

REPORT TITLE: HOUSING REVENUE ACCOUNT (HRA) BUDGET OPTIONS
2020/21

22 JANUARY 2020

REPORT OF CABINET MEMBER: Cllr Kelsie Learney, Portfolio Holder for Housing
and Asset Management

Contact Officer: Richard Burden Tel No: 01962 848 162 Email
rburden@winchester.gov.uk

WARD(S): ALL

PURPOSE

This report provides an update on the Housing Revenue Account (HRA) forecast outturn for 2019/20 for both revenue & capital and sets out a number of options for Members to consider in relation to the HRA budget for 2020/21. The report also provides a longer term 10 year prediction on the HRA financial position, taking into consideration the impact of the new build capital programme and planned maintenance requirement for existing properties.

RECOMMENDATIONS:

That Cabinet:

1. To note the proposed 2020/21 Revenue & Capital Budgets, as set out in Appendices 1,2 & 3, taking into account the budget options outlined in section 11.29.
2. Approve the Housing Revenue Account forecast for 2019/20, as outlined in Appendix 1.
3. Approve the Housing Capital Programme forecast for 2019/20, as outlined in Appendix 2.
4. Approve the New Build Capital Programme forecast for 2019/20, as outlined in Appendix 3.

5. Approve, the Housing Revenue Account capital programme funding forecast for 2019/20, as detailed in Appendix 5.
6. Approve up to £3m of property acquisitions before March 2020, as outlined in section 11.42 and Exempt Appendix 6.
 - a) Delegate to the Service Lead Legal, authority to negotiate and agree Heads of Terms to purchase the individual properties.
 - b) Delegate to the Service Lead Legal, authority to negotiate, prepare documentation and complete the necessary transactions in accordance within the agreed Heads of Terms for the purchase of the properties identified in Exempt Appendix 6.
7. Approve the sale of 1 Mews Lane, Winchester, as outlined in sections 11.47-11.48 of this report;
 - a) Delegate to Service Lead Legal, authority to negotiate and agree Heads of Terms for the sale of 1 Mews Lane, Winchester.
 - b) Delegate to the Service Lead Legal, authority to negotiate, prepare documentation and complete the transactions within the agreed Heads of Terms for the sale of 1 Mews Lane, Winchester.

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 HRA is a separate account that all local authorities with housing stock are required to maintain. This account contains all transactions relating to local authority owned housing. The Local Government and Housing Act 1989 prohibits the Council operating its HRA at a deficit. The options proposed and one chosen to move forward must meet this budget obligation.
- 3.2 Notices of any increase in rent must be sent to tenants 28 days in advance of the new changes coming into effect.
- 3.3 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.

4 WORKFORCE IMPLICATIONS

- 4.1 None.

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 The final HRA budget report will be reviewed by The Scrutiny Committee on 5 February 2020.
- 6.2 The Council is wholly committed to involving Tenants & Council Together (TACT) on key HRA decisions identified in Cabinet papers. This report will be reviewed by TACT at their next meeting on 15 January 2020. TACT will be

invited to speak at the relevant point of the Cabinet meeting on 22 January 2020.

- 6.3 The intention to increase Estate Improvements capital expenditure to £400k was discussed at the Business & Housing Policy Committee on 18 June 2019.

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.
- 7.2 This paper includes a 2020/21 budget option to include a Climate Emergency provision of £1m and an overall £10.7m provision for a 9 year period.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 The HRA budget is delivered in line with the Council's housing strategy which was subject to an equality impact assessment.
- 8.2 This includes ensuring that recruitment and selection methods are fair, systematic, unbiased and based solely on merit using only rational, objective and job related criteria.
- 8.3 The HRA budget also includes the provision of equality training within the training budgets.

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.

Risk	Mitigation	Opportunities
<i>Property That the Council fails to adequately maintain housing stock and their condition falls below decent home standards.</i>	An effective and well funded programme of capital works linked to a comprehensive stock condition survey and sound future planning ensures decent home standards are met and maintained.	The government are considering making changes to the decent home standards as part of the Climate Change Emergency review and fire safety measures resulting from the Grenfell disaster review recommendations.

<p><i>Community Support</i> <i>Consultation is required with tenants regarding HRA budgets and with the wider community over new build developments.</i></p>	<p>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.</p>	<p>Pro-active consultation can bring forward options that otherwise may not have been considered.</p>
<p><i>Timescales</i> <i>Delays to new build contracts result in lost revenue and potentially increased costs.</i></p> <p><i>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></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>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.</p>	<p>In addition to providing funding to support the new build development programme, the 1-4-1 receipts can also be used to buy back former Council owned properties.</p>
<p><i>Project capacity</i> <i>Staff resources are insufficient to enable the planned new build programme to be delivered and the programme of major repairs on existing properties to be completed.</i></p>	<p>Resources are monitored to ensure they are adequate to support the delivery of new build schemes and major repair liabilities.</p>	
<p><i>Financial / VfM</i></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>The measures recommended in this report are a proactive approach to meeting statutory obligations</p>
<p><i>Innovation</i></p>		
<p><i>Reputation</i> <i>Failure to complete new build projects on time and to the required build standards would be likely</i></p>	<p>Building contractors are closely managed throughout the construction phase and at</p>	

<i>to affect both customer satisfaction levels and the Council's reputation.</i>	completion to ensure properties meet design standards and letting requirements	
<i>Other None.</i>		

11 SUPPORTING INFORMATION:

11.1 HRA Revenue financial position & working balance

11.2 The HRA Revenue result, as detailed at Appendix 1, demonstrates a healthy financial position. The forecast net operating result for 2019/20 is £2.25m, with a projected 2020/21 net operating result of £1.30m. The HRA working balance for 2019/20 is forecast to be £11.16m, rising to £12.48m at the end of 2020/21.

