

REPORT TITLE: HOUSING REVENUE ACCOUNT (HRA) BUDGET OPTIONS  
2019/20

21 NOVEMBER 2018

REPORT OF PORTFOLIO HOLDER: LEADER WITH PORTFOLIO FOR HOUSING  
– CLLR CAROLINE HERRILL

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WARD(S): ALL

PURPOSE

This report provides an update on the Housing Revenue Account (HRA) budget for 2018/19 and sets out options for Members to consider in relation to the budget for 2019/20. It updates Members on the latest forecasts for the Housing Capital Programme for 2018/19, (together with a proposed programme for the next 9 years) and also sets out the impact on the long term HRA business plan, which remains sustainable throughout the 30 year planning period.

RECOMMENDATIONS:

1. The revised forecasts for the HRA for 2018/19, as detailed in Appendices 1 and 2 be approved.
2. The amended capital programmes for Housing Services and New Build Projects together with the funding schedule for 2018/19 to 2027/28 as detailed in Appendices 3, 4 and 5 are approved.
3. The rent reduction for Council dwellings of 1% in 2019/20, as highlighted in paragraph 11.7, in line with MHCLG rent setting policy is approved.
4. The latest forecast for the rectification works, as outlined in paragraph 11.11, for Victoria House are noted.

5. Recommend to Council, that subject to the Corporate Head of Housing being satisfied that suitable delivery arrangements are in place and the completion of a funding agreement between Wickham Community Land Trust (WCLT) and the Council, a supplementary capital estimate of £410k be approved and a grant award of this sum be made to WCLT for the provision of affordable housing.

IMPLICATIONS:1 COUNCIL STRATEGY OUTCOME

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

2 FINANCIAL IMPLICATIONS

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

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Council is required under statute to maintain a separate Housing Revenue Account with a positive working balance. MHCLG recently announced that the HRA borrowing cap would be removed on 29 October 2018. Further announcements are expected from MHCLG before the end of March 2019 on the use of right to buy receipts and from CIPFA on potential changes to the prudential borrowing code. This paper updates the latest HRA financial position based on the existing HRA debt cap remaining in place. The HRA business plan will be revised in January 2019 forming part of the 2019-20 HRA Budget paper. The January 2019 paper will also take into consideration any further funding announcements and a review of the New Build programme. . Effective management of the HRA is necessary to ensure that both of these requirements are met.
- 3.2 Any Housing Services contracts and new build schemes will be procured in accordance with the Council's Contract Procedure Rules and where applicable, The Public Contract Regulations 2015. Any projects with costs in excess of £100,000 will be subject to a financial appraisal in line with Financial Procedure Rules.
- 3.3 The proposals and the business plan projections included in this report have been prepared based on the restrictions imposed by the HRA debt cap rules. However, the debt cap has now been lifted as detailed in this report..
- 3.4 Provided that the grant terms, in relation to the proposed WCLT grant award, adequately describe the purposes for which the grant can be used, and make certain provisions about the receipts of shared ownership staircasing (ie the sale of a greater proportion of the shared ownership house to the occupant), then the grant will be treated as compensation for delivery of a public service obligation, which is excluded from the State aid regime.

#### 4 WORKFORCE IMPLICATIONS

- 4.1 The 2019/20 forecast and future years in the business plan include the impact of the closure of the car leasing scheme in September 2019.
- 4.2 The employee cost forecast for 2019/20 includes known additional costs arising from the proposed salary assimilation process.

#### 5 PROPERTY AND ASSET IMPLICATIONS

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

#### 6 CONSULTATION AND COMMUNICATION

- 6.1 This report will be reviewed by the Overview & Scrutiny Committee on 26 November.
- 6.2 The report was reviewed and approved by the TACT support group on 5 November.

#### 7 ENVIRONMENTAL CONSIDERATIONS

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

#### 8 EQUALITY IMPACT ASSESSMENT

- 8.1 There are no equality issues arising from this report.

#### 9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None required.

#### 10 RISK MANAGEMENT

- 10.1 The key risks impacting on the HRA budget are shown below.

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Property That the Council fails to adequately maintain housing stock and their condition falls below decent home standards.</i>	An effective and well funded programme of capital works linked to a comprehensive stock condition survey and sound future planning ensures decent home	The government are currently looking at a potential revision to decent home standards following the Grenfell Tower disaster in 2017.

	standards are met and maintained.	
<i>Community Support Consultation is required with tenants regarding HRA budgets and with the wider community over new build developments.</i>	Regular communication is maintained with tenants and leaseholders on a variety of housing issues. The Council consults with local residents and stakeholders on proposed new build schemes.	Pro-active consultation can bring forward options that otherwise may not have been considered.
<i>Timescales Delays to new build contracts results in lost revenue and potentially increased costs.  An achievable new build programme is necessary to avoid the Council having to repay Right to Buy 1-4-1 receipts with interest or penalties.</i>	New build contracts contain clauses to allow the Council to recover damages if the project is delayed due to contractor actions. Close control is maintained on Right to Buy receipts and these are monitored against future spending plans to ensure action can be taken if necessary.	The MHCLG have recently consulted on the use of Right to Buy receipts, including extending the retention of existing receipts from 3 to 5 years. There is also the potential for the use of receipts on shared ownership properties. An announcement following the consultation is expected later in 2018/19.
<i>Project capacity The HRA debt cap and rules around the use of Right to Buy receipts may limit the ability of the Council to implement proposed new build schemes at the required pace.  Staffing resources (sometimes outside of Housing) reduce the time available to push forward new build schemes at the required pace.</i>	Regular monitoring of budgets and business plans, together with the use of suitable financial assessment tools enables the Council to manage resources effectively.  Staff resources within Housing are regularly reviewed and regular project meetings are held with colleagues in other Departments to enable an ambitious new build programme to be delivered.	The MHCLG have announced the lifting of the HRA debt cap from 30 October 2018. This will allow the Council to control the level of debt taking into consideration prudential funding rules and the ability to service debt within the HRA balance. This will allow the Council to fund more housing development activity in the future.
<i>Financial / VfM The current rent reduction rules are directly impacting on the Council's ability to</i>	Regular budget monitoring and opportunities to save costs assist with	

