

HOUSING REVENUE ACCOUNT 2023/24 DRAFT BUDGET

Housing Committee – 24 January 2023

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 2023/24 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 (HFS Limited) 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 2023/24 be increased by 7%** in accordance with government social rent policy guidance.
- B) **The Draft Capital Programme for 2023/24 in the sum of £15,397,600** and the subsequent years, as shown at **Appendix A**.
- C) **The Draft revenue budget for 2023/24 with a net operating surplus of £2,711,600** 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 7% for 2023/24 to produce a standard weekly rent of £14.48 to tenants, or £17.39 (including VAT) for let to private tenants.**
- E) **Service charges to be increased by 7% for 2023/24** to produce an average weekly charge of £7.62.
- F) **Sheltered and Older Persons Service Charges to be increased by 7%** for 2023/24 to £15.33 and £3.35 respectively.
- G) **That the PWLB HRA Loan of £3.150m due for repayment in 2023/24 be re-financed and programmed funding of £9.836m** (£6.386m in 2023/24 and £3.450m in 2024/25) to finance the capital programme be financed by either internal and / or 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 2023/24. 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. 2023/24 will be a challenging year with ongoing uncertainty relating to inflation and cost of living.
- 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 2023/24.
- 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 14 December 2022 the Government published revised guidance on the limit on annual rent increases 2023-24. The recommendations within this report are in line with those set out within the Government's Revised Housing Rents Policy Paper and guidance, and include:

- Annual Increases – capped at 7% to rent increases for both social and affordable rented dwellings. This is a deviation from the usual formula to on set rents which is CPI plus 1%. Based on September 2022 CPI a maximum increase of 11.1% would have been applied.
- 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 2023/24 budget has been adjusted for the government social rent policy, which introduced a 7% cap on rent increases. This together with the 4 new affordable rented properties developed in 2022/23 and 2 buy-backs affordable rents means that over all the rent income budget will increase by £35k, after allowance for voids loss.
- 3.2. The change to planned completion dates of Uplands and Bronzeoak has significantly reduced our target for new affordable accommodation in 2022/23. In 2023/24 the delayed programme will come in line.
- 3.3. The HRA business plan financial model has been updated to take account of the 2023/24 HRA budget and capital programme.
- 3.4. It is proposed that a scheduled £3.15m loan repayment for 2023/24 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. The loan may be refinanced by 'borrowing' from the General Fund at a rate which is satisfactory to both funds and avoids external borrowing.
- 3.5. The Council is continuing review the allocations for recharges between the General Fund and the HRA to ensure an equitable distribution is maintained.
- 3.6. 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 2023/24.

- Budget 2023/24 estimated opening reserves will be:-
 - Repairs Reserve £1.8m
 - HRA Revenue Reserve £0.8m
 - Overall 2023/24 opening reserve balances equal circa £2.4m
- 3.7. 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
- 3.8. Looking ahead, the Capital Programme incorporates provision for £9.9m of new build expenditure between 2023/24 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 8 dwellings per year.
- 3.9. Whilst this programme relies on additional borrowing of £6.4m 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 not been external borrowing from PWLB but has been financed from the GF as it has sufficient funds to support the refinancing. The rate being used on the internal borrowing is 0.5% less than the current PWLB loan interest rate of 4.2%.
- 3.10. In respect of capital resources available to support the new Council house building programme of £15.4m, it is anticipated there will be HRA reserves (New Build Reserve and Major Repairs Reserve) of £8.1m, Other Capital Receipts of £0.2m and retained Right to Buy (RTB) 1-4-1 receipts of £0.7m available for use in 2023/24. The balance of the required funding by an internal loan from the GF of £6.4m at an interest rate of 3.7%.
- 3.11. The draft budget for the HRA is a net operating surplus of £2,711,600 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 2022/23 £000's	Draft Budget 2023/24 £000's	Budget Movement £000's
Providing People with Homes	299	276	(23)
Improving the Quality of Housing	4,232	4,786	554
Managing the Service Effectively	7,874	8,136	262
Community Services	513	449	(64)
Rent Income	(15,319)	(16,358)	(1,039)
Capital Charges & Support Services	2,401	2,711	309
Total	0	0	0

