

Subject: **Housing Revenue Account Budget setting 2019/20.**

Report to: Housing and Neighbourhoods Committee
Full Council

Report by: HRA Service Accountant

SUBJECT MATTER

This report sets out the Housing Revenue Account (HRA) budget 2019/20 to 2023/24, HRA Capital Programme 2019/20 to 2023/24, HRA Rent and Service Charge proposal 2019/20 and the revised HRA revenue and capital forecasts for 2018/19.

RECOMMENDATIONS

It is recommended that Housing and Neighbourhoods Committee agree and recommend to Full Council:

1. To note the reduction in rents of 1%, as set out in the Welfare Reform and Work Act 2016.
2. Review and recommend the revenue budget for 2019/20 along with the forecast projects for the period up until 2023/2024.
3. To review and recommend the capital budget for the period 2019/20 to 2023/24.
4. Recommend the proposed rent service charges for 2019/20.
5. Review the revised forecast for 2018/19

1 Introduction

1.1 The Housing Revenue Account (HRA) is the ring-fenced rent account that funds the Council's activity as a landlord. The HRA records all the income and expenditure associated with the provision and management of Council owned homes in the borough. This account funds a significant range of services to 5829 homes for Great Yarmouth Borough tenants and their families and to 357 homes for leaseholders. This includes housing management, repairs and improvements, welfare advice, supported housing services, neighbourhood wardens and capital investment on housing.

1.2 The Council is required by law to avoid budgeting for a deficit on the HRA

- (Local Government & Housing Act 1989, section 76). This means that the budget must not be based on total HRA revenue reserves falling below zero. In practice the Council is expected to maintain a reasonable balance of reserves and this provides a contingency against unforeseen events and known risks. Great Yarmouth Borough Council maintains a minimum balance of £2m for the HRA reserves.
- 1.3 In December 2010 the Government published the Localism Bill which included plans to abolish the then current subsidy system supporting the HRA and move to a model known as “self-financing”. Under Government guidelines, the objectives of the change are to give local authorities the incentives and flexibility to manage stock more efficiently over a longer term, as well as seeking to provide greater transparency for tenants in the relationship between the rent a landlord collects and the services it provides.
 - 1.4 The HRA self-financing regime was then introduced in April 2012. The Self-financing model is now in place and has moved the arrangements for managing debt for the current housing stock from being held nationally and charged on a nominal basis to the local HRA managed by the Council. This is based on a calculation of the level of debt that the landlord/Council can support based on a valuation of the current housing stock, along with assumptions regarding total rental income to be generated and expenditure required to support this housing stock.
 - 1.5 A key feature of the self-financing model is that landlords can borrow against the value of its housing stock in order to invest in improvements to that stock. This borrowing must be financed from HRA income and so introduces risks and opportunities for managing resources in this area. As local authority borrowing is included in the national Public Sector Borrowing Requirement, it must be affordable both nationally and locally. A total borrowing limit had originally been set for each landlord, which for Great Yarmouth Borough Council was £89m.
 - 1.6 It was announced in October 2018 that in order to help solve the ‘housing crisis’, the Government would scrap the borrowing cap limitations on how much councils can borrow against their HRA Assets. Great Yarmouth Borough Council’s Debt cap limit was originally set at £89m. The HRA debt cap was removed with immediate effect and the new determination came into force on 30th October 2018.

- 1.7 Authorities are now able to borrow above their original debt cap, to meet their spending requirements and take advantage of interest rates while they remain low. Borrowing plans must still display affordability to the HRA business plan. This could help authorities with the spending of the accrued 1-4-1 receipts, which may have otherwise been repaid to government along with the relevant interest.
- 1.8 Following the above changes the self-financing arrangements have led to the development of a 30-year business plan supporting the delivery of the HRA under the new arrangements. The 30-year business plan makes assumptions regarding the level of income available based on the expected levels of rent, along with the key risks facing housing service delivery within this timeframe. The main areas of this are the management and timing of debt use, affordability and the impact of changes as Government policies are enacted.
- 1.9 The HRA capital and revenue 2019/20 estimates and the Great Yarmouth Borough Council 30 year Business Plan, have been prepared using the self-financing arrangements for the HRA, which include a requirement to prepare and publish a rolling 30 year HRA Business Plan covering both capital and revenue expenditure projections.
- 1.10 The budget process for 2019/20 onwards has taken due consideration of the HRA's 2017/18 stock condition survey results. Implications highlighted by the stock condition survey have been reflected within the capital programme going forward.
- 1.11 The budget and forecast as presented do assume additional borrowing in the medium term to support the continued improvement in the stock. Future reports on utilization of the additional borrowing available for specific schemes will be presented to members as projects are developed and progressed.

