

Version 3
Council

Housing Revenue Account Budget Setting Report 2022/23



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Cambridge City Council

Version Control

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Section 1

Introduction

Foreword by the Executive Councillor

As reported in the Housing Revenue Account Medium Term Financial Strategy, the HRA continues to face very significant challenges.

The coronavirus pandemic has resulted in serious social and economic costs since March 2020, and there are indications that further COVID variants will bring additional concerns. The inevitable impact on the HRA income stream and on housing management and maintenance, requiring the unavoidable re-phasing of budgets, is also complicated by Brexit, with labour and materials supply affecting our new build programme.

The path of austerity pursued by government constrains our ability to borrow and invest, with woefully inadequate funding and grant options available to meet the scale of investment necessary to deliver energy efficient homes in the context of the climate and biodiversity emergencies. Without serious government support, our goal of building new homes and retrofitting existing homes to high energy efficiency standards and Net Zero Carbon where possible will be our greatest challenge.

Despite these challenges, Cambridge City Council is committed to delivering new homes at high levels of energy efficiency, to maintaining and improving the number of existing homes at decent homes standards, and to retrofitting existing stock. Rent increases according to the rent standard, with rents at CPI + 1% will enable the HRA to enhance the service to tenants, for example by retrofitting more homes or providing further officer capacity, whilst any tenant not covered by housing benefit or Universal Credit and struggling with their rent will receive additional officer support. Any tenant not covered by housing benefit or Universal Credit may benefit from discretionary housing payments, with a bid as part of the General Fund budget

process to increase the funding for this by £75,000. Those under-occupying may also benefit from financial assistance to downsize under the HRA's under-occupation incentive scheme.

We're committed to supporting those affected by Universal Credit and benefit changes as well as tenants who have fallen into rent arrears, particularly as a result of the coronavirus pandemic. We will also ensure that no tenant struggling with their rent as a result of the pandemic is evicted. We've created a dedicated Assistant Housing Officer post to provide additional support for tenants.

Our housing stock is increasing, with new council homes kick-started by the £70 million devolution grant (the '500 homes' programme) completed or started on site by 2021 - a year early and exceeding expectations. Around 2,000 households are on our Housing Needs Register and, recognising the 'affordability' crisis in Cambridge, new homes will be available at 'affordable' rents at no more than 60% of market rents or, if lower, the current LHA rates.

Social rents will also be part of the new build offer, including the '1,000 homes' programme planned over the next 10 years, with anticipated support from Homes England. This further meets the housing demand and we're creating new posts to support new tenants as our stock increases. We're determined that as many people as possible who would otherwise not be able to afford to live in our city can do so.

Retrofitting existing stock commenced in Arbury and 150 1930s houses will be fitted with external insulation and solar panels by 2022, raising them from an energy rating of 'D' to 'B'. A £5 million pilot in 2022/23 to retrofit 50 homes across 7 different housing types to Net Zero Carbon will help provide an evidence base demonstrating the capacity and cost involved with which to lobby government.

The scale of the retrofit challenge is evident, £365 million (approx. £699 million with borrowing) to 'Retrofit Plus' our total general housing stock or £512 million (approx. £888 million with borrowing) to Net Zero Carbon. The HRA cannot deliver this and remain viable and with only piecemeal grant funding available, the government has to step up and provide a national investment strategy with significant external funding and we're part of the Great Homes Upgrade campaign demanding that government meets the challenge.

However, we are determined to do all we can and will increase capacity to support our energy efficiency programme with a permanent Energy Assessor post and surveyor posts supporting energy improvements, structural and asbestos works, and decent homes work.

Our redevelopment and new build council house programmes have already included gas-free developments, Passivhaus eco-standard schemes agreed or planned in East Chesterton, Abbey, King's Hedges and Arbury - including Passivhaus standard flats planned for Aylesborough Close - and our first Net Zero Carbon schemes planned for St. Thomas's Road (Coleridge) and Paget Road (Trumpington).

Although the coronavirus pandemic has had an impact on investment in our stock, particularly internal work, with planned works and maintenance and the decent homes programme suffering from unavoidable delays and the necessary re-phasing of budgets, the Estate Investment Programme (£1 million a year since 2020) continues and we're planning the purchase of a new, electric, Estate Services van.

The percentage of our stock at decent homes standard continues to improve (to 96%) with external structural works, based on stock condition and structural surveys, fire safety work and estate improvements built into the investment programme. Budget requirements are met by sensible use of reserves and not by cutting services or programmes.

We are also proud of our support for people experiencing homelessness and those sleeping rough. This includes the purchase of properties to house rough sleepers as part of the 'Next Steps' programme.

I'd like to thank officers and our tenant and leaseholder representatives for their continued commitment and support. I particularly appreciate the engagement in consultation events about the options concerning the future of Hanover and Princess Court, and Kingsway Flats.

Councillor Mike Todd-Jones.

Executive Councillor for Housing

Background

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

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

The level of resource available to invest in housing is dependent upon the income streams in the Housing Revenue Account, the most significant of these being the rental income for the housing stock. The HRA can borrow to invest in housing, but 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 2022, for a further 3 years.

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

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

The HRA must be able to support a significant level of housing debt whilst also ensuring the ongoing delivery of housing services. At April 2021, the authority supported a net housing debt of £208,654,392.

Purpose, Scope and Key Dates

Purpose and Scope

The HRA Medium Term Financial Strategy, approved in September / October of each year sets the longer-term financial strategy for the HRA. As part of this, internal and external factors impacting the housing service are reviewed, taking account of any emerging changes in national housing policy, health and safety and building safety requirements and the impact of any anticipated change in the economic climate. The review 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, the assumptions, business risks and mitigations upon which the HRA Medium Term Financial Strategy was based, are reviewed to determine whether any aspects of the strategy need to be revised. Sensitivity analysis is undertaken to ensure that effective contingency plans are considered and that appropriate reserves are maintained in light of any change in assumptions.

The outcome of the exercise, summarised in this document, provides the basis for setting the HRA budget and rents and charges for 2022/23, culminating in recommendations to both Housing Scrutiny Committee on 20 January 2022, and ultimately Council on 24 February 2022.

The work on the 2022/23 HRA Budget Setting Report adopts the following key parameters:

- A financial model assuming borrowing in order to deliver new homes alongside maintaining and improving the existing housing stock.
- Rent increases in line with the Rent Standard, with rent of CPI plus 1% per annum for a period of 3 further years from April 2022.
- Housing stock maintained at a minimum of the current decency standard, with pilot investment in respect of significant energy efficiency improvements.
- An efficiency savings target of £147,000 per annum included for 5 years, offset by a corresponding Strategic Investment Fund that allows resource to be re-invested in new and emerging priorities.

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

Key Dates

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

| Date | Task |
|--------------|---|
| 2021 | |
| 23 September | The Executive Councillor for Housing considered HRA Medium Term Financial Strategy, incorporated Housing Scrutiny Committee, including Tenant and Leaseholder Representative views, and approved revenue aspects, making recommendations to Council in respect of the capital plan. |
| 21 October | Council approved HRA Medium Term Financial Strategy 2021/22 |
| 2022 | |
| 20 January | Executive Councillor for Housing considers Housing Scrutiny Committee views, before approving HRA revenue budgets and rent levels, and making recommendations to Council in respect of the capital aspects of the HRA Budget Setting Report |
| 24 February | Council approves HRA Budget Setting Report |

Section 2

Review of National and Local Policy Context and External Factors

Review of National Policy Context

National Rent Setting Policy

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

Rent increases are currently limited to an increase of up to CPI plus 1% from April 2022 for a further 3 years (based upon CPI at the preceding September), with properties below target rent levels moved directly to target rent only when they become void. Target rents continue to be set with reference to January 1999 property values.

Affordable rents increases are also limited to a maximum increase of CPI plus 1% from April 2022, but with the ability to re-set the rent at up to 80% of market rent upon re-let.

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

Charter for Social Housing Residents

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

- To be safe in your home

- To know how your landlord is performing, including on repairs, complaints and safety, and how it spends its money
- To have your complaints dealt with promptly and fairly, with access to a strong Ombudsman who will give you swift and fair redress
- To be treated with respect, backed by a strong consumer regulator and improved consumer standards for tenants
- To have your voice heard by your landlord
- To have a good quality home and neighbourhood to live in
- To be supported to take your first step to ownership

Much of the responsibility for delivering against the charter sits with the landlord, and the authority is working to ensure delivery against each of the commitments. The Regulator of Social Housing is leading in developing a strengthened consumer regulation regime and is expected to engage with providers in doing this.

The new social housing consumer regulation regime must make a meaningful difference to tenants, be deliverable by landlords, and be effectively regulated.

To implement the changes, the Regulator of Social Housing will focus on consumer standards, consumer regulation, regular inspection, and tenant satisfaction measures, with changes to legislation expected to be required.

On 9 December 2021, the Regulator of Social Housing launched a consultation on the introduction of Tenant Satisfaction Measures, with the consultation running until 3 March 2022, for planned implementation of the resulting changes from 1 April 2023.

The regulator is proposing to set a new consumer standard, set tenant satisfaction measures for both technical requirements and tenant survey requirements and publish guidance about the submission of information to the regulator.

A suite of 22 tenant satisfaction measures are being consulted upon, which include a mix of those measured by tenant perception and management information.

The proposed measures are categorised under keeping properties in good repair, maintaining building safety, effectively handling complaints, employing respectful and helpful engagement, and delivering responsible neighbourhood management.

Officers will be responding to the consultation and will engage tenant and leaseholder representatives in the response process.

Welfare Reforms

Universal Credit

New and existing tenants who have a change in circumstances, continue to need to apply for Universal Credit. To support existing Housing Benefit claimants with the transition to Universal Credit, an additional payment of two weeks Housing Benefit is made.

Tenants in temporary, specified or supported accommodation continue to receive Housing Benefit for their housing costs even if some will receive Universal Credit for their living costs.

Cambridge City Council work with the local Jobcentre Plus and continue to fund a post in the Jobcentre to provide Personal Budgeting Support (PBS). This arrangement has allowed significantly more claimants to receive support in making claims. The DWP also currently provide funding to Citizens Advice through a national partnership to assist people with applying for Universal Credit.

The coronavirus pandemic saw an increase in the number of tenants transitioning to Universal Credit as individual's circumstances changed, and nationally there was a steep rise in the number of claims overall.

The authority had knowledge of 1,732 HRA tenants claiming Universal Credit in October 2021.

The managed migration to Universal Credit pilot in Harrogate, due to restart in 2022 will now not go ahead and DWP instead will rely on natural migration to achieve the move from housing benefit to Universal Credit. DWP hope that this will be complete by 2025 and will start a campaign to encourage tenants to move to Universal Credit from Autumn 2021 onwards.

Other Benefit Changes

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

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

The HRA maintains a budget, currently incorporated at £22,340 for 2022/23 to provide financial support and incentive to assist tenant in downsizing. The scheme was reviewed in 2021/22 and the funding for the year was increased by £10,000 to meet demand, with a commitment to review the position in September 2022 once the revised policy has been in place for a period.

To support more tenants to downsize using this funding, some tenants 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.

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

The removal of the £20 per week uplift applied to Universal Credit during the covid pandemic, will start to impact tenants from October 2021. Access to budgeting and debt advice will be key to support some households.

Council Tax Reduction continues to be an important resource for low income households and there was a significant increase in the number of applications during 2021/2022.

Right to Buy

Right to Buy Sales

During 2020/21, 65 right to buy applications were received and recorded, resulting in 16 completions. This compares to 64 applications in the previous year, which gave rise to 29

completions, recognising the delay in completions that was caused by the coronavirus pandemic.

In the first 8 months of 2021/22, 67 right to buy applications were received with 20 sales completed. There has been a marked interest in the scheme during 2021/22 to date, but it is difficult to predict whether this is an area of pent-up demand following the coronavirus pandemic or an ongoing trend.

When the HRA Medium Term Financial Strategy was drafted in the summer of 2021, the assumption of 25 sales per annum from 2021/22 onwards was retained. For the HRA Budget Setting Report, 25 sales continue to be assumed in 2021/22 and beyond, as the initial heightened interest in the earlier part of 2021/22 can't be assumed to be ongoing at this stage.

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 | 2016/17 | 36 | 22 | 0 | 58 |
| | 2017/18 | 26 | 20 | 1 | 47 |
| | 2018/19 | 13 | 14 | 0 | 27 |
| | 2019/20 | 14 | 15 | 0 | 29 |
| | 2020/21 | 10 | 6 | 0 | 16 |
| Estimated Sales | 2021/22 | 13 | 12 | 0 | 25 |
| | 2022/23 | 13 | 12 | 0 | 25 |
| | 2023/24 | 13 | 12 | 0 | 25 |
| | 2024/25 | 13 | 12 | 0 | 25 |
| | 2025/26 | 13 | 12 | 0 | 25 |

Right to Buy Receipts

At 31 March 2021, the authority held £7,344,195 of right to buy receipts under the retention agreement with the Department for Levelling Up, Housing and Communities (DLUHC), now to be spent within 5 years of their original receipt date, with a maximum of 40% of any new dwelling now able to be funded via this mechanism. The balance must be funded from Devolution Grant, the Council's own resources, or through borrowing. Retained right to buy receipts can't be used

to fund replacement dwellings or dwellings receiving any other form of public subsidy but can now be utilised in the delivery of shared ownership homes. With the Bank of England base rate currently at 0.1%, any penalty interest payable on receipts not re-invested appropriately will be at the rate of 4.1%.

A cap also applies now in relation to the reinvestment of right to buy receipts in the form of acquisitions from the open market. The cap is being phased in between 2022/23 and 2024/25, with a cap 50% reducing to 30% over this period and the first 20 units of delivery are excluded from the cap altogether.

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

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

Newly arising receipts continue to be retained, with any decision to pay over receipts to DLUHC made by the Head of Finance, in consultation with the Strategic Director, taking into consideration any need to borrow to appropriately re-invest the resource and the implications of this on the business plan. The Executive Councillor for Housing will be informed if the recommendation were to be to pay receipts directly back to Central Government.

Review of Local Policy Context

Housing Stock

The Housing Revenue Account owns and manages the following properties:

| Housing Category | Actual Stock Numbers as at 1/4/2021 | Estimated Stock Numbers as at 1/4/2022 |
|-----------------------------------|-------------------------------------|--|
| General Housing – Social Rent | 6,055 | 6,015 |
| General Housing – Affordable Rent | 409 | 474 |
| Sheltered Housing | 513 | 513 |
| Supported Housing | 17 | 17 |

| | | |
|--------------------------------------|--------------|--------------|
| Temporary Housing (Individual Units) | 66 | 82 |
| Temporary Housing (HMO's / EA) | 24 | 24 |
| Miscellaneous Leased Dwellings | 19 | 19 |
| Sub Total Rented Dwellings | 7,103 | 7,144 |
| Shared Ownership Dwellings | 96 | 94 |
| Total Dwellings | 7,199 | 7,238 |

The number of properties anticipated to be held by 1/4/2022 is higher than the number held at 1/4/2021, with the authority taking hand over of more new homes than those lost through either right to buy or demolition for redevelopment. Delays at the Mill Road site mean that the level of increase is slower than hoped and homes on the Colville III and Aylesborough Close are being vacated for demolition in due course.

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

| Property Type | Actual Stock Numbers as at 1/4/2021 | Estimated Stock Numbers as at 1/4/2022 |
|------------------------|--|---|
| Bedsits | 95 | 95 |
| 1 Bed | 1,719 | 1,755 |
| 2 Bed | 2,519 | 2,524 |
| 3 Bed | 2,238 | 2,236 |
| 4 Bed | 106 | 106 |
| 5 Bed | 7 | 7 |
| 6 Bed | 2 | 2 |
| Sheltered Housing | 513 | 513 |
| Total Dwellings | 7,199 | 7,238 |

Leasehold Stock

At 1st April 2021, the Council retained the freehold and managed the leases for 1,190 leasehold flats.

Housing Demand

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

Cambridge City Council currently has 2,034 households on the housing register (2,032 'live' and 2 with applications 'pending'). 501 applicants were housed over the last year (to end of September 2021), with the majority (78%) of lettings being to applicants at band A or B.

The greatest demand for housing is still one and two bedroomed properties, with one-bed applicants accounting for 56% of the register, two-bed applicants 24%, three-bed applicants 16% and 4% of applicants waiting for properties with 4 or more bedrooms.

Applicants are banded according to housing need. Band A represents the highest housing need, making up approximately 8% of the register. Band B applicants represent approximately 24%, band C 37% and band D 31% at the end of September 2021.

Support for Vulnerable People

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

Cambridge City Council currently remains in contract with the County Council for the delivery of tenure neutral support services to older people across the city. The contract is due to expire in April 2022, but the County have confirmed they are beginning the tender process for this contract, but don't expect any new arrangements to be in place before September 2022. The City Council are engaging fully with the process and will seek to continue to deliver these services if the opportunity presents itself. The service has been assumed to continue to be delivered on an ongoing basis until the outcome of the County Council's review process is known.

The contract sum is £183,600 per annum in 2021/22, with a 2% inflationary increase having been applied for the first time since the contract was awarded.

External Factors

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

Inflation Rates

The base rate of inflation used to drive expenditure assumptions in the HRA financial forecasts is the Consumer Price Index (CPI). The last 18 months has been particularly volatile, with rates ranging from 0.2% to 3.2% over this period. Inflation rates fell during the early stages of the coronavirus pandemic, to a low of 0.2% by August 2020, but have increased over recent months, with rates of 3.2% in August 2021 and 3.1% in September 2021.

The Bank of England's Monetary Policy Report of August 2021 forecast a level of CPI in quarter 3 of each year at 2.7% for 2021, 3.3% for 2022, 2.1% for 2023 and 1.9% by 2024. The over-arching view is that inflation will return to the target of 2% and will then fluctuate around the target level in the medium term.

The Office of Budgetary Responsibility (OBR), in their Economic and Fiscal Outlook in October 2021, forecast a further increase in CPI during 2021 and the first part of 2022, before a decline to the target of 2% by mid-2024. They predict an average of 3.7% for 2022/23, 2.3% for 2023/24 before returning to the target of 2% by 2024/25.

The HRA Medium-Term Financial Strategy allowed 2% inflation for 2022/23, compared with the 3.7% now being predicted by the OBR. As a significant proportion of non-employee related expenditure in the HRA is contractual in nature, with annual increase driven by CPI or RPI, it is considered prudent to include an unavoidable revenue pressure to allow for the difference of 1.7% inflation to be held in a central provision in the HRA for 2022/23 onwards, allowing it to be allocated, under delegation to the Head of Finance, where inflationary pressures present themselves. The cost of this is £155,640 per annum.

Taking account of the views of both the Bank of England and the OBR it is considered appropriate to also increase the assumption for inflation for 2023/24 to 2.3%, before returning to the target level of 2% in the HRA business planning assumptions from 2024/25 onwards. This will be reviewed again as part of the HRA Medium Term Financial Strategy in September 2022.

The assumptions surrounding building maintenance expenditure inflation are derived from a mix of forecast using the RICS (Royal Institution of Chartered Surveyors) Building Cost Information Service (BCIS) all in tender price index and CPI. The Fosters contract is a lump sum priced contract, which adopts CPI as the measure of inflation. The TSG contract, which is a target price contract, is due to expire in November 2022, with a procurement underway to identify a suitable contractor. Although the basis for the new contract is not yet finalised, it should be recognised that the contract prices which the authority will initially receive are likely to be driven by anticipated increases in the building cost inflation indices and the industry predictions of what might happen to these over the minimum 5-year contract term. 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 8.5% by 2022, with forecasts of 3.7%, 4.9%, 4.1% and 4.5% 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 5.1%. This has increased since the last projections, with both materials and labour shortages pushing up contract prices significantly, particularly in the short-term.

On a similar average basis, the assumptions we are adopting for CPI over the same period are 2.4%, a difference of 2.7%.

Recognising that existing contractor's prices will be driven by CPI and any new planned maintenance contractors are likely to set prices based upon the building industry inflation projections, the assumption has been made that 50% of the work programme will be subject to the BCIS indices and 50% by the rate of CPI for the next 5 years. A blended rate of 3.75% (average CPI plus 1.35%) has therefore been incorporated into the business plan forecasts for this period, reverting to standard CPI after this,

The pay award for 2021/22 is yet to be agreed, with 2.5% incorporated into the budget currently. The latest offer from the employer is 1.75%, which if ultimately agreed, would give rise to an

ongoing saving of approximately £48,400 per annum. As unions are balloting members for strike action the outcome of the pay negotiations for 2021/22 are unlikely to be known at the point of publication or consideration of this document, and so will instead be built into the HRA as part of the 2022/23 HRA Medium Term Financial Strategy.

Pay inflation has been retained at 2% per annum from April 2022 onwards, with the allowance for incremental progression at 1% per annum, recognising the latest staff retention figures and the number of staff who are paid at the top of their pay scale.

Interest Rates

The Housing Revenue Account is entitled to claim a proportion of interest earned on cash balances invested by the authority. The rate of interest assumed for 2021/22 in the HRA Budget Setting Report was 0.6%, based upon the HRA clawing back interest from the General Fund on investments with minimal risk, but this was reduced to 0.2% in the HRA Medium Term Financial Strategy for 2021/22 only, as lower rates were being experienced in year.

The Bank of England base rate fell to 0.1% in March 2020 and has remained at that level since. At the time of writing this report, the next review was due on 16 December 2021. The continued low base rate results in corresponding low rates available for the authority for its investments.

The actual average rate of interest earned on investments that benefited the HRA for 2020/21 was 0.63%. Since then the average rate earned on investments has fallen further to around 0.2%, with the business plan assumption for 2021/22 reduced to this level as part of the HRA Medium Term Financial Strategy in September 2021. However, following the budget in late October 2021, there is an expectation that the Bank of England will increase the base rate in the coming months. As a result of this anticipated increase in the base rate, the HRA retains the assumption that 0.6% can be earned on investments from April 2022 onwards. The interest rate assumptions are included in **Appendix A**.

