

Subject: **HOUSING REVENUE ACCOUNT:
BUDGET ESTIMATES (2016-2017 to 2020-2021)**

Report to: **Full Council**

Date: **24th February 2016**

Report by: **Robert Read, Director of Housing & Neighbourhoods**

Subject matter and recommendations

This report sets out the Housing Revenue Account (HRA) budget, rent and service charge proposal for 2016-2017 and the revised HRA forecast for 2015-2016.

Recommendations:

Full Council is asked to:

Review the government proposals set out in the Welfare Reform and Work Bill 2015 & Housing Planning Bill - which include the 1% rent decrease per year for 4 years. (*Section 2-9*)

Note the Government's exemption to the 1% rent decrease for tenants in Supported Housing and decide on whether to increase rents for sheltered housing tenants by the Government recommended increase of CPI + 1%.

Review and approve budget estimates 2016-17 to 2020-21 (*Section 7-9*)

Review the Revised Forecast for 2015-16 (*Section 7-9*)

Approve the proposed Fees and Charges for 2016-17 (*Section 10*)

1.0. Summary

- 1.1.** **Appendix A** shows the five year budget for the Housing Revenue Account (HRA) and a revised 2015/16 budget
- 1.2.** A rent decrease of 1% has been incorporated into the 2016/17 budget and the following 3 year budgets as a result of the Welfare Reform & work Bill 2015. Further details of the 1% rent decrease are explained below.
- 1.3.** **Appendix B** details our proposals in relation to service and agreement charges. A 2.8% (RPI plus 2%) increase has been proposed, as per council wide policy, to service charges in 2016-17 where income does not meet the cost of the service.
- 1.4.** **Appendix C & D**– show the Housing revenue account over 30 years as per the Housing Revenue Account Business Planning models.

2.0. Rent - 1% Reduction over 4 years – Welfare and Work Bill 2015.

- 2.1.** In 2015, the Government introduced the Welfare and Work Bill. This Bill introduces a 1% reduction to social housing rents, per year, over 4 years. This replaces the government's rent policy, which commenced in April 2015 to limit rent increases to CPI + 1%.
- 2.2.** 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. This will help protect taxpayers from the rising costs of subsidising rents through housing benefit, and protect tenants from rising housing costs. This will reduce average rents for households in the social housing sector by around 12% by 2020 compared to current forecasts.
- 2.3.** Great Yarmouth Borough Council rents have historically been very low compared to housing association rents and other neighbouring Local authority landlords. Despite generally raising rents each year by the maximum amount, they are still well below the formula rent.
- 2.4.** The impact of the rent decrease will be to further reduce the amount of money available to manage, maintain and improve the housing stock. The modelled reduction in resources amounts to £9.6m over four years and £142m over the course of the 30 year business plan.
- 2.5.** On 9th February 2016, the government notified the Council that Supported Housing, which includes Sheltered Housing accommodation for older people, has been exempted for the first year of the rent decrease. The Government has recognised, following lobbying by the sector, that there are additional costs in managing supported housing and has agreed a 1 year exemption while they carry out a review.

- 2.6.** The Council is, therefore able to set a rent increase for Sheltered Housing tenants only, with the expectation, that any rent increase would be in line with the previous rent guidance of CPI +1%.
- 2.7.** We have carried out modelling to assess the individual and business plan impact of this specific increase. The impact on a one year increase only, based on CPI + 1%, would be an average rent increase for sheltered housing tenants of 0.57p per week which would yield an additional £60k of rental income in 2016/17.
- 2.8.** Any sheltered housing tenants on Housing Benefit, currently 87% of tenants, would be likely to have any increase covered by Housing Benefit. This would certainly be the case for tenants in receipt of full housing benefit. There are 13% of tenants not on Housing Benefit, who would be liable to make an additional payment.

GYBC Current rent charges for 2015/16 are on average

Property type	Current Rent £ (50 Wk)
Bedsit	60.53
1 Bedroom	69.26
2 Bedroom	76.98
3 Bedroom	83.34
4 Bedroom	92.41
5 Bedroom	100.68
Average for all properties	73.63

3.0. Housing and Planning Bill 2015

- 3.1.** The Housing and Planning Bill 2015 introduces measures which will further impact on the HRA, possibly part way through the financial year. These are the ‘disposal of high value properties’ and ‘pay to stay.’

