

**South Cambridgeshire District  
Council  
Housing Revenue Account  
Budget Setting Report  
2018/19**

**February  
2018**

# Version Control

	<b>Version</b>	<b>for :</b>	<b>Anticipated Content</b>
Current	1	Draft	Draft content for consultation - EMT
	2	Scrutiny and Cabinet	Member Scrutiny
	3	Council	Recommended final budget proposals
	4	FINAL	Final version for publication following Council

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# Section 1

## Introduction

# Foreword by the Portfolio Holder for Housing

The challenges continue for stock holding authorities like South Cambridgeshire District Council, and the final details of some of the residual changes in national housing policy, if they are published in 2018/19, will require a further review of the strategic position for the Housing Revenue Account to be undertaken. There has been some relief of uncertainty with details having been published of the National Rent Setting Policy from April 2020.

The introduction of changes in respect of welfare benefits, and particularly the rollout of direct payment as part of the introduction of Universal Credit, is anticipated to put significant pressure on the Housing Revenue Account to continue to collect the rental income due in a timely and effective manner. The authority will continue to work proactively to support tenants through the transition period, and to recognise when additional resource may need to be deployed to ensure that the risk of any increase in rent arrears is mitigated as far as possible.

The Council continues with its ambition to increase its own stock and now has an established pipeline of schemes on which feasibility work is being carried out. The sites identified offer opportunities both for direct build out by the Council and negotiation on acquisition of affordable housing provision from developers. Importantly, this pipeline offers some assurance that South Cambridgeshire District Council will use Right to Buy receipts within the time constraints that Government imposes.

The Housing Revenue Account budget for 2018/19 reflects both the challenges and resourcefulness of South Cambridgeshire District Council in facing them.

# Background

Housing Revenue Account budgets continue to be set in the context of a 30-year business plan, which is reviewed in November and February of each year.

The resource available to invest in housing services is dependent upon income streams for the Housing Revenue Account, the most significant of these being the rental income for the housing stock. The authority is now required to comply with a national approach to rent setting, where rents will be reduced by 1% per year, for a further two years, from April 2018, after which rent increases will return to inflation as measured by CPI, plus 1% for the following five years.

With income reducing in the short-term, it is imperative that the Housing Revenue Account continually reviews its priorities for investment, considering:

- The level of investment required in the existing housing stock
- The need to spend on landlord service (management and maintenance)
- The need to support, and potentially set-aside to repay, housing debt
- The ability to identify resource for investment in new affordable housing
- The ability to invest in new initiatives, income generating activities and discretionary services (i.e.; support)

The Council sets housing budgets in the context of the long-term impact on the financial viability for the Housing Revenue Account 30-Year Business Plan, to ensure delivery of council housing in perpetuity.

There is a key requirement to ensure that the HRA can support a significant level of housing debt whilst also ensuring ongoing delivery of housing services. As at April 2017, the authority was supporting a housing debt of £204,429,000. The current policy does not assume set-aside of resource to allow for repayment of housing debt, but instead assumes the resource is used to deliver a new build programme in the medium term, in an attempt to ensure sustainability of the HRA.

# Section 2

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

### Review of National Policy Context

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

The authority is still subject to imposed rent reductions of 1% for a further two years following legislation approved as part of the Welfare Reform and Work Bill 2015.

Where actual (transitional) rents have still not reached property specific target rent levels, local authorities are permitted to increase the rent to the target rent level only at re-let, recognising that the target rent for each property will also reduce by 1% each year for the next two years.

In respect of affordable rents, the government requires local authorities to assess what 80% of the market rent would be for a property, and to apply the 1% reduction to this rent level, with the resulting sum being the maximum which a local authority can charge.

Following some uncertainty as to what national rent policy will be from April 2020, it has now been confirmed that local authorities will be able to revert to the previously agreed rent increases of CPI plus 1% per annum for a minimum of 5 years from that point. This gives some certainty for business planning purposes, at least in the medium term.

#### **National Tenancy Policy**

The Housing and Planning Bill introduced a requirement for local authorities to grant fixed term tenancies of between 2 and 10 years. A longer tenancy can be granted where a child under 9 years of age is resident as part of the household, with the tenancy expiring when the child reaches 19 years of age.

It was confirmed in November 2016 that compulsory fixed term tenancies would be the 'tool' used to introduce control over long-term occupancy of council housing, in place of the abolished 'Pay to Stay' proposals.

Implementation is still subject to confirmation through the release of formal regulations, and until these are received, we do not know what level of local discretion may be available to Councils.

## **Mandatory Disposal of High Value Housing Stock**

The ability, as included in the Housing and Planning Act 2016, for Central Government to impose a financial levy on stock owning authorities in respect of the assumed sale of higher value housing stock, is still subject to regulation.

It is anticipated that any levy will vary for each financial year, with the value arrived at on a formulaic basis, after a period of consultation with local authorities. Although regulations are not forthcoming, it is still anticipated that the authority would have some discretion over which assets it disposes of, in order to meet the levy.

It was confirmed in an interview with the Housing Minister in late November 2016, that the government would not be requesting any higher value voids levy payments from councils during 2017/18, recognising the need for local authorities to prepare once any regulations are published. As there was still no secondary legislation in place for the policy, the decision was taken as part of the HRA Medium Term Financial Strategy to defer the assumption of any payment until at least April 2019.

The income generated from any sale of higher value void council homes would be expected to fund right to buy for housing association tenants, with a wider pilot scheme now set up. The initial pilot scheme was not as successful as anticipated, and this in turn raised questions nationally about whether the forced sale of council homes is the right route to fund the scheme.

In the absence of any confirmation as to the future of the proposed policy, the HRA Budget Setting Report has been constructed on the assumption that the compulsion to sell will still

require the equivalent of approximately 1.8% of the housing stock each year to be disposed of, representative of just under 100 properties per annum initially, but with any payment deferred until 2019/20.

## **Welfare Reforms**

### **Universal Credit**

Universal Credit was introduced in Cambridge on the 29<sup>th</sup> February 2016 and is currently only applicable to single, working age customers, otherwise entitled to make a claim for Jobseekers Allowance. Universal credit generally includes housing costs for this group and this is paid directly to the customer unless it can be demonstrated that there are budgeting concerns. Claims must be made online. The full digital service that will allow claims from couples and those with children will not now be rolled out to Cambridge Job Centre until October 2018, however there are a small number of full digital claims which are being paid for residents who have to make a claim from Haverhill Job Centre (Balsham, Horseheath, Hinxton, Ickleton, Linton, Shudy Camps and West Wickham where full digital service commenced in October 2017. The impact of Universal Credit is at present small as there are only 13 HRA tenants currently in receipt of Universal Credit. The rollout to Cambridge Job Centre will have a bigger impact on residents.

Following the November 2017 budget, it has been confirmed that the intention is to retain payment for stays in temporary housing in housing benefit and not to transfer claims for this to universal credit. As part of the November 2017 budget, a two week overlap for Universal Credit claimants moving from Housing Benefit was also introduced, to mitigate the impact of the change.

As part of the Delivery Partnership Agreement, requests for Personal Budgeting Support are being accommodated by Cambridge Citizens Advice Bureau (CAB). Whilst there has been low take up via the referral process, some Universal Credit customers are still able to contact Cambridge CAB directly.

### **Benefit Cap**

The reduced Benefit Cap has had limited impact on our residents and there are currently 37 families within South Cambridgeshire affected being approximately 12 are HRA tenants, a



number of those initially affected have started work or increased the number of hours they are working and the cap is no longer applicable. The council has contact all those affected to promote and advise of Discretionary Housing Payments, which continue to be available to those families in the most need and at risk of homelessness. There are currently 4 HRA tenants who receive a Discretionary Housing Payments as a result of the Benefit Cap.

### **Removal of the Spare Room Subsidy**

Numbers of customers affected by the removal of the spare room subsidy continue to reduce slowly and currently there are 238 HRA tenants affected by the reform, with 202 impacted by a reduction of 14% and 36 by 25%. There are currently 31 HRA tenants who receive Discretionary Housing Payments to help towards their rent as due to removal of spare room subsidy.

### **Limiting the Child Element to two children**

From 1 April 2017, new benefit claims and current benefit claims which increase the family element above two children, do not have additional child elements included in the Housing Benefit calculation. There are some exemptions for multiple births, result of abuse and adoption, or similar. The impact of the change has been small and there are currently 18 families who are HRA tenants who are affected by the change

This change did not affected claimants who claims started prior to 1 April 2017 with more than two children, unless they have more children, then the child allowances will not increase or no longer claim housing benefit and then reclaim.

### **Local Housing Allowance (LHA) Restriction**

Social sector rents used in the calculation of Housing Benefit and the Housing Costs element of Universal Credit were anticipated to be restricted to the prevailing Local Housing Allowance rates from April 2019, with the rates being the maximum Housing Benefit payable, towards both rent and any service charges.

Following a number of representations at national level, at the present time, Government have indicated that they will not apply the Local Housing Allowance restriction to tenants in supported housing, nor the wider social rented sector.

## Supported Accommodation Review

DWP and DCLG have launched a further consultation considering new funding for supported housing with an effective date of April 2020.

There are three broad groups being proposed:

- Sheltered housing schemes – a new sheltered rent based on existing social sector rent controls plus eligible service charges. This will be met through claims for Housing Benefit or Universal Credit.
- Short-term and temporary housing schemes with support provided will be supported through a ring fenced grant paid to upper tier authorities who will be responsible for the commissioning of this type of accommodation.
- Longer-term supported housing – these arrangements will continue much as they are with 100% of eligible rent and eligible service charges being met through claims for Housing Benefit or Income Support.

The deadline for the consultation is 23<sup>rd</sup> January 2018.

## Right to Buy Sales

During 2016/17, 65 right to buy applications were received and recorded, resulting in 33 completions. This compares to 80 applications in the previous year, which gave rise to 23 completions.

The table below highlights the activity over the last 5 years, with projections for the following 5 years:

Status	Year	RTB Sales
Actual Sales	2012/13	24
	2013/14	28
	2014/15	29
	2015/16	23
	2016/17	33
Estimated Sales	2017/18	25
	2018/19	20

	2019/20	20
	2020/21	20
	2021/22	15

In the first 9 months of 2017/18, 27 right to buy applications were received and 16 sales completed, supporting a view that there is now a slowing down in interest following the peak that the threat of 'Pay to Stay' was believed to cause.