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

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

One of the key risks to the HRA's ability to borrow remains the Local Authority Investment Guidance which states that any authority making an investment that is classified as an 'investment asset primarily for yield', will not be able to access loans from the PWLB in the financial year in which it makes this investment. Local authorities need to submit a 3 year capital investment strategy / plan 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. Investment in housing, regeneration, preventative action (ie; buying an asset of community value) and treasury management (ie; re-financing existing debt) are acceptable, but investment for yield, such as investment in land or buildings to be let at market rates is prohibited. There is therefore the potential for any investment decisions made by the General Fund to detriment the HRA's ability to borrow from the PWLB in any given year. This would not stop the HRA borrowing but would mean that an alternative lending source would need to be identified, with rates potentially not being as preferential.

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. Although there is now no cap on borrowing, such decisions must still be made in the knowledge of the revenue impact of transferring the land or cash asset.

The assumption is made that additional borrowing is externalised, with anticipated PWLB maturity loan rates for loans of a 30-year duration used. Since the last update of the HRA Business Plan in September 2021, where an interest rate of 2.4% was assumed, there has been further fluctuation in PWLB standard lending rates, with the rates at the time of the first draft of the report standing at 2.43% but reducing to 1.87% by the point of final drafting.

Subject to having submitted a 3-Year Capital Spending and Financing Plan, which is now a prerequisite to be able to borrow from the PWLB, the standard lending rate could be reduced by 20 basis points, with a Certainty Rate of 0.2% lower therefore available to the authority. There is no guarantee that this reduction will remain indefinitely.

To mitigate the daily rate fluctuations in PWLB rates, which has been particularly volatile of late, this iteration of the business plan adopts forecasts made by Link, the Council's treasury advisors, who project that PWLB lending rates will rise to 2.5% over the next 3 years.

Based upon these projections, a revised average rate of 2.5% has been incorporated into any borrowing assumptions from 2022/23 onwards. It should be noted that the PWLB rate is reviewed and can change twice each day.

Section 3

Housing Revenue Account Resources

Rent

Rent Arrears, Bad Debt Provision and Void Levels

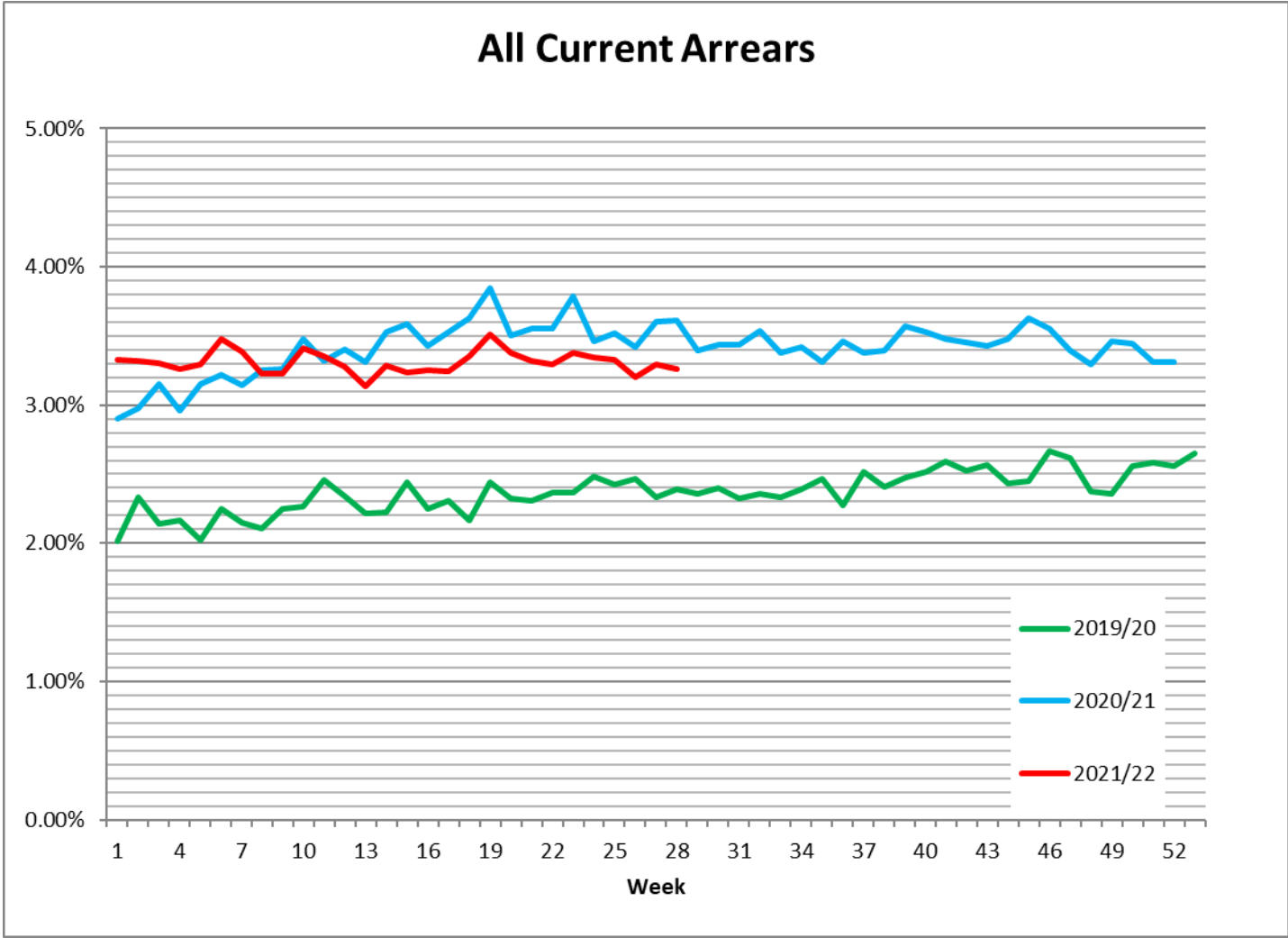
Rent collection performance was maintained during 2020/21, with 98.9% of the value of rent due, collected in the year, compared with 98.8% in the previous year.

As a result of rent not collected however, arrears still increased significantly during 2020/21, with current tenant arrears of just under £1.4 million by 31 March 2021, as detailed in the table below:

| Financial Year End | Value of Year End Arrears in Accounts (Current Tenants) | Current Tenant Arrears as a Percentage of Gross Debit Raised in the Year | Value of Year End Arrears in Accounts (Former Tenants) |
|--------------------|---|--|--|
| 31/3/2017 | £645,398 | 1.63% | £728,050 |
| 31/3/2018 | £779,904 | 1.96% | £871,620 |
| 31/3/2019 | £776,961 | 1.93% | £932,156 |
| 31/3/2020 | £1,091,161 | 2.70% | £915,585 |
| 31/3/2021 | £1,374,167 | 3.3% | £925,982 |

A combination of the impact of the rollout of Universal Credit and the coronavirus pandemic saw arrears increase during 202/21, but these have been actively managed in 2021/22 to date.

By mid-October 2021, current tenant arrears stood at £1,382,958.87 with former tenant arrears at £997,203.88. This demonstrates that current tenant arrears have been broadly maintained in the year to date, whilst there has been an increase in former tenants' arrears, where the Council has been unable to bring to an end a number of tenancies where arrears existed.



The Income Management Team and the Financial Inclusion Officers continue to work extensively with tenants and financial support providers to mitigate the impact of rent arrears for both the tenants themselves and the authority. The team continue to use the Income Analytics software, which facilitates improved arrears management and will shortly be able to take advantage of the LIFT software, which will combine financial data sets across the authority in an attempt to identify arrears risks and intervene to provide support before rent arrears prove a risk to the tenant's occupation of their home.

The impact for residents of moving to direct payment is being continually managed, with an increase in the number of claimants transitioning over the past 18 months as a result of changes in circumstances.

Tackling former tenant arrears is also challenging, Resource was incorporated, as part of this Medium-Term Financial Strategy to allow the employment of a 12-month fixed term post dedicated to recovering, or failing that, writing off, former tenant debt. This post is being recruited to currently, with an expectation that progress in reducing former tenant arrears can then be made over the coming months.

Debt that is not realistically collectable is still recommended for write off and provision is currently made in the Housing Revenue Account to write off 89.06% of former tenant debt. Any decision to do this is not taken until all avenues for collection have been exhausted.

At 31 March 2021 the total provision for bad debt stood at £1,890,056.54 representing 82% of the total debt outstanding.

Taking into account the value of the existing bad debt provisions and the fact that current arrears levels have been maintained in 2021/22 to date, it is recommended to retain the ongoing assumption that the annual contribution into this reserve is set at 1.5% from 2021/22 onwards.

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

The value of rent not collected as a direct result of void dwellings in 2020/21 was £613,999 representing a void loss of 1.58%, compared with £635,949 in 2019/20, representing a void loss of 1.68%.

Void levels have remained stable in 2021/22 to date, with the void loss between April and mid-October 2021 (6.5 months) being £307,525, representing a 1.46% void loss. A snapshot of the proportion of stock vacant in mid- October 2021 confirms that 1.46% of homes (105 homes) are

unoccupied, but with 0.03% (2) of these being new homes awaiting their first let, 0.04% (3) of these being homes acquired on the open market to accommodate rough sleepers and awaiting works, 0.10% (7) unoccupied at Kingsway due to a fire and 0.14% (10) of these held vacant for demolition. Decisions to redevelop existing homes, requiring them to be vacated prior to demolition, causes a temporary increase in the void performance statistics, until the entire site is vacated, and the homes are formally removed from stock.

With the impact of irregular void transactions removed from the statistics, the void performance in general voids for 2020/21 would have been 1.02%. Although performance has worsened slightly during 2021/22 to date, with an average void loss of 1.16%, when irregular voids are removed, the budget bid to increase the number of multi-skilled operatives and a review of void processes are anticipated to reduce general void activity to the target level of 1% from 2023/24 onwards. As a result of this, it is recommended to amend the voids assumption for 2022/23 to 1.16%, before returning to the longer-term assumption of 1% from 2023/24 in this iteration of the business plan.

Rent Restructuring and Rent Levels

The authority lets wholly rented property on two differing rent levels, social rent and affordable rent, with the latter currently capped locally at the level of the March 2020 Local Housing Allowance, inflated annually by CPI plus 1%.

The Greater Cambridge Housing Strategy and associated Affordable Rents Policy, approved at Housing Scrutiny Committee in June 2021, sets out the objective to ensure that rents do not exceed 60% of market rent or the published Local Housing Allowance level, whichever is the lower. The Council will adhere to this policy when setting rents for homes in schemes in the HRA that secure planning approval after June 2021, unless any exception is relevant.

The average target 'rent restructured' rent at the start of 2021/22 across the general housing stock was £106.13, with the average actual rent charged being £102.60. By April 2021, 31.8% of the social rented housing stock was being charged at target rent levels, compared with 29.5% in April of the previous year. The loss of rental income that arises for the gap between actual and target rent levels in the general housing stock equates to an annual loss of income of approximately £1,232,500.

The authority has the ability to close the gap between target social rent and the actual rent being charged for a dwelling, only when a property becomes void, and actively continues to do this.

There were 465 new build rented and shared ownership properties charged at the higher 'affordable rent' levels, equivalent to the Local Housing Allowance at the end of October 2021.

Rent Policy

The local rent setting policy was last updated and approved in September 2017 and has been reviewed during 2021, with an updated policy presented at **Appendix M**. The updated policy takes into consideration the changes made as part of the Greater Cambridge Housing Strategy and associated Affordable Rents Policy and any impact on rents from changes in national housing legislation.

Rent Setting

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

From April 2022, the authority is required to increase rents by up to a maximum of CPI (at the rate in September 2021 of 3.1%) plus 1%, arriving at an overall increase of up to 4.1%. This is higher than was assumed when the HRA Medium Term Financial Strategy was published during September, where an increase of 3% was assumed. In the previous year, the opposite position was experienced, with a higher rent increase assumed in September 2020 that was ultimately imposed from April 2021.

Over the last 6 years, social rented tenants have received 4 years of 1% rent cuts, followed by increases of 2.7% and 1.5%, resulting in a total increase over 6 years of only 0.13%. In real terms, when you take account of the rate of inflation in September of each year, this represents a real-terms rent cut of 8.64%.

Implementing the rent increase of 4.1% will impact the HRA positively by approximately £430,000 per annum from April 2022. This will allow additional resource to help meet some of the key

objectives for the HRA, of building new homes with an increase in anticipated borrowing rates, whilst also allowing a small amount of additional borrowing to improve the sustainability of existing homes through retrofit. The resource will also help to offset some of the loss of rent income anticipated from April 2022 as a result of both delays in the handover of new build homes and faster than anticipated decant of homes identified for redevelopment.

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 a larger increased rent to find, but the authority will continue to provide financial and budgeting advice to those who require it and will work with tenants to ensure that they are claiming all financial assistance to which they are entitled.

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

Existing affordable rented homes will be subject to the same inflationary increase, but with the requirement for local authorities to have regard for the Local Housing Allowance. With the steep increase in the Local Housing Allowance from March 2020, annual inflationary increases are not expected to breach these levels in the short to medium-term. At re-let, the authority must ensure that the combined rent and service charges levied do not exceed 80% of the market rent for each dwelling.

As existing affordable rents are well below the current Local Housing Allowance, which is frozen again from April 2022, and is expected to be frozen up to and including April 2024, the combined rent and charges for all existing tenants in affordable rented homes will also increase by 4.1% from April 2022, as the cap on the increase linked to inflation will still be lower than the Local Housing Allowance.

New affordable rented homes, where planning was granted prior to the end of June 2021 will continue to be introduced at the inflated version of the original Local Housing Allowance level for 2020/21. For schemes that achieve planning approval from July 2021, rents will be set at 60% of market rent or the prevailing Local Housing Allowance, whichever is the lower, in line with the new Greater Cambridge Housing Strategy.

The table below includes details of what the inflated January 2020 Local Housing Allowance levels will be from April 2022, which will apply to existing affordable rented tenants.

| Property Size | 2020/21 LHA rate January 2020 | LHA rate March 2020, 2021 and 2022 | 2020/21 LHA rate inflated by 1.5% Used for 2021/22 | 2020/21 LHA rate inflated by 1.5% and 4.1% Used for 2022/23 |
|---------------|-------------------------------|------------------------------------|--|---|
| Shared Room | 81.89 | 97.00 | 83.12 | 86.53 |
| 1 Bed | 135.99 | 178.36 | 138.03 | 143.69 |
| 2 Bed | 156.40 | 195.62 | 158.75 | 165.26 |
| 3 Bed | 181.75 | 218.63 | 184.48 | 192.04 |
| 4 Bed | 242.43 | 299.18 | 246.07 | 256.16 |

Service Charges

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

In respect of social housing tenancies, service charges are separately identified on rent accounts, so that tenants can see what they are paying for alongside their core rent. For affordable rented homes, the tenant pays a total sum for rent and charges, which is capped at either the inflated March 2020 Local Housing Allowance level or 60% of market rent depending upon when the scheme received planning approval, making the breakdown less meaningful. We still provide the breakdown for tenants for transparency purposes, but the total rent and

property related service charges will always come back to the all-inclusive inflated Local Housing Allowance or 60% of market rent sum.

On some new build affordable rented sites, where the total payable by the tenant, including all service charges is capped at the inflated Local Housing Allowance level, the balance of income to the HRA after payment for services is not always sufficient to meet both the basic landlord costs and support repayment of the initial investment. This is particularly relevant in mixed tenure flatted accommodation where there are both internal and external communal areas, where open space and roads are not adopted and there is the need for the provision of more ancillary services, often managed by a third-party management company.

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

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

Other Sources of Income

Garages

The Housing Revenue Account currently owns 1,475 residential garages and 35 parking spaces and manages a further 16 garages and 6 parking spaces on behalf of the General Fund. A number of HRA garages and parking spaces are on sites being explored for potential demolition and re-development, and so this number may educe in the medium-term.

Of the garages available for letting, approximately 13.3% are currently void (compared to 12.8% at this time last year), but with a level of void loss in the year to date at the end of October 2021 of approximately 16% (compared to 16% at the same point last year). Void loss in 2021/22 to date has remained high, with a number of garage blocks in the process of being vacated for demolition and re-development. A garage block is not removed from the system until all of the garages have been vacated.

The proposed charges for garage and parking spaces for 2022/23, increased by the rate of inflation of 2% as assumed in the HRA Medium Term Financial Strategy, are as follows, with any existing tenants who are being phased up to full rent levels following the charging review conducted in 2017/18 having their rents increased by inflation plus £2.00 per week until the levels below are achieved:

| Category | Base Rent £ per rent week | VAT £ per rent week | Total Charge £ per rent week |
|--|--|------------------------------------|---|
| Parking Spaces in standard area (tenants only) | 7.63 | 0.00 | 7.63 |
| Parking Spaces in standard area (other city residents) | 7.63 | 1.53 | 9.16 |
| Garage in standard area (tenants only) | 9.82 | 0.00 | 9.82 |
| Garage in standard area (tenants storage use) | 9.82 | 1.96 | 11.78 |
| Garage in standard area (other city residents) | 9.82 | 1.96 | 11.78 |
| Garage or Parking Space in high value / high demand area (tenants only) | 18.73 | 0.00 | 18.73 |
| Garage in high value / high demand area (tenants storage use) | 18.73 | 3.75 | 22.48 |
| Garage or Parking Space in high value / high demand area (other city residents) | 18.73 | 3.75 | 22.48 |
| Resident's Parking Permit (new schemes) | | VAT applies | 52.00 |
| Resident's Parking Permit * | | VAT applies | 20.00 |
| Visitor's Parking Permit | | VAT applies | 20.00 |
| Replacement Parking Permit | | VAT applies | 10.00 |
| * 50% discount for vehicles with CO2 emissions under 75g/km (resident parking permits only) | | | |
| A £5.00 premium is added to all base rates above when rented for non-city resident, commuter, business or commercial use | | | |
| Parking Space - Non-City Resident / Commuter or Business / Commercial use | 12.63 | 2.53 | 15.16 |
| Garage in standard area - Non-City Resident / Commuter or Business / Commercial use in standard area | 14.82 | 2.96 | 17.78 |

| | | | |
|---|-------|------|-------|
| Garage in high value / high demand area - Non-City Resident / Commuter or Business / Commercial use in high value / high demand area | 23.73 | 4.75 | 28.48 |
|---|-------|------|-------|

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

Commercial Property

The level of rental income from commercial property is dependent upon the timing of lease renewals for the small portfolio of shops and other business premises that are owned by the HRA. In 2022/23 the income generated by the commercial property portfolio is anticipated to be in the region of £476,000.

General occupation of the HRA commercial property portfolio has historically been good, with vacant shop units usually re-let within reasonable timescales. Rent reviews have proved challenging in recent times due to the coronavirus pandemic, but assumptions are now being made that these can be achieved again.

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 remain very low, but with the prospect of an increase in the Bank of England base rate in the coming months expected to improve this marginally. The HRA benefits only from the lower risk, and therefore lower return areas of Council investment.

The rate that the HRA can earn on investments, recognising the low risk nature of their investments, has been retained at 0.6% from 2022/23 onwards as part of this iteration of the HRA Business Plan.

Other External Funding

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

- Devolution Grant – The authority received grant as part of the Devolution Agreement with Government and the Combined Authority, totalling £70,000,000 over a 5 year period, with some of this resource still retained and being actively applied to schemes to deliver the 500 homes agreed.
- Support Funding – Funding of £183,600 per annum for tenure neutral support to be provided to older people across the city is contracted up to April 2022, with the potential for an extension to September 2022 whilst the County Council re-procure the service. The service is assumed to be ongoing until the authority is clear on the County Council's long-term position.
- Homes England Grant Funding – The authority is actively bidding through the continuous market engagement process, in an attempt to secure grant funding for the majority of new build schemes.
- European Regional Development Fund (ERDF) Grant through Eastern New Energy - The authority is actively bidding for grant funding to deliver pilot net zero carbon new build homes.
- Section 106 Funding – The HRA can benefit from the ability to invest sums received for affordable housing through Section 106 Agreements on development sites across the city, although these sums often come with both time and investment criteria constraints

Earmarked & Specific Funds

Earmarked Funds – Revenue Reserves

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

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

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

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

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

Earmarked Funds – Capital Receipts

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

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

Section 4

Housing Revenue Account Budget

Revised Budget 2021/22

The Housing Revenue Account revenue budget for the current year was amended as part of the HRA Medium Term Financial Strategy in September 2021, taking account of any major changes.

As part of this HRA Budget Setting Report, any major unavoidable pressure or material change in income for the year is again recognised, alongside the impact in revenue terms of the need to revisit funding requirements for the Housing Capital Investment Plan in 2021/22 following re-phasing of the programme. Re-phasing of the new build capital programme results in a reduction in rent income and impacts the bad debt provision and interest receipts. Depreciation is anticipated to be lower for 2021/22 on the assumption that a review of remaining asset lives will extend the lives of the housing stock, when investment over the last 5 years is recognised. A net change of £262,870 in the 2020/21 HRA budget is identified, as summarised in the table below.

| 2021/22 Revised Budget | Original Budget January 2021 £ | HRA MTFS September 2021 £ | HRA BSR Proposed Changes £ | HRA BSR January 2022 £ |
|--|---|--|---|---------------------------------------|
| Net HRA Use of / (Contribution to) Reserves | 6,397,400 | 14,362,290 | | |
| Savings / Increased Income | | | 0 | |
| Unavoidable Revenue Bids / Reduced Income | | | 84,810 | |
| Non-Cash Limit Adjustments (net) | | | (347,680) | |
| Revised Net HRA Use of / (Contribution to) Reserves | | | | 14,099,420 |
| Variation on previously reported projection | | | | (262,870) |

The above figures include carry forward approvals from 2020/21 in the second column, in addition to changes approved as part of the Medium Term Financial Strategy in September 2021, with any net revenue impact identified in the current year, as part of the January 2022 committee cycle, incorporated in the right-hand column. The net reduction in costs and reduction in income for 2021/22 will result in a reduced call on Housing Revenue Account reserves for the current year, when compared to that anticipated in the HRA Medium Term Financial Strategy. Details are provided in **Appendix D (1)**.

