



URN: 21-106

Subject: Housing Revenue Account Budget 2022/23

Report to: ELT 26 January 2022
Policy and resources Committee – 8 February 2022
Council – 22 February 2022

Report by: HRA Service Accountant

SUBJECT MATTER/RECOMMENDATIONS

This report sets out the Housing Revenue Account (HRA) budget 2022/23 to 2026/27, HRA Capital Programme 2022/23 to 2026/27, HRA Rent and Service Charge proposal 2022/23 and the revised HRA revenue and capital forecasts for 2021/22.

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 2022/23. For 2022/23 this equates to 4.1%
- The Revenue budget for 2022/23, along with the forecast projections for the period up until 2026/27, including the extended borrowing to support the provision of additional HRA homes
- The Capital budget for the period 2022/23 to 2026/27
- The HRA Service charges for 2022/23
- The revised HRA Capital and Revenue forecasts for 2021/22.

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 5778 homes for Great Yarmouth Borough tenants and their families and to 368 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. 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 2022/23 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 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 2022/23 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 2022/23, this equates to 4.1%, on both social and affordable rent, in line with the Rents for Social Housing policy for 2022/23.
- 2.4. As a result of current events, and in order to maintain a sustainable HRA, a detailed review of rent balances has been undertaken as part of the budget setting process for 2022/23. Proposals such as increases of CPI only for 2022/23 and limited increases of CPI only for the following two years have been reviewed.
- 2.5. The below table displays the income reduction between rent increases of CPI + 1% per annum and increases of CPI only.

Financial Year	(CPI Only) Income reduction
2022/23	£211,000
2023/24	£419,000
2024/25	£633,000

- 2.6. The overall impact of reduced rental increases to CPI only between 2022/23 and 2024/25, totals a reduction of £15.6m in revenue, over a 30 year business plan.
- 2.7. As a result of the review, factoring the increased capital investment programmes required to deliver works based on the stock condition survey data, along with factoring future works to deliver the decarbonization agenda, increased borrowing will be required to offset increased costs going forward. Overall, it would not be feasible to limit rent increases, with the 30 year impact meaning that the HRA would be unable to sustain its capital improvement programme over a 30 year period.
- 2.8. The average rent for 2022/23 will be £92.42 per week over a 50 week period. Future rent increases have been factored into budgets within Appendix B.
- 2.9. Estimated rent charges for 2022/23 on average:

Property Type	Average weekly Rent 2021/22 £ (50 wk.)	Average weekly Rent 2022/23 £ (50 wk.)
Bedsit	61.31	63.82
1 Bedroom	70.60	73.49
2 Bedroom	77.84	81.04
3 Bedroom	84.26	87.72
4 Bedroom	93.22	97.04
5 Bedroom	100.81	104.94
>5 Bedroom	134.73	138.91
Average for all properties	88.97	92.42

3. Proposed Rent Service Charges 2022/23

- 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 2022/23, being set at least at CPI + 1%. For 2021/22 this equates to 4.1%, to close the gap in terms of recovery of costs.
- 3.2. Service charges for 2022/23 (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 2022/23 – 2026/27 and Revised Forecast 2021/22

- 4.1 The approach to HRA budget setting focuses on three separate areas for 2022/23:
 - 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 2022/23;
 - The CPI + 1% increase on the 2021/22 actual rents charged. For 2022/23 this equates to 4.1%; and,
 - The resourcing needs outlined in the HRA Business Plan.
- 4.4. For 2022/23, the average stock level across Great Yarmouth Borough Council is expected to be approx 5,780 properties. This is based on known changes to the current stock profile of 5,787 (as at 1 April 2020) 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. Revenue budgets in both 2020/21 and 2021/22 contained increased provisions of £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 2020/21 expenditure levels and final charges for 2021/22.
- 4.8. The HRA currently holds a forecast 2021/22 opening reserve balance of £8.6 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, therefore, a further stock condition survey is budgeted to begin within 2022/23.

