

REPORT TITLE: HOUSING REVENUE ACCOUNT (HRA) BUDGET 2023/24

9 FEBRUARY 2023

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

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WARD(S): ALL

PURPOSE

Winchester City Council is committed to providing secure, well designed, well maintained, greener homes for our tenants and continues to invest to make tenants' homes safer, warmer, more energy efficient and healthier. It is also committed to ensuring that it can continue to provide the quality tenant services that our tenants rightfully expect.

This report requests approval for the proposed HRA revenue budget for 2023/24, as detailed in Appendices 1 and 2.

The report also requests approval for the capital programme budget proposal for 2023/24 and the 10-year plan to 2032/33. These figures are detailed in Appendices 3 and 4, taking account of the funding shown in Appendix 5.

The report proposes a 7% increase in rent to ensure the HRA Budget remains sustainable and viable over the 30-year period given significant inflationary and other cost pressures, and to allow for an additional revenue investment of £0.400m in HRA services as detailed within the report, which include

- funding additional fire and building safety compliance measures - making homes safer;
- bringing forward the 'Retrofit Ready Programme' which tenants would like to see implemented quickly - making homes warmer, more energy efficient and reducing tenants' energy bills;
- allowing for additional investment in a preventative rather than reactive programme to address issues related to condensation, damp and mould – making tenants' homes healthier;

A draft HRA Business plan 2022/23 to 2051/52 was reported to Cabinet in November. The revised Business Plan in this report incorporates growth of £0.400m as detailed above, and an annual welfare support budget of £0.215m and is now in alignment with inflationary assumptions used in the General Fund budget. The updated Business Plan which incorporates all of these proposed changes is considered to be both viable and sustainable. A summary extract of the latest 30-year revenue operating account is included in Appendix 6.

RECOMMENDATIONS:That Cabinet recommend that Council :-

1. Approve the 2023/24 Housing Revenue Account budget as detailed in Appendices 1 and 2 to this report.
2. Approve the 10-year indicative HRA capital programme as set out in appendices 3 and 4.
3. Approve capital expenditure in 2023/24 of £9.530m for the Maintenance, Improvement and Renewal programme as detailed in Appendix 3 of the report in accordance with Financial Procedure Rule 7.4.
4. Approve the proposed budget in 2023-24 for new homes of £20.518m as detailed in Appendix 4 of the report subject to individual scheme approvals
5. Approve the proposed indicative funding for the HRA Capital Programme as detailed in Appendix 5.
6. Note the HRA Financial Plan operating account extract, including annual working balances, as detailed in Appendix 6.
7. Agree to support the proposal to fund £0.400m for the new initiatives detailed in section 13.1 of the report, which includes funding for additional staff resources to support the actions identified and the creation of a new disrepairs claims budget of £0.100m.
8. Agree to continue the provision of the Welfare Support budget of £0.215m and to refocus this on measures to support vulnerable tenants to maintain their tenancies during this period of unprecedented cost pressures.
9. Approve a rent increase of 7% from April 2023 for Social and Affordable housing within the HRA for existing tenants.
10. Approve a cap on the average overall increase for tenant service charges in 2023-24 of 7%.
11. In recognition of the Cost-of-Living crisis, approve a discretionary 7% cap on the annual rent increase for Shared Owners, in line with the increase in

social and affordable rents to existing tenants as opposed to 13.1% increase that would have been applied.

12. Approve in principle to the HRA funding approximately £3.5m from the unallocated New Homes budget in order to meet any grant requirements to acquire 17 properties in accordance with the Local Authority Housing Fund (LAHF) grant conditions, as detailed in Section 19.5.

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.
- 1.2. Tackling the Climate Emergency and Creating a Greener District
 - 1.2.1. Carbon neutrality measures will be implemented across existing housing stock and included within the design and construction of new properties and included within the feasibility assessment when considering the purchase of any substitute properties. This includes the council's 10 year retrofit programme for existing properties.
- 1.3. Homes for all
 - 1.3.1. Assist with the increase of affordable housing property stock across the Winchester district and meet the council's objective to provide a range of tenures to meet demand.
- 1.4. Vibrant Local Economy
 - 1.4.1. Deliver affordable accommodation that allows people to live and work in the district and contribute to the local economy.
- 1.5. Living Well
 - 1.5.1. The wellbeing of residents is considered within the design of new properties and new homes are designed to be both energy efficient and to meet tenants' needs. Any substitute properties are assessed according to this criteria.
- 1.6. Your Services, Your Voice
 - 1.6.1. Housing tenants are directly involved in decisions regarding service provision, both through the work of Tenants and Council Together (TACT), the council's tenant involvement group and through regular tenant and leaseholder digital surveys, capturing wider tenant views. The service continues to review options to provide an improved customer experience, increase opportunities for engagement, and to ensure satisfaction with services provided by the council remains high.

2. FINANCIAL IMPLICATIONS

- 2.1. These are fully detailed in Section 11 of the report and the accompanying appendices.

3. LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1. Under Part VI of the Local Government and Housing Act 1989 any local authority that owns housing stock is obliged to maintain a Housing Revenue Account. The HRA is a record of revenue expenditure and income in relation to an authority's own housing stock. The items to be credited and debited to the HRA are prescribed by statute. It is a ring-fenced account within the authority's General Fund, which means that local authorities have no general discretion to transfer sums into or out of the HRA.
- 3.2. The council is required to prepare proposals each year relating to the income of the authority from rents and other charges, expenditure in respect of repair, maintenance, supervision and management of HRA property and other prescribed matters. The proposals should be made on the best assumptions and estimates available and designed to secure that the housing revenue account for the coming year does not show a debit balance. The report sets out information relevant to these considerations.
- 3.3. Section 76 Local Government and Housing Act 1989 places a duty on local housing authorities: (a) to produce, and make available for public inspection, an annual budget for their HRA which avoids a deficit; (b) to review and if necessary, revise that budget from time to time and (c) to take all reasonably practicable steps to avoid an end-of-year deficit.
- 3.4. The proposed HRA budget fulfils these requirements. The report also seeks approval for major investment estimates in relation to a variety of schemes. In compliance with Section 151 of the Local Government Act 1972, the council has in place Financial Procedures which provide appropriate arrangements for the approval of major works estimates. The various major works schemes must be capable of being carried out within the council's statutory powers. To the extent that the details of the schemes appear from the body of the report, the proposed works meet this requirement. In particular, the maintenance of dwellings may be considered consistent with the council's repairing obligation under Section 11 of the Landlord and Tenant Act 1985.

4. WORKFORCE IMPLICATIONS

- 4.1. A full review of salary grades was undertaken in 2017 and a further focussed review indicates that some comparable posts at neighbouring councils attract more favourable terms. This directly impacts on recruitment and retention of staff and therefore service delivery. A more competitive market position could be achieved by uplifting all grades by one spinal column point and removing the lowest point in each grade. This will make starting salaries higher as well as providing headroom at the top of the grade for staff to progress further. These proposals have been included in the HRA budget in line with the General Fund budget. The direct cost of this change to the HRA is £0.044m in 2023-24, there will also be indirect impacts through the support service recharges from the General Fund that are driven by salary costs.