Accurately predicting future sales continues to be difficult, but with a small increase in the Bank of England base rate and nothing on the horizon that is anticipated to encourage heightened interest, it is anticipated that interest will remain low, as predicted mid-year.

For the HRA Budget Setting Report 25 sales are assumed in 2017/18, 20 sales from 2018/19 for 3 years, then reducing to 15 per annum from 2021/22 onwards.

## Right to Buy Receipts

At 31 March 2017, the authority held £5,893,756 of right to buy receipts under the retention agreement with CLG, to be spent within 3 years of their original receipts date, to fund the delivery of new social housing, with a maximum of 30% of any dwelling being funded via this mechanism. The balance must be funded from the Council's own resources, or through borrowing if headroom is available, and not on replacement dwellings or dwellings receiving any other form of public subsidy.

With a recent increase in the Bank of England base rate to 0.5%, any penalty interest payable on receipts not re-invested appropriately will now be at the rate of 4.5%.

**Appendix D** summarises the latest position in respect of receipts held and appropriately re-invested, highlighting that although a deadline has not yet been breached, the timing of investment through our capital programme is critical if we are to avoid payment of any penalties.

As with last year, during 2017/18 a small number of strategic acquisitions have, or will have, taken place to ensure that sufficient resource has been invested by March 2018.

The option to pass retained receipts to registered providers still remains, with the same time constraints applicable in this instance, as well as the need for the 70% top up funding.

Newly arising receipts continue to be retained at the end of each quarter, subject to the delegated approval of the Executive Director (Corporate Services), in consultation with the Director of Housing, with the Portfolio Holder for Housing informed if the recommendation were to be to pay receipts directly back to Central Government.

Any additional capital spending, and top up funding, required as a result of decisions to retain right to buy receipts are built into the Housing Capital Investment Plan at the next available opportunity.

## Review of Local Policy Context

### Housing Stock

South Cambridgeshire District Council Housing Revenue Account owns and / or manages the following properties, broken down by category of housing provided:

Housing Category	Actual Stock Numbers as at 1/4/2017	Estimated Stock Numbers as at 1/4/2018
General Housing (incl. use as Temporary Housing)	4,183	4,181
Sheltered Housing	1,054	1,054
Sheltered Housing – Equity Share	80	80
Equity Share – General Needs	0	1
Miscellaneous Leased Dwellings	11	11
Shared Ownership / FTB Dwellings	50	57
Awaiting Disposal / Demolition / Transfer to HA	23	0
Total Dwellings	5,401	5,384

A breakdown of the housing stock by property type, excluding shared ownership and equity share, is demonstrated in the table below:

<b>Stock Category (Property Type)</b>	<b>Actual Stock Numbers as at 1/4/2017</b>	<b>Estimated Stock Numbers as at 1/4/2018</b>
Bedsits	32	20
1 Bed	1,023	1,016
2 Bed	2,279	2,286
3 Bed	1,861	1,849
4 Bed	71	70
5 Bed	1	1
6 Bed	4	4
Total Dwellings	5,271	5,246

## **Leasehold Stock**

The Housing Revenue Account continues to maintain the freehold in respect of flats, sold under the right to buy process on long leases. Services continue to be provided to these properties in respect of repairs and improvements to communal areas and services for common facilities.

## **Support for Vulnerable People**

South Cambridgeshire District Council has agreed to enter into a new contract with the County Council to deliver a reduced level, £267,000 per annum, of tenure neutral support services to older people across the district, with a new contract term of 3 years from April 2018, and an option to extend for one year from April 2021.

# **External Factors**

Factors outside of the direct control of the authority continue to impact strategic decision making, with judgements having to be made about the likely direction of travel for many of these.

**Appendix A** provides details of the latest assumptions being incorporated into the financial forecasts, with any amendments since the last iteration of the business plan highlighted.

# Section 3

## Housing Revenue Account Resources

### Rent

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

Performance in the collection of current tenant debt fell marginally during 2016/17, and has worsened during the first 9 months of 2017/18.

At the end of December 2017, current tenant arrears stood at £391,541 and former tenant arrears at £126,107, compared with £337,081 and £83,498 retrospectively at 31 March 2017. Although there are always some seasonal fluctuations in arrears levels throughout the year, there does appear to be an upward trend emerging due to welfare reforms and the position is being carefully monitored.

Staff continue to work proactively with tenants in arrears, with the long-term position still anticipated to become more challenging when the phased introduction of direct payment, which began locally in February 2016, is expanded to all client groups from October 2018.

The level of annual contribution to the bad debt provision was reviewed as part of the HRA Medium Term Financial Strategy, taking into consideration the dip in collection rates. A contribution of 0.3% of rental income was retained for 2017/18, increasing incrementally to 0.4% for 2018/19 and 0.5% for 2019/20 and beyond. This assumption has been retained.

At 31 March 2017, the provision for bad debt stood at £300,000, representing 71% of the total debt outstanding.

The estimated value of rent not collected as a direct result of void dwellings in 2016/17 was £306,577, representing a void loss of 1.07%, with higher than desired levels partly due to 'management' voids held pending disposal or re-development of a site.

At the end of 2016/17, 88 properties were unoccupied, representative of 1.6% of the housing stock, with approximately 28% of these being intentionally held vacant pending re-development. At the end of the third quarter in 2017/18, 56 properties were vacant, with approximately 6 of these being intentionally held vacant included in this. In the first 9 months of 2017/18, rent of approximately £251,600 was recorded in the housing rent system as being lost due to vacant dwellings.

The current assumption of 1.1% voids in general housing is still considered appropriate for the longer-term. Any requirement to sell higher value void properties in the future would impact this assumption in future iterations of the business plan, with the deferred loss of estimated rental income already incorporated into the financial forecasts as a separate assumption.

## **Rent Restructuring and Rent Levels**

Property specific target social rents under the rent restructuring regime still apply for the properties held in the HRA prior to April 2012, but the requirement to reduce social housing rents, by 1% for a further 2 years, means that target rents will continue to reduce in line with this. 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.

The average target 'rent restructured' rent, excluding elderly equity share properties, at the time of writing this report in 2017/18 across the socially rented housing stock was £107.59, with the average actual rent charged being £102.60, both recorded on a 52 week basis. By the end of December 2017, 32% of the social rented housing stock was being charged at target rent levels, compared with 27.5% in the previous year.

The gap between actual and target rent levels now equates to an annual loss of income of approximately £1,357,000 across the HRA, compared with the income assumption in the Self-Financing Settlement, where full convergence was anticipated.

There were 61 new build or acquired properties charged at the higher 'affordable rent' levels, equivalent to the Local Housing Allowance at the end of December 2017.

## Rent Setting

Rent levels continue to be set by Council in February of each year, following consideration at Cabinet.

From April 2018, the authority is required to apply the third year of a four year rent cut in social housing rents of 1% per annum.

The assumption being made, in respect of longer-term financial forecasts, that the authority will be able to revert to the previous policy of increasing rents by CPI (as measured at the preceding September), plus 1% each year, from April 2020, has been confirmed by government, with a commitment at these levels given for at least 5 years.

For affordable rented homes, the requirement for local authorities to determine what 80% of the market rent is for each dwelling, and ensure that the combined rent and service charges levied for a property does not exceed this level, minus the 1% reduction required each year for the four years from April 2016 remains. As local policy limits affordable rents to the Local Housing Allowance level from the point of introduction, it is argued that the 4 year reduction has already been applied for these properties at inception. As a result, affordable rents are reviewed in line with the Local Housing Allowance each year, with an indication that these allowances may be increased by 3% from April 2018 for the Cambridge Broad Market Rental Area.

## Service Charges

Service charges continue to be levied for services that are not pure landlord functions, and are provided to some tenants and not others, depending upon the type, nature and location of the property. Some service charges are eligible for housing benefit, depending upon the nature of the service.

The approach to setting service charge levels for 2018/19 is detailed at **Appendix B**.



# Other Sources of Income

## Garages

The Housing Revenue Account had 943 residential garages at 1<sup>st</sup> April 2017, which are outside the curtilage of the dwelling. Approximately 230 garages were vacant at the time of compiling this report.

A number of the vacant garages have been identified as needing repairs or major works prior to being ready to let, or are being considered for demolition, disposal, self-build sites or re-development.

The HRA retains a two part charging structure for garages, with one rate for garages rented to tenants, and another for rental of garages by others, with the latter being subject to VAT at the prevailing rate. If a tenant holds more than two garages, VAT is also payable.

## Other Property

In addition to dwellings held for rent, the HRA has a number of communal rooms and hub offices in sheltered schemes. Currently the costs of these buildings are recovered through service charges levied to residents.

A review of these assets is in progress to ensure that they are either well utilised for the purpose intended, or that consideration is given to alternative options for the use of each site, generating an income for the HRA where possible.

## 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, any unapplied capital balances and in respect of any internal lending to the General Fund.

The interest rates available to the Council generally remain low, and market recovery is slow, although lending to Ermine Street Housing still provides a better return than lending to external third parties currently.

# Other External Funding

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

- Section 106 Funding – The authority has a policy in respect of Section 106 Commuted Sums, which includes the provision for resource to be to be utilised to fund delivery of new build affordable housing in the Housing Revenue Account. The assumption that a proportion of this funding is utilised to deliver new affordable homes is incorporated into the Housing Capital Investment Plan.
- Support Funding – The authority expects to receive £267,000 per annum for tenure neutral support provided to older people across the district, with a contract which can be extended up to March 2021.

## Earmarked & Specific Funds

### **Earmarked Funds – Revenue Reserves**

In addition to General Reserves, the Housing Revenue Account still maintains a number of earmarked or specific funds. Appendix C details the current level of funding in these reserves.

#### **Self-Insurance Fund**

This reserve is maintained to mitigate the risks associated with the authority self-insuring its housing stock. Costs in lieu of insurance claims are charged to the HRA in year, with the reserve available to meet any higher than anticipated remedial costs, allowing the HRA time to react to the additional expenditure incurred.

#### **Major Repairs Reserve**

A statutory reserve which receives a sum, transferred from the revenue account, equivalent to the depreciation in respect of the housing stock each year. Resource in the Major Repairs Reserve is then used as a source of funding in the Housing Capital Investment Plan, to meet the capital cost of works to HRA assets, or alternatively to repay housing debt.

## **HRA Set-Aside for Potential Debt Repayment or Future Re-Investment**

Change in national housing policy, and the continued desire to invest resource in new build to replace lost stock and appropriately spend retained right to buy receipts, impacts the ability to set-aside resource to repay debt. This means the authority will have no alternative but to re-finance a significant proportion of the loan portfolio as each loan matures. The approach of 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 the limited resource that is available for set aside in the future.

