

REPORT Title: HOUSING REVENUE ACCOUNT BUDGET 2024-25

8 FEBRUARY 2024

REPORT OF CABINET MEMBER: CLLR CHRIS WESTWOOD – CABINET MEMBER FOR HOUSING

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WARD(S): ALL

PURPOSE

This report requests approval for the proposed HRA revenue budget for 2024/25, as detailed in Appendices 1 and 2.

The report also requests approval for the capital programme budget proposal for 2024/25 and the 10-year indicative plan to 2033/34. These figures are detailed in Appendices 3 and 4, taking account of the funding shown in Appendix 5.

Despite the unprecedented budget challenges and interest rate rises faced by the Council's housing service this report offers policy options to achieve the Council's policy objectives to go greener faster, address the cost of living crisis and maintain the commitment to deliver 1000 new homes.

Continuing inflationary building supply and construction pressures and increased underlying Public Works Loan Board (PWLB) interest rates are increasing new homes build costs. To address this significant rise in building costs and maintain the commitment to delivering 1000 new homes, the business plan has been rebalanced with a new homes acquisition strategy to prioritise purchase of new homes from developers in the short to medium term, where costs are currently significantly lower, and continue to develop schemes where the business case is proven to be viable.

In addition to high building costs, significantly increased energy costs are impacting many of the most vulnerable residents in our homes.

To mitigate the additional energy costs for residents and to drive de-carbonisation of our council homes, an additional investment of £30m is proposed to be allocated into the Retrofit program to meet regulatory decent homes energy standards.

The budget options contained in this report support the council's commitment to increase investment in customers' homes to go greener faster and to deliver the 1000 new homes programme by 2032/33.

The report proposes a 7.7% increase in rent (consistent with the Government rent regime for affordable housing) 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 the additional investment of £30m in tenants' homes as detailed within the report.

RECOMMENDATIONS:

That Cabinet recommend that Council:-

1. Note the HRA Financial Plan operating account extract, including annual working balances, as detailed in Appendix 6.
2. Approve the 2024-25 Housing Revenue Account budget as detailed in Appendices 1 and 2 to this report.
3. Approve the 10-year indicative HRA capital programme as set out in appendices 3 and 4.
4. Approve capital expenditure in 2024-25 of £18.649m for the Maintenance, Improvement and Renewal programme as detailed in Appendix 3 of the report in accordance with Financial Procedure Rule 7.4.
5. Approve the proposed budget in 2024-25 for new homes of £15.524m as detailed in Appendix 4 of the report subject to individual scheme approvals.
6. Approve the proposed indicative funding for the HRA Capital Programme as detailed in Appendix 5.
7. Note the proposed additional investment in the council housing stock of £30m over the next eight years to 2030-31 to retrofit properties on a fabric first basis to help improve their energy efficiency and reduce energy costs for tenants. This additional annual investment brings the total annual investment here to £5.6m a year and £45m in total (see para 12.5).
8. Approve the proposed strategic change in direction moving from a plan based upon direct delivery of new homes to one based upon a mixture of actively acquiring s106 affordable housing directly from developers alongside future development with grant funding and using Right to Buy resources (see para 13.7).

9. Note the current financial viability assessment for new build and that at present all potential development sites based on current assumptions evaluated this year have not been assessed as being financially viable within the existing viability model (see para 13.1-13.10).
10. Approve the proposed move to 80% market rent to help improve the viability of new homes development and to mitigate the increasing cost of delivery (see para 13.5).
11. Approve a revenue savings target of £400k over two years to assist with bridging the forecast gap in financing future capital expenditure (see para 14.2).
12. Approve the disposal in principle of Barnes house in 2024-25, and in addition the disposal of £0.500m of surplus HRA property per year over the next eight years to generate additional capital receipts to help fund the increased investment requirement over these years (see para 14.3).
13. Approve the average formula rent increase for 2024-25 for all affordable and social housing of 7.7% based on the September 2023 CPI figure of 6.7% +1% (see para 15.1-15.4).
14. Approve the proposed move from RPI+0.5% to CPI+1% for existing council shared owners in the HRA from 2024-25 onwards, as well as in all future HRA shared ownership leases. Note that the impact of this in 2024-25 will be a reduction in rent rises this year from 9.4% to 7.7% (see para 15.4).
15. Approve a 7.7% increase in tenant service charges in 2024-25 (see para 15.5).
16. Approve consultation on the move to full cost recovery from 2025-26 for both private and tenant connections of the council's sewage treatment works and note that this will include transitional protection and be achieved within a nine-year timeframe, but subject to a further report in Autumn 2024 (see para 15.7-15.12).
17. Note that officers are currently beginning a review of the current Housing IT management system with a view to evaluating whether it is still fit for purpose or needs to be replaced, as well as beginning work on the re-procurement of the repairs and maintenance contract. The Business plan provides for this to happen over the following two years at a provisional one-off cost of up to £2m (see para 12.10).
18. Note that the draft HRA Business 30-year Plan is viable and sustainable and has the capacity to support the council's ambitious delivery of 1,000 new affordable homes over the next 10 years. The proposed plan provides sufficient funds over the life of the plan to still deliver over 1,500 new affordable homes in total.

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 tenant satisfaction in relation to their home and community.
- 1.2 Tackling the Climate Emergency and Creating a Greener District
- a) Carbon reduction measures will be accelerated across the existing housing stock and included within the design and construction of new properties and within the feasibility assessment when considering the purchase of properties. This includes the council's 10 year retrofit programme for existing properties where additional new funding of £30m has been allocated within this year's plan.
- 1.3 Homes for all
- a) 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
- a) Deliver affordable accommodation which allows people to live and work in the district and contribute to the local economy.
- 1.5 Living Well
- a) 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 these criteria.
- 1.6 Your Services, Your Voice
- a) 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.

2 FINANCIAL IMPLICATIONS

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

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.

4 WORKFORCE IMPLICATIONS

- 4.1 Consultation is currently taking place with staff and Unions on a new structure for the service. It is proposed to delete a number of vacant posts, change reporting lines to give focus to service delivery and also allocate additional resources to support the increased retrofit programme.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 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 obtained to help meet local demands.

