



URN: 22-237

Subject: Housing Revenue Account Budget 2023/24

Report to: ELT - 18 January 2023
Housing and Neighbourhood Committee - 26 January 2023
Council – 21 February 2023

Report by: Senior Accountant

SUBJECT MATTER/RECOMMENDATIONS

This report presents for approval the 2023/24 Housing Revenue Account Budget, the Rent and Service Charge proposals for the 2023/24, along with the HRA Capital Programme 2023/24 to 2027/28. At the same time it presents the latest revenue and capital forecasts for the current financial year and projections for the HRA covering the period 2023/24 to 2027/28. The budget and forecasts have been informed by a number of workstreams

RECOMMENDATIONS

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

1. A capped increase to rents of 7%, as set out in the New Direction on the Rent Standard and Policy Statement for 2023/24;
2. The revenue budget for 2023/24, along with the forecast projections for the period up until 2027/28, including the extended borrowing to support the provision of additional HRA homes;
3. The Capital budget for the period 2023/24 to 2027/28;
4. The HRA Service charges for 2023/24;
5. An increase to the Repairs and maintenance budget of £584,000 for immediate Fire Risk Assessment and remedial works in 2022/23.

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 5,741 homes for Great Yarmouth Borough tenants and their families and to 377 homes for leaseholders. This includes

housing management, repairs and improvements, sheltered housing services, caretaking and capital investment on housing.

- 1.2. The Council is required by law to avoid budgeting for a deficit on the HRA (Local Government and 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's HRA currently maintains a minimum balance of £2 million.
- 1.3. Originally, in April 2012, the HRA moved to a Self-financing model which accompanied a limit on the amount of housing debt that an authority could hold within an HRA. The limit was based on a calculation of the level of debt that a landlord/council could support, based primarily on the valuation of each authority's current housing stock, along with income and expenditure assumptions. A total borrowing limit was set for each landlord, which for Great Yarmouth Borough Council was £89 million. As of October 2018, the Government removed the debt cap limitations on how much councils can borrow against their HRA Assets. Such borrowing, must however, be affordable within the HRA.
- 1.4. 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. 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. This results in a rolling 30-year HRA Business Plan covering both capital and revenue expenditure projections.
- 1.5. The budget process for 2023/24 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 alongside additional works required by changes in legislation.
- 1.6. Working in conjunction with the Regulator for Social Housing, following our self-referral over non-compliance with the Homes Standard, Great Yarmouth Borough Council has brought in a property compliance team and is working to deliver compliance functions for Great Yarmouth Borough Council residents, with the team funded with budgets deducted from Great Yarmouth Norse.
- 1.7. Following on from this, this report is recommending that a revenue budget of £584k is approved and funded from savings in budgets in 2022/23, to address immediate Fire Risk Assessment Remedial works identified following the completion of new Fire Risk Assessments across the housing stock to be completed in 2022/23.
- 1.8. The budget and forecasts presented do assume additional borrowing in the medium term to support the affordable homes delivery. The later includes borrowing to support match funding of Retained Right to Buy receipts as well as the additional borrowing approved in

July 2020. Due to reductions in day-to-day revenue repairs, the HRA business plan has budgeted for further additional borrowing to support the wider Council Home Programme.

2. Rent setting policy changes – 7% capped increase.

- 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 2023/24 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.
- 2.3. The government launched a consultation on limiting rent increases in 2023/24 to help tenants with the cost of living. Without a cap, social landlords would have been permitted to increase rents by CPI + 1%, allowing a maximum increase of 11.1%. It has now been announced that rents for 2023/24 will be capped at 7%. As a result, this will be the recommended rent increase within this report, reflecting the level of capital expenditure required to meet regulatory requirements for the housing stock.
- 2.4. There will be a reversion to the previous arrangements of CPI + 1% from 2024/25.
- 2.5. The average rent for 2023/24 will be £104.75 per week over a 50-week period. Future rent increases have been factored into budgets within Appendix B.
- 2.6. Estimated rent charges for 2023/24 on average:

| Property Type | Average weekly Rent 2022/23 £ (50 wk.) | Average weekly Rent 2023/24 £ (50 wk.) |
|-----------------------------------|---|---|
| Bedsit | 64.01 | 68.49 |
| 1 Bedroom | 73.85 | 79.02 |
| 2 Bedroom | 81.32 | 87.01 |
| 3 Bedroom | 88.04 | 94.21 |
| 4 Bedroom | 97.17 | 103.97 |
| 5 Bedroom | 139.23 | 148.97 |
| >5 Bedroom | 141.65 | 151.57 |
| Average for all properties | 97.90 | 104.75 |

3. Proposed Rent Service Charges 2023/24

- 3.1. The proposals in relation to service and agreement charges are set out in Appendix A. The increases proposed and applied are in line with the cap of 7% within the 2023/24 New Direction on the Rent standard.
- 3.2. Service charges for 2023/24 have been reviewed to ensure that each individual service charge element is recharged on a cost recovery basis. The only service not to increase in

2023/24, is the garden maintenance service charge which is currently already set at a cost recovery.

