

HOUSING REVENUE ACCOUNT 2022/23 DRAFT BUDGET

Housing Committee – 25 January 2022

Report of: Alison Boote – Executive Head of Communities
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Purpose: For decision

Publication status: Unrestricted

Wards affected: All

Executive summary:

The purpose of this report is to present the draft budget for 2022/23 for the Housing Revenue Account ('HRA'), including the annual review of rents, capital programme and revenue budget.

Members are requested to approve the recommendations below.

The HRA consultant, Jeremy Cookson (GL Hearn/Capita) will join the meeting to give a presentation about the Council's HRA business plan in the context of the recommendations.

This report supports the Council's priority of: Building a better Council / Creating the homes, infrastructure and environment we need / Supporting economic recovery in Tandridge / Becoming a greener, more sustainable District.

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Recommendation to Committee:

That the following be agreed:

- A) Social Rents (excluding service charges) and Affordable Rents (including service charges) for 2022/23 be increased by 4.1% in accordance with government social rent policy guidance.

- B) The Draft Capital Programme for 2022/23 in the sum of £11,585,700 and the subsequent years, as shown at **Appendix A**.
- C) The Draft revenue budget for 2022/23 with a net operating surplus of £2,401,800 before allowing for revenue contributions to capital expenditure and interest charges, as shown at **Appendix C**.
- D) The rent for garages to be increased by 4.1% for 2022/23 to produce a standard weekly rent of £13.53 to tenants, or £16.25 (including VAT) for let to private tenants.
- E) Service charges to be increased by 4.1% for 2022/23 to produce an average weekly charge of £7.12.
- F) Sheltered and Older Persons Service Charges to be increased by 4.1% for 2022/23 to £14.33 and £3.13 respectively.
- G) That the PWLB HRA Loan of £2.85m due for repayment in 2022/23 be re-financed and programmed funding of £5.1m (£1.3m in 2022/23 and £3.8m in 2023/24) to finance the capital programme be financed by PWLB borrowing.

Reason for recommendation:

Section 151 of the Local Government Act 1972 requires all Councils in England and Wales to make arrangements for the proper administration of their financial affairs. It is a legal obligation that the Council sets a balanced budget for 2022/23. This report accords with that legislation by enabling Members to review their budget for the forthcoming year.

1. Introduction and background

- 1.1. The HRA is a separate, ring-fenced account, paid for entirely from tenants' rents and service charges. The HRA is governed by a different regime to the rest of the Council's budgets, which is based on the national Housing Revenue Account system of Self-Financing which came into force on 28th March 2012.
- 1.2. This annual budget feeds into the 30-year HRA business plan. The financial aspects of this are updated annually and/or with any major changes in government policy or economic factors.
- 1.3. The COVID-19 pandemic has created and will continue to create significant uncertainty into the following financial year and possibly into the medium-term. The Council has been integral in the response to support residents and will continue to do, as long as it is required. This is not however without its risks and financial challenges.

- 1.4. For this Committee, the areas now under consideration in the HRA are the annual review of rents and service charges, capital spending plans and the revenue budget for 2022/23.
- 1.5. For the purposes of budget setting, pressures and savings are generic terms used to identify changes (increases or decreases) to budgeted income and expenditure. For example; pressures could include costs due to contract inflation or increases in demand for services. Savings could include optimising existing sources of income or delivering services in an improved/more efficient way to provide better value for money. Refer to the Glossary of Terms in **Appendix B**.

2. Government Policy

2.1. **Right To Buy(RTB) Rule Changes** - From 1st April 2021 the regulations governing the use of RTB receipts changed. The new rules:

- Allow up to 40% of eligible new provision costs (new build or acquisition) to be met from retained RTB receipts (141 receipts). This is up from 30%.
- Allow retained receipts to be used within 5 years. Previously they had to be used within 3 years and then, if not used, returned to the government.
- Allow shared ownership housing and 'First Homes' to become permitted uses of retained RTB receipts.

RTB retained receipts are a finite resource, constrained by the volume and value of RTB sales. Increasing the percentage of new provision costs that can be funded from retained RTB receipts is only of benefit where the programme of new provision does not in any case fully use all retained RTB receipts. As Tandridge operate an ambitious new build programme the increase in the percentage just means that the finite resource is used up quicker. It doesn't introduce any additional resources.

Tandridge have for a number of years been proactive in maintaining a pipeline of new housing schemes and has as a result never been in danger of not using retained RTB receipts within the previous time constraint (3 years). Therefore the extension to 5 years will not make a material difference to our scheme funding.

Officers continue to review the opportunities for shared ownership and 'First Homes' within the Tandridge area.