6 CONSULTATION AND COMMUNICATION

- 6.1 To date three meetings have taken place with TACT members to explain the challenges the HRA is facing. TACT members provided ideas of areas to review at the second meeting and they will need to be considered in the light of the financial challenges, policy options and potential rent increase. At the TACT meeting on the 11th January the proposed rent increase of 7.7% was

discussed and TACT agreed with the need to increase rents at that level if the investment in homes and services were to be maintained. This report was not shared at the meeting as it was still in production.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 This year's proposed 30-year business plan sees a significant increase in the provision of resources to fund the proposed fabric-first retrofit programme of works with increased funding of £30m over the next 8 years. Delivery of the planned investment could lead to a reduction of 1666.22 tCO2 from customers' homes by 2030.
- 7.1 The Business Plan also funds the provision of a further two dedicated retrofit officers responsible for the delivery of the retrofit programme to drive this increased programme.
- 7.2 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 PUBLIC SECTOR EQUALITY DUTY

- 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.
- 8.2 The 2024/25 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 customers. Other options designed to have a positive impact on customers include additional investment in energy efficiency that will benefit those tenants with high energy costs thus addressing the cost-of-living crisis and are fully adaptable to meet tenants long term mobility and health needs.

9 DATA PROTECTION IMPACT ASSESSMENT

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

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<p><i>Property</i></p> <p>That Council owned dwellings fail to meet decent home standards</p>	<p>An effective programme of future works and sound financial planning ensures that these standards are met and then maintained.</p>	<p>Self-Financing provides certainty around future resource allocations and facilitates better supply chain management</p>
<p><i>Community Support</i></p> <p>Lack of consultation will affect tenant satisfaction and cause objections to planning applications for new build developments.</p>	<p>Regular communication and consultation is maintained with tenants and leaseholders on a variety of housing issues.</p> <p>The Council consults with local residents and stakeholders on proposed new build schemes.</p>	<p>Positive consultation brings forward alternative options that may otherwise not have been considered.</p>
<p><i>Timescales</i></p> <p><i>Delays to new build</i> contracts may result in increased costs and lost revenue.</p>	<p>New build contracts contain clauses to allow the Council to recover damages if the project is delayed due to contractor actions.</p>	
<p><i>Project capacity</i></p> <p>The HRA can borrow funds in addition to utilising external receipts and reserves, but it must be able to service the loan interest arising.</p>	<p>Regular monitoring of budgets and business plans, together with the use of financial assessment tools enables the Council to manage resources effectively.</p>	<p>The Council monitors government announcements on the use of RTB receipts and potential capital grant funding.</p>
<p><i>Deliverables</i></p> <p>Risk that the council cannot deliver the programme of new build and meet the objective of 1000 homes in 10 years because of the lack of sites, the cost of development or the cost of financing this development.</p>	<p>The new homes programme is monitored on a regular basis and if appropriate could be delayed or re-profiled in light of the availability of these resources</p>	<p>Review the deliverable shape of the programme and its profiled delivery considering available resources and risk appetite</p>

Risk	Mitigation	Opportunities
<p><i>Staffing resources (not always in Housing) reduce the ability to push forward new schemes at the required pace.</i></p>	<p>Staffing resources have been reviewed to support the delivery of the new build programme.</p>	<p>Given the challenging nature of the delivery targets it may be necessary to review the resourcing requirements needed to successfully deliver this programme</p>
<p><i>Financial / VFM</i></p> <p>Risks, mitigation, and opportunities are managed through regular project monitoring meetings.</p> <p>Insufficient new build sites are identified to assign RTB 1-4-1 receipts financing to and RTB receipts are required to be repaid to Central Government with up to an estimated compounded 55% interest penalty based on current rates.</p>	<p>New build Schemes are financially evaluated and must pass financial hurdles and demonstrate VFM. Total Scheme Costs contain provision for contingency on build costs and on fees for new build developments that take account of potential residual development and sales risk.</p> <p>RTB 1-4-1 are closely monitored so in-year targets for new builds are known.</p>	<p>In addition, the HRA holds annual minimum levels of reserves based upon 5% of operating turnover and 10% new build costs.</p>
<p><i>Financial Assessment</i></p> <p>Risk that the cost of developing new homes projects will fail to meet the financial hurdles required to be financially viable to develop/acquire within the HRA</p>	<p>The measures identified within this paper will help to mitigate against the increased costs of new homes by increasing the income available to fund increased borrowing costs and reducing the overall cost of delivery.</p>	
<p><i>Interest rate volatility</i></p> <p>The economic and fiscal environment for borrowing is both volatile and uncertain making external borrowing decisions difficult to take at present</p>	<p>The HRA has cash reserves that allow it in the short term to effectively borrow from internal resources giving a period for interest rates to stabilise and reset and the fiscal environment to be more benign.</p>	<p>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</p>

Risk	Mitigation	Opportunities
<p><i>Future Social Rent Policy</i></p> <p>Uncertainty about long term rental income streams because of the end of the current agreement on rent setting in April 2025.</p>	<p>Rental income accounts for 93% of all the HRA annual income, and future potential uncertainty, government intervention or constraint has a significant impact on the future capacity of the HRA and deliverability of the plan</p>	<p>Sectorial lobbying of Government to seek future certainty will help to support better decision making</p>
<p><i>Legal</i></p> <p>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.</p>	<p>Government statutory requirements and policy changes are being monitored to identify any new risks or opportunities that they may bring.</p>	<p>To create new housing developments within new guidelines and drawing on innovative thinking.</p>
<p><i>Reputation</i></p> <p>Failure to complete major housing projects due to lack of resources would have a direct impact on both customer satisfaction and the Council's reputation.</p>	<p>Business planning tools with regular updates are utilised to make sure resources are available to complete projects.</p>	
<p><i>Other</i></p> <p>– Environmental regulation such as that by Natural England on mitigating Phosphates</p>	<p>This delays the ability to bring forth schemes with planning permission and delays increase the cost and viability of schemes.</p>	

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.

12 **Economic Outlook and cost pressures:**

12.1 The Budget for 2023-24 was set against a background of unprecedented inflationary pressures affecting key cost drivers to the HRA such as energy, construction labour, and building materials as well as the impact of a series of interest rate rises to address this by the Bank of England. Although annual

inflation increases are now predicted to be on a downward trend within many of these sectors, the real terms increase in prices remains embedded at present levels, even if the rate of increase due to inflation is falling. This has contributed to this year's HRA MTFs being even more difficult and challenging than last year's and has required several mitigating budget options to be considered in order to continue to deliver the council's key housing objectives in this area.

