

URN:

Subject: Housing Revenue Account Budget setting 2021/22

Report to: ELT
Housing and Neighbourhoods Committee

Report by: HRA Service Accountant

SUBJECT MATTER/RECOMMENDATIONS

This report sets out the Housing Revenue Account (HRA) budget 2021/22 to 2025/26, HRA Capital Programme 2021/22 to 2025/26, HRA Rent and Service Charge proposal 2021/22 and the revised HRA revenue and capital forecasts for 2020/21.

RECOMMENDATIONS

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

- The increase in rents of CPI + 1%, as set out in the new Rents for Social Housing policy for 2021/22. For 2021/22 this equates to 1.5%
- The Revenue budget for 2021/22, along with the forecast projections for the period up until 2025/26, including the extended borrowing to support the provision of additional HRA homes
- The Capital budget for the period 2021/22 to 2025/26
- The HRA Service charges for 2021/22
- The revised HRA Capital and Revenue forecasts for 2020/21.

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 5762 homes for Great Yarmouth Borough tenants and their families and to 369 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 & 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. 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. From 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 2021/22 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.
- 1.6. The budget and forecasts presented do assume additional borrowing in the medium term to support the Housing Transformation Programme and 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. As a consequence £1.5 million of funding will be used to support further borrowing to deliver additional homes within the HRA, through acquisitions or new build programmes from 2021/22.

2. Rent setting policy changes – Increase of CPI + 1%

- 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 2021/22 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. Rent setting following the end of the 1% reduction to all social rents in 2019/20, is on the basis of increases of CPI + 1%. For 2021/22 this equates to 1.5%, on both social and affordable rent in line with the Rents for Social Housing policy for 2021/22.
- 2.4. The average rent for 2021/22 will be £88.82 per week over a 50 week period. Future rent increases have been factored into budgets within Appendix B.
- 2.5. Estimated rent charges for 2021/22 on average:

Property Type	Average weekly Rent 2020/21 £ (50 wk.)	Average weekly Rent 2021/22 £ (50 wk.)
Bedsit	60.32	61.23
1 Bedroom	69.33	70.37
2 Bedroom	76.56	77.71
3 Bedroom	82.86	84.10
4 Bedroom	91.50	92.78
5 Bedroom	99.32	100.81
>5 Bedroom	134.06	134.73
Average for all properties	87.71	88.82

3. Proposed Rent Service Charges 2021/22

- 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 Rents for Social Housing policy for 2021/22, being set at least at CPI + 1%. For 2021/22 this equates to 1.5%, to close the gap in terms of recovery of costs.
- 3.2. Service charges for 2021/22 (excluding caretaking charges) have been reviewed to ensure that each individual service charge element is recharged on a cost basis.

4. Housing Revenue Account Budget 2021/22 – 2025/26 and Revised Forecast 2020/21

- 4.1 The approach to HRA budget setting focuses on three separate areas for 2021/22:
 - 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 2021/22;
 - The CPI + 1% increase on the 2020/21 actual rents charged. For 2021/22 this equates to 1.5%; and,
 - The resourcing needs outlined in the HRA Business Plan.
- 4.4. For 2021/22, the average stock level across Great Yarmouth Borough Council is expected to be 5,739 properties. This is based on known changes to the current stock profile of 5,762 (as at 1 April 2019) 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 neighbourhood planned works. It also relates to day to day repairs for tenants and refurbishment of empty properties in between tenant occupancy.
- 4.6. The Council also undertakes adaptation works to tenants homes to meet specific identified needs. In 2020/21 and 2021/22, the revenue adaptations budget had been increased by £150,000 per annum to address an existing backlog in adaptations work. Following the effects of the pandemic, this has been subject to programme slippage, meaning that the additional provision is now forecast to be delivered within 2021/22 and 2022/23.
- 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 2019/20 expenditure levels and final charges for 2020/21.
- 4.8. The HRA currently holds a 2020/21 opening reserve balance of £9.5 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.
- 4.9. 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 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. It is recommended that a further survey is undertaken following the initial five year period.