2.2. **Rents** - it is however worth reminding Members that the HRA is now bound by the Rent Standard published by Regulator of Social Housing which came into force on 1st April 2020. The Rent Standard became applicable to local authorities and housing associations from April 2020 and sets out the formula to be applied. On 15 November 2021 the Government published guidance on the limit on annual rent increases 2022-23. The recommendations within this report are in line with those set out within the Government's Housing Rents Policy Paper and guidance, and include:

- Annual Increases - CPI + 1% ceiling to rent increases for both social and affordable rented dwellings. The September 2021 CPI rates was 3.1%, leading to a maximum allowable increase of 4.1%.
- Flexibility Level - Landlords have flexibility to set rents for new social rent tenancies at 5% above formula rent (10% for supported housing, defined as that made available with support, to those requiring support and in accommodation designed or designated for support).

3. Revenue Budget

3.1. The 2022/23 budget has been adjusted for the government social rent policy of CPI + 1%. This together with the 9 new affordable rented properties developed in 2021/22 means that over all the rent income budget will increase by £0.6m, after allowance for voids loss.

3.2. The HRA business plan financial model has been updated to take account of the 2022/23 HRA budget and capital programme.

3.3. It is proposed that a scheduled £2.85m loan repayment for 2022/23 be refinanced to allow sufficient resources to be available for funding the HRA's Council house building programme. This amount is included in the current business plan.

3.4. The Council is continuing review the allocations for recharges between the General Fund and the HRA to ensure an equitable distribution is maintained.

3.5. A working balance is maintained to cover HRA day to day cash needs and to allow for unexpected expenditure. A prudent minimum balance for this is c£0.8m which remains unchanged from previous years and is considered sufficient to allow for any unforeseen costs throughout 2022/23. The opening Repairs Reserve is estimated to be £0.6m, the estimated opening New Build reserve is estimated £1.7m, the Major Repairs reserve is £2.1m and the Right to Buy Reserve is estimated to be £1.3m. Overall 2022/23 opening revenue balances therefore stand at approximately £6.5m, £1.7m of which is earmarked to support new build schemes. Any surplus generated by the HRA in the year will be apportioned between the New Build and Repairs Reserve on the previously agreed two/one third basis.

- 3.6. Looking ahead, the Capital Programme incorporates provision for £16.5m of new build expenditure between 2022/23 and 2024/25. The programme reflects the Council's ambitions to complete 40 homes per year, addresses the shortage of new housing and significantly outstrips the projected loss of social housing through Right To Buy, estimated at 9 dwellings per year.
- 3.7. Whilst this programme relies on additional borrowing of £5.1m the business plan shows that the resulting financing costs (interest on the new loans) can be funded within the HRA. Recent refinancing of loans has been undertaken over a 50 duration to take advantage of the historically low interest rates that are on offer. The current PWLB loan interest rate is 2.0%.
- 3.8. In respect of capital resources available to support the new Council house building programme, it is anticipated there will be HRA reserves (New Build Reserve and Major Repairs Reserve) of £3.4m and retained Right to Buy (RTB) 1-4-1 receipts of £1.3m available for use in 2022/23.
- 3.9. The draft budget for the HRA is a net operating surplus of £2,401,800 before allowing for revenue contributions to capital expenditure and interest charges, as shown at **Appendix C** and summarised in the table below.

Service Area	Published Budget 2021/22 £000's	Draft Budget 2022/23 £000's	Budget Movement £000's
Providing People with Homes	292	299	7
Improving the Quality of Housing	3,985	4,232	247
Managing the Service Effectively	7,376	7,874	498
Community Services	503	513	10
Rent Income	(14,704)	(15,319)	(615)
Capital Charges & Support Services	2,548	2,401	(147)
Total	0	0	0

3.10. Several financial savings have been included within the Draft Budget. The main items are as follows:

<u>Savings</u>	<u>£</u>
Additional Rent from Dwellings by 4.1% increase	(571,200)
Additional Garage by 4.1% increase	(19,800)
Additional Service Charges by 4.1% increase	(24,000)
Additional Elderly Person Service Charges by 4.1% increase	(5,900)
Additional Leaseholders Recharges - electric new contract	(10,600)
Reduction in Interest Payable due to refinancing loans at lower rates	(22,900)
Increase Property Maintenance Recharges	(42,900)
Reduced Lease vehicle costs - changed from lease to outright purcha	(11,400)
Total Savings	(708,700)

3.11. Additional financial pressures and technical adjustments have been made for the following:

<u>Pressures</u>	<u>£</u>
Salaries inflation, increments and NI net savings & growth	40,000
Contract Inflation	57,800
Support Services Recharges growth	34,300
Customer Services Recharges growth	4,000
Share of Democratic Services growth	7,300
Response Repairs - increase in cost of Building Materials	147,700
Voids - Increase in cost of Building Materials and subcontractors	70,000
Hostel Purchase of Equipment - to match replacement programme	5,000
Electricity - increased prices due to new contract	122,000
Gas - increased prices due to new contract	57,000
External Audit - Increased contribution	1,000
Increase in Depreciation Charge	286,600
Reduced transfer to HRA reserves	(124,000)
Total Pressures	708,700

3.12. **Appendix B** is an extract from the Business Plan for the HRA which details the pressures and opportunities identified.