4.10. Revised 2021/22 position

- 4.11. The original 2021/22 budget reported a forecast deficit of £2.784 million. Monitoring year to date has identified that this needs to be revised, resulting in a reduction to the original 2021/22 forecast deficit by £580k, to an estimated £2.204m deficit at year end.

2021/22	Revised budget	Variance	Reason	Financed from
	£000	£000		
Capital Expenditure funded by Revenue	3,410	(151)	Reduced revenue required to fund the capital programme for 2021/22.	N/A
Rents, Rates, Taxes and Other Charges	397	113	Increased insurance premiums as a result of the COVID-19 and increased perils.	HRA Revenue
Dwelling Rents	(21,665)	(170)	Rent received from HRA Dwellings. Increase in forecast rental income, following increased acquisitions being added to the stock and reduced	N/A

			Right to Buy sales in the prior and current year.	
Interest Payable and Similar Charges	2,790	(156)	Reduced borrowing required in year due to the revised Affordable and Additional housing budgets, resulting in reduced interest payable.	N/A
Repairs & Maintenance	9,021	(236)	Planned large repair works are currently forecast to increase by £217k. This increase is mitigated by the reduction of revenue neighbourhood planned works and revenue car park budgets. Revenue heating works are forecast to reduce by £243k. This is partly due to increased capital works in prior years reducing over repair costs required.	N/A
Supervision and Management	3,099	143	Utility charges forecast to increase by an estimated £39k. RTB income is revised to reflect reduced sales estimated in year. Sales are revised from a budgeted 37 sales, to 21. Increased temporary staff costs to maintain service operation while the recruitment process is completed. Revised CCTV budget allocation in order to maintain the service going forward (£23k).	HRA Revenue
Supervision and Management (Staff Pay)	2,457	(123)	Staff vacancies year to date within multiple housing teams. Services are working towards recruiting into these posts going forward. This saving is partly offset by interim and agency staff being appointed in year (As above).	N/A

4.12. Proposed growth/savings in HRA Revenue 2022/23 budget

4.13. The following table summaries the more significant movements compared to the previous business plan as approved in February 2021.

Income/ Expenditure	2022/23 Revised Budgets	2022/23 Growth (Saving)	Details	Financed from
Dwelling Rent	(22,983)	(881)	Increased dwelling rent following the change in forecast CPI rates. 2022/23 rent base is CPI of 3.1%	N/A
Charges for Services and Facilities	(1,284)	114	Sheltered housing support income reduced to reflect service income, which is completed on a cost recovery basis.	HRA Revenue
Supervision and Management (Staff Pay)	2,850	208	Increased employee costs following increased demand on services, partly as a result of COVID-19, to ensure an efficient and effective service is maintained.	HRA Revenue
Supervision and Management	3,074	286	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year. Budget includes an additional revenue provision to support the upgrade of the Housing system.	HRA Revenue
Rents, Rates, Taxes and Other Charges	330	113	Increased insurance premiums due to the COVID-19 pandemic and additional perils being included within the policy.	HRA Revenue
Repairs & Maintenance	9,617	304	Increased adaptations budget of £62k to address backlog of works following delays as result of COVID-19 access. Communal area budget increased to address further areas of work. Increased planned large repairs budget of £125k following prior year spend and increase of adhoc large repairs.	HRA Revenue
Capital Expenditure funded by Revenue	3,031	1,439	Revised capital financing following the revision of the capital improvement programme and a reduction in capital receipts available in year.	HRA Revenue
HRA Earmarked reserves	(60)	(30)	Earmarked reserves to support expenditure for the Middlegate Feasibility works.	Earmarked Reserves
Interest Payable and Similar Charges	2,846	(140)	Reduced borrowing required following the revision of the Affordable and Additional housing budgets, resulting in reduced interest payable.	N/A

4.14. The next table summarises the revised forecast for 2021/22 and the draft 2022/23 budget for the Housing Revenue Account. Further detail is shown in appendix B.