## **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 initial self-financing settlement, in recognition of the debt which the authority holds in respect of the asset. The balance of sums retained to date, are held in a separate ear-marked capital reserve allowing them to be utilised to repay debt should the authority so choose, or alternatively to be reinvested as deemed appropriate.

### **Right to Buy Retained One-for-One Ear-Marked Capital Receipt**

The Right to Buy Receipt Retention Agreement remains in force. To ensure that these resources are separately identified for re-investment, and if necessary, repayment purposes, an ear-marked balance exists to record the balance at the end of each reporting period.

# Section 4

## Housing Revenue Account Budget

### Revised Budget - 2017/18

#### In-Year Budget Amendments

Service budgets for the current financial year are not routinely reviewed as part of the budget setting process for the coming year, and any variations against the budget set are reported at outturn. Exceptions are made, however, in respect of items which are significant in nature, or which will materially affect projections for the budget year if amendments are not made in year.

For 2017/18 the only in year changes are in respect of the level of rent income expected to be received for the year and the anticipated interest that will be received by the HRA, directly impacted by the latest spending assumptions in the Housing Capital Investment Plan. The changes are summarised in the table below:

<b>2017/18 Revised Budget</b>	<b>Original Budget February 2017 £</b>	<b>HRA MTFS November 2017 £</b>	<b>HRA BSR Proposed Changes £</b>	<b>HRA BSR January 2018 £</b>
Net HRA Use of / (Contribution to) Reserves	180,250	613,620		
Savings / Increased Income			(97,360)	
Unavoidable Revenue Bids			0	
Non-Cash Limit Adjustments			0	
<b>Revised Net HRA Use of / (Contribution to) Reserves</b>				<b>516,260</b>
Variation on previously reported projection				(97,360)

The above figures include rollover approvals from 2016/17 in the second column, in addition to any changes approved as part of the Medium Term Financial Strategy in November 2017, with the net reduction in the planned use of reserves identified in the current year, as part of the January 2018 committee cycle, incorporated in the right-hand column.

The net increase in income for 2017/18 will result in a marginally lower call on the use of Housing Revenue Account reserves than previously anticipated.

## Budget - 2018/19

### Overall Budget Position

The approach to setting the HRA budget for 2018/19 include a requirement to identify £600,480 of savings or areas where increased income could be generated across the remaining 3 years of a 4 year efficiency programme, which sought to reduce cost by £1,000,000 in total over this period. Following an over-achievement against year 1 of the target, savings of £100,480 were sought for 2018/19, followed by the two remaining years at £250,000 per year ongoing.

Proposed savings and any identified increases in income are detailed in **Appendix G (1)**, with the savings partially offset by unavoidable revenue pressures and reduced income in some areas.

The table below show a summary of the proposals included at **Appendix G (1)**, showing a net over-achievement against the £100,480 target set for 2018/19, before the impact of any non-cash limit adjustments. This is predominantly due to significant savings in non-responsive repairs and recognition in the budgets of the current level of service charge income which is received for the sheltered housing and elderly equity share housing stock.

Savings and increased income identified are partially offset by some areas of unavoidable revenue pressure and bids, with the most significant of these being an increase in the cost of services and overheads recharged to the HRA and the introduction of a new Compliance Manager post to ensure that legislation is adhered to and health and safety issues are identified and addressed across the housing stock.

Proposal Type	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Cumulative Savings Target Proposed	100,480	350,480	600,480	600,480	600,480
<b>2018/19 Budget Changes</b>					
Savings	(397,640)	(397,640)	(397,640)	(397,640)	(397,640)
Increased Income	(364,930)	(364,930)	(364,930)	(364,930)	(364,930)
Unavoidable Revenue Pressures	196,930	196,930	196,930	196,930	196,930
Reduced Income	23,960	0	0	0	0
Bids	148,800	133,400	112,700	108,100	108,100
<b>Net Savings Position - (Over) / Under-Achieved against Savings Target</b>	<b>(292,400)</b>	<b>(81,760)</b>	<b>147,540</b>	<b>142,940</b>	<b>142,940</b>
Non-Cash Limit Items	631,700	0	0	0	0
<b>Net Position for the HRA - (Over) / under-Achieved against overall assumptions</b>	<b>339,300</b>	<b>(81,760)</b>	<b>147,540</b>	<b>142,940</b>	<b>142,940</b>

For financial forecasts, the assumption has been retained that the balance of savings to be sought from the £1,000,000 savings programme, which currently equates to £147,540, will be identified from 2020/21.

This level of savings will enable the HRA to set a balanced revenue budget over the 30 year life of the business plan, and will release sufficient resource, along-side the use of any funds currently set-aside for debt redemption, to fund both the required investment in the housing stock over the next 30 years and meet commitments in respect of new build housing in the medium term. If the authority is to attempt to utilise retained right to buy receipts to build homes for HRA ownership in the long-term, consideration will need to be given to where further savings may be found from.

During 2018/19, if the final details of some of the residual changes in national housing policy are clear, a further review of the strategic position for the HRA will be undertaken.

The overall revenue budget position for the Housing Revenue Account for 2018/19 is presented in **Appendix I**. A balanced budget can be set for 2018/19, assuming the delivery of savings as identified.

# Section 5

## Housing Capital Budget

### Stock Investment and Decent Homes

Stock condition data is continually updated in respect of the housing stock, improving the information held to inform future decision making. The procurement, being undertaken jointly with Cambridge City Council, to procure updated software to record and report asset management data, as part of a wider project to procure a fully integrated housing management information system is progressing well. The authorities expect to confirm the preferred supplier early in 2018, which will then allow implementation of the new systems in the following year.

At 31 March 2017, 93.75% of the housing stock was reported as decent, compared with 87.5% at 31 March 2016, with 329 properties that were considered to be non-decent (in addition to refusals), and another 457 anticipated to become non-decent during 2017/18.

The level of investment in the housing stock as a whole, including that which falls outside of the decent homes standard, has been subject to review as part of the 2018/19 budget setting process, with some resulting changes proposed. Any reduction in the level of investment in the existing housing stock will help to ensure that the authority is able to set a balanced budget for the HRA over the longer-term, without breaching the HRA debt cap, whilst also maximising any resource available to increase the limited supply of new affordable housing.

Changes proposed in the level of investment in the housing stock are detailed at **Appendix H**, with capital bids and savings identified at **Appendix G (2)**. The latest Housing Capital Investment Plan is included at **Appendix J**.

# New Build & Re-Development

## New Build and Re-Development Schemes Completed

At the time of writing this report 43 new homes had been completed since April 2012, all of which were built as affordable rented homes, with a further 7 shared ownership homes also completed.

Scheme	Date Completed	Affordable Units	Scheme Composition	Percentage Affordable Housing on Site
Fen Drayton Road, Swavesey	May 2016	20	4 x 1 Bed House 10 x 2 Bed House 5 x 3 Bed House 1 x 4 Bed House	100%
Horseheath Road, Linton	July 2016	4	1 x 2 Bed Bungalow 2 x 2 Bed Flat 1 x 2 Bed House	40%
Hill Farm, Foxton	January 2017	15	4 x 1 Bed House 6 x 2 Bed House 5 x 3 Bed House	100%
Bannold Drove, Waterbeach	November 2017 to January 2018	4 plus 7 shared ownership	4 x 2 Bed House 5 x 3 Bed House (Shared Ownership) 2 x 2 Bed House (Shared Ownership)	TBC
<b>Total</b>		<b>43 plus 7 shared ownership</b>		

## New Build and Re-Development Schemes in Progress or Approved to Proceed

The table below updates the position in respect of schemes either in progress or with portfolio holder approval, based upon previous versions of the business plan, confirming their status and the current budget allocation which is required for each of the schemes, with the budgeted cashflow included at **Appendix E**.



<b>Scheme</b>	<b>Status</b>	<b>Estimated Affordable Units</b>	<b>Indicative Scheme Composition (Subject to Change)</b>	<b>Scheme Budget (Net of subsidy / capital receipts)</b>
Robinson Court, Gamlingay	On site 5/5/2017	6 plus 4 shared ownership and 4 market sale	4 x 1 Bed Flat 2 x 2 Bed Flat 2 x 1 Bed House (Shared Ownership) 2 x 2 Bed House (Shared Ownership) 2 x 2 Bed House (Market Sale) 2 x 3 Bed House (Market Sale)	2,309,540
Pembroke Way, Teversham	Re-designed scheme. Pre-planning stage	6	4 x 1 Bed Flat 2 x 2 Bed House	860,230
Pampisford Road, Great Abington	On site	6 plus 2 shared equity	2 x 1 Bed Flat 2 x 2 Bed House 1 x 2 Bed Bungalow 2 x 2 Bed Bungalow (Shared Equity) 1 x 3 Bed House	1,383,080
Woodside, Longstanton	On site	3	3 x 2 Bed House	422,230
Balsham Buildings, High Street, Balsham	On site	9 plus 4 shared ownership	7 x 1 Bed Flat 2 x 2 Bed Flat 4 x 2 Bed House (Shared Ownership)	1,848,900
Bannold Drove, Waterbeach	On site, with first phases now taken	12 remaining	6 x 1 Bed Flat 6 x 2 Bed Flat	Balance of 4,309,440
Gibson Close, Waterbeach	Planning approved. Contracts being prepared	6 plus 3 shared ownership	4 x 1 Bed Flat 2 x 2 Bed House 3 x 2 Bed House (Shared Ownership)	1,452,340
Highfields, Caldecote	Planning approved. Contracts being prepared	3	1 x 1 Bed House 2 x 2 Bed House	449,000
<b>Total</b>		<b>51 rented, 11 shared ownership, 2 shared equity 4 market sale</b>		<b>13,034,760</b>

## New Build and Re-Development Schemes in the Pipeline

There are a number of schemes where feasibility work is being carried out with a view to building out the sites for the HRA directly, or alternatively negotiations are in progress with developers, for the HRA to acquire the affordable housing on existing new build development schemes. These schemes do not yet have formal approval, and as such have not yet been built in to the Housing Capital Investment Plan on a scheme specific basis. Instead an unallocated new build budget is included, which when a scheme receives Portfolio Holder approval, allows resource to be vired from this unallocated new build / acquisition budget to the scheme specifically to allow monitoring of progress.