4.10. Revised 2020/21 position

4.11. The original 2020/21 budget reported a forecast deficit of £1.699 million. Monitoring year to date has identified that this needs to be revised, resulting in an increase to the original 2020/21 deficit by £91k, to an estimated £1.790m deficit at year end.

2020/21	Revised budget	Variance	Reason	Financed from
	£000	£000		
Capital Expenditure funded by Revenue	2,822	(435)	Reduced revenue financing capital due to borrowing being used to fund the Housing transformation programme and the increased use of RTB receipts.	N/A
Capital Grants & Contributions receivable	(25)	25	Reduced leasehold works completed resulting in reduced contributions in year	N/A
Dwelling Rents	21,115	638	Reduced rental income forecast in year as a result of the ongoing Covid-19 pandemic. Works will continue to recover loss of income following the pandemic.	N/A
HRA Earmarked reserves	(20)	(20)	Earmarked reserve to offset works on the continued Middlegate Feasibility study	Earmarked Reserves
Interest Payable and Similar Charges	2,863	(203)	Reduced interest payable due to reduced borrowing, following the additional 36 housing units being delivered as part of the Affordable Housing Programme using 1-4-1 receipts.	N/A
Repairs & Maintenance	9,004	20	Increased expenditure as part of completing the Middlegate Feasibility study. Expenditure is offset by Earmarked reserves.	Earmarked Reserves
Supervision and Management	2,963	53	Increased compensation budget following increased Disrepair claims.	HRA Revenue
		168		

4.12. Proposed growth/savings in HRA Revenue 2021/22 budget

4.13. The following table summaries the more significant movements compared to the previous business plan as approved in February 2020.

Income/ Expenditure	2021/22 Revised Budgets	2021/22 Growth (Saving)	Details	Financed from
Dwelling Rent	(21,495)	322	Reduced Dwelling rent following the change in forecast CPI rates. Prior budgets have been forecast at CPI of 2%. 2021/22 rent base is CPI of 0.5%	HRA Revenue
Charges for Services and Facilities	(1,366)	76	Reduced Charges income following the change in forecast CPI rates. Prior budgets have been forecast at CPI of 2%. 2021/22 charge base is CPI of 0.5%. These charges are raised on cost basis so reflect the current climate.	HRA Revenue
Supervision and Management (Staff Pay)	2,580	141	Increased employee costs following Housing restructure to ensure an efficient and effective service is maintained	HRA Revenue
Supervision and Management	2,955	45	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.	HRA Revenue
Depreciation	3,738	(41)	Revised depreciation based on stock numbers following prior years sales and acquisitions.	N/A
Rents, Rates, Taxes and Other Charges	284	35	Increased insurance premiums due to the COVID-19 pandemic	HRA Revenue
Repairs & Maintenance	9,257	273	Increased Asset team costs following the Asset Management Transfer. These increased costs are mitigated by the reduced asset programme cost overall. Increased communal area budget of £30k following the increase spend in prior years. Legionella also reflects an increase of £50k to support the programmed works going forward.	HRA Revenue
Capital Expenditure funded by Revenue	2,334	(675)	Reduced capital financing following the additional 36 housing units being completed as	N/A

Income/ Expenditure	2021/22 Revised Budgets	2021/22 Growth (Saving)	Details	Financed from
			part of the Affordable Housing programme using 1-4-1 receipts	
Employer's Pension Adjustment	513	113	Revised assumptions based on the forecast estimates provided	HRA Revenue
HRA Earmarked reserves	(30)	(30)	Earmarked reserves to support expenditure for the Middlegate Feasibility works.	Earmarked Reserves
Interest Payable and Similar Charges	2,945	71	Increased interest payable following increased borrowing for the Housing Transformation project and additional housing being delivered	HRA Revenue
Total		350		

4.14. The next table summarises the revised forecast for 2020/21 and the draft 2021/22 budget for the Housing Revenue Account. Further detail is shown in appendix B.