3.13. The Draft Budget for the HRA is shown at **Appendix C**.

4. Review of Fees and Charges

- 4.1. The HRA's prime source of income is generated through rent and service charges relating to the Council's housing stock.
- 4.2. The introduction of Self-Financing on 28th March 2012 led to the HRA taking on £70.2m of debt of which approximately £24.9m has been repaid and new PWLB loans of £15.9m taken on. HRA total debt at the time of writing is £61.2m. To be able to service this debt and maintain the quality of the housing stock, it is important that rents and charges are reviewed each year and set at an appropriate level.
- 4.3. The Government's previous Social Rent Policy of 1% rent reductions between 2016/17 and 2019/20 came to end in 2019/20. The Government's Rent Policy Statement and Rent Standard, limits rent increase to CPI plus 1% for the 5 years (2020/21 to 2024/25). The Council's rent for 2022/23 has been set in line with the government's policy and guidance each year.
- 4.4. The HRA income review has commenced this year (2020/21) and is due for completion in April 2021. Completion of this project has been delayed due to the impacts of COVID-19 and the need to redeploy resource to assist with supporting residents throughout the pandemic. The aim of the review remains the same, to identify opportunities to maximise existing and generate new income streams. This will ensure the HRA is recovering the costs it incurs in relation to rents and service charges and maximises its potential for maintaining existing stock and providing new homes. The results of the review will be reported back to committee once complete.
- 4.5. Officers are recommending that garage rents be increased by 4.1% from April 2022, making a charge of £13.53 per week. Garage rents will be considered within the scope of the review detailed above including consideration of the possibility of introducing variable rents that reflect location, condition and demand.
- 4.6. In summary, the main proposals regarding charges for this Committee's are:
 - Social Rents (excluding service charges) and Affordable Rents (including service charges) for 2022/23 be increased by 4.1%;
 - Garage rents to increase by 4.1%; and
 - Service charges to increase by 4.1% to an average weekly charge of £7.12.
- 4.7. Revenues raised as a consequence of fees and charges to HRA tenants will be retained within the HRA. This will be used to run the service and deliver future improvement programmes and stock investment to benefit the Council's residents.

5. Rent Setting

- 5.1. From April 2022, the rent for both social and affordable rented dwellings will increase by CPI (3.1% at September 2021) plus 1%.
- 5.2. The impact of these increases on different sizes of properties is set out in the table below:

Social Rents:

Property Size	No. of Properties	Average Weekly Rent 2021/22	Average Weekly Rent 2022/23	Average % Increase / (Decrease)
		£	£	%
Bedsit	103	£75.62	£78.72	4.1%
1 Bedroom	915	£86.06	£89.59	4.1%
2 Bedroom	664	£99.24	£103.31	4.1%
3 Bedroom	750	£119.82	£124.73	4.1%
4 Bedroom	40	£125.49	£130.64	4.1%
5 Bedroom	3	£135.47	£141.02	4.1%
All Dwellings	2,475	£100.09	£104.19	4.1%

Affordable Rents

Property Size	No. of Properties	Average Weekly Rent (including Service Charge) 2021/22	Average Weekly Rent (including Service Charge) 2022/23	Average % Increase / (Decrease)
		£	£	%
1 Bedroom	7	£145.22	£151.17	4.1%
2 Bedroom	38	£191.63	£199.49	4.1%
3 Bedroom	6	£209.56	£218.15	4.1%
All Dwellings	51	£187.14	£194.81	4.1%

5.3. In addition to the above rents the Council operates one 15 bed hostel and 17 temporary housing dwellings which are used for housing homeless people. As with the social and affordable rented dwellings the rents for these properties are scheduled to increase by CPI + 1% (4.1% in total). However, some of the temporary accommodation dwellings are already above their respective formula rents and therefore, in line with the government's rent policy, their increases are constrained to CPI + 0%. Hence the increase for temporary accommodation properties is 3.1%.

Temporary Accommodation and Hostels rent

Category	No. of Properties	Average Weekly Rent 2021/22 £	Average Weekly Rent 2022/23 £	Average % Increase / (Decrease) %
Temporary Accommodation	17	£100.10	£104.20	4.1%
Hostel	15	£110.15	£113.56	3.1%
Total	32	£104.81	£108.59	3.64%

6. Service Charges

6.1. As a result of previous government policy on Rent Restructuring, service charges were introduced with effect from 4th October 2004 for those tenants who are recipients of the following services:

- Grounds Maintenance;
- Estate Cleaning;
- Communal estate lighting and electricity; and
- Communal television aerials in sheltered schemes.

6.2. Previously these charges had been met from the rental income from all tenants. Under the legislation on setting service charges, service charges are not governed by the same factors as rent, except Affordable rents where service charges are included in the rent cap. However, authorities should endeavour to keep increases in service charges within limit on rent change of CPI + 1 %, to keep charges affordable.

6.3. The legislation on setting service charges seeks that the amount charged should be no more than the costs incurred so there should be no seeking to make a return on service charges.