2. Rent setting policy changes – 1% reduction over 4 years

- 2.1 Each year local housing landlords must set rents and budgets for the forthcoming financial year and provide each individual tenant with statutory notice of any proposed rent change. This report sets out proposals regarding the budget, rents, service charges and other charges to tenants for the 2019/20 rental year.

- 2.2 The self-financing HRA remains governed by guidelines on rent setting for tenants. The council no longer has flexibility on the approach to rent setting due to the policy announced as part of the Welfare Reform and Work Act 2016. Rents have reduced annually by 1% over the four year period 2016/17 – 2019/20 with 2019/20 being the fourth and final year of reductions. This means that the average rent for 2019/20 will be £72.73 per week over a 51 week period.
- 2.3 The rent setting for 2019/20 will be 1% reduction to all social housing rents within the HRA. Supported housing rents were exempted from this requirement in 2016; it was announced that 2017/18 onwards the rent reduction would apply for supported housing, with rent decreasing by 1% a year up to and including 2019/20.
- 2.4 The government has said that 1% reduction will ‘reset the levels of rents in the social housing sector, which over the recent years have become out of kilter with private rents’.
- 2.5 Future rent setting following the end of the 1% reduction to all social rents in 2019/20, will be based on the assumptions of an increase of CPI + 1. Future rent increases have been factored into budgets within Appendix B.
- 2.6 Estimated rent charges for 2019/20 on average:

Property Type	Average weekly Rent 18/19 £ (50 wk.)	Average weekly Rent 19/20 £ (51 wk.)
Bedsit	59.15	57.48
1 Bedroom	68.00	66.07
2 Bedroom	75.19	73.04
3 Bedroom	81.32	78.96
4 Bedroom	89.99	87.35
5 Bedroom	97.69	94.81
Average for all properties	74.89	72.73

3. Proposed Rent Service Charges 2019/20

- 3.1 The proposals in relation to service and agreement charges are set out in Appendix A. The increases proposed are summarised in the table below and follow the corporate formula adopted by the Council of being set at least at

RPI + 2%, to close the gap in terms of recovery of costs:

3.2 Proposed service charge increases for 2019/20 are set out in the table below:

HRA Service Charge	Proposal 2019/20
Garages	RPI + 2%
Caretaking Services	RPI + 2%
Communal Heating	RPI + 2%
Communal Water	RPI + 2%
Digital TV Aerials	RPI + 2%
Sewerage Charges	RPI + 2%
Alarm Charge	RPI + 2%
Garden Maintenance	RPI + 2%
Yare Care Alarm Charges	RPI + 2%

4. Housing Revenue Account Budget 2019/20 – 2023/24 and Revised Forecast 2018/19

4.1 The approach to HRA budget setting focuses on three separate areas for 2019/20:

- Expected income and proposals on rent and service charge levels;
- Expenditure plans that reflect local priorities and the impact of the self-financing business model on service delivery; and,
- The reserves and provisions needed to ensure that the HRA is delivering strong financial performance over a longer period of time.

4.2 The HRA receives income from tenant rents and service charges levied on tenants and leaseholders. The self-financing HRA remains governed by guidelines on rent setting for tenants. Income from rents is a key driver of the total income available to the HRA, making up approximately 90% of the total income. The approach and policy for rent therefore affects the resources available to re-invest in expenditure plans across the HRA to deliver the outcomes outlined in the HRA business plan for all tenants.

4.3 Expectations for income, and therefore the rent budget, are driven by three key elements:

- Expected stock levels for 2019/20;
- The 1% reduction on the 2018/19 actual rents charged; and,
- The resourcing needs outlined in the HRA Business Plan.