4. Housing Revenue Account Budget 2023/24 – 2027/28 and Revised Forecast 2022/23

4.1 The approach to HRA budget setting focuses on three separate areas for 2023/24:

- 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 2023/24.
- The CPI +1% (4.1%) increase on the 2022/23 actual rents charged and 2023/24 the proposed 7% cap: and,
- The resourcing needs outlined in the HRA Business Plan.

4.4. For 2023/24, the average stock level across Great Yarmouth Borough Council is expected to be approx. 5,729 properties. This is based on known changes to the current stock profile of 5,769, including adjustments for projected Right to Buy sales, acquisitions and new builds.

4.5. The assets, capital and revenue programmes include elemental capital replacements, planned cyclical decorations to the stock and the compliance programme of testing and remedials of heating, lighting, lifts, smoke alarms. It also relates to day to day repairs for tenants and refurbishment of void properties in between tenant occupancy. The £1.5m repairs and maintenance planned cyclical budget in 2023/24 includes budgeted works of £300k for Damp and Mould and £768k for cyclical decoration and maintenance works.

4.6. In 2023/24 there is a one off budget of £1m for Fire Risk Assessment (FRA) works., As previously stated, the borough has undertaken a programme of new FRA's to required standards. This has led to an unforeseen emerging budget need of £1m to resolve outstanding issues to maintain resident safety. This is one off budget to bring the stock to the correct level fire safety compliance but there will be an ongoing need to complete remedial actions to a lesser extent in future years from further FRA works.

- 4.7. An additional budgeted income of £750k has been built into the repairs and maintenance budgets in 2023/24, setting Great Yarmouth Norse an efficiency savings target on repairs and maintenance costs in year. The savings will be generated through increasing the productivity of the in-house work force and reducing the dependency on external subcontractors, increasing the first time fix rate and reducing service failure and waste in GYN
- 4.8. 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.
- 4.9. The HRA currently holds a forecast 2022/23 opening reserve balance of £9.4 million. The HRA reserve is higher than previously forecast, this is due to prior year savings and underspends of estimated budgets, specific planned budgets being carried forward to future years and programmes not being completed at the original time anticipated.
- 4.10. 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 significantly increased from 2018/19 to ensure that both homes identified as part of the 2017/18 Stock Condition Survey as non decent and future homes, which become non decent, are addressed over a five year period. A further stock condition survey will be undertaken, starting in March 2023 and continuing into the 2023/24 financial year and will inform the future capital programme.

4.11. Revised 2022/23 position

- 4.12. The original 2022/23 budget reported a forecast deficit of £1.675 million. Monitoring year to date has identified that this needs to be revised, resulting in a reduction to the original 2022/23 forecast deficit by £0.275m, to an estimated £1.400m deficit at year end.

| 2022/23 | Revised budget | Variance | Reason | Financed from |
|---|----------------|----------|--|--------------------|
| | £000 | £000 | | |
| Capital Expenditure funded by Revenue (including grants) | 6,072 | 3,041 | Increases to capital programme in 2022/23, funded from capital grants in year. | HRA Revenue |
| Rents, Rates, Taxes and Other Charges | 379 | 49 | Increased insurance premiums as a result of the COVID-19 and increased perils and forecast increase in cost of livings costs on utilities. | HRA Revenue |
| Dwelling Rents | (23,003) | (20) | Rent received from HRA Dwellings. Increase in forecast rental income, following increased acquisitions being added to the stock and properties | N/A |

