

Council

# Housing Revenue Account Business Plan Update and Budget Setting Report 2024/25



**February**  
**2024**

Cambridge City Council

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# Section 1

## Introduction and Background

### **Foreword by the Executive Councillor, Gerri Bird**

As we enter 2024, it is clear that the Housing Revenue Account continues to face significant financial challenges as a result of high interest rates, inflation, and the need to comply with changes to policy and regulation from central government.

Despite these challenges, we continue to invest in our existing properties, support our tenants, and build attractive new homes at a significant rate. I want to thank the officers and our tenant and leaseholder representatives for their continued commitment and support.

#### **Rent**

Setting rent levels for our tenants is one of the most important elements of the budget process. Last year we raised rents by 5%, lower than the amount we could have asked for. We knew that families were suffering and that we needed to do all we could to help them, but that came at a cost to our budgets and our ability to maintain and improve our housing stock.

For 2024/2025 we will raise rents by 7.7%, letting us balance our budget in the longer term and make progress on our target to get 1,700 of our properties to the EPC 'C' level for energy efficiency. This will reduce energy costs for tenants over the long term.

Around 60% of our tenants receive some form of help with housing costs, and some tenants will become eligible for benefits as a result of the rise, but we know this is a burden and don't welcome the choices we have had to make.

## **Building**

On a more positive note, our delivery programme includes the 500 devolution programme of 931 homes in total, including those for market sale, with 537 net affordable homes, as well as the 10-year New Homes Programme which covers 706 homes (including 21 homes being acquired to accommodate refugees and 4 modular homes outside of the HRA). This will deliver 195 net new build Council rented homes at social rent or 60% of market rent and 213 net new homes to be let at 80% of market rent.

Housing regeneration schemes at Fanshawe Road (84 homes, of which 39 will be market sale homes) and East Barnwell (120 homes) have now been submitted for planning consideration. 391 of the homes in development are now being benchmarked against Passivhaus performance levels, showing our commitment to sustainable development. I'm especially pleased to see the 12 homes at Fen Road that are near to completion, include two wheelchair accessible houses. There is also a proposal for a wheelchair accessible bungalow at Kendal Way.

Dealing with homelessness remains a priority, and we now have 22 modular homes and plans for four more – if we had more sites, we could do more in this area.

## **Maintenance**

Every tenant should be able to expect that repairs are carried out promptly and efficiently, and we have taken on the challenge of changing the way we work, consulting staff about ways to improve how we manage repairs to help our teams to do their vital jobs better, including upgrades to our computer systems at council depots.

## **Damp, Condensation and Mould**

We have put a lot of effort into dealing with damp, condensation, and mould (DCM) in our properties as it can severely affect people's health and quality of life. The cold weather means that we're getting more reports, and not all are due to building issues. We are following the council's DCM Self-Assessment Response Action Plan and continue to respond

to reports within two days and schedule and inspection within ten working days. We are also using a new DCM risk assessment survey report, plan to restart our working group with Housing Associations in the Cambridge area, and are developing a new, real-time spreadsheet that will significantly improve the depth and accuracy of our data capture and reporting.

We continue to work hard to deliver affordable, sustainable and attractive homes for all our tenants, to support homeless people and get them into good housing, and to maintain our properties to the highest standards.

*Councillor Gerri Bird*

Executive Councillor for Housing and Homelessness

## 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 November 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 2024, but future year rent increases are currently subject to uncertainty, as the authority awaits a new Rent Standard from April 2025.

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 2023, the authority supported a net housing debt of £214,976,425.

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 2024/25, culminating in recommendations to both Housing Scrutiny Committee on 23 January 2024 and ultimately Council on 15 February 2024.

The work on the 2024/25 HRA Budget Setting Report adopts the following key parameters:

- A financial model assuming borrowing to deliver new homes alongside maintaining and improving the existing housing stock.
- A rent increase of 7.7% for 2024/25, followed by an assumed increase of CPI plus 0.5% from 2025/26 for the following 5 years.
- 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 £196,000 per annum included for 5 years, partially offset by a Strategic Investment Fund of £98,000 per annum, 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 £5.9m, with a target level of £7.1m

This iteration of the business plan also takes into account the estimated financial impact in respect of correcting a historic rent regulation error. This error was communicated to all affected current tenants on 11 January 2024, and work is underway to correct the error and to reimburse those directly affected. The error relates to the annual rent review process for affordable rented homes between 2016 and 2019. This is explored in more detail in Sections 4 and 7 of this document.

A second historic rent setting issue is being explored but is currently subject to further work before it can be quantified and incorporated into financial forecasts. Any resulting financial impact will be incorporated into an amended version of the HRA Business Plan at the earliest opportunity, and any affected tenants will be communicated with.

# Section 2

## Local Context

### Council Objectives

- Leading Cambridge's response to the climate change and biodiversity emergencies
- Tackling poverty and inequality and helping people in the greatest need
- Building a new generation of council and affordable homes and reducing homelessness
- Modernising the council to lead a greener city that is fair for all

### Housing Strategy

The Greater Cambridge Housing Strategy identifies three key objectives with seven priority actions for housing in the Greater Cambridge area:

- Building the right homes that people need and can afford to live in
  1. Increasing the delivery of homes, including affordable housing, along with sustainable transport and infrastructure, to meet housing need
  2. Diversifying the housing market and accelerating delivery
  3. Achieving a high standard of design and quality of new homes and communities
- Enabling people to live settled lives
  4. Improving housing conditions and making best use of existing homes
  5. Promoting health and well-being through housing
  6. Preventing and tackling homelessness and rough sleeping
- Building strong partnerships
  7. Working with key partners to innovate and maximise resources available



## Housing Priorities

In response to delivering against both the Council Objectives and the Housing Strategy, 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 target to reduce the Council's direct emissions to net zero carbon by 2030.
- The vision to reach net zero carbon in Cambridge by 2030, subject to Government, industry and regulators implementing the necessary changes to enable the city to achieve this.
- 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.

## Housing Stock

The Housing Revenue Account owns and manages the following properties:

Housing Category	Actual Stock Numbers as at 1/4/2023	Estimated Stock Numbers as at 1/4/2024
General Housing – Social Rent	5,941	5,909
General Housing – Affordable Rent	686	904
Sheltered Housing	522	522
Supported Housing	16	16
Temporary Housing (Individual Units)	143	144
Temporary Housing (HMO's / EA)	21	21
Miscellaneous Leased Dwellings	19	19
<b>Sub Total Rented Dwellings</b>	<b>7,348</b>	<b>7,535</b>
Shared Ownership Dwellings	86	86
<b>Total Dwellings</b>	<b>7,434</b>	<b>7,621</b>

The number of properties anticipated to be held by 1/4/2024 is higher than the number held at 1/4/2023, with the authority expected to take 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:

<b>Property Type</b>	<b>Actual Stock Numbers as at 1/4/2023</b>	<b>Estimated Stock Numbers as at 1/4/2024</b>
Bedsits	96	95
1 Bed	1,863	1,981
2 Bed	2,601	2,649
3 Bed	2,237	2,251
4 Bed	106	112
5 Bed	7	8
6 Bed	2	3
Sheltered Housing	522	522
<b>Total Dwellings</b>	<b>7,434</b>	<b>7,621</b>

## **Leasehold Stock**

At 1<sup>st</sup> April 2023, the Council retained the freehold and directly managed the leases for 1,185 leasehold flats and had 4 leasehold flats managed by a third party management company.

## **Housing Demand**

The Housing Revenue Account, alongside other registered providers of social housing, provides accommodation for those on the housing register.

At the end of September 2023, the housing register recorded the following applicants by both bedroom need and priority banding:

Housing Register by Bedroom Need	Number	Percentage
1	1,381	54%
2	598	24%
3	427	17%
4	127	5%
<b>Total</b>	<b>2,533</b>	<b>100%</b>

Housing Register by Priority Banding	Number	Percentage
A / Emergency	220	9%
B	645	25%
C	927	37%
D / D*	741	29%
<b>Total</b>	<b>2,533</b>	<b>100%</b>

When combined, the following housing need is identified by both bedroom size and priority banding.

Bedroom Need	Band A / Emergency	Band B	Band C	Band D	Band D*	Total
1 Bed	83	129	738	288	143	1381
2 Bed	43	187	150	180	38	598
3 Bed	59	254	31	62	21	427
4 Bed	29	66	7	6	2	110
5 Bed	6	7	1	1	0	15
6 Bed	0	1	0	0	0	1
8 bed	0	1	0	0	0	1
<b>Total</b>	<b>220</b>	<b>645</b>	<b>927</b>	<b>537</b>	<b>204</b>	<b>2,533</b>

Cambridge City Council had 2,533 households on the housing register at the end of September 2023.

792 applicants were housed in 2022/23, with the majority (85%) of lettings being to applicants at band A or B. Of the 792 applicants housed, 87% were housed in 1 or 2 bedroom accommodation.

The greatest demand for housing is still one and two bedroomed properties, with these representing 78% of the register in September 2023.

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.

The current mix of new homes sought by the HRA is 50% 1 bedroom, 25% 2 bedroom, 20% 3 bedroom and 5% 4-bedroom homes, which is still broadly borne out by the bedroom need on the housing register currently. There is therefore no recommendation to change this delivery mix at present.

# Section 3

## External Factors and National Policy Context

### **National Housing Policy**

#### **National Rent 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 high levels of inflation in September 2022 prompted the government to cap rent increases for 2023/24 at 7%, to limit increases for tenants, whilst also 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.

With inflation at 6.7% in September 2023, this will result in a rent increase of 7.7% from April 2024.

The national decision to cap rent increases from April 2023 resulted in all homes previously being charged at target rent to fall below target. Properties below target rent levels can currently only be increased to target levels when they become void, with target rents continuing to be set with reference to January 1999 property values. Government indicated last year that a consultation may follow in respect of options to move rents back up to target levels, but at the time of writing this report, had not been published.

The Rent Standard from April 2025 is not yet available, and so future year rent increases are uncertain.

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, dependent upon local policy.

### **Social Housing Regulation Act**

The Social Housing Regulation Act significantly enhances the role of the Regulator of Social Housing and introduces the new consumer standards, which come into force on 1 April 2024.

The key reforms include:

- Removal of the 'serious detriment' test, which now allows the regulator to step in more readily where they feel intervention is proportionate.
- Enhancing both transparency and safety requirements, introducing requirements for building hazards to be fixed within prescribed timescales, requiring organisations to have a named health and safety lead, ensuring that any tenant whose safety is threatened is offered alternative accommodation and introducing requirements to provide information to residents on financial performance.
- Introducing a new housing inspection regime from April 2024, based upon the new consumer standards, which were subject to consultation up to 17 October 2023.
- Increasing the regulator's enforcement powers, with unlimited fines for non-compliance, the ability to issue performance improvement plans and the right for the regulator to undertake surveys on properties directly.
- Providing the regulator with the power to set competency and conduct standards, with mandatory qualification requirements for senior housing managers and executives.
- The creation of an advisory panel, with representatives from multiple agencies and service users, to advise on key sector issues and risks.
- A requirement for the Secretary of State to publish an energy reduction strategy for social housing, with the regulator able to set and monitor standards in this area.

The regulator is consulting on the new consumer standards, with the standards expected to be published in February 2024, to be effective from April 2024. The authority has responded to the consultation.

A Service Improvement Group is currently reviewing the anticipated requirements in the consumer standards and code of practice, self-assessing current information and performance

against these, comparing us to other providers and undertaking a gap analysis and reviewing staff skills and qualifications. An action plan will be derived from this to allow the authority to implement improvements in any areas where they are considered necessary. Preparatory work will include the need to consider acceleration of tenancy audits to improve data holding, particularly in respect of tenants where we have had no contact for over 12 months.

## **Welfare Reforms**

### **Universal Credit**

Any tenant seeking assistance with their rent, or currently in receipt of Housing Benefit but experiencing a relevant change in circumstance, will need to apply for Universal Credit. The exception to this being tenants placed in temporary accommodation, supported accommodation (not applicable to council tenants) or those who have reached state pension age, all of whom will continue to be entitled to Housing Benefit.

The authority had 2,528 HRA tenants identified as claiming Universal Credit at the end of November 2023, according to the DWP landlord portal. We also flag those in receipt of Universal Credit in the Housing Management Information System, but this will never be as up to date as the DWP portal, as the data is reliant upon the authority being notified by the tenant that they 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.

During 2024/25, a process of managed migration will begin to move those currently in receipt of Housing Benefit on to Universal Credit by March 2025. The exceptions being those listed above, which will not migrate, and those in receipt of Employment and Support Allowance, where the migration will take place by March 2028.

### **Other Benefit Changes**

The Benefit Cap and removal of the spare room subsidy 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 retains a budget (£25,170 for 2024/25) to provide financial support and incentive to assist tenants in downsizing. 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.

Within the Autumn Statement, it was announced that Universal Credit and other working age benefits will increase by 6.7% from April 2024 and that the Local Housing Allowance will be raised from April 2024 to the 30<sup>th</sup> percentile of local market rents.

## Right to Buy Sales

During 2022/23, 62 right to buy applications were received and recorded, resulting in 28 completions. This compares to 89 applications in the previous year, which gave rise to 34 completions, with the slow down possible because of increasing interest rates. In the first 8 months of 2023/24, 23 right to buy applications were received with 12 sales completed. This indicates a continued slowdown in activity, as interest rates remain high.

In the HRA Medium Term Financial Strategy 20 sales were assumed in 2023/24, before returning to the previous assumption of 25 sales per annum from 2024/25 onwards. For the HRA Budget Setting Report, 25 sales continue to be assumed from 2024/25 and beyond, with mortgage rates expected to begin to come down marginally as higher inflation begins to subside.

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	2018/19	13	14	0	27
	2019/20	14	15	0	29
	2020/21	10	6	0	16
	2021/22	18	15	1	34
	2022/23	12	15	1	28
Estimated Sales	2023/24	10	10	0	20
	2024/25	13	12	0	25
	2025/26	13	12	0	25
	2026/27	13	12	0	25
	2027/28	13	12	0	25



## **Right to Buy Receipts**

At 31 March 2023, the authority held £5,608,030 of right to buy receipts under the retention agreement with the Department for Levelling Up, Housing and Communities (DLUHC), 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 5.25%, the highest since 2008, any penalty interest payable on receipts not re-invested appropriately will be at the rate of 9.25%.

Newly arising receipts continue to be retained, with any decision to pay over receipts to DLUHC made by the Chief Finance Officer, in consultation with the relevant 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.

## **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 or so years have been particularly volatile, with an unprecedented rise in CPI from 1.5% in April 2021 to 11.1% in October 2022, before falling to 3.9% by November 2023. Huge inflationary increases have been seen in utility, fuel and food prices, alongside steep rises in other operating costs.

The Bank of England's Monetary Policy Report of November 2023 forecast a fall in the level of CPI in quarter 2 of each year at 3.6% for 2024, 2.1% for 2025 and 1.7% by 2026. The view is that although inflation is still relatively high currently, the peak has passed, and rates are expected to steadily reduce and to return to pre-pandemic levels over the next two years. If we take an average of the projections for the next two years, 2024/25 is predicted to experience inflation at 3.13% and 2025/26 at 2%.

The HRA Medium-Term Financial Strategy allowed 3% inflation for 2024/25, returning to the target of 2% from 2025/26.

Taking account of recent views of the Bank of England 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 2025/26 onwards. This will be reviewed again as part of the HRA Medium Term Financial Strategy in 2024.