- 4.2. A proposed reorganisation and refocusing of the Housing Property Service will see the creation of 6.2 FTE posts to resource changes to fire and building safety regulations and to address the increased responsibilities of condensation, damp and mould. To ensure landlord compliance duties are met to keep tenants and leaseholders safe within their homes

5. PROPERTY AND ASSET IMPLICATIONS

- 5.1. In order to meet one of the key principles of the Council Plan, 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 demand. The proposals to strengthen and develop the property services area will support and enhance the council's capacity and capability in this area.

6. CONSULTATION AND COMMUNICATION

- 6.1. The council has consulted with TACT on the issue of a proposed rent increase cap on three separate occasions. A meeting was held on 26 October after the Government launched a consultation on three possible rent cap increases of 3%, 5%, and 7%. A second meeting was held on 15 December after the Government set the rent increase cap at 7% for 2023/24 in the autumn statement on 17 November 2022, which considered the possibility of a 6% or a 7% rent increase cap. At the TACT meeting on the 19 January the council outlined its proposal for a 7% rent increase and explained its rationale giving tenants an opportunity to ask questions and to understand the impact the rent increase would have on them and on the viability and sustainability of the HRA budget over the 30 years, including the budget growth options for 2023-24
- 6.2. At the meeting on the 15 December tenants were divided over their support for a 6% or 7% increase in rent. A number of tenants expressed concerns about tenants' ability to afford a 7% increase and especially for those not in receipt of housing benefit. Officers explained the Government review the level of benefits and tax credits each year and announced for the financial year 2023/24, that inflation-linked benefits and tax credits will rise by 10.1% from April 2023. It was also explained that State Pensions will increase by 10.1% from next April.
- 6.3. Reassurance was provided that tenants on low incomes and not in receipt of state benefits may be eligible for financial assistance through DWP grant programmes administered through the council and through dedicated landlord Welfare and Assist funds within the HRA. Tenants recognised the need for the HRA budget to be viable and sustainable whilst contending with inflationary pressures and sector costs.

7. ENVIRONMENT CONSIDERATION.

- 7.1. The Business Plan takes full account of and includes funding for the Council Homes Retrofit programme approved in 2020. It also sets out the current New

Homes programme and highlights the recent increase in build costs and the council's commitment to build to very high energy standards.

- 7.2. The retrofitting of the council's own housing stock to reduce both energy consumption and carbon is a key action in the Carbon Neutrality Action Plan and one to which the council has committed to investing £15.7m over 10 years
- 7.3. The budget also funds the provision of a dedicated Retrofit Co-ordinator and part funds an ecologist/biodiversity officer within the planning department. The retrofit co-ordinator is central to the two main council housing stock carbon reduction programmes - the fabric first void programme and the recently launched tenant "Retrofit Ready" programme to reduce carbon emissions and provide energy savings to tenants.
- 7.4. The council is committed to building to the highest energy efficiency standards and has recently approved a small 6 units scheme where units will be built to Passivhaus standard. Passivhaus is a low energy building standard which requires the fabric of the building to be extremely efficient and airtight. This reduces the heating requirement and carbon emissions and minimises over-heating as the climate heats up. Building to Passivhaus standards produces healthy homes which are affordable to run with lower energy bills and which are resilient to extreme climate events. This scheme will be evaluated to inform future schemes and energy efficiency build standards.
- 7.5. 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 ASSESSEMENT

- 8.1. This document is part of the budget consultation process, and the public sector equality duty is considered alongside any relevant budget options. The housing service holds data in respect of its tenants protected characteristics. Whilst there is no evidence to suggest the budget proposals and services within it would adversely affect those with protected characteristics, it is recognised that some tenant households will be impacted differently by the same budget objectives and associated services. Given the highly subjective nature and variety of services within the budget it would be difficult to determine an approach which is completely consistent and fair.
- 8.2. The 2023/24 budget's operational decisions being presented in this paper include investment in maintaining decent homes and increasing the supply of affordable housing designed to have a positive impact on resident's tenants and residents. Other options designed to have a positive impact on council tenants include a cap on rent increases and the cap on service charge increases for all existing tenants.

9. DATA PROTECTION IMPACT ASSESSMENT

9.1. All projects set out in this report and the Capital Programme will be subject to individual service data protection impact assessments.

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.	Self-Financing provides certainty around future resource allocations and facilitates better supply chain management
<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.</i>	New build contracts contain clauses to allow the council to recover damages if the project is delayed due to contractor actions.	
<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</i>	Regular monitoring of budgets and business plans, together with the use of financial assessment tools enables the council to manage resources effectively.	The council monitors Government announcements on the use of RTB receipts and potential capital grant funding.

Risk	Mitigation	Opportunities
<i>Deliverables</i> <i>Risk that the council cannot deliver the programme of new build and meet the objective of 1000 homes in 10 years as a result of the lack of sites, the cost of development or the cost of financing this development</i>	The new homes is monitored on a regular basis and if appropriate could be delayed or re-profiled in light of the availability of these resources	Review the deliverable shape of the programme and its profiled delivery in light of available resources and risk appetite
<i>Staffing resources (not always in Housing) reduce the ability to push forward new schemes at the required pace.</i>	Staffing resources have been reviewed to support the delivery of the enhanced new build programme.	Given the challenging nature of the delivery targets it may be necessary to review the resourcing requirements needed to successfully deliver this programme
<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. Total Scheme Costs contain provision for 5% contingency on build and 10% on fees for new build developments that take account of potential residual development and sales risk. In addition, the HRA holds annual minimum levels of reserves based upon 5% of operating turnover and 10% new build costs.	
<i>Interest rate volatility</i> <i>The economic and fiscal environment for borrowing is both volatile and uncertain making external borrowing decisions difficult to take at present</i>	The HRA has cash reserves that allow it in the short term to effectively borrow from internal resources giving a period of time for interest rates to stabilise and reset and the fiscal environment to be more benign	The use of internal borrowing can help to reduce the short-term cost of borrowing as well as delay the need to seek external finance and delivers better overall returns to the HRA
<i>Future Social Rent Policy</i> <i>Uncertainty about long term rental income</i>	Rental income accounts for 94% of all the HRA annual income, and future	Sectorial lobbying of Government to seek future certainty will help to

Risk	Mitigation	Opportunities
<i>streams as a result of the end of the current agreement on rent setting in April 2025.</i>	potential Government intervention and constraint upon this has a significant impact on the size and deliverability of the plan	support better decision making
<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.	The Local Housing Company has the potential to increase the available supply of affordable housing options to support residents and to meet housing demand.
<i>Reputation Failure to complete major housing and retrofit projects due to lack of resources would have a direct impact on both customer satisfaction and the council's reputation.</i>	Business planning tools with regular updates are utilised to make sure resources are available to complete projects. In addition, the council has recruited a specialist officer to manage programme delivery.	
<i>Other – environmental regulation such as that by Natural England on mitigating Phosphates</i>	This delays the ability to bring forth schemes with planning permission and delays increase the cost and viability of schemes.	