	2021/22 Original Budget	2021/22 Revised Forecast	Variance	2022/23 Draft Budget
	£000	£000	£000	£000
Dwellings Rents	(21,495)	(21,665)	(170)	(22,983)
Non Dwelling rents	(275)	(275)	0	(276)
Interest & Investment income	(1,366)	(15)	0	(16)
Charges for services and facilities	(15)	(1,366)	0	(1,284)
Total Income	(23,151)	(23,321)	(170)	(24,559)
Repairs & Maintenance	9,257	9,021	(236)	9,617
Supervision and Management (Direct Employee)	2,580	2,457	(123)	2,850
Supervision and Management	2,956	3,099	143	3,074
Rents, Rates, Taxes and Other Charges	284	397	113	330
Depreciation	3,738	3,738	0	3,848
Capital Expenditure funded by the HRA	3,561	3,410	(151)	3,031
HRA Interest Payable	2,946	2,790	(156)	2,846
Provision for bad and doubtful debts	150	150	0	150
Employer's Pension Adjustment	513	513	0	571
Total Expenditure	25,985	25,575	(580)	26,317
Transfers (from)/to Earmarked Reserve	(30)	(30)	0	(60)
Capital Grants & Contribution receivable	(20)	(20)	0	(20)
Net (surplus)/Deficit for the year	2,784	2,204	(580)	1,678
HRA Reserves Balance B/Fwd.	8,563	8,563	0	6,359
Deficit/(Surplus) in year	2,784	2,204	(580)	1,678
HRA Reserves Balance C/Fwd.	5,779	6,359	580	4,681

5. Housing Major Works Capital Programme (HMWCP) 2022/23 to 2026/27

- 5.1. This section of the report sets out the new housing capital investment requests for the five year period covering 2022/23 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 2021/22, 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 proven affective, but due to access restrictions in 2021/22, non-decency has been subject to a slight increase from 7% at the start of the financial year, to the 8% at the end of January 2022. Much of the work is still programmed to be addressed before the financial year end, decency at the end of the year is not expected to fluctuate from this percentage.
- 5.7. For 2022/23, the starting non decency figure will be 15% (8% plus 7% 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 8% 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 2021/22, 2022/23 or 2023/24, 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 2022/23 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 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 are required to be paid to Central Government.
- 5.12. 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.
- 5.13. The above changes have impacted the profile spend of receipts, therefore adjusting the budget requirement for 2021/22 onwards. The table below displays a high-level review of changes in order to prevent receipt return:

Financial Year	Current Budgeted spend		New requirement		Year of Receipts
	Receipt	Capital	Receipt	Capital	
	£000	£000	£000	£000	
2021/22	1,094	2,554	0	0	N/A
2022/23	487	1,136	0	0	N/A
2023/24	1,054	2,458	725	1,087	2018/19
2024/25	1,263	2,948	526	789	2019/20
2025/26	1,310	3,056	117	176	2020/21

- 5.14. As per the above table, the new receipt requirements have reduced the volume of receipts required to be spent prior to 2023/24. This Council aims to maintain a reduced budget provision for both 2021/22 and 2022/23 allowing an enhanced programme in later years.
- 5.15. Furthermore, 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.

- 5.16. 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 3.1% CPI, forecasting a maximum discount of £87,200 for 2022/23.
- 5.17. Year to date Right to Buy sales for 2020/21 & 2021/22 have reflected a significant decline in comparison to prior years, this appears to be an ongoing impact of the current Covid-19 pandemic. The Council had completed a total of 9 sales in 2020/21, along with 13 completed sales in 2021/22, to the end of Quarter 3. In comparison to 27 completions in the 2019/20 financial year.
- 5.18. 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 2021/22 and revised projections produced to ensure the capital programme is fully funded, this may require additional revenue contributions.
- 5.19. A total of 20 sales have predicted as part of the 2022/23 budget, in line with prior year totals and reflecting a slight reduction.
- 5.20. 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. 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.