| 2022/23 | Revised budget | Variance | Reason | Financed from |
|---|----------------|----------|--|--------------------|
| | | | relet in year at formula rent in year. | |
| Interest & Investment Income | (39) | (23) | Interest rate increases in year have increased interest receivable estimations. Current market interest rates continue to rise and will be monitored to reflect any further changes. | N/A |
| Repairs & Maintenance | 9,407 | (210) | £110k was carried forward from 2021/22 to cover adaptations major works in 2022/23. R&M budgets originally included the cost of the whole GYN Asset team, however now part of the team is in house the budget of (£664k) has moved to the Supervision & management staff cost budget. (£78k) savings forecast for voids works, covering the forecast £35k overspend on Responsive repairs. (£205k) saving forecast by GYN on asset staff mitigates part of the £584k increase to additional compliance works for Fire Risk Assessments and remedials work in 2223. | N/A |
| Supervision and Management | 3,254 | 180 | Utility charges forecast to increase by an estimated £20k. Increased temporary staff costs of £199k to maintain & improve service operation while the housing structure is reviewed. GYN will contribute £39k to the asset service costs in year. | HRA Revenue |
| Supervision and Management (Staff Pay) | 3,446 | 596 | Asset team has moved in house from GYN in 2022/23 showing a reduction repairs & maintenance budget in year of £664k. GYN will contribute (£68k) in year to the compliance team in 2022/23 reducing this cost. | HRA Revenue |
| Interest Payable and Similar Charges | 2,895 | 50 | Interest rate increases in year have increased interest payable on current and future borrowing estimates by a forecast £50k. | HRA Revenue |

| 2022/23 | Revised budget | Variance | Reason | Financed from |
|--------------------------------|----------------|----------|---|---------------|
| Capital Grants & contributions | (20) | (3,164) | (£3.1m) in capital grants and contributions added in year for capital projects. | N/A |

4.13. Proposed growth/savings in HRA Revenue 2023/24 budget

4.14. The following table summarises the more significant movements in the 2023/24 budget.

| Income/ Expenditure | 2023/24 Revised Budgets | 2023/24 Growth (Saving) | Details | Financed from |
|--|-------------------------|-------------------------|--|---------------|
| Dwelling Rent | (24,739) | (2,015) | Increased dwelling rent of £2m following the New Rent Policy for 2023/24. Capped increase at 7%. | N/A |
| Charges for Services and Facilities | (1,395) | 46 | Sheltered housing support income reduced to reflect service income, which is completed on a cost recovery basis. | HRA Revenue |
| Supervision and Management (Staff Pay) | 3,811 | 1,183 | Increased employee costs following pay increase in prior year. Asset Team is now in house after being moved from GYN. | HRA Revenue |
| Supervision and Management | 3,150 | 310 | Increased supervision and management charges due to the cost of living crisis and continued temporary staff costs. | HRA Revenue |
| Rents, Rates, Taxes and Other Charges | 458 | 237 | Increased insurance premiums due to the COVID-19 pandemic and additional perils being included within the policy. | HRA Revenue |
| Repairs & Maintenance | 9,674 | 383 | £819k Reduction for the movement for asset team now in house and target efficiency savings for GYN set at £750k in year. Planned cyclical and compliance works (including £1m on Fire Risk assessment works as a one off) increased by £1.6m. Major works adaptations budget increased by £190k in line with prior year spend. | HRA Revenue |
| Capital Expenditure funded by Revenue (including grants) | 4,344 | 3,738 | Revised capital programme for 2023/24 includes £1.2m increase to capital improvements, carried forward grant funding and a | HRA Revenue |

| Income/ Expenditure | 2023/24 Revised Budgets | 2023/24 Growth (Saving) | Details | Financed from |
|---|-------------------------------|-------------------------------|--|------------------|
| | | | forecast reduction in capital receipts available in year. | |
| Interest Payable and Similar Charges | 3,156 | 50 | Interest rate increases in year have increased interest payable on current and future borrowing estimates by a forecast £50k | N/A |

4.15. The next table summarises the revised forecast for 2022/23 and the draft 2023/24 budget for the Housing Revenue Account. Further detail is shown in appendix B.