11. **BACKGROUND**

- 11.1. The draft HRA Business Plan and budget options report 2023/24 was considered and noted by the Cabinet at its meeting on Tuesday 15 November, and reviewed by the council's Scrutiny Committee on Wednesday 23 November. TACT representatives were briefed and invited to comment at both committees.
- 11.2. The report identified the unprecedented difficulty of setting the HRA budget against a background of uncertainty around a number of factors including future interest rates, inflationary pressures and of the potential rent increase for 2023-24, following late Government intervention to cap rent increases.
- 11.3. The report commented on the Government consultation proposals for capping rent increases to ensure social housing rent increases next year were lower than the rate of inflation to help protect council tenants from the impact of the rising cost of living. Following the Government's rent setting announcement in November. Officers met with TACT representatives in order to provide an update and to discuss the impact on tenants and the effect on the viability of the HRA budget of setting a rent increase at the 7% cap. The impact and ramifications of setting a rent at a 6% increase were also discussed.
- 11.4. The Government proposals were made in light of the current cost of living crisis and were meant to strike a balance between the needs of existing tenants facing a potentially unaffordable 10.1% rent increase under the existing rent framework on the one hand, and the investment requirements of responsible social landlords to fund required future investment in their business plans on the other. The proposals were framed around a range of rent increase cap limits for 2023-24, of 3%, 5% and 7%.
- 11.5. In 2023-24 all new lettings into social rents will be at the formulae guideline rent which will increase by 10.1%, from an average of £106.99 per week to £117.80 per week, and all new lettings of affordable rent will be let at 70% of market rent.

12. **HRA BUSINESS PLAN AND PROPOSED BUDGET for 2023-24**

- 12.1. The council's HRA Business Plan is based on delivering growth through funding new sustainable and affordable housing and by maintaining existing council homes at the Decent Homes Standard, ensuring the housing stock is fit for purpose now and in the future. This includes council home retrofit works to provide warmer more energy efficient homes that will help to reduce heating costs which we know from recent tenant surveys is what tenants want and rightfully expect.
- 12.2. Being able to build well-designed, good quality, low-carbon, energy-efficient new homes relies on future borrowing and is susceptible to interest rate rises. Interest rates have recently been very volatile and are likely to increase to

dampen down inflation this then creates more pressure upon the HRA Budget. Together with cost inflation pressures (which was 10.5% at December 2022) and construction inflation running much higher (now estimated at 42%), it is clear that the HRA Business Plan faces some significant challenges and future budget pressures.

- 12.3. In the Budget statement on 17 November 2022, the Government confirmed that the proposed rent cap on rent increases in 2023-24 would be set at 7% and suggested landlords should carefully explore and consider all viable rent increase options available to them. While the council recognises that many tenants are being significantly impacted by the current cost of living crisis, as a responsible landlord it also need to ensure that the HRA Business Plan is both viable and sustainable over the 30-year planning period.
- 12.4. The average weighted cost of inflation in 2023-24 on current inflation predictions is forecast to be 5.48% or to cost the HRA an additional £1.449m and it is important that there is enough financial headroom in the budget to cover inflationary costs should they prove to be higher and to allow for investment should predictions change. (A 6% rent increase would have generated around £1.457m and barely cover the inflationary cost increases anticipated.)
- 12.5. The draft HRA Business Plan was framed to continue to deliver existing core services, maintain decent homes, fund all borrowing and invest in neighbourhoods and in addition to deliver 1000 new homes over the next 10 years. It highlighted the very real challenges posed in relation to inflation, energy costs and interest rate volatility on future budgets and investment plans. Due to uncertainty in November this year the budget options were largely a continuation of the previous year's Business Plan and did not take account of any of the emerging and potential investment requirements some of which are new statutory duties. These include:
 - Changes to building and fire safety regulations in response to the Grenfell fire that place increased safety and compliance duties on landlords to keep buildings well maintained and tenants and leaseholders safe within their homes.
 - The cost of retrofitting the existing council housing stock. In March 2021, it was estimated that associated costs to retrofit the council's existing housing stock would be between £70m and £100m, and a budget of £15.7m over 10 years was allocated within the HRA for the retrofit programme with an assumption that the Government will provide external retrofit grant funding to enable the works.
 - Changes to the minimum investment requirements of the Decent Homes standard.

13. **PROPOSED GROWTH IN 2023-24**

- 13.1. Since the draft Business Plan report was put forward officers have identified a number of new investment options that would enable Property Services to better meet emerging budget pressures partly driven by tenants expectations and investment requirement. These include:
- a) Fund the additional resourcing requirement to effectively manage and monitor a growing demand for fire and building safety compliance checks to minimise risks to tenants
 - b) Resourcing the new “Retrofit Ready” programme which allows tenants to opt-in to the retrofit programme and offers a real opportunity to make homes warmer and more energy efficient by carrying out simple and non-intrusive measures which will help to lower tenants’ energy bills
 - c) Having a proactive programme and plan in place to deal with emerging condensation, damp and mould issues in many cases linked to the cost-of-living crisis and to invest in early intervention and monitoring measures to prevent issues escalating or going undetected.
 - d) The creation of a disrepairs budget of £100k to help better tackle and better resource the growing number of legal cases for compensation that the council is facing, which are being led by legal firms seeking to generate cases on a no win no fee basis.
 - e) To effectively resource the asset management area to improve the collection and use of key data in informing decision making with regard to investment priorities within the existing housing stock.
- 13.2. Monitoring of internal data suggests that the cost-of-living crisis is already leading to colder homes and poorer ventilation which exacerbate condensation issues and the mould that very often follows. Over recent months there has already been a significant increase in the reports of damp and condensation as residents worry about the impact it may be having on their health. In addition, there has also been a significant increase in disrepair claims over the last year - a number of which will also stem from ongoing damp and condensation issues. Reports of damp and condensation are currently dealt with on a reactive basis and so additional resource is needed to better manage individual cases, allowing for a more proactive and preventative approach to try and minimise problems before they arise.
- 13.3. The council recently launched a “Retrofit Ready” programme that allows council tenants to opt into the retrofit programme and offers a real opportunity to make homes warmer, more energy efficient in the short-term helping to reduce energy bills by carrying out simple and non-intrusive measures relevant quickly to a larger number of homes within the housing stock. (When 1400 tenants in properties with EPC rating of E and D and below were given the opportunity to opt into the Retrofit Ready programme, over 800 replied). Whilst the programme requires immediate additional resource to administer

and manage the programme to meet tenant demand, it is anticipated that the actual remedial works emanating from this programme can be procured and managed within existing resources, although this will be kept under review.

- 13.4. Property Services typically spends approximately 10-15% of the revenue works budget on compliancy checks and controls. Whilst this proportion is not that large, these checks are generally low value, high volume works involving a very significant and disproportionate amount of administration and record keeping to satisfy statutory and best practice protocols. If these checks and controls are not carried out on a regular and systematic basis appliances risk becoming unsafe/dangerous and/or stop operating efficiently. The compliancy checks continue to increase for a number of reasons:
- Making homes safer controls
 - The increasing number and prevalence of disability aids
 - More complex and modern systems being fitted by new homes
- 13.5. Recent events have shown that a more appropriate Property Services structure is needed to better co-ordinate and manage the ever-expanding strands of compliancy risks and controls. Not only are these additional compliancy resources needed for the purposes of the existing and future predicted workload within Property Services but also for the broader needs of the Housing Landlord Service. The increasing Health and Safety duties will be better managed through the oversight and ownership of a dedicated compliance team within Property Services.
- 13.6. The last stock condition survey was carried out in 2012/13. Whilst the external elements have been re-assessed as part of the annual repair and paint cycle, the internal elements have not been proactively assessed for over 10 years. Additional resources are required in this area to carry out proactive stock condition surveys (internal and external) on a 5-year rolling basis (approx.1000 per annum). The internal surveys will include the Housing Health and Safety Rating System (HHSRS) assessments. A risk-based evaluation tool to help local authorities identify and protect against potential risks and hazards as identified within the home. Including the HHSRS process within the stock condition survey will help to identify and prevent condensation, damp and mould issues at an earlier stage.
- 13.7. The new Decent Homes standard is also likely to identify a requirement to collect new stock survey condition attributes to facilitate and evidence Government returns. The new resource will also be used to extract and populate the housing asset management database (Keystone) with new homes data and as a general resource to keep all stock condition information current and accurate.