The assumptions in respect of building maintenance expenditure inflation have been derived from a mix of forecasts using the RICS (Royal Institution of Chartered Surveyors) Building Cost Information Service (BCIS) all in tender price index and CPI. The broadly external planned maintenance contract, currently with Fosters, is a lump sum priced contract, which adopts CPI as the measure of inflation. The broadly internal planned maintenance contract, currently with TSG, is a target price contract, using the (BCIS) all in tender price index as the measure of inflation, recognising that prices are fluctuating widely in this industry currently. 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 2.9% by 2024, with forecasts of 2.8%, 3.2%, 3.4% and 3.5% 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 3.16%.

On a similar average basis, the assumptions we are adopting for CPI over the same period are 2.2%, a difference of 0.96%.

Recognising the combination of planned maintenance price increases being driven by CPI and BCIS, 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. A blended average rate of 2.68% (average CPI plus average BCIS divided by 2) has therefore been incorporated into the business plan forecasts.

A growth rate of 4.7% has been retained in respect of new build inflation, based upon the advice of the quantity surveyor / employer's agent used most frequently by the Council.

Annual private sector pay growth increased to 7.7% in the three months to May 2023, although earnings growth is expected to decline in the coming quarters to around 6% by the end of the year. There is no forecast in respect of public sector pay increases, but these would be expected to be lower than the private sector, with longer-term pay increase in the public sector expected to mirror the longer-term inflation target of 2%.

The pay award from April 2023 was agreed in October 2023 and pay inflation has been increased to reflect the pay award of £1,925 per full time equivalent employee for 2023/24 up to spinal column point 43, with a 3.88% increase for points 43 and above.

A rate of 4% has been incorporated for 2024/25, which recognises an average of the higher 6% forecast for private sector pay and the target for public sector pay of 2%, before returning to the previous assumption of 2% from 2025/26. 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 on Lending**

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 2023/24 in the HRA Budget Setting Report was 2%, based upon the HRA clawing back interest from the General Fund on investments with minimal risk.

Over the last 12 month, the Bank of England base rate has risen, with the latest rise to 5.25% in August 2023 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 5% has been adopted for 2023/24, reducing to 4.5% for 2024/25, and 3% ongoing. The interest rate assumptions are included in **Appendix B**.

## **Interest Rates on Borrowing**

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. The PWLB borrowing rate has seen a marked increase over the last few months, as have all lending rates in the marketplace.

In June 2023, government announced a preferential rate for HRA borrowing, at 40 basis points above gilts, which is effectively a 60-basis points reduction the standard PWLB lending rates. This rate initially applied for one year but has been extended until June 2025 as part of the Autumn Statement 2023. This would reduce the rate at the time of drafting this report of 5.62% to 5.02%, which is still higher than was previously assumed. The previous certainty rate of a 20-basis point reduction can be assumed to be ongoing, as long as the authority submits its spending plans as required. 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 18 months has had 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 (inclusive of certainty rate) will be at an average of 4.8% for 2024/25, 4.18% for 2025/26, then 4% by the beginning of 2026/27. The certainty rate of 4.8% forecast for 2024/25 could arguably be reduced to 4.4%, recognising the extension of the HRA discount rate until June 2025.

Based upon current rates and these projections, a revised average rate of 5.02% (5.62% - 0.6%) has been incorporated into any borrowing assumptions for 2023/24, followed by 4.4% for 2024/25, 4.18% for 2025/26, then 4% ongoing.

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.

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 interest rate that would be charged are yet to be confirmed.

# Section 4

## Rent and Other Income

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

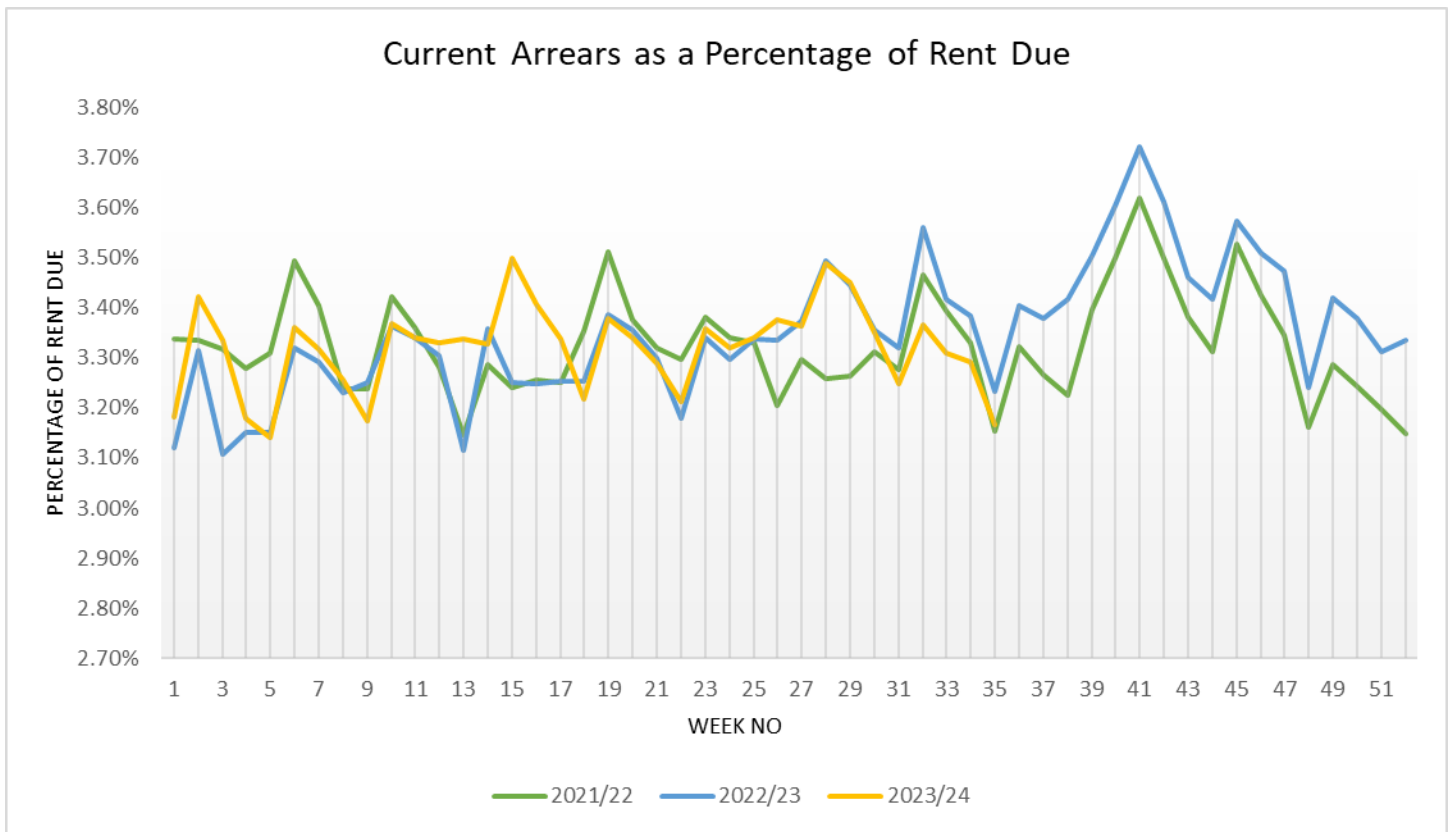
#### Rent Arrears

Rent collection performance was broadly maintained during 2022/23, with 99.2% of the value of rent due, collected in the year, compared with 99.5% in the previous year.

Current arrears levels deteriorated marginally in 2022/23, with current tenant arrears of just under £1.5 million by 31 March 2023, as detailed in the table below. However, the level of former tenant arrears reduced to just over £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)
31/3/2019	£776,961	1.93%	£932,156
31/3/2020	£1,091,161	2.70%	£915,885
31/3/2021	£1,374,167	3.30%	£925,982
31/3/2022	£1,337,622	3.14%	£1,121,082
31/3/2023	£1,490,860	3.33%	£1,020,073

In 2023/24 to date there has been an increase in current tenant arrears, which by the end of November 2023 stood at £1,570,939 with former tenant arrears increasing marginally to £1,174,059. You will note from the graph below, however, that in percentage terms arrears recovery is being maintained at similar levels to previous years, despite the current economic climate making it more challenging to recover tenant arrears.



The Income Management Team work proactively with tenants and financial support providers to mitigate the impact of rent arrears for both tenants and the authority. The team use both the Income Analytics and LIFT software systems, which facilitate improved arrears management and access to financial data sets to maximise receipt of financial assistance for the tenant.

Tackling former tenant arrears continues to be challenging. The role of a dedicated former tenant arrears officer has now been recruited to on a permanent basis, but this has resulted in the role being vacant for a period of time whilst this takes place, with an increase in the level of former tenant arrears in 2023/24 to date. Continuation of the work to either collect or write off former tenant arrears is a critical aspect of managing the housing business, with an increased focus in this area by our external auditors when auditing the authority's accounts.

**Bad Debt**

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 84.16% of former tenant debt. Any decision to do this is not taken until all avenues for collection have been exhausted.

At 31 March 2023 the total provision for bad debt stood at £1,951,988.25 representing 77% of the total debt outstanding.

As part of the HRA Medium Term Financial Strategy, the annual contribution to the bad debt provision was reduced to 1% per annum, recognising the sum in the provision currently, and the call on the fund in recent years. This will be reviewed periodically, as more tenants transition to Universal Credit and the longer-term impact of pressures on household incomes becomes clearer.

### **Void Levels**

The value of rent not collected as a direct result of void dwellings in 2022/23 was £1,052,081 representing a void loss of 2.52%, compared with £656,205 in 2021/22 (1.67%).

Void levels have increased in 2023/24 to date, with the void rent loss between April and October 2023 (7 months) being £702,282, representing a 2.67% void loss. A proportion of this relates to homes held intentionally vacant for redevelopment. A snapshot of the proportion of stock vacant in early November 2023 confirms that 2.80% of homes (211 homes) are unoccupied, but with 0.89% (67) of these being vacant homes on re-development sites. 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.

As a result of this, it is recommended to increase the voids assumption for 2023/24 to 2.5% and the assumption for 2024/25 to 1.5% assuming demolition of homes identified for redevelopment and some recovery in our general voids performance, before returning to the longer-term assumption of 1% from 2025/26 in this iteration of the business plan.

### **Rent Restructuring and Rent Levels**

The authority now lets property at 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 or the current Local Housing Allowance (whichever is lower) and also at 80% of market rent.



The average target 'rent restructured' rent across the general housing stock currently is £122.76 per week, with the average actual rent charged being £112.48. As a result of the rent increase cap in April 2023, no properties were charged at target rent at the start of 2023/24, compared to 35.5% being charged at this level in April 2022. The loss of rental income that arises from the gap between actual and target rent levels in the general housing stock equates to an annual loss of income of approximately £3,542,000. The authority currently 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. The government have indicated, following the caps applied last year, that they may consult on alternative routes for local authorities to be able to move rents to target levels.

There were 854 properties charged at the higher 'affordable rent' levels in November 2023.

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

Property Size	2023/24 Published LHA Rate (not adopted by CCC unless lower than a 60% rent)	2020/21 Pre-COVID LHA rate inflated by 1.5%, 4.1% and 5% Used as a base by CCC for 2023/24 for existing tenants	Indicative Programme Average 2023/24 Rents at 60% of Market Rent	Indicative Programme Average 2023/24 Rents at 80% of Market Rent
Shared Room	97.00	N/A	N/A	N/A
1 Bed	178.36	150.87	166.06	227.24
2 Bed	195.62	173.52	187.32	259.73
3 Bed	218.63	201.64	211.49	288.50
4 Bed	299.18	268.97	252.45	342.80

The Chancellor's Autumn Statement on 22 November 2023 confirmed that the Local Housing Allowance will be raised in April 2024 to the 30<sup>th</sup> percentile of local market rents, as opposed to being frozen again, as was previously anticipated.

## 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 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.

Affordable rented homes let under the old inflated pre-COVID Local Housing Allowance rates are re-let at 60% of market rent or the current Local Housing Allowance, whichever is lower, when they become vacant to be consistent with the Greater Cambridge Housing Strategy and associated Affordable Rents Policy.

As part of our review processes, legal advice sought has identified that the authority has historically misinterpreted government guidelines and rent legislation in two areas.

The first error relates to how affordable rent reviews were carried out up to April 2019 and not correctly applying a 1% rent reduction for four years between 2016 and 2019. This meant that the way affordable rents were calculated was not correct and affected tenants have been overcharged. To remedy this, a correct (lower) current rent will need to be calculated for affected tenants. There will also be a need to reimburse tenants for any sums over-paid, taking into account the amount that may have been met by the DWP in the form of housing related benefits.

The second area is still being explored currently and relates to how rents and some service charges have been calculated and displayed on rent accounts.

These errors have been proactively reported to the Regulator for Social Housing, as is expected of the authority in such circumstances and the authority will continue to work with the regulator to correct the issues.

## **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 2024, 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 2023 of 6.7%) plus 1%, arriving at an overall increase of up to 7.7%. Target rents will also increase by CPI plus 1%, equivalent to 7.7%.

In the absence of a Rent Standard from April 2025, the business plan retains the previous assumption of annual rent reviews in line with CPI plus 0.5%, instead of CPI plus 1%, to provide some prudence.

Rents will also be adjusted from April 2024, where required, to correct the affordable rent regulation error highlighted above.

## **Service Charges**

Service charges are levied for 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 60% (or the prevailing Local Housing Allowance Rate if this is lower) or 80% of market rent depending upon the scheme.

Guidance expects registered providers to endeavour to ensure that service charge increases do not exceed CPI plus 1% but recognises that costs sometimes unavoidably increase by more than this. Registered providers are required to consult tenants in respect of the introduction of new services or before making any material change to existing services.

## **Other Sources of Income**

### **Garages**

The Housing Revenue Account currently owns 1,326 residential garages and 270 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 and parking spaces in ownership approximately 21.7% (350 garages and parking spaces) are currently void (compared to 10.6% at this time last year). Of the 350 vacant spaces, 164 are garages, but 90 of these 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. There are 186 vacant parking spaces, but a significant proportion of these are on new build sites, where the scheme residents are offered first refusal to rent the parking spaces before they are offered out more widely to other tenants, residents or commuters into the city. The void loss in the year to date at the end of October 2023 of approximately 20% (compared to 13% at the same point last year) is made up of 24% general void loss, 51% void loss in respect of parking on new build sites where parking enforcement has taken some time to introduce and 25% in respect of the void loss on garages and parking spaces which have been vacated for redevelopment.

### **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 2024/25 the income generated by the commercial property portfolio is anticipated to be in the region of £517,000.

General occupation of the HRA commercial property portfolio was historically good, with vacant shop units usually re-let within reasonable timescales. However, 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 increased significantly over the last 12 months, driven by increases in the Bank of England base rate (currently 5.25%) and higher investment returns are therefore being realised. The HRA, does however, only benefit 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 the investments, was reviewed as part of the HRA Medium Term financial Strategy, but has been as part of this iteration of the business plan to 5% for 2023/24, 4.5% for 2024/25, and 3% ongoing.

## **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 in 2023/24 to deliver the 500 homes agreed.
- Support Funding – Funding of £193,698 per annum is received to provide tenure neutral support for older people across the city, through a contract with the County Council.
- Homes England Grant Funding – The authority actively bids through the continuous market engagement process, to secure grant funding for some new build schemes.
- Department for Levelling Up, Housing and Communities (DLUHC) Local Authority Housing Fund (Round 1 and 2) – The authority was awarded grant of £4,968,683 to build or acquire 30 homes by 30 November 2023 to accommodate Ukrainian and Afghan refugees and a further £840,000 to acquire 4 homes by 31 March 2024 to accommodate Afghan refugee families specifically.