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

<u>Savings</u>	£
* Salaries inflation, increments and NI net savings & growth	(396,300)
Additional Rent from Dwellings by 7.0% increase	(1,015,300)
Additional Garage by 7.0% increase	(35,100)
Additional Service Charges by 7.0% increase	(42,500)
Additional Elderly Person Service Charges by 7.0% increase	(6,100)
Increase Property Maintenance Recharges	(42,900)
Reduced Fuel Cost with new vehicles delivery economies of fuel usage	(20,000)
RTB and Leases - Recovery of Legal Costs/Expenses	(20,000)
Notional Interest Receivable	(8,900)
Removing various small historical budgets	(56,500)
Increase transfer to HRA reserves	(86,600)
Total Savings	(1,730,200)

* Both of these amounts relate to the overall salary allocations savings between the HGF and HRA.

<u>Pressures</u>	£
Contract Inflation	141,800
Electricity - increased prices due to new contract	272,000
Gas - increased prices due to new contract	111,000
Response Repairs - increase in cost of Building Materials	173,500
Voids - Increase in cost of Building Materials and subcontractors	82,300
* Support Services Recharges growth	218,100
Increase in Interest Payable due to refinancing loans at higher rates	405,300
Trees - Increased tree removal due to Ash Die back	81,000
Increase in Depreciation Charge	84,400
Voids loss of Garage & Service Charges Income - reduced optimism on	54,000
Tenants Removal Expenses- to agree to March 22 Committee Paper	10,000
Assisted Purchase Scheme - to agree to Nov21 Committee paper	48,900
Fly Tipping - to provide for increased activity	10,000
Property Tax - Development Voids - increased costs	11,700
Fire Risk Assessments, Asset Valuations and Absestos -increased costs	20,700
Professional Subscriptions - increased subs fees	5,500
Total Pressures	1,730,200

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

During 2022/23, officers have been reviewing the allocation of staff costs between the HRA and General Fund to ensure that they are in line with current activity levels following recent restructures. This has led to a net reduction in HRA costs of £150k.

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

3.15. 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. The HRA total debt at the time of writing is £63.8m. 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 2023/24 has been set in line with the government's revised policy and guidance this year which is 7% capped. It should be noted that there is no cap on the level increase on service charges however it is proposed that the 7% increase is applied across all revenue streams.
- 4.4. The HRA income review was commenced in 2021/22 and the outcomes have been fed into the Future Tandridge Programme Key Lines of Enquire.
- 4.5. Officers are recommending that garage rents be increased by 7% from April 2023, making a charge of £14.48 per week for Tenants and £17.39 per week for Private. A review of Garages is being currently undertaken. Potential outcomes may include 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 2023/24 be increased by 7%;
 - Garage rents to increase by 7%; and
 - Service charges to increase by 7% to an average weekly charge of £7.62.
- 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.

- 4.8. Although higher than previous years, the proposed rate is significantly less than inflation.

5. Rent Setting

- 5.1. From April 2023, the rent for both social and affordable rented dwellings will increase 7%.
- 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 2022/23 £	Average Weekly Rent 2023/24 £	Average % Increase / (Decrease) %
Bedsit	112	£79.08	£84.61	7.0%
1 Bedroom	960	£91.34	£97.73	7.0%
2 Bedroom	706	£108.89	£116.51	7.0%
3 Bedroom	767	£127.38	£136.29	7.0%
4 Bedroom	40	£132.31	£141.57	7.0%
5 Bedroom	3	£142.81	£152.80	7.0%
All Dwellings	2,588	£106.41	£113.86	7.0%

Affordable Rents

Property Size	No. of Properties	Average Weekly Rent (including Service Charge) 2022/23 £	Average Weekly Rent (including Service Charge) 2023/24 £	Average % Increase / (Decrease) %
1 Bedroom	7	£151.17	£161.75	7.0%
2 Bedroom	38	£199.49	£213.45	7.0%
3 Bedroom	6	£218.15	£233.42	7.0%
All Dwellings	51	£194.81	£208.45	7.0%

- 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 7%.