Overall Budget Position - 2022/23 onwards

Overall Budget Position

The overall revenue budget position for the Housing Revenue Account is summarised in the table below and at **Appendix J**, with detail for the period to 2026/27 provided in **Appendix D (2)**:

| Targets Set | 2021/22 £ | 2022/23 £ | 2023/24 £ | 2024/25 £ | 2025/26 £ | 2026/27 £ |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Efficiency Savings | 0 | (147,000) | (147,000) | (147,000) | (147,000) | (147,000) |
| Strategic Investment Fund | 0 | 147,000 | 147,000 | 147,000 | 147,000 | 147,000 |
| Net Change Required | 0 | 0 | 0 | 0 | 0 | 0 |

| Summary of Proposals | 2021/22 £ | 2022/23 £ | 2023/24 £ | 2024/25 £ | 2025/26 £ | 2026/27 £ |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|

| | | | | | | |
|--------------------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Unavoidable Revenue Bids | 0 | 280,140 | 262,640 | 262,640 | 262,640 | 262,640 |
| Reduced Income Proposals | 84,810 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Unavoidable | 84,810 | 290,140 | 272,640 | 272,640 | 272,640 | 272,640 |

| | | | | | | |
|----------------------------|----------|------------------|------------------|------------------|------------------|------------------|
| Savings Proposals | 0 | (300,980) | (233,020) | (233,020) | (233,020) | (233,020) |
| Increased Income Proposals | 0 | (214,990) | (194,550) | (198,450) | (203,500) | (341,780) |
| Bids | 0 | 99,780 | 99,780 | 99,780 | 99,780 | 99,780 |
| Discretionary | 0 | (416,190) | (327,790) | (331,690) | (336,740) | (475,020) |
| | | | | | | |

| | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Non-Cash Limit Adjustments | (347,680) | 99,430 | 144,860 | (69,810) | 5,510 | 235,160 |
| Total Revenue Proposals | (262,870) | (26,620) | 89,710 | (128,230) | (58,5970) | 32,780 |
| Under / (Over) Achievement against Target | (262,870) | (26,620) | 89,710 | (128,230) | (58,590) | 32,780 |
| Cumulative Under / (Over) Achievement against Target | (262,870) | (289,490) | (199,780) | (328,010) | (386,600) | (353,820) |

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 2022/23 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 2022/23 there is a cash limit adjustment to recognise that the funding for a bid for employing two additional multi-skilled operatives is already built into the overall finances for the HRA and so will not affect the bottom line. There are also non-cash limit adjustments in respect of depreciation, interest received based upon the latest balances and rate assumptions, in the required contribution to the bad debt provision and in Direct Revenue Financing of capital expenditure.

Performance against Net Savings Target

An efficiency savings target of £147,000 was included in the HRA forecasts for 2022/23 as part of the HRA Medium Term Financial Strategy approved in September 2021. The efficiency target was set in the context of the ability to deliver a balanced HRA budget, recognising the need to borrow to build new homes from 2022/23 and to maintain delivery of quality housing services whilst also allow resource for strategic reinvestment in new initiatives.

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

The savings and increased income that have been identified for 2022/23 are partially offset by the HRA reacting to unavoidable revenue pressures and reductions in income and considering strategic investment fund bids. The net position is an over-achievement against the targets set of £26,620 in 2022/23, moving to an under-achievement in 2023/24 of £89,710, an over-achievement in 2024/25 of £128,230 and in 2025/26 of £58,590, before moving to an ongoing under-achievement of £32,780 from 2026/27. Details of the net savings can be found in **Appendix D (2)**.

If approved on this basis, the budget proposals for 2022/23 onwards result in a net ongoing contribution from HRA reserves, at £32,780 per annum from 2026/27, which will ultimately adjust the borrowing requirement on the HRA for the delivery of 1,000 new homes.

Corporate costs and overheads have been reviewed again in line with the new basis agreed from 2021/22, to standardise the basis for apportioning overheads across the authority. The impact of the change in costs recharged between the General Fund and HRA has been quantified, with the financial impact of this incorporated into the Housing Revenue Account budget process. This may be subject to further change as the General Fund finalises its budget proposals, but any resulting changes will be built into the HRA as part of the 2022/23 Medium-Term Financial Strategy process.

Further efficiency targets have been incorporated from 2023/24 for four years, also at the level of £147,000 per annum. This will allow continued strategic re-investment at the same level each year, to be in a position to respond to challenges presented by changes in local and national housing and welfare policy and also in construction regulations.

Strategic Investment Fund

As part of the HRA Medium Term Financial Strategy, approved in September 2021, approval was given to retention of the Strategic Investment Fund at £147,000 per annum, to be directly offset by efficiency savings identified in the HRA each year, for the next 5 years.

Bids against this fund have been identified as part of the 2022/23 budget process, with the proposals detailed in **Appendix D (2)** and incorporated into the table above.

Transformation Fund

An ongoing budget of £120,000 per annum is still retained in the HRA to allow investment in service transformation projects, spend to save initiatives and to allow a quick response to in-year changes in legislation or major change in national housing policy. The fund can be allocated to one-off projects or to meet ongoing commitments, recognising that if committed on an ongoing basis, there will be less capacity in future years to respond to arising issues.

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

Section 5

Housing Capital Budget

Stock Condition and Decent Homes

The housing service reported achievement of decency in the housing stock as at 31 March 2021 at 96%, with 279 properties that were considered to be non-decent (in addition to 1,376 refusals).

Following a fundamental review of investment in the existing housing stock, an updated Asset Management Strategy was approved in September / October 2019. The outstanding, or in progress items on the Asset Management Action Plan, subject to funding bids when costs have been quantified in some cases, include:

| Initiative / Action | Current Status |
|--|--|
| Implement a new rolling programme of stock condition surveys so properties are inspected every five years | This commenced in 2019/20 but was on hold for much of 2020/21 due to COVID-19. Surveys have resumed in July 2021 and a new programme is under development that takes account of footpath surveys and new build properties |
| Continue the programme of structural surveys of flats blocks and implement survey programme for older flats and houses with structural concrete elements | In 2021/22 detailed surveys are being carried out at Hanover and Princess Court, flats / maisonettes in the South Arbury area and Fanshawe and Davy Road. These schemes have been delayed and amended as a result of questions surrounding the long-term future of some of these sites. A brief for works at Bermuda Terrace flats is being developed. |

| | |
|---|---|
| Reduce the electrical inspection cycle to five years in line with best practice | This has been implemented from April 2021 and a transition plan is under way |
| Implementation of "Orchard Asset" asset management software – including development of the compliance and energy modules | Implementation project in progress with target completion by April 2022. |
| Develop a methodology which identifies high cost investment properties across the stock and calculates net present values – using new software in Orchard Asset | This will follow the implementation of Orchard Asset and the housing stock performance module. |
| Implement a programme of estate investment projects | Estate Investment Programme in progress over a 5-year period from April 2020 |
| Establish a programme of re-inspection of asbestos containing materials and implement a new asbestos register based within Orchard Asset | A new Risk and Compliance team is now in place to lead in this area, with an interim Risk and Compliance Manager and a fixed term Asbestos Officer in post. The new team are progressing this action |
| Implement an annual programme to inspect fire doors to flats and communal areas (including the replacement of non-compliant fire doors) | A fire door inspection programme was procured but this has now been cancelled due to poor performance. A new procurement is now underway, with survey work planned to complete by Spring 2022. There are 5,000 doors on the inspection schedule. If new fire door repair / replacement works are required as a result of these surveys, then details will be added to the MTFS report in Autumn 2022. |
| Review maintenance requirements for flat roofs and sheds replacement and repair | A programme has been identified and implemented from April 2021 |
| Develop a replacement programmes for lifts, door entry systems, communal entrance doors, fire systems, automatic doors, and communal lighting | Programmes of work have been implemented, and began in 2020/21 |

Following changes to fire risk regulations, dwellings continue to have heat and smoke detection upgrades and the Council expect complete the delivery of these works during 2022/23, following delays caused by the coronavirus pandemic and a level of no access into properties. There are a significant number of “no access” properties. Where there is “no access” then work will be added to future planned work programmes.

Following receipt of structural surveys and fire risk reports in respect of the blocks of flats at Kingsway, Princess and Hanover Court, a decision was taken to remove all gas supplied to these blocks, replacing both heating and cooking sources where gas was previously utilised by a small number of the residents, both tenants and leaseholders. At the time of writing, just two leaseholders have refused to allow access to have gas capped off and the Council is reviewing options including legal action as a last resort. Nineteen residents have gas heating systems that will need to be replaced with electric heating and all properties have been surveyed. New electric cookers have been ordered for all residents who had gas cookers.

As a result of the issues identified in respect of these specific blocks, and the investment required to future proof these buildings, a review of options has been carried out, and initial consultation with residents has taken place. The review has explored options to either refurbish or demolish and re-develop each of the schemes. The recommendations also inform decisions about short-term investment requirements.

As part of the HRA Medium Term Financial Strategy, £5,000,000 was ear-marked in 2022/23 to undertake fire compartmentalisation, and other fire safety works to these large flat blocks, should the works be required. The requirement for this investment has been reviewed as part of the consultation and options appraisal work being carried out in respect of the future of flats at Princess Court, Hanover Court and Kingsway. Initial recommendations, which are the subject of a separate report in this committee cycle, suggest that the authority should progress the potential redevelopment of Princess and Hanover Court initially, with Kingsway to be retained for the medium term, with recommendations for the future of this estate considered later. As a result of this recommendation, £1,200,000 has been retained in 2022/23 to undertake the required fire compartmentalisation works at Kingsway, with £650,000 re-phased into 2025/26 for further fire safety works there if required. The balance of funding has been removed from the programme at this stage.

We are continuing the programme of structural surveys of flat blocks in order to implement a programme of work for older flats and houses with structural concrete elements. Work programmes are approved at Hazelwood and Molewood Close, and a number of blocks of flats in the South Arbury Area. Structural surveys and investigations are planned at the Bermuda Terrace estate in 2022/23. As well as a programme of actual structural works, we are developing a programme of structural monitoring to check on blocks where structural works have been completed to ensure structural issues have not re-emerged. Procurement of this work is planned in early 2022. Again, as part of the proposal to move forward with the options appraisal work for the redevelopment of Princess and Hanover Court, funding of £780,000 incorporated for structural works to these blocks has been removed from the programme at this stage.

The Council remains fully committed to increasing energy efficiency, reducing the carbon footprint and improving sustainability across the asset portfolio, with the HRA stock representing a proportion of the portfolio.

Work is progressing well in respect of a pilot programme of works to 150 solid wall properties (1935 build type and 'D' rated) to improve them to a 'B' rating by undertaking external wall insulation and solar panels, with approximately 60 completed at the time of writing this report, and the remaining 90 expected to be complete by March 2022. There are in the region of 1,000 further homes that could benefit from this investment, subject to available resources. We continue to work towards the target of homes being at least 'C' rated by 2035 (2030 for fuel-poor homes).

Fielden and Mawson have now concluded their engagement to undertake a high-level analysis of 3 sustainability investment options, across 7 archetypes, for improving energy performance in the housing stock, with the data from their final report now included in the tables below. 521 non-traditional properties and hostels have been excluded as the costs to achieve the desired standards in these are considered unpredictable with a need to explore these separately.

Based upon the final Fielden and Mawson Report, the anticipated investment required, is between £365 million and £512m depending upon the option selected.

| Archetype | Description | Retrofit Plus | EnerPHit | Net Zero Carbon |
|-----------|--------------------------------------|---------------|-------------|-----------------|
| 1 | 2 Bed Maisonette | 18,240,040 | 24,136,840 | 22,134,840 |
| 2 | 1 Bed Low rise flat | 105,516,670 | 144,801,270 | 145,242,670 |
| 3 | 1 Bed Medium rise Flat | 43,724,710 | 63,416,810 | 57,643,210 |
| 4 | 1 Bed Post War Bungalow | 11,120,890 | 15,070,990 | 16,596,690 |
| 5 | 2 / 3 Bed Semi Pre 1945 | 103,052,220 | 146,309,820 | 151,266,420 |
| 6 | 2 / 3 Bed semi-detached Post 1945 | 74,481,050 | 105,088,050 | 105,329,050 |
| 7 | 2 Bed Terrace Pre 1945 | 8,988,840 | 12,006,440 | 13,367,640 |
| Total | | 365,124,420 | 510,830,220 | 511,580,520 |

The challenge facing the Housing Revenue Account remains how to finance this required level of expenditure by 2050. The HRA does not have sufficient resource to meet this commitment and either needs to secure external financial support in the form of grants or government funding or to consider borrowing. As highlighted previously, the HRA has a significant amount of borrowing planned to facilitate the delivery of new homes, but with the cost of new build borrowing met from the rental income from the new homes. This would not be expected to be the case in respect of borrowing to finance energy works in the existing housing stock, with the works not impacting the level of rent charged, or therefore the rental income.

Potential cost mitigations include:

- The ability to increase social rents in recognition of this investment, using the 5% flexibility that exists as part of the rent restructuring target rent formula, recognising this would only generate a fraction of the resource required to support the required borrowing, and would only be applicable at tenancy change.
- Exploration of implementing a 'comfort' charge as a service charge alongside the rent, recognising not only the investment being made by the landlord, but also the anticipated reduction in utility bills that will be realised by the tenant. However, to recover the average investment required to retrofit a property to Net Zero Carbon over a 30-year period, the authority would need to levy a weekly service charge of approximately £49.00, which would exceed any anticipated utility saving for the tenant.

- Exploration of the potential to lever in external finance, either from Central Government or through other national and local funding bodies.

Re- modelling the impact of borrowing to deliver each of the 3 options, using the costs in the final report are summarised in the table below. The further option to deliver Net Zero Carbon in only those properties in the above data set that have an assumed EPC 'D' rating has also been re-presented. Note that the excluded non-traditional properties are also likely to be 'D' rated.

| Energy Investment Option | Up-Front Investment | Total Increased Borrowing Required | Business Plan Impact |
|---|----------------------------|---|--|
| Retrofit Plus | 365,124,420 | 699,156,000 | Unable to set an HRA budget from Year 17, with borrowing required to pay interest on borrowing |
| EnerPHit | 510,830,220 | 887,401,000 | Unable to set an HRA budget from Year 8, with borrowing required to pay interest on borrowing |
| Net Zero Carbon | 511,580,520 | 888,288,000 | Unable to set an HRA budget from Year 8, with borrowing required to pay interest on borrowing |
| Net Zero Carbon – Assumed 'D' Rated Properties in above data only | 145,258,390 | 311,150,000 | Additional borrowing requirement over and above the initial investment of £166 million to allow delivery of existing commitments |

The authority is not able to finance achieving Net Zero Carbon in all of its traditional build homes, or even to tackle the 'D' rated traditional build homes in the first instance. The HRA is not in a position to borrow to fund this level of investment without a significant negative impact on the future of the HRA.

As part of this HRA Medium Term Financial Strategy a sum of £5,000,000 was approved in 2022/23 to allow a pilot programme of 50 homes to be retrofit to achieve as near to Net Zero Carbon as possible. This programme is being developed currently, with surveys underway. It is anticipated that a number of homes will be retrofit in one archetype to demonstrate whether costs efficiencies can be delivered, and individual homes will be retrofit in some of the other archetypes to demonstrate whether the estimated costs in the Fielden and Mawson report are realistic and achievable.

The programme will also provide a strong evidence base upon which to lobby government and other bodies, in an attempt to secure external investment and will allow further exploration of the potential to use the 5% flexibility in the rent restructuring formula and / or to introduce a 'comfort' charge for tenants. There is also a skills shortage in this industry currently, and the approach should also allow local providers to upskill their workforce.

New Build Affordable Housing

General Approach

The Council's approach to building new homes continues to develop, with both Passivhaus and Net Zero Carbon pilot schemes now approved. A report considered at Housing Scrutiny Committee in January 2021 set out a commitment to delivering sustainable homes, with an updated Sustainable Housing Design Guide. An Estate Regeneration Policy was also approved in September 2021.

New Build Schemes Completed – Devolution 500 Programme Onwards

At the time of writing this report 138 new homes had been completed since the beginning of 2018 as part of the Devolution 500 Programme, with a net gain of 107 council rented homes.

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

| Scheme | Date Completed | Total Social Housing / SO Units | Gain in Social Housing Units | External Funding Source | Percentage Social Housing on Site |
|-----------------------|-----------------------|--|-------------------------------------|---------------------------------|--|
| Uphall Road | February 2018 | 2 | 2 | RTB Receipts & Devolution Grant | 100% |
| Nuns Way/Cameron Road | September 2019 | 7 | 7 | RTB Receipts & Devolution Grant | 100% |
| Wiles Close | September 2019 | 3 | 3 | RTB Receipts & Devolution Grant | 100% |
| Ditchburn Place | September 2019 | 2 | 2 | RTB Receipts & Devolution Grant | 100% |
| Queensmeadow | June 2020 | 2 | 2 | RTB Receipts & Devolution Grant | 100% |
| Anstey Way | June 2020 | 56 | 29 | RTB Receipts & Devolution Grant | 100% |
| Colville Road Garages | July 2020 | 3 | 3 | RTB Receipts & Devolution Grant | 100% |
| Gunhild Way | July 2020 | 2 | 2 | RTB Receipts & Devolution Grant | 100% |
| Wulfstan Way | September 2020 | 3 | 3 | RTB Receipts & Devolution Grant | 100% |
| Markham Close | September 2020 | 5 | 5 | RTB Receipts & Devolution Grant | 100% |
| Mill Road | October 2020 | 4 | 4 | RTB Receipts & Devolution Grant | 50% |
| Ventress Close | February 2021 | 15 | 13 | RTB Receipts & Devolution Grant | 100% |
| Mill Road | May 2021 | 1 | 1 | RTB Receipts & Devolution Grant | 50% |
| Akeman Street | May 2021 | 14 | 12 | RTB Receipts & Devolution Grant | 100% |

| Scheme | Date Completed | Total Social Housing / SO Units | Gain in Social Housing Units | External Funding Source | Percentage Social Housing on Site |
|---------------|----------------|---------------------------------|------------------------------|---------------------------------|-----------------------------------|
| Cromwell Road | October 2021 | 4 | 4 | RTB Receipts & Devolution Grant | 40% |
| Mill Road | October 2021 | 15 | 15 | RTB Receipts & Devolution Grant | 50% |
| Total | | 138 | 107 | | |

New Build Schemes On Site – Devolution 500 Programme

Sites where work is in progress in respect of the 500 Programme are summarised in the table below, with details of the latest anticipated costs and number of units that will be delivered on each site once complete:

| Scheme | Approved Indicative Social Housing Units | Gain in Affordable Housing Units | Latest Budget Approved / for Approval | RTB Receipt / Sales Receipt Funding | Devolution Grant / S106 Funding | Net Capital Cost to the HRA |
|--------------------|--|----------------------------------|---------------------------------------|-------------------------------------|---------------------------------|-----------------------------|
| Mill Road | 98 (20 taken) | 98 (20 taken) | 24,965,630 | (7,489,690) | (17,475,940) | 0 |
| Kingsway | 4 | 4 | 554,000 | (166,200) | 0 | 387,800 |
| Cromwell Road | 114 (4 taken) | 114 (4 taken) | 24,865,800 | (5,997,920) | (17,141,400) | 1,726,470 |
| Colville Road II | 67 | 47 | 14,467,580 | (2,743,430) | (6,343,880) | 5,380,270 |
| Meadows and Buchan | 106 | 106 | 25,929,000 | (7,778,700) | (8,626,120) | 9,524,180 |
| Campkin Road | 75 | 50 | 18,063,260 | (3,243,930) | (7,949,970) | 6,869,360 |
| Total | 464 | 419 | | | | |

New Build Schemes On Site – New 1,000 Homes Programme

Sites where work is in progress in respect of the New 1,000 Homes Programme are summarised in the table below, with details of the latest anticipated costs and number of units that will be delivered on each site once complete:

| Scheme | Approved Indicative Social Housing Units | Gain in Affordable Housing Units | Latest Budget Approved / for Approval | RTB Receipt / Sales Receipt Funding | Homes England Grant | Net Capital Cost to the HRA |
|--------------|--|----------------------------------|---------------------------------------|-------------------------------------|---------------------|-----------------------------|
| Histon Road | 10 | 10 | 1,978,000 | (224,680) | 0 | 1,753,320 |
| L2 | 30 | 30 | 6,207,000 | (620,700) | 0 | 5,586,300 |
| Total | 40 | 40 | | | | |

New Build Schemes in the Pipeline- Devolution 500 Programme

There are two small sites in the 500 Programme, which have scheme specific approval, but at the time of writing this report, were not on site. They are both HRA sites where the intention is for the HRA to deliver affordable housing. The site at Clerk Maxwell, where the HRA will acquire the affordable homes from Hill is also delayed, and yet to formally start on site for the affordable housing element. The table 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.

| Scheme | Approved Indicative Affordable Housing Units | Gain in Affordable Housing Units | Latest Budget for Approval | RTB Receipt and Sales Receipt Funding | Devolution Grant / Section 106 Funding / Assumed Homes England Grant | Net Capital Cost to the HRA |
|--------------------|--|----------------------------------|----------------------------|---------------------------------------|--|-----------------------------|
| Tedder Way | 1 | 1 | 506,000 | (151,800) | 0 | 354,200 |
| Kendal Way | 1 | 1 | 524,000 | (157,200) | 0 | 366,800 |
| Clerk Maxwell Road | 14 | 14 | 3,046,760 | (914,030) | (2,132,730) | 0 |
| Total | 16 | 16 | | | | |

New Build Schemes in the Pipeline- New 1,000 Homes Programme

The table 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. The latest budget approvals for sites identified for transfer to CIP are based upon the most recent cost estimates provided by CIP but will not be finalised until the Affordable Housing Agreement or design and build contract is entered into.

| Scheme | Approved / Indicative Affordable Housing Units | Gain in Affordable Housing Units | Latest Budget for Approval | RTB Receipt and Sales Receipt Funding | Assumed Homes England / ERDF Grant | Net Capital Cost to the HRA |
|--------------------|--|----------------------------------|----------------------------|---------------------------------------|------------------------------------|-----------------------------|
| Colville Road III | 48 | 32 | 12,649,000 | 0 | (3,200,000)* | 9,449,000 |
| Fen Road | 12 | 12 | 3,931,000 | 0 | (1,200,000)* | 2,731,000 |
| Ditton Fields | 6 | 6 | 2,061,000 | 0 | (600,000)* | 1,461,000 |
| Aragon Close | 7 | 7 | 1,988,000 | 0 | (700,000)* | 1,288,000 |
| Sackville Close | 7 | 7 | 1,988,000 | 0 | (700,000)* | 1,288,000 |
| Borrowdale | 3 | 3 | 914,000 | 0 | (300,000)* | 614,000 |
| Aylesborough Close | 70 | 37 | 19,030,000 | 0 | (3,700,000)* | 15,330,000 |
| St Thomas's Road | 8 | 8 | 2,105,000 | 0 | (800,000)* (141,000)** | 1,164,000 |
| Paget Road | 7 | 7 | 1,842,000 | 0 | (700,000)* (124,000)** | 1,018,000 |
| Total | 168 | 119 | | | | |

*Homes England Grant is assumed at £100,000 per unit in line with the 1,000 Homes Programme strategic partnership bid assumptions, assuming CME bids will be submitted instead.