- Social Housing Decarbonisation (Wave 2 Funding) - The authority was awarded £2,260,175 of grant funding to deliver energy improvements in the existing housing stock, with the investment requiring top up funding from the Council, and to be spent by March 2025.
- 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 – Revenue Reserves**

In addition to General Reserves, the Housing Revenue Account maintains earmarked or specific funds. **Appendix I** 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, irrespective of the timing of the survey. This reserve will need to be reviewed in 2024/25 in light of the new regulatory standards, and the requirement to undertake a survey annually.

**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 & Specific 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 5

## Capital Investment

### Stock Condition and Decent Homes

The housing service reported achievement of decency in the housing stock as at 31 March 2023 at 99.8%, with 14 properties that were considered to be non-decent (in addition to 215 refusals).

As part of the Asset Management Strategy, a programme of new initiatives and actions was identified, which included aspirations to (subject to funding bids when costs have been quantified in some cases):

Initiative / Action	Current Status
Implement a rolling programme of stock condition surveys so properties are inspected every five years	A new programme of stock condition surveys started in September 2023 and prioritises properties where there is no recent condition data. A new apprentice surveyor is being trained to gain skills in this area. The inhouse team are also receiving training so that all void properties have a stock condition survey carried out. New build property and footpath surveys are being carried out.
Continue the programme of structural surveys of flats blocks and implement survey programme for older flats and houses with structural concrete elements	Structural surveys at the Bermuda Terrace Estate are underway. If works are required, they will be tendered in 2023/24 with a view to being on site in 2024/25. A programme of structural repairs to maisonettes in the South Arbury area has been tendered and is due to start on site in 2023. Balcony and brickwork repairs at Nicholson Way, Walker Court and Hanson Court are on site and will be complete in 2023. In 2024 we plan to establish a framework contract for structural engineering services and establish a cyclical surveying programme to re-inspect



	<p>blocks of flats where structural works have been completed. We are carrying out structural repairs to around fifteen houses that have suffered from structural defects, some arising from dry weather in the past few years.</p>
<p>Reduce the electrical inspection cycle to five years in line with best practice</p>	<p>The Risk and Compliance team continue to manage and deliver the transition from a ten year to a five-year inspection cycle.</p>
<p>Implementation of "Orchard Asset" asset management software – including development of the compliance and energy modules</p>	<p>The implementation project is still underway but has experienced delays. The "servicing" (compliance) module and the "project" (planned works management) module will be "live" next. The "energy" module is live but has not been developed in the absence of a full time Energy Manager. This post is now filled, and the new Energy Manager started in November 2023.</p>
<p>Develop a methodology which identifies high-cost investment properties across the stock and calculates net present values – using new software in Orchard Asset</p>	<p>The implementation of an "Options Appraisal" module in MRI Asset will be the final module to be implemented</p>
<p>Implement a programme of estate investment projects</p>	<p>The street lighting replacement contract will be complete on site in 2023, and the final task will be to map assets on the Council's mapping system. We are working on a communal lighting replacement programme. A pilot project is being completed; a considerable amount of electrical enabling work is required. We are working on revised estimated costs for the full programme of work before deciding the most appropriate procurement route to deliver the work. It is likely that that the communal lighting improvements may be incorporated into a future electrical upgrades programme to replace the Council's electrical installations in blocks of flats.</p>

<p>Establish a programme of re-inspection of asbestos containing materials and implement a new asbestos register based within Orchard Asset</p>	<p>The asbestos compliance module will be implemented in a live environment in the Asset system in early 2024. The Asbestos Surveyor (Analyst) post has now been recruited to on a permanent basis and will continue with the review of all communal re-inspections.</p>
<p>Implement an annual programme to inspect fire doors to flats and communal areas (including the replacement of non-compliant fire doors)</p>	<p>A fire door inspection programme is in place with Ventro (Passive Fire Protection Specialists). HRA properties completed include all temporary and sheltered accommodation. General needs purpose-built blocks of flats are continuing 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.</p>
<p>Review maintenance requirements for flat roofs and sheds replacement and repair</p>	<p>This programme of work is currently underway, with over 300 shed roofs due to be replaced in 2023/24. Many shed roofs are shared with adjoining freehold properties, and this makes this a complex programme of work.</p>
<p>Develop a replacement programme for lifts, door entry systems, communal entrance doors, fire systems, automatic doors, and communal lighting</p>	<p>We have programmes of work in place for communal lighting upgrades, communal entrance doors and glazing replacement, door entry system replacement, and fire alarm upgrades.</p>

At Kingsway flats, fire compartmentation works are now in progress and are scheduled to be complete in late Spring 2024. Work is ongoing to replace the remaining gas heating systems with electric alternatives and then all gas supplies will be removed from the building. We are also implementing fire alarm upgrades in a number of sheltered housing schemes.

Individual properties have regular electrical tests, and the electrical installation is replaced every thirty years. In our blocks of flats there is usually also a landlord electrical installation (that may provide power for lights, lifts, access systems etc.) and many of these are now old and in need of upgrade or replacement. In addition, in some blocks of flats, the main electrical

supplies to individual flats pass through the communal areas, and sometimes through other flats. We have implemented a programme of work to survey landlord electrical installations and electrical cables supplying individual flats. In 2023/24 this is taking place at Bermuda Terrace and also some of the blocks of maisonettes in the South Arbury area. It is expected that this will result in additional work to electrical installations in blocks of flats, with funding to be identified once costs are quantified.

At the East Road flats, a project is underway to replace roofs and windows to the tall blocks of flats facing East Road. This is a large project and work will be coordinated to minimise disruption to residents. Electrical works to these flats are also required but this work will be carried out separately in 2024/25.

In respect of resident engagement and communication, officers are working closely with main contractors to improve the quality of communication about new programmes of planned maintenance work, and the frequency of updates about the progress of work and any delays. The content of standard letters has been reviewed to ensure residents are better informed about the reasons why we carry out planned maintenance work.

### **Net Zero Retrofit Pilot Project**

Work to deliver the net zero retrofit pilot project has been progressing well over the last year, led by design team of architects, engineers and quantity surveyors. Planning has been approved for all works to 46 houses and 4 flats that form part of the pilot. The properties in the pilot are in the Ross Street and Coldham's Grove area. Tenders have been issued through a framework, with contractor appointment anticipated during January 2024 and a start on site by spring 2024.

The works to be carried out as part of the pilot include:

- External wall insulation
- Roof and chimney insulation
- Floor Insulation (ground floor)
- Window replacements
- Door replacements

- Air source heat pumps (in place of existing gas boilers)
- Mechanical ventilation with heat recovery units (mvhr's)
- Solar pv panels
- Cavity wall insulation extraction and replacement (where required)
- Water efficient tap upgrades

The objectives for this funding are to allow the authority to prove whether the estimated costs in a report prepared by the authority by Fielden and Mawson 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.

The original budget approved for this project was £5,000,000, which has since been inflated to £5,196,000. Early estimated costs for the project were around £5.800,000 plus the cost of other planned maintenance work that could be scheduled to take place at the same time as retrofit works (e.g., electrical work, roofing work), which can be met within the housing capital investment plan. Updated cost estimates are expected shortly once the tender process has been concluded and any change in costs will need to be addressed as part of the 2024/25 medium-term financial strategy process depending upon timing.

### **Other Energy Works**

Following success in the Social Housing Decarbonisation Fund (Wave 2) grant bid process, the authority was awarded £2,260,175 in grant over the period to September 2025. The authority had already included co-funding of £3,640,000 in the budget for 2023/24 to support this bid, but following the grant award has increased the total budget by the grant sum and recognised the grant income as the funding source for this.

The grant criteria are to ensure council property reaches EPC 'C' and reduces energy demand to below a set level. The grant funds go towards delivering external wall insulation works and updated ventilation to 185 solid-walled properties between now and a target date of March 2025. Top up loft insulation and window replacements may also be provided alongside these works if required.

A further 100 homes will receive similar works across the same timescale but will be funded by the Council entirely.

Works to the first 40 homes have been delivered under this programme on Mowbray Road and Holbrook Road. A second phase contract for the remaining properties has now been awarded through the council's internal retrofit framework and work has started on site.

In addition, we will continue with loft insulation upgrades and cavity wall insulation, extraction and re-fill, to other properties. We have a programme of around 800 EPC "D" rated solid walled houses that will need to be insulated if they are to reach EPC 'C'.

## **New Build Affordable Housing**

### **General Approach**

The Council's approach to building new homes continues to develop, with Passivhaus certified pilot schemes now on site and nearing completion. The authority is having to explore a multitude of options for the delivery of new homes, with inflation rates 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**

With longer-term interest rates for borrowing expected to remain high, the assumptions in the HRA Business Plan for the delivery of new homes have currently been retained at lower levels similar to those incorporated in the January 2023 Budget Setting Report. 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:

- 629 net additional council rented (social rent and 60% of market rent) homes delivered over the 10 years from 2023.
- 353 affordable rented homes at 80% of market rent.
- Delivery of the net new council rented homes assumes the need to demolish and re-provide 335 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.
- Updated build costs using the latest information and cost data available, which assumes building to Passivhaus or equivalent performance standards. 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 assumed for future pipeline schemes assumed to be grant eligible, at an average of £56,463 per unit across all eligible 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, or the site is a Section 106 delivery site.
- Retained right to buy receipts continue to be available for re-investment at the assumed rate of approximately £3,200,000 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 ongoing sales at the rate of 25 per annum to generate this resource.
- Borrowing has been assumed at the rate of 5.02% for 2023/24 (recognising the PWLB HRA rate), and 4.4% for 2024/25, 4.18% for 2025/26 and 4% from 2026/27 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.
- Standard annual servicing and maintenance costs are increased by £200 per unit, recognising the need to service and maintain solar pv installations and a mechanical ventilation with heat recovery (MVHR) unit in each dwelling.
- Standard future replacement costs are increased by an average of £500 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, including the impact of borrowing to fund some of the investment to improve the energy efficiency of the existing housing stock.

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 now been successful in securing grant on an increasing number of sites. There is also now the potential to secure grant in respect of the redevelopment of existing homes as part of the 2021 to 2026 Affordable Homes Grant Programme, and the authority is actively pursuing grant on schemes that might be eligible under this programme, with the outcome anticipated imminently. If unsuccessful in securing grant for additional new homes, 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 resource ear-marked in the business plan is 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 borrowing is currently anticipated is 2023/24, but with this assumed to be met either from internal borrowing or through the PWLB at the current reduced HRA rate.

## Schemes Completed – Devolution 500 Programme

At the time of writing this report 524 new homes had been completed as part of the Devolution 500 Programme, with a net gain of 448 council rented homes.

Scheme	Total Social Housing / SO Units	Gain in Social Housing Units	Percentage Social Housing on Site
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	118	118	50%
Cromwell Road	118	118	40%
Colville Road II	63	43	100%
Meadows and Buchan	22	22	100%
Campkin Road*	75	50	100%
Clerk Maxwell	14	14	40%
<b>Total</b>	<b>524</b>	<b>448</b>	

\*16 of the units at Campkin Road were re-purposed as refugee housing, with DLUHC grant awarded to contribute retrospectively towards the cost.



## Schemes Completed – 10 Year New Homes Programme

The first homes being delivered as part of the new 10 Year New Homes Programme have now been delivered, as follows:

Scheme	Total Social Housing / SO Units	Gain in Social Housing Units	Percentage Social Housing on Site
Histon Road	10	10	40%
<b>Total</b>	<b>10</b>	<b>10</b>	

## 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 relevant Director or Chief Operating Officer 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 2023/24 to date include:

Acquisition / Disposal	Comment	Status
1 Bed Flat	Purchase of a 1 bed flat in Trumpington ward for rough sleepers. This is the last of 14 homes acquired with Rough Sleeper Accommodation Programme grant *	Complete
13 x 3 Bed Houses 5 x 4 Bed House 1 x 5 Bed House 1 x 7 Bed House	Purchase of market dwellings for accommodating refugees, part funded by government grant	Complete
1 x 4 Bed House	Purchase of market dwellings for accommodating refugees, part funded by government grant	In progress
1 x 1 Bed Flat	Open market purchase of a home on a potential future development site	Complete

Acquisition / Disposal	Comment	Status
1 x 1 Bed Flat	Open market purchase of a home on a potential future development site	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.

### Homes for Ukrainian and Afghan Refugees

The Department for Levelling Up, Housing and Communities (DLUHC) awarded the authority two rounds of grant funding to assist in meeting the challenges in providing move on and settled accommodation for recent humanitarian schemes (Afghan and Ukrainian refugees).

The authority was awarded:

- Round 1 main element - £4,640,000 to be used to provide a minimum of 29 homes.
- Round 1 bridging element - £328,683 to allow the provision of at minimum 1 larger 4+ bed home to be allocated to households currently residing in bridging accommodation.
- Round 2 - £840,000 to be used to provide 3 homes for Afghan households and 1 home for use as temporary accommodation.

The grant funding requires a minimum top up contribution of £7,538,683 from HRA resources, but to make the best use of the grant awarded and to maximize the number of new homes delivered, additional funding of £200,000 was incorporated as part of the HRA Medium-Term Financial Strategy in November 2023., Round 1 grant has to be invested by 30 November 2023 and round 2 by 31 March 2024.

Some existing new build housing has been redesignated to meet this need, with 16 homes identified and occupied. 20 homes have been acquired on the open market to date, with the final one in the conveyancing process.

Once the homes are no longer required for housing this cohort, the authority will be able to utilise them to meet their wider affordable housing need, but with grant being repayable if the authority were to dispose of the dwellings.

# Section 6

## Rent & Charge Setting

### Rent Setting

Following publication of the rate of CPI in September 2023 at 6.7%, and in the absence of any rent cap notification from government, the authority has incorporated a rent increase of 7.7% from April 2024. This increase recognises that a local decision was taken last year to increase rents at 5%, which was well below both inflation and the government cap of 7%. The single year decision was taken to help tenants at a time when other costs were rising but had a significant impact on the financial forecasts for the authority and on the ability to invest in key areas, such as improving the energy efficiency of the housing stock, improving services provided to tenants and building new homes. The authority is committed to being able to improve all homes 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 energy costs.

Over the last 8 years, social rented tenants have received 4 years of 1% rent cuts, followed by increases of 2.7%, 1.5%, 4.1% and 5%, resulting in a total increase over 8 years of 9.45%, compared with what would have been a 23.47% increase if rents had simply increased in line with inflation over the same period, effectively delivering a significant reduction in real terms.

Implementing a rent increase at a lower level than identified in the Rent Standard, will have a negative impact on the financial forecasts for the HRA, and on the ability to invest in improvement to homes, new homes or additional services for tenants. The impacts of implementing lower rent increases are outlined in the table below:

<b>Rent Increase</b>	<b>Average Weekly Social Rent Value Increase</b>	<b>Average Weekly Affordable Rent Value Increase</b>	<b>Additional / (Reduced) Borrowing Required over the 30 Year Business Plan</b>	<b>Impact on Housing Delivery</b>
3%	£3.39	£5.09	£190 million	No further homes can be improved to EPC 'C', leaving 1,700 as sub-standard and the 4% HRA savings target would need to be increased to 15% for 2024/25
5%	£5.64	£8.48	£108 million	1,210 homes will not be able to be improved to EPC 'C', leaving them sub-standard
7%	£7.90	£11.87	£27 million	330 homes will not be able to be improved to EPC 'C', leaving them sub-standard
7.7% (CPI plus 1%)	£8.69	£13.05		

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 (as measured at the preceding September), plus 0.5% is retained for the following five years, before moving to an assumption of just CPI increases. There is currently no guarantee in respect of achieving these future rental increases, as we await a revised Rent standard from April 2025.