- 4.4 For 2019/20, the average stock level across Great Yarmouth Borough Council is expected to be 5,795 properties. This is based on known changes to the current stock profile of 5,829 (as at 1 April 2018) including adjustments for projected Right to Buy sales, disposals and acquisitions.
- 4.5 The repairs and maintenance programme includes the planned cyclical upkeep to the specific areas of heating, lighting, lifts, smoke alarms, garden maintenance and minor neighborhood planned works. It also relates to day to day repairs for tenants and refurbishment of empty properties in between tenant occupancy. The Council also has an adaptations team, adjusting tenant's homes for their specific needs.
- 4.6 Tenant service charges are not affected by the rent setting policy. There is now an expectation that service charges to tenants will reflect costs incurred. In 2016/17, it was agreed that a corporate increase of RPI plus 2% will be added to service charges across the council where income recovery is below costs. This has been continued with a summary of changes to service charges shown in Appendix A.
- 4.7 Leasehold service charges are required to be transparent and reflect the actual cost of the services incurred. It is recommended to set leaseholder service charges in line with actual expenditure plans as per the approach in previous years. Service charges will be based on 2017/18 expenditure levels and final charges for 2018/19 being confirmed by approximately September 2019.
- 4.8 The HRA currently holds a 2018/19 opening reserve balance of £10.22m. This is due to prior years underspends of estimated budgets, specific planned budgets being carried forward to future years and programmes not being completed at the original time anticipated.
- 4.9 The HRA 30 year business plan demonstrates how reserves are reduced and managed over the next five years within the housing major works capital programme. Capital works were increased from 2018/19 to reflect the current need identified by the 2017/18 stock condition survey, to assist the council in meeting its decent home requirements. Stock condition survey results become less reliable after year five, so it has been recommended that for year six onwards a further survey undertaken with has also been included in

2022/23 budget.

4.10 Revised 2018/19 position

4.11 Quarter 2 monitoring reported a forecast deficit of £2.438m. Quarter 3 monitoring has identified that this needs to be revised, resulting in a decreased to the original 2018/19 deficit by £801k, to an estimated £1.638m deficit at year end.

4.12 Details of the changes are summarised below:

Budget Period 9	Revised budget 2018/19	Variance	Reason	Financed from
	£000	£000		
Rental Income	(21,581)	(402)	Increased rental incomes due to the addition of purchased acquisitions and new build additions.	N/A
Capital Expenditure financed from revenue	4,018	(732)	Reduction of revenue needed to finance capital due to increased RTB receipts available. Capital programme has been reduced due to delays, but capital programmes have been accelerated from 2019/20 onwards.	N/A
Rents, Rates & Other Charges	230	25	Increase due to increased insurance premiums	Revenue Income
Repairs & Maintenance	9,364	(29)	Reduced major and minor adaptations due to the increase demand of capital adaptations to dwellings. Increase asbestos works due to works being identified during other programmes.	N/A
Supervision, Management, internal recharges	2,587	(10)	Increase RTB admin income due to increase sales.	N/A
Capital Grants & Contribution receivable	(20)	80	Leasehold income received reduced due to a reduction in levels of capital works being completed on Leasehold dwellings in year.	N/A

Budget Period 9	Revised budget 2018/19	Variance	Reason	Financed from
Employer's Pension Adjustment	369	267	Revised budget based on pension estimates supplied.	Revenue Income/Earmarked Reserves
Total Variance		(801)		

4.13 **Proposed growth/savings in HRA Revenue 2019/20 budget**

(Compared to original 2019/20 budget as presented in February 2018)

Income/ Expenditure	2019/20 Revised Budgets	2019/20 Growth (Saving)	Details	Financed from
	£000	£000		
Rents income	(21,279)	(273)	Increased rental incomes due to the addition of purchased acquisitions and new build additions.	N/A
Non Dwelling income	(263)	(6)	Increase in service charge income of RPI +2%	N/A
Charges for services and Facilities	1,394	(19)	Inflationary increase	
Revenue contribution to capital	3,869	389	Capital programme has been accelerated in line with the stock condition survey requirement and following 2018/19 programme delays.	Revenue Income & HRA Reserves
Depreciation	3,482	59	Estimated budget revised as previous underestimated.	Revenue Income
Interest	2,751	31	Original Budget under estimated.	N/A
Repairs & Maintenance	9,523	170	Due to the changing nature of work demands planned large repairs and asbestos works have increased. Increase also included for the remaining revenue works for the Middlegate project. Reduced GYN	Revenue Income/Earmarked Reserves

Income/ Expenditure	2019/20 Revised Budgets	2019/20 Growth (Saving)	Details	Financed from
			revenue programmes such as responsive repairs and voids works following increasing stock improvements.	
Supervision & Management (Direct Employee)	2,201	(84)	Decrease due to reallocation of budgets to reflect the housing management restructure. This is offset by an increase in internal recharges (see below).	N/A
Supervision, Management, internal recharges	2,684	108	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year. This is partly mitigated by direct employee reductions (see above).	Revenue Income
Rents, rates & Other Charges	261	51	Increase due to increased insurance premiums.	Revenue Income
Earmarked Reserve	(0)	(104)	Middlegate Grant income	N/A
Capital Grants & Contribution receivable	(50)	50	Leasehold income	N/A
Employer's Pension Adjustment	392	329	Revised budget based on pension estimates supplied.	N/A
Total Variance		(701)		

4.14 The next table summarises the revised forecast for 2018/19 and the draft 2019/20 budget for the Housing Revenue Account. Further detail is shown in appendix B.