	2020/21 Original Budget	2020/21 Revised Budget	Variance	2021/22 Draft Budget
	£000	£000	£000	£000
Dwellings Rents	(21,753)	(21,114)	639	(21,495)
Non Dwelling rents	(275)	(275)	0	(275)
Interest & Investment income	(15)	(15)	0	(15)
Charges for services and facilities	(1,442)	(1,430)	12	(1,366)
Total Income	(23,485)	(22,834)	651	(23,151)
Repairs & Maintenance	8,984	9,004	20	9,257
Supervision and Management (Direct Employee)	2,439	2,439	0	2,580
Supervision and Management	2,910	2,963	53	3,126
Rents, Rates, Taxes and Other Charges	249	249	0	284
Depreciation	3,780	3,780	0	3,738
Capital Expenditure funded by the HRA	3,257	2,822	(435)	2,334
HRA Interest Payable	3,066	2,863	(203)	2,945
Provision for bad and doubtful debts	150	150	0	150
Employer's Pension Adjustment	399	399	0	513
Total Expenditure	25,234	24,669	(565)	24,927
Transfers (from)/to Earmarked Reserve	0	(20)	(20)	(30)
Capital Grants & Contribution receivable	(50)	(25)	25	(20)
Net (surplus)/Deficit for the year	1,699	1,790	91	1,726
HRA Reserves Balance B/Fwd.	9,559	9,559	0	7,769
Deficit/(Surplus) in year	1,699	1,790	91	1,726
HRA Reserves Balance C/Fwd.	7,860	7,769	(91)	6,043

5. Housing Major Works Capital Programme (HMWCP) 2020/21 to 2025/26

- 5.1. This section of the report sets out the new housing capital investment requests for the five year period covering 2020/21 to 2025/26.
- 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 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 the investment plans:

- Maintaining and improving the Council's housing stock;
- New Affordable Council housing, including new housing to replace sales under RTB in line with Government guidance.

5.4. The 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 2017/18 stock condition survey, as well as maintaining progress to address the newly arising non decent homes each year.

5.6. During 2020/21, the conduction of a root and branch review of data in our asset management system has been undertaken. This includes reviewing data gathered from the results of the 2017/18 stock condition survey and using the existing surveying resource when available, to re-visit some of the findings from the survey to check whether they remain true. This approach has led to the reduction in non-decency from 21% (15% end of year percentage for 2019/20 plus 6% newly arising need for 2020/21) at the start of the financial year, to the 7% at the end of October 2021, reported at November GYN Liaison Board. As much of the work programmed to address decency was completed at that point, decency at the end of the year is not expected to fluctuate from this percentage.

5.7. For 2021/22, the starting non decency figure will be 25% (7% plus 18% newly arising need for the year). During this year, we will be undertaking a data migration project and there will be a need to commence a rolling Stock Condition Survey. The new system facilitates more detailed investment modelling and scenario planning, therefore for the 2022/23 programme, further work will be undertaken to fully analyse the aging and any new stock condition data, ensuring not only Decent Homes is achieved, but also how works are to be procured and delivered; Whole Home approaches, decarbonisation, or through traditional individual component workstreams.

5.8. In the interim, it is anticipated that the current backlog of 7% can be fully addressed during next and the following year, this does not take account of any newly arising need that cannot be addressed within 2020/21, 2021/22 or 2022/23, due to referrals from responsive, leasehold consultation issues, refusals by residents, budgets and of course, any on-going repercussions from the pandemic. As a result, the backlog in any given year is not a static, but a movable volume.