4.0 Disposal of ‘high value’ properties

- 4.1** The Housing and Planning Bill makes provision for grants to be made to private registered providers in respect of Right to Buy (RTB) discounts. The grants may be made by the Secretary of the State, the Homes and Communities Agency (HCA) and, in relation to dwellings in London, the Greater London Authority
- 4.2** To meet the costs of providing discounts, a determination may be made requiring a local authority in England with an HRA to make a payment to the government for a financial year reflecting the market value of high value housing likely to become vacant during the year, less costs, whether or not receipts are realised. Regulations will determine ‘high value’ as applicable to different areas. The detail of how this will work in practice is still to be finalised. However, current understanding and assumptions are set out below. Without the full detail, it is not possible to model the financial impact. However, it is possible that the timing of enactment may require ‘in year’ adjustment to the HRA revenue and capital budgets.
- 4.3** The determination may make different provisions by area, a particular description of a local authority or by individual housing authority. Like the pre Self-financing subsidy determinations they will be consulted upon before the commencement of the applicable financial year(s). However, were enactment of the housing and planning bill occurs part way through a financial year the consultation for the first determination may take place before the enactment of the Bill and the determination maybe introduced part way through a year. The determination will set out a payment schedule and details of interest payments that will become due in the event of late payments.
- 4.4** The secretary of state may enter into an agreement with a local authority to reduce the amount that the authority is required to pay. The agreement will include a condition requiring the local housing authority to use the amount by which the payment is reduced for the provision of housing or for things that facilitate the provision of housing.
- 4.5** The local authority must consider selling its interest (Freehold or leasehold) in high value housing but it is assumed that it could fund the payment by other means.
- 4.6** All the payments will be based on assumptions about receipts from voids sales; it may be the case that actual receipts fall short of the payments due. In this case local authorities will need to fund the payments from other sources or face interest charges on late payments.

- 4.7** As a result of this policy, the Council will lose rental streams from any high value properties that are sold, along with any marginal costs of managing and maintaining those units. It would be equitable for authorities to receive some form of compensation for the loss of net rent income.
- 4.8** The bill does not address the applicability of this policy to properties provided under the new build schemes, which may be among the top third of property values in an area. However, it provides the government with the power to make an agreement with a local authority which reduces the amount it is required to pay under the determination. The agreement will contain terms and conditions specifying what the local authority must do with the retained money.
- 4.9** The explanatory notes accompanying the bill state that if a local authority wanted to lead on a programme to build new housing then the secretary of state could decide to enter into an agreement with the authority which would reduce the amount it had to pay under the determination. The local authority would then use that money to fund building of new housing in accordance with terms and conditions set out in the agreement.
- 4.10** There is potential for DCLG to administer the scheme through self-determination, which set the contribution required from each authority. This suggests a return to a similar mechanism that existed under HRA Subsidy, albeit one where contributions are retained by Government for repayment to RP's, instead of being redistributed to local authorities.
- 5.0 Pay to Stay**
- 5.1** The Housing and Planning Bill makes provision for the charging of rent with reference to the market rate or other factors based on income and housing area. Although the original announcement referred to relevant income levels of households in London and outside of London (£30k pa) the reference in the Bill to 'different areas' could mean further local valuations.
- 5.2** Regulations will define how income is calculated and what constitutes 'high income' and 'household'. In addition there may be regulation to require tenants to provide information and evidence of income and/or this may be provided through HMRC tax records. Registered providers may be required to charge rent at the market rate to a tenant who has failed to comply with the requirement to provide information.
- 5.3** The previous guidance for the optional 'pay to stay' scheme was as follows:
- 5.4** A 'household' relates to the tenant(s) named on the tenancy agreement and their named spouse, civil partner (where they reside in the accommodation.)
- 5.5** 'Income' is that taxable income for the tax year ending in the year prior to the rent year (i.e. for 2017/18 this would be 2015/16 taxable income)

- 5.6** Rents would be reviewed if the household experiences a sudden and ongoing reduction in income.
- 5.7** Regulations are likely to require local authorities to make payment to the government in respect of estimated increases in rent and may include provision for administration costs. In addition the local authority may be required to provide information to the Secretary of State, presumably for audit or checking that regulations have been followed.
- 5.8** High income social tenants will be exempt from the 1% rent reduction laid out in the welfare and Reform Bill.
- 5.9** Although not referred to in the bill, it is understood that the government is considering the introduction of a taper so that tenants earning just above the high income threshold may not have to pay market or near market rents. Instead, rent will be gradually increased as household income rises further above the threshold.
- 5.10** Currently local authorities have a lack of information on household income, which makes it difficult to quantify the amount of additional income that will be raised through the pay to stay proposals. However, implementation of the policy will undoubtedly increase the administrative burden on local authorities, requiring them to identify (with advice from HMRC) which households have income in excess of the threshold, maintain additional records and process any change in circumstances. It is likely that the associated regulations will be adjusted from time to time, for example to reflect changes in national average income levels, the application of any taper system or the introduction of exceptions, and this will again increase the administrative burden associated with managing the scheme.