Affordable rented homes will be subject to the same inflationary increase of 7.7% for existing tenants. 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. but with the requirement for local authorities to have regard for the Local Housing Allowance. A number of affordable housing tenants in our earliest affordable rented homes will have their rent re-based from April 2024, before the annual rent review is applied, as part of correcting one of the rent regulation issues highlighted in this report.

Re-lets of existing affordable rented homes are at 60% of market rent or the prevailing Local Housing Allowance rate, whichever is the lower, New homes are introduced at social rent, 60% of market rent (or the prevailing Local Housing Allowance rate), or at 80%, depending upon the agreed rent levels for the scheme, in line with the Greater Cambridge Housing Strategy.

The table below includes details of the Local Housing Allowance rates over recent years, with an announcement in the Chancellor's Autumn Statement confirming that rates will not be frozen again in April 2024 as previously expected but will instead increase to the 30<sup>th</sup> percentile of the local market rent.

Property Size	2020/21 LHA rates January 2020	2020/21 LHA rates March 2020	2021/22 LHA rates	2022/23 LHA rates	2023/24 LHA rates
Shared Room	81.89	97.00	97.00	97.00	97.00
1 Bed	135.99	178.36	178.36	178.36	178.36
2 Bed	156.40	195.62	195.62	195.62	195.62
3 Bed	181.75	218.63	218.63	218.63	218.63
4 Bed	242.43	299.18	299.18	299.18	299.18

## Service Charges

The approach to setting service charges for 2024/25 is detailed at **Appendix D**.

## Other Sources of Income

### Garages

The proposed charges for garages and parking spaces for 2024/25, increased by 7.7%, are as follows, with the charges for resident parking permits being increased incrementally to bring them in line with other providers over time:

<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)	8.47	0.00	8.47
Parking Spaces in standard area (other city residents)	8.47	1.69	10.16
Garage in standard area (tenants only)	10.89	0.00	10.89
Garage in standard area (tenants storage use)	10.89	2.18	13.07
Garage in standard area (other city residents)	10.89	2.18	13.07
Garage or Parking Space in high value / high demand area (tenants only)	20.78	0.00	20.78
Garage in high value / high demand area (tenants storage use)	20.78	4.16	24.94
Garage or Parking Space in high value / high demand area (other city residents)	20.78	4.16	24.94
A £5.00 premium is added to all base rates above when rented for non-city resident, commuter, business or commercial use			
Parking Space in standard area - Non-City Resident / Commuter or Business / Commercial use	13.47	2.69	16.16
Garage in standard area - Non-City Resident / Commuter or Business / Commercial use in standard area	15.89	3.18	19.07
Garage or Parking Space in high value / high demand area - Non-City Resident / Commuter or Business / Commercial use in high value / high demand area	25.78	5.16	30.94
<b>Category</b>	<b>Base Charge £ per year</b>	<b>VAT £</b>	<b>Total Charge £ Per year</b>
Resident's Parking Permit (new schemes)	60.00	VAT applies	72.00
Resident's Parking Permit *	25.00	VAT applies	30.00
Visitor's Parking Permit	25.00	VAT applies	30.00
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.

# Section 7

## Housing Revenue Account Budget

### Revised Budget 2023/24

The Housing Revenue Account revenue budget for the current year was amended as part of the HRA Medium Term Financial Strategy in November 2023, taking account of any major changes. As part of this HRA Budget Setting Report, any major unavoidable pressures or material changes in income for the year are recognised, alongside the impact in revenue terms of the need to revisit funding requirements (DRF) for the Housing Capital Investment Plan in 2023/24 following any re-phasing of the programme. Investment income in the HRA is anticipated to be marginally more than anticipated in the Medium-Term Financial Strategy due to increases in interest rates, and borrowing is expected to be less due to re-phasing of the capital programme. A net change of £571,010 in the 2023/24 HRA budget is identified, as summarised below.

<b>2023/24 Revised Budget</b>	<b>Original Budget January 2023 £</b>	<b>HRA MTFS November 2023 £</b>	<b>HRA BSR Proposed Changes £</b>	<b>HRA BSR January 2024 £</b>
Net HRA Use of / (Contribution to) Reserves	6,185,160	3,199,670		
Re-allocation of Fire Safety budget from capital to revenue for cladding treatment			277,500	
Re-phasing of funding for heat and smoke detector installations			(250,000)	
Net Non-Cash Limit Adjustments (interest paid and received, depreciation, DRF, etc)			(598,510)	
<b>Revised Net HRA Use of / (Contribution to) Reserves</b>				<b>2,628,660</b>
Variation on previously projection				(571,010)

The above figures include carry forward approvals from 2022/23 in the second column, in addition to changes approved as part of the Medium-Term Financial Strategy in November 2023, with any net revenue impact identified in the current year, as part of the January 2024 committee cycle, incorporated in the right-hand column. The net change in costs, financing and income for 2023/24 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 E (1)**.

## Overall Budget Position - 2024/25 onwards

### Overall Budget Position

The overall revenue budget position for the Housing Revenue Account is summarised in the table below and at **Appendix G**, with detail for the period to 2028/29 provided in **Appendix E (2)**:

Targets Set	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Efficiency Savings	0	(196,000)	(196,000)	(196,000)	(196,000)	(196,000)
Strategic Investment Fund	0	98,000	98,000	98,000	98,000	98,000
<b>Net Change Required</b>	<b>0</b>	<b>(98,000)</b>	<b>(98,000)</b>	<b>(98,000)</b>	<b>(98,000)</b>	<b>(98,000)</b>

Summary of Proposals	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
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Unavoidable Revenue Bids	0	449,750	262,250	237,250	187,250	187,250
Reduced Income Proposals	0	1,337,120	190,490	194,420	198,480	202,650
<b>Unavoidable</b>	<b>0</b>	<b>1,786,870</b>	<b>452,740</b>	<b>431,670</b>	<b>385,730</b>	<b>389,900</b>

Savings Proposals	0	(115,480)	(115,480)	(115,480)	(115,480)	(115,480)
Increased Income Proposals	0	(131,250)	(131,250)	(131,250)	(131,250)	(131,250)
Bids	0	0	0	0	0	0
<b>Discretionary</b>	<b>0</b>	<b>(246,730)</b>	<b>(246,730)</b>	<b>(246,730)</b>	<b>(246,730)</b>	<b>(246,730)</b>

Non-Cash Limit Adjustments	(598,510)	(1,214,170)	(88,010)	(201,910)	436,130	(1,314,290)
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Revenue / Capital Re-allocation	277,500	0	0	0	0	0
Revenue Re-phasing	(250,000)	250,000	0	0	0	0
<b>Total Revenue Proposals</b>	<b>(571,010)</b>	<b>575,970</b>	<b>118,000</b>	<b>(16,970)</b>	<b>575,130</b>	<b>(1,171,120)</b>
<b>Under / (Over) Achievement against Target</b>	<b>(571,010)</b>	<b>673,970</b>	<b>216,000</b>	<b>81,030</b>	<b>673,130</b>	<b>(1,073,120)</b>
<b>Cumulative Under / (Over) Achievement against Target</b>	<b>(571,010)</b>	<b>102,960</b>	<b>318,960</b>	<b>399,990</b>	<b>1,073,120</b>	<b>0</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 2024/25 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 2024/25 there are cash limit adjustments in respect of contribution to the bad debt provision, depreciation, interest received based upon the latest balances and rate assumptions and interest paid based upon the latest forecast borrowing rates. These are partly offset by cash limit adjustments in the level of direct revenue financing of capital expenditure, which is also impacted by the need to refund tenants in 2024/25 for over-paid rent.

## Strategic Investment Fund

As part of the HRA Medium Term Financial Strategy, approved in November 2023, approval was given to retention of a Strategic Investment Fund, but at the lower level of £96,000 per annum, to be directly offset by some of the efficiency savings identified in the HRA each year, for the next 5 years.

There were no bids against this fund identified as part of the 2024/25 budget process.

## Performance against Current Net Savings Target

An efficiency savings target of £196,000 was included in the HRA forecasts for 2024/25 as part of the HRA Medium Term Financial Strategy approved in November 2023. 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 E (2)**.

The savings and increased income that have been identified for 2024/25 are more than offset by the HRA reacting to unavoidable revenue pressures. The net position is an under-achievement against the target set of £102,960 by 2024/25, moving to an in-year under-achievement of £216,000 in 2025/26, £81,030 in 2026/27, and £673,130 in 2027/28, before moving back to an over-achievement of £1,073,120 in 2028/29. On a cumulative basis, a balanced budget position is delivered by the end of 2028/29, with changes made to direct revenue funding of capital to balance the revenue budget. This does however, impact the level of borrowing required. Details of the bids and savings can be found in **Appendix E (2)**.

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, with any resulting changes to be built into the HRA as part of the 2024/25 Medium-Term Financial Strategy process.

Further efficiency targets have been incorporated from 2024/25 for four years, also at the level of £196,000 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.

## Future Budget Impact

Correcting the issue identified earlier in this report in respect of historic rent setting has had a significant impact on the financial forecasts for the HRA. This iteration of the business plan now requires borrowing not only to build new homes, where there is an ongoing revenue stream to support this, but also to deliver some of the energy improvements to the existing housing stock, where the investment does not currently increase income. This results in a business plan which carries additional financial risk, which the authority needs to work to mitigate. Once the second rent regulation issue has been fully explored and quantified, any additional financial impact will need to be accounted for in future forecasts.

Consideration will need to be given to how to address this as part of the HRA Medium Term Financial Strategy in the autumn of 2024.

There are a number of options that can be explored to help to mitigate the financial impact of this in some way, with policy decisions being required in some instances:

- Review future net savings target for the HRA, which is currently set at 4% of controllable expenditure, with 50% of this re-invested in new or priority service areas.
- Consider the use of the 5% rent flexibility allowed under rent restructuring, which would allow rents to be set at up to 5% above formula rent whenever a property is re-let. This could be based upon the investment required to improve the energy efficiency of existing homes to EPC 'C', particularly where this results in reduced energy bills for some residents.
- Lobby government to allow authorities to close the gap between formula and actual rents for existing tenants (potentially on a phased basis over a number of years), and not just on re-let.
- Review approach to rent setting for new affordable homes as schemes come forward for approval, with consideration given to delivering more homes at the 60% or 80% rent levels.

## Transformation Fund

The higher level of transformation funding for the HRA of £321,310 per annum is retained for 2024/25 and 2025/26, before returning to the previous level of £121,310 on an ongoing basis. This is to allow the HRA to invest 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 relevant 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 8

## Housing Capital Budget

### **Stock Condition and Decent Homes**

#### **Fire Safety Works**

Carrying out fire safety works is a priority for the authority. There are 117 communal areas where timber cladding requires re-treatment with a fire-retardant coating to ensure that it meets the latest fire safety regulations. There is sufficient funding to carry out this work in the capital fire safety budget, but due to the nature of the work required, the cost need to be borne from a revenue budget. It is therefore proposed to transfer £277,500 from the capital fire safety and associated overheads budgets to the revenue PTR budget to meet the cost of these works.

#### **Lift Upgrades**

Work is required across all lifts in the housing stock, to upgrade the communication equipment in the lifts from analogue to digital in nature. There is a backstop date for these works of December 2025, when the analogue service will be switched off. There are 65 lifts that are currently anticipated to require this upgrade and a capital bid of £159,000 has been incorporated into this iteration of the business plan to accommodate delivery of these works in 2024/25 in advance of the deadline.

#### **Compliance**

There is ongoing work to ensure that the Council is fully compliant across several key areas, fire safety, asbestos management and electrical safety. The extent and cost of remedial works particularly with regards to the management of fire and the subsequent requirement for new doors or compartmentalisation of buildings is unlikely to be fully understood for several months. Any financial implications arising from this work will be incorporated into the HRA Medium Term Financial Strategy later in 2024.

## New Build Affordable Housing – Schemes On Site

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

### Devolution 500 Programme

Scheme	Approved Indicative Social Housing Units	Gain in Affordable Housing Units	Latest Budget Approved / for Approval	RTB Receipt / Sales Receipt Funding	Devolution Grant	Rent Basis
Colville Road II	4 remaining (63 handed over)	4 remaining (63 handed over)	14,467,580	(2,743,480)	(6,089,660)	60%
Meadows and Buchan	84 remaining (22 handed over)	84 remaining (22 handed over)	25,929,000	(7,778,700)	(9,102,060)	60%
<b>Total</b>	<b>88</b>	<b>88</b>				

### 10 Year New Homes Programme

Scheme	Approved Indicative Social Housing Units	Gain in Affordable Housing Units	Latest Budget Approved / for Approval	RTB Receipt / Sales Receipt Funding	Homes England Grant / Other Grant	Rent Basis
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
Aragon Close	7	7	2,426,000	0	(551,880)	80%
Sackville Close	7	7	2,562,000	0	(551,880)	80%

Scheme	Approved Indicative Social Housing Units	Gain in Affordable Housing Units	Latest Budget Approved / for Approval	RTB Receipt / Sales Receipt Funding	Homes England Grant / Other Grant	Rent Basis
Aylesborough Close	70	37	19,450,000	0	(3,304,329)*	41 Social Rent / 29 80%
<b>Total</b>	<b>228</b>	<b>179</b>				

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

## New Build Affordable Housing - 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 detail 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.

### 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	Rent Basis
Kendal Way	1	1	545,000	(163,500)	0	60%
<b>Total</b>	<b>1</b>	<b>1</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 Grant	Rent Basis
St Thomas's Road	8	8	3,468,000	0	(560,000)*	60%
Paget Road	4	4	1,689,000	0	(300,000)*	2 Social Rent / 2 80%

Scheme	Approved / Indicative Affordable Housing Units	Gain in Affordable Housing Units	Latest Budget for Approval	RTB Receipt and Sales Receipt Funding	Homes England Grant	Rent Basis
Fanshawe Road	45	25	13,000,000	0	(1,000,000)** (715,000)*	34 60% / 11 80%
Princess and Hanover Court	82	0	29,763,000	0***	0	Social Rent
East Road	40	40	11,466,000	0	(2,576,000)*	16 Social Rent / 24 80%
Eddeva Park	32	32	8,021,000	1,203,150	0	60%
East Barnwell	120	110	50,306,000	0	(9,192,000)*	48 Social / 72 80%
Newbury Farm	60	60	15,285,000	2,292,750	0	60%
<b>Total</b>	<b>391</b>	<b>279</b>				

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

\*\*Retention of the £1 million grant for Fanshawe Road is subject to confirmation from the Cambridgeshire and Peterborough Combined Authority following the change in tenure agreed in September 2023.

\*\*\* 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 above incorporates the latest grant awards or grant levels assumed and the current level of retained right to buy receipts that the authority expects to allocate to each scheme.

Newbury Farm is the subject of a separate scheme specific report as part of this committee cycle, with budget to be re-allocated from the sum ear-marked for new homes to the scheme specific budget, subject to approval of the scheme.

Budget remains ear-marked for the costs of the potential redevelopment of Princess and Hanover Court, should redevelopment be the recommended option when the scheme specific report is presented to Housing Scrutiny Committee, as this would be the option carrying the highest cost.

The table below summarises any changes to either approved budgets, and or anticipated numbers of units, for schemes in the current programme.