5.9. The 2021/22 programme includes the continuation of the kitchen and bathroom programme, an enhancement to the boiler and heating replacement schemes and investment into empty homes. Budget provisions also include the delivery of external

wall insulation, insulation and roofing works, which aim to improve the energy efficiency of council homes.

- 5.10. These schemes offer both the opportunity to modernise properties, sustain them for the future and increase the thermal comfort of tenants. They also continue to bring potential savings from future revenue repairs budgets.
- 5.11. 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. Any receipts not spent in this period are required to be paid to Central Government. The Affordable Housing Programme budget included within the capital programme is estimated in line with the 1-4-1 receipt restrictions, subject to the Right to Buy sales of council dwellings in previous years. These estimates reflect the minimum expenditure required to ensure full usage of all receipts. Within the Affordable Housing budget for 2020/21 and 2021/22 an additional budget beyond the requirement of the minimum expenditure needed has been factored to reflect use of receipts to support the £5.2m spend on 36 new additional housing units within the HRA.
- 5.12. 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.
- 5.13. The Right to Buy discounts have 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 0.5% CPI, forecasting a maximum discount of £84,600 for 2021/22.
- 5.14. Year to date Right to Buy sales for 2020/21 have reflected a significant decline in comparison to prior years, this appears to be an impact of the current Covid-19 pandemic. The Council has completed only 7 sales year to the end of Quarter 2, with no completions in Quarter 3. In comparison to 27 completions in the 2019/20 financial year.
- 5.15. The impact of the reduction of Right to Buy sales will impact on the availability of capital receipts to fund the programme. This impact will continue to be monitored in 2020/21 and revised projections produced to ensure the capital programme is fully funded, this may require additional revenue contributions.
- 5.16. A total of 37 sales have predicted as part of the 2021/22 budget in line with sales prior to the pandemic.
- 5.17. An additional provision will be provided using revenue funding totaling £1.5 million, released in 2021/22 and the following three financial years. Additional funds are available following the reduction of spend on revenue day to day repairs, as a result 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. The HRA will continue 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.

5.18. Revised 2020/21 position for HRA Major works Capital Programme

5.19. The following table summaries the in-year 2020/21 virements within the capital budget.

	2020/21 Revised Budget	Variance to original budget	Reason	Financed from
	£000	£000		
Affordable Housing Programme - Right to Buy receipts	3,363	83	Budget now includes costs associated with 36 housing units being delivered as part of the affordable 1-4-1 receipt programme means increased expenditure forecast beyond the minimum requirement to meet the 1-4-1 Retained Right to Buy receipts.	RTB Receipts
Affordable Housing and Council Home Programme Additional Non 1-4-1 Provision	0	(6,650)	Original budget reduced as a result of a revised spend profile. Planned expenditure to be completed within 2021/22 and form part of the Affordable Housing Programme funded by Retained Right-to-Buy receipts.	N/A
Specific Planned Projects	600	(20)	Third party management fee no longer charged as part of the GYN contract	N/A
		(6,587)		

5.20. Proposed growth/savings in HRA Capital Programme 2021/22

5.21. The following table summaries the more significant movements compared to the previous business plan as approved in February 2020.

	2021/22 Revised Budgets	2021/22 Growth/ (Saving)	Details	Financed from
	£000	£000		
Energy & Efficiency Improvements	1,173	(12)	Programme saving as a result of the asset management transfer back to the council.	N/A
Windows & doors Improvements	592	(59)	Programme saving as a result of the asset management transfer back to the council.	N/A