6.0 Impact of the changes on the HRA

- 6.1** Although a number of details are still to emerge, it is clear that the Council needs to prepare for significant reduction in resource available to manage, maintain, improve and add to its housing stock. In addition, it is likely that additional costs will be incurred through administration of the new regulations.
- 6.2** To mitigate this loss of revenue, Community Housing has carried out a review of all revenue spending to look at where savings can be made. We have also reviewed the Capital programme, which is funded in large part by contributions from revenue, and reduced or slowed down certain areas of works. Careful consideration has been made not to reduce capital spend where this would have a detrimental impact on revenue costs.
- 6.3** We have reviewed new build plans and the amount of money in the capital programme for new build is limited to the amount of money that needs to be spent in order to use available RTB receipts.

- 6.4 Consideration will be given to selling empty properties where this makes best use of the stock and the economic option.
- 6.5 Service charges have been proposed to raise in line with councils Policy in order to close the gap between cost and income.

7.0 **Budget and Revised Forecast**

- 7.1 The table below summarises the revised forecast 2015-16 and the draft 2016-17 budget for the Housing Revenue Account. More detail is shown at Appendix A.

HRA Revised Forecast 2015-16 & HRA Draft Budget 2016-17

	2015-16 Original Budget	2015-16 Revised Forecast	2016-17 Draft Budget (Rent -1%)	Variance
	£000	£000	£000	£000
Income:				
Dwelling Rents	(22,490)	(22,490)	(22,228)	262
Other Income	(1,736)	(1,730)	(1,642)	88
Total Income:	(24,226)	(24,220)	(23,870)	350
Expenditure:				
Repairs and Maintenance	10,928	10,419	11,435	1,016
General Management	4,474	4,494	4,682	188
Interest and repayment of borrowing	2,693	2,821	2,901	80
Revenue contribution to capital	9,449	5,077	5,571	494
Other expenditure	485	487	427	(60)
Total Expenditure:	28,029	23,298	25,016	1,718
Net (Surplus) / Deficit for the year	3,803	(921)	1,146	2,068
Forecast Balance B/Fwd.	(6,584)	(6,584)	(7,505)	
Budget Balance C/Fwd.	(2,781)	(7,505)	(6,359)	

8.0 **Explanation of variances between revised 15/16 and 16/17 budgets:**

- 8.1 The Repairs & Maintenance budget in 2016-17 has increased by £1m due to an increase to the electrical testing and remedial budgets to move our

electrical testing to a 5 year rolling programme from a 10 year programme. This brings Great Yarmouth Borough Council in line with recommended regulations for electrical testing and inspections. There are also inflationary increases on maintenance contracts.

8.2 The General Management budget includes identified savings within the 16/17 Establishment budgets, however short-term IT development requirements, in conjunction with the Council's digital by design programme, have meant these savings will be used to contribute to financing improvements to the IT systems within Housing Services. A pay rise of 1% has also been incorporated into the salary estimates within the general management budgets.

8.3 A rent decrease of -1% in 2016/17, shows a decrease in our rental income between 15/16 and 16/17 of £262k in year 1. The full cost to the Business Plan, when assumed rent increases under the government's previous rent guidance scheme are taken in into consideration, there is a decrease of £9.6m in rental income in years 1-4 (2016-2019).

8.4 The decrease in Contributions to Income is due to the removal of the budget for tenant contributions to Adaptations works to council properties.

9.0 Revised 2015-16 budgets:

9.1 HRA spending and resources were reviewed in Qtr. 3 of 2015-16. Outputs from this review have been included in the 2015-16 budget forecast. Subsequently, the revenue contribution to capital, which is used to meet any shortfall in resources to meet the capital programme, has been reduced to reflect the latest changes to the major works and new build programme for 2015-16 and actual progress on some of the capital projects. More details of our plans are shown separately in the Housing Major Works Capital Programme report.

9.2 The forecast surplus for 2015-16 is £921k, which will increase the reserves balance carried forward to £7.505m.

9.3 The draft budget has been prepared using this revised 2015-16 budget forecast. Inflation has been applied where it is known to be built into existing contracts.

9.4 A detailed 5 year budget plan can be seen in Appendix A.

10.0 Service Agreement Charges

10.1 Our proposals in relation to service and agreement charges are set out in Appendix B. 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 (0.8) + 2% to close the gap in terms of recovery of costs:

10.2 Proposed Service and Agreement Charges 2016-17

Service	Proposal
Garden Maintenance Charges	2.8% increase – RPI + 2% - to improve cost recovery
Garages	2.8% increase – RPI + 2% - to improve cost recovery
Caretaking service charges	2.8% increase – RPI + 2% - to improve cost recovery
Communal heating	13.6% Decrease – in line with reduction to heating costs as a result of investment in new communal boilers
Communal water	2.8% increase – RPI + 2% - to improve cost recovery
Digital TV aerials	2.8% increase – RPI + 2% - to improve cost recovery
Sewerage charges	2.8% increase – RPI + 2% - to improve cost recovery
Alarm Charge	2.8% increase – RPI + 2% - to improve cost recovery
Supporting People charges	2.8% increase – RPI + 2% - to improve cost recovery

10.3 The Government's "Supporting People" programme has been in place since April 2003 and under this regime, the costs of housing related support services provided to tenants in sheltered housing are met from the Supporting People Budget, managed by the Norfolk County Council through the Supporting People Commissioning Body.