5.21. Revised 2021/22 forecast position for HRA Major works Capital Programme

5.22. The following table summaries the in-year 2021/22 virements within the capital budget.

	2020/21 Revised Budget	Variance to original budget	Reason	Financed from
	£000	£000		
Energy and Efficiency Improvements	973	(200)	Heating budgets have been reduced by £200k. This budget is forecast to be carried forward into 2022/23.	N/A
Empty Properties	1,035	250	Major void works are ahead of schedule year to date. The Major void programme is forecast to exceed its original budget provision. An additional £250k is forecast to support increased demand.	HRA Revenue

New Affordable Housing – Additional Non -1-4-1 Provision	125	(375)	Programme delays year to date. Schemes are currently still undergoing the project planned process. £375k forecast to be carried forward to continue projects into 2022/23.	N/A
New Affordable Housing – Right to Buy receipts	1,800	(1,848)	Two properties have been purchased off the open market year to date, as part of the planned scheme using Right to Buy retained receipts. The 1-4-1 receipt retention agreement has been recently revised, changing how authorities can use the 1-4-1 receipts available to them. Budget allocation has been revised to reflect this change.	N/A
Key Safe Installation	60	60	Additional works to replace key safes within Housing. Programme continuation from works started in 2020/21.	HRA Revenue
Housing Transformation Budget	207	(400)	Delay to programme has resulted in reprofile of spend. Budget to be carried forward to support the programmes completion.	N/A
Decarbonisation	828	(1,150)	External wall insulation (EWI) and roofing budget allocations are to be reduced by 1,150k for 2021/22. The Council has recently submitted a bid to further complete works on dwellings which display low energy performance in 2022/23. £1.1m is forecast to be carried forward to support this bid.	N/A

5.23. Proposed growth/savings in HRA Capital Programme 2022/23

5.24. The following table summaries the more significant movements compared to the previous business plan as approved in February 2021.

	2022/23 Revised Budgets	2022/23 Growth/ (Saving)	Details	Financed from
	£000	£000		
Empty Homes	800	600	Major Voids increased following increased demand in 2021/22.	HRA Revenue
Affordable Housing Programme - Right to Buy receipts	600	(2,049)	The 1-4-1 receipt retention agreement has been recently revised, changing how authorities can use the 1-4-1 receipts available to them. Budget allocation has been reduced to reflect this change.	N/A
Kitchen & Bathroom Improvements	2,161	(327)	Kitchen and Bathroom programmes are continuing at an increased level, continuing to complete both void and planned kitchens and bathrooms. Small reduction in provision is to allow for other programmes such as EWI to be expanded.	N/A
Planned Maintenance	595	34	Adaptation's budget increased to address backlog identified in 2020/21. COVID-19 resulted in fewer adaptations being completed in 2021/22, so additional budget is to support additional work.	HRA Revenue
Specific Planned Projects	846	300	Budget provision for a further Stock condition survey to commence following the stock condition survey completed in 2017/18.	HRA Revenue
		(1,442)		

5.25. The table below summarises the revised forecast for 2021/22 along with the draft 2022/23 Capital programme for the Housing Revenue Account. Further detail is shown in Appendix C & Appendix D.

HRA Capital programme	Original Budget 2021/22	Revised Forecast 2021/22	Variance	Revised Draft Budget 2022/23
Expenditure:	£000	£000	£000	£000
Kitchens & Bathrooms	2,869	2,869	0	2,161
Windows & Doors	647	647	0	455
Planned Maintenance	642	642	0	595
Energy Efficiency Improvements	1,173	973	(200)	1,173
Specific Planned Projects	756	756	0	846
Empty Properties	785	1,035	250	800
New Affordable Housing - Right to Buy receipts	3,648	1,800	(1,848)	600
New Affordable Housing – Additional Non 1-4-1 Provision	500	125	(375)	500
Decarbonisation	1,032	82	(950)	792
Roofing	946	746	(200)	883
Neighbourhood Plans	91	91	0	91
Housing Transformation Budget	607	207	(400)	0
Key Safe Installation	0	60	60	0
Total Expenditure	13,696	10,033	(3,663)	8,896
Financing:				
Borrowing	4,150	1,925	(2,225)	1,100
Capital Receipts	2,227	1,338	(889)	896
Revenue	3,561	3,012	(549)	3,031
Depreciation	3,738	3,738	0	3,849
Leasehold Contribution	20	20	0	20
Total Financing	13,696	10,033	(3,663)	8,896

