

REPORT TITLE: HOUSING REVENUE ACCOUNT (HRA) OUTTURN 2021/22

19 JULY 2022

REPORT OF CABINET MEMBER: CLLR PAULA FERGUSON DEPUTY LEADER
AND CABINET MEMBER FOR COMMUNITY AND HOUSING

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WARD(S): ALL

PURPOSE

This report provides an update to members on the financial performance of the Housing Revenue Account (HRA) in 2021-22 and the associated HRA capital programme. It requests approval for revised budget forecasts to the 2022-23 HRA revenue budget and capital programme to reflect updated costs and take account of delays to some schemes in the capital programme. It also requests approval to drawdown the final tranche of unallocated welfare support funding and to carry forward any underspends in 2021/22 on this to 2023/24.

Whilst this report presents the 2021/22 outturn position, it should be noted that there are a number of factors/pressures affecting/having an impact on the HRA account – primarily upward inflationary pressures affecting operational and build costs (both manpower and materials) – and environmental factors such as nitrate and recently phosphate run-off from new developments. These inflationary and environmental factors will have an impact on HRA programmes.

The year end surplus to the HRA (£1.064m for 2021/22) and the current working balance (£15,573m as at 31 March 2022) as set out in this paper will provide mitigation against the risk that these pressures present. However, a full assessment of the impact on the HRA is currently being assessed and will be reported to Cabinet later in the year.

RECOMMENDATIONS:That Cabinet

1. Notes the HRA Outturn figures for 2021/22as detailed in Appendices 1 and 2;
2. Approves the carry forward of £0.038m of HRA revenue funding from 2021/22 as detailed in Paragraph 11.4;
3. Approves the extension of the current tenancy support programme into a third year 2023/24. Funded by the drawdown of the remaining unallocated funding for welfare support of £88,000, together with the underspend of £144,006 from 2021/22 as detailed in Paragraph 2.3;4. Notes the Housing capital programme outturn for Major Works and New Build as detailed in Paragraphs 11.5 to 11.8 and Appendices 3 & 4;
5. Approves the funding of the 2021/22 HRA capital programme as detailed in Paragraph 11.10 & 11.11 and Appendix 5;
6. Approves the re-forecast capital programme budget of £38.369m for 2022/23 as detailed in Paragraphs 11.12 & 11.13 and Appendix 6 & 7 that takes account of potential programme slippage;

IMPLICATIONS:

1 COUNCIL PLAN 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. In particular
- 1.2 Tackling the Climate Emergency and Creating a Greener District
 - a) £15.7m has been included in the capital programme to fund retrofit works to existing homes over the next 10 years and applications for additional Government funding to support this work are being prepared as part of the Social Housing Decarbonisation Fund Wave 2 programme later this year. Net carbon neutral development is also central to the New Homes Development Strategy and emerging schemes are being designed to comply to “Passive Haus” standards where possible
- 1.3 Homes for all
 - a) The housing capital programme includes full funding provision to support the delivery of the Council Plan target of building 1,000 new homes over the next 10 years. The Plan includes provision of a range of tenures including shared ownership and market rent as well as affordable rent and social rent wherever this is viable.
- 1.4 Vibrant Local Economy
 - a) Deliver affordable accommodation that allows people to live and work in the community and contribute to the local economy.
- 1.5 Living Well
 - a) The wellbeing of residents is considered within the design of new properties and through consultation with tenants. It is also specifically supported through the provision of the welfare support fund and our active tenancy sustainment work.
- 1.6 Your Services, Your Voice
 - a) Housing tenants are directly involved in decisions regarding service provision, both through the work of TACT and through regular digital engagement processes. Housing teams continue to review options to provide an improved customer experience, increase opportunities for digital engagement and to ensure satisfaction with services provided by the Council remains high.