10.4 Supporting People currently meet the support charge of those sheltered housing tenants receiving housing benefit. On average the grant pays the charges of around 621 tenants. Tenants not receiving housing benefit pay the support charge themselves.

11.0 Other Income

11.1 Leaseholder recharges, in respect of service and agreement charges, are charged at actual cost of provision. Non-service and agreement charges, i.e. those for repairs, are unknown as these only arise when a failure occurs. Therefore, the 2016-17 budgets exclude any income in relation to these costs. For planned or cyclical works these again are currently unknown and will depend upon the works undertaken in line with the maintenance and investment programme

12.0 Maintenance and Investment

12.1 A new Asset Management strategy has been agreed between Great Yarmouth Norse (GYN) and the Council and known changes to our revenue maintenance plans have been reflected in the forecast and our draft budget.

There are a number of detailed changes to the budgets that will be applied for 2016-17, which include an increase in the revenue planned maintenance costs due to a carry forward of the budget for the neighbourhood plans.

12.2 As part of the Asset management strategy, a refreshed stock condition survey will start at the end of 2015-16 financial year and continue into 2016/17, to gather updated information about the stock we hold.

12.3 The impact of the latest forecasts and changes to our investment plans are reported separately in the Housing Major Works Capital Programme 2016-17.

13.0 Management and Central Support Costs

13.1 As part of the review of HRA resources, there has been some restructuring within the HRA. The implications of this restructure and an allowance for a pay award are reflected in the latest forecasts and the draft budget.

13.2 The costs of central support services are recovered by internal charging mechanisms. The introduction of self-financing retained the principles of the HRA ring-fence which aims to protect rental income for the provision of landlord services.

13.3 A review of central support service charges has been undertaken during 2015-16 and is reflected in the draft budget. This has resulted in some reallocation of charges to the HRA but no significant adjustments to the overall charge. These charges will continue to be monitored and reviewed, to ensure that they remain transparent to both tenants, and council tax payers, in the future.

14.0 Capital Financing Costs

14.1 As a result of the introduction of self-financing the Council paid the Government £58.4m on behalf of the HRA. The implications of interest payable on borrowing and debt repayments are built into the draft HRA budget.

14.2 The existing debt attributable to both the HRA and GF has been split (nominally) into two separate pools. The self-financing settlement debt was aggregated within the new HRA debt pool from 1 April 2012.

14.3 The financing costs charged to the HRA will continue to be monitored and reviewed, to ensure that the implications of treasury management decisions are recognised corporately and reflected in budgeting and forecasting.

15.0 Depreciation and Revenue Financing

15.1 In accordance with proper accounting practice, depreciation must be charged to the HRA on an annual basis. This charge is then applied as resources for the capital programme through the Major Repairs Reserve.

The expectation of the Government is that this will be based on component lifecycles i.e. the cost of maintaining the properties in their existing condition.

- 15.2** For 2016-17, component methodology has been used for the draft budget. The depreciation charge takes the form of a revenue contribution to capital expenditure.
- 15.3** There is a minimum level of revenue balance identified as necessary to protect the HRA against unforeseen circumstances. Once this level is budgeted, any surplus resources can be made available to support capital expenditure if required. For 2016-2017 it is proposed that the requirements for the capital programme are met from HRA reserves. Additional borrowing will only be undertaken for the new build programme.
- 15.4** The financing of the capital programme is reported separately in the Housing Major Works Capital Programme 2016-17.

16.0 Right to Buy Receipts and other Capital Resources

- 16.1** The latest estimate for sales in 2015-16 is for 40 sales and current projections for 2016-17 onwards is 20 sales.
- 16.2** The latest regulations governing the apportionment of RTB receipts are split, according to a formula as follows:
- Transaction Costs of £1,300 per sale;
 - Allowable Debt for sales above those assumed in the self-financing settlement;
 - Local Authority Income in line with pre self-financing receipt assumptions;
 - Government Income also in line with pre self-financing pooling assumptions;
 - Buy Back Allowance to support the costs of buying back ex Council property; and
 - Retained Receipts, which can support up to 30% of the cost of replacement homes if incurred in a 3 year period and where a retention agreement is in place.
- 16.3** If retained receipts are not used, the Council is liable to repayment of the receipt plus interest, so It is important to monitor and project RTB sales and RTB receipts in order to plan for their appropriate use. The latest draft budget incorporates the sales (and lost rental income of approximately £3,800 for a full year) and the receipts arising from this analysis.
- 16.4** The 1 for 1 replacement programme which began in 2013/2014 has retained £2.1m receipts for the Council (up to Qtr.3 15/16). £456k of these retained receipts has been used to finance the build of 12 new properties for the

council, which were completed in 2014/15. Further increases in affordable housing are being put in place to ensure the continued retention of the remaining receipts.