- 12.2 The HRA Business planning process is done annually, and all assumptions are revisited and undertaken afresh every year. To set a viable and sustainable business plan for the next 30 years has been extremely challenging this year. The cost of building new homes (needed to replace those homes purchased privately by tenants using their Right To Buy and to provide financial sustainability in the long term) continues to increase faster than the general rate of inflation. There is also a legislative need to invest in the existing stock to bring it up to new energy efficient standards, requiring an additional £30m of investment requirement over the next eight years.

Cost of construction

- 12.3 The investment required for new homes has once again increased significantly, with anticipated rises in construction costs of a further 23% to £4,600 per square metre, making the cost of construction (excluding land) for an average 3-bedroom property now £427,800. The budgeted cost of construction over the last two years, following covid, Brexit and the invasion of the Ukraine, has increased by over 58% from £2,800 per square metre. At the same time the cost of borrowing that the council can access has more than doubled from 2.5% to 5.14%¹; and new affordable rents have increased only in line with CPI plus 1%.

(note ¹ PWLB 50-year rate accessed on 19th January 2024)

Rent Increases

- 12.4 The council must set its rents in line with the Rent Standard and central Government's Regulator of Social Housing's rent setting guidelines. The current basis of rent setting is September CPI+1% for 2024-25, and this will result in a 7.7% rent increase for all tenants. There has been no announcement from the Government yet of what will happen in future years. The business plan assumes that the current level of CPI+1% will continue for a further 5 years.

Repairs and maintenance

- 12.5 Annually the council looks at the capital costs of maintaining the existing housing stock at decent homes standard and its investment here is based upon an asset management plan. This identifies the investment requirement profiled over the thirty-year plan based upon the lifecycle replacement costs of key components. To bring the housing stock up to the required energy efficiency standard of EPC C identified by 2030-31, there is now a need to invest an additional £30m on capital works. This brings the total investment

in retrofitting over the next eight years to £45m. In addition, the council has increased annual spend by £2m over the last two years on the revenue repairs budget reflecting inflation, increased service demand, the improved voids standard, and in resourcing the staffing capacity of the existing team to manage and deliver decent homes.

Interest on borrowing

- 12.6 Interest rates are a key cost driver in the HRA business plan and as at 31 March 2023 the HRA had £199.8m of Capital Financing Required (unfinanced prior capital spend) of which £161.7m is external debt (fixed at PWLB interest rates averaging 3.2%) and the balance of £38.1m is internally borrowed (offset against reserve balances and working capital). PWLB rates are not directly linked to the Bank of England base rate but are set at a margin over government gilt yields, which analysts believe are likely to fall slightly in the medium term but remain higher than the period of historically low rates following the 2008 financial crisis. The current cost of financing this external debt is £5.5m per annum.
- 12.7 This debt largely came about through self-financing and was originally taken out in 2012. A proportion of this existing external debt (£85m) will need to be refinanced over the next 15 years, with a need to refinance £35m of it within the next five years. The HRA, unlike the General Fund, has no requirement to set aside funding for debt repayment and the HRA business plan assumes all underlying debt is refinanced.
- 12.8 In addition, the proposed plan will see sufficient HRA funding provided to fund the building of an additional 1,500 affordable homes largely through a mixture of Right to Buy (RTB) 1-4-1 capital receipts; shared ownership sales; other discretionary asset disposals; grants; and borrowing. This will require additional prudential borrowing of £103m to finance this delivery. In 2023/24 the budget assumed that interest rates for long term borrowing would be at 5% for a 3–4-year period and then return to a more modest 4%. At present the cost of long-term government borrowing remains elevated and stands at circa 5.16% for 50 year borrowing at the time of writing. In the decade before 2006/07 the PWLB long term interest rate peaked at 9.42% but averaged 5%. It is therefore prudent to assume that the cost of borrowing in the plan will be 5% for the duration of the planning period.

Management of the HRA

- 12.9 There is a need to modernise the provision of services to customers through the introduction of better digital access. A feasibility study has commenced to review whether the existing housing management IT system is still fit for purpose and to assess how well it will be able to facilitate the council's aspiration of improving digital services for customers. In addition, work on the re-procurement of the repairs and maintenance contract should begin now as the current contract expires in two years. The HRA business plan has earmarked provisional revenue sums of up to £2m over the next two years to facilitate the replacement of the current system if this is required.

12.10 Against these considerable challenges of increasing investment requirements over the next eight years; increasing costs; and uncertain rent regulation; the council needs to review the options available to it to set a sustainable and viable 30-year business plan and a balanced budget in 2024-25.

13 Rising Costs of New Build Housing

13.1 In delivering an ambitious programme of 1,000 new homes, the HRA business plan was previously operating with materially lower average build costs as well as having the advantage of borrowing at historically low interest rates under self-financing from the government. The cost of building new homes has increased significantly over the last two years whilst at the same time the cost of borrowing has more than doubled.

13.2 Under the self-financing regime, the HRA is a purpose made vehicle for delivering new affordable homes and when both interest rates were low and stable and construction costs more affordable it was able to build, construct and acquire properties; financing this with rents at 70% of market rent or the Local Housing Allowance (LHA), whichever was the lower.

13.3 The primary financial assessment in the evaluation of new homes is a Net Present Value (NPV) calculation of all future income and expenditure over a typical 35-year period discounted to current prices. This calculation uses the current cost of capital and a risk margin as the discount factor. In addition, the council's standard model includes the residual social value of the housing at year 35 on the basis that the asset has been well maintained and has a future use and value. There are other criteria such as gross income covering the cost of borrowing, but the NPV calculation is the key criteria. If it is positive then the scheme or development is worth undertaking as it adds value, if negative then it requires additional subsidy from within the HRA over and above external grant funding or available capital receipts.

13.4 The impact of higher borrowing costs, coupled with volatile mortgage supply and costs on market demand for new housing has adversely impacted all developers. The council has subsequently had several potential private developments offered to it. However, to date, of those evaluated none have been financially viable within existing parameters. Obviously, if a developer struggles to make a development work at market price it's much more difficult to make it work at affordable rent even with RTB subsidy. This is especially the case when construction costs are so much higher and the cost of borrowing is around 5%. This is compounded when the rental income achievable is restricted to below the maximum allowable of 80% of market rent.

