

REPORT TITLE: HOUSING REVENUE ACCOUNT BUDGET OPTIONS 2018/19
AND RENT SETTING

22 NOVEMBER 2017

REPORT OF PORTFOLIO HOLDER: LEADER WITH PORTFOLIO FOR HOUSING
SERVICES

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WARD(S): ALL

PURPOSE

This report provides an update on the Housing Revenue Account (HRA) budget for 2017/18 and sets out options for Members to consider in relation to the budget for 2018/19. It also updates Members on the latest forecasts for the Housing Capital Programme for 2017/18, together with a proposed programme for the next nine years.

Separately, the report asks Members to confirm their preferred approach to garage rent increases from April 2018 and invites Members to consider a proposal to transfer the ownership of HRA garages into the Council's General Fund over a number of years.

RECOMMENDATIONS:

1. That the revised forecasts for the HRA for 2017/18 as detailed in Appendices 1 and 2 are noted.
2. That the amended capital programmes for Housing Services and New Build Projects together with the funding schedule for 2017/18 to 2026/27 as detailed in Appendices 4, 5 and 6 are approved.
3. That the rent reduction for Council dwellings of 1% as highlighted in paragraph 10.18 in line with the Welfare Reform and Work Act 2016 be noted.

4. That Members consider options for setting garage rents as detailed in paragraphs 10.27 to 10.29 of the report and indicate their preference to enable this to be fed into final recommendations which will be brought back to Committee in January 2018.
5. That Members support the principle for the transfer of garages from the HRA to the General Fund over a period of three to five years, commencing in 2018/19, to reflect the fact that garages are available for wider community use and do not form part of the delivery of the Council's core housing service.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 Providing good quality housing and new affordable homes is a strategic priority for the Council. Effective management of the resources available to the Council enable it to take advantage of new opportunities and ensure that satisfaction levels remain high amongst tenants in relation to their home and community.

2 FINANCIAL IMPLICATIONS

- 2.1 These are fully detailed in Section 10 of the report and the accompanying appendices.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Council is required under statute to maintain a separate Housing Revenue Account with a positive working balance and with a housing revenue borrowing cap (the debt cap). Effective management of the HRA is necessary to ensure that both of these requirements are met.
- 3.2 With regard to major Housing Services contracts and new build schemes, any projects with costs in excess of £100,000 will be subject to a financial appraisal and full tendering exercise in line with Financial Procedure Rules.

4 WORKFORCE IMPLICATIONS

- 4.1 Some of the options for consideration for next year's budget will require additional staffing resources. These are detailed within Section 10.19 as relevant but in summary will include up to 2 FTE staff covering extra work from the roll out of Universal Credit and 1 FTE on a short term contract following the handover of Chesil Lodge.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 In order to meet one of the key principles of the Council Strategy, the HRA is required to provide sufficient financial resources to both maintain existing stock to decent homes standard and to enable new affordable housing to be built to help meet local demands.
- 5.2 One of the options for consideration is the gradual transfer of the garage assets from the HRA to the General Fund over 5 years. More detail on this proposal and the financial impact this has on the HRA is contained in Section 10.

6 CONSULTATION AND COMMUNICATION

- 6.1 A draft of this report was presented to a Tenants Panel meeting on 2 November for their consideration. Tenant representatives will also be at

Cabinet (Housing) Committee to give verbal feedback to Members on the report.

7 ENVIRONMENTAL CONSIDERATIONS

7.1 The Housing Service considers environmental factors when preparing and developing major projects e.g. working closely with Planning and Landscape Officers when considering new build developments to meet the required codes for sustainable housing.

8 EQUALITY IMPACT ASSESSMENT

8.1 There are no equality issues arising from this report.

9 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Property That the Council fails to adequately maintain housing stock and their condition falls below decent home standards.</i>	An effective and well funded programme of capital works linked to a comprehensive stock condition survey and sound future planning ensures decent home standards are met and maintained.	
<i>Community Support Consultation is required with tenants regarding HRA budgets and with the wider community over new build developments.</i>	Regular communication is maintained with tenants and leaseholders on a variety of housing issues. The Council consults with local residents and stakeholders on proposed new build schemes.	Pro-active consultation can bring forward options that otherwise may not have been considered.
<i>Timescales Delays to new build contracts results in lost revenue and, potentially, increased costs. An achievable new build programme is necessary to avoid the Council</i>	New build contracts contain clauses to allow the Council to recover damages if the project is delayed due to contractor actions. Close control is maintained on Right to Buy receipts and these are	

<p><i>having to repay Right to Buy 1-4-1 receipts with interest or penalties.</i></p>	<p>monitored against future spending plans to ensure action can be taken if necessary.</p>	
<p><i>Project capacity</i> <i>The HRA debt cap and rules around the use of Right to Buy receipts may limit the ability of the Council to implement proposed new build and major works programmes.</i></p> <p><i>Staffing resources (sometimes outside of Housing) reduce the time available to push forward new build schemes at the required pace.</i></p>	<p>Regular monitoring of budgets and business plans, together with the use of suitable financial assessment tools enables the Council to manage resources effectively.</p> <p>Staff resources within Housing are regularly reviewed and regular project meetings are held with colleagues in other Departments to enable an ambitious new build programme to be delivered.</p>	<p>Recent Government announcements on the Affordable Housing Programme may allow for increased bids for grant to support new build schemes.</p>
<p><i>Financial / VfM</i> <i>The current rent reduction rules are directly impacting on the Council's ability to maintain services at existing levels but new announcements should allow an element of certainty in business planning until 2025.</i></p> <p><i>Restrictions on the way in which available funds are used and time limits applied may affect project timing.</i></p> <p><i>The roll out of Universal Credit (UC) to Winchester, starting from April 2018 will impact on arrears and is also likely to impact on rent debtor write offs over future years.</i></p>	<p>Constant budget monitoring and needs / savings assessments assist with maintaining services at required levels.</p> <p>Officers are considering options to allow a further injection of capital into the HRA without harming a viable business plan.</p> <p>Winchester is preparing early to work with tenants affected, particularly in the transition stage between HB ending and the first UC payment being received.</p>	