<b>Scheme</b>	<b>Previous Budget Approval</b>	<b>Original Estimated Units</b>	<b>Latest Budget Approval Request</b>	<b>Revised Estimated Units</b>	<b>Justification</b>
No changes					

The table below confirms the current status for all pipeline schemes:

<b>Scheme</b>	<b>Site Type</b>	<b>Status</b>	<b>Potential New Build Units</b>
Kendal Way	In-fill	Planning approved	1
St Thomas's Road	Existing HRA Garages	Pre-planning	8
Paget Road	Existing HRA Garages	Pre-planning	4
Fanshawe Road	Existing HRA Housing	Planning submitted	45
Princess and Hanover Court	Existing HRA Housing	Options appraisal in progress	82
East Road	Demolished HRA Garages	Pre-planning	40
Eddeva Park	Section 106	Planning approved	32
East Barnwell	Mixed Ownership Site	Planning submitted	120
Newbury Farm	Section 106	Pre-planning	60

## **Acquisition**

### **Homes for Ukrainian and Afghan Refugees**

The acquisition of homes to accommodate Ukrainian and Afghan refugees is progressing well, with all of the homes required under round 1 of the grant conditions completed at the time of writing this report, with 3 additional homes acquired under this programme. DLUHC were clear that they wanted local authorities to deliver as many homes as possible through this grant funded route, and so delivery of 3 additional homes in round 1 of this programme is a key achievement. 3 of the 4 properties required under round 2 are complete, with the final one in the conveyancing process. A virement of £200,000, approved as part of the HRA Medium Term Financial Strategy from the underspend of budget in respect of rough sleeper acquisitions, ensures that the number

of additional HRA dwellings to accommodate this group of households is maximised and the grant funding is used to its best advantage.

## **Capital Bids, Savings and Re-Phasing**

There is one formal capital bid incorporated as part of the 2024/25 HRA Budget Setting Report in respect of upgrades to communication equipment in housing lifts. There are also several areas of budget re-allocation and re-phasing.

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

- Inclusion of a capital bid of £159,000 to allow the communication equipment to be upgraded from analogue to digital in 65 lifts across the housing portfolio, as identified in **Appendix E(3)**.
- Transfer of £250,000 from the capital budget for fire safety works and £27,500 from the planned maintenance contractor overheads budget to the revenue PTR budget, to allow the timber cladding in flat blocks to be treated with a fire-retardant coating.
- Inclusion of £15,285,000 from the budget ear-marked for the delivery of new homes into a scheme specific budget for the purchase of 60 homes on the Section 106 site at Newbury Farm, in line with the scheme specific report presented to this committee cycle.
- Re-phasing of the decent homes works and other investment in the housing stock as identified in **Appendix F**.
- Re-phasing of new build schemes as identified in **Appendix F**.
- Adjustment to the level of inflation held in the capital programme, recognising both re-phasing and changes in assumed costs.
- Adjustment to the level of resources ear-marked for future new build dwellings recognising the latest delivery profile and anticipated costs.

# Section 9

## 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.

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, still poses a risk in respect of HRA borrowing. 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 2023, 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 2023, the HRA also held an element of internal borrowing from the General Fund of £1,404,425 as part of the HRA Capital Financing calculations, with this small sum of notional borrowing resulting in interest payable to the General Fund.

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 in 2023/24, prior to undertaking any additional borrowing, currently estimated at £417,000,000 over the next 10 years. Following incorporation of the financial impact of correcting the first of two rent regulation errors that have been identified, this level of borrowing is required not only to facilitate the delivery of the 10 Year New Homes Programme, but also to provide some of the funding to allow all existing homes to be improved to EPC 'C' standard by 2035. Borrowing of a further £201,000,000 is required over the life of the plan, to ensure that self-financing borrowing is re-financed, existing homes are maintained at the decent homes standard, new homes are maintained at Passivhaus standards and that the small ongoing programme of new homes from year 11 onwards continues to be delivered at this standard where possible.

Borrowing to invest in energy efficiency improvements is not ideal, as the investment does not bring with it any increase in revenue stream to support the borrowing. The HRA therefore needs to explore all alternative routes for the maximisation of income, and to seek to deliver services for the best price available.

Due to the ongoing economic uncertainty, and the continued high level of the Bank of England base rate, lending rate forecasts have increased again since the HRA Medium Term Financial Strategy was published. The Council adopts Link's (the Council's treasury advisors) view of what may happen to interest rates over the medium term, with average rates of 4.4% forecast for 2024/25, 4.18% for 2025/26, 4% from 2026/27. This increases the longer-term borrowing assumption from 3.8% when the HRA Medium-Term Financial Strategy was published to 4% as part of this iteration of the business plan.

The HRA financial forecasts assume that the borrowing requirement in 2023/24 is met by borrowing from the Public Works Loan Board (PWLB), taking advantage of the current HRA reduced rate which would result in a borrowing rate of 5.02% at the time of drafting this report. Some of the resource may be available through internal borrowing from the General Fund, but interest would still need to be paid at a similar level.

Alternative borrowing routes are being explored, as the authority is required to borrow significantly greater sums from 2024/25 onwards. Consideration will be given to internal borrowing, inter-authority borrowing, market borrowing and institutional investment.

The 2024/25 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 2024/25 before significant external borrowing is required.

## **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 2023/24 to fund the delivery of new homes,

# Section 10

## Budget Summary and Conclusion

### 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 2024/25 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 J**.

#### 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 A**.

## **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 £7.05m, with a minimum level of reserves of £5.875m updated in the HRA Medium-Term Financial Strategy, 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 B**.

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 C** provides details of the key sensitivities modelled in the preparation of the HRA Budget Setting Report 2024/25.

### **Conclusion**

The budget for 2024/25 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 2024/25 budget has been challenging as a result of the need to respond to a number of unavoidable revenue pressures, combined with ongoing inflationary pressures and continued high interest rates for borrowing. The need to incorporate the financial impact of correcting one of the two identified rent regulation errors has also had a negative impact on the financial forecasts.

This iteration of the business plan retains the resource identified as part of the 2023/24 budget process 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 12 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. Borrowing is now required to facilitate the energy investment in the current housing stock, which will put additional financial strain on the ongoing business plan.

To facilitate the level of investment in the current business plan, it is necessary to impose a 7.7% rent increase for tenants from April 2024. This increase is in line with the Rent Standard, adopting increase of CPI plus 1%, with CPI at September 2023 being 6.7%. It is necessary to impose the rent increase at this level to facilitate the desired energy investment in the housing stock.

The authority still awaits the publication of the new consumer standards for social housing, anticipated to be published in February 2024 by the Regulator of Social Housing and the revised Decent Homes Standard (Decent Homes 2), and how this will impact service delivery, with legislation also awaited in this area.

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 2024/25 budget process has resulted in the development of proposals for setting the budget for the Housing Revenue Account.

In January 2024 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 2023/24 to 2032/33 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 2024 will consider the final proposed Housing Capital Budget as identified in this report for approval.

Savings identified in the HRA from 2024/25 include anticipated savings from improved repairs delivery, a reduction in repairs and renewals fund expenditure, recognising changes in the way the council remotely and in a paperless environment and a reduction in operational budgets for the supported housing service.

Increased income is anticipated from garage rents, with an assumed increase of 7.7% in line with the increase for dwelling rent, increased commercial property rental income, particularly as a result of letting what was the area housing office on Arbury Road and in de-minimus capital receipts which are received for the sale of small land assets and for the extension of the leases in respect of leasehold flats.

Savings and increased income are more than offset partially offset by unavoidable revenue bids and reduced income in 2024/25, but a number of these pressures are one-off or short-term in nature. They include an increase in the costs of council tax in vacant dwellings pending redevelopment, the legal and compensation costs associated with disrepair claims and the

expectation that the authority will need to pay a fee to the Regulator of Social Housing from 2024/25. The biggest area of reduced income is in respect of the one-off cost of refunding over-paid rent due to a rent regulation error and the ongoing reduction in the base level of rent that will be applicable once the required corrections have been made from April 2024.

Any net saving delivered allows for the creation of a Strategic Investment Fund, at 50% of the value of the savings target, as approved in the HRA Medium Term Financial Strategy, but with the only development bids incorporated for 2024/25 being a bid for an additional Housing Officer from April 2026, which is funded from the existing budget for business expansion. No call on the Strategic Investment Fund helps to mitigate the impact of the cost of the unavoidable revenue pressures.

There are non-cash limit adjustments to reflect changes in the contribution to the bad debt provision, depreciation, interest anticipated to be paid on borrowing and in interest expected to be received on cash balances, partially offset by changes in direct revenue financing of capital expenditure.

The overall position for the HRA by 2024/25 (including non-cash limit adjustments) is a cumulative under-achievement of £102,960, improving by the end of the 5-year term to result in a balanced revenue budget position by 2028/29.

There is currently an assumption that efficiency savings of £196,000 per annum will be sought for a further 4 years, allowing the continuation of a Strategic Investment Fund at 50% of this value 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.

One of the biggest risks to the business plan is the uncertainty in how long interest rates for borrowing will take to come back down, and to what base level they may return to. It is currently forecast that rates will not return to the previous low levels. 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 is another key

risk. 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 HRA is making significant progress in delivering over 500 additional homes using Devolution Grant, with 448 net additional homes handed over and a further 88 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 10 homes completed, and a further 179 net new homes on site at the time of writing this report.

Review of the need to identify savings in future years will need to consider not only sustaining a 30-year business plan, supporting increased 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 homes.

# Appendix A

## Key Risk Analysis

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 or implemented correctly</p> <p>Delays in announcement of detail surrounding housing policy change negatively impacts decisions taken at a local level</p> <p>Funding is not identified to meet the costs associated with changes in statutory requirements</p> <p>Changes in national housing or rent policy (or incorrect interpretations of the policy) impact the ability to support the housing debt or deliver against planned investment programmes</p> <p>Review of historic rent setting processes identifies further rent setting errors</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. Officers review any publications.</li> <li>• Officer Groups review impact of legislative changes prior to implementation.</li> <li>• Service Improvement Team in place to respond to requirements of Social Housing Regulation Bill</li> <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> <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> <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 or identification of any errors are incorporated into financial planning as early as possible with scenario impact quantified.</li> <li>• Quantification of any errors made at the earliest opportunity, with any impact incorporated into financial planning as early as possible</li> </ul>
<b>Housing 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> </ul>

Risk Area & Issue arising	Controls / Mitigation Action
	<ul style="list-style-type: none"> <li>• The Business Plan includes long-term trend and scenario analysis on key cost drivers.</li> <li>• 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>Financial policies, in general, are not sufficiently robust</p> <p>Funding to support the approved Capital Plan is not available</p> <p>Business plan assumption that all borrowing is re-financed at the end each borrowing term can't be supported</p> <p>Routine compliance inspections identify the need for additional investment in the housing stock</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> <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> </ul> <p>Business plan is reviewed annually, housing stock is maintained to decency standards, with an asset management strategy in place.</p> <p>Two opportunities each year to review the HRA business plan and associated revenue budget and capital programme to allow incorporation of funding at an early stage.</p>
<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> </ul>

Risk Area & Issue arising	Controls / Mitigation Action
	<ul style="list-style-type: none"> <li>• Council has completed an independent review of new build delivery</li> </ul>
External income / funding streams	
<p>Undue reliance may be placed on external income streams, leading to approval of unsustainable expenditure</p>	<ul style="list-style-type: none"> <li>• Modelling over the medium and long-term is conducted for key income sources, including sensitivity analysis of potential changes</li> </ul>
<p>Rent and service charge arrears increase, and bad debt rises, as a direct result of the Welfare Benefit Reforms or the current cost of living crisis</p>	<ul style="list-style-type: none"> <li>• Council seeks to influence national settlements and legislative changes through response to formal consultation</li> </ul>
<p>Rent income is under-achieved due to a major incident in the housing stock</p>	<ul style="list-style-type: none"> <li>• Increased resources identified for income management. Performance closely monitored to allow further positive action if required.</li> </ul>
<p>Rent income is under-achieved due to a major incident in the housing stock</p>	<ul style="list-style-type: none"> <li>• Income Analytics and LIFT software procured to aid arrears recovery.</li> </ul>
<p>Changes in the economic environment cause a significant reduction in the number of right to buy sales, reducing the resource available to finance the capital investment programme</p>	<ul style="list-style-type: none"> <li>• Asset Management Plan in place to identify and address key issues in the housing stock to minimise likelihood of widespread incidents</li> </ul>
<p>Changes to the right to buy rules result in an increase in the level of sales, with the associated commitment to deliver replacement units or pay over receipts with interest</p>	<ul style="list-style-type: none"> <li>• Sensitivities modelled so potential impacts are understood</li> </ul>
<p>Changes to the right to buy rules result in an increase in the level of sales, with the associated commitment to deliver replacement units or pay over receipts with interest</p>	<ul style="list-style-type: none"> <li>• Business plan is regularly reviewed allowing reallocation of resource or consideration of borrowing if required</li> </ul>
<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>• Sensitivities modelled so potential impacts are understood</li> </ul>
<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>• Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity</li> </ul>
<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>• Delivery timeframe extended to 5 years, with ability to invest up to 40% of receipt into the replacement dwelling</li> </ul>
<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>• Policy on applying general capital receipts for strategic disposals only at point of receipt</li> </ul>
<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>• Regular review of mix of new build delivered to ensure that assumptions around shared ownership and market sale are realistic</li> </ul>

# Appendix B

## Business Planning Assumptions (Highlighting Changes in Bold)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	3% for 2024/25, returning to 2% from 2025/26	General inflation on expenditure included at 3% for 2024/25, with 2% ongoing per Bank of England forecasts.	Retained
Capital and Planned Repairs Inflation	2.68% for planned maintenance and 4.7% for new build	Based upon the mix of BCIS and CPI forecasts for next 5 years, using averages over this period. Adopt 4.7% for new build based upon industry projections.	Retained
Debt Repayment	No debt repayment assumed	Assumes surplus is re-invested in income generating assets, but with borrowing rates resulting in ability to support interest payments only.	Retained
Pay Inflation	1% Pay Progression & Pay Inflation at £1,925 or 3.88% for 2023/24, 4%, then 2%	Assume allowance for increments at 1% and cost of living pay inflation at £1,925 (or 3.88% from scp 43) for 2023/24, 4% for 2024/25, 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	7.7% for 2024/25, then CPI plus 0.5% for 5 years, then CPI	Assume an increase of CPI plus 1% for 2024/25, then reverting to inflation plus 0.5% for 5 years after this, then CPI. Assume CPI in preceding September is 6.7%, then 2% ongoing.	Retained
Affordable Rent Review Inflation	7.7% for 2024/25, then CPI plus 0.5% for 5 years, then CPI	Affordable rents to be reviewed annually in line with rent guidance, ensuring that re-lets do not breach the Local Housing Allowance, 60% or 80% of market rent, depending upon the tenure.	Retained
Rent Convergence	Void Only	Ability to move to target rent achieved only through movement of void properties directly to target rent.	Retained
<b>External Lending Interest Rate</b>	<b>5% for 2023/24, 4.5% for 2024/25, 3% from 2025/26 ongoing</b>	<b>Interest rates based on latest market projections, recognising that the HRA will benefit from low-risk investments only</b>	<b>Amended</b>