13.5 It is therefore proposed that, subject to the development or acquisition meeting the council's energy efficiency requirements, that rent levels for future new homes be set at 80% of market rent. This is the maximum level of affordable rent that can be charged and would include all relevant service charges. At present the rent criteria is 70% of market rent or Local Housing

Allowance (LHA), whichever is lower. LHA rates are based on the lower 30% quartile of private market rents being paid by tenants in a Broad Rental Market Area (BRMA). The government recently announced that the rates which had been fixed since 2020-21 would be increased in 2024-25. Any increase in LHA will reduce the gap between that maximum housing allowance under Universal credit and 80% market rent.

- 13.6 As an example, based on the rent for a three-bedroom property at Whiteley, where 70% of market rent would be £161.54 a week and 80% rent would be £184.62, there would be additional rent to pay of £23.08 per week based on the proposed policy change. However, the properties achieve an EPC B rating which will reduce average running costs by around 75% so for a three-bedroom property with medium energy costs that would equate to a reduction of around £29 a week (an overall net saving of £6.80 a week compared to a less energy efficient home). Therefore, although there is additional rent to pay if set at 80% of market rent the increase is more than offset by reduced running costs.
- 13.7 To also help mitigate the rising costs of development for the council identified above, it is proposed that a change in the focus of the councils' development strategy is required that would help reduce the cost of new build to the HRA. This would see a greater emphasis upon acquiring s106 affordable housing, which officers believe can be acquired below market value. In addition, the plan assumes that WCC will be successful in attaining Homes England funding for c.70 new homes at an average grant rate of £135k where the council undertakes development itself.
- 13.8 There will still be a need to identify and develop or to acquire housing at market prices to successfully apply the retained RTB 1-4-1 receipts that will be generated in the future. There are restrictions on how RTB 1-4-1 receipts can be applied when combined with certain other funding sources such as s106 contributions, and they cannot be applied in conjunction with Homes England grants, or non-scheduled receipts. There is also a requirement to repay any unapplied RTB capital receipts not used within a five-year period with compound interest of 4% above the Bank of England Base rate i.e., currently 9.25% (compounding to a total of 55% interest penalty after 5 years). The council therefore needs to actively manage this risk, and if it is apparent that it cannot spend the receipts it needs to notify DLUHC and repay them in advance to minimise the interest payable.
- 13.9 At present the council's delivery funded by RTB 1-4-1 receipts is ahead of the need to spend and if it delivers the current named schemes, it will have three years' grace until 2027/28 before it needs to start spending on any new, as yet unidentified, schemes.
- 13.10 Subject to these proposed changes, the HRA business plan has capacity to fund delivery of 1,000 homes by 2032/33 including the 306 homes that are programmed to be delivered by the end of this financial year. The HRA business plan is refreshed each year and subject to the prevailing economic

circumstances, assumptions and performance, the capacity to deliver could increase.

14 Creating Financial Capacity to fund future borrowing.

Revenue savings

- 14.1 As the key constraint is the HRA's ability to finance borrowing in the first eight years over which increased investment is required, several further mitigations have been identified to help increase financial headroom in this period.
- 14.2 An annual savings target of £318k has been set for 2024/25 and a further £100k for 2025/26 and some savings are currently being explored through a minor reorganisation within the housing team. Further budgets totalling £112k annually have been identified to be saved through routine budget housekeeping. Further revenue savings could increase capacity in the HRA. An illustration of the amount of new borrowing that this could support annually depending on interest rates is shown below: -

Annual saving	interest rate	Annual borrowing financed
£400,000		
	4%	£10,000,000
	5%	£8,000,000
	6%	£6,666,667
	7%	£5,714,286

Asset disposals

- 14.3 Barnes House is vacant and has been used previously to provide temporary accommodation in the HRA. Following assessment of costs to refurbish and convert to achieve required standards it has been established that there is not a viable scheme to take forward. As a result, the property is now surplus to requirement and has an estimated sale price of £800k.
- 14.4 The business plan also assumes two further strips of development land per year for the next eight years will be disposed. These sites, that are considered too small and uneconomic to develop within the HRA, have already been identified. As well as providing valuable capital receipts to support the HRA it will enable small development to come forward.
- 14.5 Lastly, the business plan assumes that the HRA will identify and dispose of £0.5m of surplus social housing assets every year for the next eight years. These assets will be identified by looking at their long-term fit in terms of demand/cost to maintain and suitability to retro fit to required standards.

15 Rent increases and charges in 2024-25 and beyond.

- 15.1 The current rent setting regime is based on annual rent increases of CPI+1% and this applies to 2024-25. The Government has yet to launch the call for evidence that was announced in its response to last year’s consultation on rent capping, so there remains uncertainty about future social rent policy from 2025. However, the Government’s response to the consultation in November 2022 strongly suggested that capping was a temporary intervention in response to an exceptional cost of living crisis. The Government also restated its continued support for the principle that social housing rents should be index-linked over the long term to support investment in both new and existing social homes. Restating its commitment to increasing the supply of social housing and improving the quality of the homes that social housing residents live in. The response also floated the suggestion that registered providers might be allowed in future years to catch up on the income gap created by the 2023/24 rent capping.
- 15.2 The business plan assumes that the current rent policy will continue for a further five years.
- 15.3 A 7.7% rent increase would mean the average weekly social rent for existing tenants will be £123.39 a week, an increase of £8.82 per week. The average weekly affordable rent for existing tenants will be £199.45 a week, an increase by £14.26 a week. The impact of the increases is shown in table 1 over.

Table 1- indicative weekly rents in 2024-25 compared to 2023-24 for existing tenants.

