

CABINET (HOUSING) COMMITTEE

30 NOVEMBER 2015

HOUSING REVENUE ACCOUNT REVISED BUDGET, BUSINESS PLAN AND
BUDGET OPTIONS REPORT

REPORT OF ASSISTANT DIRECTOR (CHIEF HOUSING OFFICER

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RECENT REFERENCES:

CAB2652(HSG) – Housing Revenue Account 2015/16 Budget and Business Plan 2015/16 to 2044/45

CAB2696(HSG) – Housing Revenue Account 2014/15 Outturn

CAB2724(HSG) – Extra Care Authorisation to Proceed with the Scheme (Exempt Appendices)

EXECUTIVE SUMMARY:

This report highlights the challenges facing the Housing Service in financial terms following the Government Budget in July 2015 and the subsequent publication of the Welfare Reform and Work Bill and the Housing and Planning Bill.

Both of these items of proposed legislation will require closer control of finances by local authorities and Registered Providers in future service provision and a review of future development opportunities in relation to tenure and cross-subsidisation.

The report recommends the adoption of the national 1% Rent Reduction proposals as part of the rent setting for 2016/17 and the three years after that. It also recommends that the rent for any property type classed as an exception to the regulations continue to be set in accordance with the existing national rent policy (Consumer Price Index + 1%).

The report also includes proposals for amending existing services over the next five years to ensure that a sustainable Business Plan can be prepared and delivered over the next 30 years.

RECOMMENDATIONS:

That the Committee:

- 1 That the 2015/16 HRA revised budget as detailed in Appendices 1 and 2 to the Report be approved.
- 2 That the recommended budget options as set out in paragraph 5 and Appendix 6 of the Report be supported.

That the Committee recommend to Council:

- 3 That subject to the relevant legislation coming into force, a rent reduction of 1%, with effect from April 2016 and for the following 3 years (as included in the Welfare Reform and Work Bill) be approved and that delegated authority be given to the Assistant Director (Chief Housing Officer) to apply adjustments to the reduction as regulations are published.
- 4 That, subject to the final regulations, any property type classed as an “exception” to the rent reduction plans be subject to a rent increase in line with the national rent policy (currently an increase by CPI as at September 2015 plus 1%, resulting in a net increase of 0.9% from 4 April 2016).
- 5 That delegated authority be given to the Assistant Director (Chief Housing Officer), in consultation with the Portfolio Holder for Housing Services and the Chief Finance Officer, to approve final rents for exception properties in light of the final regulations or changes to national rent policy.
- 6 That delegated authority be given to the Assistant Director (Chief Housing Officer) to apply service charges across all appropriate property and tenure types to recover costs to the HRA in meeting housing management services.
- 7 That the amended Housing Services and New Build capital programmes as detailed in Appendices 3 and 4 to the Report be approved.
- 8 The funding proposals detailed in Appendix 5, including the requirement for HRA borrowing, are approved.

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REPORT OF ASSISTANT DIRECTOR (CHIEF HOUSING OFFICER)

DETAIL:

1. Introduction

- 1.1 The Housing Revenue Account (HRA) budget for 2015/16 was approved by Cabinet (Housing) in February 2015 (report CAB 2652 (HSG) refers).
- 1.2 The original budget was later adjusted for carry forwards from 2014/15 to both revenue budgets (£62,860) and capital budgets (£998,880) following the outturn report CAB 2696 (HSG) approved in June 2015.
- 1.3 A further amendment to the new build capital programme was initiated as an exempt appendix to report CAB 2724 (HSG) following the tender exercises for the extra care scheme and Victoria House projects.

2. Background

- 2.1 The HRA Business Plan (BP) for the 30 years from 2015/16 was agreed with the budget in February 2015. This BP was fully funded and viable and made allowances for the following areas:

- The catch up of the repairs backlog as identified in the stock condition survey completed in 2014 and future maintenance expenditure that would ensure the stock remains at standards required under Decent Homes.
- The new build programme with identified sites until 2017/18 and a future spend of around £6m per annum on as yet unallocated sites from 2018/19.
- Continuing the discretionary programmes e.g. estate improvements, loft conversions/extensions, sheltered scheme upgrades and tenant determined discretionary works as originally planned.
- Maintaining revenue spending at similar levels to 2014/15 after allowing for inflation.

- 2.2 Following the Chancellor's budget in July 2015, new challenges to both local authorities and Registered Providers (RP) were set. These have been

confirmed through the inclusion in proposed legislation of key changes to HRA funding that affect both the short and longer term business planning for the HRA. These are listed below for ease of reference.

- Application of a 1% rent reduction to social rents to take effect from April 2016. This replaces the previous CPI + 1% policy that was introduced in 2014 and planned to last until March 2025. A further difference to note is that, whilst the previous policy was applied through guidelines, the new approach is enacted through legislation.
- The requirement on local authorities to fund the extension of Right to Buy by RPs, potentially by using proceeds from the sale of high value dwellings.
- The “pay to stay” policy whereby social rents will increase towards market rents for those tenants whose household income exceeds £30,000 per annum.
- The reduction in Universal Credit/welfare payments to £20,000 and the potential impact this will have on rent collection, income recovery and future arrears.