Key Area	Assumption	Comment	Status
Internal Lending Interest Rate	5% for 2023/24, 4.5% for 2024/25, 3% from 2025/26 ongoing	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	5.02% for 2023/24, 4.4% for 2024/25, 4.18% for 2025/26, then 4% ongoing	Assumes additional borrowing using PWLB projected rates generated by Link, with HRA and certainty rate applied.	Amended
Internal Borrowing Interest Rate	5.02% for 2023/24, 4.4% for 2024/25, 4.18% for 2025/26, then 4% ongoing	Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route.	Amended
HRA Minimum Balances	£5,875,000	Revise HRA minimum balance to £4,628,000, following a review of the approach to holding reserves in the HRA.	Retained
HRA Target Balances	£7,050,000	Revise HRA target balance to £5,554,000 (minimum plus 20%), following a review of the approach to holding reserves in the HRA.	Retained
Right to Buy Sales	20 in 2023/24, then 25 sales ongoing	Activity has slowed as a result of mortgage rate increases, so the assumed sales for 2023/24 have been reduced, but the previous assumption of 25 sales is retained annually from 2024/25 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	2.5% for 2023/24, 1.5% for 2024/25 then 1% ongoing	Assume increased void rate of 2.5% for 2023/24, 1.5% for 2024/25, then ongoing void rate of 1% from 2025/26, recognising intended improved void performance.	Amended
Bad Debts	1% from 2023/24 ongoing	Bad debt of 1% ongoing reflecting the requirement to collect 100% of rent directly through Universal Credit.	Retained
Savings Target	£196,000 (4% of general and repairs administrative expenditure)	Retain an efficiency target, now at £196,000 from 2024/25 for 5 years. Allows strategic reinvestment and 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
<b>Strategic Investment Fund</b>	<b>£98,000</b>	<b>Housing Strategic Investment Fund included from 2024/25 for 5 years at 50% of the value of the savings target for the full 5 year period to deliver a net reduction in costs</b>	<b>Amended</b>

# Appendix C

## Business Plan Key Sensitivity Analysis

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact	Business Plan Impact
Rents Inflation	Assumed at 7.7% for 2024/25, then CPI plus 0.5% for 5 years, then CPI	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 £86 million during the life of the plan and interest payments by £37 million.	990 of the 1,700 homes are unable to be improved to EPC 'C'.
Rent Increases	Assumed at 7.7% for 2024/25, then CPI plus 0.5% for 5 years, then CPI	Assume a local decision to cap rent increases at 7% for 2024/25	Borrowing increases by £27 million and interest payments by £13 million.	330 of the 1,700 homes are unable to be improved to EPC 'C'.
Rent Increases	Assumed at 7.7% for 2024/25, then CPI plus 0.5% for 5 years, then CPI	Assume a local decision to cap rent increases at 5% for 2024/25	Borrowing increases by £108 million during the life of the plan and interest payments by £49 million.	1,210 of the 1,700 homes are unable to be improved to EPC 'C'.
Rent Increases	Assumed at 7.7% for 2024/25, then CPI plus 0.5% for 5 years, then CPI	Assume a local decision to cap rent increases at 3% for 2024/25	Borrowing increases by £190 million during the life of the plan and interest payments by £86 million.	None of the 1,700 homes are able to be improved to EPC 'C' and a savings target of 15% would be required next year in place of the current 4%.
General Inflation	CPI assumed to be 3% for 2024/25, then 2% ongoing from 2025/26	Assume that high levels of inflation do not return to 2% within 18 months, with CPI at 4% in 2025/26 and 5% in 2026/27, before returning to 2% from 2027/28.	Borrowing increases by £21 million during the life of the plan.	260 of the 1,700 homes are unable to be improved to EPC 'C'.
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%.	Borrowing increases by £135 million during the life of the plan, with £75 million bad	1,570 of the 1,700 homes are unable to be improved to EPC 'C'.

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact	Business Plan Impact
		Assume bad debts at 5% from 2024/25.	debt and £63 million in additional interest payments.	
Cost of HRA New Build Programme	Homes England Grant assumed for all eligible affordable tenures	Assume that the authority fails to secure further Homes England Grant to support the delivery of new homes	Borrowing increases by £97 million during the life of the plan and interest payments increase by £68 million.	1,130 of the 1,700 homes are unable to be improved to EPC 'C'.
Cost of Borrowing	Borrowing is assumed at 5.01% for 2023/24, 4.8% for 2024/25, 4.18% for 2025/26, then 4% ongoing	Assume that the long-term borrowing rate does not fall to a low as 4%, but instead stabilises at 4.5%	Borrowing increases by £93 million during the life of the plan and interest payments increase by £94 million.	970 of the 1,700 homes are unable to be improved to EPC 'C'.
Cost of Borrowing	Borrowing is assumed at 5.02% for 2023/24, 4.4% for 2024/25, 4.18% for 2025/26, then 4% ongoing	Assume that the current reduced HRA rate is the best we can expect in the long-term, so assume borrowing at 5.02% ongoing	Borrowing increases by £237 million during the life of the plan and interest payments increase by £240 million, which is not financially viable.	None of the 1,700 homes are able to be improved to EPC 'C' and 44 fewer new homes could be delivered.

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

# Appendix D

## Service Charges

Charge Description	Range of Charges 2023/24	Charge Basis	Charges 2024/25
<b>General Stock</b>			
Caretaking Charge	£4.57 to £6.02	Per Week	A
Building Cleaning	£1.97 to £3.85	Per Week	A
Window Cleaning	£0.01 to £0.56	Per Week	A
Estate Services Champion	£0.07 to £0.75	Per Week	A
Door Entry	£0.04 to £2.57	Per Week	A / B
Passenger Lifts	£0.18 to £2.51	Per Week	A / B
Gas Maintenance / Servicing	£2.30	Per Week	A / B (Under review)
Digital TV Aerial Charge	£0.10 to £0.31	Per Week	A
Grounds Maintenance	£0.06 to £5.41	Per Week	A / B
Communal Electricity	£0.16 to £8.47	Per Week	A / B
Third Party Estate Service Charge	£0.85 to £7.52	Per Week	A
Third Party Service Charge	£5.67 to £29.23	Per Week	A
Disabled Adaptation Charge	£2.14 to £5.06	Per Week	A
Dropped Kerb Charge	£0.05 to £1.08	Per Week	Frozen
<b>General Sheltered Schemes</b>			
Premises Charge	£2.93 to £38.06	Per Week	A
Communal Heating / Lighting	£7.22 to £15.68	Per Week	A
Individual Heating / Lighting	£10.73 to £38.95	Per Week	A
Water	£1.97 to £3.72	Per Week	A
Grounds Maintenance	£0.30 to £2.92	Per Week	A
Electrical / Mechanical Maintenance	£0.42 to £5.65	Per Week	A / B (Under review)
Sheltered Support Charge	£6.06 to £7.54	Per Week	C

Alarm Charge	£0.89	Per Week	A
Landlord Emergency Contact	£0.90	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	£1.66 to £45.74	Per Week	A
Flat Cleaning / Laundry Charge (1 person)	£36.80	Per Week	A
Communal Heating / Lighting	£1.13 to £1.24	Per Week	A
Individual Heating / Lighting	£15.69 to £28.79	Per Week	A
Water	£2.60	Per Week	A
Catering (1 person)	£141.81	Per Week	A
Grounds Maintenance	£2.25	Per Week	A
Electrical / Mechanical Maintenance	£3.24	Per Week	A / B (Under review)
Sheltered Support Charge	£7.54	Per Week	C
Alarm Charge	£0.89	Per Week	A
Landlord Emergency Contact	£0.90	Per Week	A
Launderette – Wash / Dry / Iron	£10.00	Per Load	£10.00
Cleaning	£10.00	Per 30 Mins	£10.00
<b>Temporary Accommodation</b>			
Premises Charge	£30.21 to £59.41	Per Week	A
Individual Heating / Lighting	£24.98 to £73.41	Per Week	A
Water	£7.16 to £11.46	Per Week	A
Grounds Maintenance	£0.15 to £3.42	Per Week	A
Electrical / Mechanical Maintenance	£0.31 to £3.56	Per Week	A / B (Under review)
<b>Leasehold Charges for Services (Quoted exclusive of VAT which is charged at the prevailing rate where applicable)</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 £580.00+	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
<b>Legal Fees</b>			
Right of First Refusal – s156a Certificate	£160.00	Per Request	£160.00
Deed of postponement	£150.00	Per Request	£200.00
<b>Lease Extensions</b>			
Legal costs (unless matter becomes protracted)	£550	Per Request	£600
Valuation Fee	£750	Per Request	£750
Surveyor's Fee	£250	Per Request	£250
Housing Fee	£50	Per Request	£100
<b>Other Charges for Services</b>			
Land Acquisition Enquiry Fee	£100.00	Per Request	£100.00

Key	
A	Proposal to recover the full estimated cost of providing these services in 2024/25, recognising the authority should endeavour to limit increases to inflation at 7.7% (CPI at September 2023 of 6.7% plus 1%).
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 7.7% (CPI in September 2023 plus 1%)

C	Charges levied for support activities will be reviewed to recover the full estimated cost of providing these services in 2024/25, after taking into account any services being funded through the support service for older people with the County Council
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# Appendix E(1)

## 2023/24 HRA Mid-Year Revenue Budget Adjustments

Area of Income / Expenditure	Description	Budget Amendment in 2023/24 Budget (£)	Budget Amendment in 2024/25 Budget (£)	Comment
<b>Budgeted use of / (contribution to) HRA Reserves pre BSR</b>		<b>3,199,670</b>		
<b>HRA Repairs</b>				
PTR	Re-allocation of capital Fire Safety funding to PTR for cladding treatment	277,500		Re-allocation
Risk and Compliance	Re-phase funding for heat and smoke detector installations	(250,000)	250,000	Re-phase
<b>Total HRA Repairs</b>		<b>27,500</b>		
<b>HRA Summary Account</b>				
Interest earned on HRA Balances	An increase in interest rates will result in an increase in the level of interest that will be earned	(31,680)		Built into base for future years
Interest Paid	A marginal reduction in interest due in 2023/24 recognising the impact of anticipated in year borrowing	(289,330)		Built into base for future years
DRF	Adjustment to DRF recognising transfer of funding from Fire Safety to PTR	(277,500)		Re-allocation
<b>Total HRA Summary</b>		<b>(598,510)</b>		
<b>Revised use of / (contribution to) HRA Reserves post HRA BSR</b>		<b>2,628,660</b>		



# Appendix E (2)

## 2024/25 Budget – HRA Proposals – by Type

Reference	Item Description	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	2028/29 Budget £	Climate Rating	Poverty Ratings & Contact
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### Reduced Income

RI5237	Reduced Rent Income	187,120	190,490	194,420	198,480	202,650	Nil	No Impact
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Correcting the rent levels for some affordable rented homes will result in reduced rent income.

Housing (HRA) Portfolio

RI5238	Budget for Rent Refunds	1,150,000	0	0	0	0	Nil	No Impact
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Funding to allow refunds of over-charged affordable rents, following identification of a rent regulation error.

Housing (HRA) Portfolio

Total Reduced Income		1,337,120	190,490	194,420	198,480	202,650		
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## 2024/25 Budget – HRA Proposals – by Type

Reference	Item Description	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	2028/29 Budget £	Climate Rating	Poverty Ratings & Contact
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### Revenue Bids

<b>B5167</b>	<b>Increased Council Tax Costs</b>	162,500	0	0	0	0	Nil	No Impact
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In addition to general voids, the HRA will need to meet the cost of Council Tax for units decanted for re-development. Julia Hovells

Housing (HRA) Portfolio

<b>B5183</b>	<b>Bid for resource in respect of disrepair claims</b>	100,000	75,000	50,000	0	0	Nil	No Impact
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In keeping with the national trend, the authority is experiencing a growing volume of disrepair claims. This bid funds the legal expenses that the council incurs regardless of the outcome of the case. This bid also funds compensation payments in the event of a successful claim against the council. The service is transforming its delivery model, and this will reduce the number of cases, which is reflected by the tapered nature of the bid. The council is also reviewing viability of indemnifying itself against claims. Sean Cleary

Housing (HRA) Portfolio

<b>B5226</b>	<b>Regulator of Social Housing Local Authority Fees</b>	53,330	53,330	53,330	53,330	53,330	Nil	No Impact
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The Regulator of Social Housing is consulting on fees that will be applicable to local authorities from 2024/25, and although the consultation is not concluded, it is considered prudent to assume that the authority will need to pay at least the lower rate of £7 per property indicated in the consultation.

Housing (HRA) Portfolio

<b>B5245</b>	<b>Employment of an additional Housing Officer</b>	0	0	0	0	0	Nil	No Impact
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An increase in stock numbers and in the level of engagement required with tenants results in the need to increase the establishment by one Housing Officer. This post will be funded from existing resource in the HRA Business Plan included recognising growth in the housing stock, but funding won't be required until March 2026 when an existing secondment comes to an end.

Housing (HRA) Portfolio

<b>B5246</b>	<b>Increase in Recharges from the General Fund</b>	133,920	133,920	133,920	133,920	133,920	Nil	No Impact
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A review of the cost of central and support services has resulted in an increase in costs to the HRA, particularly in respect of the costs of the Customer Service Centre and the Senior Management Restructure, where the HRA has not benefitted from any reduction in costs. This will have an equal and opposite impact for the General Fund.

Housing (HRA) Portfolio

Total Revenue Bids	449,750	262,250	237,250	187,250	187,250
<b>Pressures &amp; Bids Total:</b>	<b>1,786,870</b>	<b>452,740</b>	<b>431,670</b>	<b>385,730</b>	<b>389,900</b>

## 2024/25 Budget – HRA Proposals – by Type

Reference	Item Description	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	2028/29 Budget £	Climate Rating	Poverty Ratings & Contact
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### Savings

<b>S5157</b>	<b>Supported Housing Savings</b>	(30,820)	(30,820)	(30,820)	(30,820)	(30,820)	Nil	No Impact
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Reductions in net operational costs across the supported housing service

Nathan  
Chapman

Housing (HRA) Portfolio

<b>S5163</b>	<b>Review and reduction in HRA repairs and renewals contributions</b>	(22,160)	(22,160)	(22,160)	(22,160)	(22,160)	Nil	No Impact
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A review of repairs and renewals contributions has resulted in a reduced contribution recognising a reduction in office based equipment

Julia Hovells

Housing (HRA) Portfolio

<b>S5172</b>	<b>Increased efficiency in repairs delivery</b>	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	Nil	No Impact
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Improving efficiency and productivity in the repairs service will negate the need to increase DLO staff from April 2024 as budgeted for in the HRA Business Plan.

James Elms

Housing (HRA) Portfolio

<b>S5173</b>	<b>Improved efficiency in out of hours repairs service</b>	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	Nil	No Impact
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Review of call handling in respect of out of hours repairs activity is anticipated to deliver a reduction in the volume of out of hours repairs completed, reducing staff overtime costs.

James Elms

Housing (HRA) Portfolio

<b>Total Savings</b>		(115,480)	(115,480)	(115,480)	(115,480)	(115,480)		
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## 2024/25 Budget – HRA Proposals – by Type

Reference	Item Description	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	2028/29 Budget £	Climate Rating	Poverty Ratings & Contact
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### Increased Income

<b>II5158</b>	<b>Increased Commercial Property and De-Minimus Receipt Income</b>	(32,780)	(32,780)	(32,780)	(32,780)	(32,780)	Nil	No Impact
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Increased rental income is anticipated based upon the latest HRA commercial property leases and rent reviews and also in respect of lease extensions for leasehold flats. Julia Hovells

Housing (HRA) Portfolio

<b>II5165</b>	<b>Increased garage rental income</b>	(31,350)	(31,350)	(31,350)	(31,350)	(31,350)	Nil	No Impact
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Based upon a garage rent increase of 7.7% in line with the inflationary increase proposed for the housing stock, also recognising garages currently let or anticipated to be handed over and let in the coming months. Julia Hovells

Housing (HRA) Portfolio

<b>II5166</b>	<b>Increased dwelling rental income</b>	(13,260)	(13,260)	(13,260)	(13,260)	(13,260)	Nil	No Impact
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Rents have been reviewed using the latest assumptions in property numbers, void levels and rental levels and assume a rent increase of 7.7%. Julia Hovells

Housing (HRA) Portfolio

<b>II5171</b>	<b>Letting of 171 Arbury Road</b>	(53,860)	(53,860)	(53,860)	(53,860)	(53,860)	Positive/Low Impact	No Impact
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This is the net position for the HRA following the cessation of use of 171 Arbury Road by the Council, the letting of the building externally and the increase in recharge to the HRA recognising staff will be accommodated elsewhere. Julia Hovells

Housing (HRA) Portfolio

<b>Total Increased Income</b>	(131,250)	(131,250)	(131,250)	(131,250)	(131,250)	(131,250)		
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<b>Savings Total:</b>	<b>(246,730)</b>	<b>(246,730)</b>	<b>(246,730)</b>	<b>(246,730)</b>	<b>(246,730)</b>	<b>(246,730)</b>		
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## 2024/25 Budget – HRA Proposals – by Type

Reference	Item Description	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	2028/29 Budget £	Climate Rating	Poverty Ratings & Contact
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### Non-Cash Limit Items

<b>NCL5231</b>	<b>HRA Bad Debt Provision</b>	100	10	20	30	40	Nil	No Impact
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The contribution to the bad debt provision will change marginally based upon the latest rent assumptions.

