29 £'000</b>	<b>2029/30 £'000</b>	<b>2030/31 £'000</b>	<b>2031/32 £'000</b>
Acquisition or New Build (Unallocated)	2,444	0	0	0	0	0	0	0	0	0
10 Year New Homes Programme	1,460	14,268	30,811	48,378	34,795	26,573	30,303	36,349	18,504	3,262
Rough Sleeper Acquisitions	1,550	0	0	0	0	0	0	0	0	0
<b>Total New Build/ Re-Development Expenditure</b>	<b>63,499</b>	<b>77,171</b>	<b>61,972</b>	<b>66,885</b>	<b>43,254</b>	<b>26,686</b>	<b>30,303</b>	<b>36,349</b>	<b>18,504</b>	<b>3,262</b>
<b>New Build Devolution Grant Funding / DLUHC Rough Sleeper Next Steps Grant Funding / Assumed Homes England Grant / BLRF Grant</b>										
Anstey Way	(23)	0	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	(1,581)	0	0	0	0	0	0	0	0	0
Cromwell Road	(2,249)	(265)	0	0	0	0	0	0	0	0
Colville Road II	(2,762)	(89)	0	0	0	0	0	0	0	0
Meadows and Buchan Street	(4,950)	(793)	0	0	0	0	0	0	0	0
Clerk Maxwell Road	(1,902)	0	0	0	0	0	0	0	0	0
Campkin Road	(3,345)	(784)	0	0	0	0	0	0	0	0
L2	(3,623)	(1,208)	0	0	0	0	0	0	0	0
Colville Road III	(1,608)	(536)	0	0	0	0	0	0	0	0
Fen Road	(808)	(269)	0	0	0	0	0	0	0	0
Ditton Walk	(401)	(134)	0	0	0	0	0	0	0	0
Aragon Close	(310)	(103)	0	0	0	0	0	0	0	0
Sackville Close	(310)	(103)	0	0	0	0	0	0	0	0
Borrowdale	(194)	(65)	0	0	0	0	0	0	0	0
Aylesborough Close	(1,575)	(643)	(525)	0	0	0	0	0	0	0
St Thomas's Road	(420)	0	(140)	0	0	0	0	0	0	0
Paget Road	(225)	(75)	0	0	0	0	0	0	0	0
Fanshawe Road	0	(4,132)	0	(1,405)	0	0	0	0	0	0
East Road	0	(1,932)	0	(657)	0	0	0	0	0	0
Rough Sleeper Acquisitions	(704)	0	0	0	0	0	0	0	0	0
10 Year New Homes Programme	(137)	(1,334)	(2,907)	(4,664)	(3,446)	(2,695)	(2,650)	(2,990)	(1,404)	(238)
<b>Total New Build / Re-Dev. Funding</b>	<b>(27,124)</b>	<b>(12,463)</b>	<b>(3,572)</b>	<b>(6,725)</b>	<b>(3,446)</b>	<b>(2,695)</b>	<b>(2,650)</b>	<b>(2,990)</b>	<b>(1,404)</b>	<b>(238)</b>

<b>New Build / Re-Development Scheme</b>	<b>2022/23 £'0000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>2028/29 £'000</b>	<b>2029/30 £'000</b>	<b>2030/31 £'000</b>	<b>2031/32 £'000</b>
<b>Use of Retained Right to Buy Funding</b>										
Anstey Way	(10)	0	0	0	0	0	0	0	0	0
Tedder Way	(43)	(99)	0	0	0	0	0	0	0	0
Kendal Way	(33)	(112)	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	(677)	0	0	0	0	0	0	0	0	0
Cromwell Road	(321)	(38)	0	0	0	0	0	0	0	0
Colville Road II	(1,184)	(38)	(55)	0	0	0	0	0	0	0
Meadows and Buchan Street	(2,610)	(2,862)	(1,268)	0	0	0	0	0	0	0
Clerk Maxwell Road	(815)	0	0	0	0	0	0	0	0	0
Campkin Road	(1,433)	(358)	(45)	0	0	0	0	0	0	0
Histon Road	(167)	0	0	0	0	0	0	0	0	0
Acquisition or New Build (Unallocated)	0	0	0	0	0	0	0	0	0	0
10 Year New Homes Programme	0	0	0	(3,396)	(3,464)	(3,533)	(3,604)	(3,676)	(3,749)	(3,824)
<b>Total Use of Retained Right to Buy Funding</b>	<b>(7,293)</b>	<b>(3,507)</b>	<b>(1,369)</b>	<b>(3,396)</b>	<b>(3,464)</b>	<b>(3,533)</b>	<b>(3,604)</b>	<b>(3,676)</b>	<b>(3,749)</b>	<b>(3,824)</b>
<b>Total to be funded from HRA Resources (DRF &amp; MRR) and Sales Receipts</b>	<b>29,082</b>	<b>3,706</b>	<b>(10,523)</b>	<b>(14,571)</b>	<b>(12,038)</b>	<b>(9,597)</b>	<b>(15,302)</b>	<b>(22,408)</b>	<b>(24,038)</b>	<b>(1,162)</b>
<b>Total HRA Borrowing</b>	<b>0</b>	<b>57,496</b>	<b>67,555</b>	<b>71,335</b>	<b>48,382</b>	<b>30,056</b>	<b>39,351</b>	<b>52,091</b>	<b>37,389</b>	<b>362</b>