Temporary Accommodation and Hostels rent

Category	No. of Properties	Average Weekly Rent 2022/23 £	Average Weekly Rent 2023/24 £	Average % Increase / (Decrease) %
Temporary Accommodation	17	£104.20	£111.49	7.0%
Hostel	15	£113.56	£121.51	7.0%
Total	32	£108.59	£116.19	7.0%

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 7%, 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 officers are recommending the maximum increase of 7% this year to cover increases in costs.
- 6.5. The average service charge being paid by the recipients of the above services in 2022/23 is £7.12 per week and will be £7.62 for 2023/24. 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 9 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 2023/24 by 7%.

Support Charge	2022/23 Weekly Charge	2023/24 Weekly Charge
	£	£
Sheltered Service	£14.33	£15.33
Older Persons Housing (PTSC)*	£3.13	£3.35

* *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 2023 the HRA will have £63.8m of debt outstanding being loans with PWLB of £56.0m and internal borrowing from the GF of £7.8m.
- 8.2. A £3.15m loan is scheduled to be repaid (on 28th March 2024). This loan has a fixed interest rate of 2.7%.
- 8.3. The current PWLB loan rate is 4.2% for a 50 year loan and the rate for internal borrowing is currently set at 3.7% for a 50 year loan therefore a saving 0.5% to the HRA can be achieved if the HRA borrow from the GF.

It is forecasted that the GF will have enough funds to be in a position to refinance the HRA loan when it matures in March24. Based on the current interest rate the HRA will make a saving of £16k per annum.

- 8.4. In order to maintain HRA balances whilst supporting a programme of new build, approval is being sought in this paper to refinance this loan. When refinancing the £3.15m loan we will consider both internal and PWLB borrowing. Choosing to borrow at the lowest interest rate at that time.

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, the Council will be applying for Investment Partner status with Homes England which would provide the Council with access to social housing grant.

Council Housing Building Programme

- 9.5. 2022/23 will see the completion of 2 'buybacks' of former Council owned properties, bringing the total to 10. A paper will be presented to March 2023 committee requesting an extension for a further 10 'buybacks'. Construction continues at Bronzeoak House (26 dwellings) and Uplands (Total 21 dwellings, of which 4 are now occupied) with both schemes completing in 2023/24; Works are progressing at Rochester Gardens and Town End (7 dwellings); works have started at Windmill Close and Auckland Road (6 dwellings). Planning applications have been submitted for new developments at Wolfs Wood, Featherstone and Hollow Lane (35 dwellings). Total anticipated completions in 2023/24 are 48 dwellings (excluding 'buyback').
- 9.6. The approved scheme at Pelham House is expected to be submitted for planning in the Autumn (10 dwellings). Work continues on pre-applications preparation on Warren Lane Depot (22 dwellings) and following the anticipated completion of an open market land purchase in 2022/23 work start on delivering that site (16 dwellings). It should be noted this is subject to planning approval.

- 9.7. 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 24th January.
- 9.8. 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 2023/24.

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 2023/24 is taking place over January 2023, 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 2023/24 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, is required to set a balanced budget for 2023/24 and the proposals in this report achieve that objective. The HRA is proposing a surplus revenue budget for 2023/24. 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 Proposed Capital Programme 2021/22 – 2024/25