Social Rents

size	Bedsit	Bedroom 1	Bedroom 2	Bedroom 3	Bedroom 4	Bedroom 5	Bedroom 6	Total
Avg Wkly Rent 2023-24	84.05	99.92	114.94	130.22	140.08	161.98	159.21	114.57
Avg Wkly Rent 2024-25	90.52	107.61	123.79	140.25	150.87	174.45	171.47	123.39
increase per week @ 7.7%	6.47	7.69	8.85	10.03	10.79	12.47	12.26	8.82

Affordable Rents

size	Bedsit	Bedroom 1	Bedroom 2	Bedroom 3	Bedroom 4	Bedroom 5	Bedroom 6	Total
Avg Wkly Rent 2023-24		156.36	185.08	217.37	239.58	234.23	230.19	185.19
Avg Wkly Rent 2024-25		168.4	199.33	234.11	258.03	252.27	247.91	199.45
increase per week @ 7.7%		12.04	14.25	16.74	18.45	18.04	17.72	14.26

note :- extract from Orchard social Rents as at September 2023

note :- Affordable Rents are shown gross and include all applicable service charges

Social rents exclude service charges

- 15.4 The average HRA social rent for new tenants from April 2024 will be different and this reflects the fact that new tenants pay the formulae rent and that this wasn't capped in 2023-24. Indicative average weekly rents for new social tenants are shown below in table 2. It is proposed that the rents for new affordable rent tenants will be let provisionally at 80% of market rent if the property meets the required minimum energy efficiency requirements.

Table 2 – Average Weekly rents for new social lets

size	Bedsit	Bedroom 1	Bedroom 2	Bedroom 3	Bedroom 4	Bedroom 5	Bedroom 6	Total
Avg Wkly Formulae Rent 2023-24	89.93	103.97	120.67	135.51	147.79	169.35	165.13	119.63
Avg Wkly Formulae Rent 2024-25	96.85	111.98	129.96	145.94	159.17	182.39	177.85	128.84
increase per week @ 7.7%	6.92	8.01	9.29	10.43	11.38	13.04	12.72	9.21

Service charges

- 15.5 In 2023/24, alongside the capped rent increase, the council approved a one-off discretionary limit on tenant service charge increases of 7%. Considering the budget pressures that the HRA investment programme faces and to align it with the general fund and the outcome of ongoing savings programmes, it is proposed to cap service charge increases at 7.7% in 2024-25. A review of service charges will take place and a programme to move to full cost recovery over reasonable time frames will be established for the 2025/26 HRA budget round.

15.6 Sewage Treatment Works

- 15.7 The HRA is responsible for the operation of a number of small sewage treatment works, septic tanks, and cesspools, which provide private sewage treatment connections for 394 council tenants and 367 private homes. The Sewage Treatment Works encompass 36 small sewage treatment works (including septic tanks), 19 pumping stations (9 are isolated and 10 within curtilage of treatment works) and 21 cesspools. The sewage treatment works range in size from small works serving 4 properties to larger works serving 85 properties. The septic tanks and cesspools serve between 1 and 8 properties.

- 15.8 There is currently an under-recovery by the HRA of the annual cost of operating these treatment plants forecast at £415k in 2023-24. Approximately £175k of this relates to the services provided to private residents, and £240k to services provided to tenants. This equates to an implicit subsidy per private connection of an average of £548 per year.

- 15.9 The council should be seeking to fully-recover the total cost of providing sewage treatment services to all residents, so that these services are not subsidised by other council tenants. Subject to further consultation, the terms

of individual leases and a review of costs, it is proposed that WCC move to full cost recovery for these services to all residents over a transitional nine-year period starting from 2025-26, this may mean much larger annual increases for these services.

- 15.10 The Council has developed a transitional model that looks at the size of the funding gap and classifies sites as low, medium or high cost and seeks to move the charging mechanism to full cost recovery of varying transitional periods from 1-year up to 9 years depending on this classification. In addition, changing the charging methodology would see reductions for 190 connections. The cost of the transitional measures proposed is estimated at £1.2m over the next 10 years.

category	no of connection	current cost	current subsidy	average subsidy	years to transition
reduction	190	£44,890	-£12,616	-£66	1
Low	263	£109,904	£31,838	£121	5
Medium	148	£111,431	£60,700	£410	7
High	157	£376,182	£320,764	£2,043	9
Total	758	£642,407	£400,686	£529	

- 15.11 It is proposed that in 2024-25 the council moves forward with this transitional model and engages in site specific consultation with clients about the costs of the service and the proposals to move to full cost recovery. Subject to consultation if this is approved, then it will be proposed that in accordance with private connections leases 6 months' notice is served and that the new charging model is implemented from April 2025.
- 15.12 To facilitate this and mitigate some of the larger increases that would otherwise be required, £375k of new investment is being made in 2024-25 in reducing the specific costs of a few expensive sites and in addition the Council is procuring a new more energy efficient vehicle to help further reduce the running costs in this area.

Shared ownership rents

- 15.13 The HRA business plan assumes that 30% of all future new homes' development will be delivered as shared ownership. The Government have now prescribed that any new shared ownership development that is either s106 or Homes England grant funded should have leases that base annual rent reviews on CPI+1% (where previously these were upward-only based on RPI+0.5%). The proposed changes will have a floor of 0% if the CPI is minus 1% or lower.
- 15.14 Currently the council has around 68 leases for shared ownership that specify an upward increase of RPI+0.5%. It would be administratively easier and fairer to move all existing HRA shared ownership leases to this new CPI

basis of rent increase and floor. The change to the lower CPI+1% rate would cost the HRA £6,500 in lost income in 2024/25 but would be applied annually from 2024-25 onwards. There are additional issues on how current shared owners' rents could be capped without the need and cost of changing each individual lease that are being explored.

16 Housing Revenue Account Budget 2023-24

- 16.1 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:
- 16.2 Employees – The 2024-25 budget is £5.776m, an increase of £0.271m on the 2023-24 original budget. The employee budget includes the full year effect of the 2023-24 pay award and a provision of 4% for the 24-25 pay award. In addition, the budget reflects the full year impact of the minor reorganisation
- 16.3 Premises – The 2024-25 budget is £8.953m, an increase of £0.573m on the 2023-24 original budget. The main changes in funding are on repairs £0.332m, and on insurance costs £0.118m, with an increase in council tax on void properties of £0.070m.
- 16.4 Net Interest – The 2024-25 budget reflects the external interest cost of anticipated HRA borrowing. It assumes gross interest costs of £7.617m, an increase of £1.345m on the 2023-24 original budget. The assumption however 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 4%. the HRA is forecast to receive £0.385m in interest, a decrease of £0.100m on the 2023-24 budget reflecting additional internal borrowing and a cautious view of future rates of interest on deposits.
- 16.5 Depreciation – Is an estimate based on the prior year. The budget for 2024-25 is £9.973m, an increase of £1.152m on the original budget for 2023-24. 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.
- 16.6 External Income – The 2024-25 budget is £36.488m, an increase of £3.710m on the original budget for 2023-24. This largely reflects the rent increase of 7% from April 2024, together with associated increases in service charges and other income. For comparison the HRA will be spending £4.706m more on services than in 2023-24.