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. Over the past two years, the Council is enduring the unprecedented financial strain of the Covid-19 pandemic. Although the overall 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.
- 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 2022/23 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 2021/22 opening reserves balance of £8.563 million. The 2022/23 opening reserve balance is forecast to be £6.359 million, reflecting a 2021/22 forecast deficit of £2.204 million.
- 7.5. 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 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.

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 2022/23

2022/23 Rent increase and Service Charges (Exclusive of VAT where applicable)	2021/22	2022/23	2022/23
	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 2021/22	2021/22	2022/23
	Average charge 50 wk	Average Charge 50 wk
Standard tenancies plus Alarm Charge	9.38	9.38

YARE CARE CHARGES	Weekly Charge		
	2022/23 Exc VAT	2022/23 Inc VAT	
<i>52 Week Calculation for Private users</i>			
Private - Rental + Monitoring	£3.25	£4.06	
Private - Monitoring	£1.42	£1.77	
<i>50 week calculation for Community Housing Tenants</i>			
Council - Rental + Monitoring	£3.38	£4.22	
Council - Monitoring	£1.47	£1.84	
Yarecare Installation Charge	2021/22	2022/23	2022/23
	Average Charge	Average Charge	% Average Increase
Yarecare Installation Charge (Inc 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 2021/22 – 2026/27

Income/ Expenditure		Budget	Revised Forecast	Budget	Forecast Projections			
		2021/22	2021/22	2022/23	Budget	Budget	Budget	Budget
		2021/22	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Income	Charges for Services and Facilities	-1,365,757	-1,365,757	-1,283,763	-1,315,436	-1,348,252	-1,382,259	-1,417,506
	Dwelling Rents	-21,495,026	-21,665,026	-22,983,353	-23,673,555	-24,387,133	-24,877,199	-25,384,407
	Interest and Investment Income	-15,420	-15,420	-15,852	-15,852	-15,852	-15,852	-15,852
	Non Dwelling Rents	-275,095	-275,095	-276,173	-281,045	-286,014	-291,083	-296,253
	Income Total	-23,151,298	-23,321,298	-24,559,141	-25,285,888	-26,037,251	-26,566,392	-27,114,018
Expenditure	Capital Expenditure funded by Revenue	3,561,075	3,410,280	3,031,056	1,958,880	1,759,810	1,553,168	1,338,661
	Depreciation and Impairment of Fixed Assets:							
	Dwellings	3,567,149	3,567,149	3,674,163	3,747,646	3,822,599	3,899,051	3,977,032
	Depreciation and Impairment of Fixed Assets: Non - Dwellings	171,272	171,272	174,491	177,774	181,122	184,538	188,022
	Interest Payable and Similar Charges	2,944,514	2,789,789	2,845,815	2,840,001	2,847,626	2,853,726	2,859,826
	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	284,037	396,605	330,049	338,284	346,989	355,761	364,812
	Repairs & Maintenance	9,257,262	9,021,156	9,616,651	9,617,190	9,799,310	9,985,806	10,176,800
	Supervision and Management	2,955,901	3,099,459	3,209,367	2,981,468	2,988,138	3,035,424	3,047,487
	Supervision and Management (Staff Pay)	2,580,338	2,457,329	2,850,249	2,887,290	2,861,671	2,928,933	2,986,142
	Expenditure Total	25,471,548	25,063,039	25,881,842	24,698,532	24,757,265	24,946,406	25,088,781
Below The Line	Employer's Contributions Payable to or from Norfolk County.	664,127	664,127	703,975	703,975	703,975	703,975	703,975
	HRA Earmarked reserves	-30,000	-30,000	-60,000	0	0	0	0
	Impairment of Fixed Assets	0	0	0	0	0	0	0
	Net Charges made for Retirement Benefits in accordance with IAS 19	-629,981	-629,981	-642,681	-642,681	-642,681	-642,681	-642,681
	(Gain) / Loss on Sale of HRA non-current Assets	0	0	0	0	0	0	0
	In Year Pension Adjustments	14,967	14,967	15,266	15,266	15,266	15,266	15,266
	Capital Grants & Contributions receivable (Leasehold income)	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000
	Pension Backfunding	463,644	463,644	494,632	494,632	494,632	494,632	494,632
	Below The Line Total	462,757	462,757	491,191	551,191	551,191	551,191	551,191
	Net (surplus)/Deficit for the year	2,783,007	2,204,498	1,813,892	-36,164	-728,795	-1,068,796	-1,474,046
Housing Revenue Account Reserves Summary	Year	2021/22	2021/22	2022/23	2023/24	2024/25	2026/26	2026/27
	B/Fwd	-8,563,400	-8,563,400	-6,358,902	-4,545,010	-4,581,174	-5,309,969	-6,378,765
	In Year	2,783,007	2,204,498	1,813,892	-36,164	-728,795	-1,068,796	-1,474,046
	C/Fwd	-5,780,393	-6,358,902	-4,545,010	-4,581,174	-5,309,969	-6,378,765	-7,852,811