- 16.5** The planned resourcing of our investment programme is reported separately in the Housing Major Works Capital Programme 2016-17. Where these plans extend to additional borrowing requirements, the revenue costs of the additional borrowing are included in the interest and repayment of borrowing budget.

17.0 New Affordable Housing – RTB retained receipt options

- 17.1** The Council will continue to look at options for new build sites and as well as the opportunity for an element of the Beacon Park development to become affordable Council Housing, a further in-fill site in Gorleston is currently being prepared for a planning application.

- 17.2** In addition to the funding of new build properties, it is proposed to increase the availability of affordable housing with a combination of three options.

18.0 Grant contribution to Housing Association development

- 18.1** RTB Receipts can be offered as grant funding to other registered providers (Housing Associations) operating in the borough in order to make potential development schemes viable. The maximum contribution would be 30% of any scheme costs. This form of financial assistance cannot be offered in addition to any grant in place from the Homes & Communities Agency (HCA). GYBC would receive nomination rights to these properties under our allocation scheme.

- 18.2** There are potential schemes available in the borough, which are not currently being developed due to a lack of grant funding. Once an agreement to provide funding had been approved, planning permission would be required.

19.0 Purchasing empty homes on the open market

- 19.1** There are currently around 500 empty homes within the borough. A property is classified as an empty home if it has been unoccupied for 6 months or more. These homes are empty for various reasons including awaiting renovation, subject to probate or the owner has not been able to dispose of the property.

- 19.2** GYBC operated a part HCA funded project between 2012 to 2015 where we purchased 9 empty homes. The HCA provided a grant of £17,000 per property. It is possible to replicate this project using RTB receipts to contribute up to 30% of the costs.

- 19.3** Our experience of this project is that the number of properties that are suitable for purchase are limited due to historic features e.g. steep stairs, bedroom off another bedroom etc., price or overall condition, however, the scheme would provide a positive contribution to the provision of affordable housing.
- 19.4** Any properties considered for purchase would be checked to ensure that they meet the housing needs of residents in our 'housing pool'. They will be surveyed to assess any costs involved in ensuring they are ready for letting and a calculation will be undertaken of the full costs and payback period from rent in the same way that a new build schemes are assessed for viability. This will ensure that there is no adverse impact long term on the HRA Business Plan. The purchase price will be negotiated by the Property Services team.

20.0 Purchase of a limited number of suitable properties on the open market

- 20.1** This option mirrors the empty homes option above, including the criteria to ensure that the RTB receipts are spent appropriately. Properties would not be limited to properties classified as 'empty', however, a condition that the properties were of a type that would meet the high housing need of applicants within the allocation pool would apply. This would enable properties to be identified and purchased in a timely manner. A maximum of 6 properties would be purchased under this option.

21.0 Balances

- 21.1** In the light of the statutory requirement to keep an HRA that does not have an end of year deficit, it is prudent to maintain a working balance on the HRA to protect against unforeseen events. The revised forecast surplus for 2015-16 of £921k will be added back to the HRA reserves. The level of prudent HRA reserve from 2016-17 has been assessed in the short term at between £2m and £3m.
- 21.2** The forecast balance brought forward from 2015-16 is £7.505m. It is planned to utilise reserves of £1.199m to support the capital programme in 2016-17 as opposed to increasing borrowing, thereby reducing the reserves to £6.305m.
- 21.3** Appendix A indicates HRA reserves above the minimum level. Further analysis of the longer term HRA will be considered as part of the business planning process (see Future Plans below).

22.0 Future Plans

- 22.1** There are two key strands to our investment plans:
- Maintaining and improving our housing stock;

- New build council housing, including new housing to replace sales under RTB in line with Government guidance.

22.2 The next stage of our HRA review will be the preparation of the revised HRA 30 year business plan incorporating our long term spending plans and the resourcing of those plans including the impact of RTB sales and social rent policy.

23.0 HRA Business Model – 30 year plan

23.1 The HRA Business plan sets out the purpose and objectives that Great Yarmouth Borough Council will adopt in managing and maintaining its housing stock. It demonstrates that continued management by the council will achieve and maintain good quality homes for tenants. The Business Plan has been prepared as part of the reform of social housing finance and the introduction of self-financing of Council homes.