# Key Sensitivity Analysis

# Appendix I

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
Rents Inflation	Capped at 5% for 2023/24, then CPI plus 1% for 1 further year from 2024/25, followed by CPI plus 0.5% for 5 years, then CPI	No confirmation from government, for the 2023/24 rent review, but also 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 £52 million during the life of the plan, £36m is lost in rent income and interest payments increase by £20 million.
Rents Inflation	Capped at 5% for 2023/24, then CPI plus 1% for 1 further year from 2024/25, followed by CPI plus 0.5% for 5 years, then CPI	Consultation outcome for rent cap for 2023/24 is 7%, so assume 7% increase is applied.	Borrowing reduces by £66 million during the life of the plan, £43m is gained in rent income and interest payments reduce by £28 million.
Direct Payments (Universal Credit)	Bad Debts at 1.5%	Evidence from the pilot authorities for direct payment indicated that collection rates may fall from 99% to 95%. Assume bad debts at 5% from 2023/24.	Borrowing increases by £99 million during the life of the plan, with £59 million bad debt and £44 million in additional interest payments.
Cost of HRA 10 Year New Homes Programme	Homes England Grant assumed for all eligible affordable tenures	Assume that the authority fails to secure Homes England Grant to support the delivery of new homes	Borrowing increases by £88 million during the life of the plan and interest payments increase by £59 million.
General Inflation	CPI assumed to be 9.4% for 2023/24, then 2% ongoing from 2024/25	Assume that the current high levels of inflation do not return to 2% within 12 months, with CPI at 7% and 4% before returning to 2% from 2026/27.	Borrowing increases by £32 million during the life of the plan and interest payments increase by £12 million.

# HRA Summary 2022/23 to 2027/28

# Appendix J

Description	2022/23 £0	2023/24 £0	2024/25 £0	2025/26 £0	2026/27 £0	2027/28 £0
Income						
Rental Income (Dwellings)	(40,518,480)	(44,683,330)	(47,285,560)	(50,921,810)	(54,080,180)	(56,497,490)
Rental Income (Other)	(1,303,520)	(1,320,530)	(1,265,440)	(1,290,750)	(1,316,570)	(1,342,900)
Service Charges	(3,389,820)	(3,812,360)	(3,884,610)	(3,958,300)	(4,033,460)	(4,110,130)
Contribution towards Expenditure	(566,360)	(548,720)	(559,690)	(570,890)	(582,310)	(593,950)
Other Income	(508,540)	(534,020)	(533,430)	(544,100)	(554,980)	(566,080)
<b>Total Income</b>	<b>(46,286,720)</b>	<b>(50,898,960)</b>	<b>(53,528,730)</b>	<b>(57,285,850)</b>	<b>(60,567,500)</b>	<b>(63,110,550)</b>
Expenditure						
Supervision & Management - General	5,505,390	5,694,470	5,833,460	6,047,400	6,025,790	6,231,320
Supervision & Management - Special	3,673,550	4,266,510	4,364,050	4,463,890	4,566,110	4,670,740
Repairs & Maintenance	10,433,590	10,766,840	10,715,600	11,310,780	11,737,480	12,387,990
Depreciation - t/f to Major Repairs Res.	10,471,650	11,966,510	12,562,310	13,404,360	14,289,480	14,685,230
Debt Management Expenditure	0	0	0	0	0	0
Other Expenditure	1,270,960	1,477,480	1,433,580	1,503,940	1,569,520	1,624,440
<b>Total Expenditure</b>	<b>31,355,140</b>	<b>34,171,810</b>	<b>34,909,000</b>	<b>36,730,370</b>	<b>38,188,380</b>	<b>39,599,720</b>
<b>Net Cost of HRA Services</b>	<b>(14,931,580)</b>	<b>(16,727,150)</b>	<b>(18,619,730)</b>	<b>(20,555,480)</b>	<b>(22,379,120)</b>	<b>(23,510,830)</b>
HRA Share of operating income and expenditure included in Whole Authority I&E Account						
Interest Receivable	(916,770)	(643,920)	(484,330)	(505,320)	(502,850)	(506,060)
<b>HRA (Surplus) / Deficit for the Year</b>	<b>(15,848,350)</b>	<b>(17,371,070)</b>	<b>(19,104,060)</b>	<b>(21,060,800)</b>	<b>(22,881,970)</b>	<b>(24,016,890)</b>
Items not in the HRA Income and Expenditure Account but in the movement on HRA balance						
Loan Interest	7,469,360	8,833,790	11,405,940	13,960,090	16,066,260	17,448,230
Housing Set Aside	0	0	0	0	0	0