<p><i>maintain services at existing levels but new announcements should allow an element in business planning until 2025.</i></p> <p><i>The roll out of Universal Credit (UC) in Winchester is due to complete by December 2018. This will have an impact on the level of arrears and the potential for rent write offs in future years.</i></p>	<p>maintaining services at required levels.</p> <p>Winchester is working closely with the DWP and tenants who are affected by UC. Additional resource has been included in the 2018/19 budget to support tenants and minimise the impact on rent arrears.</p>	
<p><i>Legal</i> <i>Changing Government priorities and a greater emphasis on “social housing” (as compared to affordable housing) may impact on the Council’s new build programme.</i></p>	<p>Government policy changes are being followed closely to identify any new risks or opportunities that they bring.</p>	
<p><i>Innovation</i> <i>The introduction of a Housing Company to support the new build programme is brought in without reference to existing rules and consents.</i></p>	<p>Legal and business planning advice is being sought on an appropriate solution.</p>	
<p><i>Reputation</i> <i>Failure to complete major housing projects due to resources would be likely to affect both customer satisfaction levels and the Council’s reputation.</i></p>	<p>Business planning tools with regular updates are utilised to make sure resources are available to complete projects.</p>	
<p><i>Other</i> <i>None.</i></p>		

## 11 SUPPORTING INFORMATION:

### 11.1 Local Authority Housing Update

11.2 In the last couple of months there have been some significant funding changes & proposals announced by MHCLG. At the end of September the Council submitted a £52m bid for additional borrowing under the £2bn

MHCLG HRA additional borrowing programme 2019-2022. The bid demonstrated Council intention to deliver a significant number of new social housing units over the next 3 financial years. The size of the bid, together with a number of high bids nationally, contributed to the decision to remove the HRA debt cap from 30 October 2018. The removal of the HRA debt cap and potential changes on the use of right to buy receipts will give local authorities more freedom to plan and deliver additional social housing properties in the future. The 2019/20 HRA budget paper, to be presented to Cabinet (Housing) Committee on 30 January 2019, will include a revised 10 year business plan assuming no HRA debt cap. The business plan will focus on the delivery of new social housing properties, taking into consideration any changes to prudential borrowing rules and existing revenue commitments.

- 11.3 Proposals identified in the MHCLG use of right to buy receipts consultation include more tenure flexibility, allowing receipts to be used for shared ownership developments in addition to social & affordable rent. Other proposals include allowing receipts to be used in addition to Homes England grant on the same scheme and the potential for local authorities to retain more than the current 30% of right to buy sales. An announcement on the conclusions of the consultation is expected before April 2019.
- 11.4 In August MHCLG issued a green paper consultation on “A New Deal for Social Housing” asking for comment from housing providers on a wide range of questions & proposals. MHCLG are keen to understand how social housing providers view the future management and regulation of the sector, including funding and tenant involvement.
- 11.5 Housing Revenue Account Updated Forecast 2018/19
- 11.6 The 2018/19 working budget is showing an improved position for the current financial year. The latest forecast is showing a surplus of £1.59m for the year against the original budget of £627k deficit. Appendices 1 & 2 detail the service and subjective HRA summaries as they are now forecast.
- 11.7 Repair costs, including response, voids and cyclical repairs, are forecast to increase by £170k compared to budget.
- 11.8 Depreciation has increased by £616k compared to the budget. This is as a result of change of calculation identified during the 2017/18 year end audit review. The new calculation basis will be followed in future years.
- 11.9 Rental income is forecast to reduce by £200k compared to budget. This is as a result of delays in the handover of new build properties during the year.
- 11.10 Housing Rents 2019/20 and beyond
- 11.11 For 2019/20, it is proposed that rents for all Council dwellings be reduced by 1% in line with the current MHCLG policy. 2019/20 will be the final year of the

national “rent reduction” proposals, after which all registered providers are able to set rents based on an annual increase of CPI+1%.

11.12 The 1% rent reduction effectively results in £266k reduced income and has an immediate and direct impact on the HRA business plan. However, the projections in Appendix 8 demonstrate that this reduction can be afforded whilst still retaining revenue reserves at a reasonable level.

11.13 Housing Capital Programme Updated Forecast 2018/19

11.14 The Housing Services Programme shows a net decrease of £270k compared to the original budget of £8.44m. The decrease is as a result of the timing of external envelope repairs, including roof work, which will be carried forward into 2019/20.

11.15 The new build programme shows a net decrease of £70k compared to the original budget. The changes compared to budget are as follows;

- Victoria House – The cost is forecast to increase by £30k compared to the original £410k budget. This includes taking into consideration the additional costs of the completion works less a claim against the original contractor performance bond. The scheme is being managed to completion by Rekan following HH Drew going into administration. Overall contract costs are still within the 10% overspend limit but it is possible further costs may arise before the scheme is completed at the end of December.
- Winnall Flats – The scheme will not start on site until 2019/20 resulting in reduced expenditure of £430k during the year.
- Meryon Road – The budget included initial feasibility costs of £100k but the scheme has now been put on hold.