| | 2022/23 Original Budget | 2022/23 Revised Forecast | Variance | 2023/24 Draft Budget |
|---|-------------------------------|--------------------------------|--------------|----------------------------|
| | £000 | £000 | £000 | £000 |
| Dwellings Rents | (22,983) | (23,003) | (20) | (24,739) |
| Non Dwelling rents | (276) | (276) | 0 | (295) |
| Interest & Investment income | (16) | (39) | (23) | (40) |
| Charges for services and facilities | (1,284) | (1,284) | 0 | (1,395) |
| Total Income | (24,559) | (24,602) | (43) | (26,470) |
| | | | | |
| Repairs & Maintenance | 9,617 | 9,407 | (210) | 9,674 |
| Supervision and Management (Direct Employee) | 2,850 | 3,446 | 596 | 3,811 |
| Supervision and Management | 3,074 | 3,254 | 180 | 3,150 |
| Rents, Rates, Taxes and Other Charges | 330 | 379 | 49 | 458 |
| Depreciation | 3,848 | 3,848 | 0 | 3,927 |
| Capital Expenditure funded by the HRA | 3,031 | 6,072 | 3,041 | 4,344 |
| HRA Interest Payable | 2,846 | 2,896 | 50 | 3,156 |
| Provision for bad and doubtful debts | 150 | 150 | 0 | 150 |
| Employer's Pension Adjustment | 568 | (201) | (769) | 80 |
| Total Expenditure | 26,314 | 29,252 | 2,937 | 28,751 |
| | | | | |
| Transfers (from)/to Earmarked Reserve | (60) | (60) | 0 | 0 |
| Capital Grants & Contribution receivable | (20) | (3,189) | (3,169) | (336) |
| | | | | |
| Net (surplus)/Deficit for the year | 1,675 | 1,400 | (275) | 1,945 |
| | | | | |
| HRA Reserves Balance B/Fwd. | (9,412) | (9,412) | | (8,007) |
| Deficit/(Surplus) in year | 1,675 | 1,405 | | 1,945 |
| HRA Reserves Balance C/Fwd. | (7,737) | (8,007) | | (6,062) |

5. Housing Major Works Capital Programme (HMWCP) 2023/24 to 2027/28

5.1. This section of the report sets out the new housing capital investment requests for the five-year period covering 2023/24 to 2027/28.

5.2. The HMWCP is subject to ongoing review and continues to take into account: -

- the priorities and objectives which have been derived from our understanding of the investment need of the housing stock
- the changing demands on the service
- the recently implement changes in legislation and regulation
- the anticipated changes in legislation and regulation
- opportunities to innovate the service through digitalization and new methods of working
- opportunities available through external funding streams and options for procurement and delivery of our investment plans.

5.3. Over the coming months, there are a number of ongoing projects which will influence and impact on the HRA Capital Programme

- Development of Housing Investment Plan setting out the HRA Capital Investment Priorities for the next 5 years
- Stock Condition Surveys across the Council housing stock
- Review of the Sheltered Housing Assets and required investment to deliver a modern, fit for purpose accommodation
- Clearing the backlog of Compliance Works in particular Fire Safety works
- Sustainable Warmth project with the associated funding streams
- Understanding the costs of the Middlegate Regeneration scheme
- Efficiencies and savings resulting from the GYN business plan.

5.4. As the above work is completed the capital programme will be reviewed and updated accordingly and a revised programme presented to Members for approval as part of the budget monitoring process.

5.5. All of the above projects are ongoing and will have a significant impact on the Housing HRA Capital Programme and the HRA Revenue Budget. At the time of writing this report, it is still not clear what the cost of each will be, but this will become clearer over the next 12 months and the Capital Programme and/or revenue budget will be revised accordingly.

5.6. The HRA is still part of a retention agreement, meaning the HRA could, under the original regulations, retain receipts to support up to 30% of the cost of replacement homes if

incurred in a 3-year period. Any receipts not spent in this period where required to be paid to Central Government.

- 5.7. With effect from 1 April 2021, the regulations around the use of Retained Right to Buy receipts have changed, allowing 1-4-1 receipts to be used to fund 40% of the cost of building/acquiring new Council homes. The time restrictions of which receipts must be spent has also been revised. Receipts are now required to be spent within five years from the sale of the dwelling, not three years.
- 5.8. The HRA proposes to increase the availability of affordable housing with a combination of direct new build, grant contributions to Housing Association developments and purchasing the appropriate empty and suitable homes on the open market, to maintain the level of spending required to meet the retained receipt demand.
- 5.9. A total of 20 sales have predicted as part of the 2023/24 budget, in line with prior year totals.
- 5.10. An additional Affordable housing provision has been provided using revenue funding totaling £1.5 million, which was released in 2021/22 and the following three financial years. Additional funds have been made available following the reduction of spend on revenue day to day repairs and because of reductions in demand. This funding will support prudential borrowing to provide an increased capital programme for the delivery of additional homes in the HRA. Over the period to 2025/6, this has been increased by £500k to fund the current expected pipeline of affordable housing deliver. The HRA is continuing to borrow specifically for the Affordable Housing Programme and the new Council Home Programme, so the HRA reserves balances can be used on investment on the current stock.