Appendix B – HRA Proposed Business Plan Budget 2023/24

Appendix C – HRA Draft Revenue Budget for 2023/24

Background papers

None

Appendix A – Proposed Capital Programme

CAPITAL PROGRAMME 2022/23 TO 2025/26 - Housing Revenue Account

COMMITTEE SCHEMES	Current Programme 2022/23 £	Estimated Programme 2023/24 £	Estimated Programme 2024/25 £	Estimated Programme 2025/26 £	Total Programme 2022-26 £
Housing Revenue Account					
Current Continuing Programme					
Structural Works	870,000	830,000	838,300		2,538,300
Modernisation & Improvements	732,000	511,000	516,100		1,759,100
Energy Efficiency Works	559,500	546,000	551,500		1,657,000
Service Renewals	712,500	695,000	702,000		2,109,500
Void Works	505,000	425,000	429,300		1,359,300
Health & Safety	225,000	180,000	181,800		586,800
Adaptations for the Disabled	365,000	250,000	252,500		867,500
Essential Structural Works	185,000	185,000	186,900		556,900
Communal Services	30,000	30,000	30,300		90,300
Council House Building	11,516,300	8,824,100	1,109,400		21,449,800
HRA IT - Hardware/infrastructure/Projects	255,800	41,300	68,300		365,400
Total Current Continuing Programme	15,956,100	12,517,400	4,866,400	0	33,339,900
Revisions and New Bids					
Structural Works				855,100	855,100
Modernisation & Improvements				526,500	526,500
Energy Efficiency Works				562,500	562,500
Service Renewals				716,000	716,000
Void Works				437,900	437,900
Health & Safety				185,500	185,500
Adaptations for the Disabled				257,600	257,600
Essential Structural Works				185,000	185,000
Communal Services				30,900	30,900
Council House Building		2,856,000	7,839,900	163,000	10,858,900
HRA IT - Hardware/infrastructure/Projects		24,200	24,700	25,200	74,100
Total Revisions and New Bids	0	2,880,200	7,864,600	3,945,200	14,690,000
Proposed Programme					
Structural Works	870,000	830,000	838,300	855,100	3,393,400
Modernisation & Improvements	732,000	511,000	516,100	526,500	2,285,600
Energy Efficiency Works	559,500	546,000	551,500	562,500	2,219,500
Service Renewals	712,500	695,000	702,000	716,000	2,825,500
Void Works	505,000	425,000	429,300	437,900	1,797,200
Health & Safety	225,000	180,000	181,800	185,500	772,300
Adaptations for the Disabled	365,000	250,000	252,500	257,600	1,125,100
Essential Structural Works	185,000	185,000	186,900	185,000	741,900
Communal Services	30,000	30,000	30,300	30,900	121,200
Council House Building	11,516,300	11,680,100	8,949,300	163,000	32,308,700
HRA IT - Hardware/infrastructure/Projects	255,800	65,500	93,000	25,200	439,500
Total Proposed Programme	15,956,100	15,397,600	12,731,000	3,945,200	48,029,900

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, replacement heating /central heating boilers, domestic plumbing systems, fire alarm systems and passenger lifts which have reached the end of their useful life expectancy.
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.

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
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.

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 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 2023/24

Appendix B

This statement summarises the variation between the original estimate for 2022/23 and the draft 2023/24 budget

<u>Pressures</u>	£
Contract Inflation	141,800
Electricity - increased prices due to new contract	272,000
Gas - increased prices due to new contract	111,000
Response Repairs - increase in cost of Building Materials	173,500
Voids - Increase in cost of Building Materials and subcontractors	82,300
* Support Services Recharges growth	218,100
Increase in Interest Payable due to refinancing loans at higher rates	405,300
Trees - Increased tree removal due to Ash Die back	81,000
Increase in Depreciation Charge	84,400
Voids loss of Garage & Service Charges Income - reduced optimism on	54,000
Tenants Removal Expenses- to agree to March 22 Committee Paper	10,000
Assisted Purchase Scheme - to agree to Nov21 Committee paper	48,900
Fly Tipping - to provide for increased activity	10,000
Property Tax - Development Voids - increased costs	11,700
Fire Risk Assessments, Asset Valuations and Asbestos - increased costs	20,700
Professional Subscriptions - increased subs fees	5,500
Total Pressures	1,730,200
<u>Savings</u>	£
* Salaries inflation, increments and NI net savings & growth	(396,300)
Additional Rent from Dwellings by 7.0% increase	(1,015,300)
Additional Garage by 7.0% increase	(35,100)
Additional Service Charges by 7.0% increase	(42,500)
Additional Elderly Person Service Charges by 7.0% increase	(6,100)
Increase Property Maintenance Recharges	(42,900)
Reduced Fuel Cost with new vehicles delivery economies of fuel usage	(20,000)
RTB and Leases - Recovery of Legal Costs/Expenses	(20,000)
Notional Interest Receivable	(8,900)
Removing various small historical budgets	(56,500)
Increase transfer to HRA reserves	(86,600)
Total Savings	(1,730,200)
Net total changes	0

* Both of these amounts relate to the overall salary allocations savings between the HGF and HRA.