Housing (HRA) Portfolio

<b>NCL5232</b>	<b>HRA Depreciation</b>	0	4,740	4,830	83,780	65,350	Nil	No Impact
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Depreciation assumptions have been updated based upon the latest estimated handover dates for new homes.

Housing (HRA) Portfolio

<b>NCL5233</b>	<b>HRA Interest on Balances</b>	(17,270)	26,760	(106,640)	(97,330)	(119,340)	Nil	No Impact
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Interest on balances will vary depending upon the timing of the use of HRA resources to fund capital expenditure.

Housing (HRA) Portfolio

<b>NCL5234</b>	<b>HRA Interest Paid</b>	(552,620)	(732,030)	(1,156,490)	(1,670,250)	(1,858,720)	Nil	No Impact
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Anticipated Interest paid taking account of re-profiling of the capital programme.

Housing (HRA) Portfolio

<b>NCL5235</b>	<b>Direct Revenue Financing of Capital Expenditure (DRF)</b>	(644,380)	612,510	1,056,370	2,119,900	598,380	Nil	No Impact
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Changes in revenue funding of capital to offset other non-cash limit adjustments.

Housing (HRA) Portfolio

Total Non-Cash Limit Items	(1,214,170)	(88,010)	(201,910)	436,130	(1,314,290)			
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<b>Non - Cash Limit Items Total:</b>	<b>(1,214,170)</b>	<b>(88,010)</b>	<b>(201,910)</b>	<b>436,130</b>	<b>(1,314,290)</b>			
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# Appendix E (3)

## HRA Budget – All Capital Items

### 2024/25 Budget – HRA Proposals – by Type

Reference	Item Description	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £	2028/29 Budget £	Climate Rating	Poverty Ratings & Contact
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#### Capital Bids

<b>CAP5244</b>	<b>Funding for lift upgrades</b>	159,000	0	0	0	0	Nil	No Impact
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Funding to allow all access technology in lifts in HRA buildings to be upgraded from analogue to digital.

Housing (HRA) Portfolio

Total Capital Bids	159,000	0	0	0	0
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<b>Capital Total:</b>	<b>159,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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# Appendix F

## 2023/24 Capital Budget Amendments Summary

Area of Expenditure and Change	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
<b>Total Housing Capital Plan Expenditure post HRA MTFS</b>	<b>97,557</b>	<b>90,823</b>	<b>107,172</b>	<b>95,005</b>	<b>99,159</b>
<b>General Fund Housing</b>					
Adjust DFG budget in line with current BCF grant allocations	0	58	58	58	58
<b>Decent Homes and Other HRA Stock Investment</b>					
Include bid for changing lifts from analogue to digital	0	143	0	0	0
Re-phase budget for External Painting	(100)	0	0	0	0
Re-phase budget for Wall Structure Works	(1,500)	1,500	0	0	0
Re-phase budget for Roof Structure Works	(250)	250	0	0	0
Re-phase budget for Net Zero Carbon Energy Efficiency Pilot	(4,500)	4,500	0	0	0
Re-phase budget for PVCU Windows	(174)	174	0	0	0
Re-phase budget for Estate Improvement Works	(650)	650	0	0	0
Re-phase budget for Communal Electrical Works	(420)	420	0	0	0
Re-phase budget for Sulphate Attack Works	(106)	0	0	0	0
Re-phase budget for Kitchen Works	(500)	0	0	500	0
Re-phase budget for Bathroom Works	(250)	0	0	0	250
Re-phase budget for Electrical Works	(240)	0	0	0	240
Re-phase budget for Central Heating / Boiler Works	(500)	0	0	0	500
Transfer Fire Safety budget to revenue PTR budget for treatment of cladding in communal areas	(250)	0	0	0	0
Associated change in Decent Homes Contractor Overheads	(500)	301	0	55	108
Associated change in Other Planned Maintenance Contractor Overheads	(44)	45	0	0	0
Adjust Decent Homes New Build Allocation based upon the latest handover dates for new homes	0	7	7	122	96
<b>New Build</b>					
Re-phase budget for Kendal Way	(307)	307	0	0	0
Re-phase budget for Aylesborough Close	(217)	284	(67)	0	0
Re-phase budget for Eddeva Park	(2,550)	1,019	1,413	118	0
Re-phase budget for East Barnwell	137	(2,202)	1,594	(8,899)	4,580



<b>Area of Expenditure and Change</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>
Allocate scheme specific budget for Newbury Farm	12	8,365	4,366	2,542	0
Re-allocation of 10 Year New Homes budget in line with changes to scheme specific approvals and update of sums for latest programme assumptions	214	(9,399)	(13,708)	(3,228)	(19,168)
<b>Sheltered Housing</b>					
No changes	0	0	0	0	0
<b>Other HRA Spend</b>					
No changes	0	0	0	0	0
<b>Inflation Allowance</b>					
Adjust inflation allowed to reflect re-phased capital programme	0	97	(616)	(1,373)	(2,874)
<b>Total Housing Capital Plan Expenditure per HRA BSR</b>	<b>84,862</b>	<b>97,342</b>	<b>100,219</b>	<b>84,900</b>	<b>82,949</b>

# Appendix G

## HRA Summary 2023/24 to 2028/29

Description	2023/24 £0	2024/25 £0	2025/26 £0	2026/27 £0	2027/28 £0	2028/29 £0
Income						
Rental Income (Dwellings)	(44,449,180)	(49,142,100)	(51,514,810)	(54,548,770)	(58,235,180)	(61,078,590)
Rent Regulation Error Rent Refunds	0	1,150,000	0	0	0	0
Rental Income (Other)	(1,320,530)	(1,402,810)	(1,430,870)	(1,459,480)	(1,613,210)	(1,645,470)
Service Charges	(4,200,160)	(4,545,880)	(4,632,800)	(4,721,450)	(4,811,880)	(4,904,120)
Contribution towards Expenditure	(558,930)	(614,530)	(626,820)	(639,350)	(652,140)	(665,190)
Other Income	(527,520)	(550,040)	(557,100)	(568,250)	(579,610)	(591,200)
<b>Total Income</b>	<b>(51,056,320)</b>	<b>(55,105,360)</b>	<b>(58,762,400)</b>	<b>(61,937,300)</b>	<b>(65,892,020)</b>	<b>(68,884,570)</b>
Expenditure						
Supervision & Management - General	6,266,830	6,067,810	6,230,160	6,231,950	6,475,390	6,661,290
Supervision & Management - Special	4,715,110	5,156,440	5,273,540	5,393,390	5,516,060	5,641,630
Repairs & Maintenance	11,949,010	11,409,400	11,831,420	12,504,570	13,012,460	13,656,880
Depreciation - t/f to Major Repairs Res.	11,579,340	12,056,100	12,713,680	13,246,380	14,047,230	14,553,530
Debt Management Expenditure	0	0	0	0	0	0
Other Expenditure	1,244,850	1,498,470	1,281,420	1,235,860	1,197,430	1,151,160
<b>Total Expenditure</b>	<b>35,755,140</b>	<b>36,188,220</b>	<b>37,330,220</b>	<b>38,612,150</b>	<b>40,248,570</b>	<b>41,664,490</b>
<b>Net Cost of HRA Services</b>	<b>(15,301,180)</b>	<b>(18,917,140)</b>	<b>(21,432,180)</b>	<b>(23,325,150)</b>	<b>(25,643,450)</b>	<b>(27,220,080)</b>
HRA Share of operating income and expenditure included in Whole Authority I&E Account						
Interest Receivable	(2,231,420)	(1,426,070)	(912,490)	(860,100)	(827,490)	(839,530)
<b>HRA (Surplus) / Deficit for the Year</b>	<b>(17,532,600)</b>	<b>(20,343,210)</b>	<b>(22,344,670)</b>	<b>(24,185,250)</b>	<b>(26,470,940)</b>	<b>(28,059,610)</b>

Items not in the HRA Income and Expenditure Account but in the movement on HRA balance						
Loan Interest	7,940,390	9,654,290	12,330,330	14,601,510	16,481,020	19,039,950
Housing Set Aside	(14,704,510)	0	0	0	0	0
Appropriation from Ear-Marked Reserve	0	0	0	0	0	0
Direct Revenue Financing of Capital	26,925,380	10,034,770	9,838,280	10,147,480	9,796,740	7,057,270
<b>(Surplus) / Deficit for Year</b>	<b>2,628,660</b>	<b>(654,150)</b>	<b>(176,060)</b>	<b>563,740</b>	<b>(193,180)</b>	<b>(1,962,390)</b>
Balance b/f	(10,521,079)	(7,892,419)	(8,546,569)	(8,722,629)	(8,158,889)	(8,352,069)
<b>Total Balance c/f</b>	<b>(7,892,419)</b>	<b>(8,546,569)</b>	<b>(8,722,629)</b>	<b>(8,158,889)</b>	<b>(8,352,069)</b>	<b>(10,314,459)</b>

# Appendix H

## Housing Capital Investment Plan (10 Year Detailed Investment Plan)

Description	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund Housing Capital Spend</b>										
Disabled Facilities Grants	808	808	808	808	808	808	808	808	808	808
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>1,003</b>	<b>1,003</b>	<b>1,003</b>	<b>1,003</b>	<b>1,003</b>	<b>1,003</b>	<b>1,003</b>	<b>1,003</b>	<b>1,003</b>	<b>1,003</b>
<b>HRA Capital Spend</b>										
<b>Decent Homes</b>										
Kitchens	750	580	1,230	1,095	1,170	2,382	2,382	2,382	2,382	2,382
Bathrooms	594	583	662	181	365	841	841	841	841	841
Central Heating / Boilers	2,354	2,117	1,651	2,318	1,831	2,538	2,538	2,538	2,538	2,538
Insulation / Energy Efficiency / Wall Finishes	645	471	253	832	58	732	732	732	732	732
Energy Efficiency Pilot / Retrofit	6,178	9,681	3,789	3,789	3,789	3,789	3,789	3,789	3,789	3,789
External Doors	472	236	63	38	15	159	159	159	159	159
PVCU Windows	1,061	934	945	373	316	966	966	966	966	966
Wall Structure	1,896	1,706	321	118	527	1,491	1,491	1,491	1,491	1,491
External Painting	272	372	372	372	545	722	472	372	372	372
Roof Structure	62	562	312	312	312	312	312	312	312	312
Roof Covering (including chimneys)	1,704	1,566	1,340	654	940	962	962	962	962	962
Electrical / Wiring	608	380	171	258	244	841	841	841	841	841
Sulphate Attacks	0	106	106	106	106	106	106	106	106	106

Description	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HHSRS Contingency	520	312	163	104	104	104	104	104	104	104
Other Health and Safety Works	52	52	52	52	52	52	52	52	52	52
Capitalised Officer Fees - Decent Homes	526	526	526	526	526	526	526	526	375	375
Decent Homes Backlog	625	5,109	5,109	5,109	4,434	4,434	4,434	4,434	0	0
Decent Homes Planned Maintenance Contractor Overheads	1,361	1,187	841	749	724	1,343	1,315	1,304	1,304	1,304
Decent Homes New Build Allocation	0	1,093	1,475	2,171	2,607	3,144	3,416	3,820	4,030	4,246
<b>Total Decent Homes</b>	<b>19,680</b>	<b>27,573</b>	<b>19,381</b>	<b>19,157</b>	<b>18,665</b>	<b>25,444</b>	<b>25,438</b>	<b>25,731</b>	<b>21,356</b>	<b>21,572</b>
<b>Other Spend on HRA Stock</b>										
Garage Improvements	104	104	104	104	104	104	104	104	104	104
Asbestos Removal	52	52	52	52	52	52	52	52	52	52
Disabled Adaptations	808	808	808	808	808	808	808	808	808	808
Communal Areas Uplift	100	100	100	100	100	100	100	100	100	100
Communal Electrical Installations / Fire Systems / Communal Lighting	329	576	156	156	156	156	156	156	156	156
Communal Entrance / Enclosure Doors + Glazing	542	126	151	252	126	126	126	157	126	126
Fire Prevention / Fire Safety Works	1,494	52	729	52	52	52	52	52	52	52
Hard surfacing on HRA Land - Health and Safety Works	235	225	225	225	225	225	225	225	225	225
Communal Areas Floor Coverings	104	104	104	149	149	104	104	104	104	104
Lifts and Door Entry Systems	49	171	75	0	0	39	39	39	39	39
Estate Investment Scheme	1,208	849	0	0	0	0	0	0	0	0
Capitalised Officer Fees - Other HRA Stock Spend	119	119	119	119	119	119	119	119	119	119
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	438	260	201	209	195	194	194	198	194	194

Description	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Total Other Spend on HRA stock</b>	<b>5,582</b>	<b>3,546</b>	<b>2,824</b>	<b>2,226</b>	<b>2,086</b>	<b>2,079</b>	<b>2,079</b>	<b>2,114</b>	<b>2,079</b>	<b>2,079</b>
<b>HRA New Build / Re-Development</b>										
Kendal Way	169	307	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	232	0	0	0	0	0	0	0	0	0
Cromwell Road	590	0	0	0	0	0	0	0	0	0
Colville Road Phase II	351	634	0	0	0	0	0	0	0	0
Meadows and Buchan Street	8,513	8,031	0	0	0	0	0	0	0	0
Clerk Maxwell Road	604	0	0	0	0	0	0	0	0	0
Campkin Road	1,672	0	0	0	0	0	0	0	0	0
Histon Road	1,661	0	0	0	0	0	0	0	0	0
L2	7,346	0	0	0	0	0	0	0	0	0
Colville Road Phase III	6,759	3,168	0	0	0	0	0	0	0	0
Fen Road	1,625	0	0	0	0	0	0	0	0	0
Ditton Fields	1,140	0	0	0	0	0	0	0	0	0
Aragon Close	1,165	1,185	0	0	0	0	0	0	0	0
Sackville Close	1,242	1,253	0	0	0	0	0	0	0	0
Borrowdale	549	0	0	0	0	0	0	0	0	0
Aylesborough Close	3,932	10,661	3,599	0	0	0	0	0	0	0
St Thomas's Road	188	1,520	1,661	0	0	0	0	0	0	0
Paget Road	79	685	866	0	0	0	0	0	0	0
Fanshawe Road	1,300	5,258	3,532	0	0	0	0	0	0	0
Princess and Hanover	4,467	4,286	10,301	6,520	118	0	0	0	0	0
East Road (Incl. demolition)	120	1,393	8,331	1,321	0	0	0	0	0	0
Eddeva Park	3	3,644	4,038	336	0	0	0	0	0	0
East Barnwell	758	2,683	14,703	9,185	16,840	6,136	0	0	0	0