5.11. Revised 2022/23 forecast position for HRA Major works Capital Programme

5.12. The following table summarises the in-year 2022/23 virements within the capital budget.

| | 2022/23 Revised Budget | Variance to original budget | Reason | Financed from |
|---------------------------------|-------------------------------|------------------------------------|--|----------------------|
| | £000 | £000 | | |
| Boiler upgrade programme | 973 | (200) | Heating budgets have been reduced by £200k. This budget is forecast to be used to cover overspends in year within the capital programme. | n/a |
| Estate Improvements | 20 | (71) | Savings in year to support Capital Improvements works | n/a |
| Decarb/Energy Efficiency | 3,446 | 2,654 | Expenditure relating to grant & Non grant external wall installation funded works included in budget. | Grant funding and |

| | 2022/23 Revised Budget | Variance to original budget | Reason | Financed from |
|--|-------------------------------|------------------------------------|--|---------------------------------|
| | | | | HRA Revenue |
| Capital Improvements works | 3,096 | 300 | Increase in new kitchens and concrete structural works identified in year. | Savings in year and HRA Revenue |
| Specific Planned Projects | 50 | (250) | Stock condition Survey delayed due to tender process, starting March 2023 and continuing into 2023/24. Budget to be carried forward. | n/a |
| Voids | 2,289 | 360 | Increase to long term voids budget in year. | Savings in year and HRA Revenue |
| Improvement windows & doors | 222 | (233) | Carry forward into 23/24 decent homes programme. | n/a |
| Planned Maintenance | 387 | 127 | Additional works to replace key safes within Housing. Programme continuation from works started in 2020/21. | Savings in year and HRA Revenue |
| Additional Housing | 0 | (500) | Cfwd budget to 2023/24 in line with planned spend | n/a |

5.13. Proposed growth/savings in HRA Capital Programme 2023/24

5.14. The following table summarises the more significant movements compared to the previous business plan as approved in February 2022.

| | 2023/24 Revised Budgets | 2023/24 Growth/ (Saving) | Details | Financed from |
|-------------------------------------|--------------------------------|---------------------------------|--|----------------------|
| | £000 | £000 | | |
| Boiler upgrade programme | 120 | (1,053) | Budgets moved to Decent home yearly programme of works. Remaining budget to cover adhoc boiler replacements. | n/a |
| Decent home yearly programme | 3,900 | 3,900 | Budgets moved from other programmes such as estate improvements, Boiler & heating and capital programme works to new | HRA Revenue |

| | 2023/24 Revised Budgets | 2023/24 Growth/ (Saving) | Details | Financed from |
|---|-------------------------|--------------------------|---|---------------|
| | | | programme of decent home capital works. | |
| Fire door installation programme | 453 | 453 | New budget in year. | HRA Revenue |
| Capital Improvements works | 1,000 | (2,248) | Budgets moved to Decent home yearly programme. Budget includes general property improvements. | n/a |
| Specific Planned Projects | 250 | 250 | Carried forward budget from 2022/23 to complete the stock condition survey. | HRA Revenue |
| Voids | 1,341 | 318 | Increase to costs and estimate of works in year. | HRA Revenue |
| Improvement windows & doors | 0 | (455) | Budgets moved to Decent home yearly programme. | n/a |
| Additional Housing | 1,485 | 985 | Carried forward budget from 2022/23. | Borrowing |

5.15. The table below summarises the revised forecast for 2022/23 along with the draft 2023/24 Capital programme for the Housing Revenue Account. Further detail is shown in Appendix C.

| HRA Capital programme | Original Budget 2022/23 | Revised Forecast 2022/23 | Variance | Revised Draft Budget 2023/24 |
|---|-------------------------|--------------------------|--------------|------------------------------|
| Expenditure: | £000 | £000 | £000 | £000 |
| Boiler upgrade programme | 1,173 | 973 | (200) | 120 |
| Decent home yearly programme | 0 | 0 | 0 | 3,900 |
| Fire door installation programme | 0 | 0 | 0 | 453 |
| Decarb/Energy Efficiency | 792 | 3,446 | 2,654 | 792 |
| Capital Improvements Works | 2,796 | 3,096 | 300 | 1,000 |
| Specific planned projects | 300 | 50 | (250) | 250 |
| Voids (capital works) | 1,929 | 2,289 | 360 | 1,341 |
| Improvement windows & doors | 455 | 222 | (233) | 0 |
| Planned Maintenance (major adaptations) | 259 | 387 | 127 | 225 |
| New Affordable Housing - Right to Buy receipts | 600 | 3,571 | 2,125 | 1,000 |
| New Affordable Housing – Additional Non-1-4-1 Provision | 500 | 0 | (500) | 1,485 |
| Total Expenditure | 8,896 | 14,617 | 5,722 | 10,566 |
| Financing: | | | | |

| HRA Capital programme | Original Budget 2022/23 | Revised Forecast 2022/23 | Variance | Revised Draft Budget 2023/24 |
|--|------------------------------------|-------------------------------------|-----------------|---|
| Borrowing | 1,100 | 1,769 | | 1,850 |
| Capital Receipts | 896 | 896 | | 526 |
| Revenue | 3,031 | 5,158 | | 3,926 |
| Depreciation | 3,849 | 3,849 | | 3,927 |
| Leasehold & Capital Grant Contribution | 20 | 3,164 | | 336 |
| Total Financing | 8,896 | 14,617 | | 10,566 |