	2021/22 Revised Budgets	2021/22 Growth/ (Saving)	Details	Financed from
Kitchen & Bathroom Improvements	2,869	(181)	Programme saving as a result of the asset management transfer back to the council.	N/A
Neighbourhood Plans	91	(479)	Programme saving (£10k) as a result of the asset management transfer back to the council. Budget reductions to both neighbourhood plan and concrete repair budgets to allow for increased provisions in other capital areas.	N/A
New Affordable Housing - Right to Buy receipts	3,648	48	Increase to include to delivery of 36 housing units beyond the minimum requirement of 1-4-1 receipts.	Borrowing
Planned Maintenance	611	(55)	Reduced rewiring budget to allow for further legionella works to be completed	N/A
Specific Planned Projects	546	(174)	Programme saving as a result of the asset management transfer back to the council. Reduction to the stock condition survey provision, due to this be reviewed and delivered within revenue.	N/A
Affordable Housing and Council Home Programme Additional Non 1-4-1 Provision	250	(250)	Revised phasing of the additional house budget which delivers £1.5m for additional housing beyond the affordable housing programme between 2021-2024/25	N/A
De-Carbonisation	1,738	298	Increased external wall insulation programme, working towards increasing the energy efficiency of homes.	HRA Revenue
Housing Transformation	211	211	Further budget to aid the completing of the Housing Transformation programme which should be complete in 2021/22	HRA Revenue
		(653)		

5.22. The table below summarises the revised forecast for 2020/21 along with the draft 2021/22 Capital programme for the Housing Revenue Account. Further detail is shown in Appendix C & Appendix D.

HRA Capital programme	Original Budget 2020/21	Revised Forecast 2020/21	Variance	Revised Draft Budget 2021/22
Expenditure:	£000	£000	£000	£000
Kitchens & Bathrooms	3,050	3,050	0	2,869
Windows & Doors	650	650	0	592
Planned Maintenance	665	665	0	611
Energy Efficiency Improvements	1,185	1,185	0	1,173
Specific Planned Projects	620	600	(20)	546
Empty Properties	700	700	0	700
New Affordable Housing - Right to Buy receipts	3,280	3,363	83	3,648
New Affordable Housing – Additional Non 1-4-1 Provision	6,650	0	(6,650)	250
Decarbonisation	1,520	1,520	0	1,738
Neighbourhood Plans	570	570	0	91
Housing Transformation Budget	415	415	0	211
Total Expenditure	19,305	12,718	(6,587)	12,429
Financing:				
Borrowing	9,930	3,778	(6,152)	4,108
Capital Receipts	2,288	2,313	25	2,227
Revenue	3,257	2,822	(435)	2,336
Depreciation	3,780	3,780	0	3,738
Leasehold Contribution	50	25	(25)	20
Total Financing	19,305	12,718	(6,587)	12,429

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. Currently, within 2020/21, the Council is enduring the unprecedented financial strain of the Covid-19 pandemic. Although the wider impact of the pandemic is not yet fully known, the Council aims to continue to aid and support its tenants and continues to monitor its ongoing financial position. Although income losses are expected in year, it is expected that income recovery will be achieved to mitigate the loss in the short to medium term.
- 6.4. 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 2021/22 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 known 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 tenant's to pay their rent and other charges.
- 7.4. The HRA had a 2020/21 opening reserves balance of £9.559 million. The 2021/22 opening reserve balance is forecast at £7.769 million, reflecting a 2020/21 forecast deficit of £1.790 million.
- 7.5. The removal of the 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 following the 2018/19 budget setting process. Continual programmed works have been maintained to ensure that both the homes identified as non Decent as a result of the Stock Condition Survey and future homes, which become non Decent are addressed over a five year period. Overall ensuring that all homes within the dwelling stock are Decent.
- 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 during 2021/22, 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 along with any further implications arising following the final migration of housing benefit to universal credit.