	2018/19 Original Budget	2018/19 Revised Budget	Variance	2019/20 Draft Budget (Rent -1%)
	£000	£000	£000	£000
Dwellings Rents	(21,179)	(21,581)	(402)	(21,279)
Non Dwelling rents	(249)	(249)	0	(263)

Interest & Investment income	(5)	(5)	0	(5)
Contribution Towards Expenditure	(0)	(0)	0	0
Charges for services and facilities	(1,339)	(1,339)	0	(1,394)
Total Income	(22,772)	(23,174)	(402)	(22,941)
Repairs & Maintenance	9,393	9,364	(29)	9,523
Supervision and Management (Direct Employee)	2,241	2,241	0	2,201
Supervision and Management	2,597	2,587	(10)	2,684
Rents, Rates & Taxes	205	230	25	261
Depreciation	3,389	3,389	0	3,482
Capital Expenditure funded by the HRA	4,750	4,018	(732)	3,869
HRA Interest Payable	2,644	2,644	0	2,751
Provision for bad and doubtful debts	150	150	0	150
Employer's Pension Adjustment	102	369	267	392
Total Expenditure	25,471	24,992	(479)	25,313
Transfers (from)/to Earmarked Reserve	(160)	(160)	0	(104)
Capital Grants & Contribution receivable	(100)	(20)	80	(50)
Net (surplus)/Deficit for the year	2,439	1,638	(801)	(2,218)
HRA Reserves Balance B/Fwd.	10,221	10,221	0	8,583
Deficit/(Surplus) in year	2,439	1,638	(801)	(2,218)
HRA Reserves Balance C/Fwd.	7,782	8,583	801	6,365

5 Housing Major Works Capital Programme (HMWCP) 2018/19 to 2022/23

- 5.1 This section of the report sets out the new housing capital investment requests for the five year period covering 2018/19 to 2022/23.
- 5.2 The HMWCP is subject to ongoing review and continues to be refined to take into account the priorities and objectives which have been derived from our understanding of the stock; the needs of current and future tenants; the opportunities presented by funding streams and options for procurement and delivery of our investment plans.
- 5.3 There are two key strands to our investment plans:
- Maintaining and improving our housing stock;

- New Affordable Council housing, including new housing to replace sales under RTB in line with Government guidance.
- 5.4 Our plans are prepared over the medium term and are reviewed and updated annually. Future investment decisions will be based on local decision making and local knowledge of the condition of the stock and the components.
 - 5.5 The housing major works capital programme has been adapted to meet the needs of the housing stock identified within the stock condition survey completed in 17/18, as well as maintaining the newly arising. Overall the five year forecast of major capital programmes has increased by £8m to accelerated workflow from 2018/19.
 - 5.6 The programme includes the continuation of the kitchen and bathroom programme, an enhancement to the boiler and heating replacement schemes, investment into empty homes, delivery of external wall insulation along with roofing and insulation works.
 - 5.7 These schemes offer both the opportunity to modernise properties, sustain them for the future and increase the thermal comfort of tenants. They also bring potential savings from future revenue repairs budgets.
 - 5.8 New affordable housing budgets included within the programme are estimated in line with the 1-4-1 receipt restrictions following the right to buy sales of council dwellings in previous years. These estimates reflect the minimum expenditure required to avoid any repayments of receipts, along with looking at options for new build sites and the completion of 6 properties on the Beacon Park development.
 - 5.9 The HRA is still part of a retention agreement, meaning the HRA can retain receipts to support up to 30% of the cost of replacement homes if incurred in a 3 year period. If retained receipts are not used, the Council is liable for repayment of the receipt plus interest.
 - 5.10 The HRA will continue to borrow specifically for new affordable housing programme, so the HRA reserves balances can be used on investment on the current stock. Affordable housing budget estimates are based on the requirement of a contribution of 70% of costs to invest and develop new housing opportunities within the council, alongside 30% retained receipts contributions from Right to buy sales.