2 FINANCIAL IMPLICATIONS

- 2.1 Full details are included in paragraph 11., In summary, the Council achieved a net surplus on its HRA revenue account of £1.064m for 2021/22, an increase on the Revised Budget of £0.231m. This increases the HRA general balance as at 31.3.2021 from £15,573m to £16.658m. Current HRA cash balances as at 31.3.2021 are shown in Appendix 5, together with current HRA borrowing.
- 2.2 It is proposed to carry forward to 2021/22 £0.038m of unspent revenue budget from 2021/22 to further support the Housing Company set up process. Further details are provided in Paragraph 11.4.
- 2.3 The Council approved the drawdown of £0.412m from an agreed £0.500m HRA reserve balances set aside to fund the specific welfare support initiatives agreed by full Council to provide targeted support to tenants over an initial two year period (CAB3290 February 2021). These initiatives underspent the allocated revenue budgets in the first year 2021/22 as a result of detailed work to determine priorities with tenants through TACT. There is now a detailed plan of how these funds will be spent over the coming financial year as many of tenants face additional pressures due first to the Covid and now the cost of living crisis. This report seeks to carry this underspend of £142,006 forward to year 3 and to further drawdown in year 3 the remaining £88,000 of unallocated funding.
- 2.4 Total expenditure in the Housing capital programme for 2021/22 was £10.925m, some £17.477m lower than the Revised Budget of £28.402m. The original budget for the year was £36.889m.
- 2.5 It is proposed to carry forward to 2022/23 £12.381m of capital budget slippage from 2021/22. In addition, the approved budgets for 2021/22 are being re-profiled and as a result reduced by £17.166m to realign them with anticipated activity and achievable forecast spend. The ten year HRA indicative approved capital programme will be amended in the forthcoming budget cycle process for 2023/24 -2032/33 to reflect these changes in the timing of proposed project milestones and also the capacity of the council to resource these activities.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Council, as a local housing authority, is required to maintain a Housing Revenue Account (HRA) with a positive working balance and keep borrowing levels within prudential rule guidelines, in accordance with s74 of the Local Government & Housing Act 1989 (the "1989 Act") prohibiting the Council to operate its HRA at a deficit. Effective management of the HRA is necessary to ensure that statutory requirements are met. The proposed balanced budget meets this obligation.
- 3.2 HRA capital projects will ensure that authorities required are in compliance with the Council constitution which includes that a project with costs in excess

of £0.250m will be subject to a financial appraisal, Financial Procedure Rules and the subject of a Member decision.

4 WORKFORCE IMPLICATIONS

- 4.1 There are a number of fixed term contracts that are necessary in order to enable the council to have the capacity to support the delivery of the proposed welfare support package initiatives identified within para 12.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 In order to meet one of the key principles of the Council's strategy, the HRA is required to provide sufficient financial resources to both maintain the Council's existing housing stock to decent homes standard and to enable new affordable housing to be built to help meet local demands.

CONSULTATION AND COMMUNICATION

- 6 The Outturn Report has been shared with TACT representatives although dispatch deadlines have not at this stage permitted a full review by all TACT members. In addition we are organising a meeting with TACT representatives to discuss the report in more detail to allow the whole group to raise questions and understand the progress that has been made over the last year.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The Housing Service considers environmental and ecological factors when developing new build properties and preparing major works plans including estate improvements, working closely with planning officers and the Council's Landscape Team where appropriate. Additional costs for meeting these responsibilities are included in project appraisals and scheme budgets.
- 7.2 The contribution made to the Carbon Neutrality programme through the HRA budget is set out in section 1 above.

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 Whilst there are no actions which arise directly from this report, officers have regard to the considerations as set out in the Equalities Act 2010 and whether an equality impact assessment will be required to be undertaken at the time of implementation on any specific recommendations.
- 8.2 The purpose of the specific welfare support initiatives identified in this report is to assist the council to support tenants who are facing financial pressures and other issues that may make them vulnerable to becoming homeless. The individuals who share certain protected characteristics are more likely to be the beneficiary of the implementation of such schemes made possible through the recommended grant allocations and are therefore likely to be affected in a positive way through the approval of the recommendations within this report.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Property That Council owned dwellings fail to meet decent home standards</i>	An effective programme of future works and sound financial planning ensures that these standards are met and then maintained.	
<i>Community Support Lack of consultation will affect tenant satisfaction and cause objections to planning applications for new build developments.</i>	Regular communication and consultation 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.	Positive consultation brings forward alternative options that may otherwise not have been considered.
<i>Timescales Delays to new build contracts may result in increased costs and lost revenue. Delays to major works may result in the loss of decent home status for individual properties.</i>	New build contracts contain clauses to allow the Council to recover damages if the project is delayed due to contractor actions. Continual updating of asset management plans and major works budgets allows potential issues to be addressed quickly.	
<i>Project capacity The HRA can borrow funds in addition to utilising external receipts and reserves but it must be able to service the loan interest arising and repay debt in the future. Staffing resources (not always in Housing) reduce the ability to push</i>	Regular monitoring of budgets and business plans, together with the use of financial assessment tools enables the Council to manage resources effectively. Staffing resources have been reviewed to support the delivery of the	The Council monitor's government announcements on the use of RTB receipts and potential capital grant funding. In light of recent departures from this team the opportunity to reconfigure it and bring in