6.4. With an applicable CPI rate of 3.1% (September 2021) officers are recommending the maximum increase of 4.1% this year to cover increases in costs.

- 6.5. The average service charge being paid by the recipients of the above services in 2021/22 is £6.84 per week and will be £7.12 for 2022/23. The service charges will be reviewed as part of the officers' planned review of the HRA Income streams.

7. Housing Related Support

- 7.1. Tenants in sheltered and older persons designated housing are charged an additional charge in respect of the housing related support services provided in this type of accommodation, such as the warden call alarm and the scheme coordinator service.
- 7.2. Prior to April 2018 these costs were charged as a support charge linked to the rent account. This was funded for tenants in receipt of housing benefit via Surrey County Council's Housing Related Support Grant. Tenants who were not entitled to housing benefit, but who had been a tenant since before April 2003 had this charge funded via a discretionary allowance funded by the HRA. The Council continues to fund sheltered and other persons service charge for 11 tenants whose tenancies commenced before April 2003. People whose tenancy commenced after April 2003 who are not entitled to housing benefit were responsible for payment of this charge along with the rent and service charges for their property.
- 7.3. The current sheltered and older persons housing service charge is £14.33 per week for the full sheltered housing service and £3.13 per week for the designated elderly accommodation service. It is proposed to increase the sheltered and older persons service charge for 2022/23 by 4.1%.

Support Charge	2021/22 Weekly Charge	2022/23 Weekly Charge
	£	£
Sheltered Service	£13.77	£14.33
Older Persons Housing (PTSC)*	£3.01	£3.13

*Peripatetic Service Charges

8. HRA Debt

- 8.1. On 28th March 2012 the HRA took on £70.2m in debt as a result of HRA Self-Financing. The structure of the loans that were taken out result in different repayments from year to year to align with the anticipated resources available within the HRA (when the loans were taken out in 2012) in accordance with the 30-year business plan. On the 1st April 2022 the HRA will have £61.2m of debt outstanding.

- 8.2. A £2.85m loan is scheduled to be repaid (on 28th March 2023). This loan has an interest rate of 2.4% The current PWLB loan rate is 2% for a 50 year loan therefore a saving of £22k per annum will arise if the current rate continues or when we seek to refinance the loan. As a result of the continuing impact of the reduced rent revenues arising from successive 1% rent reductions and in order to maintain HRA balances whilst supporting a programme of new build, approval is being sought in this paper to refinance this loan.
- 8.3. The current PWLB loan rate is 2% for a 50 year loan.
- 8.4. In practical terms re-financing is straight forward. The existing loan is repaid - as is required - and then a new loan of either the same or lesser value taken out. The new loan can be from the Public Works Loan Board (PWLB). The terms of the loan would be decided based upon market conditions at the time. At the current time, with low interest rates which are expected to increase in the future, this would point to taking out a fixed rate loan repayment. New loans can be arranged with the PWLB with 2 days' notice.

9. Capital Programme

- 9.1. The proposed capital programme for this Committee is shown at **Appendix A**. The programme covers a three-year period but will be reviewed and updated annually. The Appendix shows the current agreed programme, revisions to existing schemes and any new schemes added and the proposed programme after all revisions.
- 9.2. Included within the Appendix is a narrative description of each scheme.
- 9.3. The Council House Building programme represents the largest share of the capital spend. 40% of the Council House Building scheme expenditure will be financed by RTB New Provision Receipts (where available) with the remainder being financed by HRA reserves and borrowing.
- 9.4. RTB receipts are a finite resource and, whilst provision is included for future receipts based on projected RTB sales, these will be small in comparison to the size of the programme. To supplement these, conversations have been initiated to explore becoming an investment partner with Homes England which would provide the Council with access to social housing grant and the potentially unused receipts from other local authorities.

Council Housing Building Programme

- 9.5. 2021/22 will see the completion of 7 'buybacks' of former Council owned flats, bringing the total to 8; the final 2 buy-backs will complete in 2022/23. Construction continues at Bronzeroak House (26 dwellings) and Uplands (21 dwellings) with both schemes completing in 2022/23; planning consents granted for developments on sites at Windmill Close and Auckland Road (6 dwellings) which was tendered with Rochester Gardens and Town End (7 dwellings) . These schemes are due to commence in quarter 4 2021/22. Schemes are being prepared for new developments at Wolfs Wood, Featherstone and Hollow Lane (35 dwellings). 49 dwellings are due to complete in 2022/23.
- 9.6. The current demand for affordable housing for rent remains high. Options have been modelled in the HRA business plan for a programme of new housing beyond that included in the existing programme. These will form the basis of a presentation to Members at the Committee Meeting on 25th January.
- 9.7. Included in the Appendix is a narrative description of each scheme.

10. Other options considered

- 10.1. The HRA is a ringfenced account and must set a balanced budget for 2022/23.