<p><i>Legal</i> <i>Changing Government priorities and a greater emphasis on “social housing” (as compared to affordable housing) may impact on the Council’s new build programme.</i></p>	<p>Government policy changes are being followed closely to identify any new risks or opportunities that they bring.</p>	
<p><i>Innovation</i> <i>The introduction of a Housing Company to support the new build programme is brought in without reference to existing rules and consents.</i></p>	<p>Legal and business planning advice is being sought on an appropriate solution.</p>	
<p><i>Reputation</i> <i>Failure to complete major housing projects due to resources would be likely to affect both customer satisfaction levels and the Council’s reputation.</i></p>	<p>Business planning tools with regular updates are utilised to make sure resources are available to complete projects.</p>	
<p><i>Other</i> <i>None</i></p>		

10 SUPPORTING INFORMATION:

10.1 Housing Revenue Account Updated Forecast 2017/18

10.2 The 2017/18 working budget is showing an improved position for the current financial year, albeit still a deficit. The latest forecast is highlighting a deficit of £1.478m for the year against the original budget of a £2.28m deficit. Appendices 1 and 2 show the service and subjective HRA summaries as they are now forecast.

10.3 Appendix 3 shows a summary of the budget adjustments made with the key items being:

- A reduction in the revenue responsive and cyclic repairs budgets totalling £300,000 (notes 1 and 3). These savings are being used to fund increased spending in the major works budgets.
- A reduction in the forecast rents and service charges income of (£71,785) from temporary accommodation due to increased void losses caused by lower demand for these services (note 14).

- A reduction in the capital funding requirement from the HRA of £804,000 as a result of changes to the capital programme as shown in paragraphs 10.4 to 10.7 below (note 15).
- A reduction of (£234,000) in rental income caused by the later handover of some schemes than calculated for this budget (note 16).

10.4 Housing Capital Programme Updated Forecast 2017/18 and Budgets to 2026/27

10.5 The Housing Services programme shows a net increase of £843,000 to £8.640m when compared to the original budget. This is mostly as a result of unspent budgets in 2016/17 being brought forward to this year - £578,000 – with the remainder being for kitchen and bathroom upgrades and mechanical & electrical works. This additional spend is being funded from savings against revenue repairs works. The Improvements and Conversions budgets and the Sewage Treatment Works budgets have been amended to reflect the latest forecasts of expenditure for the year.

10.6 The new build programme shows a net decrease against the original budget of (£2,284,000) in forecast spend this year. Much of this revised forecast is from a re-profiled budget for The Valley and Mayles Lane – now £800,000 and £70,000 compared to £3.194m and £1.0m respectively – where starts on site are not now anticipated until 2018/19.

10.7 Appendices 4 and 5 show the revised forecasts for 2017/18 together with proposed budgets for the next 9 years discussed in the following paragraphs.

10.8 Housing Capital Programme Budgets 2018/19 to 2026/27

10.9 Within Housing Services, the Major Repairs budgets from 2018/19 have been re-based into 5 year bandings to take account of the works completed on our stock since the stock condition survey in 2014. This has resulted in a slight reduction in spend from 2018/19 for 5 years but then a jump of £1.2m per annum (pa) from 2023/24.

10.10 The Estate Improvements programme is set to continue at £250,000 pa with sheltered housing upgrades at £100,000 until 2021/22 then dropping to £50,000 thereafter. An allowance of £60,000 in the loft conversions / extensions programme has been made in case of phase 3 project overruns.

10.11 For the new build budgets, new schemes have been added at Meryon Road, Abbots Barton, Dolphin Hill, Woodman Close and Kings Worthy where capacity studies, initial surveys or other preparatory discussions have already commenced. These schemes will provide (subject to planning consent being obtained and viability measures being met) another 60 new dwellings over the next 2 years. An extra £3.3m has been put into unallocated sites for 2018/19 and 2019/20 to enable the Council to commit spending of Right to Buy (RtB) 1-4-1 funds.

10.12 HRA Capital Programme Funding

10.13 Appendix 6 gives full details of how it is proposed to fund the Housing Services and new build budgets for this year and until 2026/27.

10.14 There have been a number of concerns around funding the existing programmes, including ensuring that all the Council's RtB 1-4-1 receipts (currently £5.36m) are spent within the 3 year time limit whilst having the available funds to meet the remaining 70% expenditure on a scheme.

10.15 Prudent assumptions have been made in both the future funding programme and the HRA Business Plan (HRA BP) update for both shared ownership sales and potential sales to a housing company.

10.16 HRA Business Plan Options for 2018/19 to 2046/47

10.17 The latest iteration of the 30-year HRA BP started with the existing HRA budget as the base but has allowed for a number of revenue adjustments for known policy changes and service enhancements as well as anticipated requirements for the roll out of Universal Credit from 2018/19.

10.18 A recently announced policy change is that, once the current policy of a 1% annual dwelling rent reduction until March 2020 ends, the Government has confirmed that rents will return to annual increases of CPI +1% for 5 years with effect from April 2020. The HRA BP has assumed rent increases at CPI after that 5 year period ends in 2025.