Schemes currently in the pipeline include:

Scheme	Status	Estimated Affordable Housing Units	Indicative Scheme Composition (Subject to Change)
Hardwick	Outline planning approval. Offer agreed with developer	27	16 x 1 Bed Flat 9 x 2 Bed House 1 x 3 Bed House 1 x 4 Bed House
Great Abington	Planning stage. Offer agreed with developer	13 plus 5 shared ownership	6 x 1 Bed Flat 2 x 2 Bed House 5 x 3 Bed House 2 x 2 Bed House (Shared Ownership) 3 x 3 Bed House (Shared Ownership)
Melbourn	Planning approved. Offer made to developer	6 plus 3 shared ownership	2 x 1 Bed Flat 1 x 1 Bed House 3 x 2 Bed House 1 x 2 Bed House (Shared Ownership) 2 x 3 Bed House (Shared Ownership)
Thriplow	Pre-planning. Offer agreed with developer	10 plus 4 shared ownership	4 x 1 Bed Flat 2 x 2 Bed Flat 4 x 2 Bed House 2 x 2 Bed House (Shared Ownership) 2 x 3 Bed House (Shared Ownership)
Hauxton	Offer made to developer, but may be declined due to planning changes	2	2 x 2 Bed House

Toft	Planning approved. Offer made	25 plus 11 shared ownership	12 x 1 Bed Flat 13 x 2 Bed House 5 x 2 Bed Flat (Shared Ownership) 5 x 3 Bed House (Shared Ownership) 1 x 4 Bed House (Shared Ownership)
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The majority of schemes deliver new provision of affordable housing and as such will be eligible for 30% of the scheme to be funded using retained right to buy receipts. Shared ownership dwellings or schemes where some or all of the new homes will replace existing social housing which is no longer considered fit for purpose, are not eligible for use of this resource, but instead can be part funded using Section 106 commuted sums if they are available.

### **New Build – Other (including use of RTB Funding)**

The pipeline new build schemes above would be sufficient to ensure that the authority can appropriately re-invest all of the right to buy receipts currently retained, only if all of the offers made were successful, and South Cambridgeshire District Council were subsequently contracted to acquire the new build affordable homes on all of these sites. It is, however, unlikely that all of the pipeline schemes will proceed with the Council as the registered provider partner, and therefore other options continue to be explored. This is also critical in terms of identifying schemes where future right to buy receipts can be re-invested, with the need to identify and fund further new build schemes, acquire existing homes for use as social housing, or pass the resource over to a registered provider for re-investment.

The assumption has been retained, that the authority utilise resource previously set-aside for the potential redemption of housing debt, combined with revenue resource that can be released as a result of capital receipts that have been received from the sale of HRA land and dwellings on the open market in recent years, to fund building new homes. This is anticipated to provide sufficient resource to allow the appropriate re-investment of existing and anticipated retained right to buy receipts in the medium term, without the immediate need to pass any funding to a registered provider.

New build housing in the HRA is no longer being managed by The Housing Development Agency (H.D.A), and instead staff have been brought back in house to manage the schemes

directly. The in-house team are continually working to identify potential new build sites and future development opportunities, in a bid to ensure that the HRA has sufficient pipeline schemes to meet investment commitments.

## Self-Build Plots

Work is progressing well in preparing and marketing parcels of HRA land that provide self-build opportunities, releasing capital receipts which are then available for re-investment by the HRA to release resource elsewhere in the capital programme, facilitating the delivery of new homes in the district.

Officers have identified HRA sites with the potential to provide in the region of 100 self-build plots in total. A rolling programme of potential plots is currently being progressed, with the first single plot having now been sold. Outline planning approval has been gained for 7 of the plots, which will be marketed in early 2018 and a further 4 are in the planning process with committee dates scheduled.

The authority has now recruited to a dedicated post to take forward work in respect of the sale of these plots.

It is anticipated that each plot may realise a gross capital receipt of up to £250,000, which after financing the costs of site preparation, could leave a net receipt of up to £200,000 per plot available to the HRA for re-investment.

Assumptions are incorporated into the HRA Business Plan that capital receipts from plot sales will be available to HRA as a funding source, in line with the latest business case for the self-build project.

# Section 106 Funding

## Commutated Sums Money received in lieu of Affordable Housing

If the Council receives commuted sum payments, often time limited, where approval has been granted as part of the planning decision to receive payment in lieu of affordable housing, the default position is that the HRA utilises the resource to invest in affordable housing.

The Council currently holds £4.5m in commuted sums for affordable housing. The following table identifies when the money has to be spent (year-end prior to deadline date), against the resource committed to date

Year	Section 106 sum to be spent £	Cumulative Section 106 sum to be spent £	Resource committed General Fund £	Resource committed HRA £	Cumulative resource still to be committed £
2017/18	104,973	104,973	62,000	580,000	-
2018/19	509,258	614,231	50,000	145,000	-
2019/20	571,040	1,185,271	0	0	348,271
2020/21	235,518	1,420,789	0	0	583,789
2021/22	94,500	1,515,289	0	0	678,289
2022/23	293,180	1,808,469	0	0	971,469
2023/24	68,824	1,877,293	0	0	1,040,293
2024/25	381,213	2,258,506	0	0	1,421,506
2025/26	2,002,615	4,261,121	0	0	3,424,121
2026/27	0	4,261,121	0	0	3,424,121
2027/28	233,839	4,495,602	0	0	3,657,960
			112,000	725,000	

Commitments to date include:

Scheme	Fund	2017/18 £	2018/19 £	Ongoing £
Emmaus – 10 en-suite bed-spaces	General Fund	0	50,000	0

Little Gransden Almshouses – refurbishment of 4 dwellings	General Fund	42,000	0	0
Robinson Court, Gamlingay – redevelopment	HRA	75,000	0	0
Organisational cost for delivery of Affordable Housing using Section 106	General Fund	20,000	0	0
High Street Balsham – contribution towards delivery of 4 shared ownership homes	HRA	100,000	100,000	0
Bannold Road, Waterbeach – contribution towards 7 shared ownership homes	HRA	350,000	0	0
Gibson Close, Waterbeach – contribution towards 3 shared ownership homes	HRA	55,000	45,000	0
		<b>642,000</b>	<b>195,000</b>	<b>0</b>

With £3,657,960 of resource still to be re-invested, and a commitment to invest the sum in new HRA homes wherever possible, expenditure of £500,000 per annum, and associated Section 106 match funding has been retained in the Housing Capital Plan for the next 5 years.

As the resource can't be combined with retained right to buy receipts for the delivery of a specific social rented housing dwelling, it is likely, although not guaranteed, that the funds will be utilised predominantly to deliver other forms of affordable and intermediate housing, such as shared ownership or shared equity.

## Asset Acquisitions & Disposals

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

The Right to Buy Retention Agreement allows the acquisition of existing dwellings, as an alternative to building new homes. Although not the first priority for the use of this resource, market acquisition does increase the supply of affordable homes available in the district, and is a valid option when new build is not possible within a quarterly deadline for the use of retained

receipts. If a decision is taken at the end of a quarter that there is a risk that new build schemes will deliver in the required timeframes, resources can be vired from the unallocated new build / acquisition budget into the budget for direct market acquisition.

In 2017/18, the following properties have been acquired to date, to ensure that right to buy receipts are appropriately invested within the required timescales:

<b>Property Address / Location</b>	<b>Property Type</b>	<b>Status</b>
52 Whitegate Close, Swavesey	2 Bed House	Complete
45 Hudson Road, Cambourne	2 Bed House	Complete
61 Jeavon's Lane, Cambourne	3 Bed House	Complete

Receipts from individual asset disposals are currently recognised in the HRA's reserves only at the point of receipt and after all relevant costs have been provided for. This approach will be reviewed if regulations are made available in respect of the sale of higher value voids levy, as it will then be necessary to forecast the number of sales which will take place in each period, in order to plan effectively to meet any levy set.

Receipts from the sale of self-build plots are however, already incorporated into financial planning, in anticipation of the need to utilise them to top up existing retained right to buy receipts. Any delay in the receipt of these capital sums will significantly impact the authority's ability to spend right to buy receipts appropriately.

As part of the quarterly decision as to whether the authority should retain right to buy receipts, pass them to a registered provider, or as a last resort pay them over to central government, officers need to consider the progress in respect of the sale of self-build plots and any other capital receipts which may have been received by that point in any year, as these release funds elsewhere in the capital programme that can be re-directed into investment in new homes built using right to buy receipts as a funding source. There is a risk judgement that needs to be made as part of this quarterly decision making process.

# Capital Bids, Savings and Re-Phasing

There are capital bids and savings incorporated as part of the 2018/19 HRA Budget Setting Report, alongside a number of areas of re-allocation and re-phasing.

Detailed changes are presented in **Appendix H** and capital bids are described in **Appendix G(2)**, with the overall financial and presentational impact of the following items being incorporated into the Housing Capital Investment Plan presented at **Appendix J** :

- Inclusion of a bid for £200,000 for the replacement of the Housing Management Information System, to add to the existing allocation for the project which is deemed insufficient to meet the cost of the breadth of services tendered for.
- Inclusion of a saving of £140,000 per annum, recognising a reduction in the need for investment in structural works to the housing stock.
- Inclusion of a saving of £820,000 per annum, effective from 2019/20 in respect a reduced level of investment in energy conservation initiatives, particularly recognising the anticipated completion of the current external wall insulation programme.
- Adjustments to budgets for new build schemes that have now received approval, recognising the need to vire resource from the unallocated new build budget to scheme specific budgets, as identified in **Appendix H**.
- Re-phasing of new build schemes as identified in **Appendix H**.
- Re-phasing of the unallocated new build programme utilising retained right to buy receipts, recognising the current schemes in the pipeline and their estimated delivery timescales.
- Adjustment to the level of resources held for works to new build dwellings 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, and is also required to review this budget again during each year.

### HRA Borrowing

As at 1 April 2017, the Housing Revenue Account was supporting external borrowing of £205,123,000 in the form of 41 maturity loans with the Public Works Loans Board (PWLB), with rates ranging between 3.44% and 3.53%. The loans have varying maturity dates, with the first £5,000,000 due to be repaid on 28<sup>th</sup> March 2037 and the last loan on 28<sup>th</sup> March 2057.

The HRA Capital Financing Requirement (HRA CFR) stood at £204,429,000 due to a small amount (£694,000) of internal borrowing from the HRA by the General Fund. Other than this £694,000, the HRA has no further borrowing capacity, due to the HRA debt cap imposed as part of the implementation of self-financing for the HRA.