- 13.8. These budget growth options will require an additional ongoing annual investment of £0.400m. In addition, the inclusion of the dedicated welfare support fund of £0.215m increases the overall growth to £0.615m.

14. **RENT SETTING**

- 14.1. Although the council's Housing Revenue Account remains in a healthy position with strong cash balances these are fully taken into account in setting a viable 30-year Business Plan. Service quality, customer satisfaction and avoiding negative impacts on the HRA budget is a priority for the council when setting rent increases, as is the need to plan for both current tenants and for future generations.
- 14.2. The Government has set a cap on any proposed rent increase for existing tenants at 7% for 2023/24 to replace what could have been a 10.1% rent increase under the normal rent setting formula and framework of Customer Price Index (CPI) plus 1%.
- 14.3. While the council recognises tenants' have concerns about next year's rent setting and are understandably worried about the likely impact of an increase as a responsible landlord, the council has to carefully look at both the challenges and the exceptional circumstances tenants are again facing and of the pressing need to continue to invest in our existing homes and build much-needed new affordable homes for future generations. The council needs to maintain and invest in our core landlord services including building and fire safety improvements alongside measures to retrofit tenant's homes to make them safer, warmer and healthier and to also reduce their carbon footprint.
- 14.4. When rent setting for next year, the council needs to ensure there is enough headroom within the HRA budget to ensure that that HRA budget is viable and sustainable whilst contending with inflationary pressures and substantial increases in sector costs. This is particularly important because in the financial tenants affected by the Covid 19 pandemic.
- 14.5. The decisions made now and in the immediate short term have sizeable ramifications in the longer term. The council needs to balance tenants' views and concerns in setting the rent increase for 2023/2024 against the need to maintain the existing housing stock and ensure it meets the decent home standard, continue to provide high quality housing services, retrofit existing council properties in line with tenants' desire to reduce both energy costs and carbon, and continue to build new homes for future generations.
- 14.6. Although it is difficult to get accurate data on the individual circumstances of tenants and their families, approximately 60% of HRA tenants are in receipt of housing related benefits either Housing Benefit or Universal credit, and in addition approximately 30% are over 65 and in receipt of state pensions or pension credits. Although obviously there may be some cross over between these data sets. The Secretary of State for Work and Pensions has reviewed

the level of benefits for 2023-24 and all inflation linked benefits and tax credits will be increased by 10.1% from April 2023 in line with the September 2022 rate of consumer price inflation.

- 14.7. In addition, it is proposed that the Welfare Support Fund of approximately £0.215m in 2022-23 which was originally agreed as a one-off fund in the 2021-22 budget, is now built into the HRA base budget on an annual basis and that it is refocussed to support the most vulnerable tenants to sustain their tenancies.
- 14.8. A 7% rent increase would generate an additional £1.797m in total in 2023-24 (£0.340m more than a 6% rent increase which was also considered). It would also generate an additional £6.02m of income over the life of the Business Plan equivalent to an NPV of £3.8m. This will provide a degree of financial resilience for the HRA and help both to mitigate against the impact of future increases in underlying construction costs, inflationary pressures and interest rate rises, as well as assist in meeting budget growth options identified to meet the changes identified in section 13.1

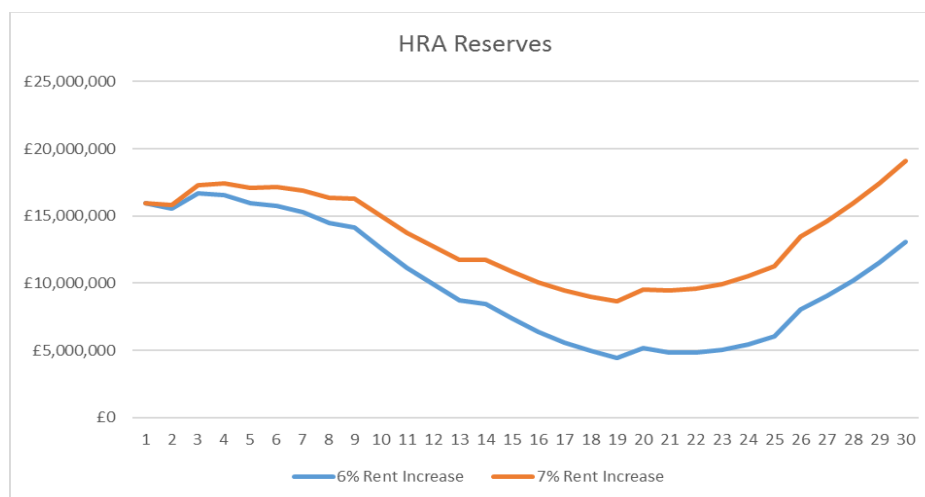


Chart 14.8 – Shows the difference between a 6% and 7% rent increase on projected future HRA reserves.

- 14.9. A 7% rent increase would mean the average weekly social rent will be £114.48 a week, an increase of £7.49 per week. The average weekly affordable rent will be £179.89 a week, an increase by £11.77 a week. These projected increases are illustrated in the tables over, which also show the impact of the 10.1% increase for comparison purposes had the Government not intervened to set a 7% rent increase cap for 2023-24.

Social Rents	Bedroom	Bedroom	Bedroom	Bedroom	Bedroom	Bedroom	Bedroom
Bedroom Size	1	2	3	4	5	6	Avge
Avg Wkly Rent 2022-23	£92.46	£107.21	£121.83	£130.83	£151.38	£148.79	£106.99
New Avg Rent 2023-24	£98.94	£114.72	£130.36	£139.99	£161.98	£159.21	£114.48
Increase Per Week at 7%	£6.48	£7.51	£8.53	£9.16	£10.60	£10.42	£7.49
Potential Rent Rise at 10.1%	£101.80	£118.04	£134.14	£144.05	£166.67	£163.82	£117.80
Potential Increase Per Week	£9.34	£10.83	£12.31	£13.21	£15.29	£15.03	£10.81

14.9a Table showing impact of 7% rent increase on existing social tenants

Affordable Rents	Bedroom	Bedroom	Bedroom	Bedroom	Bedroom
Bedroom Size	1	2	3	4	Avge
Avg Wkly Rent 2022-23	£146.21	£175.61	£197.95	£234.39	£168.12
New Avg Rent 2023-24 *	£156.44	£187.90	£211.80	£250.80	£179.89
Increase Per Week at 7%	£10.23	£12.29	£13.85	£16.41	£11.77
Potential Rent Rise at 10.1%	£160.97	£193.34	£217.94	£258.06	£185.10
Potential Increase Per Week	£14.77	£17.74	£19.99	£23.67	£16.98

* this is the gross affordable rent and includes the service charge

14.9b Table showing impact of 7% rent increase on existing affordable tenants

14.10. A 7% rent increase would mean an increase in rents at the level set by the Government taking into account the cost-of-living pressures tenants are under whilst recognising the financial pressure the HRA is also facing. The potential effects of a below inflation rent cap applied on the rent increase has constraints on what the council as a responsible landlord can afford to invest in the future. Lost rental income is lost for the life of the Business Plan and cannot be recouped at a later stage.