17 **HOUSING SERVICES CAPITAL PROGRAMME**

- 17.1 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.
- 17.2 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 £154m towards the upkeep and maintenance of HRA dwellings based on the investment requirements of the asset management plan.
- 17.3 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 updated housing services capital programme now includes funding towards climate change of £45m, including provision for inflation.
- 17.4 The latest financial projection also includes an annual provision of an average £0.449m for Estate Improvements for the next 9 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.
- 17.5 The ongoing investment requirements of the HRA sewage treatment works has now been established and there are sufficient funds within both revenue and capital budgets to meet the long term needs of maintaining the current system. The service has also now managed to procure a replacement sewage treatment vehicle (to operate on Hydrogenated vegetable oil HVO) c.£200k, and this will be funded and operational within the 24/25 budget year. In addition to better facilitate the move to full cost recovery it is planned to invest an additional £375k specifically on solutions to reduce the running costs of some of the more expensive STW sites.

18 **NEW BUILD CAPITAL PROGRAMME**

- 18.1 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 £291m. The projection includes known schemes £59m and an unallocated provision to cover additional schemes £229m 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.

- 18.2 A key factor in the delivery a future pipeline of new homes is the identification and acquisition of suitable s106 sites as well as 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 an unallocated budget of £13.7m for 2024-25, but if required additional funding can be brought forward from future years.

The council is assessing the amount and value of nutrient credits that could be generated by undertaking improvement works to sewage treatment facilities. Either there will be a business case for the Council to undertake the work funded by the sale of credits or the Council will enter into a funding agreement with Partnership for South Hampshire (PSH) who have received Government funding for that purpose.

19 **HRA CAPITAL PROGRAMME FUNDING**

- 19.1 Appendix 5 gives full details of how it is proposed to fund the Housing Services & New Build Budgets from 2024-25 to 2034/35. This shows a prudential net borrowing requirement of £152m (or 34% of total programme funding), the planned reinvestment of RTB receipts £56m (11%), and the application of Major Repairs Allowance £147m (recycled depreciation funding of 33%), the investment of shared ownership receipts and other asset sales £57m (12%) and the application of S106 funding £17m (4%).

20 **OTHER OPTIONS CONSIDERED AND REJECTED**

- 20.1 The council could consider investing less in customers' homes than is required to achieve the regulatory requirement of EPC C by 2030. This is not recommended as it would breach the regulatory requirements and in addition would not support the council's policy objective of being greener faster.
- 20.2 The council could also seek increased revenue savings than those identified in this report so as to provide investment capacity in the HRA. At this time the level of revenue savings identified are achievable and will not lead to a reduction in the quality of service delivered. Investment in improving the digital access to services may generate efficiencies in the future that can be realised without detriment to services. Therefore, increased revenue savings are not recommended at this time.

21 **BACKGROUND DOCUMENTS**

Previous Committee Reports: -

CAB3432 HRA Business Plan and Budget Options – November 2023

CAB3387 HRA Budget – February 2023

CAB3365 HRA Business Plan and Budget Options – November 2022

CAB3334 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

22 **OTHER BACKGROUND DOCUMENTS: -**

23. **APPENDICES:-**

Appendix 1: HRA 2024-25 Budget – Service Summary

Appendix 2: HRA 2024-25 Budget – Subjective Summary

Appendix 3: Housing Services Capital Programme 2024-25 to 2033/34

Appendix 4: New Build Housing Capital Programme 2024-25 to 2033/34

Appendix 5: HRA Capital Programme Funding 2024-25 to 2033/34

Appendix 6: HRA Financial Plan 2023-24 to 2052/53 Extract – Operating Account

APPENDIX 1: HRA 2024-25 BUDGET – SERVICE SUMMARY

Housing Revenue Account	23/24 Original Budget per CAB	B/Fwd from 22/23 Per CAB3417/ads	23/24 Revised Budget	24/25 Original Budget
Service Summary	£	£	£	£
Housing Management General				
Estate Management	(1,517,707)	0	(1,517,707)	(1,708,006)
HRA General	(3,192,869)	23,300	(3,169,569)	(4,239,750)
New Build Programme Support	(935,403)	0	(935,403)	(1,027,406)
Downsizing	(65,000)	0	(65,000)	(69,600)
Rent Accounting	(77,037)	0	(77,037)	(78,864)
Tenants Information	(88,322)	0	(88,322)	(109,779)
Tenancy Sustainment	(449,586)	0	(449,586)	(474,796)
Vacant Dwellings	(40,500)	0	(40,500)	(120,100)
	(6,366,424)	23,300	(6,343,124)	(7,828,301)
Housing Management Special				
Communal Services	(27,540)	0	(27,540)	(11,002)
Disabled Adaptations	(152,204)	0	(152,204)	(158,522)
Estate Maintenance	(552,200)	0	(552,200)	(660,994)
Homelessness	(347,263)	0	(347,263)	(298,621)
Home Ownership	256,712	(41,300)	215,412	349,099
Sewage Works	(406,200)	0	(406,200)	(429,995)
Sheltered Housing	(1,141,817)	0	(1,141,817)	(1,203,815)
	(2,370,512)	(41,300)	(2,411,812)	(2,413,850)
Repairs				
Responsive Maintenance	(3,236,600)	0	(3,236,600)	(3,540,927)
Voids	(1,681,000)	0	(1,681,000)	(1,767,900)
Cyclic	(1,079,500)	0	(1,079,500)	(1,135,300)
Sub - total Repairs Works	(5,997,100)	0	(5,997,100)	(6,444,127)
Repairs Administration	(1,904,050)	0	(1,904,050)	(1,712,980)
	(7,901,150)	0	(7,901,150)	(8,157,107)
Debt Management Expenses				
Debt Management Expenses	(8,700)	0	(8,700)	(9,243)
Interest Payable	(6,856,500)	0	(6,856,500)	(8,102,000)
Depreciation of Fixed Assets	(8,820,700)	0	(8,820,700)	(9,973,000)
	(15,685,900)	0	(15,685,900)	(18,084,243)
Rents and Other Income				
Dwelling Rents	29,950,900	0	29,950,900	33,501,700
Garage Rents	63,000	0	63,000	64,400
Investment Properties Income	176,279	0	176,279	188,079
Rents and Other Income	47,712	0	47,712	50,912
Sheltered Charges	583,115	0	583,115	558,620
Interest Receivable	585,480	0	585,480	385,480
	31,406,486	0	31,406,486	34,749,191