Description	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Newbury Farm	12	8,365	4,366	2,542	0	0	0	0	0	0
Hills Avenue POD Homes	20	0	0	0	0	0	0	0	0	0
Acquisition (Incl. for New Build)	2,800	0	0	0	0	0	0	0	0	0
Local Authority Housing Fund Acquisitions	9,448	0	0	0	0	0	0	0	0	0
10 Year New Homes Programme (Unallocated)	680	8,191	17,666	33,097	32,254	58,184	45,621	14,475	0	7,500
Rough Sleeper Acquisitions	517	0	0	0	0	0	0	0	0	0
<b>Total HRA New Build / Re-Development / Acquisition</b>	<b>57,942</b>	<b>61,264</b>	<b>69,063</b>	<b>53,001</b>	<b>49,212</b>	<b>64,320</b>	<b>45,621</b>	<b>14,475</b>	<b>0</b>	<b>7,500</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	87	0	0	0	0	0	0	0	0	0
Corporate IT Investment	130	23	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	88	31	31	31	31	31	31	31	31	31
Estate Service Van	50	0	0	0	0	0	0	0	0	0
<b>Total Other HRA Capital Spend</b>	<b>655</b>	<b>354</b>	<b>354</b>	<b>354</b>	<b>354</b>	<b>354</b>	<b>354</b>	<b>354</b>	<b>354</b>	<b>354</b>
<b>Total HRA Capital Spend</b>	<b>83,859</b>	<b>92,737</b>	<b>91,622</b>	<b>74,738</b>	<b>70,317</b>	<b>92,197</b>	<b>73,492</b>	<b>42,674</b>	<b>23,789</b>	<b>31,505</b>
<b>Total Housing Capital Spend at Base Year Prices</b>	<b>84,862</b>	<b>93,740</b>	<b>92,625</b>	<b>75,741</b>	<b>71,320</b>	<b>93,200</b>	<b>74,495</b>	<b>43,677</b>	<b>24,792</b>	<b>32,508</b>

Description	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Inflation Allowance and Stock Reduction Adjustment for Future Years	0	3,602	7,594	9,159	11,629	19,355	17,878	9,595	3,745	8,176
<b>Total Inflated Housing Capital Spend</b>	<b>84,862</b>	<b>97,342</b>	<b>100,219</b>	<b>84,900</b>	<b>82,949</b>	<b>112,555</b>	<b>92,373</b>	<b>53,272</b>	<b>28,537</b>	<b>40,684</b>
<b>Housing Capital Resources</b>										
Right to Buy Receipts	(1,622)	(493)	(498)	(503)	(508)	(513)	(518)	(523)	(529)	(534)
Other Capital Receipts (Land & Dwellings, incl. Market, Rent to Buy and SO Sales)	0	(350)	0	0	0	0	0	0	0	0
Major Repairs Reserve	(19,264)	(12,055)	(12,714)	(13,247)	(14,046)	(14,554)	(15,132)	(15,613)	(16,101)	(16,464)
Direct Revenue Financing of Capital	(26,925)	(10,035)	(9,838)	(10,147)	(9,797)	(7,057)	(9,598)	(8,084)	(6,975)	(10,746)
Devolution / Homes England (assumed) / BLRF / DLUHC / BEIS Grants	(15,626)	(4,544)	(6,942)	(9,574)	(4,573)	(3,994)	(828)	(269)	0	0
Disabled Facilities Grant	(808)	(808)	(808)	(808)	(808)	(808)	(808)	(808)	(808)	(808)
Other Capital Resources (Grants / Shared Ownership Re-Sale / R&R Funding)	(1,690)	(1,692)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)
Retained Right to Buy Receipts	(3,469)	(4,436)	(4,656)	(3,895)	(3,533)	(3,603)	(3,676)	(3,749)	(3,824)	(4,536)
Prudential Borrowing	(15,039)	(62,081)	(63,615)	(45,578)	(48,536)	(80,878)	(61,513)	(23,926)	0	(7,296)
<b>Total Housing Capital Resources</b>	<b>(84,443)</b>	<b>(96,494)</b>	<b>(99,371)</b>	<b>(84,052)</b>	<b>(82,101)</b>	<b>(111,707)</b>	<b>(92,373)</b>	<b>(53,272)</b>	<b>(28,537)</b>	<b>(40,684)</b>
Net (Surplus) / Deficit of Resources	419	848	848	848	848	848	0	0	0	0
<b>Capital Balances b/f</b>	<b>(5,256)</b>	<b>(4,837)</b>	<b>(3,989)</b>	<b>(3,142)</b>	<b>(2,294)</b>	<b>(1,446)</b>	<b>(599)</b>	<b>(599)</b>	<b>(599)</b>	<b>(599)</b>
Use of / (Contribution to) Balances in Year	419	848	848	848	848	848	0	0	0	0
<b>Capital Balances c/f</b>	<b>(4,837)</b>	<b>(3,989)</b>	<b>(3,142)</b>	<b>(2,294)</b>	<b>(1,446)</b>	<b>(599)</b>	<b>(599)</b>	<b>(599)</b>	<b>(599)</b>	<b>(599)</b>



Description	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Other Capital Balances (Opening Balance 1/4/2023)</b>											
Major Repairs Reserve	(7,684)	Utilised in future years to fund investment in the housing stock									
Retained 1-4-1 Right to Buy Receipts	(5,608)	Utilised in 2023/24 and 2024/25 above									
Right to Buy Receipts for Debt Redemption	(12,093)	Retained for future debt repayment									
Devolution Grant	(4,431)	Utilised in 2023/24 above									
<b>Total Other Capital Balances</b>	<b>(29,816)</b>										

# Appendix I

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

### Repairs & Renewals

	Opening Balance	Contributions	Expenditure to September	Current Balance
General Management	(741.2)	(77.7)	0.0	(818.9)
Special Services	(1,233.5)	(151.6)	38.6	(1,346.5)
Repairs and Maintenance	(612.1)	(54.0)	0.0	(666.1)
<b>Total</b>	<b>(2,586.8)</b>	<b>(283.3)</b>	<b>38.6</b>	<b>(2,831.5)</b>

### Tenants Survey

	Opening Balance	Contributions	Expenditure to September	Current Balance
Tenants Survey	(15.8)	(7.1)	0.0	(22.9)

### Tenant Satisfaction New Burdens

	Opening Balance	Contributions	Expenditure to September	Current Balance
Tenant Satisfaction	(21.2)	(0.0)	0.0	(21.2)

### Debt Set-Aside (Revenue)

	Opening Balance	Contributions	Expenditure to September	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 September	Current Balance
Debt Set-Aside	(12,093.1)	0.0	0.0	(12,093.1)

### Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to September	Current Balance
MRR	(7,684.2)	0.0	0.0	(7,684.2)

# Appendix J

## Equalities Impact Assessment

### Cambridge City Council Equality Impact Assessment (EqIA)



<b>1. Title of strategy, policy, plan, project, contract or major change to your service</b>	
Housing Revenue Account Budget Setting Report – HRA Bids and Savings 2024/25	
<b>2. Webpage link to full details of the strategy, policy, plan, project, contract or major change to your service (if available)</b>	
Documents will be published here: <a href="https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=414&amp;MId=4347&amp;Ver=4">https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=414&amp;MId=4347&amp;Ver=4</a>	
<b>3. What is the objective or purpose of your strategy, policy, plan, project, contract or major change to your service?</b>	
<p>This EqIA considers equality impacts of budget proposals for the HRA at the point that they go to Housing Scrutiny Committee.</p> <p>An EqIA is undertaken on the proposals in order to enable the City Council to set a balanced Housing Revenue Account budget for 2024/25 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.</p> <p>This EqIA assesses the equality impacts of the Housing Revenue Account element of the City Council's budget.</p>	
<b>4. Responsible service</b>	
The Finance service manages the budget process, but a range of Council Services are responsible for the individual bid proposals included in this EqIA.	
<b>5. Who will be affected by this strategy, policy, plan, project, contract or major change to your service?</b>	<input checked="" type="checkbox"/> Residents <input type="checkbox"/> Visitors <input checked="" type="checkbox"/> Staff
<b>(Please tick all that apply)</b>	
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.	

<b>6. What type of strategy, policy, plan, project, contract or major change to your service is this?</b>	<input checked="" type="checkbox"/> New <input checked="" type="checkbox"/> Major change <input type="checkbox"/> Minor change
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<b>7. Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service? (Please tick)</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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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.

<b>8. Has the report on your strategy, policy, plan, project, contract or major change to your service gone to Committee? If so, which one?</b>
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All revenue budget bid proposals included in this EqlA are being presented to Housing Scrutiny Committee on 23rd January 2024 and capital bids to Council on 15th February 2024.

<b>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?</b>
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This information is based on feedback from Council Officers that lead on the individual budget bid proposals and any EqlA's they may have produced.

<b>10. Potential impacts</b>
<p>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.</p>

<b>(a) Age - Please also consider any safeguarding issues for children and adults at risk</b>
---

**Resource to settle disrepair claims:** Part of this bid is to fund compensation payments for disrepair in the event of a successful claim against the council. This can help mitigate against any negative impact disrepair has on individuals, which might disproportionately impact on older people who are more likely to have health issues which could sometimes be exacerbated by impacts of disrepair. Ensuring money is set aside to compensate households who have experienced disrepair could also have a positive impact on

households with children and households with adults at risk by mitigating any impacts of disrepair that could have a bearing on ability to safeguard them.

**Increased efficiency in repairs delivery:** Improving efficiencies in the repairs service delivery team will have a positive impact on all households, but in particular households with children or adults at risk for whom disrepair might have an impact on safeguarding, and older people who may be more likely to have health issues that might be exacerbated by having to wait for repairs to be undertaken.

**Increased dwelling rental income:** Any increase in rent will have an impact on all households, with those on low incomes most affected. Households with older people may be disproportionately affected if they are on low incomes. It should be noted that Universal Credit will be increased by 6.7% from April 2024 and the state pension will increase by 8.5%. both of which will help to mitigate the impact of the rent increase. See the action plan section of this EqlA on how we will mitigate against negative impacts of increasing rent for people struggling financially.

**Reduced rent and refunds of over-payments relating to rent regulation errors:** A reduction in rent, despite arising through a rent regulation error, will have a positive impact on all affected tenants, but with older people potentially on lower incomes benefitting to a greater degree. However, the impact of any refund on a tenant's savings balance may have a negative impact if it takes the tenants out of receipt of benefit.

## (b) Disability

**Resource to settle disrepair claims:** Ensuring money is set aside to compensate households who have experienced disrepair will have a positive impact on households who have someone with a disability, where health and mobility may have been impacted due to the disrepair.

**Increased efficiency in repairs delivery:** Improving efficiencies in the repairs service delivery team will have a positive impact on all households, but in particular disabled households who may have been detrimentally impacted by having to wait for repairs to be undertaken. It will also potentially have a positive impact for preventing disability caused by health risks associated with disrepair if the disrepair can be addressed sooner.

**Increased garage rental income:** For disabled customers currently renting a garage or car parking space that provides the required accessibility to their home, the increase in rent could have a detrimental impact if they are struggling to afford the payments, but their quality of life will suffer if they were to forfeit the rental. This is especially a concern as households with disabled people are more likely to experience poverty. This is because they have a higher cost of living than households without disabled people (on average of £975 per month<sup>1</sup>) and disabled people are less likely to be in employment (53% of disabled people compared to 82% of non-disabled people are employed in the UK<sup>2</sup>). Please see below for the actions the Housing Service will take to address this potential issue.

**Increased dwelling rental income:** Any increase in rent will have an impact on all households, with those on low incomes most affected. As mentioned above, households with disabled people may be more likely to experience poverty which could mean that increasing their rent could have a disproportionately negative impact here. It should be

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<sup>1</sup> <https://www.scope.org.uk/campaigns/extra-costs/disability-price-tag-2023/>

<sup>2</sup> <https://www.scope.org.uk/media/disability-facts-figures/>

noted that Universal Credit will be increased by 6.7% from April 2024 and the state pension will increase by 8.5%. both of which will help to mitigate the impact of the rent increase. See the action plan section of this EqIA on how will mitigate against negative impacts of increasing rent for people struggling financially.

**Reduced rent and refunds of over-payments relating to rent regulation errors:** A reduction in rent, despite arising through a rent regulation error, will have a positive impact on all affected tenants, but with disabled people potentially on lower incomes benefitting to a greater degree. However, the impact of any refund on a tenant's savings balance may have a negative impact if it takes the tenants out of receipt of 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

**Increased dwelling rental income:** Pregnancy and maternity are an expensive time for households, which might mean that the increase in rent could have a detrimental impact for pregnancy and maternity. See the action plan section of this EqIA on how will mitigate against negative impacts of increasing rent for people struggling financially.

**Reduced rent and refunds of over-payments relating to rent regulation errors:** A reduction in rent, despite arising through a rent regulation error, will have a positive impact on all affected tenants, but with those who are pregnant or on maternity leave potentially on lower incomes temporarily benefitting to a greater degree. However, the impact of any refund on a tenant's savings balance may have a negative impact if it takes the tenants out of receipt of benefit.

### (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 dwelling rental income:** An increase in rent could have a disproportionately negative impact for some ethnic groups over others. For instance, UK statistics find that Bangladeshi and Pakistani families have experienced much greater rates of poverty than all other ethnic groups and this has been the case for 20 years<sup>3</sup>. Qualitative research undertaken on needs of ethnic minority people in the city in 2021, and recent feedback

<sup>3</sup> <https://www.jrf.org.uk/Data>

from Cambridge Ethnic Community Forum on needs of clients they support indicate that Bangladeshi people, Black people (especially African people), and Arab people are the most likely to experience poverty in Cambridge itself. See the action plan section of this EqlA on how will mitigate against negative impacts of increasing rent for people struggling financially. It should be noted that Universal Credit will be increased by 6.7% from April 2024 and the state pension will increase by 8.5%. both of which will help to mitigate the impact of the rent increase.

### **(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)).**

**Resource to settle disrepair claims:** Ensuring money is set aside to compensate households who have experienced disrepair will have a positive impact on households where the disrepair has affected them financially.

**Increased dwelling rental income:** Any increase in rent will have an impact on all households, with those on low incomes most affected. It should be noted that Universal Credit will be increased by 6.7% from April 2024 and the state pension will increase by 8.5%. both of which will help to mitigate the impact of the rent increase. Please see below the actions the Housing Service will take to monitor and support households.

**Increased commercial property rental income:** Any increase in commercial property rentals has the potential to negatively impact small businesses that may be struggling in the current economic climate.

**Reduced rent and refunds of over-payments relating to rent regulation errors:** A reduction in rent, despite arising through a rent regulation error, will have a positive impact on all affected tenants, However, the impact of any refund on a tenant's savings balance may have a negative impact if it takes the tenants out of receipt of benefit.

**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 dwelling rental income:** Any increase in rent will have an impact on all households, with those on low incomes most affected. 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.

**Increased garage rental income:** For disabled customers currently renting a garage or car parking space that provides the required ease of access to their home, the increase in rent could have a detrimental impact if they are struggling to afford the payments, but their quality of life will suffer if they were to forfeit the rental. Housing Officers will be available to disabled tenants for advice and support, alongside the Financial Inclusion Team, to ensure that they get advice about any benefits or other financial assistance to which they may be entitled to and are sign-posted to other agencies who can help.

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

This EqIA provides an overall assessment of the equality impacts of budget proposals included in the Housing Revenue Account budget proposed for 2024/25. 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, 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 (Housing)

Date of EqIA sign off: 03/01/2024

Date of next review of the equalities impact assessment: After 23/01/2024

Date to be published on Cambridge City Council website: Published for proposals to be considered by Housing Scrutiny Committee on 23rd January 2024 and Council on 15th February 2024 as part of the HRA Budget Setting Report.