11.16 Appendices 3 & 4 show the revised forecasts for 2018/19 together with the proposed budgets for the next 9 years.

11.17 Housing Capital Programme Budgets 2019/20 to 2027/28

11.18 Within Housing Services, the major repairs budgets from 2019/20 are based on the latest stock condition information. Forecast cost predictions over the 30 year business plan have been broken down into 5 year bandings to smooth the effect of the major repairs programme over the life of the plan.

11.19 The projected stock condition information gives a reduction in repair spend until 2024/25 when a £2.8m increase in mechanical & electrical services is required for a period of 5 years. For the remainder of the 30 year plan from 2028/29 repair costs reduce back down to the current level.

- 11.20 The Estate Improvements programme is set to continue at £250k per annum until 2027/28. Sheltered housing upgrades will remain at £100k per annum until 2021/22 and reduce to £50k per annum until 2028/29.
- 11.21 For the new build programme, no further known schemes have been added to programme. From 2021/22 funding of £8m per annum has been allocated within the 30 year business plan to cover the future new build programme, including small sites and schemes funded by RTB sales.
- 11.22 HRA Capital Programme Funding
- 11.23 Appendix 5 gives full details of how it is proposed to fund the Housing Services & New Build budgets from 2018/19 to 2027/28.
- 11.24 The 30 year business plan takes into consideration the current HRA debt cap of £168m. It has been announced that the HRA debt cap will be lifted from 30 October 2018 which will allow further borrowing to deliver more new build properties. Precise details on the prudential borrowing rules that will be required have not yet been published but this is expected shortly.
- 11.25 There has also been a recent MHCLG consultation on the use of RTB receipts, the results of which are expected by the end of 2018/19. There is the potential for use of RTB receipts on other tenures including shared ownership and a short term increase in the 3 year time limit for utilising existing receipts to 5 years.
- 11.26 Prudent assumptions have been made on the future funding programme the HRA business plan on shared ownership and S106 receipts.
- 11.27 Housing Management Budgets 2019/20 to 2047/48
- 11.28 The car leasing scheme will close in September 2019, following which all cars will be handed back. Staff affected may be given the alternative of an essential car user allowance depending on the level of annual mileage. Savings will be limited in 2019/20, allowing for the early termination of leases. From 2020/21 annual savings are expected to be £117k and will continue for the remainder of the 30 year business plan.
- 11.29 The forecast for 2019/20 includes known costs arising from the Local government pay award and the 1% increase in employer pension contributions.
- 11.30 HRA Business Plan 2019/20 to 2047/48 – Key assumptions
- 11.31 The latest iteration of the 30 year HRA business plan uses the 2018/19 latest forecast position as the base.
- 11.32 The business plan includes the current 1% rent reduction for 2019/20 and the MHCLG policy of increasing rents by CPI +1% for 5 years from 2020/21 until

2024/25. Rents will revert to base CPI only from 2025/26 for the remainder of the plan.

- 11.33 Appendices 6 & 7 show extracts from the business plan operating account and loan financing schedule. Internal loan funding of £4.5m is required in 2020/21 to fund the current capital programme. Appendix 7 demonstrates a gradual repayment of the outstanding loan finance over the life of the plan.
- 11.34 As outlined in previous housing cabinet papers, the garage stock is being transferred to the general fund over 4 years commencing in March 2019. The business plan assumes a 25% reduction in rental income for each of the 4 years with a capital payment from the general fund. Garage rent is predicted to increase by RPI annually until all garages have been transferred to the general fund.
- 11.35 There are no specific budget options identified other than to maximise the level of new build development within the current HRA debt cap.
- 11.36 General assumptions used in the plan have been reviewed and amended, details of which are shown at Appendix 8.
- 11.37 Wickham CLT funding requirement
- 11.38 The Council have been approached by Wickham Community Land Trust (WCLT) to financially support the development of 10 affordable homes (5 affordable rent, 5 shared ownership) in Wickham. WCLT is a registered provider (RP) and has previously developed (with Council financial support) 8 affordable homes in Wickham. The WCLT proposals relate to land in Wickham that already has a planning permission for a mixture of market and affordable homes (with a S106 Agreement requiring the provision of affordable homes). This means without the funding requested it is likely that all the affordable homes would still be provided but by a larger RP, however WCLT ownership would offer local stewardship of the homes and help build their asset base which, in turn, would enable further local development in the future. Any funding agreement would include conditions excluding the grant from the State aid regime.
- 11.39 The Council promotes a mixed economy of affordable housing provision in order to accelerate and maximise the supply of affordable housing. It is a founding partner of the Hampshire Community Housing Partnership and its own Housing Strategy seeks to adopt an innovative approach to new provision, including community led housing. Community led housing (housing where ownership and stewardship is vested in community based groups) is being promoted by Government, including through its “New Deal for Social Housing” Green Paper and the Community Housing Fund.
- 11.40 The total scheme costs are estimated to be £1.7m with WCLT funding from a mixture of its reserves, commercial loans and the requested grant from the Council. The financial details presented by WCLT, and analysed by the Council, indicate a funding gap of £410k, being the amount requested by

WCLT. The offer of grant would assist WCLT in finalising negotiations on delivery. Should Members be minded to approve the award of grant no payment would be made until there was certainty over the delivery.