3. Rent Reductions

- 3.1 The most damaging challenge (in financial terms) to the HRA BP is through the proposed reduction of social and affordable rents by 1% per annum from April 2016. The policy is being introduced through the Welfare Reform and Work Bill, currently at 2nd Reading Stage with the House of Lords. If it proceeds to conclusion as expected, the Bill will be enacted early in 2016 with further regulations to follow.
- 3.2 It is expected that the Regulations will allow for exceptions for certain types of property or tenure to be excluded from the 1% reduction rules, for example properties used for short term housing for homeless or where specialised support is provided (this is likely to include extra care and sheltered housing and temporary accommodation, in reflection of the additional management and maintenance costs for these property types). However, it is probable that the regulations will not be issued in sufficient time for Members to consider them as part of the budget setting process. Recommendation 5 therefore requests that delegated authority be given to the Assistant Director (Chief Housing Officer) to determine final rents for such exceptions when the details of the Regulations are known.
- 3.3 An assessment of the average change to individual rents following the 1% reduction in April 2016 is shown below:

	Average Rent 2015/16	Reduction	Rent 2016/17
1 Bedroom	£88.80	£0.89	£87.91
2 Bedroom	£102.73	£1.03	£101.70
3 Bedroom	£117.05	£1.17	£115.88
4 Bedroom	£126.89	£1.27	£125.62
5 Bedroom	£148.68	£1.49	£147.19

- 3.4 An initial assessment of the change the rent reduction made to the HRA BP (with no allowance for property or tenure type exceptions) indicated that there was an immediate shortfall of £829,000 in 2016/17, followed by an annual shortfall from 2019/20 ranging from £1.35m upwards.
- 3.5 The possibility that some types of property or tenure may be excluded from the Regulations does pose another issue – what rent increase (if any) should be applied to these exceptions? The options could include continuing with the CPI + 1% increase from April 2016 (for this year, the rate of increase would be 0.9% (as CPI was at -0.1% in September 2015)); applying a straight CPI adjustment at -0.1%; or leaving rents as they are for 2015/16. Applying CPI + 1% would produce an average increase of 80p per week to sheltered tenants and temporary accommodation licensees, resulting in an additional £20,000 income to the HRA. Members may wish to note that around 75% of sheltered and extra care tenants are in receipt of housing benefit. It is suggested that with the renewed pressures on the HRA, a CPI + 1% increase will not be too onerous on tenants and this proposal is included as Recommendation 4.
- 3.6 An analysis has been done of how the proposed rent reduction will impact on our tenants in relation to Housing Benefit and the detail is shown in the table below.

Property/Tenancy Category	Not on HB	In Receipt of HB
General Needs	49.14%	50.86%
Sheltered & Extra Care Accommodation	28.75%	71.25%
Temporary Accommodation	20.93%	79.07%
Over All Property/Tenancy Types	46.30%	53.70%

- 3.7 This indicates that less than 50% of Winchester City tenants will benefit financially from the rent reduction, at an average of around £1.00 per week.
- 3.8 Equally, it shows that if Winchester continued to apply rent increases under the national policy (currently CPI + 1%) to property and tenancy categories that are predicted to be excepted from the legislation, approximately 3 in 4 tenants would have any such increase covered by Housing Benefit. As

properties in sheltered, extra care and temporary accommodation are smaller, the average increase will also be lower than £1 per week.

4. Scenario Testing

- 4.1 The shortfall in 2016/17 can be addressed as part of the 2015/16 budget revision process. The £850,000 that had been left in the budget following the decision to not proceed with the external wall insulation project at Winnall flats has been removed.
- 4.2 Other adjustments to the major repairs works budgets for 2015/16 and 2016/17 have been made and the revised programme to 2019/20 is shown at Appendix 3. This shows further savings of £1.05m in this year, mostly from external envelope works but with an increase of £0.6m in 2016/17 to ensure that the existing backlog of external repairs can be properly addressed.
- 4.3 The new build programme has also been further reviewed since the Cabinet (Housing) meeting in September and revised costings, together with 3 new proposed schemes, are shown on Appendix 4. Members should note newly identified savings against the Westman Road project for this year, offset by additional early costs for the new schemes. However, overall costs for the 5 year period to March 2020 have been left as originally agreed.
- 4.4 Appendix 5 shows how the amended future capital programme for 2015 to 2020 for both Housing Services and New Build can be funded. There are some particularly prudent assumptions around funding using S.106 contributions following the changes to developer contributions towards affordable housing contained within the Housing and Planning Bill.
- 4.5 Appendix 6 shows a series of potential savings that could be made to repairs and improvements budgets. These savings are discussed in more detail in the budget options paragraphs below. When these are applied to the HRA BP, it corrects the shortfall in 2016/17 and reduces the shortfall in 2019/20 from £1.35m to less than £60,000. It also allows HRA borrowing in 2016/17 to be reduced from £10.1m to £8.5m. However, a significant shortfall of over £1.5m in the BP returns in 2020/21 and an annual shortfall then remains until the end of the BP in 2044/45.