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 2021/22

2021/22 Rent increase and Service Charges (Exclusive of VAT where applicable)	2020/21	2021/22	2021/22
	Average Charge 50 Wks	Average Charge 50 Wks	Increase/ decrease per wk
Tenant Rent	£87.71	£88.82	£1.11
Garages Basic - Tenants	£11.39	£11.56	£0.17
Garages Premium - Tenants plus Town Centre Surcharge	£15.20	£15.43	£0.23
Caretaking charge - Basic	£1.02	£1.03	£0.01
Caretaking charge - Enhanced	£1.02	£1.03	£0.01
Maintenance of Aged Persons gardens			
Up to 30 minutes maintenance	£4.25	£4.27	£0.02
Over 30 minutes maintenance	£7.50	£7.54	£0.04
Communal Heating	£5.38	£5.46	£0.08
Communal Water	£4.51	£4.51	£0.00
Digital Communal TV Aerials	£0.96	£0.96	£0.00
Sewerage charge	£7.05	£7.16	£0.11

Sheltered Housing Support Charges 2020/21	2020/21	2021/22
	Average charge 50 wk	Average Charge 50 wk
Standard tenancies plus Alarm Charge	9.38	9.38

YARE CARE CHARGES	Weekly Charge		
	2021/22 Exc VAT	2021/22 Inc VAT	
52 Week Calculation for Private users			
Private - Rental + Monitoring	£3.25	£4.06	
Private - Monitoring	£1.42	£1.77	
50 week calculation for Community Housing Tenants			
Council - Rental + Monitoring	£3.38	£4.22	
Council - Monitoring	£1.47	£1.84	
Yarecare Installation Charge	2020/21	2021/22	2021/22
	Average Charge	Average Charge	% Average Increase
Yarecare Installation Charge (Plus VAT)			
Charge within Borough	£46.53	£47.97	£1.44
Charge outside of Borough	£52.82	£54.46	£1.64
Community Alarm Set-up & Postage Fee		£45.00	£45.00

Appendix B – Revenue Income and Expenditure 2020/21 – 2025/26

					Forecast Projections				
Income/ Expenditure		Budget	Revised	Budget	Budget	Budget	Budget	Budget	
		2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
Income	Charges for Services and Facilities	-1,441,750	-1,430,242	-1,365,757	-1,398,413	-1,441,046	-1,479,298	-1,518,780	
	Dwelling Rents	-21,753,144	-21,114,463	-21,495,026	-22,102,119	-22,724,439	-23,361,775	-24,013,916	
	Interest and Investment Income	-15,000	-15,000	-15,420	-15,852	-16,296	-16,752	-17,087	
	Non Dwelling Rents	-274,715	-274,715	-275,095	-285,458	-296,223	-307,405	-319,021	
Income Total		-23,484,608	-22,834,419	-23,151,298	-23,801,842	-24,478,004	-25,165,230	-25,868,804	
Expenditure	Capital Expenditure funded by Revenue	3,257,115	2,822,211	2,333,519	1,592,259	605,333	244,316	116,691	
	Depreciation and Impairment of Fixed Assets: Dwellings	3,612,910	3,612,910	3,567,149	3,674,163	3,784,388	3,897,920	4,014,857	
	Depreciation and Impairment of Fixed Assets: Non - Dwellings	166,889	166,889	171,272	174,491	177,774	181,122	184,538	
	Interest Payable and Similar Charges	3,065,627	2,862,815	2,944,514	2,985,886	3,106,421	3,239,247	3,369,326	
	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	248,941	248,941	284,036	216,995	220,135	223,337	226,604	
	Repairs & Maintenance	8,984,154	9,004,154	9,257,264	9,313,280	9,293,190	9,452,641	9,617,619	
	Supervision and Management	2,910,190	2,963,480	2,954,842	2,787,287	2,837,690	2,888,175	2,402,479	
	Supervision and Management (Staff Pay)	2,439,276	2,439,276	2,580,337	2,641,988	2,628,736	2,703,113	2,769,508	
Expenditure Total		24,835,101	24,270,676	24,242,932	23,536,349	22,803,667	22,979,871	22,851,622	
Below The Line	Employer's Contributions Payable to or from Norfolk County.	565,225	565,225	664,127	703,975	746,213	790,986	838,445	
	HRA Earmarked reserves	0	-20,000	-30,000	-30,000	0	0	0	
	Impairment of Fixed Assets	0	0	0	0	0	0		
	Net Charges made for Retirement Benefits in accordance with IAS 19	-617,531	-617,531	-629,981	-642,681	-655,635	-668,847	-682,324	
	(Gain) / Loss on Sale of HRA non-current Assets	0	0	0	0	0	0		
	In Year Pension Adjustments	19,000	19,000	14,967	15,266	15,571	15,882	16,200	
	Capital Grants & Contributions receivable (Leasehold income)	-50,000	-25,000	-20,000	-20,000	-20,000	-20,000	-20,000	
	Pension Backfunding	432,645	432,645	463,644	494,632	528,102	538,664	549,437	
	Below The Line Total		349,339	354,339	462,757	521,191	614,251	656,685	701,758
	Net (surplus)/Deficit for the year		1,699,832	1,790,596	1,554,390	255,698	-1,060,086	-1,528,674	-2,315,425