11.41 The Council's agreement with MHCLG allows retained RTB 1-4-1 receipts to be paid to a partner for the development of replacement social housing but with the same restrictions that apply to the Council using 1-4-1 receipts. This includes only using funds for rented (not shared ownership) housing, being unable to use the receipts where Homes England grant is being received for the development and with a maximum of 30% of relevant development and/or acquisition costs.

11.42 Due to these limitations, the value of RTB 1-4-1 receipts that can be allocated to this scheme is restricted to £244k, leaving a gap of £166k to be found. This can be met from the following sources:

- £40k from the Community Housing Fund grant (already awarded by Government to the Council); and
- £126k from S106 developer contributions.

11.43 The Council currently has £360k of available S106 developer contributions that have not been allocated to other development schemes. The HRA business plan has taken into consideration the use of the proposed £126k from available S106 developer contributions.

#### BACKGROUND DOCUMENTS:-

##### Previous Committee Reports:-

CAB 3016(HSG) HRA Budget 2018/19 and Business Plan 2018 – 2048; 31 January 2018

CAB 3036(HSG) HRA 2017/18 Outturn and Key Performance Indicators; 4 July 2018

##### Other Background Documents:-

HRA Business Plan 2018 to 2048, from which Appendices 6 and 7 are extracted.

APPENDICES:

Appendix 1 – Housing Revenue Account Revised Budget Forecast 2018/19 – Service Summary

Appendix 2 – Housing Revenue Account Revised Budget Forecast 2018/19 – Subjective Summary

Appendix 3 – Housing Services Re-Forecast Capital Programme 2018/19 and Proposals for 2019/20 to 2027/28

Appendix 4 – New Build Re-Forecast Capital Programme 2018/19 and Proposals for 2019/20 to 2027/28

Appendix 5 – Housing Capital Programme Funding Re-Forecast and Proposals for 2019/20 to 2027/28

Appendix 6 – HRA Business Plan Extract – Operating Account 2018/19 to 2047/48

Appendix 7 – HRA Business Plan Extract – Financing Schedule 2018/19 to 2047/48

Appendix 8 – HRA Business Plan – Updated Assumptions

Housing Revenue Account - Re-Forecast Service Summary 2018/19			CAB3098(HSG)	
			Appendix 1	
	18/19	18/19	18/19	18/19
	Original	Working	Further	Forecast
	Budget	Budget	Adjustments	Budget
	£	£	£	£
<b>Housing Management General</b>				
Estate Management	1,260,431	1,260,431	0	1,260,431
HRA General	2,147,271	2,247,271	0	2,247,271
Removal Incentive Scheme	50,000	60,000	0	60,000
Rent Accounting	260,211	260,211	0	260,211
Tenants Information	116,249	136,249	0	136,249
Vacant Dwellings	9,200	9,200	0	9,200
New Build Programme Support	668,468	718,468	0	718,468
	4,511,830	4,691,830	0	4,691,830
<b>Housing Management Special</b>				
Communal Services	(90,500)	(90,500)	0	(90,500)
Disabled Adaptations	115,245	115,245	20,000	135,245
Estate Maintenance	511,717	531,717	0	531,717
Homelessness	(66,600)	(66,600)	0	(66,600)
Sewage Works	185,179	185,179	0	185,179
Sheltered Housing	760,988	830,988	0	830,988
	1,416,029	1,506,029	20,000	1,526,029
<b>Repairs</b>				
Responsive Maintenance	2,351,407	2,200,000	200,000	2,400,000
Voids	585,000	950,000	(100,000)	850,000
Cyclic	850,000	750,000	50,000	800,000
Sub - total Repairs Works	3,786,407	3,900,000	150,000	4,050,000
Repairs Administration	1,244,978	1,253,978	0	1,253,978
	5,031,385	5,153,978	150,000	5,303,978
Debt Management Expenses	18,297	18,297	0	18,297
Interest Payable	5,182,000	5,168,000	0	5,168,000
Depreciation of Fixed Assets	6,044,100	6,044,100	616,000	6,660,100
	11,244,397	11,230,397	616,000	11,846,397

			CAB3098(HSG)	
			Appendix 1 (continued)	
<b>Rents and Other Income</b>				
Dwelling Rents	(26,097,400)	(26,097,400)	200,000	(25,897,400)
Garage Rents	(650,240)	(650,240)	0	(650,240)
Other Income	(264,800)	(264,800)	0	(264,800)
Sheltered Charges	(517,400)	(517,400)	0	(517,400)
Interest Receivable	(21,000)	(21,000)	0	(21,000)
	(27,550,840)	(27,550,840)	200,000	(27,350,840)
<b>Surplus for year on HRA Services</b>	<b>(5,347,199)</b>	<b>(4,968,606)</b>	<b>986,000</b>	<b>(3,982,606)</b>
Capital Expenditure funded by HRA	5,550,000	5,550,000	(3,207,000)	2,343,000
Right to Buy Admin Fees	(20,800)	(20,800)	0	(20,800)
<b>Net (increase)/decrease in HRA Balance before transfers to or from reserves</b>	<b>182,001</b>	<b>560,594</b>	<b>(2,221,000)</b>	<b>(1,660,406)</b>
Transfer re Insurance Reserve	66,300	66,300	0	66,300
<b>(Increase)/ decrease in HRA Balance</b>	<b>248,301</b>	<b>626,894</b>	<b>(2,221,000)</b>	<b>(1,594,106)</b>
<b>HRA Working Balance</b>				
Opening Balance	(9,116,004)	(9,116,004)	0	(9,116,004)
Add Projected Deficit/(Surplus)	248,301	626,894	(2,221,000)	(1,594,106)
<b>Projected Balance at Year End</b>	<b>(8,867,703)</b>	<b>(8,489,110)</b>	<b>(2,221,000)</b>	<b>(10,710,110)</b>