- 5.11 The HRA proposes to increase the availability of affordable housing with a combination of direct new build, grant contributions to Housing Association developments; purchasing appropriate empty homes on the open market and purchasing of a limited number of suitable properties on the open market to maintain the level of spending of retained receipts.
- 5.12 The Right to buy discount has increased since the introduction of Self Financing. The maximum discount increases each year based on the consumer price index (CPI). The business model has been amended to incorporate this change which is currently estimated at 2.4% CPI, forecasting a maximum discount of £82,800 for 2019/20.
- 5.13 Right to buy estimations for 2018/19 have exceeded the original forecast of 30 sales, to date there have been 34 properties sold at the end of quarter 3. This has increased the availability of capital receipts to use to finance the Capital programme in 2018/19 and increased the budgets for affordable housing programmes in the future.
- 5.14 The Long term impact of increased RTB sales of council dwellings result in the increased need of additional borrowing to fund the HRA's affordable housing programme. Due to this it is important to monitor and project RTB sales and RTB receipts in order to plan for their appropriate use.
- 5.15 **Revised 2018/19 position for HRA Major works Capital Programme.**

Budget Period 9	Revised Budget 2018/19	Variance to original budget	Reason	Financed from
	£000	£000		
Kitchens & Bathrooms	3,599	659	Void kitchen and bathroom programmes accelerated due to increased demand in year.	Revenue Income
Planned Maintained	876	(59)	Decrease in electrical rewires due to works being completed as part of other programmes such as kitchens.	N/A
Specific projects	285	(295)	Reduction to 3 rd party management fee due to increased works being completed GYN directly. Whole house programme reduced in year. Accelerated programme to be completed within 2019/20.	N/A

Budget Period 9	Revised Budget 2018/19	Variance to original budget	Reason	Financed from
	£000	£000		
Empty Properties	1,150	250	Reduced long term voids programme in year. Accelerated programme to be completed in 2019/20. Major voids increased due to increased demand.	Revenue Income
Neighbourhood Plans	1,562	(566)	Stair enclosures programme not completed. To be completed within 2019/20 budget. External wall insulation programme not to be completed in year due to the associated roofing works programme.	N/A
Total		(11)		

5.16 Proposed growth/savings in HRA Capital Programme 2019/20
(compared to original 2019/20 budget as presented in February 2018)

	2019/20 Revised Budgets	2019/20 Growth/ (Saving)	Details	Financed from
	£000	£000		£000
Kitchen & Bathroom	2,700	(150)	Planned kitchen works reduced to completion 2019/20 works in 2018/19.	N/A
Specific Projects	920	355	Long term voids removed and merged with whole house improvements for monitoring purposes.	Revenue income
Empty properties	1,000	200	Long term voids removed and merged with whole house improvements for monitoring purposes. Major voids programme accelerated from further years due to demand arising.	Revenue income
Neighborhood Plans	2,107	167	Upgrade stair enclosure programme works to increase in line with the stock condition survey.	Revenue Income
Total Expenditure		572		

5.17 The table below summarises the revised forecast for 2018/19 along with the draft 2019/20 Capital programme for the Housing Revenue Account. Further detail is shown in Appendix C & Appendix D.

HRA Capital programme	Original Budget 2018/19	Revised Forecast 2018/19	Variance	Revised Draft Budget 2019/20
Expenditure:	£000	£000	£000	£000
Kitchens & Bathrooms	2,940	3,599	659	2,700
Windows & Doors	738	738	0	650
Planned Maintenance	935	876	(59)	535
Energy Efficiency Improvements	1,070	1,070	0	950
Specific Planned Projects	580	285	(295)	920
Estate Improvements	80	80	0	0
Empty Properties	900	1,150	250	1,000
New Affordable Housing	2,185	2,185	0	2,139
Neighbourhood Plans	2,128	1,561	(567)	2,106
Total Expenditure	11,556	11,544	(12)	11,000
Financing:				
Borrowing	2,185	2,923	738	2,139
Capital Receipts	1,132	1,195	63	1,471
Revenue	4,750	4,017	(733)	3,869
Depreciation	3,389	3,389	0	3,471
Leasehold Contribution	100	20	(80)	50
Total Financing	11,556	11,544	(12)	11,000

6. Other implications to the Housing Revenue Account.

- 6.1 Since the introduction of self-financing in 2012, the 30 year HRA business plan has continued to be challenged by a number of changes, such as increased right to buy discounts and sales and the 1% rent reduction policy.
- 6.2 In response to these changes the Council has, in the short term, previously kept the HRA reserves levels high in order to mitigate this loss of revenue. The Council still needs to prepare for further reductions in resources available to manage, maintain, improve and add to its housing stock and manage the implications from the stock condition survey.