The General Fund is required to pay the HRA annual interest on the internal borrowing as part of the Item 8 Determination for the HRA. The interest rate payable to the HRA can be determined by the authority, but must be deemed reasonable and stand up to external scrutiny from auditors.

The Housing Revenue Account is still subject to a debt cap of £205,123,000, which provides no borrowing headroom.

Announcements as part of the Autumn 2017 Budget, included confirmation that the government will lift the borrowing cap in areas of high affordability pressure, so that more council homes can be built. Local authorities will be invited to bid for increases in their borrowing caps from 2019/20, up to a total of £1 billion by the end of 2021/22. Detail surrounding this is now awaited.

A subsequent report by the Treasury Select Committee has called for the HRA 'borrowing cap' to be abolished completely so that council's can contribute effectively towards the government's target of 300,000 new homes per year.

South Cambridgeshire District Council is fully committed to exploring any freedoms or flexibilities which may be made available to councils to facilitate the delivery of increased affordable homes within the district, and in the HRA particularly.

## Debt Repayment / Re-Investment

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

The current debt repayment strategy for the HRA, not to set-aside resource to repay housing debt, but to instead invest resource in new build housing, assumes the need to re-finance the borrowing when loans mature.

The potential debt repayment or re-investment reserve stood at £8,500,000 at 1 April 2017, with the current assumption being that this will be re-invested in full by 2029/30 in order to extend the life of the business plan, once other resources are exhausted, and the debt cap would otherwise be breached.

Regular consideration will need to be given, in the context of the current financial climate and the expectation that HRA stock numbers will fall significantly over the coming years if the higher value voids levy comes into force, whether the authority wants to retain the current re-investment strategy, or re-consider some element of set-aside if resources allow.

# Section 7

## Summary and Overview

### Uncertainties and Risk

#### **Risk Assessment**

To ensure that the authority is able to sustain a financially viable Housing Revenue Account, consideration is given to the level of internal and external risks that the service is subject to.

The authority maintains a risk registers, which incorporate specific risks affecting the Housing Revenue Account, considering the likelihood and impact associated with each risk, and the mitigation in place to counteract these. Risk registers are regularly updated and are reviewed by the Executive Management Team a number of times each year.

### HRA Reserves

#### **Housing Revenue Account General Reserves**

General reserves are held to help manage risks inherent in financial forecasting. Risks include changes in legislative and statutory requirements, inflation and interest rates, unanticipated service needs, rent and other income shortfalls and emergencies. The reserve allows the authority time to respond to unanticipated events, without an immediate and unplanned impact on service delivery.

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 minimum level of reserves is assumed to be £2,000,000. It is not proposed to make any changes to the minimum levels as part of this report, recognising the need to continue to safeguard the Council against the higher levels of 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 report, are detailed in **Appendix A**, and are derived from information available at the time of preparing this report, utilising both historic trend data and specialist expert advice and opinion, where required.

In making financial assumptions, it is recognised that there will always be a number of alternative values that could have been used. 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 F** provides details of the key sensitivities modelled in the preparation of the HRA Budget Setting Report 2018/19.

## Options and Conclusions

### Overview

The budget for 2018/19 has been constructed in the wider context of the national position for social housing. The authority still seeks to achieve a balance in investment against key housing priorities as follows, although this still proves challenging:

- Investment in the existing housing stock
- Investment in the delivery of new affordable homes
- Investment in new initiatives and income generating activities
- Spend on landlord services (i.e. housing management, responsive and void repairs)

- Support for, and potential repayment of, housing debt

1% rent cuts for a further 2 years, the continued uncertainty in respect of the need to meet a higher value voids levy and the time and top up constraints associated with the retention and re-investment of right to buy receipts, continue to pose significant financial challenges for the HRA into the future.

## **Summary and Conclusions**

As part of the 2017/18 HRA Budget Setting Report, a savings target of £1,000,000 over 4 years was incorporated into future financial forecasts. Although the net savings position for 2017/18 exceeded the year 1 target, there was still the need to identify the balance of £600,480 of savings in the following three years, to be able to present a balanced HRA revenue budget over the longer term.

Significant net savings have been identified from 2018/19, which not only deliver against the target set for the year, but contribute to the target incorporated into the Medium Term Financial Strategy for future years.

Savings have also been identified in capital investment in the existing housing stock, with significant reductions in budgets for energy conservation and structural works. The reduction in spending in these areas allows for the continuation of a small programme of new build housing, sufficient to utilise current and anticipated retained right to buy receipts, up to 2029/30, i.e.; for a further 12 years. After this point, there will not be resource available to either build new homes or repay any of the existing housing debt, unless further savings are identified or assumptions change with a positive impact on the financial forecasts for the HRA.

The additional longer-term pressures identified in respect of investment in our existing housing stock, mean that the HRA Capital Investment Plan is just financially viable for the full 30 years of the business plan, but with the need to consider how the authority will control costs or increase income to be in a position to extend the life of the plan.

Once the impact of the remaining changes in national housing policy are clear, and regulations are available, it will be necessary to undertake a strategic review of the financial

position for the HRA, with a view to balancing any revenue savings to be sought going forward, with the need to have a 30 year capital investment plan which can be fully funded, whilst also meeting aspirations to deliver new affordable homes.

The review will include:

- Reviewing options for greater income generation, to include section 20 recharges to leaseholders and the use of communal rooms
- Reviewing spending on HRA revenue services
- Reviewing spending on the existing housing stock, to include both decent homes and discretionary expenditure
- Exploring alternative delivery models for the provision and ongoing management of social housing
- Exploring alternative delivery models to maintain a new build housing programme

During February 2018, both Cabinet and Council will consider the budget proposals for the HRA, prior to decision.

The HRA Budget Setting Report recommends, in summary:

- Approval of changes in property rents, with social housing rents subject to a 1% rent cut from April 2018, whilst new affordable rents will be reviewed to ensure that rents and charges are no higher than 80% of market rent, less the 1% reductions from April 2017. Locally affordable rents are set at Local Housing Allowance level, which ensures that this is the case without the need for detailed review on a property by property basis.
- Approval of garage rents as detailed in **Appendix B**
- Approval of service charges as detailed in **Appendix B**
- Approval of the unavoidable revenue pressures, reduced income, savings and increased income summarised in Section 4 of this report, and include in detail at **Appendix G(1)**
- Approval of the HRA revenue budget for 2018/19 as shown in **Appendix I**
- Approval of capital bids and savings as detailed at **Appendix G(2)**

- Approval of the Housing Capital Programme for 2018/19 to 2022/23 as shown in **Appendix J**
- Agreement to retention of the balance of the £1,000,000 revenue savings target, and to the approach to delivering both a balanced revenue budget for the next 30 years, alongside a sustainable capital investment programme.

# Business Planning Assumptions

# Appendix A

## Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	2.6% for 2018/19, 2.2%, 2.3%, then 2% ongoing	General inflation on expenditure included at 2.6% for 2018/19, then 2.2%, 2.3% and 2% ongoing, per Bank of England projections.	Retained
Capital Inflation	3.6% for 2018/19, 3.2%, 3.3%, then 3% ongoing	Based upon inflation as measured by the Retail Price Index (RPI), assuming this to be 1% above CPI over the longer-term. This concurs with the majority of current contracts held by the HRA.	Retained
Debt Repayment	Set-aside to repay debt if resource allows	Assumes set-aside to repay debt as loans reach maturity dates only if resource allows, after any surplus re-invested in income generating assets. No resource currently available.	Retained
Capital Investment	Partial Investment Standard	Base model assumes a partial investment standard in the housing stock, compared with a basic decent homes standard. This will be reviewed again during 2018/19.	Retained
Pay Inflation	1.3% Pay Progression plus: 2018/19 – 1.0% 2019/20 – 1.0% 2% ongoing	Assume allowance for increments at 1.3%. Pay inflation at 1% for 2 years, then 2% ongoing, with a return to long-term government aim from 2020/21, reflecting economic recovery.	Retained
<b>Employee Vacancy Allowance</b>	<b>HRA share of £500,000 total</b>	<b>Employee budgets assume a vacancy allowance of £500,000 per annum for the Council as a whole, apportioned to the HRA on an FTE basis</b>	<b>Amended</b>
Rent Increase Inflation	-1% from 2016/17 for 4 years, CPI plus 1% for 5 years, then CPI plus 0.5% from 2025/26	Rent decreases of 1% per annum per government guidelines from 2016/17 to 2019/20, then CPI plus 1% for 5 years, then reverting to inflation plus 0.5%. Assume CPI in preceding September is as above. Affordable rents and charges reviewed in line with Local Housing Allowance levels.	Retained
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	2.08% for 2017/18, then 2%	Interest rates based on latest market achievement, including interest from Ermine Street Housing	Retained



Key Area	Assumption	Comment	Status
Internal Lending Interest Rate	2.08% for 2017/18, then 2%	Assume the same rate as anticipated can be earned on cash balances held, so as not to detriment the General Fund over the longer term.	Retained
External Borrowing Interest Rate	2.8% from 2018/19	Assumes additional borrowing using Capita predictions of PWLB rates, currently 2.8%, including assumed certainty rate.	Retained
Internal Borrowing Interest Rate	2.8% from 2018/19	Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route.	Retained
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, pending a review once the impact of the higher value voids levy and other housing policy changes are clear.	Retained
Right to Buy Sales	25 for 2017/18, 20 for 3 years, then 15 sales ongoing	Retain assumption of 25 for 2017/18, 20 for 3 years from 2018/19, until 15 are assumed ongoing from 2021/22.	Retained
Right to Buy Receipts	Settlement receipts excluded. Retained receipts included.	Debt settlement receipts excluded as assumed to fund General Fund housing capital expenditure. Anticipated one-for-one receipts included. Debt repayment proportion reported as at 1/4/2017 and assumed available for intended use.	Retained
Void Rates	1.1%	Assumes 1.1% per annum from 2017/18 onwards.	Retained
Bad Debts	0.3% for 2017/18, 0.4% for 2018/19, then 0.5% from 2019/20	Bad debt provision of up to 0.5% over 3 years to reflect the requirement to collect 100% of rent directly for new benefit claimants, following phased implementation of Universal Credit by 2020.	Retained
Savings Target	£250,000 per annum for 4 years	Inclusion of a savings target at £250,000 per year ongoing, for 4 years from 2017/18 to 2020/21, reducing base budgets by £1,000,000 over this period.	Retained
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
Policy Space	£0	No policy space incorporated at present, but if included would recognise a desire to be able to facilitate strategic investment and respond to pressures. To be reviewed again as part of 2018/19 budget process.	Retained
Service Reviews and Restructures	On case by case basis	Service review outcomes assumed to deliver to the HRA as indicated in the review business case, and incorporated once impact is known.	Retained