11. Consultation

- 11.1. It is good practice for the Council to consult on its proposed budget for the next financial year. The views of local people and key stakeholders were considered in arriving at the final budget setting process.
- 11.2. The Council's budget consultation exercise in relation to the Budget for 2022/23 is taking place over January 2022, providing information in relation to the budget challenge that the Council faces. The outcome of that consultation will be included in the consolidated Final Budget report.
- 11.3. The public consultation will give residents and stakeholders an opportunity to comment on the 2022/23 overall budget before final decisions are formalised in the Council's annual budget.

Key implications

12. Comments of the Chief Finance Officer

- 12.1. The HRA, as a separately ringfenced Account, it is required to set a balanced budget for 2022/23 and the proposals in this report help achieve that objective. In fact, the HRA is proposing a surplus revenue budget for 2022/23. If any efficiency proposals or savings are rejected, offsetting savings will need to be identified to compensate for these.

13. Comments of the Head of Legal Services

- 13.1 Under Part VI of the Local Government and Housing Act 1989, any local authority that owns more than 200 units of housing stock is obliged to maintain a Housing Revenue Account. The HRA is a record of revenue expenditure and income in relation to an authority's own housing stock. The items to be credited and debited to the HRA are prescribed by statute. It is a ring-fenced account within the authority's General Fund, which means that local authorities have no general discretion to transfer sums into or out of the HRA.
- 13.2 By section 76 of the Local Government and Housing Act 1989, the Council is required in January and February each year to prepare, and make available for public inspection, proposals relating to the income of the authority from rents and other charges, expenditure in respect of repair, maintenance, supervision and management of HRA property and other prescribed matters. The proposals should be made on the best assumptions and estimates available and should be designed to secure that the housing revenue account for the coming year does not show a debit balance. The report sets out information relevant to these considerations
- 13.3 With regards to increases to rent and service charges, s103 Housing Act 1985 states that:-

"(1)The terms of a secure tenancy which is a periodic tenancy may be varied by the landlord by a notice of variation served on the tenant ...
(2)Before serving a notice of variation on the tenant the landlord shall serve on him a preliminary notice — (a)informing the tenant of the landlord's intention to serve a notice of variation, (b)specifying the proposed variation and its effect, and (c)inviting the tenant to comment on the proposed variation within such time, specified in the notice, as the landlord considers reasonable; and the landlord shall consider any comments made by the tenant within the specified time.

(3)Subsection (2) does not apply to a variation of the rent, or of payments in respect of services or facilities provided by the landlord or of payments in respect of rates."

- 13.4 The Council's duties in relation to the consultation of tenants on matters of housing management, as set-out in Section 105 of the Housing Act 1985, do not apply to rent levels, nor to charges for services or facilities provided by the authority. There is therefore no requirement to formally consult with secure tenants regarding the proposed increase in charges, however it is good practice to do so. The Council is required nevertheless to act reasonably and Members should be satisfied that the increase as proposed in this report is reasonable and justified.

14. Equality

14.1. The Council has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equalities legislation are considered prior to any decision being made.

14.2. Section 149 of the Equality Act 2010, provides that a public authority must, in the exercise of its functions, have due regard to the need to:

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

14.3. The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty

14.4. Members should have due regard to the public-sector equality duty when making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome.

14.5. The Officers have reviewed their budget changes against the initial equalities screening tool. This has highlighted and concluded that all of savings within the 2022/23 budget will not have any direct effect on residents or service delivery (such as removal of vacant posts, renegotiation of contracts and reserve adjustments).

14.6. The outcome of this is that the budgetary changes have no negative or positive impact on protected characteristics and residents. However, the Council will continually monitor the effect of the Budget-setting process and decision-making by using equality impact assessments.

15. Climate change

15.1. There are no significant environmental / sustainability implications associated with this report.

Appendices

Appendix A – HRA Draft Capital Programme 2021/22 – 2024/25

Appendix B – HRA Draft Business Plan Budget 2022/23

Appendix C – HRA Draft Revenue Budget for 2022/23

Background papers

None

CAPITAL PROGRAMME 2021/22 TO 2024/25 - Housing Revenue Account

Appendix A

COMMITTEE SCHEMES	Current Programme 2021/22 £	Estimated Programme 2022/23 £	Estimated Programme 2023/24 £	Estimated Programme 2024/25 £	Total Programme 2021-25 £
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Housing Revenue Account

Current Continuing Programme

Structural Works	925,000	855,000	830,000		2,610,000
Modernisation & Improvements	439,000	732,000	511,000		1,682,000
Energy Efficiency Works	550,500	559,500	546,000		1,656,000
Service Renewals	758,000	712,500	695,000		2,165,500
Void Works	425,000	425,000	425,000		1,275,000
Health & Safety	190,000	190,000	180,000		560,000
Adaptations for the Disabled	250,000	250,000	250,000		750,000
Essential Structural Works	185,000	185,000	185,000		555,000
Communal Services	30,000	30,000	30,000		90,000
Council House Building	12,700,000	5,463,600	301,200		18,464,800
HRA IT - Hardware/infrastructure/Projects	351,500	60,600	72,200		484,300
Total Current Continuing Programme	16,804,000	9,463,200	4,025,400	0	30,292,600