<i>forward new schemes at the required pace.</i>	enhanced new build programme.	different skill sets is being reviewed.
<i>Financial / VfM Risks, mitigation and opportunities are managed through regular project monitoring meetings</i>	New build Schemes are financially evaluated and have to pass financial hurdles and demonstrate VFM	Whilst interest rates are at historically low rates it is advantageous to look at fixing loans over a longer time frame
<i>Financial Pressures A number of emerging issues including inflationary pressures affecting the construction supply chain, energy and, labour costs, rises in borrowing costs, the impact of the cost of living crisis, and issues over the rent settlement, coupled with environmental phosphate and nitrate issues will adversely affect the capacity and viability of the HRA</i>	The annual process of constructing a robust base HRA 30 year business plan and its underlying key assumptions and sensitivity analysis will help to identify and quantify the potential financial consequences and impact	Allowing better informed resource allocation decisions to be made.
<i>Legal The provision of social housing is a statutory requirement. Changing Government priorities place a greater emphasis on social housing which must be monitored and considered within planning of future new build projects.</i>	Government statutory requirements and policy changes are being monitored to identify any new risks or opportunities that they may bring.	To create new housing developments within new guidelines and drawing on innovative thinking.
<i>Innovation The creation of a Housing Company to support the new build programme is introduced without reference to existing rules and consents.</i>	External legal and business planning advice has been sought to ensure the Council has the most appropriate and effective solution and that any developments are only undertaken if they are financially viable.	A Housing Company has the potential to increase the options for housing tenure and to help to meet unmet demand.
<i>Reputation Failure to complete major housing projects due to</i>	Business planning tools with regular updates are	Its important to ensure that a whole of life

<i>lack of resources would have a direct impact on both customer satisfaction and the Council's reputation.</i>	utilised to make sure resources are available to complete projects.	approach to developing affordable high quality sustainable housing is considered from the outset
<i>Other – None</i>		

11 SUPPORTING INFORMATION:

HRA Outturn 2021/22

Details of the 2021/22 financial performance are analysed in Appendix 1 (subjective summary) and Appendix 2 (service summary).

- 11.1 Overall, the HRA produced a surplus of £1.064m. The outturn surplus is £0.231m higher than the £0.834m Revised Budget (CAB3308).
- 11.2 Within the subjective summary (Appendix 1), the material variances were:
- a) Employees £0.235m under. This represents an underspend on the employee budget of 5% and reflects some the difficulties faced by Housing teams in recruiting officers over the last year to a number of roles. A number of actions have been taken to address this and the majority of vacancies have now been filled or are awaiting new recruits to start..
 - b) Premises - £1.112m over. This is largely a demand led budget but in 2021-22 there was also a review of the ability and appropriateness of classifying certain items of expenditure as capital expenditure that did meet the accounting requirements to capitalise. This has resulted in costs being redirected from capital to revenue and an overspend on building maintenance budgets of £1.048m. The overspend also contains the impact of writing down the capital costs of aborted works at Tower Street £0.029m.
 - c) Other Costs - £0.488m under. This is made up of a number of variances. The key ones contributing to this are;
 - 1) An underspend on the professional and consultancy budget £0.268m, lower than budgeted spend on purchase of furniture £0.128m, an underspend on third party payments of £0.107m, an underspend of other services of £0.090m. In addition, there was also an underspend of £0.093m on travel related to staff mileage claims and car park permits largely as a result of continuing Covid restrictions on travel.
 - 2) There was a net overspend on support service recharges into the HRA of £0.296m, the key ones being IT £0.175m, Legal £0.090m,

and Special Maintenance of £0.080m; offset by an underspend on Office Accommodation of £0.090m. In addition there was an overspend on recharges out where staff capitalisations were £0.085m below budget due to ongoing staff retention and recruitment difficulties.

- d) Net Interest and Depreciation- £0.598m under. This is caused by two key factors, interest payments on debt and depreciation charges. The budget for interest payments on debt had assumed both a higher level of capital spend financed by borrowing and higher debt financing charges (£0.649m under). Depreciation is an estimate based on the prior year; actual depreciation is affected by a number of factors such as the annual valuation of the council's housing stock and will therefore vary from forecast (£0.0.38m over).
- e) External Income – (£0.051m) under. This is largely down to a number of major variances - an increase in voids (£0.235m representing 0.89% of the rent due) and in rent due (£0.142m) reflecting the challenges in letting the large number of new properties developed in 2021/22 and the lower usage of temporary accommodation property, as well as the continuing impact of Covid upon new lettings, which has seen reduced demand for some property types. This is offset by a number of one off items including costs recovered £0.238m and £0.105m of insurance claim payments, as well as higher service charges than anticipated in the budget £0.041m. The costs recovered included the final bond settlement of £80k in respect of the Hilliers Way development in Abbots Barton and a s278 deposit returned in respect of the Mitford Road scheme in New Alresford.