	Housing Revenue Account - Re-Forecast Subjective Summary 2018/19		CAB3098(HSG) Appendix 2	
	18/19	18/19	18/19	18/19
	Original Budget	Working Budget	Further Adjustments	Forecast Budget
	£	£	£	£
Employees	3,967,922	3,967,922	0	3,967,922
Premises	5,074,653	5,208,246	170,000	5,378,246
Transport	305,526	305,526	0	305,526
Supplies & services	868,054	1,117,054	0	1,117,054
Third party payments	106,500	116,500	0	116,500
Support Services	2,027,212	2,027,212	0	2,027,212
Net Interest	5,185,090	5,171,090	0	5,171,090
Depreciation on Fixed Assets	6,044,100	6,044,100	616,000	6,660,100
External income	(28,926,256)	(28,926,256)	200,000	(28,726,256)
<b>Surplus for year on HRA Services</b>	<b>(5,347,199)</b>	<b>(4,968,606)</b>	<b>986,000</b>	<b>(3,982,606)</b>
Capital Expenditure funded by HRA	5,550,000	5,550,000	(3,207,000)	2,343,000
Right to Buy Admin Fees	(20,800)	(20,800)	0	(20,800)
<b>Net (increase)/decrease in HRA Balance before transfers to or from reserves</b>	<b>182,001</b>	<b>560,594</b>	<b>(2,221,000)</b>	<b>(1,660,406)</b>
Transfer re Insurance Reserve	66,300	66,300	0	66,300
<b>(Increase)/ decrease in HRA Balance</b>	<b>248,301</b>	<b>626,894</b>	<b>(2,221,000)</b>	<b>(1,594,106)</b>
<b>HRA Working Balance</b>				
Opening Balance	(9,116,004)	(9,116,004)	0	(9,116,004)
Add Projected Deficit/(Surplus)	248,301	626,894	(2,221,000)	(1,594,106)
<b>Projected Balance at Year End</b>	<b>(8,867,703)</b>	<b>(8,489,110)</b>	<b>(2,221,000)</b>	<b>(10,710,110)</b>

Housing Services Re-forecast Capital Programme 2018/19 and Proposals 2019/20 to 2027/28												CAB3098(HSG) Appendix 3	
Housing Services Programme	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	Budget.	July Update	Forecast	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Major Repairs</b>													
External Envelope Works	2,942	2,942	2,642	2,743	2,864	2,927	2,991	3,055	3,389	3,453	3,521	3,348	30,933
External Ground Works	933	500	600	509	525	541	557	574	503	519	534	550	5,412
External Window/Door/Screens	417	417	275	348	359	370	381	392	229	236	243	250	3,083
Internal Structure & Finishes	231	231	303	49	50	52	53	55	67	69	71	73	842
Kitchen & Bathroom Renewals	763	1,100	1,100	996	1,027	1,057	1,089	1,122	1,224	1,261	1,298	1,337	11,511
Mechanical & Electrical Services	797	1,762	1,762	1,232	1,271	1,309	1,348	1,388	4,011	4,131	4,255	4,383	25,090
	<b>6,083</b>	<b>6,952</b>	<b>6,682</b>	<b>5,877</b>	<b>6,096</b>	<b>6,255</b>	<b>6,419</b>	<b>6,586</b>	<b>9,423</b>	<b>9,669</b>	<b>9,923</b>	<b>9,941</b>	<b>76,871</b>
<b>Improvements &amp; Conversions</b>													
Estate Improvements	250	285	285	250	250	250	250	250	250	250	250	250	2,535
Loft Conversions/Extensions	60	60	60	60	0	0	0	0	0	0	0	0	120
Sheltered Housing Conversions	0	0	0	0	0	0	0	0	0	0	0	0	0
Sheltered Housing Upgrades	100	100	100	100	100	100	50	50	50	50	50	50	700
	<b>410</b>	<b>445</b>	<b>445</b>	<b>410</b>	<b>350</b>	<b>350</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>3,355</b>
<b>Disabled Adaptations</b>													
	770	806	806	770	770	770	770	770	770	770	770	770	7,736
<b>Other Capital Spending</b>													
Sewage Treatment Works	100	100	100	103	106	109	111	114	117	121	124	127	1,132
<b>Total HS Capital Programme</b>	<b>7,363</b>	<b>8,303</b>	<b>8,033</b>	<b>7,160</b>	<b>7,322</b>	<b>7,484</b>	<b>7,600</b>	<b>7,770</b>	<b>10,610</b>	<b>10,860</b>	<b>11,117</b>	<b>11,138</b>	<b>89,094</b>