10.19 In terms of service enhancements and Universal Credit, the following costs or income have been added:

- £20,000 has been put in to support the tenant engagement strategy detailed in report CAB2987(HSG) due to be discussed at this meeting.
- A further £20,000 has been added for a short term additional resource (1 x FTE for 6 months) during the handover of Chesil Lodge and to assist new tenants and owners during the early weeks of them moving in.
- An allowance of £30,000 has been made for support from the Council's car parks team to monitor and enforce a new car parking policy to be brought to this Committee in January 2018.
- Income from the letting of one of the Council's temporary accommodation hostels to an external housing and support provider has been added.
- New resources of up to two FTE staff at an estimated cost of £80,000 to support the likely fallout from the full roll out of Universal Credit during 2018 are being made available from April 2019 until 2025.

- Provision for bad debts is currently 0.5% per annum. The HRA BP assumes an increase in this provision to take account of irrecoverable debt arising from the roll out of Universal Credit (UC). Other landlords already subject to the roll out of UC have seen significant increases in arrears. Measures are already in place to mitigate this when the roll out is extended to Winchester in 2018. Sensitivity testing has also been completed which highlighted that the HRA BP would remain sustainable even in the very unlikely event of irrecoverable debt rising to 8 times the current level of provision.

- 10.20 Appendices 7 and 8 show extracts from the HRA BP Operating Account and Financing Schedule for the period 2017/18 to 2046/47 having taken account of the bullet points detailed in paragraph 10.19 above.
- 10.21 Whilst updating the HRA BP, the general assumptions and forecasts used in the Plan have been reviewed and amended where considered necessary. The details of the key assumptions made are shown in Appendix 9.
- 10.22 Transferring Garages from the HRA to the General Fund
- 10.23 There are currently 1,700 Council owned garages which are accounted for within the HRA. A small number of garages in the Fulflood area are already owned by the General Fund. Whilst priority is currently offered to Council tenants, garages are available to all residents and make no contribution to the delivery of the Council's statutory housing responsibilities. Garages do generate significant rental income and appropriating garages to the General Fund will have the combined advantage of addressing the General Fund's revenue shortfalls and the HRA's limited capital funding.
- 10.24 A scenario of gradually transferring HRA garages over to the Council's General Fund starting in 2018/19 and running for 3 to 5 years has been tested over the 30 year life of the HRA BP. Although there is a reduction in the end of period working balance of £24m compared to the updated "base" HRA BP the short term effect of the transfer does not harm current spending plans. The capital injection into the HRA from the transfer will allow the Council to accelerate the new build development programme towards achieving the target of 600 new homes.
- 10.25 The phased transfer is anticipated to result in garages to the value of £8m (based on balance sheet values as at 31 March 2017) being acquired by the General Fund. Garages will transfer in tranches and the decision on behalf of the General Fund to acquire the assets will be made by the Strategic Asset Purchase Scheme (SAPS) Board at each stage. Further work is currently underway to evaluate both the revenue and capital impact on the General Fund and HRA .

10.26 Garage Rents – Increase Options

- 10.27 The table below shows garage rent levels since April 2013 (excluding VAT) together with the percentage increases that have been applied since April 2014. For the first couple of years, these increases followed RPI values at the previous September and were the same percentages across council tenant, private tenant and central garage tenant rents. It should be noted that council tenants with a central garage pay the same rate as other council tenants and no council tenants pay VAT on the rent charge.
- 10.28 More recent increases have been at higher than RPI levels for private tenants and for central garages to bring Winchester rents more into line with those of other Hampshire Councils and local Registered Providers. These higher increases may have contributed in part to marginally higher void levels in 2017/18 – 9% compared to an average of 6.2% over the last four years.
- 10.29 The table also shows what the level of rents would be if an increase equivalent to RPI at September 2017 (3.9%) is applied from April 2018. Members are invited to consider whether they wish to increase garage rents with effect from April 2018 and, if so, at what rate.

Year	Council Tenants	% Increase	Private Tenants	% Increase	Central Garages	% Increase
2013/14	£8.86	-	£10.05	-	£11.83	-
2014/15	£9.14	3.2%	£10.37	3.2%	£12.21	3.2%
2015/16	£9.35	2.3%	£10.61	2.3%	£12.49	2.3%
2016/17	£9.72	4.0%	£11.67	10.0%	£13.74	10.0%
2017/18	£9.91	2.0%	£13.00	11.4%	£15.00	9.2%
2018/19	(with RPI £10.30)	RPI at 3.9%	(with RPI £13.50)	RPI at 3.9%	(with RPI £15.59)	RPI at 3.9%

11 OTHER OPTIONS CONSIDERED AND REJECTED

- 11.1 As mentioned in paragraph 10.19, bullet point 6, the allowance for bad debts has been tested at various levels. However, it is generally agreed within Housing that the current level of write offs in the HRA (0.3%) is insufficient going forward with the introduction of Universal Credit, hence a steady increase in the allowance up to 4% from 2022/23. A higher allowance has also been considered and rejected as the HRA BP shows this as being not sustainable in the longer term.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB2893(HSG) HRA Budget 2017/18 and Business Plan 2017-2047; 1 February 2017

CAB2930(HSG) HRA 2016/17 Outturn and Key Performance Indicators; 6 July 2017

Other Background Documents:-

HRA Business Plan 2017 to 2047, from which Appendices 7 and 8 are extracted.