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.
- 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 2023/24 budget reflecting the outcomes of the 2017/18 stock condition survey. The overall capital programmes in prior years have significantly increased, due to additional works needed, careful consideration has been taken to the deliver these works and to manage the financial impact.

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 the ongoing impacts of the Covid-19 pandemic, 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 and supporting tenants to pay their rent and other charges.
- 7.4. The removal of the previous debt cap has allowed the Council to increase the amount it can borrow on a prudential basis, to extend the affordable housing programme beyond the requirements of spending retained Right to Buy receipts as set out in the report. Commitments, value for money and spend will be closely monitored and subject to regular budget monitoring and reporting.

8. Risk Implications

- 8.1. It is recognised that since the results of the 2017/18 stock condition survey, a significantly increased Major Works Capital programme has been maintained. This is due to changes in legislative requirements requiring the Council meet its statutory and regulatory requirement to ensure residents safety in their homes and to ensure that Council homes meet both the fitness standard and the Decent Homes Standard.
- 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 to these as they materialise.
- 8.3. Further review of the detail of the HRA budget for both capital and revenue spend will be carried out, in preparation for the longer-term investment requirements in the stock, new affordable housing programme 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.

9. Background Papers

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: | |
| Existing Council Policies: | |
| Financial Implications (including VAT and tax): | |
| Legal Implications (including human rights): | |
| Risk Implications: | |
| Equality Issues/EQIA assessment: | |
| Crime & Disorder: | |
| Every Child Matters: | |

Appendix A – Fees and charge proposals 2023/24

| 2023/24 Rent increase and Service Charges (Exclusive of VAT where applicable) | 2022/23 | 2023/24 | 2023/24 | VAT Chargeable |
|--|--------------------------|--------------------------|------------------------------|-------------------|
| | Average Charge 50 Wks | Average Charge 50 Wks | Increase/ decrease per wk | |
| Tenant Rent | £97.90 | £104.75 | £6.85 | |
| Garages Basic - Tenants | £12.13 | £12.98 | £0.85 | Y |
| Garages Premium - Tenants plus Town Centre Surcharge | £16.18 | £17.32 | £1.13 | Y |
| Caretaking charge - Basic | £1.11 | £1.19 | £0.08 | |
| Caretaking charge - Enhanced | £1.11 | £1.19 | £0.08 | |
| Maintenance of Aged Persons gardens | | | | |
| Up to 30 minutes maintenance | £4.46 | £4.46 | £0.00 | Y |
| Over 30 minutes maintenance | £7.13 | £7.13 | £0.00 | Y |
| Communal Heating | £5.73 | £6.13 | £0.40 | |
| Communal Water | £5.01 | £5.37 | £0.35 | |
| Digital Communal TV Aerials | £0.97 | £1.04 | £0.07 | |
| Sewerage charge | £7.65 | £8.18 | £0.54 | |

| 2023/24 Sheltered Housing Support Charges | 2022/23 Average charge 50 wk | 2023/24 Average Charge 50 wk |
|---|------------------------------------|------------------------------------|
| Standard tenancies plus Alarm Charge | 9.47 | 10.15 |

| 2023/24 Yare Care Charges | Weekly Charge | |
|--|--------------------|--------------------|
| | 2022/23 Inc VAT | 2023/24 Inc VAT |
| <i>52 Week Calculation for Private users</i> | | |
| Private - Rental + Monitoring | £4.06 | £4.06 |
| Private - Monitoring | £1.87 | £1.87 |
| <i>50 week calculation for Community Housing Tenants</i> | | |
| Council - Rental + Monitoring | £4.22 | £4.22 |
| Council - Monitoring | £1.93 | £1.93 |

| 2023/24 Yarecare Installation Charge | 2022/23 | 2023/24 | 2023/24 |
|--------------------------------------|---------------------------|---------------------------|-----------------------|
| | Average Charge Inc VAT | Average Charge Inc VAT | % Average Increase |
| Yarecare Installation Charge | | | |
| Charge within Borough | £57.57 | £57.57 | £0.00 |
| Charge outside of Borough | £65.47 | £65.47 | £0.00 |
| Community Alarm Set-up & Postage Fee | £54.00 | £54.00 | £0.00 |