** Assumed European Regional Development Fund (ERDF) Grant through Eastern New Energy to build to Net Zero Carbon, with Passivhaus to be delivered if grant bid is unsuccessful.

Where either the budgets, or the number of units planned for delivery, for specific schemes are being proposed for amendment as part of this Budget Setting Report the original approval level and number of units anticipated is compared to the revised budget and number of units

included as part of this report is summarised in the table below. This incorporates the latest cost estimates for the current number of units being proposed on each site and the latest contract values.

The scheme at Colville III has suffered increased costs due to labour and materials shortages and resulting price increases, the need to pile the site due to ground conditions and an increase in the costs of air source heat pumps. The Passivhaus schemes at Fen Road, Ditton Fields, Aragon Close, Sackville Close and Borrowdale all require additional budget based upon the latest cost estimates, for similar reasons as at Colville III. The number of units anticipated to be deliverable at Aylesborough Close has reduced by 2, but the budget has been retained in full to offset labour and materials price increases.

| Scheme | Previous Budget Approval | Original Estimated Units | Latest Budget Approval Request | Revised Estimated Units |
|--------------------|---------------------------------|---------------------------------|---------------------------------------|--------------------------------|
| Colville III | 11,780,000 | 48 | 12,649,000 | 48 |
| Aylesborough Close | 19,030,000 | 72 | 19,030,000 | 70 |
| Fen Road | 3,658,000 | 12 | 3,931,000 | 12 |
| Ditton Fields | 1,918,000 | 6 | 2,061,000 | 6 |
| Aragon Close | 1,850,000 | 7 | 1,988,000 | 7 |
| Sackville Close | 1,850,000 | 7 | 1,988,000 | 7 |
| Borrowdale | 875,000 | 3 | 914,000 | 3 |

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

| Scheme | Site Type | Status | Potential New Build Units |
|---------------|------------------|-------------------|----------------------------------|
| Tedder Way | In-fill | Pre-planning | 1 |
| Kendal Way | In-fill | Pre-planning | 1 |
| Clerk Maxwell | Section 106 | Planning approved | 14 |

| Scheme | Site Type | Status | Potential New Build Units |
|--------------------------|----------------------|--------------------|----------------------------------|
| Colville Road III | Existing HRA Housing | Planning submitted | 48 |
| Fen Road | Land Acquisition | Planning approved | 12 |
| Ditton Fields | Land Acquisition | Planning submitted | 6 |
| Aragon Close | Existing HRA Garages | Pre-planning | 7 |
| Sackville Close | Existing HRA Garages | Pre-planning | 7 |
| Borrowdale | Existing HRA Garages | Planning approved | 3 |
| Aylesborough Close | Existing HRA Housing | Feasibility Stage | 70 |
| St Thomas's Road | Existing HRA Garages | Feasibility Stage | 8 |
| Paget Road | Existing HRA Garages | Feasibility Stage | 7 |
| Princess / Hanover Court | Existing HRA Housing | Land Assembly Only | TBC |

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

Tedder Way

This scheme now anticipates delivering a single, very large, mobility adapted dwelling on the site to meet an identified need on the housing register. The ability to proceed is now subject to securing planning approval, which is now anticipated to be submitted in December 2021.

Kendal Way

This scheme now anticipates delivering a single, very large, mobility adapted dwelling on the site to meet an identified need on the housing register. The ability to proceed is now subject to

both resolving a historic boundary dispute and securing planning approval. A planning application is expected to be submitted by January 2022.

Clerk Maxwell

The authority will acquire 14 affordable homes from Hill Residential, on a site where planning approval has been granted. The scheme budget includes resource to improve the specification above that approved through the planning process. Work on the affordable housing will commence as soon as the authority enters into contract which is anticipated by January 2022.

Colville Road III

This site comprises 16 HRA properties, 2 leasehold flats and 4 shops. The proposed development will deliver 48 new or replacement homes alongside the re-provision of the commercial space. At the time of writing this report 15 tenanted households had been relocated and 1 leasehold flat had been re-acquired, leaving 1 tenant and 1 leaseholder still to relocate, with a compulsory purchase order now issued in respect of the leasehold dwelling.

The commercial property that currently exists on the site of the Colville Road III development is held in the Council's General Fund, with the benefit of the rental income also being recorded there. The budget for the commercial aspects of the development is held within the General Fund Capital Plan, with the residential element budgeted for in the HRA, using the latest indicative scheme costs, which have increased since the scheme was given approval.

Fen Road

This site was acquired by the HRA in 2020/21. The scheme will result in the demolition of two derelict existing buildings which previously provided shared accommodation replacing them with an anticipated 12 new homes, two of which will be larger wheelchair accessible homes. The scheme has now been granted planning approval, with start on site anticipated in February 2022.

Ditton Fields

This site was acquired by the HRA in 2020/21 and is a garden in-fill site. The scheme will provide 6 new homes, with planning approval granted in October 2021 and start on site anticipated in February 2022.

Borrowdale

The site at Borrowdale is an existing HRA garage site, where an anticipated 3 new homes can be provided. Planning approval was granted in November 2021, with anticipated start on site in March 2022.

Aragon Close and Sackville Close

The two sites at Aragon Close and Sackville Close comprise existing HRA garage and parking bay provision, with an anticipated 14 new homes to be provided across both sites. Planning submission is anticipated in December 2021.

Aylesborough Close

This scheme comprises the redevelopment of 33 existing tenanted and 3 leasehold properties, to deliver a provisional 72 new homes, depending upon the final mix decided for the planning submission. This scheme, which is part of a Passivhaus for flats pilot project, will be submitted for planning in March 2022.

St Thomas's Road

This is an existing HRA garage and in-fill site, which involves the demolition of 20 garages, with a view to delivering at least 8 homes and the re-provision of public amenity space on the site, will be part of a net zero carbon pilot project subject to a successful ERDF grant bid, and is anticipated to be submitted for planning in March 2022.

Paget Road

This is an existing HRA garage and in-fill site, which involves the demolition of 34 garages, with a view to delivering at least 7 homes on the site, will be part of a net zero carbon pilot project and is anticipated to be submitted for planning in March 2022.

Princess and Hanover Court

In line with a separate report being presented as part of this committee cycle, and following a process of options appraisal and resident consultation, this iteration of the HRA business plan includes approval for the use of resource to buy back leasehold dwellings and re-locate all tenants in both Princess Court and Hanover Court. Sufficient funding to facilitate this already exists in the HRA Business Plan as part of the assumptions for the delivery of the 1,000 homes programme but the use of it will be brought forward significantly as part of this report. The funding has been incorporated over a two-year period, 2022/23 and 2023/24 so that the site can be vacated in stages. Options for the future redevelopment of the site will be brought back to a future Housing Scrutiny Committee once all of the feasibility work and options appraisals have been concluded. The timing of funding for the vacation of the scheme has been brought forward to coincide with the availability of new homes at both Mill Road and Cromwell Road, to ensure that residents have options to relocate in the surrounding area, should this be their preference. Buy backs and relocation of tenants will commence in advance of the final decision for the future of the estate, by agreement with the residents only.

General Fund Sites

Where any General Fund sites are taken forward for development with the potential for the HRA to acquire the affordable homes, there is the need to consider the impact of the transfer of land between the General Fund and the HRA and any resulting impact of the HRA Capital Financing Requirement. Legislatively, any increase in this results in increased interest costs to the HRA. If General Fund sites are built out by the Cambridge Investment Partnership, with the intention of the Council being to exercise the break clause in a lease in order to acquire the affordable homes, it is considered necessary for this land to be appropriated between the General Fund and the HRA at market value, taking account of the intended use for the site, prior to lease to the Cambridge Investment Partnership.

1,000 Homes New Build Programme

The current key assumptions now made in respect of the 1,000 homes programme are:

- 1,000 net additional council rented homes delivered over 10 years from 2022.

- To deliver 800 initial net new council rented homes, 1,091 gross rented homes will be delivered in the first phase with other tenures where required (current assumption is that we will also build 75 shared ownership homes, 625 rent to buy homes and 450 market homes)
- Rent to buy homes would be purchased by a wholly owned council company, which would need registered provider status.
- Shared ownership homes could be sold to another registered provider with more experience in this market, but alternative options include retention in the HRA or purchase by the wholly owned council company.
- The balance of 200 net new homes would be delivered in a second phase.
- A range of delivery routes may be adopted, Joint Venture, Section 106, land led schemes, existing HRA sites or off the shelf purchases.
- A build cost of £2,950 per square metre, which assumes building to Passivhaus standards, by allowing a £500 uplift per square metre on the standard rate of £2,450, has been assumed for all sites where building to Passivhaus is considered feasible.
- A land acquisition costs for land led schemes of £65,000 per plot.
- Net new homes and 50% of re-provided homes are all let at council affordable rent levels using 60% of market rent (or the Local Housing Allowance if lower) in line with policy approved at Housing Scrutiny Committee in June 2021
- 50% of the number of rented homes demolished on existing HRA sites are all totalled, with this number of new homes assumed to be let at target social rents, allowing an assumed proportion of residents to return after redevelopment.
- Homes England grant of £100,000 per unit across all affordable tenures (except L2).
- Retained right to buy receipts continue to be available for re-investment but can't be appropriately reinvested in addition to Homes England Grant, and instead would be utilised for any site where grant was not awarded.
- Borrowing has been assumed at 2.5%, based upon Link (treasury advisors) projections of the PWLB rate for the medium term, at the time of writing this report.
- Delivery of 800 phase one net council rented homes assumes the need to demolish and re-provide 291 existing properties as part of site regeneration schemes, delivering a total of 1,091 rented homes.
- Investment profile is spread across the 10-year programme based upon indicative schemes incorporated into the strategic partnership grant bid for years 1 to 5.

- Annual servicing and maintenance costs have been increased by £130 per unit, recognising the need to maintain solar pv installations and a mechanical ventilation with heat recovery (MVHR) unit in each dwelling.
- Future replacement costs have been increased by an average of £457 per annum to allow for the replacement of the additional components required to deliver a Passivhaus dwelling.

This currently requires an estimated £347,000,000 of borrowing over the life of the plan.

Sites and schemes are brought forward for formal consideration and approval individually as opportunities arise.

Taking into consideration site constraints and the delivery vehicle adopted for each scheme as it is identified for inclusion in the programme, different recommendations may be made in respect of tenure mix and sustainability standards. The option currently incorporated into the plan assumes new homes will be built to Passivhaus standard wherever possible, but there is a commitment to move towards zero-carbon during the life of the programme, where it is feasible and viable to do so.

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

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

The HRA needs to undertake a review of borrowing options in the coming months. Currently, the PWLB is offering reduced rates for lending to local authorities, but this rate may change before the end of the 1,000 programme. The authority will explore other borrowing routes to ensure that borrowing decisions are made with the benefit of comprehensive market information.

The resource ear-marked in the business plan is reviewed and re-profiled as the programme develops, with borrowing options explored and decisions to be made as part of the Medium Term Financial Strategy or budget setting process for any year in which borrowing is deemed necessary. The first year that borrowing is currently anticipated is 2022/23, with the need to consider alternative options such as institutional investment or bond issuance during the coming year.

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

Asset Acquisitions & Disposals

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

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

In 2021/22, a number of strategic acquisitions or disposals have been completed or are in progress.

| Acquisition / Disposal | Comment | Status |
|------------------------|---|----------|
| Land at Queensmeadow | Purchase of a small land parcel in the south of the city | Complete |
| 2 Bed Flat | Purchase of a 2 bed flat in Abbey Ward for rough sleepers | Complete |
| 1 Bed Flat | Purchase of a 1 bed flat in the Trumpington Ward for rough sleepers | Complete |
| 2 Bed Flat | Purchase of a 2 bed flat in Cherry Hinton for rough sleepers | Complete |
| 2 Bed Flat | Purchase of a 2 bed flat in Abbey Ward for rough sleepers | Complete |

| Acquisition / Disposal | Comment | Status |
|---------------------------------------|---|---|
| 1 Bed Flat | Purchase of a 1 bed flat in the Cherry Hinton Ward for rough sleepers | Complete |
| 2 Bed Flat | Purchase of a 2 bed flat for potential future redevelopment | Complete |
| 1 Bed Flat | Purchase of a 1 bed flat for potential future redevelopment | Complete |
| 3 Bed Maisonette | Purchase of a 3 bed maisonette for potential future redevelopment | In progress |
| 1 Bed Flat | Purchase of a 1 bed flat in the Kings Hedges Ward for rough sleepers | In progress |
| 1 Bed Flat | Purchase of a 1 bed flat in the Arbury Ward for rough sleepers | In progress |
| 1 Bed Flat | Purchase of a 1 bed flat in the Coleridge Ward for rough sleepers | In progress |
| 6 further existing market dwellings * | Purchase of a further six 1 bed homes on the open market to house rough sleepers as part of the DLUHC Next Steps Programme, which now has DLUHC Grant funding approval. | Grant bid approved and acquisitions in progress |

Capital Bids, Savings and Re-Phasing

There is only one formal capital bid incorporated as part of the 2022/23 HRA Budget Setting Report, but there are also a number of areas of updated new build costs, budget re-allocation and re-phasing.

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

- Inclusion of a capital bid for £50,000 in 2022/23 to allow the purchase of a new Estate Services van, with the new vehicle anticipated to be an electric vehicle.
- Changes to new build budgets, where scheme specific approval is already in place, with an increase of £869,000 in respect of Colville III in recognition of increased contract (materials and labour) costs at the point of entering into contract, coupled with the need to pile the site.

- Changes to new build budgets, where scheme specific approval is already in place, with an increase of £273,000 in respect of Fen Road, £143,000 in respect of Ditton Fields, £138,000 in respect of both Aragon Close and Sackville Close and £39,000 in respect of Borrowdale in recognition of increased anticipated build costs due to market forces, site constraints, and location and size of each of the sites,
- Allocation of £8,888,000 of resource in 2022/23 and £5,664,000 in 2023/24 to allow the buy back of leasehold dwellings and the relocation of tenants at both Princess Court and Hanover Court.
- Removal of budgets of £780,000 in 2021/22, for structural works at Princess and Hanover Court.
- Reduction and re-allocation of budget for fire safety works in flat blocks, with the £5,000,000 budget in 2022/23, reduced to £1,200,000, with £650,000 re-phased into 2025/26.
- Re-phasing of budgets for decent homes works, and other capital works to the existing HRA stock, as identified in **Appendix E**
- Re-phasing of new build schemes as identified in **Appendix E**.
- Adjustment to the level of inflation held in the capital programme, recognising the anticipated increased in building costs in the medium-term.
- Adjustment to the level of resources held for future works to new build dwellings recognising the increased sustainability build standards and to meet the cost of inflation, as a result of the changes above.

Section 6

HRA Treasury Management

Background

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

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

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

A risk to the HRA's ability to borrow remains the Local Authority Investment Guidance which states that any authority making an investment that is classified as an 'investment asset primarily for yield', will not be able to access loans from the PWLB in the financial year in which it makes this investment. Local authorities need to submit a 3-year capital investment strategy to be able to borrow, and the Section 151 Officer needs to certify that none of the capital projects are classified as investments primarily for yield. Investment in housing, regeneration, preventative action (ie; buying an asset of community value) and treasury management (ie; re-financing existing debt) are acceptable, but investment for yield, such as investment in land or buildings to be let at market rates is prohibited. There is therefore the potential for any investment decisions made by the General Fund to detriment the HRA's ability to borrow from the PWLB in any given

year. This would not stop the HRA borrowing but would mean that an alternative lending source would need to be identified, with rates potentially not being as preferential.

HRA Borrowing

As at 1 April 2021, the Housing Revenue Account supported external borrowing of £213,572,000 in 20 maturity loans with the Public Works Loans Board (PWLB), with rates ranging between 3.46% and 3.53% depending upon the term of the loan. The loans have varying maturity dates, with the first £10,678,600 due to be repaid on 28th March 2038, and the last on 28th March 2057.

At April 2021, the external loans attributable to the HRA, were notionally reduced as part of the HRA Capital Financing Requirement by the sum of £4,917,608 in recognition of the balance of the land acquisition costs which the HRA met in respect of the land site at Cromwell Road. In the short term, the General Fund is required to pay the HRA annual interest on this sum, at a reasonable rate, as part of the Item 8 Debit or Credit to the HRA. Once the scheme is complete, and CIP has repaid the loan to the Council for land purchase, this arrangement will no longer exist, and the HRA will return to the previous position where there is a small sum of notional internal borrowing from the General Fund, with interest payable in the same way in return.

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

This iteration of the business plan assumes that the authority will re-invest all revenue resource that has been previously set-aside for potential debt redemption or re-investment, prior to undertaking the additional borrowing, currently estimated at £250,000,000 to deliver the 1,000 homes programme from 2022/23. Borrowing of a further £97,000,000 is required over the life of the plan, to ensure that new homes are maintained at Passivhaus standards and that the small ongoing programme of new homes continues to be delivered at this standard where possible.

The HRA financial forecasts assume that the initial borrowing requirement in 2022/23 is met by borrowing from the Public Works Loan Board (PWLB), assuming the reduced base rates for local

authority planned borrowing. Borrowing is assumed at 2.5% on an ongoing basis, using Link's medium-term projections.

Alternative borrowing routes will be explored during 2022/23 as the authority is required to borrow significantly greater sums, building on the work that has recently been done to secure funding for the Park Street project. Consideration will also be given to internal borrowing, inter-authority borrowing, market borrowing and bond issuance. All of these borrowing routes have been explored previously, but the preferential rates available from the PWLB mean that they have previously been ruled out.

The 2021/22 HRA Budget Setting Report does not review the potential sources of lending, types of borrowing, lengths of loans or alternative rates available for taking out any additional borrowing at this stage, with the current rate of PWLB lending of 2.50% being adopted as a default. Further review will need to be undertaken during 2022/23 before significant borrowing is undertaken.

Debt Repayment / Re-Investment

Set-Aside for Repayment of HRA Debt

The debt repayment strategy to date has been to set-aside resource to redeem 25% of the HRA self-financing debt from the point at which the loan portfolio begins to mature, in 2037/38. To retain flexibility, any surplus generated for future debt repayment, has not formally set-aside, but has instead held in an ear-marked reserve to allow for either repayment of debt or draw down for re-investment.

Any resource set-aside since April 2012 has incorporated for use by 2022/23 to fund the delivery of new homes, before the HRA begins to borrow further, with the assumption that the HRA will set-aside resource to redeem 25% of the HRA self-financing debt deferred until later years in the programme, when the rents from the new homes begin to deliver a surplus into the business plan.

Section 7

Summary and Overview

Equality Impact Assessment, Uncertainties and Risk

Equality Impact Assessment

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

As part of this Budget Setting Report, an Equality Impact Assessment has been undertaken in respect of all new 2022/23 HRA budget proposals, where any impact is anticipated. The assessment identifies the impact of a proposal, any mitigation available and includes an action plan detailing how negative impact can be addressed. The Equalities Impact Assessment for the overall HRA budget is included at **Appendix L**.

Risk Assessment

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

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

HRA Reserves

Housing Revenue Account General Reserves

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

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

Financial Assumptions and Sensitivity

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

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

Appendix I provides details of the key sensitivities modelled in the preparation of the HRA Budget Setting Report 2022/23.

Conclusion

Overview

The budget for 2022/23 seeks to achieve a balance in investment against current priorities:

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

There remains a very strong focus on the challenge to identify resource to allow improvement to the energy efficiency of the existing housing stock, whilst also ensuring that new build homes meet high energy efficiency standards. Progress in both of these areas can be made during 2022/23 with both Passivhaus and Net Zero Carbon pilot projects for new homes and funding identified for a pilot of 50 retrofits of existing stock. A longer-term programme needs to be developed and costed once the pilot activity is concluded.

Currently, the building trade is experiencing both materials and labour shortages, with delays and increased costs being experienced as a direct result.