14.11. The relative affordability of council housing compared to market housing in Winchester is highlighted in chart 14.11, which shows comparative market prices for different sizes of market accommodation in the period Oct 21-Sept 22 compared to the social and affordable properties after the proposed 7% rent increase.

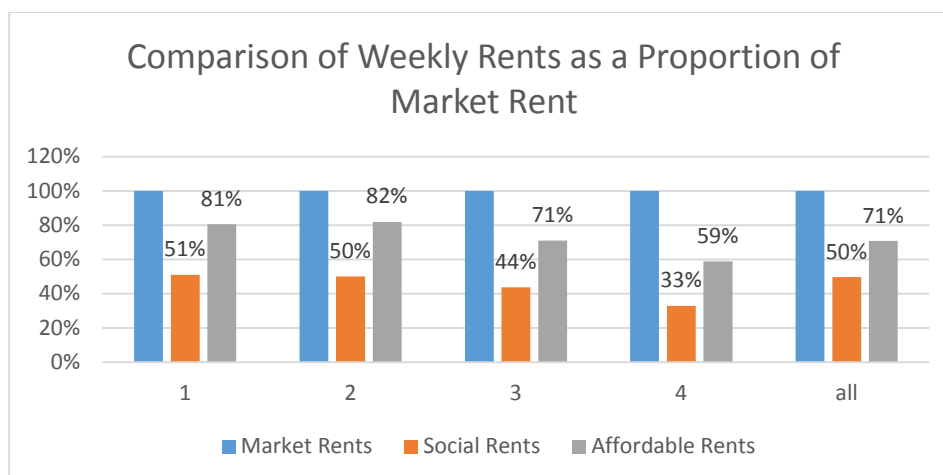


Chart 14.11: Comparison of WCC Weekly Rents as a Proportion of Market Rent* after the proposed 7% Rent Increase.

Source: Govt website stats for period Oct 21-Sept 22

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/privaterentalmarketsummarystatisticsinengland/april2021tomarch2022#local-authority-analysis>

15. The Council has c.37 shared ownership dwellings in the HRA where the lease has an annual upward only rent review based upon RPI in September 2022 plus 0.5%. This would have meant that the rent increase for these residents would have been 13.1%. However, in recognition of the cost-of-living crisis and in line with requests from Government, the council is proposing to cap the rent increase in 2023/24 to 7% in line with the 7% rent increase for social and affordable tenants. This will cost the HRA c. £11,000 in lost income.
16. **SERVICE CHARGES.**
 - 16.1. In addition to rental payments, social housing tenants may also pay service charges. Rents are generally taken to include all charges associated with the occupation of a property, such as maintenance and general housing management services. Service charges usually reflect additional services which may not be provided to every tenant, or which may be connected with communal facilities rather than being particular to the occupation of a dwelling. Affordable rents include any relevant service charge where applicable within the calculation of the rent, therefore the maximum increase for affordable tenants is a 7% increase in their rent.
 - 16.2. The council's policy is to recover the actual cost of providing specific services to tenants (such as cleaning, grounds maintenance and communal costs for flats and sheltered housing) through their service charges. In setting service charges the council reviews the actual costs for the previous year against the current charges and projected charges for the forthcoming year and uses this to inform the level of charging required.

- 16.3. Service charges are not governed by the same factors as rent. However, the Government through the Regulator of Social Housing have stated that they expect that Registered Providers should endeavour to keep increases for service charges within the limit on rent changes, i.e. 7% in 2023-24, to help keep charges affordable.
- 16.4. In setting the estimated services charges for 2023-24 there are some material anticipated increases in costs, especially energy, estates and cleaning reflecting inflationary pressures and costs in 2023-24 that are expected to be significantly higher as a result. The council currently collects around £1.272m of income from service charges. If the council caps its overall service charge increase to tenants in 2023-24 to an average of 7% then it will cost the HRA £0.132m. This will result in an ongoing gap or shortfall between actual costs and charges. The council will need to consider how it addresses this in the future, in terms of moving back to full cost recovery over a transitional period.
17. Housing Revenue Account Budget 2023-24
- 17.1. Details of the proposed budgets are shown in Appendices 1 and 2 and the larger item adjustments highlighted in the subjective summary in Appendix 2 are shown below:
- 17.2. Employees – The 2023-24 budget is £5.504m, an increase of £0.812m on the 2022-23 original budget. The employee budget includes the full year effect of the 2022-23 pay award, the changes to the grade structure and allowance for a 5.5% award in 2023-24, as well as growth of £0.300m.
- 17.3. Premises – The 2022-23 budget is £8.380m, an increase of £1.297m on the 2022-23 original budget. The main changes in funding are on repairs £0.730m, and on energy costs £0.387m.
- 17.4. Net Interest – The 2023-24 budget reflects the interest cost of anticipated HRA borrowing. It assumes gross interest costs of £6.857m, an increase of £0.167m on the 2022-23 original budget. The assumption is that any new borrowing will be financed from internal borrowing until external PWLB interest rates are more stable and affordable. This is in line with the HRA funding strategy outlined in the Business Plan report. Anticipated Interest rates on HRA balances have increased from 0.03% to 1.8%. With a forecast £60m of cash backed reserves, the HRA is forecast to receive £0.585m in interest, an increase of £0.565m on the 2022-23 budget.
- 17.5. Depreciation – Is an estimate based on the prior year. The budget for 2023-24 is £8.821m, an increase of £186k on the original budget for 2022-23. The actual cost of depreciation will reflect the value of the HRA operational assets, the anticipated capital spend and the changes in the number and value of HRA dwellings and non-HRA dwellings at year end.

- 17.6. External Income – The 2023-24 budget is £32.535m, an increase of £1.905m on the original budget for 2022-23. This largely reflects the rent increase of 7% from April 2023, together with associated increases in service charges and other income.

18. **HOUSING SERVICES CAPITAL PROGRAMME**

- 18.1. The 10-year forward financial projection for major repairs is based on the latest stock condition survey. A detailed analysis is shown at Appendix 3.
- 18.2. All HRA properties are maintained to decent homes standard with the property services team managing the upkeep of properties taking into consideration the stock condition survey information. In order to manage the maintenance, improvement and renewal programme effectively, the property services team need to have the flexibility to substitute projects and re-balance expenditure between repair budgets. The 10-year housing services capital programme allocates £89m towards the upkeep and maintenance of HRA dwellings based on the investment requirements of the asset management plan.
- 18.3. The HRA Asset Management Strategy considers fire safety measures and climate change emergency initiatives. This could potentially include the replacement of gas boilers with low-carbon heating systems and the installation of solar panels in sheltered schemes to provide heating and power to communal areas. The strategy also addresses the council's policy on nitrate neutrality, including water efficiency measures.
- 18.4. The stock condition survey will be updated in due course to include additional costs arising from fire safety and climate change emergency measures once the position is clearer, as well as any changes to the Decent Homes Standard heralded in the recent White Paper "The Charter for Social Housing Residents".
- 18.5. A key element of the council's Climate Neutrality Action Plan includes additional investment in the council's housing stock to improve energy efficiency and help tenants reduce their carbon emissions. The housing services capital programme includes funding towards climate change of £15.7m, including provision for inflation.
- 18.6. The latest financial projection also includes an annual provision of an average £0.423m for Estate Improvements for the next 7 years. The scope of the programme includes environmental improvements resulting from the Climate Neutrality Change Action Plan, including electrical vehicle charging points in a number of council car parks.
- 18.7. The ongoing investment requirements of the HRA sewage treatment works is unfortunately still being reviewed by officers with the aim of creating a robust future Asset Management Strategy around these assets. In the meantime the plan allows for £1.4m within the next 10 years.