23.2 The Business Plan operates alongside the HRA Asset Strategy and shows the main areas of income and expenditure on the housing stock and housing services that are within the HRA, projected over a thirty year timeframe.

23.3 The management of the housing stock and the Councils assets is a corporate and service priority. There is an emphasis on asset management recognising that Council homes are valuable resources and that they need to be properly managed and maintained. We will continue to look to reduce our spend on responsive repairs and maintenance, enabling us to move resources to planned and capital expenditure in order to ensure greatest value for money and impact for tenants and neighbourhoods.

23.4 There will not be sufficient resources available in the HRA to do all we want in terms of investment into services and the housing stock immediately, so it is important that this Business Plan sets out priorities for investment based upon our stock condition and resources available at that specific time.

23.5 The Business Plan is reviewed at regular intervals to ensure that it reflects as accurately as possible the known condition of the housing stock and funding available to achieve objectives and targets set.

23.6 All councils had an obligation to prepare a 30 year business plan and a financial model to ensure that the business plan was viable and that they are able to repay the debt taken on at the time of settlement.

23.7 However, there is no requirement within the self-financing regime for any of the debt to be repaid over the 30 year period of the business plan.

23.8 We have taken the approach to review two options for the 30 year business plan. This has enabled us to decide whether we should seek to repay the majority (£44m) of the self-financing settlement debt over the period of the

financial model; specifically between years 14 and 26 of the model, or refinance the debt as it becomes due for repayment.

- 23.9** We have also excluded the redemption of existing debt where this matures during the lifetime of the model. There is further debt which has a maturity beyond the lifetime of the model and we have provided for the interest payments on this debt.
- 23.10** Appendices C & D show two versions our debt profile over the 30 year life of the Business Model. Both show the exact same availability of Revenue and Capital expenditure up to year 20 of the plan. After that, the HRA is able to reinvest £113m compared to £75m, if the Self-financing debt is refinanced.

Glossary:

CHMT	Community Housing Management Team
------	-----------------------------------

CLG	Department for Communities and Local Government
CPI	Consumer Price Index
DCLG	Department for Communities and Local Government
GF	General Fund
GYBC	Great Yarmouth Borough Council
GYCH	Great Yarmouth Community Housing (department)
HRA	Housing Revenue Account
HRAS	Housing Revenue Account Subsidy
PWLB	Public Works Loan Board
RPI	Retail Price Index
RTB	Right to Buy

Departmental reference: JB version – Community Board 07/01/2016

[..\1.HRA Full Budget Master File V7 130116.xlsx](#)

[GYCH HMWCP Budget Report 2016-17 130116.docx](#)

[..\3. Capital programme 1617 130116.xlsx](#)

[..\4. RTB Capital Budgets - to avoid repayment of RTBs.xlsx](#)

[..\1.HRA Full Budget Master File V7 130116.xlsx](#)

[..\2. Monitoring - HRA Capital Programme 1516\Qtr 3\Capital monitoring sheet P9 - Qtr3 updated by GYN.xlsx](#)

[..\RTB and Quarterly Pooling Returns 1516\Qtr 3\6. R15 Q3 Great Yarmouth RTB Model v14.xlsm](#)

Prepared by: Jane Bowgen – Housing Business and Finance Manager

Date: 13/01/2016

Does this report raise any legal, financial, risk, sustainability, equality, crime and disorder, human rights or every child matters issues and, if so, have they been considered?	Issues	
	Legal	Yes, and taken into account
	Financial	Yes, and taken into account
	Risk	Yes, and taken into account
	Sustainability	Yes, and taken into account
	Equality	Yes, and taken into account
	Crime and Disorder	Yes, and taken into account
	Human Rights	N/A
	Every Child Matters	N/A

Appendix A

Housing Revenue Account Budget 2016/17 - 2020/21 & Revised 2015/16 Budget.