Revisions and New Bids

Structural Works				838,300	838,300
Modernisation & Improvements				516,100	516,100
Energy Efficiency Works				551,500	551,500
Service Renewals				702,000	702,000
Void Works				429,300	429,300
Health & Safety				181,800	181,800
Adaptations for the Disabled				252,500	252,500
Essential Structural Works				186,900	186,900
Communal Services				30,300	30,300
Council House Building		2,122,500	7,522,900	1,109,400	10,754,800
HRA IT - Hardware/infrastructure/Projects			(30,900)	68,300	37,400
Total Revisions and New Bids	0	2,122,500	7,492,000	4,866,400	14,480,900

Proposed Programme

Structural Works	925,000	855,000	830,000	838,300	3,448,300
Modernisation & Improvements	439,000	732,000	511,000	516,100	2,198,100
Energy Efficiency Works	550,500	559,500	546,000	551,500	2,207,500
Service Renewals	758,000	712,500	695,000	702,000	2,867,500
Void Works	425,000	425,000	425,000	429,300	1,704,300
Health & Safety	190,000	190,000	180,000	181,800	741,800
Adaptations for the Disabled	250,000	250,000	250,000	252,500	1,002,500
Essential Structural Works	185,000	185,000	185,000	186,900	741,900
Communal Services	30,000	30,000	30,000	30,300	120,300
Council House Building	12,700,000	7,586,100	7,824,100	1,109,400	29,219,600
HRA IT - Hardware/infrastructure/Projects	351,500	60,600	41,300	68,300	521,700
Total Proposed Programme	16,804,000	11,585,700	11,517,400	4,866,400	44,773,500

CAPITAL PROJECT APPRAISAL - HOUSING REVENUE ACCOUNT

Title of Scheme	Structural Works
Description of Scheme	Essential repairs / improvements to the structure, roofs, drainage systems, estate roads and footpaths of council-owned dwellings.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Allows the Council to comply with its statutory obligations to keep the structure and exterior of dwellings in good repair.

Title of Scheme	Modernisation and Improvements
Description of Scheme	Programme to refurbish dwellings to modern-day standards by, for example, converting properties into larger self-contained dwellings or providing modern kitchens and bathrooms in accordance with the stock condition programme in older dwellings.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Helps to provide much needed family sized accommodation. Improvements meet tenant aspirations and help to reduce relet periods plus, ensures compliance with the HHSRS statutory minimum home standard.

Title of Scheme	Energy Efficiency
Description of Scheme	Continuation of stock condition programmes to install first time new central heating systems, windows and front / rear entrance doors together with cavity wall and loft insulation to Council-owned dwellings.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Meets tenants' aspirations. Improves the comfort / energy efficiency of council owned homes and helps to reduce harmful carbon emissions.

Title of Scheme	Service Renewals
Description of Scheme	Continuation of stock condition renewal programmes of domestic electrical house re-wiring,
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Ensures the Council complies with its statutory obligations to keep the services and systems installed in its dwellings operational and safe.

Title of Scheme	Void works
Description of Scheme	Essential work undertaken to vacant dwellings to ensure the property is modern and is to a safe letting standard e.g. electrical / gas safety checks, cleaning, new kitchen / bathroom, structural work etc.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Enables minor / major refurbishment work to be undertaken whilst the dwelling is vacant, which is more cost effective for the Council and less disruptive for the new ingoing tenant.

Title of Scheme	Health & Safety Work
Description of Scheme	Work to comply with various H & S regulations e.g. Control of Asbestos, Regulatory Reform (Fire Safety) Order and the Disability Discrimination Act.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Ensures the Council complies with its statutory H & S obligations and reduces the risks to building occupants, Council staff and visitors.

Title of Scheme	Adaptations for older or disabled persons in Council owned property.
Description of Scheme	Continuation of policy to provide adaptations, facilities and/or additional living space for tenants with health or mobility problems on the recommendation of an occupational therapist.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Allows tenants who, because of advanced age, serious health problems or disability and for whom suitable alternative accommodation is not available, to live within their existing home. The anticipated volume of OT referrals is envisaged to grow in the future due to the increase in the older population and government policy.

CAPITAL PROJECT APPRAISAL - HOUSING REVENUE ACCOUNT

Title of Scheme	Essential Structural Works - (Estate based environmental works)
Description of Scheme	Essential repairs and improvements to estate boundary walls, fences, retaining walls, garages and buildings (bin sheds, recycling areas, etc.).
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	To ensure the Council complies with its statutory and health & safety obligations in respect to the repair and maintenance of its estates. To ensure a clean and safe environment for residents and the estate community as a whole.

Title of Scheme	Communal services
Description of Scheme	The renewal / upgrading of communal based services e.g. TV aerials, door entry systems, landlord lighting, etc.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Enables the Council to comply with its statutory obligations to keep the estate based services and systems fully operational and safe.