Appendix B – Revenue Income and Expenditure 2022/23 – 2027/28

| | Original HRA Budget 2022/23 | Forecast Budget 2022/23 | HRA Budget 2223/24 | HRA Budget 2224/25 | HRA Budget 2025/26 | HRA Budget 2026/27 | HRA Budget 2027/28 |
|--|-----------------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Dwelling Rents | (£22,983,353) | (£23,002,871) | (£24,738,951) | (£26,787,328) | (£27,104,821) | (£27,960,923) | (£28,815,519) |
| Non Dwelling Rents | (£276,173) | (£276,173) | (£295,498) | (£307,314) | (£319,603) | (£332,383) | (£345,674) |
| Charges for Services and Facilities | (£1,283,763) | (£1,283,763) | (£1,395,078) | (£1,440,960) | (£1,503,378) | (£1,569,272) | (£1,638,863) |
| Interest and Investment Income | (£15,852) | (£39,680) | (£40,000) | (£40,000) | (£40,000) | (£40,000) | (£40,000) |
| Total Income | (£24,559,141) | (£24,602,487) | (£26,469,527) | (£28,575,602) | (£28,967,802) | (£29,902,578) | (£30,840,056) |
| Capital Expenditure funded by Revenue (Including grants) | £3,031,056 | £6,072,063 | £4,343,981 | £4,076,799 | £3,776,574 | £2,865,945 | £2,798,473 |
| Depreciation and Impairment of Fixed Assets: Dwellings | £3,674,163 | £3,674,163 | £3,747,646 | £3,822,599 | £3,899,051 | £3,977,032 | £4,056,573 |
| Depreciation and Impairment of Fixed Assets: Non - Dwellings | £174,491 | £174,491 | £179,415 | £184,488 | £189,712 | £195,093 | £200,635 |
| Interest Payable and Similar Charges | £2,845,815 | £2,895,816 | £3,156,251 | £3,206,251 | £3,256,251 | £3,306,251 | £3,356,251 |
| Provision for bad and doubtful debts | £150,000 | £150,000 | £150,000 | £150,000 | £150,000 | £150,000 | £150,000 |
| Rents, Rates, Taxes and Other Charges | £330,049 | £378,873 | £457,501 | £471,549 | £485,236 | £499,283 | £513,747 |
| Repairs & Maintenance Planned Cyclical | £840,295 | £846,500 | £1,568,259 | £1,630,989 | £1,696,229 | £1,764,078 | £1,834,641 |
| Repairs & Maintenance Compliance | £1,519,704 | £2,103,504 | £2,282,009 | £2,369,424 | £2,460,750 | £2,555,626 | £2,654,190 |
| Repairs & Maintenance RR & voids | £6,092,524 | £5,181,871 | £5,324,595 | £5,509,736 | £5,701,447 | £5,899,966 | £6,105,539 |
| Repairs & Maintenance Efficiency Savings GYN | £0 | £0 | (£750,000) | (£772,500) | (£795,675) | (£819,545) | (£844,132) |
| Repairs & Maintenance Other | £1,164,128 | £1,275,127 | £1,248,529 | £1,289,274 | £1,331,494 | £1,375,241 | £1,420,573 |
| Supervision and Management | £3,074,022 | £3,253,850 | £3,150,053 | £3,336,324 | £3,516,782 | £3,704,059 | £3,908,563 |
| Supervision and Management (Staff Pay) | £2,850,249 | £3,445,801 | £3,811,417 | £3,970,016 | £4,123,510 | £4,268,656 | £4,412,768 |
| Total Expenditure | £25,746,497 | £29,452,059 | £28,669,657 | £29,244,948 | £29,791,360 | £29,741,683 | £30,567,822 |
| HRA Earmarked reserves | (£60,000) | (£60,000) | £0 | £0 | £0 | £0 | £0 |
| Impairment of Fixed Assets | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| (Gain) / Loss on Sale of HRA non-current Assets | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Capital Grants & Contributions receivable | (£20,000) | (£3,189,000) | (£336,000) | (£20,000) | (£20,000) | (£20,000) | (£20,000) |
| Revenue Grants & Contributions receivable | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Employer's Contributions Payable to or from Norfolk County. | £703,975 | £703,975 | £703,975 | £703,975 | £703,975 | £703,975 | £703,975 |
| Net Charges made for Retirement Benefits in accordance with IAS 19 | (£642,681) | (£945,000) | (£642,681) | (£642,681) | (£642,681) | (£642,681) | (£642,681) |
| Pension Backfunding | £494,632 | £40,632 | £4,312 | £494,632 | (£34,914) | £494,632 | (£77,278) |
| In Year Pension Adjustments | £12,266 | £0 | £15,266 | £15,266 | £15,266 | £15,266 | £15,266 |
| Below the line movements | £488,191 | (£3,449,393) | (£255,129) | £551,191 | £21,646 | £551,191 | (£20,718) |
| Grand Total | £1,675,547 | £1,400,179 | £1,945,001 | £1,220,537 | £845,204 | £390,297 | (£292,951) |