5. Future Budget Options

- 5.1 From the scenario testing detailed above, it is clear that whilst projected rent reductions for 2016/17 can be met from the capital provision for the aborted Winnall External Wall Insulation project, annual reductions of between £800,000 to £1m will be required from 2017, with an additional £1.5m to £2m required per annum from 2020.
- 5.2 With such significant savings required from April 2017 (if not before), decisions will need to be made as early as possible to allow a sustainable HRA BP to be prepared. Options for addressing the shortfall from 2017 include:

- a) Removal Incentive Scheme – The budget of £80,000 is not being matched by demand. Despite the continuing strain of the welfare reforms and the house size criteria rules in particular, it is considered that an ongoing budget of £50,000 per annum from 2016/17 will be sufficient to cover future demand.
- b) Increase in “controllable income” – There is limited scope to generate additional net income to the HRA, although the Council does have full discretion over charges for garages. Current charges are very low compared to commercial garage/parking charges and also well below the average for other Hampshire local authority landlords and registered providers. For example, a 4% increase would result in a rise of 36p per week for tenants and 48p (including VAT) per week for non-tenants to standard garage charges and would generate an additional £25,000.
- c) Reductions to the Repairs Programme – Significant savings could be achieved by amending “lifecycles” for key elements of the programmes, such as roofs, kitchens, doors etc. and many landlords are adopting this approach. However, with Repairs being the key priority for tenants, this should not be considered lightly.
- d) Reduced Spend on New Build – With approximately £6m per annum invested in the New Homes programme, consideration will need to be given to reducing spend in future years. However, with the current programme averaging 30 homes a year, demand for new homes being so high and the risk of further losses through high value sales, further investment rather than reductions needs to be considered if at all possible.
- e) Reducing or ceasing discretionary programmes – Whilst popular with tenants, discretionary programmes could be amended, reduced or ceased without impacting on the core responsibilities the Council has as a landlord. Potential changes to Programmes include:
 - (i) Estate Improvements – Currently £250,000. Very effective investment and popular with tenants.
 - (ii) Discretionary Works - The five-year programme introduced in 2012/13 will have been offered to all tenants at the end of March 2017 and it is suggested that this discretionary offering is withdrawn after that time.
 - (iii) Loft Conversions/Extensions – Currently averaging £200,000 annually. Limited impact and whilst effective for a very small number, it could be argued to be poor value for money overall. Some properties have been identified as suitable for extensions in 2016/17, but it is an area of work that could be substantially reduced from 2017/18.

- (iv) Sheltered Improvements - £200,000 annually aimed at improving communal facilities and areas at sheltered schemes. This is achieving very positive results but could be reduced without significant impact.
- (v) Sheltered Conversions - £200,000 annually to convert unused communal areas to new units. This does achieve very good value for money but could be incorporated into the new build programme.

5.3 In addition, measures to address to £1.5-£2m savings required for 2020 and beyond should be determined as soon as possible and in addition to the options above will need to include:

- a) Management/Staff Savings – As part of the Council's Transformation Programme, all Housing service areas will be subject to further review, with specific emphasis on:
 - (i) Call handling and contractor relationships
 - (ii) Overhead and support charges from all council teams
 - (iii) Staff teams involved in delivering discretionary and/or non core programmes (including those highlighted above but also other general tenancy sustainment/involvement programmes)
 - (iv) Potential efficiencies from changes to working practices and “cross Council” programmes.
 - (v) Digital transformation and implementing a “digital by default” approach to service delivery.
- b) Procurement Efficiencies – Whilst the Council has achieved very cost-effective services through its main term maintenance contracts (Responsive Repairs and Gas servicing), it still adopts a traditional approach to procuring cyclical and planned works through a large number of contractors and there is scope to streamline processes significantly. It is not clear whether this could reduce overall costs and/or improve service delivery, but is a clear area for investigation.
- c) Asset Management/Development – Over the next two years, it is proposed to consider all options for enhancing development programmes and delivering new homes through measures such as:
 - (i) Land and property acquisition and disposal
 - (ii) Developing regeneration programmes and focussing on assets with high maintenance costs

- (iii) Establishing “special purpose delivery vehicles” or “Housing Companies” to support housing development.

5.4 Considering the above options, it is recommended that the HRA BP and budgets be drafted for consideration by Council in February 2016 taking account of 5.2 a) and b) above (reduced incentive programme and increased garage charges) and reductions in the Discretionary programmes detailed in 5.2 d) above, but with no change to the Estate Improvement programme at this stage. Appendix 6 sets out how these programmes could be reduced over the next five years to ensure the Plan is sustainable at least until 2020.