# Service Charges

# Appendix B

Charge Description	Charge Basis	Current Charges 2017/18 (£)	Proposed Charges 2018/19 (£)	Increase (%)	Increase (£)
<b>General Housing</b>					
Use and Occupation Fee	Weekly	As per Target Rent	As per Target Rent	-1%	Variable
Sewage	Weekly	4.38 to 4.76	As per Anglian Water Standard Rates	TBC	TBC
White Goods Charge (per item)	Weekly	1.50	1.50	0%	0.00
Management Charge (Third Party)	Weekly	As per third party charge	As per third party charge	TBC	TBC
<b>General Stock - Flats</b>					
Blocks with Door Entry	Weekly	3.37	3.37	0%	0.00
Blocks without Door Entry	Weekly	2.24	2.24	0%	0.00
<b>General Sheltered Schemes</b>					
Sheltered Charge (Staffing)	Weekly	4.56 to 6.16	4.78 to 6.44	Variable	Variable
Communal Premises Charge	Weekly	0.00 to 15.84	0.00 to 15.61	Variable	Variable
Grounds Maintenance Charge	Weekly	0.28 to 2.34	0.23 to 2.35	Variable	Variable
Communal Heating / Lighting (Elm Court)	Weekly	8.83	7.71	-12.7%	-1.12
Water (Elm Court)	Weekly	3.20	2.72	-15%	-0.48
White Goods Charge (per item)	Weekly	1.50	1.50	0%	0.00
Alarm Charge	Weekly	3.00	3.00	0%	0.00
Mobile Alarm Solution	Weekly	3.50	3.50	0%	0.00
<b>Elderly Equity Share (As per Sheltered Housing recovered quarterly, plus charges below)</b>					
External Property Repairs	Quarterly	14.30 to 27.56	14.30 to 28.34	Variable	Variable
Management Fee (10%)	Quarterly	9.23 to 33.28	9.23 to 34.06	Variable	Variable
<b>Temporary Accommodation</b>					
Temporary Let Charge	Weekly	31.00	32.00	3.2%	1.00
<b>Community Alarm Service</b>					
Council Supplied Alarm	Weekly	4.47	4.47	0%	0.00

Group Alarms	Weekly	4.47	4.47	0%	0.00
Mobile Alarm Solution	Weekly	5.47	5.47	0%	0.00
Installation Charge (Within 30 mile radius)	One-Off	30.00	30.00	0%	0.00
Installation Charge (Outside 30 mile radius)	One-Off	36.00	36.00	0%	0.00
Replacement Pendant Charge	One-Off	50.00	50.00	0%	0.00
<b>Garage and Storage Unit Rents</b>					
Garages or Storage Unit Rented to Tenant	Weekly	8.53	8.75	2.6%	0.22
More than 2 Garages Rented to Tenant	Weekly	8.53 plus VAT	8.75 plus VAT	2.6%	0.22 plus VAT
All Other Garage and Storage Unit Rentals	Weekly	11.54 plus VAT	11.84 plus VAT	2.6%	0.30 plus VAT
<b>Leasehold Charges for Services</b>					
Solicitors' pre-sale enquiries	One-Off	110.00	110.00	0%	0.00
Copy of lease	One-Off	30.00	30.00	0%	0.00
Re-mortgage Enquiry/Copy of Insurance schedule	One-Off	30.00	30.00	0%	0.00
Notice of Assignment/Notice of Charge/Notice of Transfer	One-Off	75.00	90.00	20%	15.00
Deed of Variation – Administration plus CCC Solicitor fees and own solicitor	One-Off	150.00	50.00 550.00+	New Basis	New Basis
Home Improvements – Administration Only Inclusive of Surveyor Visit	One-Off	30.00 125.00	30.00 125.00	0%	0.00
Retrospective consent for improvements	One-Off	Above + 25.00	Above + 25.00	0%	0.00
Registering sub-let details	One-Off	50.00	50.00	0%	0.00
Advice interview for prospective purchasers	One-Off	N/A	50.00	New Charge	New Charge

# HRA Earmarked & Specific Funds

# Appendix C

2017/18 (£'000)

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

### Self-Insurance Reserve

	Opening Balance	Contributions	Expenditure to December	Current Balance
Self-Insurance Reserve	(1,000.0)	0.0	0.0	(1,000.0)

### Debt Set-Aside (Revenue)

	Opening Balance	Contributions	Expenditure to December	Current Balance
Debt Set-Aside	(8,500.0)	0.0	0.0	(8,500.0)

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

### Debt Set-Aside (Capital)

	Opening Balance	Contributions	Expenditure to December	Current Balance
Debt Set-Aside	(4,096.6)	(501.7)	0.0	(4,598.3)

### Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to December	Current Balance
MRR	0.0	0.0	0.0	0.0

### RTB Retained Receipts Reserve

	Opening Balance	Contributions	Expenditure / Use to December	Current Balance
RTB Retained Receipts	(5,893.8)	(1,985.5)	1,232.1	(6,647.2)

### Capital Receipts

	Opening Balance	Contributions	Expenditure to December	Current Balance
Capital Receipts	(2,548.4)	(95.5)	0.0	(2,643.9)

# Retained Right to Buy Receipts

# Appendix D

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)
30/06/2012	273,807.59	273,807.59	912,691.97	30/06/2015	4,803,740.45	1,441,122.14	0.00	0.00
30/09/2012	110,185.59	383,993.18	1,279,977.27	30/09/2015	5,486,448.80	1,645,934.64	0.00	0.00
31/12/2012	786,867.59	1,170,860.77	3,902,869.23	31/12/2015	6,535,409.29	1,960,622.79	0.00	0.00
31/03/2013	257,177.59	1,428,038.36	4,760,127.87	31/03/2016	7,792,759.75	2,337,827.93	0.00	0.00
30/06/2013	180,159.83	1,608,198.19	5,360,660.63	30/06/2016	8,427,139.03	2,528,141.71	0.00	0.00
30/09/2013	408,259.67	2,016,457.86	6,721,526.20	30/09/2016	8,837,392.15	2,651,217.65	0.00	0.00
31/12/2013	405,074.37	2,421,532.23	8,071,774.10	31/12/2016	10,121,126.99	3,036,338.10	0.00	0.00
31/03/2014	1,012,895.75	3,434,427.98	11,448,093.27	31/03/2017	13,017,810.92	3,905,343.28	0.00	0.00
30/06/2014	190,149.46	3,624,577.44	12,081,924.80	30/06/2017	13,297,663.86	3,989,299.16	0.00	0.00
30/09/2014	542,412.66	4,166,990.10	13,889,967.00	30/09/2017	16,388,697.43	4,916,609.23	0.00	0.00
31/12/2014	490,971.13	4,657,961.23	15,526,537.43	31/12/2017	17,124,841.80	5,137,452.54	0.00	0.00
31/03/2015	417,089.12	5,075,050.35	16,916,834.50	31/03/2018			0.00	0.00
30/06/2015	417,483.31	5,492,533.66	18,308,445.53	30/06/2018			355,081.12	1,183,603.73
30/09/2015	527,469.65	6,020,003.31	20,066,677.70	30/09/2018			882,550.77	2,941,835.90
31/12/2015	446,035.59	6,466,038.90	21,553,463.00	31/12/2018			1,328,586.36	4,428,621.20
31/03/2016	330,902.72	6,796,941.62	22,656,472.07	31/03/2019			1,659,489.08	5,531,630.27
30/06/2016	310,654.33	7,107,595.95	23,691,986.49	30/06/2019			1,970,143.41	6,567,144.69
30/09/2016	687,638.84	7,795,234.79	25,984,115.96	30/09/2019			2,657,782.26	8,859,274.19
31/12/2016	1,410,994.28	9,206,229.08	30,687,430.25	31/12/2019			4,068,776.54	13,562,588.45
31/03/2017	592,869.81	9,799,098.89	32,663,662.95	31/03/2020			4,661,646.35	15,538,821.15
30/06/2017	1,045,231.50	10,844,330.39	36,147,767.95	30/06/2020			5,706,877.40	19,022,924.65
30/09/2017	412,813.15	11,257,143.09	37,523,810.29	30/09/2020			6,119,690.55	20,398,968.49
31/12/2017	527,534.91	11,784,678.00	39,282,259.99	31/12/2020			6,647,225.46	22,157,418.19

# New Build Investment Cashflow

# Appendix E

New Build / Re-Development Scheme	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget
	£'0	£'0	£'0	£'0	£'0	£'0
Robinson Court Re-Development	1,802,940	450,000	0	0	0	0
Pembroke Way, Teversham	15,590	470,000	336,000	0	0	0
Pampisford Road, Great Abington	1,377,680	0	0	0	0	0
Woodside, Longstanton	209,830	210,000	0	0	0	0
High Street, Balsham	644,000	1,195,000	0	0	0	0
Bannold Road, Waterbeach	4,309,440	0	0	0	0	0
Gibson Close, Waterbeach	145,510	1,306,830	0	0	0	0
Highfields, Caldecote	32,070	416,930	0	0	0	0
Acquisitions	718,700	0	0	0	0	0
Unallocated New Build / Acquisition	0	9,971,430	11,214,290	9,228,570	6,785,710	5,700,000
New Build / Acquisition - Section 106 funded	0	616,100	500,000	500,000	500,000	500,000
<b>Total Expenditure</b>	<b>9,255,760</b>	<b>14,636,290</b>	<b>12,050,290</b>	<b>9,728,570</b>	<b>7,285,710</b>	<b>6,200,000</b>
<b>Use of Retained Right to Buy Funding</b>						
Pembroke Way, Teversham	(3,120)	(94,000)	(67,200)	0	0	0
Pampisford Road, Great Abington	(309,980)	0	0	0	0	0
Woodside, Longstanton	(62,950)	(63,000)	0	0	0	0
High Street, Balsham	(117,100)	(217,200)	0	0	0	0
Bannold Road, Waterbeach	(826,850)	0	0	0	0	0
Gibson Close, Waterbeach	(27,020)	(242,680)	0	0	0	0
Highfields, Caldecote	(9,620)	(125,080)	0	0	0	0
Acquisitions	(215,610)	0	0	0	0	0