11.3 Within the service summary (Appendix 2), the material variances were:

- a) Estate management (£0.208m) under. This is largely down to a change in accounting for support services which has seen some of the costs centralised under HRA General (£0.120m), together with staffing underspends (£0.038m) and a reduction in car mileage claims and car permits as a result of Covid (£0.025m)
- b) HRA General +£0.159m over. There are a number of variances that make this up including overspends on support services (+£0.321m), offset by an underspend in the supplies and services budget (£0.154m) of which the professional consultancy budget (£0.054m) and internal IT budgets (£0.045m), subscriptions budget (£0.027m) made the largest contributions
- c) Tenancy Sustainment – this is partly funded from the welfare support funding approved in 2021-22 budget. As it was important to agree the detailed priorities for this scheme with tenants, there has been a slight delay in its implementation and an underspend of £0.142m in year 1 on the allocated funding. It is proposed that this together with the

remaining funding to be drawn down £0.088m is carried forward to be applied in year 3.

- d) The New Build Programme Support– under (£0.361m). This is largely down to a number of factors including, an underspend on staff £0.112m partly offset by the shortfall in the capitalisation budget of £0.085m, lower than budgeted spend on the professional consultancy budget £0.229m. In addition, there was the one off recovery of costs in relation to the settlement for Hilliers Way (£0.080m) and the return of a highways deposit of (£0.064m) for Mitford Road as described in 11.2 e) above.
- e) Estate Improvements - (£0.135m) under. This is down to a lower than budgeted spend on estate maintenance works (£0.046m) and additional income from service charges towards grounds maintenance (£0.065m).
- f) Sheltered Housing – (£0.181k) under This underspend is made up of a number of variances including, a premises overspend (£0.040m) offset by additional service charge income £0.038m, the change in accounting for support services (+£0.0.80m), an underspend in furniture and equipment purchases and in computing and communications of a net (£0.129m) and an underspend transport (£0.010m). Communal areas in schemes were not in use for part of the year.
- g) Repairs (+£0.958m) over. As mentioned in para 11.2 a) above these budgets are largely demand led and therefore outturns often fluctuate either side of the set budget, and in addition in 2021/22 there was a redirection of expenditure from capital to revenue in line with accounting requirements
- h) Interest Payable - (£0.642m) under. See explanation in 11.2 c) above
- i) Dwelling Rents - £0.261m under. This is largely down to a number of major variances - an increase in voids (£0.235m) and in rent due (£0.142m) reflecting the challenges in letting the large number of new properties developed in 2021/22 and the lower usage of Temporary Accommodation, as well as the continuing impact of Covid upon new lettings.

11.4 HRA Revenue Carry Forwards from 2021/22 to 2022/23

The only proposed HRA Revenue Carry Forward from 2021/22 to 2022/23 is £0.038m underspend from the other professional services & consultancy fee budget to continue to support the anticipated Housing Company setup costs during 2022/23.

11.5 HRA Capital Programme Outturn 2021/22

11.6 Appendices 3 & 4 detail the expenditure in 2021/22 for both the Housing Services and New Build capital programmes against both the Original Budget and the Revised Budget position.

11.7 Overall within Housing Services (Appendix 3), £6.338m was spent against a Revised Budget of £10.695m, a variance of £4.357m on the year.

The material variances were as follows:

- a) Major Repairs - £1.204m under. This reflects the review of the appropriateness of capitalising costs, biodiversity issues and supply chain material shortages.
- b) Estate Improvements - £0.357 under. Progressing this programme was challenging in the early part of the year due to the impact of the pandemic. One large scheme was also put on hold following community representations and a revised proposal is now being brought forward. Following promotion of the programme manager within the council, recruiting a replacement with appropriate skills took longer than planned although this has now been resolved and the programme is back on track. .
- c) Sheltered Housing upgrades - £0.179m under - The underspend was the result of the delay to the national digital switchover which has provided an opportunity to complete more research, consultation and trials for options for alternative resident alarm systems. Also some identified integral property improvements are being funded from the major repairs budgets.
- d) Fire safety Provision - £0.478m under. There have been much extended lead times on the material supplies for fire doors due to Covid. However, the project is still on track for completion by 31/3/2024
- e) Climate Change Emergency - £1.789m under. Plans for the first year of investment in the retrofit programme were restricted by the requirement to comply with procurement regulations. This has now been resolved with the successful outcome of the Council's term maintenance contractor being appointed to undertake the works, avoiding the difficulties of two contractors working on void properties. The new Energy Officer post was recruited in the year and has focussed work on ensuring appropriate accreditation is in place as well as developing formal evaluation systems to ensure the impact of all future retrofit works can be properly assessed and to enable the retrofit programme to be accelerated.
- f) Sewage Treatment works £276k under – The Special Maintenance team is currently developing a clear asset management plan for all works area and a condition survey is being undertaken. Once this work

is complete, the Council will have a better understanding of investment requirements in this area. In addition, work is on-going to understand the scope for improvement works that could help to address nitrate and phosphate challenges for the New Homes programme. The stock survey work is now reviewing all these opportunities with a view to potentially creating “credits” to support the programme.