5.5 More detailed proposals will also be brought forward to address longer term changes as detailed in 5.3 above.

5.6 Overall, these budget adjustments will make savings of over £850,000 per annum from 2017/18 onwards. Whilst this helps significantly with the future deficit situation faced by the HRA, the pressure of the rent reductions for four years and the cumulative effect thereafter means that further efficiencies and savings will need to be made in 2019/20 and beyond. It is estimated that savings in the order of £2m per year from 2020/21 will enable the HRA to remain in sufficient credit until 2031/32.

6. Revised HRA Budget 2015/16

6.1 Appendices 1 and 2 show the Service Summary and Subjective Summary HRA revenue revised budgets for 2015/16. The net effect of the changes to the capital programme (which affects the revenue contribution to capital) and the revenue adjustments detailed below is to improve the working balance at year end in the HRA from £2.42m to £3.45m. Members are asked to consider the changes detailed below and approve the recommendation to revise the 2015/16 HRA budget accordingly.

6.2 Within Housing Management General, income originally budgeted for Estate Management and HRA General is now being received under the sheltered charges area. Together with increased insurance premium costs of £42,000 and several other minor budget adjustments, the overall result is a required increase of £175,000 in this budget. The Removal Incentive Scheme budget is being reduced by £30,000, as a result of lower than expected demand. The New Build Programme Support budget is also being reduced by £30,000 as more costs are met directly by new build projects.

6.3 Within Housing Management Special, a combination of reduced premises costs and increased income is assisting the Communal Services budget, Estate Maintenance is being increased to allow for extra Streetcare service recharges. Unscheduled maintenance costs at the HRA owned sewage treatment works have resulted in a requirement for additional budget this year.

- 6.4 Within the repairs budgets, increased income from former tenant and leaseholder recharges has benefitted the budget in these areas.
- 6.5 For rents and other income, reduced bad debt write offs are assisting the dwelling rents budget, higher void losses (through estate improvement works) have resulted in reduced garage income and sheltered charges income is increased as referred to in paragraph 6.2 above.
- 6.6 Changes to the capital programmes for both Housing Services (maintenance) and New Build for 2015/16 are referred to in paragraphs 4.1, 4.2 and 4.3 above. These changes have helped reduce the capital contribution required by the HRA in 2015/16 to £6.917m from £10.362m as originally budgeted.

OTHER CONSIDERATIONS:

7. COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):

- 7.1 The proposals accord with the principles of making the best use of all available resources by continued clear financial planning.

8. RESOURCE IMPLICATIONS:

- 8.1 These are as discussed in the main body of the report.

9. RISK MANAGEMENT ISSUES

- 9.1 This is a time of significant change and there are many risks and challenges facing the Housing Service, not least of which is how to maintain consistently high levels of service at a cost that does not cause the HRA to become unviable. The most significant risks facing the HRA are listed below.
- 9.2 The HRA BP has been updated with the assumption that rent increases will revert to CPI after March 2020, however, there is no mention of dates in the Welfare Reform and Work Bill, meaning that the policy of -1% on rents could continue beyond April 2020.
- 9.3 The loss of rental income from “forced sales” to help fund the Right to Buy levy is assumed to be minimal and partly offset by retained receipts or debt cleared. It is assumed other potential costs will be met from an administration allowance similar to that enjoyed through Right to Buy sales currently.
- 9.4 Employee costs (excepting NI and pension costs) and internal General Fund recharges have been projected at 1% year on year until 2020. If internal recharges increase at a higher rate this could have a substantial effect on the viability of the HRA. Higher rates of contractual inflation could also impact detrimentally on the HRA, for example repairs contracts that use Building Maintenance Indices, rather than RPI or CPI.

- 9.5 The HRA will be required to make the first loan repayment of £5m from the Self-Financing settlement in 2022/23. It is vital to ensure that funds are available to make this repayment, even if equivalent borrowing is required within the same year. It is equally important that interest costs can be met from existing resources.
- 9.6 Within the HRA BP, no allowance has been made for the £17.5m Section 106 Contributions expected from the North Whiteley development. This is because no strategic decisions have yet been made on how these funds may be spent i.e. granted to RPs for affordable housing development and/or retained for use by the Council.
- 9.7 No allowance has currently been made for the effects of the Hampshire devolution bid within the HRA. This could be seen as either a positive or negative risk.
10. TACT Comment
- 10.1 This report was presented to the TACT meeting on 18 November and TACT members had an opportunity to ask questions and raise their concerns. However, because of the detailed nature of the report and the importance of the subject matter, it was felt that further consideration needed to be given to the paper outside of the TACT meeting. TACT representatives at Cabinet (Housing) would therefore welcome the chance to make comments at the meeting on 30 November.