APPENDICES:

Appendix 1 – Housing Revenue Account Revised Budget Forecast 2017/18 – Service Summary

Appendix 2 – Housing Revenue Account Revised Budget Forecast 2017/18 – Subjective Summary

Appendix 3 – Housing Revenue Account Budget Adjustments Summary 2017/18

Appendix 4 – Housing Services Re-Forecast Capital Programme 2017/18 and Proposals for 2018/19 to 2026/27

Appendix 5 – New Build Re-Forecast Capital Programme 2017/18 and Proposals for 2018/19 to 2026/27

Appendix 6 – Housing Capital Programme Funding Re-Forecast and Proposals for 2018/19 to 2026/27

Appendix 7 – HRA Business Plan Extract – Operating Account 2017/18 to 2046/47

Appendix 8 – HRA Business Plan Extract – Financing Schedule 2017/18 to 2046/47

Appendix 9 – HRA Business Plan – Updated Assumptions.

Housing Revenue Account - Re-Forecast Service Summary 2017/18			CAB2986(HSG) Appendix 1	
	17/18 Original Budget £	17/18 Working Budget £	17/18 Further Adjustments £	17/18 Forecast Budget £
Housing Management General				
Estate Management	1,132,404	1,106,187	0	1,106,187
HRA General	2,045,501	2,155,428	(90,000)	2,065,428
Removal Incentive Scheme	50,000	50,000	0	50,000
Rent Accounting	247,894	248,174	0	248,174
Tenants Information	112,317	112,572	1,100	113,672
Vacant Dwellings	9,200	9,200	0	9,200
New Build Programme Support	743,026	774,963	0	774,963
	4,340,342	4,456,524	(88,900)	4,367,624
Housing Management Special				
Communal Services	(90,159)	(90,159)	0	(90,159)
Disabled Adaptations	114,363	114,477	0	114,477
Estate Maintenance	523,167	536,167	(26,000)	510,167
Homelessness	8,044	(4,636)	84,610	79,974
Sewage Works	200,736	200,736	(9,490)	191,246
Sheltered Housing	696,158	751,110	21,090	772,200
	1,452,309	1,507,695	70,210	1,577,905
Repairs				
Responsive Maintenance	2,353,846	2,353,846	(200,000)	2,153,846
Voids	590,000	590,000	(15,000)	575,000
Cyclic	900,000	900,000	(100,000)	800,000
Sub - total Repairs Works	3,843,846	3,843,846	(315,000)	3,528,846
Repairs Administration	1,254,090	1,229,841	(7,000)	1,222,841
	5,097,936	5,073,687	(322,000)	4,751,687
Debt Management Expenses				
Debt Management Expenses	18,297	18,297	0	18,297
Interest Payable	5,168,000	5,168,000	14,000	5,182,000
Depreciation of Fixed Assets	5,988,560	5,988,560	0	5,988,560
	11,174,857	11,174,857	14,000	11,188,857

			CAB2986(HSG)	
			Appendix 1 (continued)	
Rents and Other Income				
Dwelling Rents	(26,354,166)	(26,354,166)	234,000	(26,120,166)
Garage Rents	(910,835)	(910,835)	38,000	(872,835)
Other Income	(273,541)	(273,541)	(3,650)	(277,191)
Sheltered Charges	(517,400)	(517,400)	0	(517,400)
Interest Receivable	(24,000)	(24,000)	0	(24,000)
	(28,079,942)	(28,079,942)	268,350	(27,811,592)
Surplus for year on HRA Services	(6,014,498)	(5,867,179)	(58,340)	(5,925,519)
Capital Expenditure funded by HRA	9,355,000	8,102,000	(804,000)	7,298,000
Right to Buy Admin Fees	(20,800)	(20,800)	0	(20,800)
Net (increase)/decrease in HRA Balance before transfers to or from reserves	3,319,702	2,214,021	(862,340)	1,351,681
Transfer re Insurance Reserve	66,300	66,300	0	66,300
(Increase)/ decrease in HRA Balance	3,386,002	2,280,321	(862,340)	1,417,981
HRA Working Balance				
Opening Balance	(8,491,544)	(8,998,299)	0	(8,998,299)
Add Projected Deficit/(Surplus)	3,386,002	2,280,321	(862,340)	1,417,981
Projected Balance at Year End	(5,105,542)	(6,717,978)	(862,340)	(7,580,318)

Housing Revenue Account - Re-Forecast Subjective Summary 2017/18			CAB2986(HSG)	
			Appendix 2	
	17/18	17/18	17/18	17/18
	Original Budget	Working Budget	Further Adjustments	Forecast Budget
	£	£	£	£
Employees	3,229,227	3,597,616	(90,000)	3,507,616
Premises	5,104,791	5,104,791	(318,360)	4,786,431
Transport	292,675	312,850	0	312,850
Supplies & services	871,214	1,005,533	100	1,005,633
Third party payments	102,000	102,000	8,000	110,000
Support Services	2,606,089	2,230,525	0	2,230,525
Net Interest	5,168,090	5,168,090	14,000	5,182,090
Depreciation on Fixed Assets	5,988,560	5,988,560	0	5,988,560
External income	(29,377,144)	(29,377,144)	327,920	(29,049,224)
Surplus for year on HRA Services	(6,014,498)	(5,867,179)	(58,340)	(5,925,519)
Capital Expenditure funded by HRA	9,355,000	8,102,000	(804,000)	7,298,000
Right to Buy Admin Fees	(20,800)	(20,800)	0	(20,800)
Net (increase)/decrease in HRA Balance before transfers to or from reserves	3,319,702	2,214,021	(862,340)	1,351,681
Transfer re Insurance Reserve	66,300	66,300	0	66,300
(Increase)/ decrease in HRA Balance	3,386,002	2,280,321	(862,340)	1,417,981
HRA Working Balance				
Opening Balance	(8,491,544)	(8,998,299)	0	(8,998,299)
Add Projected Deficit/(Surplus)	3,386,002	2,280,321	(862,340)	1,417,981
Projected Balance at Year End	(5,105,542)	(6,717,978)	(862,340)	(7,580,318)