Appropriation from Ear-Marked Reserve	(14,704,510)	0	0	0	0	0
Direct Revenue Financing of Capital	20,036,480	27,091,100	7,449,500	7,725,860	7,042,960	6,689,540
<b>(Surplus) / Deficit for Year</b>	<b>(3,047,020)</b>	<b>18,553,820</b>	<b>(248,620)</b>	<b>625,150</b>	<b>227,250</b>	<b>120,880</b>
Balance b/f	(19,590,023)	(22,637,043)	(4,083,223)	(4,331,843)	(3,706,693)	(3,479,443)
<b>Total Balance c/f</b>	<b>(22,637,043)</b>	<b>(4,083,223)</b>	<b>(4,331,843)</b>	<b>(3,706,693)</b>	<b>(3,479,443)</b>	<b>(3,358,563)</b>

# Housing Capital Investment Plan

## Appendix K

Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund Housing Capital Spend</b>										
Disabled Facilities Grants	750	750	750	750	750	750	750	750	750	750
Private Sector Housing Grants and Loans	195	195	195	195	195	195	195	195	195	195
<b>Total General Fund Housing Capital Spend</b>	<b>945</b>	<b>945</b>	<b>945</b>	<b>945</b>	<b>945</b>	<b>945</b>	<b>945</b>	<b>945</b>	<b>945</b>	<b>945</b>
<b>HRA Capital Spend</b>										
<b>Decent Homes</b>										
Kitchens	865	528	682	1,350	659	1,300	1,187	1,553	3,127	1,341
Bathrooms	800	138	560	586	132	53	328	964	823	53
Central Heating / Boilers	1,900	2,742	2,265	1,750	2,337	1,456	1,641	3,015	2,946	2,955
Insulation / Energy Efficiency / Wall Finishes	2,039	620	541	357	946	176	1,126	725	798	959
Energy Efficiency Pilot / Retrofit	1,500	8,140	3,640	3,640	3,640	3,640	3,640	3,640	3,640	3,640
External Doors	658	424	94	80	49	18	66	242	289	51
PVCU Windows	1,021	783	987	945	373	316	1,099	772	885	787
Wall Structure	784	2,059	2	266	92	529	687	1,177	965	557
External Painting	371	357	357	357	357	357	707	357	357	357
Roof Structure	425	300	300	300	300	300	300	300	300	300
Roof Covering (including chimneys)	1,079	676	1,993	1,582	1,010	1,120	879	432	1,747	561
Electrical / Wiring	255	334	392	179	258	4	19	399	2,823	118
Sulphate Attacks	0	102	102	102	102	102	102	102	102	102
HHSRS Contingency	278	500	300	100	100	100	100	100	100	100
Other Health and Safety Works	50	50	50	0	0	0	0	0	0	0

Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capitalised Officer Fees - Decent Homes	505	505	505	505	505	505	505	505	505	360
Decent Homes Backlog	0	5,772	5,772	5,772	5,772	5,106	5,106	5,106	5,106	0
Decent Homes Planned Maintenance Contractor Overheads	1,279	1,165	948	875	739	641	910	1,119	1,683	906
Decent Homes New Build Allocation	0	961	1,552	2,299	2,591	3,092	3,533	3,990	4,201	4,414
<b>Total Decent Homes</b>	<b>13,809</b>	<b>26,156</b>	<b>21,042</b>	<b>21,045</b>	<b>19,962</b>	<b>18,815</b>	<b>21,935</b>	<b>24,498</b>	<b>30,397</b>	<b>17,561</b>
<b>Other Spend on HRA Stock</b>										
Garage Improvements	167	100	100	100	100	100	100	100	100	100
Asbestos Removal	23	50	50	50	50	50	50	50	50	50
Disabled Adaptations	1,008	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	350	150	150	150	150	150	150	150	150	150
Communal Entrance / Enclosure Doors + Glazing	521	121	121	145	121	121	121	121	152	121
Fire Prevention / Fire Safety Works	622	1,550	50	700	50	50	50	50	50	50
Hard surfacing on HRA Land - Health and Safety Works	262	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	49	47	28	75	0	0	0	0	28	0
Estate Investment Scheme	1,200	1,650	199	0	0	0	0	0	0	0
Capitalised Officer Fees - Other HRA Stock Spend	141	114	114	114	114	114	114	114	114	114
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	447	323	212	198	187	187	188	188	194	187
<b>Total Other Spend on HRA stock</b>	<b>4,990</b>	<b>5,338</b>	<b>2,257</b>	<b>2,765</b>	<b>2,005</b>	<b>2,005</b>	<b>2,006</b>	<b>2,006</b>	<b>2,071</b>	<b>2,005</b>



Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>HRA New Build / Re-Development</b>										
Anstey Way	63	0	0	0	0	0	0	0	0	0
Tedder Way	144	329	0	0	0	0	0	0	0	0
Kendal Way	111	372	0	0	0	0	0	0	0	0
Akeman Street	62	0	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	2,258	0	0	0	0	0	0	0	0	0
Cromwell Road	3,213	378	0	0	0	0	0	0	0	0
Colville Road Phase II	5,625	181	262	0	0	0	0	0	0	0
Meadows and Buchan Street	8,700	9,544	4,228	0	0	0	0	0	0	0
Clerk Maxwell Road	2,717	0	0	0	0	0	0	0	0	0
Campkin Road	7,280	1,790	227	0	0	0	0	0	0	0
Histon Road	1,674	0	0	0	0	0	0	0	0	0
L2	7,763	8,079	0	0	0	0	0	0	0	0
Colville Road Phase III	4,478	7,306	175	0	0	0	0	0	0	0
Fen Road	2,340	1,430	0	0	0	0	0	0	0	0
Ditton Fields	799	1,067	0	0	0	0	0	0	0	0
Aragon Close	638	1,411	0	0	0	0	0	0	0	0
Sackville Close	686	1,380	0	0	0	0	0	0	0	0
Borrowdale	295	685	0	0	0	0	0	0	0	0
Aylesborough Close	1,652	10,910	6,164	0	0	0	0	0	0	0
St Thomas's Road	896	2,024	0	0	0	0	0	0	0	0
Paget Road	42	1,349	0	0	0	0	0	0	0	0
Fanshawe Road	2,623	8,044	7,844	7,844	2,232	0	0	0	0	0
Princess and Hanover	3,599	4,738	4,094	9,839	6,227	113	0	0	0	0
East Road (incl. demolition)	387	1,886	8,167	824	0	0	0	0	0	0

Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Acquisition and Decant (Incl. for New Build)	2,444	0	0	0	0	0	0	0	0	0
10 Year New Homes Programme (Unallocated)	1,460	14,268	30,811	48,378	34,795	26,573	30,303	36,349	18,504	3,262
Rough Sleeper Acquisitions	1,550	0	0	0	0	0	0	0	0	0
<b>Total HRA New Build / Re-Development / Acquisition</b>	<b>63,499</b>	<b>77,171</b>	<b>61,972</b>	<b>66,885</b>	<b>43,254</b>	<b>26,686</b>	<b>30,303</b>	<b>36,349</b>	<b>18,504</b>	<b>3,262</b>
<b>Sheltered Housing Capital Investment</b>										
No current schemes	0	0	0	0	0	0	0	0	0	0
<b>Total Sheltered Housing Capital Investment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other HRA Capital Spend</b>										
Orchard Replacement / Mobile Working	119	0	0	0	0	0	0	0	0	0
Corporate IT Investment	0	130	23	23	23	23	23	23	23	23
Shared Ownership Repurchase	300	300	300	300	300	300	300	300	300	300
Commercial and Administrative Property	69	30	30	30	30	30	30	30	30	30
Estate Service Van	50	0	0	0	0	0	0	0	0	0
<b>Total Other HRA Capital Spend</b>	<b>538</b>	<b>460</b>	<b>353</b>	<b>353</b>	<b>353</b>	<b>353</b>	<b>353</b>	<b>353</b>	<b>353</b>	<b>353</b>
<b>Total HRA Capital Spend</b>	<b>82,836</b>	<b>109,125</b>	<b>85,624</b>	<b>91,048</b>	<b>65,574</b>	<b>47,859</b>	<b>54,597</b>	<b>63,206</b>	<b>51,325</b>	<b>23,181</b>
<b>Total Housing Capital Spend at Base Year Prices</b>	<b>83,781</b>	<b>110,070</b>	<b>86,569</b>	<b>91,993</b>	<b>66,519</b>	<b>48,804</b>	<b>55,542</b>	<b>64,151</b>	<b>52,270</b>	<b>24,126</b>
Inflation Allowance and Stock Reduction Adjustment for Future Years	0	4,610	7,486	12,146	11,663	10,417	14,012	19,050	15,192	5,829
<b>Total Inflated Housing Capital Spend</b>	<b>83,781</b>	<b>114,680</b>	<b>94,055</b>	<b>104,139</b>	<b>78,182</b>	<b>59,221</b>	<b>69,554</b>	<b>83,201</b>	<b>67,462</b>	<b>29,955</b>

Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Housing Capital Resources</b>										
Right to Buy Receipts	(488)	(493)	(498)	(503)	(508)	(513)	(518)	(523)	(529)	(534)
Other Capital Receipts (Land & Dwellings, incl. Market, Rent to Buy and SO Sales)	0	(614)	0	0	0	0	0	0	0	0
Major Repairs Reserve	(22,013)	(11,966)	(12,562)	(13,404)	(14,289)	(14,684)	(15,257)	(15,782)	(16,328)	(16,700)
Direct Revenue Financing of Capital	(20,036)	(27,091)	(7,449)	(7,726)	(7,043)	(6,690)	(7,124)	(7,089)	(7,013)	(7,247)
Devolution Grant / Homes England Grant (assumed)	(27,124)	(12,463)	(3,572)	(6,725)	(3,446)	(2,695)	(2,650)	(2,990)	(1,404)	(238)
Disabled Facilities Grant	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)
Other Capital Resources (Grants / Shared Ownership Re-Sale / R&R Funding)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)
Retained Right to Buy Receipts	(7,294)	(3,507)	(1,369)	(3,396)	(3,464)	(3,533)	(3,604)	(3,676)	(3,749)	(3,824)
Prudential Borrowing	0	(57,496)	(67,555)	(71,335)	(48,382)	(30,056)	(39,351)	(52,091)	(37,389)	(362)
<b>Total Housing Capital Resources</b>	<b>(78,005)</b>	<b>(114,680)</b>	<b>(94,055)</b>	<b>(104,139)</b>	<b>(78,182)</b>	<b>(59,221)</b>	<b>(69,554)</b>	<b>(83,201)</b>	<b>(67,462)</b>	<b>(29,955)</b>
Net (Surplus) / Deficit of Resources	5,776	0	0	0	0	0	0	0	0	0
<b>Capital Balances b/f</b>	<b>(6,346)</b>	<b>(569)</b>	<b>(569)</b>	<b>(569)</b>	<b>(569)</b>	<b>(569)</b>	<b>(569)</b>	<b>(569)</b>	<b>(569)</b>	<b>(569)</b>
Use of / (Contribution to) Balances in Year	5,777	0	0	0	0	0	0	0	0	0
<b>Capital Balances c/f</b>	<b>(569)</b>	<b>(569)</b>	<b>(569)</b>	<b>(569)</b>	<b>(569)</b>	<b>(569)</b>	<b>(569)</b>	<b>(569)</b>	<b>(569)</b>	<b>(569)</b>

Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Other Capital Balances (Opening Balance 1/4/2022)</b>										
Major Repairs Reserve	(11,541)	Utilised in future years to fund investment in the housing stock								
Retained 1-4-1 Right to Buy Receipts	(7,244)	Utilised in 2022/23 above								
Right to Buy Receipts for Debt Redemption	(11,215)	Retained for future debt repayment								
Devolution Grant	(18,742)	Utilised in 2022/23 and 2023/24 above								
<b>Total Other Capital Balances</b>	<b>(48,742)</b>									

# Equalities Impact Assessment Appendix L

## Cambridge City Council Equality Impact Assessment (EqIA)



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

Housing Revenue Account Budget Setting Report – HRA Bids and Savings 2023/24

### 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:  
[Agenda for Housing Scrutiny Committee on Tuesday, 24th January, 2023, 5.30 pm - Cambridge Council](#)

### 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 for the HRA at the point that they go 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 2023/24 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.  
 This EqIA assesses the equality impacts of the Housing Revenue Account element of the City Council's budget.

### 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 all that apply)

- ☒ Residents
- ☐ Visitors
- ☒ Staff

This EqIA specifically considers any equalities impact for City Council tenants and leaseholders, or for staff associated in delivery of services to this client group.

6. What type of strategy, policy, plan, project, contract or major change to your service is this?	<input checked="" type="checkbox"/> New <input checked="" type="checkbox"/> Major change <input type="checkbox"/> Minor change
--	--

7. Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service? (Please tick)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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?
All revenue budget bid proposals included in this EqIA are being presented to Housing Scrutiny Committee on 24th January 2023 and capital bids to Council on 23 <sup>rd</sup> February 2023.

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 EqIA's they may have produced.

<b>10. Potential impacts</b>  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 - Please also consider any safeguarding issues for children and adults at risk
<b>Increase emergency lighting repair costs (positive impact)</b> Ensuring that emergency lighting is well maintained will make footpaths, walkways and communal areas safer for all residents, but particularly for older people who may be less mobile <b>Increase in Housing Staffing and Tenancy Audit (positive impact)</b>

Increased staff in housing management and tenancy audit will improve services delivered to residents, with older or vulnerable people particularly benefitting from additional access to services and support.

**Continuation of the Engagement Education and Enforcement Officer (positive impact)**

This post ensures that communal areas of flats are safe and free from obstruction, which is of benefit to all residents, but particularly to older residents who may be less mobile.

**Increased staffing in the Compliance Team (positive impact)**

Increased staff to ensure fire safety and asbestos management across the housing stock will benefit all residents but will be of particular benefit to older or vulnerable tenants, who may be less mobile or in poorer health.

**Increased staffing for IT Development (positive impact)**

Increased staff to aid IT development will provide improved customer access to services and information, which will benefit all housing customers, but will be of particular benefit to older or vulnerable people who may be less able to access services in other ways.

**Increased service charge income for Engagement, Education and Enforcement Officer**

An increase in service charges for those in flatted accommodation will impact all residents but may have a disproportionate impact on older people who may be retired and on lower incomes.

**Increased service charge income (negative impact)**

An increase in sheltered scheme premises charges to ensure full cost recovery will have a particular impact on sheltered residents, who are by the nature of the accommodation, in the older age groups.

**Increased rental income (negative impact)**

Rent increases will impact all tenants but may have a particular negative impact for older people who have savings that mean that they are not eligible for financial support in the form of housing benefit.

**(b) Disability**

**Increase emergency lighting repair costs (positive impact)**

Ensuring that emergency lighting is well maintained will make footpaths, walkways and communal areas safer for all residents, but particularly for disabled people who may be less mobile

**Increase in Housing Staffing and Tenancy Audit (positive impact)**

Increased staff in housing management and tenancy audit will improve services delivered to residents, with disabled or vulnerable people particularly benefitting from additional access to services and support.

**Continuation of the Engagement Education and Enforcement Officer (positive impact)**

This post ensures that communal areas of flats are safe and free from obstruction, which is of benefit to all residents, but particularly to disabled residents who may be less mobile.