- 11.8 For the New Build capital programme (Appendix 4), £10.925m was spent against a Revised Budget of £28.402m, a variance on the year of £17.477m. Although a payment in advance of £4.188m was paid on the North Whitely site this cannot be classified as capital expenditure in year.

The material variances were as follows:

- a) The Valley - £1.274m under. The scheme was effectively completed in 2021-22 delivering 54 new social rented units and 23 new shared ownership dwellings at a final cost of £17,496,438 which was £1,434,713 or 8% under the previously approved budget CAB3112 (HSG) in September 2019. The main reason for this was that fees and contingency were much lower than originally allowed for and the original appraisal contained interest costs on peak borrowing of £534k that were effectively notional and are not relevant costs as part of the costs of a local authority development. The net cost to the HRA after taking account of Homes England funding and shared ownership sales income was £8,644,213.
- b) Hookpit - £0.365m under. The scheme was effectively completed and transferred over to the Councils ownership in 2021-22 delivering 25 new affordable rented units, 8 new shared ownership dwellings and 2 discounted market sale units at a final cost of £8,195,337 which was £148,337 or 2% above the previously approved budget CAB3147 (HSG) in March 2019. The main reason for this was the additional landscaping works to the field and pathway links as well as an enhanced specification for shared ownership homes. Additional security was also introduced following the handover over the scheme and full occupation following the theft of boilers from the new homes before handover.
- c) Winnall Flats -£6.178m under due to the start on site being delayed whilst viability challenges were resolved.
- d) Wickham Community Land Trust - £0.205m under – this budget needs to be carried forward into 2022-23 capital programme. Confirmation has now been received that the CLT will complete the purchase of the properties in August 2022.
- e) Tower Street £0.192m. The development at Tower Street has been aborted due to the high costs of development and the site is now being sold.

- f) Southbrook Cottages - £0206m under. Progress with this scheme was impacted by staff turnover in the New Homes team. However, this has been resolved and the scheme is now out to tender
- g) Small sites/Unallocated Programme under £4.577m. This budget provision is included in the programme to give officers flexibility to move forward with emerging new development opportunities, to ensure that all necessary 1-4-1 RTB spend is achieved, and to allow funding for spot acquisitions if required, including new land.

11.9 HRA Capital Programme Funding

- 11.10 Appendix 5 details the actual funding for the capital programme in 2021/22. The funding requirement for the year was £10.925m, £17.477m less than previously anticipated in setting the Revised Budget. The Housing Services programme was underspent by £4.357m, with the New Build capital programme being £13.120m underspent. The average HRA cost of capital is shown here together with current HRA reserves/resources position. These resources are largely constrained in their use with the exception of the general reserve but provide a degree of mitigation against future new homes development and sales risk and provide a cheap form of internal financing for the capital programme.
- 11.11 The proposed funding of the programme therefore firstly applies all required 1-4-1 RTB funding of £0.547m to maximise the council's position on these resources, then Homes England grant funding for the Valley and Winnall £1.764m. The remaining £8.614m was unfinanced. Grant funding received in 2021/22 was used to fund prior year unfinanced spend in respect of the Valley and a small adjustment was made to write down prior year expenditure on Tower Street to revenue following the decision to sell the property. This resulted in a net movement of £7.828m in the Capital Financing Requirement from £178.178m to £186.005m. This represents the underlining need to borrow for capital purposes, i.e. its borrowing requirement.

11.12 HRA Capital Programme Re-Forecast for 2022/23

Within the capital programme, there is an increase due to slippage to the original budget of £12,381m combined with the reduction due to the re-profiling of £17.166m into future years, which is proposed in Appendix 6 & 7. The impact of these changes on the original budget of £43,154m, is a net reduction in approved budget for 2022/23 of £4.785m.

- 11.13 The proposed Housing Services programme has slippage of £1.063m and re-profiled budgets of £1.519m, resulting in a reduction of £0.456m. This reflects the anticipated need to spend on ongoing programmes and the carry forward of funding for key Council priorities such as climate change and fire safety

11.14 The profiling of all the New Homes scheme capital projects has also been reviewed in light of changes in both individual programme delivery timeframes caused by the phosphate issues affecting planning permission as well as the capacity of the team to resource these projects. As a result, the net budget after bringing forward slippage and re-profiling has been reduced by £4.046m. Of the Total budget of £29.819m in 2022/23 some £24,671m is committed and likely to spend. The Overall impact of this on the HRA 10 year indicative programme will be identified during the next year's budget preparation process.