Appendix C – HRA Major Works Capital Programme 2021/22 – 2027/27

	Original Budget 2021/22	Revised Budget Forecast 2021/22	Forecast Projections				
			Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
Kitchen & Bathrooms Improvements							
Kitchens planned	1,483,300	1,283,300	850,000	1,483,300	1,483,300	1,483,300	1,483,300
Bathrooms planned	709,800	609,800	728,000	546,000	546,000	546,000	546,000
Kitchen Voids	444,750	644,750	413,750	238,750	238,750	238,750	238,750
Bathroom Voids	231,000	331,000	169,292	38,092	38,092	38,092	38,092
Windows & Doors Improvements							
Windows & Doors Improvements	646,500	646,500	455,000	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	335,500	335,500	335,500	335,500	335,500	335,500	335,500
Major Adaptations	231,000	231,000	184,500	150,000	150,000	150,000	150,000
De-Carbonisation							
External Wall Insulation	1,031,700	81,700	791,700	791,700	791,700	791,700	791,700
Roofing							
Roofing	946,400	746,400	882,700	882,700	882,700	882,700	882,700
Neighbourhood Planned works							
Upgrade Stair Enclosures	91,000	91,000	91,000	-	-	-	-
Energy & Efficiency Improvements							
Heating and Boiler replacments	1,173,000	973,000	1,173,000	1,173,000	1,173,000	1,173,000	1,173,000
Specific Planned Projects							
Stock Condition Survey	-	-	300,000	-	-	-	-
Whole House Inc Long Term Voids	756,000	756,000	546,000	546,000	546,000	546,000	546,000
Empty Properties							
Major Voids	785,000	1,035,000	800,000	200,000	200,000	200,000	200,000
New Affordable Housing							
Affordable Housing (Retained Receipts)	3,647,700	1,800,000	600,000	1,000,000	1,000,000	1,000,000	1,000,000
Additional Housing Housing – Non 1-4-1 Provision	500,000	125,000	500,000	500,000	250,000	-	-
Housing Transformation Budget							
Housing Transformation Budget	606,556	415,000	-	-	-	-	-
Total	13,694,206	10,179,950	8,895,442	8,415,042	8,165,042	7,915,042	7,915,042

Appendix D – Funding Provided for the Capital Programme 2022/23 – 2026/27

Funding Provided For Capital Programme 2022 - 2027