The authority still awaits details of how the Housing White Paper will impact service delivery, with the Regulator of Social Housing currently developing the framework in which we will need to operate going forward, with a review of the decent home's standard, improved regulation and routine inspection of social housing providers all anticipated. The Fire Safety Act also increases the authority's responsibility in respect of fire safety and fire prevention in any property with two or more sets of domestic premises.

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

Conclusion Summary

Work undertaken as part of the 2022/23 budget process has resulted in the development of proposals for setting the budget for the Housing Revenue Account.

In January 2022 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 2021/22 to 2030/31 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 2022 will consider the final proposed Housing Capital Budget as identified in this report for approval.

Savings identified in the HRA from 2022/23 include removal of inflation in non-contractual areas of planned revenue maintenance and general management services, savings in the costs of temporary propping hire for blocks with structural issues as work is completed, savings in waste disposal costs with more efficient collection regimes, savings in pension costs and recharges from the General Fund for corporate and support services and a reduction in the budget for legionella testing to bring the budget in line with the contract value.

Increased income is anticipated from rents due to the level of CPI at September 2021, in service charges due to the number of properties in stock and the higher level of services being provided to new build homes, in commercial rent income as a result of the new units at Akeman Street and in fee income for services provided by HRA staff.

Savings and increased income are partially offset by unavoidable revenue pressures, predominantly due to increased costs of fire protection equipment and macerator servicing, electrical lighting maintenance, garden clearances, national insurance for all employees and ensuring CCTV statutory compliance. The need to identify resource to meet the difference between the level of inflation incorporated at 2% in the HRA Medium-Term Strategy and the latest prediction for 2022/23 of 3.7%, results in an additional revenue pressure item to ensure that contractual commitments can be met.

A reduction in emergency alarm income is anticipated due to declining customer numbers.

Any net saving delivered allows for the creation of a Strategic Investment Fund as approved in the HRA Medium Term Financial Strategy, with bids proposed to increase staffing in the Home Ownership Team and to employ 2 additional Multi-Skilled Operatives, initially to work as part of the Voids Team. The latter does not require new resource as it will be funded from the existing budget in the business plan that recognises an increase in the housing stock and therefore in associated costs.

There are non-cash limit adjustments to reflect the use of existing resource to fund the 2 Multi-Skilled Operatives, and also in respect of interest received, interest paid, the required contribution to the bad debt provision, which is linked to the anticipated rental income, in depreciation and in respect of direct revenue financing of capital expenditure, where this has been increased to mitigate the impact of the lower level of depreciation for 2022/23.

The overall position for the HRA by 2022/23 (including non-cash limit adjustments) is a cumulative over-achievement of £289,490, fluctuating in future years, but arriving at a cumulative over-achievement of £353,820 by 2026/27.

There is currently an assumption that efficiency savings of £147,000 per annum will be sought for a further 4 years, allowing the continuation of a corresponding Strategic Investment Fund for the same period. Effectively, any increase in revenue costs or investment in new revenue areas of priority will need to be funded through the identification of efficiency savings or increased income elsewhere across the service.

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

The HRA is making significant progress in delivering over 500 additional homes using Devolution Grant, with 107 additional homes handed over and a further 419 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 1,000 homes programme, with 40 homes on site at the time of writing this report.

The biggest single risk to the business plan currently is the assumption that the authority will be successful in securing Homes England Grant on a scheme by scheme basis, with assumptions that all but one of the 1,000 homes programme sites will have grant funding to allow them to proceed. If the authority is unsuccessful in securing grant, each scheme will need to be revisited before entering into contract to ensure that the HRA can borrow sufficient funds to proceed.

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

Any review of the need to identify savings in future years will need to consider not only sustaining a 30 year business plan, supporting borrowing and taking account of the impact of any emerging

housing legislation, but also considering the authorities commitment to the delivery of new build housing and aspiration to improve the sustainability standards of existing housing.

Business Planning Assumptions (Highlighting Changes)

| Key Area | Assumption | Comment | Status |
|---------------------------------------|---|---|----------|
| General Inflation (CPI) | 3.7%, 2.3%, then 2% ongoing | General inflation on expenditure included at 3.7% for 2022/23, 2.3% for 2023/24, then 2% ongoing, per Office of Budgetary Responsibility Forecasts October 2021. | Amended |
| Capital and Planned Repairs Inflation | CPI plus 1.35% | Based upon the mix of BCIS and CPI forecasts for next 5 years, using averages over this period. Reverts to CPI after 5 years. | Amended |
| Debt Repayment | Set-aside 25% to Repay Self-Financing Debt | Assumes surplus is re-invested in income generating assets, with 25% of resource set-aside to repay self-financing debt as loans reach maturity dates, pending review of the set-aside policy in conjunction with any borrowing considered. | Retained |
| Capital Investment | Partial Investment Standard | Base model assumes a partial investment standard in the housing stock, compared with a basic decent homes standard. | Retained |
| Pay Inflation | 1% Pay Progression & Pay Inflation at 2.5% for 2021/22 then 2% from 2022/23 | Assume allowance for increments at 1% and cost of living pay inflation at 2.5% for 2021/22, then 2% on an ongoing basis. | Retained |
| Employee Turnover | 3% | Employee budgets assume a 3% turnover, unless service area is a single employee, or is a shared service, externally recharged service or trading account. | Retained |
| Social Rent Review Inflation | CPI plus 1% for 3 years from 2022/23, then CPI plus 0.5% for 5 years | Rent increases of up to CPI plus 1% for 3 further years, reverting to inflation plus 0.5% for 5 years after this, then CPI. Assume CPI in preceding September is as above. | Retained |
| Affordable Rent Review Inflation | CPI plus 1% for 3 years from 2022/23, then CPI from 2025/26 | Existing affordable rents to be reviewed annually in line with CPI plus 1%, ensuring they don't breach the Local Housing Allowance, in which case the lower will apply. New affordable rents at 60% of market or Local Housing Allowance, whichever is lower. | Retained |

| Key Area | Assumption | Comment | Status |
|---|---|--|----------------|
| Rent Convergence | Voids Only | Ability to move to target rent achieved only through movement of void properties directly to target rent. | Retained |
| External Lending Interest Rate | 0.6% | Interest rates based on latest market projections, recognising that the HRA will benefit from low risk investments only | Retained |
| Internal Lending Interest Rate | 0.6% | Assume the same rate as anticipated can be earned on cash balances held, so as not to detriment either the HRA or the General Fund longer-term. | Retained |
| External Borrowing Interest Rate | 2.5% | Assumes additional borrowing using PWLB rates from October 2021. | Amended |
| Internal Borrowing Interest Rate | 2.5% | Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route. | Amended |
| HRA Minimum Balances | £2,000,000 | Maintain HRA minimum balance at £2,000,000, pending a review once the business plan and asset investment strategy has been fully reviewed. | Retained |
| HRA Target Balances | £3,000,000 | Maintain HRA target balance at £3,000,000, pending a review once the business plan and asset investment strategy has been fully reviewed. | Retained |
| Right to Buy Sales | 25 sales ongoing | Assume 25 sales annually ongoing. | Retained |
| Right to Buy Receipts | Settlement right to buy and assumed one-for-one receipts included | Debt settlement receipts included, assuming the receipts utilised partly for general fund housing purposes. Anticipated one-for-one receipts included, and ear-marked for direct new build spend. Debt repayment proportion assumed to be set-aside. | Retained |
| Void Rates | 1.32% for 2021/22, 1.16% for 2022/23, then 1% ongoing | Assume increased void rate of 1.32% for 2021/22 and 1.16% for 2022/23, then ongoing void rate of 1% from 2023/24, recognising recent standard void performance. | Amended |
| Bad Debts | 1.5% from 2022/23 ongoing | Bad debt 1.5% ongoing reflecting the requirement to collect 100% of rent directly through Universal Credit. | Retained |
| Savings Target | £147,000 (4% of general and repairs administrative expenditure) | Retain an efficiency target of £147,000 from 2022/23 for 5 years. Allows strategic reinvestment or alternatively a response to pressure from national housing policy change. | Retained |

| Key Area | Assumption | Comment | Status |
|--------------------------------|------------------------------------|--|----------|
| Responsive Repairs Expenditure | Adjusted pro rata to stock changes | An assumption is made that direct responsive repair expenditure is adjusted annually in line with any change in stock numbers. | Retained |
| Strategic Investment Fund | £147,000 | Housing Strategic Investment Fund included from 2022/23 for 5 years at the same value as the savings target. | Retained |

Service Charges

Appendix B

| Charge Description | Range of Charges 2021/22 | Charge Basis | Charges 2022/23 |
|-------------------------------------|-----------------------------|--------------|-----------------|
| General Stock | | | |
| Caretaking Charge | £3.78 to £4.70 | Per Week | A |
| Building Cleaning | £0.31 to £6.20 | Per Week | A |
| Window Cleaning | £0.01 to £0.55 | Per Week | A |
| Estate Services Champion | £0.16 to £0.47 | Per Week | A |
| Door Entry | £0.04 to £2.37 | Per Week | A / B |
| Passenger Lifts | £0.22 to £0.89 | Per Week | A / B |
| Gas Maintenance / Servicing | £0.48 to £2.14 | Per Week | A / B |
| Digital TV Aerial Charge | £0.09 to £0.30 | Per Week | A |
| Grounds Maintenance | £0.02 to £4.93 | Per Week | A / B |
| Communal Electricity | £0.12 to £3.43 | Per Week | A / B |
| Community Alarm Charge | £3.42 | Per Week | C |
| Third Party Service Charge | £11.76 to £31.20 | Per Week | A |
| Disabled Adaptation Charge | £3.22 to £6.35 | Per Week | A |
| Dropped Kerb Charge | £0.05 to £1.08 | Per Week | Frozen |
| General Sheltered Schemes | | | |
| Premises Charge | £0.97 to £31.94 | Per Week | A |
| Communal Heating / Lighting | £2.42 to £6.22 | Per Week | A |
| Individual Heating / Lighting | £3.86 to £14.72 | Per Week | A |
| Water | £2.02 to £3.12 | Per Week | A |
| Grounds Maintenance | £0.27 to £2.62 | Per Week | A |
| Electrical / Mechanical Maintenance | £0.36 to £4.89 | Per Week | B |
| Sheltered Support Charge | £5.63 to £6.94 | Per Week | C |
| Alarm Charge | £0.78 | Per Week | A |
| Landlord Emergency Contact | £0.80 | Per Week | A |

| | | | |
|---|--|-------------|---|
| Sheltered Hall Hire | £10.00 (M - F) £20.00 (Sat/Sun) £5.45 (Reduced)** | Per Hour | £10.00 (M - F) £20.00 (Sat/Sun) £5.45 (Reduced)** |
| **Reduced hourly rate for events which CCC sheltered residents can attend | | | |
| Ditchburn Place | | | |
| Premises Charge | £0.87 to £41.68 | Per Week | A |
| Flat Cleaning / Laundry Charge | £31.70 | Per Week | A |
| Communal Heating / Lighting | £0.66 to £4.41 | Per Week | A |
| Individual Heating / Lighting | £6.15 to £11.29 | Per Week | A |
| Water | £2.87 | Per Week | A |
| Catering | £123.54 | Per Week | A |
| Grounds Maintenance | £2.02 | Per Week | A |
| Electrical / Mechanical Maintenance | £2.80 | Per Week | B |
| Sheltered Support Charge | £6.94 | Per Week | C |
| Alarm Charge | £0.78 | Per Week | A |
| Landlord Emergency Contact | £0.80 | Per Week | A |
| Launderette – Wash / Dry / Iron | £9.00 | Per Load | £9.00 |
| Cleaning | £9.00 | Per 30 Mins | £9.00 |
| Temporary Accommodation | | | |
| Premises Charge | £25.65 to £52.43 | Per Week | A |
| Individual Heating / Lighting | £13.89 to £29.52 | Per Week | A |
| Water | £7.96 to £11.94 | Per Week | A |
| Grounds Maintenance | £0.19 to £1.97 | Per Week | A |
| Electrical / Mechanical Maintenance | £0.27 to £6.64 | Per Week | B |
| Independent Living Services | | | |
| Private Lifelines - In City | £3.42 | Per Week | £3.42 |
| Keysafe / Keyholding Charge | £3.34 | Per Quarter | £3.34 |
| Monitoring Charge | £0.40 | Per Week | £0.40 |
| Leasehold Charges for Services | | | |

| | | | |
|--|--------------------|-------------|--------------------|
| Solicitors' pre-sale enquiries | £150.00 | Per Request | £150.00 |
| Copy of lease / Document provision | £30.00 | Per Request | £30.00 |
| Re-mortgage Enquiry/Copy of Insurance schedule | £30.00 | Per Request | £30.00 |
| Notice of Assignment / Notice of Charge | £100.00 | Per Request | £100.00 |
| Deed of Variations Administration plus CCC Solicitor Fee and Own Solicitor Fee | £50.00 £550.00+ | Per Request | £50.00 £550.00+ |
| Home Improvement Administration Home Improvement Survey | £30.00 £125.00 | Per Request | £30.00 £125.00 |
| Retrospective consent for improvements | Above +£25.00 | Per Request | Above +£25.00 |
| Registering sub-let details | £75.00 | Per Request | £75.00 |
| Advice Interview for Prospective Purchasers | £50.00 | Per Request | £50.00 |
| Right of First Refusal – s156a Certificate | £150.00 | Per Request | £150.00 |
| Deed of postponement | £140.00 | Per Request | £140.00 |
| Other Charges for Services | | | |
| Land Acquisition Enquiry / Administration Fee | £0.00 | Per Request | £50.00 |

| Key | |
|-----|---|
| A | Proposal to continue to recover the full estimated cost of providing these services in 2022/23, recognising the authority should endeavour to limit increases to inflation at 3.1% (CPI at September 2021 plus 1%). Exception to this will be in respect of affordable homes, where rents and service charges are capped in totality, and therefore full cost recovery will not always be possible. Where possible service charges will be amended, with the rent element acting as the balancing figure. |
| B | Charges were separated out from rent in 2004/05. Charges can be increased to recover full cost, recognising that the authority should endeavour to limit increases to inflation at 3.1% (CPI in September 2021 plus 1%) |
| C | Charges levied for support activities will be reviewed in line with services being provided following renegotiation of the support service for older people with the County Council |
| | Charges for the optional household contents insurance scheme will continue to be determined by the insurer but notified to tenants by the Council. |

HRA Earmarked & Specific Funds

Appendix C

HRA Earmarked & Specific Revenue Funds (£'000)

Repairs & Renewals

| | Opening Balance | Contributions | Expenditure to October | Current Balance |
|-------------------------|------------------|----------------|------------------------|------------------|
| General Management | (751.1) | (69.7) | 0.0 | (820.8) |
| Special Services | (1,245.4) | (147.4) | 33.3 | (1,359.5) |
| Repairs and Maintenance | (537.8) | (48.4) | 0.0 | (586.2) |
| Total | (2,534.3) | (265.5) | 33.3 | (2,766.5) |

Tenants Survey

| | Opening Balance | Contributions | Expenditure to October | Current Balance |
|----------------|-----------------|---------------|------------------------|-----------------|
| Tenants Survey | (28.3) | (6.4) | 0.0 | (34.7) |

Debt Set-Aside (Revenue)

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

HRA Earmarked & Specific Capital Funds (£'000)

Debt Set-Aside (Capital)

| | Opening Balance | Contributions | Expenditure to October | Current Balance |
|----------------|-----------------|---------------|------------------------|-----------------|
| Debt Set-Aside | (10,121.3) | 0.0 | 0.0 | (10,121.3) |

Major Repairs Reserve

| | Opening Balance | Contributions | Expenditure to October | Current Balance |
|-----|-----------------|---------------|------------------------|-----------------|
| MRR | (13,646.9) | 0.0 | 0.0 | (13,646.9) |

Appendix D(1)

2021/22 HRA Mid-Year Revenue Budget Adjustments

| Area of Income / Expenditure | Description | Budget Amendment in 2021/22 Budget (£) | Budget Amendment in 2022/23 Budget (£) | Comment |
|---|---|--|--|----------------------------------|
| Budgeted use of / (contribution to) HRA Reserves pre BSR | | 14,362,290 | | |
| HRA General and Special Management | | | | |
| No Changes | Not applicable | 0 | 0 | |
| Total HRA General and Special Management | | 0 | | |
| HRA Repairs | | | | |
| No Changes | Not applicable | 0 | 0 | |
| Total HRA Repairs | | 0 | | |
| HRA Summary Account | | | | |
| Rent Income | Reduced rent income due to delays in new build handovers | 84,810 | | Built into base for future years |
| Bad Debt Provision | Increased contribution to fund based upon latest assumptions | 810 | | Built into base for future years |
| Depreciation | Reduce depreciations assuming revised asset lives | (345,980) | | Built into base for future years |
| Interest earned on HRA Balances | The level of balances held by the HRA result in an estimated increase in the level of interest that will be earned. | (2,510) | | Built into base for future years |
| Total HRA Summary | | (262,870) | | |
| Revised use of / (contribution to) HRA Reserves post HRA BSR | | 14,099,240 | | |

2022/23 Budget – HRA Proposals – by Type

Appendix D (2)

| Reference | Item Description | 2022/23 Budget £ | 2023/24 Budget £ | 2024/25 Budget £ | 2025/26 Budget £ | 2026/27 Budget £ | Climate Rating | Poverty Ratings & Contact |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|

Unavoidable Revenue Pressure

| | | | | | | | | |
|----------------|-----------------------|-------|-------|-------|-------|-------|-----|-----------|
| URP4846 | RTB Valuer Bid | 5,600 | 5,600 | 5,600 | 5,600 | 5,600 | Nil | No Impact |
|----------------|-----------------------|-------|-------|-------|-------|-------|-----|-----------|

It is proposed to recruit to a 0.5 FTE post to undertake RTB valuations, with the costs shared jointly with South Cambridge shire District Council. This will result in the need for an increased budget as the number of applications has recently increased. The additional cost will be experienced irrespective of whether we continue to externalise this work or recruit to deliver the function in-house. .

Anna Hill

Housing (HRA) Portfolio

| | | | | | | | | |
|----------------|--|--------|--------|--------|--------|--------|-----|-----------|
| URP4852 | Fire Protection Equipment Servicing | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | Nil | No Impact |
|----------------|--|--------|--------|--------|--------|--------|-----|-----------|

The cost of servicing fire protection equipment in HRA assets has increased over recent years as new installations have taken place. Additional resource is required to met this statutory responsibility.

Gareth Basterfield

Housing (HRA) Portfolio

| | | | | | | | | |
|----------------|---------------------------------------|-------|-------|-------|-------|-------|-----|-----------|
| URP4853 | Emergency Lighting Maintenance | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | Nil | No Impact |
|----------------|---------------------------------------|-------|-------|-------|-------|-------|-----|-----------|

The cost of servicing emergency lighting has increased as installations have increased in HRA assets. Additional resource is required to meet this statutory requirement.

Gareth Basterfield

Housing (HRA) Portfolio

| | | | | | | | | |
|----------------|---------------------------------------|-------|-------|-------|-------|-------|-----|-----------|
| URP4854 | Ventress Close Pumping Station | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | Nil | No Impact |
|----------------|---------------------------------------|-------|-------|-------|-------|-------|-----|-----------|

As part of the delivery of new homes at Ventress Close a sewage pumping station has been introduced which is causing operational issues. Assuming that a macerator can be installed in 2021/22, this funding will be required to monitor, service and maintain the solution.

John Conroy

Housing (HRA) Portfolio

| | | | | | | | | |
|----------------|----------------------------------|--------|---|---|---|---|-----|---------------------|
| URP4866 | Sheltered CCTV Compliance | 17,500 | 0 | 0 | 0 | 0 | Nil | Low Positive Impact |
|----------------|----------------------------------|--------|---|---|---|---|-----|---------------------|

To ensure compliance with legislation the authority needs to connect all CCTV in sheltered housing to the CCTV control centre. There will be ongoing monitoring costs, but these will be met by tenant service charges.

Laura Adcock

Housing (HRA) Portfolio

2022/23 Budget – HRA Proposals – by Type

Appendix D (2)

| Reference | Item Description | 2022/23 Budget £ | 2023/24 Budget £ | 2024/25 Budget £ | 2025/26 Budget £ | 2026/27 Budget £ | Climate Rating | Poverty Ratings & Contact |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|

| | | | | | | | | |
|----------------|---|--------|--------|--------|--------|--------|-----|-----------|
| URP4872 | Increased Garden Clearance Costs | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | Nil | No Impact |
|----------------|---|--------|--------|--------|--------|--------|-----|-----------|

Based upon the condition in which gardens in void properties are being returned to us in, and the costs incurred in 2021/22 to date, it is anticipated that an increased ongoing budget will be required

Paul
Connolly

Housing (HRA) Portfolio

| | | | | | | | | |
|----------------|--|--------|--------|--------|--------|--------|-----|-----------|
| URP4886 | Increase in Employer's National Insurance | 52,400 | 52,400 | 52,400 | 52,400 | 52,400 | Nil | No Impact |
|----------------|--|--------|--------|--------|--------|--------|-----|-----------|

An increase of 1.25% in employer's national insurance is anticipated from April 2022 as part of national changes to close the gap caused by the pandemic and help fund social care. To be replaced by the Social Care Levy from April 2023.

Julia Hovells

Housing (HRA) Portfolio

| | | | | | | | | |
|----------------|---|---------|---------|---------|---------|---------|-----|-----------|
| URP4980 | Inclusion of additional 1.7% inflation | 155,640 | 155,640 | 155,640 | 155,640 | 155,640 | Nil | No Impact |
|----------------|---|---------|---------|---------|---------|---------|-----|-----------|

CPI is now forecast to increase by 3.7% for 2022/23, compared to the 2% allowed for in the HRA MTFS. This provision for the additional 1.7% will allow allocation of resource to meet any inflationary increases realised by the HRA, particularly in contractual costs.