Title of Scheme	Council House Building
Description of Scheme	A programme of Council Housing building currently comprising 85 dwellings
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	The Council's House Building programme is designed primarily to meet the need for affordable housing for rent in the district. However it also provides a role in replacing homes lost through the right to buy, redeveloping housing stock that doesn't meet current priority needs and in making better use of existing assets. The current programme includes 9 schemes ranging from ones that are complete and in the 12 month defects liability period, through to those still at the inception stage. Expenditure on the programme goes forward to 2022/23 with peak expenditure in 2019/20 and 2020/21.

Title of Scheme	HRA IT - Hardware/infrastructure/Projects
Description of Scheme	The Customer First project envisaged significantly enhancements & development of the existing IT systems. However, Customer First was implemented before the technology solutions, in particular on line capability, were put in place. This has been one of the issues which has led to the performance and staffing issues following the implementation. Consequently, the savings expected under Customer First were removed from the budget prior to the technology being available. Additional projects outside the original scope of Customer First have been identified as essential due to failing software/hardware, system modules bought 3 years ago but not implemented and further possible savings resulting from automation.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	<p>It is necessary to invest in a number of areas :-</p> <ol style="list-style-type: none"> 1. Disaster recovery solution 2. Replacement cycles for laptops, desktops, servers, switches, firewalls on a cyclical basis (2021/22 onwards) 3. Automation of book and pay 4. Planning – end to end migration from one salesforce org to another (completed) 5. Civica disposal module and licence to comply with GDPR 6. Orchard – implementation of Promaster, Asset Go, DLO AND Service Charge models 7. Replacement of outdated telephony which is not fit for purpose 8. Northgate – cloud-based on line solution for Revenues, benefits and NNDR 9. Replacement of Adelante and implementation of automated bank reconciliation <p>An IT Strategy Board has been formed to develop the Council's IT Strategy and to agree the development and implementation of specific IT schemes to improve service delivery and reduce staffing costs if possible. The IT Strategy Board will be officer based and will report to the Council's Improvement Working Group. The commissioning of each project will be based on a detailed business case being approved by the IT Strategy Board.</p> <p>The HRA will be allocated IT costs in relation to the HRA and a proportion of Corporate Projects</p>

HRA Draft Business Plan Budget 2022/23

Appendix B

original estimate for 2021/22 and the draft 2022/23 budget

<u>Pressures</u>	£
Salaries inflation, increments and NI net savings & growth	40,000
Contract Inflation	57,800
Support Services Recharges growth	34,300
Customer Services Recharges growth	4,000
Share of Democratic Services growth	7,300
Response Repairs - increase in cost of Building Materials	147,700
Voids - Increase in cost of Building Materials and subcontractors	70,000
Hostel Purchase of Equipment - to match replacement programme	5,000
Electricity - increased prices due to new contract	122,000
Gas - increased prices due to new contract	57,000
External Audit - Increased contribution	1,000
Increase in Depreciation Charge	286,600
Reduced transfer to HRA reserves	(124,000)
Total Pressures	708,700
<u>Savings</u>	£
Additional Rent from Dwellings by 4.1% increase	(571,200)
Additional Garage by 4.1% increase	(19,800)
Additional Service Charges by 4.1% increase	(24,000)
Additional Elderly Person Service Charges by 4.1% increase	(5,900)
Additional Leaseholders Recharges - electric new contract	(10,600)
Reduction in Interest Payable due to refinancing loans at lower rates	(22,900)
Increase Property Maintenance Recharges	(42,900)
Reduced Lease vehicle costs - changed from lease to outright purchase	(11,400)
Total Savings	(708,700)
Net total changes	0

Glossary of Terms

Budget pressures: Known budgeted expenditure increases and income reductions due to the following:

- Growth factors – e.g. demographic, inflation and/or increased demand for services;
- Full year effects – to take account of changes to expenditure or income which have taken effect in-year and need to be accounted for in future years as they are of an ongoing nature, e.g. ongoing changes to car parking income due to the pandemic; and/or
- Other increases in expenditure or reduction in income as a result of strategic, governance, funding or policy changes e.g. additions to the organisational structure or additional service activities undertaken and not budgeted for as they occur after the budget is set and have ongoing implications.

Budget savings: Known budgeted expenditure reductions and income increases which result due to the following:

- Containing additional costs of Inflationary increases in contracts or pay;
- Driving forward efficiencies in the provision of existing services i.e. providing services in an improved way to deliver better value for money;
- The delivery of new or additional services; and/or
- Optimising sources of income.

Balanced budget: Budget pressures fully offset by budget savings and funding changes.

HRA Major Repairs Reserve: Established as a requirement of HRA legislation. This Reserve is used to fund capital expenditure on repairs and maintenance of the HRA housing stock.