6.3 The HRA is continually reviewed to ensure the budgets accurately reflect service demands and to challenge where savings could be achieved. The capital programme, which is funded in large part by contributions from revenue, is monitored regularly during the year and has been reviewed in detail to inform the 2018/19 budget reflecting the outcomes of the 2017/18 stock condition survey. The overall capital programmes have significantly increased due to additional works needed, careful consideration been taken to the deliver these works over the 5 year period and to manage the financial impact.

6.4 Rent Consultation

6.5 The Ministry of Housing, Communities and Local Government (MHCLG) published the “Rents for social housing from 2020-21” paper which was accompanied by a draft policy statement on rents for social housing requesting local authority responses until 8th November 2018.

6.6 Within the consultation it was highlighted that there will be a continuation of the use of formula rents for social rented units and affordable rents at up to 80% of market rent. One departure raised is local authorities being made subject to the new Rent Standard.

6.7 GYBC responded to the consultation, no further guidance or announcements have been made.

6.8 RTB Consultation

6.9 The Ministry of Housing, Communities and Local Government (MHCLG) published the “Social housing green paper: a ‘new deal’ for social housing” on 14th August 2018 requesting local authority responses until 9th October 2018.

6.10 A consultation was launched around options to change the rules governing the use of money raised from Right to Buy sales to assist Local Authorities in building new homes.

6.11 Consultation summary options below;

- Extending the timeframe for spending RTB receipts
- Increase receipt limitations per replacement unit
- Regulations around use of receipts for certain acquisition
- Greater flexibility to transfer receipts to ALMO's and housing companies

- Temporary suspension of interest payments
- Reforming a replacement commitment
- Receipts for shared ownership
- Changing land transfer guidance.

6.12 The changes proposed within the consultation paper would provide greater flexibility around the use of right to buy receipts for the benefit of financing capital expenditure in relation to the Council's housing stock. GYBC responded to the consultation, no further guidance or announcements have been made.

7. FINANCIAL IMPLICATIONS

- 7.1 The detail within the report highlights the significant variances for the current year to date, including a full year impact to the HRA revenue and Capital budgets for future years.
- 7.2 The income and expenditure will continue to be monitored in detail during the current year, including additional reviews of the HRA 30 year business plan.
- 7.3 The HRA is dependent mainly on the rental income stream of the social housing rents, and the Council have a dedicated team monitoring tenant arrears on a regular basis.
- 7.4 The HRA reserve balance is forecast to be £6.410m at 31/03/19 due to an 18/19 deficit of £1.638m.
- 7.5 The longer term impact of the removal of the debt cap will be considered as schemes and projects are identified and brought forward for approval.

8. RISK IMPLICATIONS

- 8.1 It is recognised that there has been programme delays and a high level of refusals by tenants in 2018/19 and the budget has been updated to take account of this position. The process must also recognise known risks for the HRA and ensure that adequate balances are in place to manage these as they materialise.
- 8.2 Where service delivery plans have changed, the budget setting process must reflect the subsequent impact on resources and also recognise known risks for the HRA and ensure there are adequate balances in place.

8.3 Further review of the detail of the HRA budget for both capital and revenue spend will be carried out during 2019/20, in preparation for the longer term investment requirements in the stock and to inform future budget setting decisions to identify efficiencies within the program of works.

8.4 There continues to be an ongoing risk to the HRA of non-collection of tenant rental arrears and maintaining budgeted collection rates. This continues to be monitored and managed along with any further implications arising following the final migration from housing benefit to universal credit, at a date yet to be advised.

9. RECOMMENDATIONS

9.1 To note the reduction in rents of 1%, as set out in the Welfare Reform and Work Act 2016.

9.2 Review and recommend revenue and capital budget estimates 2019/20 to 2023/2024.

9.3 Recommend the proposed Fees and Charges for 2019/20.

9.4 Review the revised forecast for 2018/19

10. BACKGROUND PAPERS

In year budget monitoring reports

Stock Condition Survey

Service Charge fees

Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?