Julia Hovells

Housing (HRA) Portfolio

| | | | | | |
|------------------------------------|---------|---------|---------|---------|---------|
| Total Unavoidable Revenue Pressure | 280,140 | 262,640 | 262,640 | 262,640 | 262,640 |
|------------------------------------|---------|---------|---------|---------|---------|

2022/23 Budget – HRA Proposals – by Type**Appendix D (2)**

| Reference | Item Description | 2022/23 Budget £ | 2023/24 Budget £ | 2024/25 Budget £ | 2025/26 Budget £ | 2026/27 Budget £ | Climate Rating | Poverty Ratings & Contact |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|

Reduced Income

| | | | | | | | | |
|--------|-------------------------------------|--------|--------|--------|--------|--------|-----|-----------|
| RI4879 | Reduction in Emergency Alarm income | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | Nil | No Impact |
|--------|-------------------------------------|--------|--------|--------|--------|--------|-----|-----------|

A reduction in customer numbers results in an inability to achieve the budgeted level of income. This service will be reviewed in light of digitalisation and the County Council now making a similar offer.

Laura Adcock

Housing (HRA) Portfolio

| | | | | | |
|----------------------|--------|--------|--------|--------|--------|
| Total Reduced Income | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
|----------------------|--------|--------|--------|--------|--------|

2022/23 Budget – HRA Proposals – by Type

Appendix D (2)

| Reference | Item Description | 2022/23 Budget £ | 2023/24 Budget £ | 2024/25 Budget £ | 2025/26 Budget £ | 2026/27 Budget £ | Climate Rating | Poverty Ratings & Contact |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|

Revenue Bids

| | | | | | | | | |
|--------------|--|--------|--------|--------|--------|--------|-----|-----------|
| B4856 | Home Ownership Team Staffing Increase | 15,170 | 15,170 | 15,170 | 15,170 | 15,170 | Nil | No Impact |
|--------------|--|--------|--------|--------|--------|--------|-----|-----------|

An increase in both RTB applications and lease extension requests has resulted in an increased workload for the team. This bid would increase staffing resource by 0.35 FTE and would be partly funded by increased fee income.

Anna Hill

Housing (HRA) Portfolio

| | | | | | | | | |
|--------------|---|--------|--------|--------|--------|--------|-------------------------|-----------|
| B4875 | Recruitment of 2 additional Multi Skilled Operatives | 84,610 | 84,610 | 84,610 | 84,610 | 84,610 | Negative/Lo w Impact | No Impact |
|--------------|---|--------|--------|--------|--------|--------|-------------------------|-----------|

It is proposed to utilise resource already incorporated into the HRA Business Plan to employ 2 additional Multi Skilled Operatives recognising both increased stock holding and increased void activity.

Paul
Connolly

Housing (HRA) Portfolio

| | | | | | |
|--------------------|--------|--------|--------|--------|--------|
| Total Revenue Bids | 99,780 | 99,780 | 99,780 | 99,780 | 99,780 |
|--------------------|--------|--------|--------|--------|--------|

| | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Pressures & Bids Total: | 389,920 | 372,420 | 372,420 | 372,420 | 372,420 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|

2022/23 Budget – HRA Proposals – by Type

Appendix D (2)

| Reference | Item Description | 2022/23 Budget £ | 2023/24 Budget £ | 2024/25 Budget £ | 2025/26 Budget £ | 2026/27 Budget £ | Climate Rating | Poverty Ratings & Contact |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|

Savings

| | | | | | | | | |
|--------------|--|----------|----------|----------|----------|----------|-----|-----------|
| S4868 | Removal of inflation in planned revenue repairs | (32,260) | (32,260) | (32,260) | (32,260) | (32,260) | Nil | No Impact |
|--------------|--|----------|----------|----------|----------|----------|-----|-----------|

It is proposed to remove inflation from non-contractual budgets to deliver savings for strategic reinvestment

Martin
Donnelly

Housing (HRA) Portfolio

| | | | | | | | | |
|--------------|--|----------|----------|----------|----------|----------|-----|-----------|
| S4869 | Savings in temporary propping costs | (19,890) | (19,890) | (19,890) | (19,890) | (19,890) | Nil | No Impact |
|--------------|--|----------|----------|----------|----------|----------|-----|-----------|

The authority has purchased some temporary propping, which can now be relocated as required, reducing the need to hire in external structural supports.

Martin
Donnelly

Housing (HRA) Portfolio

| | | | | | | | | |
|--------------|--|----------|----------|----------|----------|----------|---------------------|-----------|
| S4877 | Reduction in costs of waste disposal at Cowley Road | (20,000) | (20,000) | (20,000) | (20,000) | (20,000) | Positive/Low Impact | No Impact |
|--------------|--|----------|----------|----------|----------|----------|---------------------|-----------|

The move from Mill Road to Cowley Road resulted in changes in waste disposal processes, which have delivered a saving to the HRA.

Paul
Connolly

Housing (HRA) Portfolio

| | | | | | | | | |
|--------------|-----------------------------------|----------|----------|----------|----------|----------|-----|-----------|
| S4883 | Saving in HRA Salary Costs | (24,030) | (24,030) | (24,030) | (24,030) | (24,030) | Nil | No Impact |
|--------------|-----------------------------------|----------|----------|----------|----------|----------|-----|-----------|

Savings are anticipated in salary costs as a result of retention of staff, who are at top of their pay scales and will not receive incremental pay progression.

Anna Hill

Housing (HRA) Portfolio

| | | | | | | | | |
|--------------|---|----------|----------|----------|----------|----------|-----|-----------|
| S4888 | Reduction in budget for Legionella Testing | (12,810) | (12,810) | (12,810) | (12,810) | (12,810) | Nil | No Impact |
|--------------|---|----------|----------|----------|----------|----------|-----|-----------|

It is proposed to reduce this budget in line with current contracted legionella testing prices. The programme of testing will not be impacted in any way by taking this saving.

Gareth
Basterfield

Housing (HRA) Portfolio

| | | | | | | | | |
|--------------|--|----------|----------|----------|----------|----------|-----|-----------|
| S4889 | Remove additional inflation in General HRA Services | (30,620) | (30,620) | (30,620) | (30,620) | (30,620) | Nil | No Impact |
|--------------|--|----------|----------|----------|----------|----------|-----|-----------|

A reduction has been made in respect of the inflation allowed for in General HRA Services for 2022/23 onwards

Anna Hill

2022/23 Budget – HRA Proposals – by Type

Appendix D (2)

| Reference | Item Description | 2022/23 Budget £ | 2023/24 Budget £ | 2024/25 Budget £ | 2025/26 Budget £ | 2026/27 Budget £ | Climate Rating | Poverty Ratings & Contact |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|

Housing (HRA) Portfolio

| | | | | | | | | |
|--------------|--|----------|----------|----------|----------|----------|-----|-----------|
| S4977 | Reduction in unfunded pension costs | (17,710) | (17,710) | (17,710) | (17,710) | (17,710) | Nil | No Impact |
|--------------|--|----------|----------|----------|----------|----------|-----|-----------|

Resource required to meet the cost of unfunded pensions reduces as those in receipt of the top up are no longer claiming a pension.

Julia Hovells

Housing (HRA) Portfolio

| | | | | | | | | |
|--------------|---|----------|---|---|---|---|-----|-----------|
| S4978 | Reduction in pension deficit costs | (67,960) | 0 | 0 | 0 | 0 | Nil | No Impact |
|--------------|---|----------|---|---|---|---|-----|-----------|

Agreeing a multi-year arrangement in respect of meeting pension deficit costs resulted in an overspend in 2020/21, but will mean that a lower sum is due in 2022/23. n

Julia Hovells

Housing (HRA) Portfolio

| | | | | | | | | |
|--------------|--|----------|----------|----------|----------|----------|-----|-----------|
| S4979 | Reduction in Recharges to the HRA | (75,700) | (75,700) | (75,700) | (75,700) | (75,700) | Nil | No Impact |
|--------------|--|----------|----------|----------|----------|----------|-----|-----------|

A review of recharges based upon the latest costs available result in an anticipated reduction in recharges to the HRA

Anna Hill

Housing (HRA) Portfolio

| | | | | | | | | |
|----------------------|--|-----------|-----------|-----------|-----------|-----------|--|--|
| Total Savings | | (300,980) | (233,020) | (233,020) | (233,020) | (233,020) | | |
|----------------------|--|-----------|-----------|-----------|-----------|-----------|--|--|

2022/23 Budget – HRA Proposals – by Type

Appendix D (2)

| Reference | Item Description | 2022/23 Budget £ | 2023/24 Budget £ | 2024/25 Budget £ | 2025/26 Budget £ | 2026/27 Budget £ | Climate Rating | Poverty Ratings & Contact |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|

Increased Income

| | | | | | | | | |
|---------------|-----------------------------|---------|---------|---------|---------|---------|-----|-----------|
| II4855 | Leasehold Fee Income | (7,760) | (7,760) | (7,760) | (7,760) | (7,760) | Nil | No Impact |
|---------------|-----------------------------|---------|---------|---------|---------|---------|-----|-----------|

Income for RTB lease extensions and freeholder covenants is increasing as leases age. This recognises an anticipated increase in fee income based upon 2021/22 activity to date.

Anna Hill

Housing (HRA) Portfolio

| | | | | | | | | |
|---------------|---|----------|----------|----------|----------|----------|-----|-----------|
| II4871 | Recharge to General Fund for Staff Management Services | (11,920) | (11,920) | (11,920) | (11,920) | (11,920) | Nil | No Impact |
|---------------|---|----------|----------|----------|----------|----------|-----|-----------|

Management of General Fund policy and performance and housing support is now being delivered by staff in the HRA, resulting in an increase in income. The cost to the General Fund is being met within existing staffing budgets.

Laura Adcock

Housing (HRA) Portfolio

| | | | | | | | | |
|---------------|--|----------|----------|----------|----------|----------|-----|---------------------|
| II4881 | Increased Commercial Property Rental Income | (49,920) | (49,920) | (49,920) | (49,920) | (49,920) | Nil | Low Positive Impact |
|---------------|--|----------|----------|----------|----------|----------|-----|---------------------|

An increase in commercial property rental income is anticipated due to letting new commercial units at Akeman Street and expected rent review outcomes for existing units.

Julia Hovells

Housing (HRA) Portfolio

| | | | | | | | | |
|---------------|--|----------|----------|----------|----------|----------|-----|---------------------|
| II4882 | Increased Service Charge Income | (14,060) | (14,060) | (14,060) | (14,060) | (14,060) | Nil | Low Positive Impact |
|---------------|--|----------|----------|----------|----------|----------|-----|---------------------|

A net increase in service charge income is anticipated based upon current stock numbers and service charge costs

Julia Hovells

Housing (HRA) Portfolio

| | | | | | | | | |
|---------------|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----|-----------------|
| II4973 | Increased dwelling rent income | (131,330) | (110,890) | (114,790) | (119,840) | (258,120) | Nil | Negative Impact |
|---------------|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----|-----------------|

The level of CPI for September 2021 was higher than estimated, with rent increases of 4.1% proposed. This increased rent is partially offset by delays in handover for new homes on a number of sites, coupled with earlier than anticipated decant of homes that have been ear-marked for potential re-development..

Julia Hovells

Housing (HRA) Portfolio

| | | | | | | | | |
|-------------------------------|--|-----------|-----------|-----------|-----------|-----------|--|--|
| Total Increased Income | | (214,990) | (194,550) | (198,450) | (203,500) | (341,780) | | |
|-------------------------------|--|-----------|-----------|-----------|-----------|-----------|--|--|

| | | | | | | | | |
|-----------------------|--|-----------|-----------|-----------|-----------|-----------|--|--|
| Savings Total: | | (515,970) | (427,570) | (431,470) | (436,520) | (574,800) | | |
|-----------------------|--|-----------|-----------|-----------|-----------|-----------|--|--|

2022/23 Budget – HRA Proposals – by Type

Appendix D (2)

| Reference | Item Description | 2022/23 Budget £ | 2023/24 Budget £ | 2024/25 Budget £ | 2025/26 Budget £ | 2026/27 Budget £ | Climate Rating | Poverty Ratings & Contact |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|

Non-Cash Limit Items

| | | | | | | | | |
|----------------|--|----------|----------|----------|----------|----------|-----|-----------|
| NCL4876 | Resource for the recruitment of 2 additional Multi Skilled Operatives | (84,610) | (84,610) | (84,610) | (84,610) | (84,610) | Nil | No Impact |
|----------------|--|----------|----------|----------|----------|----------|-----|-----------|

This adjustment reallocates resource already built into the business plan to allow the recruitment of 2 new posts

Lynn
Thomas

Housing (HRA) Portfolio

| | | | | | | | | |
|----------------|---------------------------------------|-------|-------|-------|-------|-------|-----|---------------------|
| NCL4974 | Increase in Bad Debt Provision | 1,260 | 1,260 | 1,260 | 1,260 | 1,260 | Nil | Low Positive Impact |
|----------------|---------------------------------------|-------|-------|-------|-------|-------|-----|---------------------|

The level of contribution to the bad debt provision is based upon a proportion of rental income, with any change in this impacting the annual contribution.

Julia Hovells

Housing (HRA) Portfolio

| | | | | | | | | |
|----------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----|-----------|
| NCL4975 | Reduction in depreciation | (136,760) | (136,760) | (136,760) | (136,760) | (136,760) | Nil | No Impact |
|----------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----|-----------|

The level of depreciation from 2022/23 is less than anticipated based upon an assumption of revised remaining asset lives, combined with the latest stock holding projections.

Julia Hovells

Housing (HRA) Portfolio

| | | | | | | | | |
|----------------|--|---------|---------|---------|---------|---------|-----|-----------|
| NCL4976 | Increase in Direct Revenue Financing of Capital Expenditure (DRF) | 136,760 | 136,760 | 136,760 | 136,760 | 136,760 | Nil | No Impact |
|----------------|--|---------|---------|---------|---------|---------|-----|-----------|

The level of DRF is proposed to be adjusted to offset the impact of depreciation changes, to ensure funding for the capital programme is unaltered.

Julia Hovells

Housing (HRA) Portfolio

| | | | | | | | | |
|----------------|----------------------------------|---------|---------|--------|--------|---------|-----|-----------|
| NCL4981 | Increase in Interest Paid | 206,270 | 240,890 | 25,400 | 88,860 | 318,510 | Nil | No Impact |
|----------------|----------------------------------|---------|---------|--------|--------|---------|-----|-----------|

Based upon assumed additional borrowing in 2022/23, and an increased borrowing rate, the level of interest payable will increase.

Julia Hovells

Housing (HRA) Portfolio

| | | | | | | | | |
|----------------|--------------------------------------|----------|----------|----------|---|---|-----|-----------|
| NCL4982 | Increase in Interest Received | (23,490) | (12,680) | (11,230) | 0 | 0 | Nil | No Impact |
|----------------|--------------------------------------|----------|----------|----------|---|---|-----|-----------|

2022/23 Budget – HRA Proposals – by Type**Appendix D (2)**

| Reference | Item Description | 2022/23 Budget £ | 2023/24 Budget £ | 2024/25 Budget £ | 2025/26 Budget £ | 2026/27 Budget £ | Climate Rating | Poverty Ratings & Contact |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|

Investment income for the HRA is anticipated to be marginally higher as a result of forecast cash balances that will be held.

Julia Hovells

Housing (HRA) Portfolio

| | | | | | |
|----------------------------|--------|---------|----------|-------|---------|
| Total Non-Cash Limit Items | 99,430 | 144,860 | (69,180) | 5,510 | 235,160 |
|----------------------------|--------|---------|----------|-------|---------|

| | | | | | |
|--------------------------------------|---------------|----------------|-----------------|--------------|----------------|
| Non - Cash Limit Items Total: | 99,430 | 144,860 | (69,180) | 5,510 | 235,160 |
|--------------------------------------|---------------|----------------|-----------------|--------------|----------------|

2022/23 Budget – HRA Proposals – by Type**Appendix D (3)**

| Reference | Item Description | 2022/23 Budget £ | 2023/24 Budget £ | 2024/25 Budget £ | 2025/26 Budget £ | 2026/27 Budget £ | Climate Effect | Poverty Ratings & Contact |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---------------------------------|

Capital Bids

| | | | | | | | | |
|---------|---------------------|--------|---|---|---|---|-----|-----------|
| HRACAP1 | Estate Services Van | 50,000 | 0 | 0 | 0 | 0 | Low | No Impact |
|---------|---------------------|--------|---|---|---|---|-----|-----------|

It is proposed to purchase a new electric vehicle to replace the previous Estate Services van, which was unfortunately stolen in November 2021. Any funds recovered via the insurance for the vehicle stolen will be used to help meet the cost of the replacement vehicle.

Anna Hill

Housing (HRA) Portfolio

| | | | | | |
|--------------------|--------|---|---|---|---|
| Total Capital Bids | 50,000 | 0 | 0 | 0 | 0 |
|--------------------|--------|---|---|---|---|

Appendix E

2021/22 Capital Budget Amendments Summary

| Area of Expenditure and Change | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | 2025/26 £'000 |
|--|------------------|------------------|------------------|------------------|------------------|
| Total Housing Capital Plan Expenditure per HRA MTFS | 68,656 | 87,204 | 77,185 | 150,757 | 195,580 |
| General Fund Housing | | | | | |
| Adjustment to DFG budget from 2022/23 in line with current net DFG Grant | 0 | (2) | (2) | (2) | (2) |
| Decent Homes and Other HRA Stock Investment | | | | | |
| Re-phase structural works in line with planned delivery timescales | (218) | 218 | 0 | 0 | 0 |
| Remove budget for structural works at Princess and Hanover Court | (780) | 0 | 0 | 0 | 0 |
| Re-phase boiler works recognising 'no access' issues | (400) | 0 | 0 | 400 | 0 |
| Re-phase and reduce decent homes contractor overheads in line with planned delivery timescales | (184) | 89 | 0 | 44 | 0 |
| Remove budget for fire safety works in flat blocks, particularly at Princess and Hanover Court | 0 | (3,800) | 0 | 0 | 650 |
| Re-phase external painting works to 2028/29 | (350) | 0 | 0 | 0 | 0 |
| Re-phase communal electrical work in line with planned delivery timescales | (200) | 200 | 0 | 0 | 0 |
| Re-phase and reduce other works contractor overheads in line with planned delivery timescales | (22) | (43) | 0 | 0 | 0 |
| Adjustment to the Decent Homes New Build Allocation | 0 | (110) | (101) | 5 | 6 |
| New Build | | | | | |
| Re-phase budget for Mill Road | (826) | 826 | 0 | 0 | 0 |
| Rephase budget for Colville Road II | (1,826) | 1,710 | 116 | 0 | 0 |
| Re-phase budget for Clerk Maxwell | (426) | 426 | 0 | 0 | 0 |
| Re-phase budget for Campkin Road | (1,424) | 1,355 | 69 | 0 | 0 |
| Re-phase budget for Histon Road | (18) | 18 | 0 | 0 | 0 |
| Rephase budget for L2 | (833) | (33) | 866 | 0 | 0 |
| Rephase and increase budget for Colville Road III | 119 | 394 | 339 | 17 | 0 |
| Re-phase and increase budget for Fen Road | (406) | 36 | 643 | 0 | 0 |

| Area of Expenditure and Change | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | 2025/26 £'000 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Re-phase and increase budget for Ditton Fields | (85) | (92) | 320 | 0 | 0 |
| Re-phase and increase budget for Aragon Close | (326) | (178) | 642 | 0 | 0 |
| Re-phase and increase budget for Sackville Close | (326) | (177) | 641 | 0 | 0 |
| Re-phase and increase budget for Borrowdale | (123) | (160) | 322 | 0 | 0 |
| Re-phase budget for Aylesborough Close | (492) | 988 | 1,521 | (2,017) | 0 |
| Include resource for buy backs and decant at Princess and Hanover Court | 0 | 8,888 | 5,664 | 0 | 0 |
| Re-allocation of land acquisition and 1,000 homes budget in line with changes to scheme specific approvals | 2,472 | (778) | (19,846) | 2,000 | 0 |
| Sheltered Housing | | | | | |
| No changes | 0 | 0 | 0 | 0 | 0 |
| Other HRA Capital Spend | | | | | |
| Bid to purchase an Estate Van | 0 | 50 | 0 | 0 | 0 |
| Inflation Allowance | | | | | |
| Adjustment in inflation allowed as spend changes | 0 | 75 | 119 | 413 | 548 |
| Total Housing Capital Plan Expenditure per HRA BSR | 61,982 | 97,104 | 68,498 | 151,617 | 196,782 |

| Risk Area & Issue arising | Controls / Mitigation Action |
|--|--|
| Effects of Legislation / Regulation | |
| <p>Implications of new legislation / regulation or changes to existing are not identified</p> <p>Delays in announcement of detail surrounding housing policy change negatively impacts decisions taken at a local level</p> <p>Funding is not identified to meet the costs associated with changes in statutory requirements</p> <p>Changes in national housing or rent policy impact the ability to support the housing debt or deliver against planned investment programmes</p> | <ul style="list-style-type: none"> • Effective, formal, regular review processes are in place for the HRA to ensure that implications are identified, quantified and highlighted. Housing Cafe review any publications. • Decisions taken in the context of a business plan which recognises the uncertainty. Savings taken have impacts exemplified to ensure impact is mitigated. • Additional / specific funding requirements for new services can be identified through the budget process, to allow effective prioritisation of resources. Minimum reserves are held to allow immediate investment if required. • Representation made to Department for Levelling Up, Housing and Communities and other national bodies where statutory requirements carry excessive cost. • The Council has processes in place ensuring early engagement in any consultation and collective representation through national housing bodies. • Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible with scenario impact quantified. |
| Housing Portfolio & Spending Plans | |
| <p>The Council approves plans which are not sustainable into the future, leading to increasing problems in balancing budgets</p> | <ul style="list-style-type: none"> • Council has adopted medium and long-term modelling (up to 30 years) for HRA, ensuring decisions are made in context of long-term impact. • The Business Plan includes long-term trend and scenario analysis on key cost drivers. • Target levels of reserves are set for the HRA to enable uneven pressures to be effectively dealt with, and to provide cover against unforeseen events / pressures. |