Appendix 3

HRA Revenue Budget Adjustments Summary

Note No.	Cost Code	Description	Adj. Value £	Favourable / Adverse	Comment
1	2410	Responsive repairs	(200,000)	F	Transfer to capital programme (per AK)
2	2420	Tenant recharges	(15,000)	F	Increased recharge income
3	2430	Cyclic repairs	(100,000)	F	Transfer to capital programme (per AK)
4	2450	Leasehold service charges	(7,000)	F	Increase in 17/18 income to date
5	2520	STW business rates	(5,990)	F	Reduced rates paid 17/18
6	2520	STW private charges	(3,500)	F	Increase in 17/18 income to date
7	2530	Estate maintenance building repairs	(26,000)	F	Under spend forecast for the 17/18 year
8	2550	Vacancy Management	(90,000)	F	Savings from vacancies taken back into working balance
9	2567	Tenant involvement – various budgets	1,100	A	Increased costs in year to date & new tenant panel structure
10	2688	Sheltered cleaning	7,805	A	Increased contract costs from variations
11	2688	Sheltered income	13,285	A	Reduced Lifeline & utility income offset by increased catering income
12	2752	Temporary Accom. (TA) Premises costs	4,825	A	Higher site costs (Milford) than allowed for in budget
13	2752	TA Third party costs	8,000	A	Security services at Milford
14	2752	TA Rents & service charges income / voids	71,785	A	Reduced rental income & increased void losses from lower demand
15	2762	Revenue Contribution to Capital	(804,000)	F	Reduced funding requirement following changes to Housing Capital Programme

Appendix 3 (cont)

16	2780	GN/SH/Aff Rents	234,000	A	Delayed new build completions
17	2781	Garage rents / voids	38,000	A	Increase in void losses (staffing resource?)
18	2785	Leasehold rents	(3,650)	F	Higher income from lease extensions
19	2795	Interest payable	14,000	A	Increased interest for internal borrowing
		Net Total	(862,340)	F	

Housing Services Re-forecast Capital Programme 2017/18 and Proposals 2018/19 to 2026/27													CAB2986(HSG) Appendix 4	
Housing Services Programme	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total	
	Budget.	July Update	Forecast	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Major Repairs														
External Envelope Works	2,932	2,932	2,682	2,942	2,971	3,001	3,031	3,061	2,330	2,353	2,377	2,401	27,150	
External Ground Works	970	970	700	933	942	952	961	971	907	916	925	934	9,142	
External Window/Door/Screens	445	445	445	417	421	425	430	434	259	262	264	267	3,624	
Internal Structure & Finishes	233	233	233	231	233	236	238	240	249	251	254	257	2,422	
Kitchen & Bathroom Renewals	811	811	1,201	763	771	778	786	794	859	868	876	885	8,581	
Mechanical & Electrical Services	739	1,177	1,707	797	805	813	821	829	2,898	2,927	2,956	2,986	17,540	
	6,130	6,568	6,968	6,083	6,144	6,205	6,267	6,330	7,502	7,577	7,653	7,729	68,459	
Improvements & Conversions														
Estate Improvements	250	338	260	250	250	250	250	250	250	250	250	250	2,510	
Loft Conversions/Extensions	370	422	360	60	0	0	0	0	0	0	0	0	420	
Sheltered Housing Conversions	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sheltered Housing Upgrades	100	100	60	100	100	100	100	50	50	50	50	50	710	
	720	860	680	410	350	350	350	300	300	300	300	300	3,640	
Disabled Adaptations	770	770	770	770	770	770	770	770	770	770	770	770	7,700	
Other Capital Spending														
Sheltered Wi-Fi Scheme	77	77	77	38									115	
Sewage Treatment Works	100	100	145	100	100	100	100	100	100	100	100	100	1,045	
Total HS Capital Programme	7,797	8,375	8,640	7,401	7,364	7,425	7,487	7,500	8,672	8,747	8,823	8,899	80,958	

Housing New Build Re-forecast Capital Programme 2017/18 and Proposals 2018/19 to 2026/27													CAB2986(HSG)
													Appendix 5
New Build Programme	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	Budget.	July Update	Forecast	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.
Scheme Name/Description	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Westman Rd	20	3	3										3
Victoria House	2,229	2,648	2,590										2,590
Hillier Way	1,499	1,105	1,180										1,180
Extra Care	6,147	8,360	8,340										8,340
Mitford Road	1,167	1,193	1,120	73									1,193
The Valley, Stanmore	3,194	300	800	3,975	6,620	3,650							15,045
Mayles Lane, Knowle	1,000	200	70	1,530	386								1,986
Bailey Close	655	729	680	49									729
Rowlings Road, Weeke	100	100	40	680	565								1,285
Wykeham Place, Stanmore	100	100	0	50	800	1,000							1,850
Meryon Road, Alresford			0	250	450								700
Abbotts Barton (Charles/Dyson)			0	700	2,380	320							3,400
Dolphin Hill, Twyford			0	500									500
Woodman Close, Sparsholt			0	50	950								1,000
Kings Worthy			0	3,750	1,250								5,000
Sheltered Conversions	370	505	450	200	200	0	0						850
Small sites / unallocated programme	1,076	1,076	0	0	0	1,805	5,614	6,250	6,406	6,566	6,730	6,898	40,269
Sites funded by RTB 1-4-1 receipts	0	0	0	1,820	1,500	3,200	2,000	2,000	3,000	4,000	2,500	2,000	22,020
Total New Build Programme	17,557	16,319	15,273	13,627	15,101	9,975	7,614	8,250	9,406	10,566	9,230	8,898	107,940