**Increased staffing in the Compliance Team (positive impact)**

Increased staff to ensure fire safety and asbestos management across the housing stock will benefit all residents but will be of particular benefit to disabled or vulnerable tenants, who may be less mobile or in poorer health.

**Increased staffing for IT Development (positive impact)**

Increased staff to aid IT development will provide improved customer access to services and information, which will benefit all housing customers, but will be of particular benefit to disabled or vulnerable people who may be less able to access services in other ways.

**Increased service charge income for Engagement, Education and Enforcement Officer (negative impact)**

An increase in service charges for those in flatted accommodation will impact all residents but may have a disproportionate impact on disabled people who may not be able to work and may be on lower incomes.

**Increased rental income (negative impact)**

Rent increases will impact all tenants but may have a particular negative impact for disabled people who have savings that mean that they are not eligible for financial support in the form of housing benefit.

**(c) Gender reassignment**

There are no equality impacts identified specific to this protected characteristic

**(d) Marriage and civil partnership**

There are no equality impacts identified specific to this protected characteristic

**(e) Pregnancy and maternity**

There are no equality impacts identified specific to this protected characteristic

**(f) Race – Note that the protected characteristic ‘race’ refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins.**

**Increased staffing for IT Development (positive impact)**

Increased staff to aid IT development will provide improved customer access to services and information, which will benefit all housing customers, but could be of particular benefit to those for whom English is not their first language if systems can be developed to assist them to access services in alternative languages.

**(g) Religion or belief**

There are no equality impacts identified specific to this protected characteristic



**(h) Sex**

There are no equality impacts identified specific to this protected characteristic

**(i) Sexual orientation**

There are no equality impacts identified specific to this protected characteristic

**(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**

**Groups who have more than one protected characteristic that taken together create overlapping and interdependent systems of discrimination or disadvantage. (Here you are being asked to consider intersectionality, and for more information see: [https://media.ed.ac.uk/media/1\\_l59kt25q](https://media.ed.ac.uk/media/1_l59kt25q)).**

**Continuation of the Former Tenant Arrears Officer (positive impact)**

This post works with debtors in an attempt to sensitively recover arrears, but also to write off uncollectable debts, therefore stopping continued chasing of these sums.

**Resource to deliver Service Improvement (positive impact)**

This resource is intended to improve service delivery for all housing customers and to reduce complaints, which will benefit all tenants and leaseholders.

**Increased service charge income for Engagement, Education and Enforcement Officer (negative impact)**

An increase in service charges for those in flatted accommodation will impact all residents at a time when other living costs are also increasing.

**Increased rental income (negative impact)**

Rent increases will impact all tenants, particularly at a time when other living costs are going up.

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

**Increased service charge income for Engagement, Education and Enforcement Officer (negative impact)**

The Estate Service Charge is fully eligible for housing benefit and Universal Credit, meaning those on low incomes will benefit from having the charge met for them. The Income Management Team and Financial Inclusion Officers will continue to work with residents to

ensure that they get all of the support to which they are entitled and are sign-posted to other agencies who can help.

**Increased service charge income (negative impact)**

The Sheltered Premises Charge is fully eligible for housing benefit and Universal Credit, meaning those on low incomes will benefit from having the charge met for them. The Income Management Team and Financial Inclusion Officers will continue to work with residents to ensure that they get all of the support to which they are entitled and are sign-posted to other agencies who can help.

**Increased rental income (negative impact)**

Rent is fully eligible for housing benefit and Universal Credit, meaning those on low incomes will benefit from having the charge met for them. The Income Management Team and Financial Inclusion Officers will continue to work with residents to ensure that they get all of the support to which they are entitled and are sign-posted to other agencies who can help.

**12. Do you have any additional comments?**

This EqlA provides an overall assessment of the equality impacts of budget proposals included in the Housing Revenue Account budget proposed for 2023/24. Individual service managers shall be responsible for delivery of the actions identified in this impact assessment.

**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
- Lynn Bradley, Head of Housing Maintenance and Assets
- David Greening, Head of Housing
- Claire Flowers, Head of Housing Development Agency

Date of EqlA sign off: 17/11/2022

Date of next review of the equalities impact assessment: After 23/02/2023

Date to be published on Cambridge City Council website: Published for proposals to be considered by Housing Scrutiny Committee on 24th January 2023 and Council on 23rd February 2023 as part of the HRA Budget Setting Report.