Housing New Build & Other Capital Re-forecast Capital Programme 2018/19 and Proposals 2019/20 to 2027/28													CAB3098(HSG)
													Appendix 4
<b>New Build Programme &amp; Other Capital</b>	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	Budget	July Update	Forecast	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Scheme Name/Description	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Victoria House		410	440										440
Hillier Way		10	10										10
Chesil Street - Extra Care	560	1,980	1,980										1,980
Mitford Road	267	425	425										425
The Valley, Stanmore	3,975	850	850	9,000	6,120								15,970
Mayles Lane, Knowle	1,530	1,540	1,540	386									1,926
Bailey Close	300	525	525										525
Rowlings Road, Weeke	680	250	250	1,170									1,420
Wykeham Place, Stanmore	50	50	50	800	1,000								1,850
Meryon Road, Alresford	250	100											0
Abbotts Barton (Charles/Dyson)	700	100	100	662	2,638								3,400
Dolphin Hill, Twyford	500	260	260	240									500
Woodman Close, Sparsholt	50	50	50	950									1,000
Hookpit, Kings Worthy	3,750	750	2,050		6,364								8,414
Winnall Flats		500	70	1,650	6,606								8,326
Wickham CLT				410									410
Sheltered Conversions	200	200	200										200
Sheltered Wi-Fi Scheme	38	143	143										143
Small sites / unallocated programme						5,614	5,550	6,006	6,366	5,360	4,000	7,070	39,966
Sites funded by RTB 1-4-1 receipts	1,820	1,300		250	250	2,000	2,000	1,500	3,000	1,800	2,000	1,055	13,855
<b>Other Capital Total</b>				<b>410</b>									<b>410</b>
<b>Total New Build Programme</b>	<b>14,670</b>	<b>9,443</b>	<b>8,943</b>	<b>15,108</b>	<b>22,978</b>	<b>7,614</b>	<b>7,550</b>	<b>7,506</b>	<b>9,366</b>	<b>7,160</b>	<b>6,000</b>	<b>8,125</b>	<b>100,350</b>

HRA Re-Forecast Capital Programme Funding 2018/19 and Proposals for 2019/20 to 2027/28										CAB3098(HSG)	
										Appendix 5	
HRA Capital Programme Funding	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	Forecast	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Right to Buy 1-4-1 Receipts	1,584	1,825	4,116	1,629	1,039	1,060	1,082	1,104	1,126	1,149	15,714
Right to Buy Other Retained receipts	610	505	527	548	570	593	617	641	666	692	5,969
New Build Sales	3,127		3,991		250	250	250	250	250	250	8,618
Other capital receipts	967	40									1,007
S.106 Contributions	360	200	200	250	250	1,600	3,500	2,600	1,400	4,400	14,760
Garage Transfers to General Fund	3,078	2,361	1,977	1,510							8,926
HCA Grants		1,501	1,501								3,002
HCC Extra Care Grant	716										716
HRA Revenue Contributions to Capital	2,343	6,858	6,355	3,627	5,226	3,694	6,175	4,773	4,727	3,519	47,297
Additional/Refinanced Borrowing			4,490								4,490
Major Repairs Reserve	4,191	9,388	7,143	7,534	7,815	8,079	8,352	8,652	8,948	9,253	79,355
<b>Total Funding</b>	<b>16,976</b>	<b>22,678</b>	<b>30,300</b>	<b>15,098</b>	<b>15,150</b>	<b>15,276</b>	<b>19,976</b>	<b>18,020</b>	<b>17,117</b>	<b>19,263</b>	<b>189,854</b>
<b>Housing Services</b>	<b>8,033</b>	<b>7,160</b>	<b>7,322</b>	<b>7,484</b>	<b>7,600</b>	<b>7,770</b>	<b>10,610</b>	<b>10,860</b>	<b>11,117</b>	<b>11,138</b>	<b>89,094</b>
<b>Other</b>		<b>410</b>									<b>410</b>
<b>New Build</b>	<b>8,943</b>	<b>15,108</b>	<b>22,978</b>	<b>7,614</b>	<b>7,550</b>	<b>7,506</b>	<b>9,366</b>	<b>7,160</b>	<b>6,000</b>	<b>8,125</b>	<b>100,350</b>
<b>Capital Programme Total</b>	<b>16,976</b>	<b>22,678</b>	<b>30,300</b>	<b>15,098</b>	<b>15,150</b>	<b>15,276</b>	<b>19,976</b>	<b>18,020</b>	<b>17,117</b>	<b>19,263</b>	<b>189,854</b>

HRA Business Plan Extract - Operating Account

CAB298(HSG)