19. **NEW BUILD CAPITAL PROGRAMME**

- 19.1. The “Homes for All” Council Plan priority continues the council’s commitment to new homes and the HRA New Build Programme forms a key and important element of new homes provision. The Plan set out in appendix 4 includes funding of current projects and provision for emerging opportunities. It provides the financial support to enable the achievement of the council’s target to deliver 1000 new council homes over the next 10 years. The 10-year forward financial projection has identified a capital expenditure requirement of £314m. The projection includes known schemes £44m and an unallocated provision to cover additional schemes £269m in the future. A breakdown of the schemes is shown at Appendix 4. Application for additional housing grant will be considered for all future developments where appropriate.
- 19.2. A key factor in the delivery a future pipeline of new homes is the identification and acquisition of suitable land and appropriate sites to develop upon. The new build programme assumes steady delivery of unallocated schemes and small sites over the next 10 years to maximise available funding within the HRA. There is no specific unallocated budget for 2023-24, but if required funding can be brought forward from future years.
- 19.3. A key issue affecting the new homes programme is Natural England’s (NE) requirement that new housing developments are both nitrate (as of June 2019) and phosphate (as of March 2022) neutral. While the council can acquire nitrate credits, the lack of an approved scheme for phosphate credits means that a number of new developments within the new homes programme have been unable to progress.
- 19.4. The council is therefore currently investigating the possibility that it could offset the nutrient neutrality required by NE by improving its own Sewage Treatment Works (STW) and a budget of £0.2m has been included in the New Homes Capital Programme to fund any improvements works that may be required. This investigatory work is being undertaken in collaboration with NE, Environment Agency, and the Partnership for South Hampshire (PfSH) and is seeking to establish the quantity of nutrient credits that could potentially be generated through such improvement works. These offset credits would firstly be used for the Council’s new build programme to allow new developments to progress, with any surplus credits potentially being sold to private developers should the number of credits produced exceed the council’s own demands. It is anticipated the results of these pilot investigations will be available in March 2023.
- 19.5. The council has also responded positively to the Government’s recent provisional notification that it will be awarded a capital grant of up to £2.729m towards the costs of acquiring an additional 17 new homes within the Winchester district to house 16 Ukrainian households that have arrived under the Homes for Ukraine Scheme and 1 larger Afghan family. These 17 additional new homes would be held within the HRA, and once they were no

longer needed by the refugee families they would be available for general use within the housing register.

- 19.6. In order to benefit from this Government funding announced in December 2022, the council is required to provide additional funding of approximately £3.5m from the HRA new homes unallocated capital budget. The Government's award is provisional at this stage and subject to a non-contractual memorandum of understanding that must be submitted to and approved by Department for Levelling Up, Communities and Housing (DLUCH). The acquisition of 17 additional new homes will add to the council's commitment to build 1000 additional new homes over the next 10 years and should the award go ahead, would mean the council would add 1017 additional homes over that period.

<https://delta.communities.gov.uk/document-repository/public/download?uri=/document-repository/Local-Authority-Housing-Fund-Prospectus-Final.pdf>.

20. **HRA CAPITAL PROGRAMME FUNDING**

- 20.1. Appendix 5 gives full details of how it is proposed to fund the Housing Services & New Build Budgets from 2022-23 to 2032/33. This shows a prudential net borrowing requirement of £198m (or 43% of total programme funding), the planned reinvestment of RTB receipts £64m (12%), and the application of Major Repairs Allowance (recycled depreciation funding of 28%), the investment of shared ownership receipts and other asset sales £58m (13%) and the application of S106 funding £17m.

21. **OTHER OPTIONS CONSIDERED AND REJECTED**

- 21.1. A 6% rent increase was considered but was rejected because this would not have provided enough financial headroom to meet the inflationary related cost increases (an additional £1.449m) and the budget growth options detailed in section 13.1. It would also have resulted in a loss of £6.02m to the HRA over the business planning period, or £3.8m NPV at today's price base. It is considered that the financial resilience of the HRA will be undermined by setting another below guideline increase whilst there remain a key number of future uncertainties and volatility around future interest rate levels, construction and energy inflation, rent setting framework and potential increased investment requirements.

22. **BACKGROUND DOCUMENTS**

Previous Committee Reports:-

CAB3365 HRA Business Plan and Budget Options – November 2022

CAB 3334 HRA Budget – February 2022

CAB3264 – HRA Asset Management Plan - 8 Dec 2021

CAB3325- HRA Budget Options - 23 Nov 2021

CAB3275 – HRA Budget Business Plan and Budget Options-16 Dec 2020

CAB3111 – HRA Budget 2019-20 & Business Plan 2019/49 – 30 Jan 2019

23. **OTHER BACKGROUND DOCUMENTS:-**

<https://www.gov.uk/government/publications/benefit-and-pension-rates-2023-to-2024/benefit-and-pension-rates-2023-to-2024>

<https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020/policy-statement-on-rents-for-social-housing>