APPENDIX 1: HRA 2024-25 BUDGET – SERVICE SUMMARY

Housing Revenue Account	23/24 Original Budget per CAB	B/Fwd from 22/23 Per CAB3417/adjs	23/24 Revised Budget	24/25 Original Budget
Service Summary	£	£	£	£
Surplus for year on HRA Services	(917,500)	(18,000)	(935,500)	(1,734,310)
Right to Buy Admin Fees	28,600	0	28,600	30,500
(Increase)/ decrease in HRA Balance	(888,900)	(18,000)	(906,900)	(1,703,810)
HRA Working Balance				
Opening Balance	16,052,162		15,354,025	14,447,125
Add Projected Deficit/(Surplus)	(888,900)		(906,900)	(1,703,810)
Projected Balance at Year End	15,163,262		14,447,125	12,743,315

APPENDIX 2: HRA 2024-25 BUDGET – SUBJECTIVE SUMMARY

Housing Revenue Account	23/24 Original Budget per CAB	B/Fwd from 22/23 Per CAB3417/adis	23/24 Revised Budget	24/25 Original Budget
Subjective Summary	£	£	£	£
Employees	(5,504,381)	0	(5,504,381)	(5,775,688)
Premises	(8,379,549)	0	(8,379,549)	(8,953,269)
Transport	(193,006)	0	(193,006)	(148,617)
Supplies & services	(1,420,357)	(18,000)	(1,438,357)	(2,495,257)
Third party payments	(211,000)	0	(211,000)	(225,900)
Support Services	(2,717,300)	0	(2,717,300)	(2,890,657)
Net Interest	(6,271,020)	0	(6,271,020)	(7,716,520)
Depreciation on Fixed Assets	(8,820,700)	0	(8,820,700)	(9,973,000)
External income	32,599,813	0	32,599,813	36,444,598
Surplus for year on HRA Services	(917,500)	(18,000)	(935,500)	(1,734,310)
Right to Buy Admin Fees	28,600	0	28,600	30,500
(Increase)/ decrease in HRA Balance	(888,900)	(18,000)	(906,900)	(1,703,810)
HRA Working Balance				
Opening Balance	16,052,162		15,354,025	14,447,125
Add Projected Deficit/(Surplus)	(888,900)		(906,900)	(1,703,810)
Projected Balance at Year End	15,163,262		14,447,125	12,743,315

Housing Services Capital Programme 2023/24 to 2033/34

Appendix 3

Housing Services Programme	2023/24	2023/24	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	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	(5,892)	(6,102)	(6,227)	(10,405)	(10,188)	(9,333)	(10,348)	(9,055)	(9,772)	(5,607)	(7,090)	(6,618)	(6,419)	(91,062)
Major Repairs	(5,892)	(6,102)	(6,227)	(10,405)	(10,188)	(9,333)	(10,348)	(9,055)	(9,772)	(5,607)	(7,090)	(6,618)	(6,419)	(91,062)
														0
														0
Estate Improvements	(434)	(350)	(100)	(534)	(458)	(466)	(473)	(482)	(490)	(501)	(502)	(135)		(4,141)
Sheltered Housing	(74)	(20)	0	(154)	(78)	(80)	(81)	(82)	(84)	(85)				(644)
Improvements & Upgrades	(508)	(370)	(100)	(688)	(536)	(546)	(554)	(564)	(574)	(586)	(502)	(135)		(4,785)
														0
Disabled Adaptations	(793)	(793)	(782)	(815)	(836)	(850)	(866)	(881)	(896)	(916)	(917)	(930)	(944)	(9,633)
Fire Safety Provision	(507)	(816)	(605)	(1,176)	(402)									(2,183)
Climate Change Emergency	(1,512)	(2,696)	(2,230)	(4,906)	(5,619)	(7,304)	(6,087)	(6,196)	(6,300)	(6,439)	0	0		(45,081)
Sewage Treatment Works	(318)	(318)	(90)	(659)	(117)	(119)	(121)	(123)	(125)	(128)	(128)	(130)	(132)	(1,872)
Other Capital Spending	(3,130)	(4,623)	(3,707)	(7,556)	(6,974)	(8,273)	(7,074)	(7,200)	(7,321)	(7,483)	(1,045)	(1,060)	(1,076)	(58,769)
Total HS Capital Programme	(9,530)	(11,095)	(10,034)	(18,649)	(17,698)	(18,152)	(17,976)	(16,819)	(17,667)	(13,676)	(8,637)	(7,813)	(7,495)	(154,616)

Housing New Build Capital Programme 2023/24 to 2031/32

Appendix 4

New Build Programme & Other Capital	2023/24 Original Budget	2023/24 Sept Revised	2023/24 Latest Forecast	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.	2033/34 Budget.	Total Budget.
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£001	£000
Scheme Name/Description														
Unallocated	0			(13,703)	(23,870)	(23,348)	(26,902)	(27,644)	(28,474)	(29,266)	(18,941)	(22,742)	(15,099)	(229,989)
Winnall	(4,727)	(6,496)	(6,388)		0	0	0	0	0	0	0	0		(6,388)
Barton Farm	0	(20)	(1)	(189)		(1,326)	(11,609)	(11,842)	0	0	0	0		(24,967)
North Whitely	(14,123)	(10,932)	(10,970)				0	0	0	0	0	0		(10,970)
LAHF Property Acquisition	0	(12,700)	(11,200)											(11,200)
Southbrock Cottages	(1,161)	(1,505)	(1,561)				0	0	0	0	0	0		(1,561)
Dyson Drive	(201)	(50)	(201)				0	0	0	0	0	0		(201)
Nutrient Mitigation	(200)	(200)	(200)	(600)										(800)
Woodman Close	(56)	(98)	(56)		(126)	(1,379)	0	0	0	0	0	0		(1,561)
CornerHouse	(50)	(27)	(50)	(986)	(329)		0	0	0	0	0	0		(1,365)
New Build Major Repairs				(46)	(47)	(49)	(50)	(115)	(118)	(246)	(445)	(657)	(921)	(2,694)
Total	(20,518)	(32,028)	(30,627)	(15,524)	(24,372)	(26,102)	(38,561)	(39,601)	(28,592)	(29,512)	(19,386)	(23,399)	(16,020)	(291,696)