HRA Re-Forecast Capital Programme Funding 2017/18 and Proposals for 2018/19 to 2026/27											CAB2986(HSG)
											Appendix 6
HRA Capital Programme Funding	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	Forecast	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Right to Buy 1-4-1 Receipts	597	2,542	2,303	1,815	2,284	2,475	2,338	1,501	1,571	1,645	19,071
Right to Buy Other Retained receipts	999	440	255	271	286	0	312	326	340	354	3,583
New Build Sales	3,324	274	1,656	1,581	236	250	250	250	250	250	8,321
Other capital receipts	0	0	0	656	0	0	0	300	0	0	956
S.106 Contributions	940	696	2,023	100	848	0	1,300	750	326	0	6,983
Garage Transfers to General Fund	0	3,008	2,000	2,000	2,000	2,000	0	0	0	0	11,008
HCA Grants	463	1,215	0	1,215	0	0	0	0	0	0	2,893
HCC Extra Care Grant	1,303	0	0	0	0	0	0	0	0	0	1,303
HRA Revenue Contributions to Capital	7,298	4,850	6,705	1,719	2,297	0	1,245	3,307	2,398	0	29,819
Additional/Refinanced Borrowing	3,000	1,700	1,000	1,200	0	5,000	5,000	5,000	5,030	10,000	36,930
Major Repairs Reserve	5,989	6,303	6,523	6,843	7,150	6,025	7,633	7,879	8,138	5,548	68,031
Total Funding	23,913	21,028	22,465	17,400	15,101	15,750	18,078	19,313	18,053	17,797	188,898
Housing Services	8,640	7,401	7,364	7,425	7,487	7,500	8,672	8,747	8,823	8,899	80,958
New Build	15,273	13,627	15,101	9,975	7,614	8,250	9,406	10,566	9,230	8,898	107,940
Capital Programme Total	23,913	21,028	22,465	17,400	15,101	15,750	18,078	19,313	18,053	17,797	188,898

HRA Business Plan Extract - Operating Account																			CAB2986(HSG)		
																			Appendix 7		
Year	Year	Income				Expenditure								Net Operating (Expenditure)	Repayment of loans	RCCO	Surplus (Deficit) for the Year	Surplus (Deficit) b/fwd	Interest	Surplus (Deficit)	
		Net rent Income	Other income	Misc Income	Total Income	Management	Depreciation	Responsive & Cyclical	Other Revenue spend	Misc expenses	Total expenses	Capital Charges	£,000								£,000
1	2017.18	26,444	1,213	1,537	29,194	(8,231)	(5,989)	(3,529)	(39)	(169)	(17,956)	(5,182)	6,212	0	(7,298)	(1,086)	8,998	24	7,580		
2	2018.19	26,623	1,211	1,430	29,263	(8,263)	(6,303)	(3,835)	(40)	(239)	(18,679)	(5,892)	4,692	0	(5,050)	(358)	7,580	35	7,257		
3	2019.20	27,085	1,229	1,315	29,629	(8,371)	(6,523)	(3,861)	0	(296)	(19,051)	(6,049)	4,529	0	(6,705)	(2,176)	7,257	29	5,110		
4	2020.21	27,997	1,248	1,191	30,436	(8,538)	(6,854)	(3,901)	0	(355)	(19,648)	(6,077)	4,710	0	(1,719)	2,991	5,110	27	8,128		
5	2021.22	29,241	1,267	1,055	31,563	(8,709)	(7,171)	(3,946)	0	(363)	(20,188)	(6,110)	5,264	0	(2,297)	2,967	8,128	32	11,127		
6	2022.23	29,646	1,286	908	31,840	(8,883)	(7,419)	(3,971)	(29)	(371)	(20,672)	(6,111)	5,057	(5,000)	0	57	11,127	37	11,221		
7	2023.24	30,679	1,297	760	32,735	(9,060)	(7,655)	(4,017)	(29)	(378)	(21,139)	(6,123)	5,473	(5,000)	(1,245)	(772)	11,221	36	10,485		
8	2024.25	32,378	1,308	770	34,456	(9,241)	(7,901)	(4,065)	(29)	(386)	(21,623)	(6,128)	6,705	(5,000)	(3,307)	(1,602)	10,485	31	8,914		
9	2025.26	32,634	1,448	780	34,863	(9,522)	(8,181)	(4,125)	(29)	(292)	(22,149)	(6,127)	6,587	(5,000)	(2,398)	(810)	8,914	29	8,133		
10	2026.27	33,547	1,475	791	35,814	(9,712)	(8,468)	(4,185)	(29)	(299)	(22,692)	(6,122)	7,000	(10,000)	0	(3,000)	8,133	30	5,163		
11	2027.28	34,465	1,503	803	36,770	(9,906)	(8,758)	(4,243)	(86)	(307)	(23,299)	(6,101)	7,371	(10,000)	0	(2,629)	5,163	35	2,568		
12	2028.29	35,368	1,531	815	37,714	(10,104)	(9,055)	(4,301)	(86)	(315)	(23,859)	(6,072)	7,783	0	0	7,783	2,568	43	10,394		
13	2029.30	36,265	1,560	827	38,652	(10,305)	(9,349)	(4,356)	(86)	(323)	(24,418)	(6,072)	8,162	0	(387)	7,775	10,394	53	18,222		
14	2030.31	37,902	1,590	839	40,332	(10,511)	(9,652)	(4,411)	(86)	(331)	(24,991)	(6,073)	9,268	(10,000)	0	(732)	18,222	66	17,556		
15	2031.32	38,136	1,620	852	40,608	(10,721)	(9,966)	(4,467)	(86)	(340)	(25,578)	(6,047)	8,983	(15,000)	0	(6,017)	17,556	79	11,618		
16	2032.33	39,113	1,651	865	41,629	(10,935)	(10,289)	(4,523)	(86)	(348)	(26,181)	(6,001)	9,446	0	0	9,446	11,618	94	21,158		
17	2033.34	40,117	1,682	879	42,678	(11,154)	(10,623)	(4,580)	(86)	(357)	(26,799)	(6,001)	9,878	0	0	9,878	21,158	109	31,146		
18	2034.35	41,151	1,714	893	43,758	(11,377)	(10,968)	(4,637)	(86)	(366)	(27,433)	(6,002)	10,323	(15,000)	0	(4,677)	31,146	127	26,596		
19	2035.36	43,026	1,747	907	45,680	(11,604)	(11,323)	(4,695)	(86)	(376)	(28,083)	(5,941)	11,656	0	0	11,656	26,596	147	38,399		
20	2036.37	43,309	1,780	922	46,011	(11,836)	(11,691)	(4,753)	(86)	(386)	(28,751)	(5,942)	11,319	(10,000)	0	1,319	38,399	169	39,887		
21	2037.38	44,436	1,814	937	47,187	(12,072)	(12,070)	(4,812)	(86)	(396)	(29,435)	(5,897)	11,855	(3,000)	0	8,855	39,887	188	48,930		
22	2038.39	45,595	1,849	953	48,397	(12,313)	(12,461)	(4,872)	(86)	(406)	(30,137)	(5,813)	12,447	(6,000)	0	6,447	48,930	204	55,581		
23	2039.40	46,789	1,884	970	49,642	(12,559)	(12,865)	(4,932)	(86)	(417)	(30,858)	(5,645)	13,139	(1,000)	0	12,139	55,581	229	67,950		
24	2040.41	48,017	1,920	986	50,924	(12,810)	(13,282)	(4,992)	(86)	(428)	(31,597)	(5,617)	13,709	(1,200)	0	12,509	67,950	263	80,722		
25	2041.42	50,230	1,957	1,004	53,190	(13,066)	(13,712)	(5,053)	(86)	(439)	(32,356)	(5,580)	15,254	(10,000)	0	5,254	80,722	288	86,264		
26	2042.43	50,584	1,994	1,021	53,599	(13,327)	(14,156)	(5,115)	(86)	(451)	(33,134)	(5,234)	15,231	0	0	15,231	86,264	317	101,812		
27	2043.44	51,924	2,032	1,040	54,996	(13,593)	(14,615)	(5,177)	(86)	(462)	(33,933)	(5,234)	15,829	0	0	15,829	101,812	360	118,000		
28	2044.45	53,304	2,071	1,058	56,433	(13,865)	(15,088)	(5,240)	(86)	(475)	(34,753)	(5,234)	16,446	0	0	16,446	118,000	405	134,851		
29	2045.46	54,724	2,111	1,078	57,913	(14,142)	(15,577)	(5,304)	(86)	(487)	(35,595)	(5,234)	17,084	0	0	17,084	134,851	452	152,388		
30	2046.47	56,187	2,152	1,098	59,437	(14,424)	(16,081)	(5,368)	(86)	(500)	(36,459)	(5,230)	17,747	(10,000)	0	7,747	152,388	489	160,624		