12 Emerging Pressures

12.1 The 2022/23 budget approved in February 2022 assumed staff inflation at 2% and contract inflation at 4%. Currently, the consumer price index is 9.1% and construction prices are increasing above this rate. This will have a significant impact on the 2022/23 budget and a revised forecast will be prepared and brought back to cabinet later in the year once further details become clear.

12.2 A further pressure will almost certainly relate to the overall cost of living challenges and the proposal in the business plan for rents to increase in line with September CPI + 1% in line with the national rent policy. Whilst benefit payments would increase accordingly, 10-12% rent increases are likely to be unaffordable for many tenants and the Government and Housing sector as a whole is currently reviewing options. Recognising the financial pressures tenants are likely to be under, the council is looking at this issue very carefully and also assessing a range of options. Below inflation rent increases are likely to challenge the overall viability of the HRA Business Plan although the current high level of HRA reserves and cash balances will help to mitigate this. The impact of below inflation increases will be modelled over the summer months and a report on this issue will be brought forward later in the year.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB3334 Housing Revenue Account Budget 2022-23 17 Feb 2022

CAB3325 HRA Budget Options 2022-23 23 Dec 2022

CAB3308 Housing Revenue Account Outturn 2020-21 21 July 2021

CAB3290 Housing Revenue Account Budget 2021-22 11 Feb 2021

APPENDICES:

Appendix 1 – Housing Revenue Account Outturn 2021/22 – Subjective Summary

Appendix 2 – Housing Revenue Account Outturn 2021/22 – Service Summary

Appendix 3 – Housing Capital Programme 2021/22 – Housing Services Outturn

Appendix 4 – Housing Capital Programme 2021/22 – New Build Outturn

Appendix 5 – Housing Capital Programme 2021/22 Funding, Resources and Debt

Appendix 6 – Housing Capital Programme 2021/22 – Re-forecast Budget Major Works

Appendix 7 – Housing Capital Programme 2021/22 – Re-forecast Budget New Build

APPENDIX 1

HRA - INDICATIVE OUTTURN 2021/22

	Original Budget £000	Revised Budget £000	Indicative Outturn £000	Variance Outturn to Revised Budget £000	Report Notes
Employees	(4,079)	(4,316)	(4,081)	235	11.2 a).
Premises	(5,946)	(5,946)	(7,058)	(1,112)	11.2 b).
Other Costs	(4,154)	(4,167)	(3,679)	488	11.2 c).
Net Interest and Depreciation	(14,556)	(14,556)	(13,958)	598	11.2 d).
External income	29,836	29,836	29,887	51	11.2 e).
Surplus for year on HRA Services	1,101	851	1,112	261	
Right to Buy Admin Fees	29	29	35	7	
Interest receivable	20	20	18	(2)	
Net (increase)/decrease in HRA Balance before transfers to or from reserves	1,150	900	1,165	265	
Transfer to/from Reserves	(66)	(66)	(101)	(35)	
(Increase)/ decrease in HRA Balance	1,084	834	1,064	230	
<u>HRA Working Balance</u>					
Opening Balance	(14,889)	(15,594)	(15,594)		
Add Projected Deficit/(Surplus)	(1,084)	(834)	(1,064)	(231)	
Projected Balance at Year End	(15,973)	(16,427)	(16,658)	(231)	

HRA - INDICATIVE OUTTURN 2021/22

	Original Budget	Revised Budget	Indicative Outturn	Variance Outturn to Revised Budget	Report Notes
	£000	£000	£000	£000	
Service Summary					
Housing Management General					
Estate Management	(1,382)	(1,248)	(1,039)	208	11.3 a)
HRA General	(2,780)	(2,767)	(2,925)	(159)	11.3 b)
Tenancy Sustainment		(356)	(215)	141	11.3 c)
Downsizing	(65)	(65)	(68)	(3)	
Rent Accounting	(87)	(87)	(60)	26	
Tenants Involvement	(91)	(91)	(53)	38	
Vacant Dwellings	(25)	(25)	(40)	(15)	
New Build Programme Support	(857)	(857)	(496)	361	11.3 d)
	(5,286)	(5,495)	(4,898)	597	
Housing Management Special					
Communal Services	59	59	68	9	
Disabled Adaptations	(136)	(136)	(152)	(17)	
Estate Improvements	(529)	(529)	(394)	135	11.3 e)
Homelessness	(184)	(143)	(124)	19	
Sewage Works	(399)	(399)	(438)	(39)	
Sheltered Housing	(902)	(964)	(783)	181	11.3 f)
	(2,091)	(2,111)	(1,822)	289	
Repairs					
Responsive Maintenance	(2,115)	(2,115)	(2,781)	(666)	
Voids	(1,234)	(1,234)	(1,644)	(410)	
Cyclic	(927)	(927)	(839)	88	
Sub - total Repairs Works	(4,276)	(4,276)	(5,264)	(988)	11.3 g)
Repairs Administration	(1,150)	(1,171)	(1,141)	30	
	(5,427)	(5,447)	(6,405)	(958)	
Debt Management Expenses					
Debt Management Expenses	(10)	(10)	(7)	3	
Interest Payable	(6,012)	(6,012)	(5,370)	642	11.3 h)
Depreciation of Fixed Assets	(8,544)	(8,544)	(8,588)	(44)	
	(14,566)	(14,566)	(13,965)	601	
Rents and Other Income					
Dwelling Rents	27,600	27,600	27,339	(261)	11.3 j)
Garage Rents	79	79	60	(19)	
Other Income	248	248	298	49	
Sheltered Charges	543	543	506	(37)	
	28,471	28,471	28,203	(268)	
Surplus for year on HRA Services	1,101	851	1,113	262	