| Risk Area & Issue arising | Controls / Mitigation Action |
|---|--|
| Financial planning lacks appropriate levels of prudence | |
| <p>Business Planning assumptions are wildly inaccurate</p> <p>Financial policies, in general, are not sufficiently robust</p> <p>Funding to support the approved Capital Plan is not available</p> <p>The financial impact of the coronavirus pandemic is far greater, and longer lasting, than anticipated</p> | <p>Council has adopted key prudence principles, reflected in:</p> <ul style="list-style-type: none"> • Use of external expert opinion and detailed trend data to inform assumptions • Ongoing revenue funding for capital is reviewed for affordability as part of the 30-year modelling process • Adoption of strict medium / long-term planning • Policy on applying general capital receipts for strategic disposals only at point of receipt • Ongoing review of position with grant applications and ability to halt schemes prior to contract if required. |
| Use of resources is not effectively managed | |
| <p>There is ineffective use of the resources available to the HRA</p> <p>Failure to deliver Major Housing / Development Projects, i.e. return on capital investment, project on time etc.</p> <p>Value for money in terms of investment in new build homes is challenged</p> | <ul style="list-style-type: none"> • Council employs robust business planning processes for the HRA • Council has adopted a standard project management framework • A business decision is required for all strategic acquisitions, disposals and one-off areas of significant investment • Performance and contractor management procedures are robust and contracts are enforceable • The Council's accounts are audited on an annual basis, with assurance given that the authority is delivering economy, efficiency and effectiveness in its use of resources • Council adopts a mix of delivery vehicles • Council employs cost consultants to demonstrate price comparability with the local market • Council has completed an independent review of new build delivery |
| External income / funding streams | |
| <p>Undue reliance may be placed on external income streams, leading to approval of unsustainable expenditure</p> | <ul style="list-style-type: none"> • Modelling over the medium and long-term is conducted for key income sources, including sensitivity analysis of potential changes • Council seeks to influence national settlements and legislative changes through response to formal consultation |

| Risk Area & Issue arising | Controls / Mitigation Action |
|---|--|
| <p>Rent and service charge arrears increase, and bad debt rises, as a direct result of the Welfare Benefit Reforms or the Coronavirus pandemic</p> | <ul style="list-style-type: none"> • Increased resources identified for income management. Performance closely monitored to allow further positive action if required. |
| <p>Rent income is under-achieved due to a major incident in the housing stock</p> | <ul style="list-style-type: none"> • Income Analytics and LIFT software procured to aid arrears recovery. • Asset Management Plan in place to identify and address key issues in the housing stock to minimise likelihood of widespread incidents |
| <p>Changes in the economic environment cause a significant reduction in the number of right to buy sales, reducing the resource available to finance the capital investment programme</p> | <ul style="list-style-type: none"> • Sensitivities modelled so potential impacts are understood • Business plan is regularly reviewed allowing reallocation of resource or consideration of borrowing if required |
| <p>Changes to the right to buy rules result in an increase in the level of sales, with the associated commitment to deliver replacement units or pay over receipts with interest</p> | <ul style="list-style-type: none"> • Sensitivities modelled so potential impacts are understood • Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity • Delivery timeframe extended to 5 years, with ability to invest up to 40% of receipt into the replacement dwelling |
| <p>Volatility and competition in the property market impacts the ability to fund planned capital investment from the sale of assets</p> | <ul style="list-style-type: none"> • Policy on applying general capital receipts for strategic disposals only at point of receipt • Regular review of mix of new build delivered to ensure that assumptions around shared ownership and market sale are realistic |

Appendix G

Retained 1-4-1 Right to Buy Receipts

| Quarter date for Receipt | Retained 1-4-1 Receipt Value (Per Quarter) | Retained 1-4-1 Receipt Value (Cumulative) | Amount of New Build Expenditure Required (Cumulative) | Deadline for Receipt to be spent on New Dwelling | Qualifying Spend by Deadline (Cumulative) | Retained 1-4-1 Receipt Spent (Cumulative) | Balance of Retained 1-4-1 Receipts to be Spent or Paid to CLG (Cumulative) | Further New Build Spend Required by Deadline (Cumulative) |
|--------------------------|--|---|---|--|---|---|--|---|
| 30/06/2017 | 2,045,445.56 | 21,953,879.91 | 73,179,599.73 | 30/06/2020 | 78,551,735.69 | 23,565,520.73 | - | - |
| 30/09/2017 | 1,779,600.43 | 23,733,480.34 | 79,111,601.16 | 30/09/2020 | 83,708,423.31 | 25,112,527.01 | - | - |
| 31/12/2017 | 2,229,968.03 | 25,963,448.37 | 86,544,827.93 | 31/12/2020 | 88,544,393.61 | 26,563,318.10 | | |
| 31/03/2018 | 646,869.52 | 26,610,317.89 | 88,701,059.66 | 31/03/2021 | 95,348,564.59 | 28,604,569.40 | | |
| 30/06/2018 | 1,556,719.56 | 28,167,037.45 | 93,890,124.86 | 30/06/2023 | 97,516,275.08 | 29,254,882.54 | | |
| 30/09/2018 | 557,803.20 | 28,724,840.65 | 95,749,468.86 | 30/09/2023 | | | - | - |
| 31/12/2018 | 1,210,892.84 | 29,935,733.49 | 99,785,778.33 | 31/12/2023 | | | 680,850.95 | 2,269,503.16 |
| 31/03/2019 | 209,910.09 | 30,145,643.58 | 100,485,478.63 | 31/03/2024 | | | 890,761.04 | 2,969,203.46 |
| 30/06/2019 | 1,408,403.81 | 31,554,047.39 | 105,180,158.00 | 30/06/2024 | | | 2,299,164.85 | 7,663,882.82 |
| 30/09/2019 | 711,247.45 | 32,265,294.84 | 107,550,982.83 | 30/09/2024 | | | 3,010,412.30 | 10,034,707.66 |
| 31/12/2019 | 317,598.07 | 32,582,892.91 | 108,609,643.06 | 31/12/2024 | | | 3,328,010.37 | 11,093,367.89 |
| 31/03/2020 | 908,642.82 | 33,491,535.73 | 111,638,452.46 | 31/03/2025 | | | 4,236,653.19 | 14,122,177.29 |
| 30/06/2020 | 544,986.29 | 34,036,522.02 | 113,455,073.43 | 30/06/2025 | | | 4,781,639.48 | 15,938,798.26 |
| 30/09/2020 | - | 34,036,522.02 | 113,455,073.43 | 30/09/2025 | | | 4,781,639.48 | 15,938,798.26 |
| 31/12/2020 | 1,492,681.41 | 35,529,203.43 | 118,430,678.13 | 31/12/2025 | | | 6,274,320.89 | 20,914,402.96 |
| 31/03/2021 | 419,561.12 | 35,948,764.55 | 119,829,215.20 | 31/03/2026 | | | 6,693,882.01 | 22,312,940.02 |

New Build Investment Cashflow

Appendix H

| New Build / Re-Development Scheme | 2021/22 £'0000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 | 2029/30 £'000 | 2030/31 £'000 |
|--|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| New Build / Acquisition / Re-Development Cash Expenditure | | | | | | | | | | |
| Anstey Way | 93 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tedder Way | 50 | 400 | 41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kendal Way | 50 | 400 | 41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Queensmeadow | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wulfstan Way | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Akeman Street | 95 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ventress Close | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colville Road (Garage Site) | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mill Road (Phase I and II) | 1,957 | 826 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gunhild Way | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cromwell Road | 3,684 | 3,247 | 378 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kingsway Clinic Conversion | 368 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colville Road II | 5,331 | 5,734 | 116 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Meadows and Buchan Street | 3,589 | 9,075 | 8,893 | 3,025 | 0 | 0 | 0 | 0 | 0 | 0 |
| Clerk Maxwell Road | 1,391 | 1,638 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Campkin Road | 6,066 | 7,337 | 1,001 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| L2 | 1,897 | 3,194 | 1,114 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colville Road III | 1,724 | 5,709 | 4,911 | 245 | 0 | 0 | 0 | 0 | 0 | 0 |
| Histon Road | 212 | 1,632 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fen Road | 394 | 2,436 | 993 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ditton Walk | 265 | 1,108 | 648 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Aragon Close | 24 | 1,022 | 940 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sackville Close | 24 | 1,023 | 940 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Borrowdale | 127 | 440 | 345 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| New Build / Re-Development Scheme | 2021/22 £'0000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 | 2029/30 £'000 | 2030/31 £'000 |
|---|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Aylesborough Close | 653 | 4,283 | 10,724 | 3,370 | 0 | 0 | 0 | 0 | 0 | 0 |
| St Thomas's Road | 82 | 690 | 1,333 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Paget Road | 72 | 604 | 1,166 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rough Sleeper Acquisitions | 3,631 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| POD Homes | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisition or New Build (Unallocated) | 3,148 | 8,888 | 5,664 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1,000 New Build Programme | 3,677 | 10,631 | 12,107 | 122,886 | 166,327 | 200,169 | 90,954 | 22,641 | 16,250 | 16,250 |
| Total New Build/ Re-Development Expenditure | 38,668 | 70,317 | 51,355 | 129,526 | 166,327 | 200,169 | 90,954 | 22,641 | 16,250 | 16,250 |
| New Build Devolution Grant Funding / DLUHC Rough Sleeper Next Steps Grant Funding / Assumed Homes England Grant / Assumed ERDF Grant | | | | | | | | | | |
| Anstey Way | (33) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tedder Way | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kendal Way | 22 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Queensmeadow | (1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wulfstan Way | (1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Akeman Street | (23) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ventress Close | (30) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colville Road (Garage Site) | (1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mill Road (Phase I and II) | (1,370) | (578) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gunhild Way | (1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cromwell Road | (2,579) | (2,273) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kingsway Clinic Conversion | 130 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colville Road II | (2,618) | (2,816) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Meadows and Buchan Street | (2,511) | (5,145) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Clerk Maxwell Road | (974) | (1,147) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Campkin Road | (2,776) | (3,424) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colville Road III | 0 | (1,600) | (1,600) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fen Road | 0 | (600) | (600) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| New Build / Re-Development Scheme | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| | £'0000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Ditton Walk | 0 | (300) | (300) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Aragon Close | 0 | (350) | (350) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sackville Close | 0 | (350) | (350) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Borrowdale | 0 | (150) | (150) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Aylesborough Close | 0 | (1,850) | 0 | (1,850) | 0 | 0 | 0 | 0 | 0 | 0 |
| St Thomas's Road | 0 | (447) | (494) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Paget Road | 0 | (391) | (433) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rough Sleeper Acquisitions | (1,730) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1,000 New Build Programme | 0 | 0 | (25,667) | (53,821) | (55,612) | 0 | 0 | 0 | 0 | 0 |
| Total New Build / Re-Development Funding | (14,487) | (21,421) | (29,944) | (55,671) | (55,612) | 0 | 0 | 0 | 0 | 0 |
| Use of Retained Right to Buy Funding | | | | | | | | | | |
| Anstey Way | (15) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tedder Way | (15) | (120) | (12) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kendal Way | (15) | (120) | (12) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Queensmeadow | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wulfstan Way | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Akeman Street | (10) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ventress Close | (13) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colville Road (Garage Site) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mill Road (Phase I and II) | (587) | (248) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gunhild Way | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cromwell Road | (368) | (325) | (38) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kingsway Clinic Conversion | (110) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colville Road II | (1,122) | (1,207) | (25) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Meadows and Buchan Street | (1,077) | (2,723) | (2,669) | (908) | 0 | 0 | 0 | 0 | 0 | 0 |
| Clerk Maxwell Road | (417) | (491) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Campkin Road | (1,191) | (1,467) | (200) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | |
|---|----------------|----------------|----------------|---------------|---------------|----------------|---------------|----------------|----------------|----------------|
| L2 | (190) | (319) | (111) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Histon Road | (21) | (163) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisition or New Build (Unallocated) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1,000 New Build Programme | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (4,875) | (4,875) | (4,875) |
| Total Use of Retained Right to Buy Funding | (5,151) | (7,183) | (3,066) | (908) | 0 | 0 | 0 | (4,875) | (4,875) | (4,875) |
| Total to be funded from HRA Resources (DRF & MRR) and Sales Receipts | 19,030 | 22,577 | 18,345 | 30,009 | 27,826 | 26,955 | 90,954 | 17,766 | 11,375 | 2,493 |
| Total HRA Borrowing | (0) | 19,137 | 0 | 42,938 | 82,888 | 173,214 | 0 | 0 | 0 | 8,882 |

Key Sensitivity Analysis

Appendix I

| Topic | Business Plan Assumption | Key Sensitivity Modelled | Financial Impact |
|---------------------------------------|---|--|--|
| Rents Inflation | CPI plus 1% for 3 further years from 2022/23, followed by CPI plus 0.5% for 5 years, then CPI | Although confirmed by government, for the next 3 years, there is no guarantee that there will be the ability to return to previously assumed rent increases if rents are set legislatively after 2024/25, so assume CPI only from 2025/26. | Borrowing increases by £37 million during the life of the plan and the resource available for debt redemption at the end of the business plan is reduced with the need to re-finance earlier loans in the portfolio. |
| Direct Payments (Universal Credit) | Bad Debts at 1.5% | Evidence from the pilot authorities for direct payment indicated that collection rates may fall from 99% to 95%. Assume bad debts at 5% from 2022/23. | Borrowing increases by £74 million during the life of the plan and the resource available for debt redemption at the end of the business plan is reduced with the need to re-finance earlier loans in the portfolio. |
| Cost of HRA New Build 1,000 Programme | Homes England Grant assumed at £100,000 per unit for all affordable tenures | Assume that the authority fails to secure Homes England Grant to support the delivery of 1,000 homes programme | Borrowing increases by £211 million during the life of the plan and there is no resource available for debt redemption at the end of the business plan with the need to re-finance all loans in the portfolio. |

HRA Summary 2021/22 to 2026/27

Appendix J

| Description | 2021/22 £0 | 2022/23 £0 | 2023/24 £0 | 2024/25 £0 | 2025/26 £0 | 2026/27 £0 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Income | | | | | | |
| Rental Income (Dwellings) | (38,832,330) | (41,313,920) | (44,128,540) | (47,021,450) | (49,374,760) | (51,735,200) |
| Rental Income (Other) | (1,271,080) | (1,346,410) | (1,377,380) | (1,404,920) | (1,433,020) | (1,461,680) |
| Service Charges | (3,135,570) | (3,368,420) | (3,441,560) | (3,506,620) | (3,572,990) | (3,640,680) |
| Contribution towards Expenditure | (575,730) | (570,020) | (583,130) | (594,790) | (606,680) | (618,820) |
| Other Income | (458,110) | (464,010) | (473,040) | (482,500) | (492,150) | (501,990) |
| Total Income | (44,272,820) | (47,062,780) | (50,003,650) | (53,010,280) | (55,479,600) | (57,958,370) |
| Expenditure | | | | | | |
| Supervision & Management - General | 4,106,690 | 4,159,310 | 4,388,080 | 4,572,080 | 4,740,420 | 4,909,770 |
| Supervision & Management - Special | 3,191,720 | 3,392,300 | 3,459,310 | 3,538,640 | 3,619,860 | 3,703,020 |
| Repairs & Maintenance | 9,435,180 | 8,115,740 | 8,467,760 | 8,879,250 | 9,285,660 | 9,734,050 |
| Depreciation - t/f to Major Repairs Res. | 10,574,480 | 11,143,730 | 11,928,850 | 12,698,120 | 13,242,150 | 13,667,700 |
| Debt Management Expenditure | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Expenditure | 4,062,010 | 4,103,170 | 4,250,340 | 4,400,850 | 4,546,420 | 4,695,420 |
| Total Expenditure | 31,370,080 | 30,914,250 | 32,494,340 | 34,088,940 | 35,434,510 | 36,709,960 |
| Net Cost of HRA Services | (12,902,740) | (16,148,530) | (17,509,310) | (18,921,340) | (20,045,090) | (21,248,410) |
| HRA Share of operating income and expenditure included in Whole Authority I&E Account | | | | | | |
| Interest Receivable | (146,310) | (218,120) | (124,930) | (133,920) | (142,260) | (167,380) |
| HRA (Surplus) / Deficit for the Year | (13,028,700) | (16,356,570) | (17,634,240) | (19,055,260) | (20,187,350) | (21,415,790) |
| Items not in the HRA Income and Expenditure Account but in the movement on HRA balance | | | | | | |
| Loan Interest | 7,494,240 | 7,727,100 | 7,993,670 | 8,523,560 | 10,094,790 | 13,263,010 |
| Housing Set Aside | (9,763,000) | (4,941,510) | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Appropriation from Ear-Marked Reserve | 0 | 0 | 0 | 0 | 0 | 0 |
| Direct Revenue Financing of Capital | 29,417,230 | 14,610,590 | 5,858,710 | 14,090,550 | 9,587,080 | 6,997,180 |
| (Surplus) / Deficit for Year | 14,099,420 | 1,029,530 | (3,781,860) | 3,558,850 | (505,480) | (1,155,600) |
| Balance b/f | (18,419,720) | (4,320,300) | (3,290,770) | (7,072,630) | (3,513,780) | (4,019,260) |
| Total Balance c/f | (4,320,300) | (3,290,770) | (7,072,630) | (3,513,780) | (4,019,260) | (5,174,860) |

Housing Capital Investment Plan

Appendix K

| Description | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| General Fund Housing Capital Spend | | | | | | | | | | |
| Disabled Facilities Grants | 707 | 705 | 705 | 705 | 705 | 705 | 705 | 705 | 705 | 705 |
| Private Sector Housing Grants and Loans | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 |
| Total General Fund Housing Capital Spend | 902 | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 |
| HRA Capital Spend | | | | | | | | | | |
| Decent Homes | | | | | | | | | | |
| Kitchens | 1,011 | 265 | 429 | 539 | 722 | 1,383 | 688 | 1,328 | 1,226 | 1,581 |
| Bathrooms | 967 | 176 | 50 | 160 | 612 | 609 | 149 | 54 | 391 | 1,007 |
| Central Heating / Boilers | 1,616 | 2,912 | 1,678 | 1,842 | 2,179 | 2,712 | 1,477 | 1,121 | 1,937 | 3,394 |
| Insulation / Energy Efficiency / Wall Finishes | 1,933 | 900 | 687 | 655 | 568 | 424 | 960 | 179 | 1,176 | 792 |
| Energy Efficiency Pilot / Retrofit | 1,500 | 6,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| External Doors | 1,252 | 21 | 10 | 22 | 96 | 76 | 48 | 17 | 63 | 247 |
| PVCU Windows | 949 | 482 | 237 | 768 | 538 | 949 | 377 | 324 | 1,099 | 772 |
| Wall Structure | 2,760 | 224 | 6 | 19 | 3 | 270 | 92 | 541 | 682 | 1,126 |
| External Painting | 80 | 357 | 357 | 357 | 357 | 357 | 357 | 707 | 357 | 357 |
| Roof Structure | 500 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 |
| Roof Covering (including chimneys) | 1,160 | 1,079 | 200 | 682 | 1,987 | 1,645 | 1,000 | 1,061 | 898 | 416 |
| Electrical / Wiring | 355 | 255 | 308 | 334 | 395 | 160 | 262 | 4 | 19 | 403 |
| Sulphate Attacks | 102 | 102 | 102 | 102 | 102 | 102 | 102 | 102 | 102 | 102 |
| HHSRS Contingency | 296 | 150 | 500 | 300 | 100 | 100 | 100 | 100 | 100 | 100 |
| Other Health and Safety Works | 103 | 50 | 50 | 0 | 0 | 3 | 0 | 0 | 0 | 0 |

| Description | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Capitalised Officer Fees - Decent Homes | 403 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 |
| Decent Homes Backlog | 0 | 4,424 | 4,424 | 4,424 | 4,424 | 4,424 | 3,875 | 3,875 | 3,875 | 3,875 |
| Decent Homes Planned Maintenance Contractor Overheads | 1,311 | 1,525 | 540 | 669 | 876 | 1,000 | 650 | 643 | 918 | 1,166 |
| Decent Homes New Build Allocation | 0 | 679 | 1,227 | 1,809 | 2,250 | 2,708 | 3,183 | 3,677 | 3,871 | 4,071 |
| Total Decent Homes | 16,298 | 20,406 | 11,610 | 13,487 | 16,014 | 17,727 | 14,125 | 14,538 | 17,519 | 20,214 |
| Other Spend on HRA Stock | | | | | | | | | | |
| Garage Improvements | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Asbestos Removal | 54 | 23 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Disabled Adaptations | 1,008 | 808 | 808 | 808 | 808 | 808 | 808 | 808 | 808 | 808 |
| Communal Areas Uplift | 182 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Communal Electrical Installations / Fire Systems / Communal Lighting | 96 | 350 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 |
| Communal Entrance / Enclosure Doors + Glazing | 400 | 121 | 121 | 121 | 121 | 145 | 121 | 121 | 121 | 121 |
| Fire Prevention / Fire Safety Works | 929 | 1,250 | 50 | 50 | 700 | 50 | 50 | 50 | 50 | 50 |
| Hard surfacing on HRA Land - Health and Safety Works | 282 | 225 | 225 | 225 | 225 | 225 | 225 | 225 | 225 | 225 |
| Communal Areas Floor Coverings | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Lifts and Door Entry Systems | 124 | 9 | 0 | 38 | 28 | 75 | 0 | 0 | 40 | 40 |
| Estate Investment Scheme | 1,753 | 1,000 | 806 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capitalised Officer Fees - Other HRA Stock Spend | 141 | 141 | 114 | 114 | 114 | 114 | 114 | 114 | 114 | 114 |
| Other Spend on HRA Stock Planned Maintenance Contractor Overheads | 377 | 253 | 276 | 192 | 191 | 198 | 187 | 187 | 192 | 192 |
| Total Other Spend on HRA stock | 5,546 | 4,480 | 2,900 | 2,048 | 2,687 | 2,115 | 2,005 | 2,005 | 2,050 | 2,050 |
| | | | | | | | | | | |