| Housing Revenue Account Reserves Summary | | | | | | | |
|---|----------|----------|----------|----------|----------|----------|----------|
| Brought Forward reserves from prior year (01 April) | (£9,412) | (£9,412) | (£8,012) | (£6,067) | (£4,846) | (£4,001) | (£3,611) |
| Reserves used in year | £1,676 | £1,400 | £1,945 | £1,221 | £845 | £390 | (£293) |
| Carried forward to next year (31 March) | (£7,736) | (£8,012) | (£6,067) | (£4,846) | (£4,001) | (£3,611) | (£3,904) |

Appendix C – HRA Major Works Capital Programme 2022/23 – 2027/28

| HRA Capital Programme | 2223 Original budget | 2223 Forecast Budget | Revised 2023/24 Budget | 2024/25 Budget | 2025/26 Budget | 2026/27 Budget | 2027/28 Budget |
|---|----------------------|----------------------|------------------------|--------------------|--------------------|--------------------|--------------------|
| CAPITAL ASSETS PROGRAMME | | | | | | | |
| Boiler Service and Maintenance | £ 1,173,000 | £ 973,500 | £ 120,000 | £ 123,600 | £ 127,308 | £ 131,127 | £ 135,061 |
| Decent Home Yearly Programme | £ - | £ - | £ 3,900,000 | £ 4,000,000 | £ 4,000,000 | £ 3,500,000 | £ 3,500,000 |
| Fire Door Installation Programme | £ - | £ - | £ 453,000 | £ 460,000 | £ 470,000 | £ 400,000 | £ 400,000 |
| Estate Improvements | £ 91,000 | £ 20,000 | £ - | £ - | £ - | £ - | £ - |
| Decarb / Energy Efficiency | £ 791,700 | £ 3,445,865 | £ 791,700 | £ 800,000 | £ 800,000 | £ 800,000 | £ 800,000 |
| Capital Improvements Works | £ 2,796,200 | £ 3,096,200 | £ 1,000,000 | £ 1,030,000 | £ 1,060,900 | £ 1,092,727 | £ 1,125,509 |
| Specific Planned Projects | £ 300,000 | £ 50,000 | £ 250,000 | £ 257,500 | £ - | £ - | £ - |
| Voids (Capital works) | £ 1,929,042 | £ 2,289,042 | £ 1,341,000 | £ 1,362,850 | £ 1,381,236 | £ 1,113,082 | £ 1,119,474 |
| Energy & Efficiency Improvements | £ - | £ - | £ - | £ - | £ - | £ - | £ - |
| Improvement windows & doors | £ 455,000 | £ 222,000 | £ - | £ - | £ - | £ - | £ - |
| Planned Maintenance | £ 259,500 | £ 386,500 | £ 225,000 | £ 229,500 | £ 234,135 | £ 238,909 | £ 243,826 |
| AFFORDABLE HOUSING PROGRAMME | | | | | | | |
| Additional Housing | £ 500,000 | £ - | £ 1,485,000 | £ 250,000 | £ 250,000 | £ - | £ - |
| New Affordable Housing | £ 600,000 | £ 2,725,000 | £ 1,000,000 | £ 1,000,000 | £ 1,000,000 | £ 1,000,000 | £ 1,000,000 |
| OTHER HRA CAPITAL PROGRAMMES | | | | | | | |
| Non Dwelling | £ - | £ 846,000 | £ - | £ - | £ - | £ - | £ - |
| Housing Transformation Budget | £ - | £ 563,000 | £ - | £ - | £ - | £ - | £ - |
| Capital Programme Total | £ 8,895,442 | £ 14,617,107 | £ 10,565,700 | £ 9,513,450 | £ 9,323,579 | £ 8,275,845 | £ 8,323,870 |