		Income											Expenditure											Appendix 6	
Year	Year	Net rent Income	Other income	Misc Income	Total Income	Management	Depreciation	Responsive & Cyclical	Other Revenue spend	Misc expenses	Total expenses	Capital Charges	Net Operating (Expenditure)	Repayment of loans	RCCO	Surplus (Deficit) for the Year	Surplus (Deficit) b/fwd	Interest	Surplus (Deficit)						
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000						
1	2018.19	26,174	1,209	1,304	28,687	(8,607)	(6,660)	(4,070)	(32)	(235)	(19,605)	(5,188)	3,895	0	(2,343)	1,552	9,116	43	10,711						
2	2019.20	26,752	1,246	1,109	29,106	(8,807)	(6,904)	(4,031)	(12)	(243)	(19,997)	(5,888)	3,222	0	(6,858)	(3,636)	10,711	38	7,113						
3	2020.21	27,540	1,282	878	29,700	(8,826)	(7,145)	(4,154)	(13)	(250)	(20,387)	(6,074)	3,239	0	(6,353)	(3,115)	7,113	22	4,021						
4	2021.22	28,920	1,318	680	30,918	(8,953)	(7,533)	(4,338)	(13)	(258)	(21,095)	(6,199)	3,624	0	(3,627)	(3)	4,021	14	4,032						
5	2022.23	29,310	1,343	689	31,342	(9,128)	(7,815)	(4,472)	(14)	(265)	(21,694)	(6,200)	3,449	0	(5,226)	(1,778)	4,032	11	2,265						
6	2023.24	30,640	1,370	699	32,708	(9,326)	(8,079)	(4,608)	(43)	(273)	(22,330)	(6,212)	4,167	0	(3,694)	472	2,265	9	2,747						
7	2024.25	32,368	1,397	708	34,473	(9,537)	(8,352)	(4,747)	(44)	(282)	(22,963)	(6,216)	5,294	0	(6,175)	(881)	2,747	9	1,874						
8	2025.26	32,601	1,424	718	34,744	(9,756)	(8,653)	(4,891)	(46)	(290)	(23,636)	(6,215)	4,892	0	(4,773)	119	1,874	8	2,001						
9	2026.27	33,438	1,452	728	35,618	(9,962)	(8,948)	(5,040)	(47)	(299)	(24,316)	(6,215)	5,087	0	(4,727)	360	2,001	8	2,370						
10	2027.28	34,283	1,481	739	36,502	(10,214)	(9,254)	(5,191)	(48)	(308)	(25,014)	(6,214)	5,274	0	(3,519)	1,755	2,370	11	4,136						
11	2028.29	35,124	1,510	750	37,384	(10,451)	(9,562)	(5,344)	(117)	(317)	(25,792)	(6,205)	5,386	0	(4,156)	1,230	4,136	15	5,381						
12	2029.30	35,974	1,539	761	38,274	(10,694)	(9,875)	(5,500)	(121)	(327)	(26,517)	(6,205)	5,552	0	(5,516)	35	5,381	16	5,433						
13	2030.31	37,551	1,570	772	39,893	(10,943)	(10,197)	(5,657)	(125)	(336)	(27,258)	(6,206)	6,429	0	(5,656)	773	5,433	17	6,224						
14	2031.32	37,732	1,601	784	40,117	(11,199)	(10,530)	(5,817)	(128)	(346)	(28,021)	(6,180)	5,917	0	(5,679)	238	6,224	19	6,480						
15	2032.33	38,643	1,632	797	41,072	(11,460)	(10,874)	(5,981)	(132)	(357)	(28,804)	(6,134)	6,133	0	(5,928)	205	6,480	19	6,704						
16	2033.34	39,575	1,664	809	42,048	(11,728)	(11,229)	(6,149)	(136)	(367)	(29,610)	(6,134)	6,304	0	(5,914)	391	6,704	20	7,115						
17	2034.35	40,528	1,697	822	43,048	(12,002)	(11,596)	(6,322)	(140)	(379)	(30,438)	(6,135)	6,475	0	(4,045)	2,430	7,115	24	9,569						
18	2035.36	42,302	1,731	835	44,869	(12,283)	(11,974)	(6,498)	(144)	(390)	(31,290)	(6,074)	7,505	0	(4,045)	3,460	9,569	31	13,060						
19	2036.37	42,503	1,765	849	45,117	(12,571)	(12,364)	(6,679)	(149)	(402)	(32,165)	(6,074)	6,878	0	(4,072)	2,805	13,060	39	15,905						
20	2037.38	43,525	1,800	863	46,188	(12,865)	(12,768)	(6,864)	(153)	(414)	(33,065)	(6,031)	7,093	(6,610)	(4,216)	(3,733)	15,905	38	12,210						
21	2038.39	44,571	1,836	878	47,285	(13,168)	(13,184)	(7,054)	(158)	(426)	(33,990)	(5,827)	7,468	0	(4,189)	3,279	12,210	38	15,527						
22	2039.40	45,641	1,872	893	48,407	(13,477)	(13,614)	(7,248)	(162)	(439)	(34,941)	(5,827)	7,639	0	(853)	6,786	15,527	50	22,363						
23	2040.41	46,737	1,909	908	49,555	(13,794)	(14,058)	(7,448)	(167)	(452)	(35,919)	(5,826)	7,809	(4,490)	(794)	2,525	22,363	62	24,950						
24	2041.42	48,778	1,947	924	51,650	(14,119)	(14,516)	(7,652)	(172)	(466)	(36,924)	(5,697)	9,029	(10,000)	(353)	(1,324)	24,950	64	23,689						
25	2042.43	49,005	1,986	941	51,932	(14,452)	(14,989)	(7,861)	(178)	(479)	(37,959)	(5,350)	8,624	0	(267)	8,357	23,689	73	32,119						
26	2043.44	50,179	2,025	958	53,162	(14,793)	(15,477)	(8,075)	(183)	(494)	(39,021)	(5,350)	8,791	0	(97)	8,694	32,119	94	40,907						
27	2044.45	51,380	2,066	975	54,421	(15,142)	(15,981)	(8,294)	(188)	(509)	(40,114)	(5,350)	8,957	0	(949)	8,008	40,907	115	49,030						
28	2045.46	52,609	2,107	993	55,709	(15,500)	(16,501)	(8,519)	(194)	(524)	(41,238)	(5,350)	9,121	0	(823)	8,299	49,030	136	57,465						
29	2046.47	53,867	2,149	1,011	57,027	(15,867)	(17,039)	(8,749)	(200)	(540)	(42,394)	(5,345)	9,288	(10,000)	(405)	(1,117)	57,465	145	56,493						
30	2047.48	55,215	2,192	1,030	58,437	(16,242)	(17,593)	(8,985)	(206)	(556)	(43,582)	(4,995)	10,860	(5,000)	(313)	5,547	56,493	151	62,192						