Area for consideration	Comment
Monitoring Officer Consultation:	
Section 151 Officer Consultation:	Sent for Review
Existing Council Policies:	
Financial Implications:	Considered
Legal Implications (including human rights):	
Risk Implications:	Considered

Equality Issues/EQIA assessment:	n/a
Crime & Disorder:	n/a
Every Child Matters:	n/a

Appendix A – Fees and charge proposals 2019/20

2019/20 Rent increase and Service Charges (Exclusive of VAT where applicable)	2018/19 Average Charge 51wks	2019/20 Average Charge 51 wks	2019/20 % Average Increase/ decrease per wk	2019/20 % Average Increase/ decrease per wk
Rent Decrease (-1%)	£74.89	£74.18	-£0.71	-1%
Garages Basic - Tenants	£10.33	£10.87	£0.54	5.2%
Garages Premium - Tenants plus Town Centre Surcharge	£13.79	£14.50	£0.71	5.2%
Caretaking charge - Basic	£0.92	£0.97	£0.05	5.2%
Caretaking charge - Enhanced	£0.92	£0.97	£0.05	5.2%
Maintenance of Aged Persons gardens				
Up to 30 minutes maintenance	£4.17	£4.39	£0.22	5.2%
Over 30 minutes maintenance	£6.67	£7.02	£0.35	5.2%
One Off Garden Works:				
Small Gardens	£20.83	£21.91	£1.08	5.2%
Medium Gardens	£41.67	£43.84	£2.17	5.2%
Large Gardens	£83.33	£87.66	£4.33	5.2%
Communal Heating	£9.96	£10.48	£0.52	5.2%
Communal Water	£4.10	£4.31	£0.21	5.2%
Digital Communal TV Aerials	£0.72	£0.76	£0.02	5.2%
Sewerage charge	£6.39	£6.73	£0.34	5.2%

Sheltered Housing Support Charges 2019/20	2018/19 Average charge 51wk	2019/20 Average Charge 51wk
Protected tenancies plus Alarm Charge	10.62	11.00
Protected tenancies	10.62	11.00
Standard Tenancies plus Alarm Charge	10.62	11.00
Standard Tenancies	10.62	11.00

Charges are for the new remodelled service which no longer include protected tenancies are charged at a single weekly rate. Alarm cost is being funded by the HRA.

YARE CARE CHARGES	Weekly Charge			
	2019/20 Exc VAT		2019/20 Inc VAT	
52 Week Calculation for Private users				
Private - Rental + Monitoring	£3.13		£3.76	
Private - Monitoring	£1.36		£1.63	
50 week calculation for Community Housing Tenants				
Council + Rental + Monitoring	£3.26		£3.91	
Council - Monitoring	£1.48		£1.78	
Yarecare Installation Charge	2018/19	2019/20	2019/20	2019/20
	Average Charge	Average Charge	% Average Increase per week	% Average Increase per week
Yarecare Installation Charge (Plus VAT)	£35.00	£37.00	£2.00	5.2%
Alarm Unit - Purchase (Plus VAT) - One Off	£155.49	£163.57	£8.08	5.2%

Appendix B – Revenue Income and Expenditure 2018/19 – 2023/24

Income/ Expenditure		Forecast Projections						
		Original Budget	Budget	Budget	Budget	Budget	Budget	Budget
		2018-19	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Income	Charges for Services and Facilities	-1,338,783	-1,338,483	-1,393,926	-1,430,732	-1,468,668	-1,507,769	-1,548,085
	Contributions towards Expenditure	0	0	0	0	0	0	0
	Dwelling Rents	-21,178,912	-21,580,902	-21,279,162	-21,932,425	-22,602,841	-23,289,938	-23,996,152
	Interest and Investment Income	-5,294	-5,294	-5,453	-5,617	-5,785	-5,959	-6,137
	Non Dwelling Rents	-249,289	-249,289	-262,562	-270,882	-279,466	-288,322	-297,459
	Income Total	-22,772,278	-23,173,968	-22,941,103	-23,639,655	-24,356,760	-25,091,987	-25,847,833
Expenditure	Capital Expenditure funded by Revenue	4,750,200	4,017,928	3,869,419	2,986,621	2,989,655	2,480,261	2,119,478
	Depreciation and Impairment of Fixed Assets: Dwellings	3,251,899	3,251,899	3,343,648	3,377,084	3,410,855	3,444,964	3,548,313
	Depreciation and Impairment of Fixed Assets: Non - Dwellings	136,815	136,815	138,080	139,357	140,647	141,950	145,898
	Interest Payable and Similar Charges	2,643,530	2,643,530	2,750,644	2,596,717	2,535,078	2,531,582	2,531,582
	Provision for bad and doubtful debts	150,000	150,000	150,000	150,000	150,000	150,000	150,090
	Rents, Rates, Taxes and Other Charges	205,285	230,285	261,487	266,600	271,837	277,201	284,886
	Repairs & Maintenance	9,393,032	9,363,506	9,523,341	9,571,631	9,859,759	10,154,684	10,407,097
	Supervision and Management	2,597,346	2,587,129	2,684,141	2,671,687	2,701,772	2,732,427	2,783,844
	Supervision and Management (Staff Pay)	2,240,652	2,240,652	2,201,242	2,260,835	2,318,881	2,373,803	2,423,048
	Expenditure Total	25,368,759	24,621,744	24,922,002	24,020,532	24,378,483	24,286,871	24,394,235
Below The Line	Employer's Contributions Payable to or from Norfolk County.	803,396	544,723	533,356	533,356	533,356	533,356	533,356
	HRA Earmarked reserves	-160,000	-160,000	-104,018	0	0	0	0
	Impairment of Fixed Assets	0	0	0	0	0	0	0
	Net Charges made for Retirement Benefits in accordance with IAS 19	-701,805	-544,723	-533,356	-533,356	-533,356	-533,356	-533,356
	Reversal on gain of sale of HRA non-current							
	In Year Pension Adjustments	0	19,000	19,000	19,000	19,000	19,000	19,000
	Pension Backfunding	0	350,000	372,668	397,408	423,935	452,377	484,044
	(Gain) / Loss on Sale of HRA non-current Assets	0	0	0	0	0	0	0
	Capital Grants & Contributions receivable (Leasehold income)	-100,000	-20,000	-50,000	-100,000	-100,000	-100,000	-100,000
	Below The Line Total	-158,409	189,000	237,650	316,408	342,935	371,377	403,044
Net (surplus)/Deficit for the year		2,438,071	1,636,776	2,218,549	697,285	364,659	-433,739	-1,050,554