Income / Expenditure		Original Budget	Revised	Budget	Budget	Budget	Budget	Budget
		2015-16	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Income	Charges for Services and Facilities	(1,256,627)	(1,250,782)	(1,261,545)	(1,287,868)	(1,314,838)	(1,342,473)	(1,370,789)
	Contributions towards Expenditure	(247,888)	(247,888)	(148,948)	(150,445)	(151,966)	(153,510)	(155,079)
	Dwelling Rents	(22,490,000)	(22,490,000)	(22,228,000)	(22,004,000)	(21,806,000)	(22,040,000)	(22,273,000)
	Interest and Investment Income	(12,500)	(12,500)	(5,000)	(5,140)	(5,284)	(5,432)	(5,584)
	Non Dwelling Rents	(218,719)	(218,719)	(227,154)	(233,515)	(240,053)	(246,774)	(253,684)
Income Total		(24,225,734)	(24,219,889)	(23,870,647)	(23,680,967)	(23,518,141)	(23,788,189)	(24,058,136)
Expenditure	Capital Expenditure funded by the HRA	6,464,200	2,038,553	2,532,414	1,597,941	1,716,465	1,329,040	935,534
	Debt Management Cost	540	540	0	0	0	0	0
	Depreciation and Impairment of Fixed Assets: Dwellings	2,854,000	2,920,098	2,920,098	3,001,861	3,085,913	3,172,318	3,261,143
	Depreciation and Impairment of Fixed Assets: Non - Dwellings	131,000	118,948	118,948	122,279	125,702	129,222	132,840
	Impairment of Fixed Assets	0	0	0	0	0	0	0
	Interest Payable and Similar Charges	2,692,577	2,821,000	2,901,216	3,021,888	3,062,622	3,124,398	3,123,210
	Provision for bad and doubtful debts	150,000	150,000	150,000	154,200	158,518	162,956	167,519
	Rents, Rates, Taxes & Other charges	162,181	163,590	147,256	151,379	155,618	159,975	164,454
	Repairs and Maintenance	10,934,637	10,425,830	11,434,495	11,676,823	11,500,352	11,776,643	12,100,677
	Supervision and Management	4,469,322	4,489,096	4,682,040	4,425,776	4,478,848	4,567,521	4,655,501
Expenditure Total		27,858,457	23,127,655	24,886,467	24,152,146	24,284,038	24,422,073	24,540,879
Below The Line	(Gain) / Loss on Sale of HRA non-current Assets	0	0	0	0	0	0	0
	Employer's Contributions Payable to or from Norfolk County.	591,000	591,000	555,475	571,028	587,017	603,454	620,350
	Impairment of Fixed Assets	0	0	0	0	0	0	0
	Net Charges made for Retirement Benefits in accordance with IAS 19	(420,000)	(420,000)	(425,000)	(436,900)	(449,133)	(461,709)	(474,637)
Below The Line Total		171,000	171,000	130,475	134,128	137,884	141,745	145,713
Grand Total		3,803,723	(921,234)	1,146,295	605,307	903,781	775,629	628,456

Housing Revenue Account Reserves summary	Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Bwfd	6,584,000	7,505,234	6,358,938	5,753,631	4,849,850	4,074,221
	In year	(921,234)	1,146,295	605,307	903,781	775,629	628,456
	Cfwd	7,505,234	6,358,938	5,753,631	4,849,850	4,074,221	3,445,765

Appendix C

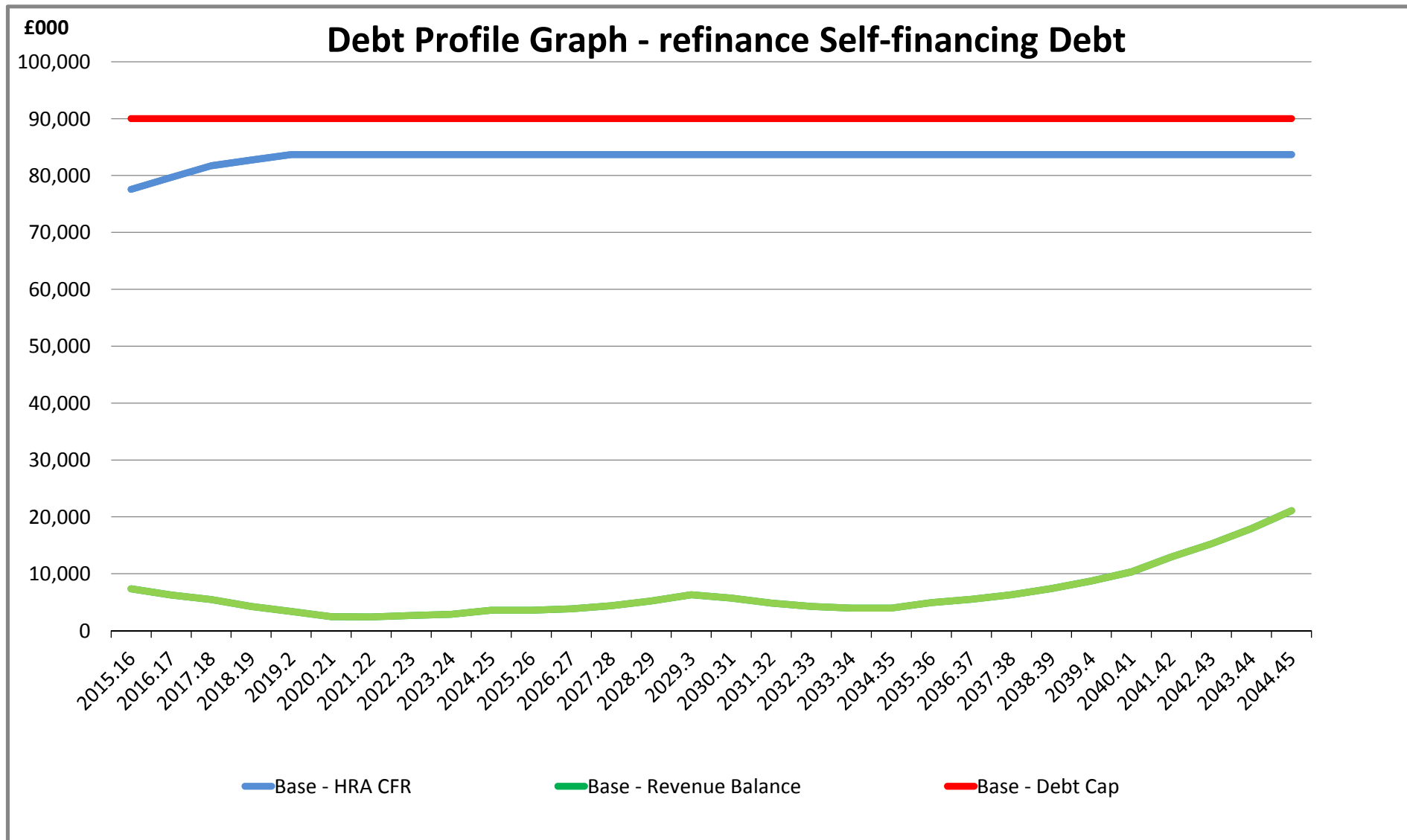
Housing Revenue Account 2016-17 Service Charges