Housing Revenue Account Reserves	Year	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	B/Fwd	-9,558,934	-9,558,934	-7,768,339	-6,213,948	-5,958,251	-7,018,337	-8,547,010
	In Year	1,699,832	1,790,596	1,554,390	255,698	-1,060,086	-1,528,674	-2,315,425
	C/Fwd	-7,859,102	-7,768,339	-6,213,948	-5,958,251	-7,018,337	-8,547,010	-10,862,435

Appendix C – HRA Major Works Capital Programme 2020/21 – 2025/26

			Forecast Projections				
	Original Budget 2020/21	Revised Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26
Kitchen & Bathrooms Improvements							
Kitchens planned	1,630,000	1,630,000	1,483,300	1,483,300	1,483,300	1,483,300	1,483,300
Bathrooms planned	780,000	780,000	709,800	728,000	546,000	546,000	546,000
Kitchen Voids	450,000	450,000	444,750	238,750	238,750	238,750	238,750
Bathroom Voids	190,000	190,000	231,000	38,092	38,092	38,092	38,092
Windows & Doors Improvements							
Windows & Doors Improvements	650,000	650,000	591,500	455,000	455,000	455,000	455,000
Planned Maintenance							
Major R&M	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Rewiring Dwellings	390,000	390,000	335,500	335,500	335,500	335,500	335,500
Major Adaptations	200,000	200,000	200,000	150,000	150,000	150,000	150,000
De-Carbonisation							
External Wall Insulation	400,000	400,000	791,700	791,700	791,700	791,700	791,700
Roofing	1,120,000	1,120,000	946,400	882,700	882,700	882,700	882,700
Neighbourhood Planned works							
Neighbourhood Plans	370,000	370,000	-	-	-	-	-
Concrete improvement works	100,000	100,000	-	-	-	-	-
Upgrade Stair Enclosures	100,000	100,000	91,000	91,000	-	-	-
Energy & Efficiency Improvements							
Heating and Boiler replacements	1,185,000	1,185,000	1,173,000	1,173,000	1,173,000	1,173,000	1,173,000
Specific Planned Projects							
GYN Management	20,000	-	-	-	-	-	-
Whole House Inc Long Term Voids	600,000	600,000	546,000	546,000	546,000	546,000	546,000
Empty Properties							
Major Voids	700,000	700,000	700,000	200,000	200,000	200,000	200,000
New Affordable Housing							
Affordable Housing (Retained Receipts)	3,280,288	3,363,300	3,647,700	1,622,763	3,512,158	4,210,614	4,366,188
Additional Housing Housing – Non 1-4-1	6,650,000	-	250,000	500,000	500,000	250,000	-
Housing Transformation Budget							
Housing Transformation Budget	415,000	415,000	210,556	-	-	-	-
Total	19,305,288	12,718,300	12,427,206	9,310,805	10,927,200	11,375,656	11,281,230

Appendix D – Funding Provided for the Capital Programme 2021/22 – 2025/26