25. **APPENDICES:-**

Appendix 1: HRA 2023-24 Budget – Service Summary

Appendix 2: HRA 2023-24 Budget – Subjective Summary

Appendix 3: Housing Services Capital Programme 2023-24 to 2032/33

Appendix 4: New Build Housing Capital Programme 2023-24 to 2032/33

Appendix 5: HRA Capital Programme Funding 2023-24 to 2032/33

Appendix 6: HRA Financial Plan 2022-23 to 2051/52 Extract – Operating Account

APPENDIX 1: HRA 2023-24 BUDGET – SERVICE SUMMARY

<u>Housing Revenue Account</u>	22/23		22/23	23/24
	Original Budget per CAB3334	B/Fwd from 21/22/Adj Per CAB3354	Revised Budget	Original Budget
Service Summary	£	£	£	£
Housing Management General				
Estate Management	(1,271,860)	(35,633)	(1,307,493)	(1,477,707)
HRA General	(3,010,302)	101,084	(2,909,218)	(3,192,869)
New Build Programme Support	(917,989)	25,000	(892,989)	(935,403)
Downsizing	(65,000)	0	(65,000)	(65,000)
Rent Accounting	(71,040)	0	(71,040)	(77,037)
Tenants Information	(83,555)	0	(83,555)	(88,322)
Tenancy Sustainment	(431,172)	4,011	(427,161)	(449,586)
Vacant Dwellings	(31,400)	0	(31,400)	(39,800)
	(5,882,318)	94,462	(5,787,856)	(6,325,724)
Housing Management Special				
Communal Services	103,350	0	103,350	(27,540)
Disabled Adaptations	(136,621)	0	(136,621)	(152,204)
Estate Maintenance	(489,200)	0	(489,200)	(552,200)
Homelessness	(40,134)	(48,463)	(88,597)	(346,863)
Home Ownership	0	25,827	25,827	192,012
Sewage Works	(331,723)	0	(331,723)	(404,800)
Sheltered Housing	(881,156)	35,633	(845,523)	(1,116,717)
	(1,775,484)	12,997	(1,762,487)	(2,408,312)
Repairs				
Responsive Maintenance	(2,872,972)	0	(2,872,972)	(3,236,600)
Voids	(1,490,000)	0	(1,490,000)	(1,681,000)
Cyclic	(957,000)	0	(957,000)	(1,079,500)
Sub - total Repairs Works	(5,319,972)	0	(5,319,972)	(5,997,100)
Repairs Administration	(1,400,538)	7,231	(1,393,307)	(1,904,050)
	(6,720,510)	7,231	(6,713,279)	(7,901,150)
Debt Management Expenses				
Debt Management Expenses	(7,242)	0	(7,242)	(8,700)
Interest Payable	(6,689,200)	0	(6,689,200)	(6,856,500)
Depreciation of Fixed Assets	(8,634,700)	0	(8,634,700)	(8,820,700)
	(15,331,142)	0	(15,331,142)	(15,685,900)
Rents and Other Income				
Dwelling Rents	28,225,543	(127,390)	28,098,153	29,950,900
Garage Rents	63,000	0	63,000	63,000
Investment Properties Income	0	176,279	176,279	176,279
Rents and Other Income	249,291	(201,579)	47,712	47,712
Sheltered Charges	555,020	0	555,020	583,115
Interest Receivable	20,000	0	20,000	585,480
	29,112,854	(152,690)	28,960,164	31,406,486

APPENDIX 1: HRA 2023-24 BUDGET – SERVICE SUMMARY

<u>Housing Revenue Account</u>	22/23	B/Fwd from	22/23	23/24
	Original	21/22/Adj	Revised	Original
	Budget per	Per	Budget	Budget
	CAB3334	CAB3354		
Service Summary	£	£	£	£
Deficit for year on HRA Services	(596,600)	(38,000)	(634,600)	(914,600)
Right to Buy Admin Fees	28,600	0	28,600	28,600
Net (decrease)/increase in HRA Balance before transfers to or from reserves	(568,000)	(38,000)	(606,000)	(886,000)
Transfer re Building Reserve	0	0	0	0
(Increase)/ decrease in HRA Balance	(568,000)	(38,000)	(606,000)	(886,000)
<u>HRA Working Balance</u>				
Opening Balance	16,427,378		16,658,162	16,052,162
Add Projected (Deficit)/Surplus	(568,000)		(606,000)	(886,000)
Projected Balance at Year End	15,859,378		16,052,162	15,166,162

APPENDIX 2: HRA 2023-24 BUDGET – SUBJECTIVE SUMMARY

<u>Housing Revenue Account</u>	22/23		22/23	23/24
-	Original Budget per CAB3334	B/Fwd from 21/22/Adj Per CAB3354	Revised Budget	Original Budget
Subjective Summary	£	£	£	£
Employees	(4,692,817)	(50,689)	(4,743,506)	(5,504,381)
Premises	(7,082,349)	0	(7,082,349)	(8,379,549)
Transport	(204,263)	0	(204,263)	(193,006)
Supplies & services	(1,346,272)	12,689	(1,333,583)	(1,395,657)
Third party payments	(171,000)	0	(171,000)	(171,000)
Support Services	(2,426,440)	0	(2,426,440)	(2,717,300)
Net Interest	(6,669,200)	0	(6,669,200)	(6,271,020)
Depreciation on Fixed Assets	(8,634,700)	0	(8,634,700)	(8,820,700)
External income	30,630,441	0	30,630,441	32,535,113
Surplus for year on HRA Services	(596,600)	(38,000)	(634,600)	(917,500)
Right to Buy Admin Fees	28,600	0	28,600	28,600
Net (increase)/decrease in HRA Balance before transfers to or from reserves	(568,000)	(38,000)	(606,000)	(888,900)
Transfer re Building Reserve	0	0	0	0
(Increase)/ decrease in HRA Balance	(568,000)	(38,000)	(606,000)	(888,900)
<u>HRA Working Balance</u>				
Opening Balance	16,427,378		16,658,162	16,052,162
Add Projected Deficit/(Surplus)	(568,000)		(606,000)	(888,900)
Projected Balance at Year End	15,859,378		16,052,162	15,163,262

Housing Services Capital Programme 2022/23 to 2032/33

Appendix 3

Housing Services Programme	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	Total
	Original Budget	Sept Revised	Latest Forecast	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Scheme Name/Description														
Major Repairs	(5,672)	(5,672)	(5,672)	(5,892)	(8,498)	(9,029)	(9,701)	(9,256)	(8,799)	(8,134)	(9,658)	(8,912)	(11,549)	(95,101)
Major Repairs	(5,672)	(5,672)	(5,672)	(5,892)	(8,498)	(9,029)	(9,701)	(9,256)	(8,799)	(8,134)	(9,658)	(8,912)	(11,549)	(95,101)
														0
														0
Estate Improvements	(226)	(300)	(215)	(434)	(447)	(460)	(474)	(488)	(503)	(154)	0	0	0	(3,174)
Sheltered Housing	(74)	(253)	(279)	(74)	(76)	(79)	(81)	(83)	(86)	(34)	0	0	0	(793)
Improvements & Upgrades	(300)	(553)	(494)	(508)	(523)	(539)	(555)	(572)	(589)	(189)	0	0	0	(3,968)
														0
Disabled Adaptations	(821)	(821)	(821)	(793)	(817)	(841)	(867)	(893)	(919)	(947)	(975)	(1,005)	(1,035)	(9,913)
Fire Safety Provision	(680)	(600)	(600)	(507)	0	0	0	0	0	0	0	0	0	(1,107)
Climate Change Emergency	(1,512)	(600)	(600)	(1,512)	(1,557)	(1,604)	(1,652)	(1,702)	(1,753)	(1,805)	(1,860)	(1,658)	0	(15,703)
Sewage Treatment Works	(304)	(304)	(100)	(318)	(109)	(113)	(116)	(119)	(123)	(127)	(130)	(134)	(138)	(1,528)
Other Capital Spending	(3,317)	(2,325)	(2,121)	(3,130)	(2,484)	(2,558)	(2,635)	(2,714)	(2,795)	(2,879)	(2,966)	(2,797)	(1,173)	(28,251)
Total HS Capital Programme	(9,289)	(8,550)	(8,287)	(9,530)	(11,504)	(12,126)	(12,891)	(12,542)	(12,183)	(11,202)	(12,623)	(11,709)	(12,722)	(127,320)