BACKGROUND DOCUMENTS:

None

APPENDICES:

Appendix 1 – HRA Service Summary 2015/16 Revised Budget

Appendix 2 – HRA Subjective Summary 2015/16 Revised Budget

Appendix 3 – Proposed Housing Services Capital Programme 2015 - 2020

Appendix 4 – Proposed New Build Capital Programme 2015 - 2020

Appendix 5 – HRA Capital Programme Funding 2015 – 2020

Appendix 6 – HRA Budget Savings Options

Appendix 7 – HRA Business Plan Extract After Year End and 1% Rent Reduction

Appendix 8 – HRA Business Plan Extract After Potential Savings Applied

	2015/16 Original Budget £	2015/16 Working Budget £	2015/16 Further Adjustments £	2015/16 Revised Budget £
Housing Management General				
Estate Management	879,073	860,084	84,720	944,804
HRA General	1,690,966	1,888,783	90,368	1,979,151
Joint Housing Register	126,896	126,896	0	126,896
Removal Incentive Scheme	80,000	80,000	(30,000)	50,000
Rent Accounting	268,660	259,324	0	259,324
Tenants Information	123,128	123,588	0	123,588
Vacant Dwellings	24,044	24,044	0	24,044
New Build Programme Support	467,645	467,645	(30,000)	437,645
	3,660,412	3,830,364	115,338	3,945,452
Housing Management Special				
Communal Services	12,210	12,210	(29,242)	(17,032)
Disabled Adaptations	132,541	132,730	0	132,730
Estate Maintenance	479,652	479,652	39,000	518,652
Homelessness	(50,086)	(37,392)	12,620	(24,772)
Sewage Works	213,611	213,611	42,000	255,611
Sheltered Housing	637,231	643,859	17,323	661,182
	1,425,159	1,444,670	81,701	1,526,371
Repairs				
Responsive Maintenance	2,300,000	2,300,000	0	2,300,000
Voids	470,000	470,000	(35,000)	435,000
Cyclic	1,176,000	1,176,000	0	1,176,000
Sub-total Repairs Works	3,946,000	3,946,000	(35,000)	3,911,000
Repairs Administration	1,439,722	1,313,119	(35,326)	1,277,793
	5,385,722	5,259,119	(70,326)	5,188,793
Interest Payable	5,225,450	5,225,450	0	5,225,450
Depreciation of Fixed Assets	5,929,000	5,929,000	0	5,929,000
	11,154,450	11,154,450	0	11,154,450
Rents and Other Income				
Dwelling Rents	(26,414,608)	(26,414,608)	(15,592)	(26,430,200)
Garage Rents	(862,750)	(862,750)	55,650	(807,100)
Other Income	(275,187)	(275,187)	(3,450)	(278,637)
Sheltered Charges	(399,900)	(399,900)	(106,600)	(506,500)
Interest Receivable	(24,000)	(24,000)	0	(24,000)
	(27,976,445)	(27,976,445)	(69,992)	(28,046,437)
Surplus for year on HRA Services	(6,350,702)	(6,287,842)	56,471	(6,231,371)
Capital Expenditure funded by HRA	10,362,000	7,788,000	(871,000)	6,917,000
Right to Buy Admin Fees	(20,800)	(20,800)	0	(20,800)
Net (increase)/decrease in HRA Balance before transfers to or from reserves	3,990,498	1,479,358	(814,529)	664,829
Transfer re Insurance Reserve	66,300	66,300	0	66,300
(Increase)/ decrease in HRA Balance	4,056,798	1,545,658	(814,529)	731,129
HRA Working Balance				
Opening Balance	(6,479,018)	(6,479,018)	2,292,859	(4,186,159)
Add Projected Deficit/(Surplus)	4,056,798	1,545,658	(814,529)	731,129
Projected Balance at Year End	(2,422,220)	(4,933,360)	1,478,330	(3,455,030)

	2015/16 Original Budget £	2015/16 Working Budget £	2015/16 Further Adjustments £	2015/16 Revised Budget £
Employees	3,074,453	3,090,313	(6,723)	3,083,590
Premises	5,225,633	5,225,633	12,271	5,237,904
Transport	266,065	266,065	(10,000)	256,065
Supplies & services	843,992	890,992	(9,576)	881,416
Third party payments	125,000	125,000	(25,000)	100,000
Support Services	2,173,236	2,173,236	133,513	2,306,749
Net Interest	5,225,540	5,225,540	0	5,225,540
Depreciation on Fixed Assets	5,929,000	5,929,000	0	5,929,000
External income	(29,213,621)	(29,213,621)	(38,014)	(29,251,635)
Surplus for year on HRA Services	(6,350,702)	(6,287,842)	56,471	(6,231,371)
Capital Expenditure funded by HRA	10,362,000	7,788,000	(871,000)	6,917,000
Right to Buy Admin Fees	(20,800)	(20,800)	0	(20,800)
Net (increase)/decrease in HRA Balance before transfers to or from reserves	3,990,498	1,479,358	(814,529)	664,829
Transfer re Insurance Reserve	66,300	66,300	0	66,300
(Increase)/ decrease in HRA Balance	4,056,798	1,545,658	(814,529)	731,129

HRA Working Balance				
Opening Balance	(6,479,018)	(6,479,018)	2,292,859	(4,186,159)
Add Projected Deficit/(Surplus)	4,056,798	1,545,658	(814,529)	731,129
Projected Balance at Year End	(2,422,220)	(4,933,360)	1,478,330	(3,455,030)