| Description | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| HRA New Build / Re-Development | | | | | | | | | | |
| Anstey Way | 93 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tedder Way | 50 | 400 | 41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kendal Way | 50 | 400 | 41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Queensmeadow | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wulfstan Way | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Akeman Street | 95 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ventress Close | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colville Road (Garage Site) | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mill Road (Phase I and II) | 1,957 | 826 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gunhild Way | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cromwell Road | 3,684 | 3,247 | 378 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kingsway Clinic Conversion | 368 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colville Road Phase II | 5,331 | 5,734 | 116 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Meadows and Buchan Street | 3,589 | 9,075 | 8,893 | 3,025 | 0 | 0 | 0 | 0 | 0 | 0 |
| Clerk Maxwell Road | 1,391 | 1,638 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Campkin Road | 6,066 | 7,337 | 1,001 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Histon Road | 212 | 1,632 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| L2 | 1,897 | 3,194 | 1,114 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colville Road Phase III | 1,724 | 5,709 | 4,911 | 245 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fen Road | 394 | 2,436 | 993 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ditton Fields | 265 | 1,108 | 648 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Aragon Close | 24 | 1,022 | 940 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sackville Close | 24 | 1,023 | 940 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Description | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 |
|--|---------------|---------------|---------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Borrowdale | 127 | 440 | 345 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Aylesborough Close | 653 | 4,283 | 10,724 | 3,370 | 0 | 0 | 0 | 0 | 0 | 0 |
| St Thomas's Road | 82 | 690 | 1,333 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Paget Road | 72 | 604 | 1,166 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisition (Incl. for New Build) | 3,148 | 8,888 | 5,664 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1,000 New Build Programme (Unallocated) | 3,677 | 10,631 | 12,107 | 122,886 | 166,327 | 200,169 | 90,954 | 22,641 | 16,250 | 16,250 |
| Hill POD Homes | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rough Sleeper Acquisitions | 3,631 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total HRA New Build | 38,668 | 70,317 | 51,355 | 129,526 | 166,327 | 200,169 | 90,954 | 22,641 | 16,250 | 16,250 |
| Sheltered Housing Capital Investment | | | | | | | | | | |
| No current schemes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Sheltered Housing Capital Investment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other HRA Capital Spend | | | | | | | | | | |
| Orchard Replacement / Mobile Working | 238 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Shared Ownership Repurchase | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 |
| Commercial and Administrative Property | 30 | 50 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Estate Service Van | 0 | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other HRA Capital Spend | 568 | 400 | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 330 |
| Total HRA Capital Spend | 61,080 | 95,603 | 66,195 | 145,391 | 185,358 | 220,341 | 107,414 | 39,514 | 36,149 | 38,844 |
| Total Housing Capital Spend at Base Year Prices | 61,982 | 96,503 | 67,095 | 146,291 | 186,258 | 221,241 | 108,314 | 40,414 | 37,049 | 39,744 |

| Description | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 |
|---|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Inflation Allowance and Stock Reduction Adjustment for Future Years | 0 | 601 | 1,403 | 5,326 | 10,524 | 17,156 | 10,849 | 5,147 | 5,530 | 6,711 |
| Total Inflated Housing Capital Spend | 61,982 | 97,104 | 68,498 | 151,617 | 196,782 | 238,397 | 119,163 | 45,561 | 42,579 | 46,455 |
| Housing Capital Resources | | | | | | | | | | |
| Right to Buy Receipts | (483) | (488) | (493) | (498) | (503) | (508) | (513) | (518) | (523) | (529) |
| Other Capital Receipts (Land & Dwellings, incl. Market, Rent to Buy and SO Sales) | (1,838) | (88) | (16,379) | (23,808) | (33,945) | (43,004) | (150,352) | (58,878) | 0 | 0 |
| Major Repairs Reserve | (5,133) | (30,233) | (11,929) | (12,698) | (13,242) | (13,669) | (12,119) | (16,706) | (15,244) | (15,590) |
| Direct Revenue Financing of Capital | (29,417) | (14,611) | (5,859) | (14,091) | (9,587) | (6,997) | 0 | (9,317) | (20,932) | (15,574) |
| Devolution Grant / Homes England Grant (assumed) | (14,487) | (21,331) | (29,767) | (55,671) | (55,612) | 0 | 0 | 0 | 0 | 0 |
| Disabled Facilities Grant | (707) | (705) | (705) | (705) | (705) | (705) | (705) | (705) | (705) | (705) |
| Other Capital Resources (Grants / Shared Ownership Re-Sale / R&R Funding) | (300) | (300) | (300) | (300) | (300) | (300) | (300) | (300) | (300) | (300) |
| Retained Right to Buy Receipts | (5,151) | (7,183) | (3,066) | (908) | 0 | 0 | 0 | (4,875) | (4,875) | (4,875) |
| Prudential Borrowing | 0 | (19,137) | 0 | (42,938) | (82,888) | (173,214) | 44,826 | 45,738 | 0 | (8,882) |
| Total Housing Capital Resources | (57,516) | (94,076) | (68,498) | (151,617) | (196,782) | (238,397) | (119,163) | (45,561) | (42,579) | (46,455) |
| Net (Surplus) / Deficit of Resources | 4,466 | 3,028 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Balances b/f | (8,577) | (4,111) | (1,083) | (1,083) | (1,083) | (1,083) | (1,083) | (1,083) | (1,083) | (1,083) |
| Use of / (Contribution to) Balances in Year | 4,466 | 3,028 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Balances c/f | (4,111) | (1,083) | (1,083) | (1,083) | (1,083) | (1,083) | (1,083) | (1,083) | (1,083) | (1,083) |

| Description | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 |
|--|-----------------|--|---------|---------|---------|---------|---------|---------|---------|---------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Other Capital Balances (Opening Balance 1/4/2021) | | | | | | | | | | |
| | | | | | | | | | | |
| Major Repairs Reserve | (13,647) | Utilised in future years to fund investment in the housing stock | | | | | | | | |
| Retained 1-4-1 Right to Buy Receipts | (7,333) | Utilised in 2021/22 and 2022/23 above | | | | | | | | |
| Right to Buy Receipts for Debt Redemption | (10,121) | Retained for future debt repayment | | | | | | | | |
| Devolution Grant | (28,140) | Utilised between 2021/22 and 2023/24 above | | | | | | | | |
| Total Other Capital Balances | (59,241) | | | | | | | | | |

Equalities Impact Assessment Appendix L

Cambridge City Council Equality Impact Assessment (EqIA)



Cambridge City Council Equality Impact Assessment (EqIA)

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

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Guidance on how to complete this tool can be found on the Cambridge City Council intranet. For specific questions on the tool email Helen Crowther, Equality and Anti-Poverty Officer at equalities@cambridge.gov.uk or phone 01223 457046.

Once you have drafted the EqIA please send this to equalities@cambridge.gov.uk for checking. For advice on consulting on equality impacts, please contact Graham Saint, Strategy Officer, (graham.saint@cambridge.gov.uk or 01223 457044).

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

Housing Revenue Account Budget Setting Report – HRA Bids and Savings 2022/23

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

Documents will be published here:

<https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=414&MId=3978&Ver=4>

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

This EqIA considers equality impacts of budget proposals for the HRA at the point that they go to Housing Scrutiny Committee.

An EqIA is undertaken on the proposals in order to enable the City Council to set a balanced Housing Revenue Account budget for 2022/23 that reflects the Council's vision and takes into account councillors' priorities in its proposals for achieving the efficiency savings required to allow the strategic reinvestment of resource into new areas.

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

4. Responsible service

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

| | |
|---|--|
| <p>5. Who will be affected by this strategy, policy, plan, project, contract or major change to your service?</p> <p>(Please tick all that apply)</p> | <p><input checked="" type="checkbox"/> Residents <input checked="" type="checkbox"/> Visitors <input checked="" type="checkbox"/> Staff</p> |
| <p>Please state any specific client group or groups (e.g. City Council tenants, tourists, people who work in the city but do not live here): This EqIA specifically considers any equalities impact for City Council tenants and leaseholders, or for staff associated in delivery of services to this client group.</p> | |
| <p>6. What type of strategy, policy, plan, project, contract or major change to your service is this?</p> | <p><input checked="" type="checkbox"/> New <input checked="" type="checkbox"/> Major change <input checked="" type="checkbox"/> Minor change</p> |
| <p>7. Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service? (Please tick)</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> |
| <p>If 'Yes' please provide details below: 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.</p> | |
| <p>8. Has the report on your strategy, policy, plan, project, contract or major change to your service gone to Committee? If so, which one?</p> | |
| <p>All revenue budget bid proposals included in this EqIA are being presented to Housing Scrutiny Committee on 20th January 2022 and capital bids to Council on 24th February 2022.</p> | |
| <p>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?</p> | |
| <p>This information is based on feedback from Council Officers that lead on the individual budget bid proposals and any EqIA's they may have produced.</p> | |

10. Potential impacts

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

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

Sheltered CCTV Compliance

Connection of CCTV equipment in sheltered housing to the CCTV Control Centre will not only ensure statutory compliance but will also allow more proactive monitoring of any anti-social behaviour activity in the vicinity of our sheltered housing that will be of benefit in safeguarding children and adults at risk.

Reduction in Emergency Alarm Income

A reduction in emergency alarm income is being recognised due to reducing customer numbers. Although the City Council is not changing the service provided, there is a concern that there may be older people in their own homes who are not now being supported as they once were. The County Council now offer a similar service and so some residents may be receiving support through an alternative route.

(b) Disability

Increase in maintenance costs for fire protection equipment and emergency lighting

Increased installations of both fire protection equipment and emergency lighting, which in turn require servicing and result in increased costs, benefit all residents, but have the potential to particularly benefit disabled residents who may have visual impairments or mobility issues that can make them at greater risk of trips and falls or that may hinder them from exiting the building quickly in the event of a fire.

Sheltered CCTV Compliance

Connection of CCTV equipment in sheltered housing to the CCTV Control Centre will not only ensure statutory compliance but will also allow more proactive monitoring of any anti-social behaviour activity in the vicinity of our sheltered housing, where there may be a number of disabled residents. Anti-social behaviour can include hate crime motivated by hostility or prejudice towards someone's disability.

Reduction in Emergency Alarm Income

A reduction in emergency alarm income is being recognised due to reducing customer numbers. Although the City Council is not changing the service provided, there is a concern that there may be disabled people in their own homes who are not now being supported as they once were. The County Council now offer a similar service and so some residents may be receiving support through an alternative route.

(c) Gender reassignment

Sheltered CCTV Compliance

Connection of CCTV equipment in sheltered housing to the CCTV Control Centre will not only ensure statutory compliance but will also allow more proactive monitoring of any incidents of anti-social behaviour and hate crime, including that motivated by hostility or prejudice towards someone's transgender identity.

(d) Marriage and civil partnership

There are no equality impacts identified specific to this protected characteristic

(e) Pregnancy and maternity

There are no equality impacts identified specific to this protected characteristic

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

Sheltered CCTV Compliance

Connection of CCTV equipment in sheltered housing to the CCTV Control Centre will not only ensure statutory compliance but will also allow more proactive monitoring of any anti-social behaviour activity in the vicinity of our sheltered housing, which may be of particular benefit to any experiencing hate crimes or racial abuse.

(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

Sheltered CCTV Compliance

Connection of CCTV equipment in sheltered housing to the CCTV Control Centre will not only ensure statutory compliance but will also allow more proactive monitoring of any anti-social behaviour activity in the vicinity of our sheltered housing, which may be include hate crime motivated by prejudice and hostility towards someone's sexual orientation.

(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_159kt25q).

Impacts relating to intersectionality:

Increase in maintenance costs for fire protection equipment and emergency lighting

Increased installations of both fire protection equipment and emergency lighting, which in turn require servicing and result in increased costs, benefit all residents, but have the potential to particularly benefit older residents who may be more likely to have visual impairments or mobility issues that can make them at greater risk of trips and falls or that may hinder them from exiting the building quickly in the event of a fire.

Reduction in Emergency Alarm Income

A reduction in emergency alarm income is being recognised due to reducing customer numbers. Although the City Council is not changing the service provided, there is a concern that there may be older people in their own homes who are not now being supported as they once were, including older people with disabilities or long-term health conditions. The County Council now offer a similar service and so some residents may be receiving support through an alternative route.

Impacts relating to poverty or low income:

Recruitment of 2 additional Multi-Skilled Operatives

Increasing the number of operatives is anticipated to improve the turnaround time for void properties, thus providing homes for rent for vulnerable residents on low incomes more quickly.

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.)

Reduction in Emergency Alarm Income

Although the City Council has no control over customers choosing to leave the emergency alarm service, and many accounts may be terminated due to the customer passing away,

there is a risk that clients have cancelled for financial reasons and may now not be receiving support in their own home. New customers are not coming forward as the population ages, which may be due to the County Council offering a similar service. An action will be taken forward to liaise with Social Care officers to avoid vulnerable residents falling through the cracks.

12. Do you have any additional comments?

This EqlA provides an overall assessment of the equality impacts of budget proposals included in the Housing Revenue Account budget proposed for 2022/23, which are going to SLT / Exec. Services shall update budget bid proposals that are agreed by SLT / Exec and their respective EqlAs. Any proposals not approved shall be deleted from this EqlA, with those remaining informing councillors' decisions at Committee.

13. Sign off

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

Julia Hovells, Assistant Head of Finance and Business Manager

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

- Helen Crowther, Equality and Anti-Poverty Officer
- Catherine Buckle, Business Development Manager
- Lynn Thomas, Head of Housing Maintenance and Assets
- David Greening, Head of Housing
- Claire Flowers, Head of Housing Development Agency

Date of EqlA sign off: 22/10/2021

Date of next review of the equalities impact assessment: After 24/02/2022

Date to be published on Cambridge City Council website: Published for proposals to be considered by Housing Scrutiny Committee on 20th January 2022 and Council on 24th February 2022 as part of the HRA Budget Setting Report.

Rent Setting Policy

1 Introduction

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

2 Policy Statement

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

The Council will set rents following consideration of the Regulator of Social Housing's 'Rent Standard', in the context of both local housing demand and Cambridge's pressured housing market.

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

Under this policy, the majority of existing rented properties in the social sector will continue to be let at social rent; and we expect the majority of new properties will continue to be let at affordable rent.

3 Policy Objectives

The objectives of the rent setting policy are:

- To consider, and respond locally, to Government guidance and Regulator of Social Housing requirements on setting rents for social housing
- To identify how Cambridge City Council will set rents for general, sheltered and supported housing properties, both social rented and affordable rented
- To identify how Cambridge City Council will set rents for shared ownership properties

- To identify how Cambridge City Council will set rents for new build properties
- To identify how Cambridge City Council will set rents for garages and parking spaces
- To identify the process for providing statutory notice to tenants of proposed changes in rent levels

4 Background

Rent restructuring was introduced with effect from April 2002, with the aim of introducing consistency in the calculation of social rent across local authorities and other Registered Providers (RP's), ensuring that social rents were more affordable, fairer and less confusing for all tenants.

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

Alternatively, registered providers can deliver affordable rented homes, with rents set at up to 80% of market rent, but with the need to 'pay due regard' to the Local Housing Allowance.

The Government 'Policy statement on rents for social housing' document and the Regulator of Social Housing's 'Rent Standard' set out the approach to calculating both social and affordable rent.

5 Detailed Implementation

Social Rent

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

- 70% based on the average county-level manual earnings compared with the national average manual earnings;
- 30% based on the January 1999 property valuation of an individual property, compared with the national average value of a social housing property;

- An additional 'weighting' based on the number bedrooms in the property.
- A weekly rent cap based upon the number of bedrooms in the property.

Historic low rents will be moved to target rent restructured rents only when a property becomes void.

Consideration will be given to properties set at affordable rent levels that remain void over a period of time to be reduced to social rents where any funding conditions allow this.

Affordable Rent

Government guidelines requires Cambridge City Council to consider rent levels of up to a maximum of 80% of market rent (inclusive of service charges) for any new affordable rented properties.

The Greater Cambridge Housing Strategy and associated Affordable Rents Policy requires affordable rents, inclusive of eligible property related service charges, in Cambridge to be set at 60% of market rent or the prevailing Local Housing Allowance rate, whichever is the lower. Exceptions to this exist in specific circumstances, ie; where the up-front investment in the dwelling is higher due to sustainable build standards, but where for the tenant 'the overall affordability of the home, in terms of issues such as fuel costs and repair & maintenance of heating systems will be sufficiently reduced so that it is cost neutral to tenants.'

The Council will comply with the Greater Cambridge Housing Strategy Affordable Rent Setting Policy when setting rents in the Housing Revenue Account stock unless such an exception can clearly be demonstrated.

6 Annual Rent Review and Re-Let

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

Annual rent increases (or decreases) will comprise, in line with the Rent Standard, an adjustment to reflect the change in prices between one year and the next, with up to inflation plus 1.0% applied across all properties (based on the consumer price index

(CPI) inflation rate for the preceding September). This is applicable from April 2020, for at least 5 years.

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

Rent will be due on each Monday during the rent year, raised on rent accounts across 52 or 53 weeks depending upon the number of Mondays in the rent year.

Where homes are re-let during the year, social rented homes will routinely be re-let at target rent restructured rent plus service charges. Affordable rented homes are required to be re-let at no more than 80% of market rent (60% to ensure continued compliance with the local rent setting policy), with the need to demonstrate this either through separate 'red book' valuation or by using a desktop review of market rent levels where sufficient market comparables are held by the authority.

7 General Needs, Sheltered and Supported Housing

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

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

8 Shared Ownership Housing

Rents for shared ownership properties will be amended in line with the requirements of each lease.

Social Rented Shared Ownership

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

Rents will be increased (or decreased) in line with the Rent Standard as far as possible within the terms of the lease, with a maximum increase of inflation (CPI at the preceding September) plus 1.0% for a minimum of 5 years from April 2020.

In the event that the authority re-acquires the whole shared ownership dwelling, rents in respect of void properties will be set at target rent levels before the property is re-sold or let as rented accommodation.

Affordable Rent Shared Ownership

Shared ownership properties built since 2012 have been sold using a Homes England Shared Ownership Model Lease, where the 20% discount for the repair liability does not apply.

The initial rent charge will not exceed 3% of the capital value of the unsold equity, with providers encouraged to set rents at no more than 2.75% on average. The resident will have purchased a proportion of the property, and pays rent based upon the percentage of the property still owned by the Council.

Rents will be increased (or decreased) in line with the terms of the lease, with a maximum increase of inflation (RPI for a month specified in the lease) plus 0.5%

Rents in respect of properties that change ownership will remain at the rent level of the property prior to the acquisition transaction and will still be subject to any rent review that may fall due.

In the event that the authority re-acquires the whole shared ownership dwelling, rents in respect of void properties will be set to not exceed 3% of the capital value of the unsold equity, with providers encouraged to set rents at no more than 2.75%. If converted to rented accommodation, rents will be set at 60% of market rent or the Local Housing Allowance, whichever is lower.

Any shared ownership homes built using grant funding from the 2021-26 Homes England Grant Programme will be sold using the new Homes England Shared Ownership Model Lease, which includes, amongst other things, the repair liability falling to the lessor for the first 10 years of ownership.

9 New Build Affordable Housing

In respect of new build housing, consideration will be given to rent levels in the context of the financial viability of the initial investment, with both social rents and affordable rents considered, where applicable.

Where new homes are delivered at social rents, the authority will obtain a market value for the property, discounted back to January 1999 levels, to allow the calculation of a social rent using the rent restructuring formula. The rent restructured target rent will be applied, with any service charges then added to this. The 5% flexibility may be applied if considered appropriate, and if approved for the scheme in question.

Where homes are delivered at affordable rents, with funding through either Homes England Grant or Retained Right to Buy Receipts currently making this possible, a market rental valuation will be sought. Rents will then be set at 60% of market rent, or the prevailing Local Housing Allowance level if this is lower. This rent is inclusive of service charges.

This policy allows for new build homes to be routinely delivered with rents of up to 60% of market rent levels, but recognises that there may be exceptions, dependent upon scheme cost, sustainability levels of the build and scheme viability, where there may be a case to set rents higher, and at up to 80% of market rent inclusive of service charge. Any exceptions will be clearly articulated throughout the scheme approval process.

10 Garages and Parking Spaces

Rent levels for garages and parking spaces will be in line with each year's Garage Charging Structure which will be reviewed annually as part of the budget process and set according to demand.

A variable charging structure will apply, with higher rents payable for garages or parking spaces located within a high demand or high value area. Any new garages or parking spaces will be assessed by the Strategic Director who has delegated authority to designate a standard or high demand / value area.

An additional premium for non-city residents / commuters and business / commercial lets may be added in line with the charging structure approved.

VAT will be applied to all private garages, ie; garages or parking spaces let to those who are either not housing tenants of Cambridge City Council or are tenants where the garage is being used for storage under a previous charging structure.

11 Monitoring

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

12 Review of the Rent Setting Policy

The Rent Setting Policy will be reviewed by officers every 3 to 5 years, or as otherwise required to allow for changes to national or other local policy, with any changes being presented to Housing Scrutiny Committee for debate, and then approval by the Executive Councillor for Housing.

Policy Date January 2022

Review Date January 2025