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 2023/24

Budget 2022/23	Programme Areas	Employee Costs	Other Running Expenses	Total Gross Expenditure	Income	Net Direct Budget	Support Service Recharge	Charges for Capital	Budget 2023/24	Changes from 2022/23 to 2023/24
28,700	Right to Buy	25,000	1,700	26,700	(29,600)	(2,900)	13,800	0	10,900	(17,800)
211,000	Allocations Administration	30,100	25,400	55,500	(31,600)	23,900	127,200	0	151,100	(59,900)
59,100	Void Properties Management	6,400	75,000	81,400	0	81,400	32,200	0	113,600	54,500
298,800	PROVIDING PEOPLE WITH HOMES	61,500	102,100	163,600	(61,200)	102,400	173,200	0	275,600	(23,200)
3,569,600	Housing Repairs - Dwellings	655,900	3,636,200	4,292,100	(322,300)	3,969,800	0	0	3,969,800	400,200
662,100	Housing Repairs - Administration	293,200	35,200	328,400	0	328,400	487,500	0	815,900	153,800
4,231,700	IMPROVING THE QUALITY OF HOUSING	949,100	3,671,400	4,620,500	(322,300)	4,298,200	487,500	0	4,785,700	554,000
7,003,100	Housing Administration	469,600	1,470,700	1,940,300	(64,300)	1,876,000	183,700	5,159,400	7,219,100	216,000
61,400	Hostel Management	38,000	6,000	44,000	0	44,000	59,600	0	103,600	42,200
332,800	Rent Collection & Accounting	152,200	44,400	196,600	(5,900)	190,700	160,900	0	351,600	18,800
285,700	Estate Management	160,700	30,500	191,200	0	191,200	116,700	0	307,900	22,200
3,400	Tenant Participation	0	3,400	3,400	0	3,400	0	0	3,400	0
76,900	Other Expenses	0	35,100	35,100	0	35,100	21,800	0	56,900	(20,000)
42,700	Estate Regeneration Schemes	0	25,500	25,500	0	25,500	0	0	25,500	(17,200)
67,700	Debt Management Costs	0	0	0	0	0	0	67,700	67,700	0
7,873,700	MANAGING THE SERVICES EFFECTIVELY	820,500	1,615,600	2,436,100	(70,200)	2,365,900	542,700	5,227,100	8,135,700	262,000
442,800	Elderly Persons Dwellings	252,100	3,200	255,300	(155,400)	99,900	310,600	0	410,500	(32,300)
91,400	Alarm Systems	28,300	18,100	46,400	0	46,400	9,400	0	55,800	(35,600)
(21,300)	Leasehold Properties	37,000	91,200	128,200	(193,400)	(65,200)	48,100	0	(17,100)	4,200
512,900	COMMUNITY SERVICES	317,400	112,500	429,900	(348,800)	81,100	368,100	0	449,200	(63,700)
(14,509,800)	Dwelling Rent Income	0	0	0	(15,525,100)	(15,525,100)	0	0	(15,525,100)	(1,015,300)
(501,900)	Garage Rents	0	0	0	(537,000)	(537,000)	0	0	(537,000)	(35,100)
(683,100)	Service Charges	0	0	0	(725,600)	(725,600)	0	0	(725,600)	(42,500)
375,900	Rent Loss from Voids and Bad Debts	0	0	0	429,900	429,900	0	0	429,900	54,000
(15,318,900)	RENT INCOME	0	0	0	(16,357,800)	(16,357,800)	0	0	(16,357,800)	(1,038,900)
(2,401,800)	NET COST OF SERVICES	2,148,500	5,501,600	7,650,100	(17,160,300)	(9,510,200)	1,571,500	5,227,100	(2,711,600)	(309,800)
1,639,600	Interest Payable on outstanding loans	0	2,044,900	2,044,900	0	2,044,900	0	0	2,044,900	405,300
(7,100)	Interest and Investment Income	0	0	0	(16,000)	(16,000)	0	0	(16,000)	(8,900)
769,300	Revenue Contributions to support HRA Capital Ex	0	0	0	682,700	682,700	0	0	682,700	(86,600)
2,401,800	Capital Charges and HRA support for capital	0	2,044,900	2,044,900	666,700	2,711,600	0	0	2,711,600	309,800
0	SURPLUS / DEFICIT FOR THE YEAR	2,148,500	7,546,500	9,695,000	(16,493,600)	(6,798,600)	1,571,500	5,227,100	0	0
0	Transfer to HRA Working Balance	0	0	0	0	0	0	0	0	0
0	HRA Budget	2,148,500	7,546,500	9,695,000	(16,493,600)	(6,798,600)	1,571,500	5,227,100	0	0