Housing Services - Capital Programme

Original Programme

Housing Services Programme	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.
	£000	£000	£000	£000	£000	£000
Revenue						
Responsive Repairs	2,300	2,346	2,393	2,441	2,490	11,970
Void Works	470	479	489	499	509	2,446
Cyclic Works	1,176	1,200	1,224	1,248	1,273	6,121
Disabled Works (Revenue)	100	100	100	100	100	500
	4,046	4,125	4,206	4,288	4,372	21,037
Major Repairs						
External Envelope Works	2,117	2,149	2,206	2,266	2,328	11,066
External Ground Works	776	639	657	675	693	3,440
External Window/Door/Screens	774	687	506	519	532	3,018
Internal Structure & Finishes	220	225	231	237	243	1,156
Kitchen & Bathroom Renewals	2,061	1,922	1,974	2,027	2,082	10,066
Mechanical & Electrical Services	1,211	930	955	982	1,012	5,090
	7,159	6,552	6,529	6,706	6,890	33,836
Improvements & Conversions						
Estate Improvements	663	268	276	284	293	1,784
Loft Conversions/Extensions	387	214	220	227	233	1,281
Sheltered Housing Conversions	205	210	217	224	230	1,086
Sheltered Housing Upgrades	303	214	220	227	233	1,197
Other Works (ex Winnall EWI)	850	0	0	0	0	850
	2,408	906	933	962	989	6,198
Disabled Adaptations	731	750	772	794	820	3,867
Other Capital Spending						
River Itchen Maintenance	36	0	0	0	0	36
Sewage Treatment Works	166	108	111	114	117	616
Total HS Capital Programme	10,500	8,316	8,345	8,576	8,816	44,553

Amended Programme

Housing Services Programme	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.
	£000	£000	£000	£000	£000	£000
Revenue						
Responsive Repairs	2,300	2,346	2,393	2,441	2,490	11,970
Void Works	470	479	489	499	509	2,446
Cyclic Works	1,176	1,200	1,050	1,071	1,092	5,589
Disabled Works (Revenue)	100	100	100	100	100	500
	4,046	4,125	4,032	4,111	4,191	20,505
Major Repairs						
External Envelope Works	700	2,900	2,206	2,266	2,328	10,400
External Ground Works	776	639	657	675	693	3,440
External Window/Door/Screens	774	687	499	512	524	2,996
Internal Structure & Finishes	300	225	231	237	243	1,236
Kitchen & Bathroom Renewals	2,061	1,922	1,974	2,027	2,082	10,066
Mechanical & Electrical Services	1,500	930	955	982	1,012	5,379
	6,111	7,303	6,522	6,699	6,882	33,517
Improvements & Conversions						
Estate Improvements	663	268	268	268	268	1,735
Loft Conversions/Extensions	387	114	0	0	0	501
Sheltered Housing Conversions	205	210	0	0	0	415
Sheltered Housing Upgrades	303	150	150	150	150	903
Other Works (ex Winnall EWI)	0	0	0	0	0	0
	1,558	742	418	418	418	3,554
Disabled Adaptations	731	750	772	794	820	3,867
Other Capital Spending						
River Itchen Maintenance	36	0	0	0	0	36
Sewage Treatment Works	166	108	111	114	117	616
Total HS Capital Programme	8,602	8,903	7,823	8,025	8,237	41,590

Increase/Reduction - Revenue	0	0	-174	-177	-181	-532
Increase/Reduction - Capital	-1,898	587	-522	-551	-579	-2,963

New Build - Capital Programme

Cabinet Approved 30.9.15

		2015/16	2016/17	2017/18	2018/19	2019/20	Total
Scheme description	Previous years actuals	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.
	£000	£000	£000	£000	£000	£000	£000
New Build Programme							
Bourne Close	451	8					459
Pumping Station, Itchen Abbas	639	10					649
NQH development - Stanmore	361	2,356					2,717
Swanmore / Springvale	12	369					381
Westman Rd	67	1,887	8				1,962
Victoria House	161	435	3,878	374			4,848
Hillier Way	0	500	1,821				2,321
Extra Care	264	2,952	10,937	1,141			15,294
Mitford road	0	25	700	715			1,440
Wilberforce Close - Stanmore	0	0	1,240	2,360			3,600
Property Acquisition	486	1,015	0	0			1,501
Small sites / unallocated programme	0	31	1,000	3,757	5,810	5,970	16,568
Total New Build Programme	2,441	9,588	19,584	8,347	5,810	5,970	51,740

Amended Programme

		2015/16	2016/17	2017/18	2018/19	2019/20	Total
Scheme description	Previous years actuals	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.
	£000	£000	£000	£000	£000	£000	£000
New Build Programme							
Bourne Close	451	8					459
Pumping Station, Itchen Abbas	639	10					649
NQH development - Stanmore	361	2,356					2,717
Swanmore / Springvale	12	357					369
Westman Rd	67	1,699	50				1,816
Victoria House	161	200	4,113	377			4,851
Hillier Way	0	100	2,171	50			2,321
Extra Care	264	2,952	10,938	1,140			15,294
Mitford road	0	100	700	640			1,440
Wilberforce Close - Stanmore	0	0	50	2,450	1,100		3,600
Knowle Village	0	90	200	1,610			1,900
Bailey Close	0	10	100	800			910
Greenhill Road	0	35	150	1,200			1,385
Property Acquisition	486	245	705	0			1,436
Small sites / unallocated programme	0	0	407	1,506	4,710	5,970	12,593
Total New Build Programme	2,441	8,162	19,584	9,773	5,810	5,970	51,740