HRA Capital Programme Funding 2024-25 to 2033-34

Appendix 5

	2023/24	2023/24	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	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	23,442	0	723	10,124	29,735	28,191	20,328	19,678	4,092	11,685	4,205	152,201
RTB 141 Receipts	4,890	2,031	3,874	4,475	3,736	4,248	4,173	2,802	2,853	2,904	2,956	3,008	3,061	38,089
Other RTB Receipts	1,342		1,731	3,360	1,180	1,616	2,116	1,452	1,270	1,299	1,328	1,358	1,389	18,098
Capital Receipts - Shared Ownership	2,555		3,800	4,114	1,687	4,641	4,475	9,034	5,697	5,868	6,044	2,767	2,850	50,976
Capital Receipts Other				1,042	1,250	500	500	500	500	500	500	500		5,792
Grant	2,004	856	7,209	0	390	1,495	1,950	1,755	1,300	1,300	1,300			16,699
CIL	755	755	755	0	0	0	0	0	0	0	0	0	0	755
S106	250			7,878	845	1,035	2,805	1,600	2,837	0	0			17,000
Major Repairs Reserves	119			13,304	32,258	20,595	10,784	11,087	11,475	11,638	11,803	11,895	12,011	146,851
Funding Total	37,644	28,402	40,811	34,173	42,070	44,254	56,537	56,420	46,259	43,188	28,023	31,212	23,515	446,462
Housing Services	9,530	11,095	10,034	18,649	17,698	18,152	17,976	16,819	17,667	13,676	8,637	7,813	7,495	154,616
New Build	20,518	32,028	30,627	15,524	24,372	26,102	38,561	39,601	28,592	29,512	19,386	23,399	16,020	291,696
Capital Programme Total	30,049	43,123	40,661	34,173	42,070	44,254	56,537	56,420	46,259	43,188	28,023	31,212	23,515	446,313

APPENDIX 6 – HRA BP INDICATIVE OPERATING ACCOUNT OVER 30 YEARS

Year	Year	Total Income	Managt.	Depreciation	Responsive & Cyclical	Total expenses	Capital Charges	Surplus (Deficit)	Surplus (Deficit) b/fwd	Interest	Surplus (Deficit) c/fwd
1	2023.24	33,009	-11,974	-9,360	-6,154	-27,488	-7,077	-1,556	15,354	911	14,709
2	2024.25	36,476	-14,000	-9,975	-6,505	-30,480	-8,175	-2,179	14,709	476	13,005
3	2025.26	37,818	-14,342	-10,227	-6,687	-31,256	-8,050	-1,488	13,005	336	11,854
4	2026.27	39,796	-13,754	-10,515	-6,816	-31,085	-8,422	289	11,854	173	12,315
5	2027.28	41,844	-14,274	-10,784	-6,947	-32,005	-9,661	178	12,315	126	12,620
6	2028.29	43,655	-14,725	-11,087	-7,086	-32,899	-11,385	-629	12,620	125	12,116
7	2029.3	46,013	-15,191	-11,475	-7,258	-33,924	-12,710	-620	12,116	120	11,615
8	2030.31	48,749	-15,671	-11,638	-7,422	-34,731	-13,845	173	11,615	119	11,907
9	2031.32	49,519	-16,166	-11,803	-7,574	-35,543	-14,780	-803	11,907	117	11,220
10	2032.33	51,026	-16,658	-11,895	-7,715	-36,268	-15,545	-787	11,220	110	10,544
11	2033.34	52,678	-17,173	-12,011	-7,865	-37,050	-15,995	-367	10,544	105	10,282
12	2034.35	54,215	-17,697	-12,148	-8,013	-37,858	-16,210	147	10,282	105	10,534
13	2035.36	56,430	-18,232	-12,219	-8,160	-38,611	-16,598	1,221	10,534	113	11,868
14	2036.37	56,567	-18,780	-12,282	-8,306	-39,369	-16,767	431	11,868	123	12,422
15	2037.38	57,755	-19,345	-12,346	-8,456	-40,147	-17,121	487	12,422	128	13,038
16	2038.39	58,968	-19,928	-12,409	-8,609	-40,946	-17,258	764	13,038	136	13,937
17	2039.4	60,208	-20,530	-12,473	-8,765	-41,768	-17,495	946	13,937	146	15,029
18	2040.41	61,476	-21,150	-12,537	-8,924	-42,611	-17,760	1,104	15,029	158	16,291
19	2041.42	63,939	-21,790	-12,601	-9,087	-43,478	-17,883	2,578	16,291	153	19,021
20	2042.43	64,128	-22,450	-12,666	-9,253	-44,368	-18,304	1,455	14,021	149	15,626
21	2043.44	65,556	-23,135	-12,741	-9,426	-45,301	-18,726	1,528	15,626	166	17,320
22	2044.45	67,047	-23,841	-12,816	-9,603	-46,260	-19,183	1,604	17,320	183	19,107
23	2045.46	68,601	-24,572	-12,898	-9,786	-47,257	-19,674	1,670	19,107	201	20,978
24	2046.47	70,198	-25,327	-12,981	-9,974	-48,282	-19,954	1,962	20,978	171	23,112
25	2047.48	73,170	-26,106	-13,064	-10,166	-49,336	-20,381	3,453	13,112	150	16,715
26	2048.49	73,483	-26,909	-13,148	-10,363	-50,419	-20,838	2,226	16,715	180	19,121
27	2049.5	75,142	-27,735	-13,225	-10,561	-51,521	-21,033	2,589	19,121	181	21,890
28	2050.51	76,834	-28,587	-13,303	-10,763	-52,653	-21,564	2,617	16,890	184	19,691
29	2051.52	78,566	-29,466	-13,382	-10,971	-53,818	-21,941	2,807	19,691	163	22,661
30	2052.53	81,835	-30,373	-13,460	-11,183	-55,016	-22,503	4,315	12,661	150	17,126