HRA Business Plan Extract - Self Financing Schedule														
Year	Year	Borrowing Opening Balance	New Borrowing (from borrowing schedules)	Principal Repayments	Debt Repayments	Additional Required Borrowing	Borrowing Bal/Cfwd	HCFR	Unfinanced / (overfinanced) HCFR	Assumed internal borrowing	Assumed internal investment	Shortfall on Capital Programme	Closing HRA Working Balance	
		£ pa	£ pa	£ pa	£ pa	£ pa	£ pa	£ pa	£ pa	£ pa	£ pa	£ pa	£ pa	
1	2017.18	162,051,167	3,000,000	1,029,167	0	0	164,022,000	415,038,167	251,016,167	251,016,167	0	0	7,579,703	
2	2018.19	164,022,000	6,000,000	4,300,000	0	0	165,722,000	417,270,000	251,548,000	251,548,000	0	0	7,257,164	
3	2019.20	165,722,000	1,000,000	-	0	0	166,722,000	418,270,000	251,548,000	251,548,000	0	0	5,110,497	
4	2020.21	166,722,000	1,200,000	-	0	0	167,922,000	419,470,000	251,548,000	251,548,000	0	0	8,128,119	
5	2021.22	167,922,000	-	-	0	0	167,922,000	419,470,000	251,548,000	251,548,000	0	0	11,126,848	
6	2022.23	167,922,000	5,000,000	5,000,000	0	0	167,922,000	419,470,000	251,548,000	251,548,000	0	0	11,221,391	
7	2023.24	167,922,000	5,000,000	5,000,000	0	0	167,922,000	419,470,000	251,548,000	251,548,000	0	0	10,484,836	
8	2024.25	167,922,000	5,000,000	5,000,000	0	0	167,922,000	419,470,000	251,548,000	251,548,000	0	0	8,914,292	
9	2025.26	167,922,000	5,030,000	5,000,000	0	0	167,952,000	419,500,000	251,548,000	251,548,000	0	0	8,133,265	
10	2026.27	167,952,000	10,000,000	10,000,000	0	0	167,952,000	419,500,000	251,548,000	251,548,000	0	0	5,163,330	
11	2027.28	167,952,000	10,000,000	10,000,000	0	0	167,952,000	419,500,000	251,548,000	251,548,000	0	0	2,568,413	
12	2028.29	167,952,000	-	-	0	0	167,952,000	419,500,000	251,548,000	251,548,000	0	0	10,394,217	
13	2029.30	167,952,000	-	-	0	0	167,952,000	419,500,000	251,548,000	251,548,000	0	0	18,222,284	
14	2030.31	167,952,000	10,000,000	10,000,000	0	0	167,952,000	419,500,000	251,548,000	251,548,000	0	0	17,556,064	
15	2031.32	167,952,000	15,000,000	15,000,000	0	0	167,952,000	419,500,000	251,548,000	251,548,000	0	0	11,618,281	
16	2032.33	167,952,000	-	-	0	0	167,952,000	419,500,000	251,548,000	251,548,000	0	0	21,158,163	
17	2033.34	167,952,000	-	-	0	0	167,952,000	419,500,000	251,548,000	251,548,000	0	0	31,145,856	
18	2034.35	167,952,000	15,000,000	15,000,000	0	0	167,952,000	419,500,000	251,548,000	251,548,000	0	0	26,596,625	
19	2035.36	167,952,000	-	-	0	0	167,952,000	419,500,000	251,548,000	251,548,000	0	0	38,398,761	
20	2036.37	167,952,000	10,000,000	10,000,000	0	0	167,952,000	419,500,000	251,548,000	251,548,000	0	0	39,886,639	
21	2037.38	167,952,000	-	3,000,000	0	0	164,952,000	416,500,000	251,548,000	251,548,000	0	0	48,930,461	
22	2038.39	164,952,000	-	6,000,000	0	0	158,952,000	410,500,000	251,548,000	251,548,000	0	0	55,580,945	
23	2039.40	158,952,000	-	1,000,000	0	0	157,952,000	409,500,000	251,548,000	251,548,000	0	0	67,950,438	
24	2040.41	157,952,000	-	1,200,000	0	0	156,752,000	408,300,000	251,548,000	251,548,000	0	0	80,722,426	
25	2041.42	156,752,000	-	10,000,000	0	0	146,752,000	398,300,000	251,548,000	251,548,000	0	0	86,264,204	
26	2042.43	146,752,000	-	-	0	0	146,752,000	398,300,000	251,548,000	251,548,000	0	0	101,812,411	
27	2043.44	146,752,000	-	-	0	0	146,752,000	398,300,000	251,548,000	251,548,000	0	0	117,998,960	
28	2044.45	146,752,000	-	-	0	0	146,752,000	398,300,000	251,548,000	251,548,000	0	0	134,851,066	
29	2045.46	146,752,000	-	-	0	0	146,752,000	398,300,000	251,548,000	251,548,000	0	0	152,387,728	
30	2046.47	146,752,000	-	10,000,000	0	0	136,752,000	388,300,000	251,548,000	251,548,000	0	0	160,623,783	