HRA DRAFT REVENUE BUDGET FOR 2022/23

Actual 2019/20	Budget 2022/23	Programme Areas	Employee Costs	Other Running Expenses	Total Gross Expenditure	Income	Net Direct Budget	Support Service Recharge	Charges for Capital	Budget 2022/23	Changes from 2021/22 to 2022/23
5,826	27,900	Right to Buy	24,700	2,400	27,100	(9,600)	17,500	11,200	0	28,700	800
237,456	206,000	Allocations Administration	121,100	15,400	136,500	(31,600)	104,900	106,100	0	211,000	5,000
82,812	58,200	Void Properties Management	6,000	26,100	32,100	0	32,100	27,000	0	59,100	900
326,094	292,100	PROVIDING PEOPLE WITH HOMES	151,800	43,900	195,700	(41,200)	154,500	144,300	0	298,800	6,700
2,564,418	3,339,000	Housing Repairs - Dwellings	676,000	3,173,000	3,849,000	(279,400)	3,569,600	0	0	3,569,600	230,600
578,579	646,000	Housing Repairs - Administration	239,300	14,500	253,800	0	253,800	408,300	0	662,100	16,100
3,142,997	3,985,000	IMPROVING THE QUALITY OF HOUSING	915,300	3,187,500	4,102,800	(279,400)	3,823,400	408,300	0	4,231,700	246,700
6,213,663	6,525,100	Housing Administration	726,800	1,107,900	1,834,700	(60,300)	1,774,400	153,700	5,075,000	7,003,100	478,000
337,224	54,800	Hostel Management	5,700	5,800	11,500	0	11,500	49,900	0	61,400	6,600
334,644	326,200	Rent Collection & Accounting	171,800	32,700	204,500	(5,900)	198,600	134,200	0	332,800	6,600
333,366	280,400	Estate Management	157,600	30,500	188,100	0	188,100	97,600	0	285,700	5,300
660	3,400	Tenant Participation	0	3,400	3,400	0	3,400	0	0	3,400	0
74,410	75,300	Other Expenses	0	58,600	58,600	0	58,600	18,300	0	76,900	1,600
39,784	42,700	Estate Regeneration Schemes	0	42,700	42,700	0	42,700	0	0	42,700	0
61,189	67,700	Debt Management Costs	0	0	0	0	0	0	67,700	67,700	0
7,394,940	7,375,600	MANAGING THE SERVICES EFFECTIVELY	1,061,900	1,281,600	2,343,500	(61,558)	2,277,300	453,700	5,142,700	7,873,700	498,100
388,300	436,000	Elderly Persons Dwellings	323,400	8,900	332,300	(149,300)	183,000	259,800	0	442,800	6,800
39,810	89,600	Alarm Systems	43,900	39,900	83,800	0	83,800	7,600	0	91,400	1,800
(1,685)	(23,100)	Leasehold Properties	43,300	88,700	132,000	(193,400)	(61,400)	40,100	0	(21,300)	1,800
426,425	502,500	COMMUNITY SERVICES	410,600	137,500	548,100	(192,630)	205,400	307,500	0	512,900	10,400
(13,081,593)	(13,938,600)	Dwelling Rent Income	0	0	0	(14,509,800)	(14,509,800)	0	0	(14,509,800)	(571,200)
(471,677)	(482,100)	Garage Rents	0	0	0	(501,900)	(501,900)	0	0	(501,900)	(19,800)
(663,399)	(659,100)	Service Charges	0	0	0	(683,100)	(683,100)	0	0	(683,100)	(24,000)
474,313	375,900	Rent Loss from Voids and Bad Debts	0	0	0	375,900	375,900	0	0	375,900	0
(13,742,356)	(14,703,900)	RENT INCOME	0	0	0	(15,318,900)	(15,318,900)	0	0	(15,318,900)	(615,000)
(2,451,900)	(2,548,700)	NET COST OF SERVICES	2,539,600	4,650,500	7,190,100	(15,893,689)	(8,858,300)	1,313,800	5,142,700	(2,401,800)	146,900
1,688,757	1,662,500	Interest Payable on outstanding loans	0	1,639,600	1,639,600	0	1,639,600	0	0	1,639,600	(22,900)
(32,177)	(7,100)	Interest and Investment Income	0	0	0	(7,100)	(7,100)	0	0	(7,100)	0
795,320	893,300	Revenue Contributions to support HRA Capital Ex	0	0	0	(1,150,900)	(1,150,900)	0	1,920,200	769,300	(124,000)
2,451,900	2,548,700	Capital Charges and HRA support for capital	0	1,639,600	1,639,600	(1,158,000)	481,600	0	1,920,200	2,401,800	(146,900)
0	0	SURPLUS / DEFICIT FOR THE YEAR	2,539,600	6,290,100	8,829,700	(17,051,689)	(8,376,700)	1,313,800	7,062,900	0	0
0	0	Transfer to HRA Working Balance	0	0	0	0	0	0	0	0	0
0	0	HRA Budget	2,539,600	6,290,100	8,829,700	(17,051,689)	(8,376,700)	1,313,800	7,062,900	0	0