2015-2016 Rent increase and Service Charges	2015/16	2016/17	2016/17	2016/17
	Average Charge	Average Charge	% Average Increase/d	% Increase/d
	50wks	50 wks	per wk	per wk
Rent Decrease (-1%)	£73.63	£72.90	£-0.73	-1.0%
Garages Basic - Tenants	£9.21	£9.47	£0.26	2.8%
Garages Premium - Tenants plus Town Centre Surcharge	£12.29	£12.63	£0.34	2.8%
Town Centre Surcharge	£3.08	£3.16	£0.08	2.8%
Caretaking charge - Basic	£0.82	£0.84	£0.02	2.8%
Caretaking charge - Basic + Enhanced	£1.64	£1.68	£0.04	2.8%
Maintenance of Aged Persons gardens	£4.16	£4.28	£0.12	2.8%
Communal Heating	£10.99	£9.49	£-1.50	-13.6%
Communal Water	£3.65	£3.75	£0.10	2.8%
Digital Communal TV Aerials	£0.64	£0.66	£0.02	2.8%
Sewerage charge	£5.70	£5.86	£0.16	2.8%

Sheltered Housing Support Charges 2015-2016	2015/16	2016/17	2016/17	2016/17
	Average Charge	Average Charge	Average Increase	% Increase
	50wks	50wks	per wk	per wk
Protected tenancies (pre 01/04/03)	£8.24	£8.47	£0.35	2.8%
plus Alarm Charge	£1.22	£1.25	£0.05	2.8%
Protected tenancies (pre 01/04/03)	£9.46	£9.72	£0.40	
Standard Tenancies (starting from 01/04/03)	£11.52	£11.85	£0.48	2.8%
plus Alarm Charge	£1.22	£1.25	£0.05	2.8%
Standard Tenancies (starting from 01/04/03)	£12.21	£13.10	£0.53	
Alarm Charge only	£1.22	£1.25	£0.05	2.8%
Alarm Unit Rental (plus VAT)	£2.80	£2.87	£0.07	2.8%
Alarm Unit - purchase (plus VAT) - One -off payment	£135.00	£135.00	£0.00	0.0%

YARE CARE CHARGES	2015/16	2016/17	Average	%
	Charge	Charge	Increase	Increase
52 Week Calculation for Private users				
Private - Rental + Monitoring	£2.68	£2.76	£0.08	2.8%
Private - Rental + Monitoring (plus VAT)	£3.22	£3.31	£0.09	2.8%
Private - Monitoring	£1.17	£1.20	£0.03	2.8%
Private - Monitoring (Plus VAT)	£1.40	£1.44	£0.04	2.8%
50 week calculation for Community Housing Tenants				
Council - Rental + Monitoring	£2.80	£2.87	£0.07	2.8%
Council - Rental + Monitoring (plus VAT)	£3.35	£3.44	£0.09	2.8%
Council - Monitoring	£1.22	£1.25	£0.03	2.8%
Council - Monitoring (Plus VAT)	£1.46	£1.50	£0.04	2.8%

Appendix C



Appendix D