HRA - INDICATIVE OUTTURN 20221/22

Original Budget	Revised Budget	Indicative Outturn	Variance Outturn to Revised Budget
£000	£000	£000	£000

Report Notes

Service Summary

Right to Buy Admin Fees	29	29	35	7
Interest Receivable	20	20	18	(2)
Net (increase)/decrease in HRA Balance before transfers to or from reserves	1,150	900	1,166	266
Transfer re Insurance Reserve	(66)	(66)	(101)	(35)
(Increase)/ decrease in HRA Balance	1,084	834	1,065	231
<u>HRA Working Balance</u>				
Opening Balance	(14,889)	(15,594)	(15,594)	-
Add Projected Deficit/(Surplus)	(1,084)	(834)	(1,064)	(231)
Projected Balance at Year End	(15,973)	(16,427)	(16,658)	(231)

**HRA CAPITAL PROGRAMME INDICATIVE OUTTURN
2021/22**

	2021/22 Original Budget	2021/22 Revised Budget	2021/22 Indicative Outturn	2021/22 Variance Outturn to Revised Budget	Report Notes
	£000	£000	£000	£000	
<u>Housing Services Programme</u>					
<u>Major Repairs</u>					
External Envelope Works	(2,800)	(2,000)	(1,133)	(867)	
External Ground Works	(400)	(400)	(301)	(99)	
External Window/Door/Screens	(500)	(500)	(139)	(361)	
Internal Structure & Finishes	(350)	(350)	(90)	(260)	
Kitchen & Bathroom Renewals	(1,028)	(1,028)	(1,158)	130	
Mechanical & Electrical Services	(1,600)	(1,600)	(1,854)	254	
	(6,678)	(5,878)	(4,674)	(1,204)	11.7 a).
<u>Improvements & Conversions</u>					
Estate Improvements	(507)	(507)	(150)	(357)	11.7 b).
Sheltered Housing Conversions	(55)	(55)	(44)	(11)	
Sheltered Housing Upgrades	(135)	(227)	(48)	(179)	11.7 c).
	(697)	(789)	(242)	(548)	
<u>Other Capital Spending</u>					
Disabled Adaptations	(797)	(797)	(734)	(62)	
Fire Safety Provision	(1,016)	(1,077)	(599)	(478)	11.7 d).
Climate Change Emergency	(1,587)	(1,827)	(38)	(1,789)	11.7 e).
Sewage Treatment Works	(308)	(327)	(51)	(276)	11.7 f).
Total HS Capital Programme	(11,083)	(10,695)	(6,338)	(4,357)	

Appendix 4

HRA CAPITAL PROGRAMME INDICATIVE OUTTURN 2021/22

	2021/22 Original Budget	2021/22 Revised Budget	2021/22 Indicative Outturn	2021/22 Variance Outturn to Revised Budget	Report Notes
	£000	£000	£000	£000	
New Build Programme & Other Capital					
Dyson Drive	(1,222)	(50)	(24)	(26)	
The Valley	(2,681)	(2,118)	(845)	(1,274)	11.8 a)
North Whiteley			(12)	12	
Rowlings Rd			(29)	29	
Wykeham Place	(169)	(0)		(0)	
Woodman Close	(815)	(80)	(36)	(44)	
Hookpit	(1,068)	(790)	(425)	(365)	11.8 b)
Winnall Flats	(8,641)	(8,641)	(2,463)	(6,178)	11.8 c)
Wickham CLT	(410)	(205)		(205)	11.8 d)
Tower Street	(192)	(192)		(192)	11.8 e)
Southbrook Cottages	(1,155)	(250)	(44)	(206)	11.8 f)
Cornerhouse	(335)	(100)	(24)	(76)	
Witherbed Lane	(302)	(30)	(13)	(17)	
Barton Farm Extra Care	(1,000)				
Ravenswood	(800)				
Small Sites/Unallocated Programme	(2,641)	(4,250)	(30)	(4,220)	11.8 g)
purchase of property-Furley Close			(247)	247	
purchase of property-Taplings Close			(229)	229	
purchase of property-St.Martins Close			(167)	167	
Sites funded by 1-4-1 receipts	(4,374)	(1,000)	(643)	(357)	11.8 g)
	(25,806)	(17,707)	(4,587)	(13,120)	
Total HRA Capital Programme	(36,889)	(28,402)	(10,925)	(17,477)	