Housing New Build Capital Programme 2022/23 to 2032/33

Appendix 4

New Build Programme & Other Capital	2022/23 Original Budget	2022/23 Sept Revised	2022/23 Latest Forecast	2023/24 Budget.	2024/25 Budget.	2025/26 Budget.	2026/27 Budget.	2027/28 Budget.	2028/29 Budget.	2029/30 Budget.	2030/31 Budget.	2031/32 Budget.	2032/33 Budget.	Total Budget.
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Scheme Name/Description														
Unallocated	(5,500)	(3,000)			(28,404)	(29,256)	(30,134)	(31,038)	(31,969)	(32,928)	(35,720)	(34,933)	(15,311)	(269,693)
Winnall	(8,755)	(10,660)	(11,392)	(4,727)										(16,119)
Barton Farm	(473)	(100)	(100)		(4,562)	(9,324)	(4,662)							(18,649)
North Whitely	(13,818)	(13,805)	(3,945)	(14,123)										(18,068)
Southbrook Cottages	(1,066)	(1,272)	(657)	(1,161)										(1,818)
Dyson Drive	(1,586)	(50)	(50)	(201)	(2,697)									(2,948)
Woodman Close	(824)	(50)	(50)	(56)	(1,084)									(1,190)
Corner House	(327)	(50)	(50)	(50)	(1,037)									(1,138)
Witherbed Lane			(10)											(10)
Nutrient Mitigation				(200)										(200)
the Valley			(81)											(81)
Wickham CLT			(255)											(255)
Total	(32,349)	(28,989)	(16,590)	(20,518)	(37,785)	(38,580)	(34,796)	(31,038)	(31,969)	(32,928)	(35,720)	(34,933)	(15,311)	(330,169)

HRA Capital Programme Funding 2022-23 to 2032-33**Appendix 5**

	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	Total
HRA Capital Programme Funding	Original Budget	Sept Revised Budget	Latest Forecast	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Borrowing	25,728	24,760	16,257	0	1,559	28,351	26,130	20,292	24,494	23,809	27,244	24,760	5,340	198,237
RTB 141 Receipts	4,890	2,031	2,064	4,031	8,395	2,950	3,084	3,225	3,368	3,517	3,671	3,830	3,994	42,128
Other RTB Receipts	1,342		400	887	4,570	896	974	784	762	726	780	522	845	12,144
S106	250		0	10,756	845	1,035	2,805	1,600	0	0	0	0	0	17,041
CIL				755										
Homes England Grant	2,004	1,611	0	306	0	0	0	0	0	0	0	0	0	306
Other Capital Receipts	2,555		6,156	4,027	143	8,217	5,054	7,585	5,049	5,201	5,357	5,811	5,683	58,284
Major Repairs Reserves	119		0	9,287	33,777	9,258	9,641	10,094	10,478	10,877	11,291	11,719	12,171	128,594
Funding Total	36,889	28,402	24,877	30,049	49,289	50,707	47,687	43,580	44,152	44,131	48,343	46,642	28,034	457,490
Housing Services	9,289	8,550	8,287	9,530	11,504	12,126	12,891	12,542	12,183	11,202	12,623	11,709	12,722	127,320
New Build	32,349	28,989	16,590	20,518	37,785	38,580	34,796	31,038	31,969	32,928	35,720	34,933	15,311	330,169
Capital Programme Total	41,637	37,539	24,877	30,049	49,289	50,707	47,687	43,580	44,152	44,130	48,343	46,642	28,034	457,490

APPENDIX 6 HRA FINANCIAL PLAN 2022-23 TO 2051-52 EXTRACT – OPERATING ACCOUNT

Year	Year	Total Income	Managt.	Depreciation	Responsive & Cyclical	Total expenses	Capital Charges	Net OPEX	Surplus (Deficit)	Surplus (Deficit) b/fwd	Interest	Surplus (Deficit) c/fwd
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
1	2022.23	30,349	-11,449	-8,535	-5,571	-25,556	-6,032	-1,238	-1,238	16,658	541	15,961
2	2023.24	32,309	-12,090	-8,753	-5,927	-26,770	-6,820	-1,281	-1,281	15,961	577	15,257
3	2024.25	35,042	-12,566	-8,977	-6,137	-27,680	-6,121	1,242	1,242	15,257	177	16,676
4	2025.26	36,262	-13,016	-9,258	-6,382	-28,657	-7,605	-1	-1	16,676	84	16,759
5	2026.27	38,166	-13,267	-9,641	-6,621	-29,529	-9,074	-437	-437	16,759	84	16,406
6	2027.28	39,998	-13,523	-10,094	-6,823	-30,440	-9,621	-63	-63	16,406	83	16,426
7	2028.29	41,491	-13,784	-10,478	-7,032	-31,294	-10,598	-401	-401	16,426	82	16,107
8	2029.3	43,025	-14,049	-10,877	-7,246	-32,173	-11,546	-694	-694	16,107	80	15,493
9	2030.31	45,431	-14,320	-11,291	-7,467	-33,078	-12,546	-193	-193	15,493	78	15,378
10	2031.32	46,232	-14,596	-11,719	-7,697	-34,013	-13,637	-1,417	-1,417	15,378	74	14,035
11	2032.33	47,908	-14,877	-12,171	-7,932	-34,980	-14,322	-1,395	-1,451	14,035	68	12,651
12	2033.34	49,366	-15,164	-12,632	-8,149	-35,945	-14,561	-1,140	-1,196	12,651	62	11,517
13	2034.35	50,617	-15,456	-13,022	-8,373	-36,851	-14,872	-1,106	-1,162	11,517	56	10,411
14	2035.36	52,864	-15,754	-13,424	-8,602	-37,781	-15,244	-160	-216	10,411	53	10,248
15	2036.37	53,196	-16,058	-13,839	-8,838	-38,735	-15,463	-1,002	-1,058	10,248	51	9,241
16	2037.38	54,525	-16,367	-14,267	-9,080	-39,714	-15,714	-903	-959	9,241	46	8,328
17	2038.39	55,881	-16,683	-14,708	-9,328	-40,719	-15,910	-748	-804	8,328	42	7,566
18	2039.4	57,252	-17,004	-15,162	-9,584	-41,750	-16,053	-552	-608	7,566	39	6,997
19	2040.41	58,596	-17,332	-15,631	-9,846	-42,809	-16,252	-465	-521	6,997	37	6,513
20	2041.42	61,161	-17,666	-16,114	-10,115	-43,895	-16,522	744	688	6,513	38	7,239
21	2042.43	61,515	-18,006	-16,612	-10,392	-45,010	-16,739	-233	-289	7,239	39	6,989
22	2043.44	63,021	-18,353	-17,125	-10,676	-46,154	-16,871	-5	-61	6,989	39	6,967
23	2044.45	64,560	-18,707	-17,654	-10,968	-47,329	-17,012	220	164	6,967	40	7,170
24	2045.46	66,133	-19,067	-18,200	-11,268	-48,535	-17,163	435	379	7,170	41	7,590
25	2046.47	67,741	-19,435	-18,762	-11,575	-49,772	-17,359	610	554	7,590	44	8,188
26	2047.48	70,677	-19,809	-19,342	-11,892	-51,043	-17,590	2,044	1,988	8,188	51	10,227

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27	2048.49	71,062	-20,191	-19,940	-12,216	-52,347	-17,768	947	891	10,227	59	11,177
28	2049.5	72,779	-20,580	-20,556	-12,550	-53,685	-17,940	1,153	1,097	11,177	64	12,338
29	2050.51	74,533	-20,976	-21,191	-12,893	-55,059	-18,182	1,292	1,236	12,338	71	13,645
30	2051.52	76,325	-21,380	-21,845	-13,244	-56,470	-18,358	1,497	1,441	13,645	79	15,165