NB Future allowance will need to be made for Hookpit Farm Top Field - expected cost £1.5m-£2m pa 16/17 to 18/19

HRA Capital Programme Funding

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Right to Buy 1-4-1 Receipts	782	571	1,600	600	600	4,153
Right to Buy Other Retained receipts	100	343	0	347	175	965
Non-RTB Sales	170	670	500	0	0	1,340
Other capital receipts	100	0	25	0	0	125
S.106 Contributions	500	1,464	100	50	0	2,114
Harris Bequest	605	0	0	0	0	605
HCA Grants	925	0	925	0	0	1,850
HCC Extra Care Grant	595	595	610	0	0	1,800
HRA Revenue Contributions to Capital	6,917	9,165	7,406	6,173	5,152	34,813
Additional Borrowing	631	9,529	0	0	1,450	11,610
Renewable Heating Grant	10	0	0	0	0	10
Major Repairs Reserve	5,429	6,150	6,430	6,665	6,830	31,504
Total Funding	16,764	28,487	17,596	13,835	14,207	90,889
Maintenance (from Appx 3)	8,602	8,903	7,823	8,025	8,237	41,590
New Build (from Appx 4)	8,162	19,584	9,773	5,810	5,970	49,299
Capital Programme Total	16,764	28,487	17,596	13,835	14,207	90,889

HRA Budget 2016/17 to 2020/21 - Budget Savings Options to Counter Impact of Rent Reduction

Savings Options	2015/16 Budget	2015/16 Savings	2016/17	2017/18	2018/19	2019/20	2020/21	Notes
Revenue								
Vacant posts	-	197,800						Not reflected in revised budget appendices
Discretionary Works (Decorations)	150,000	-		150,000	150,000	150,000	150,000	
Removal Incentive Scheme	80,000	30,000	30,000	30,000	30,000	30,000	30,000	
Garage Income	862,750	55,650	25,000	25,000	25,000	25,000	25,000	
Total		172,150	55,000	205,000	205,000	205,000	205,000	
Capital								
Loft Conversions & Extensions	209,000	-	95,000	209,000	209,000	209,000	209,000	
Sheltered Improvements	209,000	-	59,000	59,000	59,000	59,000	59,000	
Sheltered Conversions	205,000	-		205,000	205,000	205,000	205,000	New Build budget used where needed
Discretionary Works (Doors/windows)	200,000	-		200,000	200,000	200,000	200,000	
External Wall Insulation	850,000	850,000						
External Envelope Works (net)	2,117,000	1,048,000						
Total		1,898,000	154,000	673,000	673,000	673,000	673,000	

Note: Some figures in 2015/16 Budget column exclude carry forwards from 2014/15.

Other Considerations	2015/16 Budget	
Estate Improvements - Capital	260,000	Excludes 14/15 carry forwards
Estate Improvements - Revenue	100,000	
Grounds Maintenance	206,357	Net of recharge to General Fund but excludes works recharged by Streetcare
Furniture and Equipment	201,500	Includes £80,000 budget for Tunstall alarm equipment maintenance & support
Consultancy	178,878	Includes IT, Legal & Property Services external consultancy budgets
Maintenance - General Capital	7,159,000	Original programme, now reduced to £6,111k for 2015/16
New Build Capital	9,588,000	Programme approved at September Committee, now amended to £8,162k