## HRA Business Plan Extract - Self Financing Schedule

Appendix 7

Year	Year	Borrowing	New Borrowing	Principal	Debt	Additional	Borrowing	Closing HRA
		Opening	(from borrowing	Repayments	Repayments	Required	Bal/Cfwd	Working
		Balance	schedules)			Borrowing		Balance
		£ pa	£ pa	£ pa	£ pa	£ pa	£ pa	£ pa
1	2018.19	164,022,000	-	-	0	0	164,022,000	10,711,111
2	2019.20	164,022,000	7,300,000	7,300,000	0	0	164,022,000	7,113,191
3	2020.21	164,022,000	4,490,000	-	0	0	168,512,000	4,020,845
4	2021.22	168,512,000	-	-	0	0	168,512,000	4,031,748
5	2022.23	168,512,000	5,000,000	5,000,000	0	0	168,512,000	2,264,946
6	2023.24	168,512,000	5,000,000	5,000,000	0	0	168,512,000	2,746,512
7	2024.25	168,512,000	5,000,000	5,000,000	0	0	168,512,000	1,874,247
8	2025.26	168,512,000	5,000,000	5,000,000	0	0	168,512,000	2,001,489
9	2026.27	168,512,000	10,000,000	10,000,000	0	0	168,512,000	2,370,193
10	2027.28	168,512,000	10,000,000	10,000,000	0	0	168,512,000	4,135,852
11	2028.29	168,512,000	-	-	0	0	168,512,000	5,380,799
12	2029.30	168,512,000	-	-	0	0	168,512,000	5,432,683
13	2030.31	168,512,000	10,000,000	10,000,000	0	0	168,512,000	6,223,560
14	2031.32	168,512,000	15,000,000	15,000,000	0	0	168,512,000	6,480,260
15	2032.33	168,512,000	-	-	0	0	168,512,000	6,704,486
16	2033.34	168,512,000	-	-	0	0	168,512,000	7,115,200
17	2034.35	168,512,000	15,000,000	15,000,000	0	0	168,512,000	9,569,109
18	2035.36	168,512,000	-	-	0	0	168,512,000	13,060,294
19	2036.37	168,512,000	10,000,000	10,000,000	0	0	168,512,000	15,904,844
20	2037.38	168,512,000	-	7,300,000	0	0	161,212,000	12,210,299
21	2038.39	161,212,000	-	-	0	0	161,212,000	15,526,961
22	2039.40	161,212,000	-	-	0	0	161,212,000	22,362,748
23	2040.41	161,212,000	-	4,490,000	0	0	156,722,000	24,949,709
24	2041.42	156,722,000	-	10,000,000	0	0	146,722,000	23,689,351
25	2042.43	146,722,000	-	-	0	0	146,722,000	32,118,723
26	2043.44	146,722,000	-	-	0	0	146,722,000	40,907,091
27	2044.45	146,722,000	-	-	0	0	146,722,000	49,030,421
28	2045.46	146,722,000	-	-	0	0	146,722,000	57,465,149
29	2046.47	146,722,000	-	10,000,000	0	0	136,722,000	56,493,273
30	2047.48	136,722,000	-	5,000,000	0	0	131,722,000	62,191,729

## Appendix 8

**HRA Business Planning Assumptions**

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

**Inflation**

Year	RPI	CPI	Repairs	Staffing
2019/20	3.3%	2.4%	3.3%	2.0%
2020/21	3.1%	2.1%	3.1%	2.0%
2021/22	3.0%	2.0%	3.0%	2.0%
Thereafter	3.0%	2.0%	3.0%	2.0%

NB RPI and CPI percentages for 2019/20 are based on September 2018 actual figures as published by the ONS. Repairs contracts are often linked to BMIS factors, produced by RICS. Staffing indices reflect those being used for the General Fund.

**Average Rents**

The average weekly rent levels used for the HRA business plan are based on the properties in management as at 31 March 2018 and new properties developed over the life of the 30 year plan.

No of Bedrooms	Social Rent	Affordable Rent	Temporary Accommodation
Bedsit	£62.47	-	£92.78
1	£86.68	£114.73	£88.51
2	£100.18	£148.04	£103.89
3	£114.10	£172.24	£120.45
4	£122.97	£216.21	-
5	£144.41	-	-
6	£146.44	-	-
Overall Average	<b>£100.35</b>	<b>£151.53</b>	<b>£94.52</b>

**Rent Increases**

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

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

## Appendix 8 (continued)

**Voids and Bad Debts**

Year	Voids		Bad Debts	
	Social & Affordable	Temporary Accommodation	Social & Affordable	Temporary Accommodation
2018/19	0.40%	15.0%	0.5%	2.0%
2019/20	0.40%	10.0%	0.8%	2.2%
2020/21	0.40%	10.0%	1.2%	2.6%
2021/22	0.40%	10.0%	1.6%	3.0%
2022/23	0.40%	10.0%	4.0%	4.0%
Thereafter	0.40%	10.0%	3.0%	3.0%

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

**Right to Buy Sales**

16 sales have been assumed for 2018/19 and all subsequent years.

**HRA Working Balance**

The minimum HRA working balance for 2018/19 has been set at £1,118,000 with the minimum requirement increasing by CPI thereafter.

**Interest Rates***Internal*

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

*External*

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

The latest business plan assumes that further external borrowing of £4.5m is required in March 2021 at an interest rate of 2.8%. Later in the plan it will be necessary to re-finance some of the existing loans from 2023. It is assumed that these loans will bear an interest rate of between 2.8% and 3.0%. The loan balance at the end of the 30 year business plan is currently forecast at £136,722,000.