New Build / Re-Development Scheme	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget
	£'0	£'0	£'0	£'0	£'0	£'0
Unallocated New Build / Acquisition	0	(2,991,430)	(3,364,290)	(2,768,570)	(2,035,710)	(1,710,000)
<b>Total Use of Retained Right to Buy Funding</b>	<b>(1,572,250)</b>	<b>(3,733,390)</b>	<b>(3,431,490)</b>	<b>(2,768,570)</b>	<b>(2,035,710)</b>	<b>(1,710,000)</b>
<b>Section 106 Funding</b>						
Robinson Court, Gamlingay	(75,000)	0	0	0	0	0
High Street, Balsham	(100,000)	(100,000)	0	0	0	0
Bannold Road, Waterbeach	(350,000)	0	0	0	0	0
Gibson Close, Waterbeach	(55,000)	(45,000)	0	0	0	0
New Build / Acquisition - Section 106 funded	0	(616,100)	(500,000)	(500,000)	(500,000)	(500,000)
<b>Total Section 106 Funding</b>	<b>(580,000)</b>	<b>(761,100)</b>	<b>(500,000)</b>	<b>(500,000)</b>	<b>(500,000)</b>	<b>(500,000)</b>
<b>Total to be funded from HRA Resources (DRF &amp; MRR) and Sales Receipts</b>	<b>(7,103,510)</b>	<b>(10,141,800)</b>	<b>(8,118,800)</b>	<b>(6,460,000)</b>	<b>(4,750,000)</b>	<b>(3,990,000)</b>
<b>Total HRA Borrowing</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Key Sensitivity Analysis

# Appendix F

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
General Inflation	General Inflation using CPI at 2% for expenditure long-term	Volatility in the economy could lead to an increase in external costs. 1% increase in general inflation for expenditure only for the life of the plan.	Debt cap is breached in year 21, with inability to set a balanced revenue budget from the following year onwards.
Sale of Higher Value Voids Levy	Assumed deferred payment from April 2019	The implementation of the policy could be accelerated. Assume payment due from April 2018.	Debt cap is breached in year 28, with inability to set a balanced revenue budget from the following year onwards.
Sale of Higher Value Voids Levy	Assumed deferred payment from April 2019	Uncertainty over the policy could lead to an announcement that the legislation is to be abolished. Assume no higher value voids levy.	Ability to redeem approximately 95% of HRA debt, or alternatively re-invest in new homes if policy for this were to be retained.
Capital Investment Real Increase Inflation	Capital Investment Inflation at 3% in the longer-term	A real increase of 1% is allowed for building inflation for the longer-term. Assume that real inflationary increase required is 2% for remaining life of the plan.	Debt cap is breached in year 23, with inability to set a balanced revenue budget from the following year onwards.
Arrears and Bad Debts / Welfare Reforms	Based on historic activity, with no increase built in to financial assumptions	Universal Credit results in 100% of rent being collected directly from tenants. Assume an increase in transactional costs of £60,000 and a bad debt rate of 10% per annum from 2018/19.	Debt cap is breached in year 2, with inability to set a balanced revenue budget from the same year. HRA is completely unsustainable immediately.



# Revenue Budget Proposals

# Appendix G (1)

HRA Revenue Bids and Savings - 2018/19 Budget

Category	Bid / Saving	Description	Linked Proposal	Bid / (Saving)				
				2017/18	2018/19	2019/20	2020/21	2021/22
Saving	Reduction in non-responsive revenue maintenance	Reduction in non-responsive revenue maintenance		0	(317,800)	(317,800)	(317,800)	(317,800)
Saving	Reduction in hours of the Resident Involvement Team Leader	Permanent reduction in hours of the Resident Involvement Team Leader from 5 days to 4 days per week		(5,000)	(10,000)	(10,000)	(10,000)	(10,000)
Saving	Increase in vacancy allowance for HRA services	The previous unallocated vacancy allowance of £50,000 has been replaced with a figure calculated on a formulaic basis by employee		0	(51,980)	(51,980)	(51,980)	(51,980)
Saving	Inflation allowance not required in full	Inflation allowed for in the HRA business plan was not required in full once allocated out to individual budget heads		0	(17,860)	(17,860)	(17,860)	(17,860)
Increased Income	Fee income for the Development Project Officer (HRA New Build)	To recognise the fee income associated with funding the post of Development Project Officer (HRA New Build)	A	0	(50,200)	(50,200)	(50,200)	(50,200)

Increased Income	Fee income for the Head of Development (New Build)	Recognising the fee income associated with funding the re-defined role of Head of Development (New Build)	B	0	(32,900)	(32,900)	(32,900)	(32,900)
Increased Income	Increased income for sheltered housing	Based upon service charges being levied in 2017/18, there is anticipated to be a continued higher level of income for sheltered housing services than has been reflected in the budget		0	(203,500)	(203,500)	(203,500)	(203,500)
Increased Income	Increased income from rechargeable repairs	Based upon income received in the last 2 years, it is anticipated that the budget for rechargeable repair income can be increased to match actual activity		0	(58,890)	(58,890)	(58,890)	(58,890)
Increased Income	Increase in rent income	Based upon the latest stock numbers and rent levels charged, there is expected to be marginally more rent income received from 2018/19 than previously anticipated		0	(19,440)	(19,440)	(19,440)	(19,440)
Unavoidable Revenue Pressure	Creation of a Compliance Manager post	Creation of a Compliance Manager post		18,300	43,800	43,800	43,800	43,800
Unavoidable Revenue Pressure	Increase in recharges to the HRA	The cost of services, indirect costs and overheads recharged to the HRA by the Council is expected to increase from 2018/19		0	143,600	143,600	143,600	143,600

Unavoidable Revenue Pressure	Increase in apprenticeship contributions to Mears	Based upon contractual commitments, the HRA is required to contribute to the cost of an additional repairs apprentice as part of the Mears contract		0	9,530	9,530	9,530	9,530
Reduced Income	Reduction in anticipated interest received	Based upon the estimated balances that will be held in 2018/19, the level of interest received is expected to be lower than previously assumed		0	23,960	0	0	0
Bid	Tenancy Profiling Project	Tenancy Profiling Project		0	15,400	0	0	0
Bid	Funding for Resident Involvement Project Support Officer	Extension of fixed term contract for the existing Resident Involvement Project Support Officer to allow extension of contract up to May 2020		0	25,300	25,300	4,600	0
Bid	Funding for the Development Project Officer (HRA New Build)	To fund on a permanent basis the Development Project Officer (HRA New Build), with costs fully met by fee income	A	0	50,200	50,200	50,200	50,200
Bid	Funding for the Head of Development (New Build)	To fund the re-defined role of Head of Development (New Build) to reflect changes in delivery methods, with costs fully met by fee income	B	0	32,900	32,900	32,900	32,900

Bid	Increased support and maintenance costs for Housing IT System	Increase in support and maintenance costs anticipated for the new Housing IT System		0	25,000	25,000	25,000	25,000
<b>Total Net Bids / (Savings)</b>				<b>13,300</b>	<b>(392,880)</b>	<b>(432,240)</b>	<b>(452,940)</b>	<b>(457,540)</b>

Category	Bid / Saving	Description	Linked Proposal	Bid / (Saving)				
				2017/18	2018/19	2019/20	2020/21	2021/22
<b>Non-Cash Limit Adjustments</b>								
Non-Cash Limit Adjustment	Increase in Direct Revenue Financing of Capital Expenditure (DRF)	Delay in the sale of self-build plots results in the need to increase the use of revenue resource to fund the capital programme in 2018/19		0	733,060	0	0	0
Non-Cash Limit Adjustment	Reduction in depreciation estimates for the HRA	Based upon the latest valuation information held and the estimated number of dwellings that will be in the HRA at 1st April, the level of depreciation is lower than previously assumed		0	(101,360)	0	0	0
<b>Total Net Non-Cash Limit Adjustments</b>				<b>0</b>	<b>631,700</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Capital Budget Proposals

# Appendix G(2)

Category	Bid / Saving	Description	Bid / (Saving)				
			2017/18	2018/19	2019/20	2020/21	2021/22
Capital Saving	Reduction in structural works	Based upon recent investment demand and the latest stock condition data, it is considered possible to reduce the budget allocation held for structural works to the existing housing stock	0	(140,000)	(140,000)	(140,000)	(140,000)
Capital Saving	Reduction in energy conservation budget	A reduction in the budget for energy conservation works is proposed, with specific reference to the anticipated completion of the current external wall insulation programme	0	0	(820,000)	(820,000)	(820,000)
Capital Saving	Reduction in budget for works to flats	The call on funding for works to the communal areas of flats is marginally lower than previously anticipated	0	(10,000)	(10,000)	(10,000)	(10,000)
Capital Saving	Removal of contribution to corporate capital investment	Re-allocation of staff time and associated overheads means that costs previously borne in capital, no longer exist	0	(19,000)	(19,000)	(19,000)	(19,000)
Capital Bid	Replacement of Housing IT System	Based upon market research, the capital budget held for the purchase and implementation of a new integrated housing management information system will be insufficient to complete the project.	0	200,000	0	0	0
<b>Total Net Capital Position Bids / (Savings)</b>			<b>0</b>	<b>31,000</b>	<b>(989,000)</b>	<b>(989,000)</b>	<b>(989,000)</b>

# Capital Budget Amendments

# Appendix H

Area of Expenditure and Change	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
<b>Total Housing Capital Plan Expenditure per HRA MTFS</b>	<b>19,782</b>	<b>22,109</b>	<b>20,723</b>	<b>17,715</b>	<b>13,892</b>
<b>Improvements – Existing Stock</b>					
Removal of inflationary element of drainage upgrade works for 2018/19	0	(20)	0	0	0
Reduction in budget for structural works to HRA dwellings	0	(140)	(140)	(140)	(140)
Reduction in investment for heating installation in 2018/19	0	(60)	0	0	0
Reduction in discretionary investment in energy conservation	0	0	(820)	(820)	(820)
Virement of investment from estate roads, paths and lighting to parking areas	0	(70)	(72)	(73)	(74)
Virement of investment to parking areas from estate roads, paths and lighting	0	70	72	73	74
Adjustment to decent homes investment due to anticipated stock changes	0	9	46	66	85
<b>Other Improvements</b>					
Increased capital investment in sheltered housing in 2018/19	0	55	0	0	0
Reduction in capital investment in sheltered housing from 2019/20	0	0	(5)	(5)	(5)
Reduction in investment in communal areas of flatted accommodation from 2018/19	0	(10)	(10)	(10)	(10)
Removal of future years of HRA share of corporate capital investment	0	(19)	(19)	(19)	(19)
<b>Re-Provision of Existing Homes</b>					
Re-phase budget for the re-provision of homes at Robinson Court, Gamlingay	(450)	450	0	0	0
<b>Acquisition and New Build</b>					
Inclusion of scheme specific budget for Highfields, Caldecote	32	417	0	0	0
Re-phase part of budget for new build scheme at High Street, Balsham into 2018/19	(71)	71	0	0	0