HRA Business Plan - Working Balance, Capital Shortfalls & Borrowing Extract

Illustration 1 - After 2014/15 Year End and 1% Rent Reduction

Year No.	Year	Closing HRA Working Balance £	Capital Shortfall in Year £	Extra Borrowing £	Principal Repayments £	Closing Borrowing £	HRA Borrowing Limit (Debt Cap) £
1	2015/16	2,303,357	0	630,800	0	157,352,800	167,484,000
2	2016/17	1,080,278	829,102	11,129,170	0	168,481,970	168,512,988
3	2017/18	3,655,609	0	0	0	168,481,970	168,512,988
4	2018/19	1,731,424	0	0	0	168,481,970	168,512,988
5	2019/20	1,150,207	1,357,181	0	0	168,481,970	168,512,988
6	2020/21	1,177,401	2,731,956	0	0	168,481,970	168,512,988
7	2021/22	1,206,832	2,763,509	0	0	168,481,970	168,512,988
8	2022/23	1,237,003	2,676,866	0	0	168,481,970	168,512,988
9	2023/24	1,267,928	2,833,798	0	0	168,481,970	168,512,988
10	2024/25	1,299,626	9,288,062	0	0	168,481,970	168,512,988
11	2025/26	1,332,117	3,148,087	0	0	168,481,970	168,512,988
12	2026/27	1,365,420	3,417,568	0	0	168,481,970	168,512,988
13	2027/28	1,399,555	3,710,096	0	0	168,481,970	168,512,988
14	2028/29	1,434,544	3,742,904	0	0	168,481,970	168,512,988
15	2029/30	1,470,408	3,741,207	0	0	168,481,970	168,512,988
16	2030/31	1,507,168	5,128,622	0	0	168,481,970	168,512,988
17	2031/32	1,544,847	6,428,277	0	0	168,481,970	168,512,988
18	2032/33	1,583,468	6,797,932	0	0	168,481,970	168,512,988
19	2033/34	1,623,055	6,631,706	0	0	168,481,970	168,512,988
20	2034/35	1,663,631	7,028,491	0	30,800	168,451,170	168,512,988
21	2035/36	1,705,222	6,831,864	0	29,170	168,422,000	168,512,988
22	2036/37	1,747,853	7,938,673	0	0	168,422,000	168,512,988
23	2037/38	1,791,549	8,047,426	0	0	168,422,000	168,512,988
24	2038/39	1,836,338	8,159,644	0	0	168,422,000	168,512,988
25	2039/40	1,882,246	8,278,696	0	0	168,422,000	168,512,988
26	2040/41	1,929,302	2,729,645	0	0	168,422,000	168,512,988
27	2041/42	1,977,535	7,524,663	0	5,500,000	162,922,000	168,512,988
28	2042/43	2,026,973	3,805,965	0	900,000	162,022,000	168,512,988
29	2043/44	2,077,648	2,679,473	0	0	162,022,000	168,512,988
30	2044/45	2,129,589	3,520,241	0	1,000,000	161,022,000	168,512,988

Note:

First principal repayment from self-financing loans due in 2022/23 but will be re-borrowed in the same year.

HRA Business Plan - Working Balance, Capital Shortfalls & Borrowing Extract

Illustration 2 - After Potential Savings & Revised Borrowing Applied

Year No.	Year	Closing HRA Working Balance £	Capital Shortfall in Year £	Extra Borrowing £	Principal Repayments £	Closing Borrowing £	HRA Borrowing Limit (Debt Cap) £
1	2015/16	3,455,030	0	630,800	0	157,352,800	167,484,000
2	2016/17	1,393,963	0	9,529,170	0	166,881,970	168,512,988
3	2017/18	2,309,843	0	0	0	166,881,970	168,512,988
4	2018/19	1,164,240	0	0	0	166,881,970	168,512,988
5	2019/20	1,148,789	59,024	1,450,000	0	168,331,970	168,512,988
6	2020/21	1,177,397	1,557,970	0	0	168,331,970	168,512,988
7	2021/22	1,206,832	1,738,682	0	0	168,331,970	168,512,988
8	2022/23	1,237,003	1,763,542	0	0	168,331,970	168,512,988
9	2023/24	1,267,928	1,965,379	0	0	168,331,970	168,512,988
10	2024/25	1,299,626	3,355,319	0	0	168,331,970	168,512,988
11	2025/26	1,332,117	2,158,444	0	0	168,331,970	168,512,988
12	2026/27	1,365,420	2,313,408	0	0	168,331,970	168,512,988
13	2027/28	1,399,555	2,650,611	0	0	168,331,970	168,512,988
14	2028/29	1,434,544	2,602,069	0	0	168,331,970	168,512,988
15	2029/30	1,470,408	2,607,778	0	0	168,331,970	168,512,988
16	2030/31	1,507,168	3,737,544	0	0	168,331,970	168,512,988
17	2031/32	1,544,847	5,074,890	0	0	168,331,970	168,512,988
18	2032/33	1,583,468	5,355,017	0	0	168,331,970	168,512,988
19	2033/34	1,623,055	5,289,557	0	0	168,331,970	168,512,988
20	2034/35	1,663,631	5,447,339	0	30,800	168,301,170	168,512,988
21	2035/36	1,705,222	5,259,204	0	29,170	168,272,000	168,512,988
22	2036/37	1,747,853	6,260,787	0	0	168,272,000	168,512,988
23	2037/38	1,791,549	6,367,310	0	0	168,272,000	168,512,988
24	2038/39	1,836,338	6,330,717	0	0	168,272,000	168,512,988
25	2039/40	1,882,246	6,489,550	0	0	168,272,000	168,512,988
26	2040/41	1,929,302	1,271,028	0	0	168,272,000	168,512,988
27	2041/42	1,977,535	6,074,057	0	5,500,000	162,772,000	168,512,988
28	2042/43	2,026,973	2,202,412	0	900,000	161,872,000	168,512,988
29	2043/44	2,077,648	1,197,033	0	0	161,872,000	168,512,988
30	2044/45	2,129,589	1,810,928	0	1,000,000	160,872,000	168,512,988

Note:

First principal repayment from self-financing loans due in 2022/23 but will be re-borrowed in the same year.