Housing Revenue Account Reserves Summary	Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	B/Fwd	10,220,922	8,584,146	6,365,597	5,668,311	5,303,653	5,737,392
	In Year	1,636,776	2,218,549	697,285	364,659	-433,739	-1,050,554
	C/Fwd	8,584,146	6,365,597	5,668,311	5,303,653	5,737,392	6,787,946

Appendix C – HRA Major Works Capital Programme 2018/19 – 2023/24

	Forecast Projections						
	Original budget 1819	Revised budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Kitchen & Bathrooms Improvements							
Kitchens planned	1,802,000	1,802,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000
Bathrooms planned	848,000	848,000	780,000	780,000	780,000	800,000	600,000
Kitchen Voids	250,000	850,000	250,000	250,000	250,000	250,000	250,000
Bathroom Voids	40,000	99,000	40,000	40,000	40,000	40,000	40,000
Windows & Doors Improvements							
Windows & Doors Improvements	738,000	738,000	650,000	650,000	650,000	650,000	650,000
Planned Maintenance							
Major R&M	99,000	99,000	75,000	75,000	75,000	75,000	75,000
Rewiring Dwellings	459,000	400,000	310,000	310,000	310,000	310,000	310,000
Major Adaptations	377,000	377,000	150,000	150,000	150,000	150,000	150,000
Neighbourhood Planned works							
Neighbourhood Plans	420,000	420,000	370,000	370,000	370,000	370,000	370,000
Reline Finlock Gutters	70,000	-	-	-	-	-	70,000
Roofing	750,000	970,000	970,000	970,000	970,000	970,000	970,000
Loft Insulation -	150,000	-	-	-	-	-	150,000
Concrete improvement works	100,000	100,000	100,000	10,000	100,000	100,000	100,000
External Wall Insulation	400,000	-	400,000	400,000	400,000	400,000	400,000
Upgrade Stair Enclosures	238,000	71,500	266,500	100,000	100,000	100,000	-
Off Street Parking - MCE	-	-	-	-	-	-	-
Energy & Efficiency Improvements							
Heating and Boiler replacments	1,070,000	1,070,000	950,000	950,000	950,000	950,000	950,000
Specific Planned Projects							
Stock Condition Survey	-	-	-		100,000	100,000	-
GYN Management	65,000	20,000	20,000	20,000	20,000	20,000	20,000
Whole House Inc Long Term Voids	515,000	265,000	900,000	600,000	600,000	600,000	600,000
Estate Improvements							
First Time Installation Sewerage Schemes	80,000	80,000	-	-	-	-	-
Empty Properties							
Long Term Void Refurbish	200,000	150,000	-	-	-	-	-
Major Voids	700,000	1,000,000	1,000,000	700,000	700,000	400,000	400,000
New Affordable Housing							
Affordable Housing	2,184,691	2,184,691	2,138,772	2,120,839	2,212,472	2,740,691	2,863,469
Total	11,555,691	11,544,191	11,000,272	10,125,839	10,407,472	10,655,691	10,598,469

Appendix D – Funding Provided for the Capital Programme 2018/19 – 2023/24