<b>Area of Expenditure and Change</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>
Re-phase part of budget for new build scheme at Gibson Close, Waterbeach into 2018/19	(356)	356	0	0	0
Re-phase part of budget for new build scheme at Pembroke Way, Teversham into 2019/20	(40)	(105)	145	0	0
Adjustment to unallocated new build budget based upon latest spending requirements	0	(286)	0	0	1,086
Re-phase unallocated budget for new build investment to be funded using Section 106 resources into 2018/19	(116)	116	0	0	0
<b>Other HRA Capital Spend</b>					
Inclusion of additional budget for replacement of the Housing Management Information System	0	200	0	0	0
<b>Inflation Allowance</b>					
Adjustment in inflation allowed as spend changes	0	0	0	0	0
<b>Total Housing Capital Plan Expenditure per HRA BSR</b>	<b>18,781</b>	<b>23,143</b>	<b>19,920</b>	<b>16,787</b>	<b>14,069</b>

# HRA Summary 2016/17 to 2021/22

# Appendix I

Description	2017/18 £0	2018/19 £0	2019/20 £0	2020/21 £0	2021/22 £0	2022/23 £0
Income						
Rental Income (Dwellings)	(28,085,430)	(27,633,370)	(27,191,520)	(27,976,890)	(28,658,730)	(29,286,820)
Rental Income (Other)	(419,430)	(426,990)	(436,160)	(445,970)	(454,680)	(463,580)
Service Charges	(813,300)	(1,001,970)	(1,022,960)	(1,045,390)	(1,065,350)	(1,085,700)
Other Income	(327,140)	(280,840)	(289,190)	(289,700)	(290,160)	(23,620)
<b>Total Income</b>	<b>(29,782,900)</b>	<b>(29,463,490)</b>	<b>(29,062,800)</b>	<b>(29,883,750)</b>	<b>(30,597,230)</b>	<b>(30,990,600)</b>
Expenditure						
Supervision & Management - General	3,166,980	3,465,500	3,544,220	3,663,900	3,783,740	3,901,690
Supervision & Management - Special	1,923,420	1,826,420	1,849,770	1,629,150	1,680,130	1,732,750
Repairs & Maintenance	5,601,240	5,429,650	5,577,320	5,746,300	5,696,690	5,836,220
Depreciation – to Major Repairs Res.	9,757,010	9,880,840	10,073,810	10,159,050	10,203,550	10,243,050
Debt Management Expenditure	1,780	1,400	1,430	1,460	1,490	1,520
Other Expenditure	294,080	317,390	348,130	210,300	218,880	227,150
<b>Total Expenditure</b>	<b>20,744,510</b>	<b>20,921,200</b>	<b>21,394,680</b>	<b>21,410,160</b>	<b>21,584,480</b>	<b>21,942,380</b>
<b>Net Cost of HRA Services</b>	<b>(9,038,390)</b>	<b>(8,542,290)</b>	<b>(7,668,120)</b>	<b>(8,473,590)</b>	<b>(9,012,750)</b>	<b>(9,048,220)</b>
HRA Share of operating income and expenditure included in Whole Authority I&E Account						
Interest Receivable	(630,410)	(571,240)	(523,350)	(495,190)	(499,560)	(529,490)
<b>(Surplus) / Deficit on the HRA for the Year</b>	<b>(9,668,800)</b>	<b>(9,113,530)</b>	<b>(8,191,470)</b>	<b>(8,968,780)</b>	<b>(9,512,310)</b>	<b>(9,577,710)</b>
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance						
Loan Interest	7,178,370	7,178,930	7,178,930	7,178,930	7,178,930	7,178,930
Housing Set Aside	0	0	0	0	0	0
Appropriation from Ear-Marked Reserve	0	0	0	0	0	0
Depreciation Adjustment	0	0	0	0	0	0
Direct Revenue Financing of Capital	3,006,690	2,925,720	2,289,370	1,973,070	933,270	279,180
<b>(Surplus) / Deficit for Year</b>	<b>516,260</b>	<b>991,120</b>	<b>1,276,830</b>	<b>183,220</b>	<b>(1,400,110)</b>	<b>(2,119,600)</b>



Balance b/f	(8,991,940)	(8,475,680)	(7,484,560)	(6,207,730)	(6,024,510)	(7,424,620)
<b>Total Balance c/f</b>	<b>(8,475,680)</b>	<b>(7,484,560)</b>	<b>(6,207,730)</b>	<b>(6,024,510)</b>	<b>(7,424,620)</b>	<b>(9,544,220)</b>

# Housing Capital Investment Plan

# Appendix J

Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Improvements - Existing Stock</b>						
Water / Drainage Upgrades	78	80	81	83	84	86
Drainage Upgrades	320	310	341	351	0	0
Disabled Adaptations	832	849	866	883	901	919
Change of Tenancy - Capital	500	500	500	500	500	500
Rewiring	950	318	325	331	338	345
Heating Installation	2,000	1,980	2,081	2,122	2,165	2,208
Energy Conservation	1,000	1,020	220	241	262	268
Estate Roads, Paths & Lighting	84	15	15	16	16	16
Garage Refurbishment	51	52	53	54	55	56
Parking/Garages	15	86	88	89	91	93
Window Replacement	265	271	276	282	287	293
Re-Roofing	437	446	455	464	473	482
Full Refurbishments	200	200	200	200	200	200
Structural Works	150	10	10	10	10	10
Non-Traditional Refurbishment	0	0	0	0	0	0
Asbestos Removal	34	34	35	35	36	37
Kitchen Refurbishment	728	743	758	773	788	804
Bathroom Refurbishment	312	318	325	331	338	345
Wilford Furlong, Willingham Refurbishment	644	0	0	0	0	0
Assumed adjustment in spend for varying stock numbers	0	(25)	(28)	(96)	(150)	(234)

Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Total Improvements Existing Stock</b>	<b>8,600</b>	<b>7,207</b>	<b>6,601</b>	<b>6,669</b>	<b>6,394</b>	<b>6,428</b>
<b>Other Improvements</b>						
Sheltered Housing and Other Stock	55	110	50	50	50	50
Flats	20	20	20	20	20	20
Central / Departmental Investment	19	0	0	0	0	0
<b>Total Other Improvements</b>	<b>94</b>	<b>130</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>
<b>Re-provision of Existing Homes</b>						
Robinson Court, Gamlingay	1,803	450	0	0	0	0
Other Re-provision	0	0	0	0	0	0
<b>Total Re-provision of Existing Homes</b>	<b>1,803</b>	<b>450</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>HRA Acquisition and New Build</b>						
Pembroke Way, Teversham	16	470	336	0	0	0
Pampisford Road, Great Abington	1,378	0	0	0	0	0
High Street, Balsham	644	1,195	0	0	0	0
Woodside, Longstanton	210	210	0	0	0	0
Bannold Drove, Waterbeach	4,309	0	0	0	0	0
Gibson Close, Waterbeach	146	1,307	0	0	0	0
Highfields, Caldecote	32	417	0	0	0	0
Acquisitions	719	0	0	0	0	0
Unallocated New Build / Acquisition Budget	0	9,971	11,214	9,229	6,786	5,700
Unallocated New Build / Acquisition - Section 106 funded	0	616	500	500	500	500
Grants to Registered Providers for New Homes	0	0	0	0	0	0
<b>Total HRA New Build</b>	<b>7,454</b>	<b>14,186</b>	<b>12,050</b>	<b>9,729</b>	<b>7,286</b>	<b>6,200</b>

Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Other HRA Capital Spend</b>						
Shared Ownership Repurchase	300	300	300	300	300	300
Self-Build Vanguard - Up front HRA Land Assembly Costs	300	600	780	0	0	0
HRA Share of Corporate ICT Development	230	270	119	19	19	19
<b>Total Other HRA Capital Spend</b>	<b>830</b>	<b>1,170</b>	<b>1,199</b>	<b>319</b>	<b>319</b>	<b>319</b>
<b>Total HRA Capital Spend</b>	<b>18,781</b>	<b>23,143</b>	<b>19,920</b>	<b>16,787</b>	<b>14,069</b>	<b>13,017</b>
Inflation Allowance for New Build and Other HRA Spend	0	0	0	0	0	123
<b>Total Inflated Housing Capital Spend</b>	<b>18,781</b>	<b>23,143</b>	<b>19,920</b>	<b>16,787</b>	<b>14,069</b>	<b>13,140</b>
<b>Housing Capital Resources</b>						
Right to Buy Receipts	0	0	0	0	0	0
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0	0
Other Capital Receipts (Self-Build Plot Sales)	(250)	(2,500)	(3,250)	(1,000)	0	0
Major Repairs Reserve	(9,738)	(9,902)	(10,076)	(10,159)	(10,203)	(10,243)
Direct Revenue Financing of Capital	(3,007)	(2,926)	(2,289)	(1,973)	(933)	(279)
Other Capital Resources (Grants / Shared Ownership / S106 funding)	(1,878)	(3,870)	(874)	(886)	(897)	(908)
Retained Right to Buy Receipts	(1,572)	(3,733)	(3,431)	(2,769)	(2,036)	(1,710)
Retained Right to Buy Receipts (Used by Registered Provider)	0	0	0	0	0	0
HRA CFR / Prudential Borrowing	0	0	0	0	0	0
<b>Total Housing Capital Resources</b>	<b>(16,445)</b>	<b>(22,931)</b>	<b>(19,920)</b>	<b>(16,787)</b>	<b>(14,069)</b>	<b>(13,140)</b>

Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Net (Surplus) / Deficit of Resources	2,336	212	0	0	0	0
<b>Capital Balances b/f</b>	<b>(2,548)</b>	<b>(212)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Use of / (Contribution to) Balances in Year	2,336	212	0	0	0	0
<b>Capital Balances c/f</b>	<b>(212)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note: Generally available capital receipts from the sale of properties under the right to buy as assumed in the self-financing debt settlement, have been excluded on the basis that they are utilised to fund general fund housing capital expenditure, i.e.; Disabled Facilities Grants and Repairs Assistance Grants.