Appendix 5

**HRA CAPITAL PROGRAMME INDICATIVE FUNDING
2021/22**

	Original Budget £000	Revised Budget £000	Indicative Outturn £000	Variance Outturn to Revised Budget £000	Report Notes
Funding Source					
Right to Buy Other Retained receipts	1,342	1,342		(1,342)	
Right to Buy 1-4-1 Receipts	4,890	440	547	107	
Other capital receipts	393				
S.106 Contributions	250	250		(250)	
Homes England Grant	2,004	307	1,763	1,456	
New Build Sales	2,162				
HRA Borrowing	25,728	26,063	8,615	(17,448)	
Major Repairs Reserve	119				
TOTAL	36,888	28,402	10,925	(17,477)	11.10

HRA Usable Reserves/Resources	Bal 31.3.2021 £000	Bal 31.3.2022 £000	Change £000
HRA Revenue Reserves	15,594	16,658	1,064
Major Repairs Reserve	8,211	16,799	8,588
Right to Buy 1-4-1 Receipts	3,885	6,316	2,431
Other Capital Receipts	5,406	9,807	4,401
S.106 Contributions	1,921	4,951	3,031
TOTAL	35,017	54,531	19,515

HRA Capital Financing Requirement (Level of Underlying Borrowing)

	£000	£000	£000
CFR (Expenditure funded by Borrowing)	178,177	186,005	7,828
Annual Cost of Debt	5,369	5,373	4
Average Cost of Capital	3.19%	2.89%	-0.30%

Appendix 6

HRA CAPITAL PROGRAMME PROPOSED REVISED BUDGETS 2022/23

2022/23 Original Approved Budget. £000	2022/23 Other Budget Changes £000	2021/22 Proposed B/fwd £000	2022/23 Revised Budget £000
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Report Notes

Housing Services Programme**Major Repairs**

External Envelope Works	(2,072)	200	(1,872)
External Ground Works	(400)	100	(300)
External Window/Door/Screens	(300)	100	(200)
Internal Structure & Finishes	(100)		(100)
Kitchen & Bathroom Renewals	(1,100)	(100)	(1,200)
Mechanical & Electrical Services	(1,700)	(300)	(2,000)
	(5,672)		(5,672)

Improvements & Conversions

Estate Improvements	(226)	283	(357)	(300)
Sheltered Housing Conversions		11	(11)	(0)
Sheltered Housing Upgrades	(74)		(179)	(253)
	(300)	294	(548)	(553)

Other Capital Spending

Disabled Adaptations	(821)			(821)
Fire Safety Provision	(680)	558	(478)	(600)
Climate Change Emergency	(1,512)	950	(38)	(600)
Sewage Treatment Works	(304)			(304)
	(3,316)	1,508	(516)	(2,324)

Total HS Capital Programme	(9,289)	1,802	(1,063)	(8,550)
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Appendix 7

**HRA CAPITAL PROGRAMME PROPOSED REVISED BUDGETS
2022/23**

2022/23 Original Approved Budget. £000	2022/23 Other Budget Changes £000	2021/22 Proposed Bfwd £000	2022/23 Revised Budget £000	Notes
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New Build Programme & Other Capital

North Whiteley	(13,818)		12	(13,805)
Winnall Flats	(8,755)	4,273	(6,178)	(10,660)
Small Sites/Unallocated Programme	(5,500)	7,077	(4,577)	(3,000)
Dyson Drive	(1,586)	1,562	(26)	(50)
Southbrook Cottages	(1,066)		(206)	(1,272)
Woodman Close	(824)	818	(44)	(50)
Ravenswood	(800)	800		
Witherbed Lane	(609)		(17)	(626)
Barton Farm Extra Care	(473)	373		(100)
Cornerhouse	(327)	353	(76)	(50)
Wickham CLT			(205)	(205)
Tower Street	(108)	108		0
Total New Build Programme	(33,866)	15,364	(11,318)	(29,819)
Total HRA Capital Programme	(43,154)	17,166	(12,381)	(38,369)