Appendix 9

HRA Business Planning Assumptions

There are a number of assumptions required for the 30 year HRA business plan. The key assumptions are detailed below.

Inflation

Year	RPI	CPI	Repairs	Staffing
2018/19	3.9%	3.0%	3.9%	1.5%
2019/20	3.5%	2.5%	3.5%	2.0%
2020/21	3.0%	2.0%	3.0%	2.0%
Thereafter	3.0%	2.0%	2.0%	2.0%

NB RPI and CPI percentages for 2018/19 are based on September 2017 actual figures as published by the ONS. Repairs contracts are often linked to BMIS factors, produced by RICS. Staffing indices reflect those being used for the General Fund.

Rent Increases

Year	Social & Affordable Rents	Shared Ownership Rents
2018/19 & 2019/20	-1.0%	RPI + 1%
2020/21 to 2024/25	CPI + 1%	RPI + 1%
Thereafter	CPI + 0%	RPI + 1%

NB Affordable rents have a requirement to “rebase” the rent level in relation to current market rents when a property is re-let. However, in business planning terms, it is assumed that market rent income will rise in line with CPI.

Voids and Bad Debts

Year	Voids		Bad Debts	
	Social & Affordable	Temporary Accommodation	Social & Affordable	Temporary Accommodation
2017/18	0.40%	29.50%	0.3%	1.0%
2018/19	0.40%	15.0%	0.5%	2.0%
2019/20	0.40%	9.0%	0.8%	2.2%
2020/21	0.40%	9.0%	1.4%	2.6%
2021/22	0.40%	9.0%	2.2%	3.0%
Thereafter	0.40%	9.0%	4.0%	4.0%

NB The potential effect of Universal Credit has been factored in to the bad debt allowances.

Appendix 9 (continued)

Right to Buy Sales

16 sales have been assumed for 2017/18 and all subsequent years.

HRA Working Balance

The minimum HRA working balance for 2017/18 has been set at £1,085,000 with the minimum requirement increasing by CPI thereafter.

Interest Rates*Internal*

All internal transactions with the General Fund are determined by the Treasury Management Strategy approved by the Council. All interest rates are variable and the current rates are set at 0.25% on both internal borrowings and credits in the HRA and reserves.

External

All current external borrowing was undertaken in March 2012 to fund the self-financing payment to DCLG. Loans outstanding were all for fixed terms and currently total £156,722,000 with interest rates ranging from 2.56% to 3.52% depending on the length of the loan. The first repayment is due in March 2023 and no assumptions have been made on early repayment due to the likely cost of penalties imposed by PWLB for this facility.

The latest business plan assumes that further external borrowing of £1 million is undertaken in March 2020 at an interest rate of 2.8%. Later in the plan it will be necessary to re-finance some of the existing loans from 2023. It is assumed that these loans will bear an interest rate of between 2.8% and 3.5%. The loan balance at the end of the 30 year business plan is currently forecast at £136,752,000 although the HRA Operating Account indicates that it will be possible to repay much of this debt if preferred.