11.3 The latest projection includes the new MHCLG rent standard policy from April 2020. This will allow the Council to increase residential rents by CPI + 1% for 5 years from 2020/21 and by base CPI only annually after that.

11.4 Under the new MHCLG rent standard registered providers have the option to set rents on some social rent properties at 5% above the target rent level for new properties at first let or existing properties on relet. This is only possible where registered providers can demonstrate that the current social target rent level is insufficient to cover management & maintenance costs and is well below the comparable market rent level for a property. Nationally, social rent levels are on average around 60% of market rent levels. Under the rent standard any potential increases at the additional 5% level would not be allowed to exceed local housing allowance rates or the rent cap level.

11.5 The likelihood is that most social target rent levels in the district are sufficient to cover management & maintenance costs. If the social rent target level for a property is below 60% of the comparable market rent level there is the potential to use the additional 5% increase option. Social rent levels across the housing stock will need to be monitored in the future against the comparative market rent. As part of the annual property valuation exercise indicative market rent levels can be obtained to allow rent levels to be monitored for each property.

11.6 The proposed budget options for 2020/21 do not anticipate using the additional 5% rent increase option. A review of rent levels will be carried out during 2020/21 to identify if there is scope to increase rents above the target rent level with a report to be taken to the Business & Housing policy committee for discussion and review.

11.7 Garage rent levels are outside the scope of the MHCLG rent standard policy but the Council are proposing to increase rent levels by 3% in 2020/21.

- 11.8 The 10 year financial forecast includes new loan financing from PWLB. The treasury have recently announced an increase of 1% on the interest rate for new loans with immediate effect. This was to take into consideration the low market rates available up to the end of September 2019. The interest rate assumption used in the financial plan takes the increase in the PWLB rate into consideration.
- 11.9 For 2018/19 & 2019/20 the budget included a £100k provision for the preparation of welfare measures resulting from the change to Universal Credit. Over the last 2 years the Council have put in place a number of measures, including the appointment of 2 welfare benefit advisors to support tenants who are affected by the changes. A programme will shortly commence to migrate all working age housing benefit claimants across to Universal Credit which will mean that the Council would still benefit from holding an annual provision for the foreseeable future.
- 11.10 It is proposed to reduce the annual provision to £50k from 2020/21. The provision would also allow the Council, in some cases, to provide short term top up payments for tenants covering the gap between the application and first Universal Credit payment.
- 11.11 The demand for Discretionary Housing Payments (DHP) support has been much lower than anticipated and the investment of the 2 welfare benefit advisors has also been invaluable to claimants. The Service Lead: Revenue & Benefits will shortly be considering the Council policy in relation to DHP support.
- 11.12 At the end of September there were 442 Universal Credit (UC) Claimants within the Winchester District (including Council & private accommodation), up from 189 at the end of April. At that point there were 37 ongoing DHP claimants, approximately 8% of all claimants.
- 11.13 Following a recent refurbishment, the hostel at Sussex Street will shortly be let and managed by Two Saints. Under the housing first Co-Commissioning policy the Council have agreed to fund £50k to support this exercise. The intention is for this to be funded from the flexible homeless grant and not from the HRA. This will be covered in more detail in the final 2020/21 HRA Budget paper.
- 11.14 Housing Services Capital Programme
- 11.15 The 10 year forward financial projection for major repairs is based on the latest stock condition survey. A detailed analysis is shown at Appendix 2.
- 11.16 The latest forecast for 2019/20 includes a fire safety provision of £1m. In anticipation of the full recommendations arising from the Hackitt review, the Council are carrying out a detailed fire safety review. This will result in some initial upfront costs and potentially increase operational repair costs. With this in mind it is proposed to budget for a further fire safety provision of £1m in 2020/21.

- 11.17 The asset management strategy will be updated in 2020/21 to reconsider fire safety measures and identify climate change emergency initiatives. This could potentially include the replacement of gas boilers with low-carbon heating systems and the installation of solar panels in sheltered schemes to provide heating and power to communal areas. The strategy would also address the Council policy on nitrate neutrality, including water efficiency measures.
- 11.18 The stock condition survey will be updated in due course to include additional costs arising from fire safety and climate change emergency measures. This may have a financial impact on the final 2020/21 HRA budget paper if known before the paper is finalised in February 2020.
- 11.19 A key element of the Council's Climate Emergency Action Plan includes additional investment in the HRA Housing stock to improve energy efficiency and help tenants reduce their carbon emissions. The financial plan includes an additional £1m climate change provision per year from 2020/21 through to 2028/29. The requirement could change once the asset management strategy has been updated, but this does demonstrate that the financial plan can afford this level of additional expenditure and provides a positive opportunity to make a real difference to tenants' lives and the district as a whole.
- 11.20 The latest financial projection also includes an annual provision of £400k for Estate Improvements for the next 10 years. The scope of the programme includes environmental improvements resulting from the Climate Change Emergency Action Plan, including electrical vehicle charging points in a number of Council Car Parks. The HRA could afford to increase the £400k annual level if there is an identified need.
- 11.21 New Build Capital Programme
- 11.22 The 10 year forward financial projection has identified a capital expenditure requirement of £160m. The projection includes known schemes and an unallocated provision to cover additional schemes in the future. A breakdown of the expenditure by scheme is shown at Appendix 3.
- 11.23 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.
- 11.24 The Valley – This scheme is for 77 units (54 Social Rent & 23 Shared Ownership) and is due for completion in 2020/21. The scheme started on site in April 2019 and is partly funded with a Homes England grant allocation of £6m.
- 11.25 Hookpit, Kings Worthy – This scheme is for 35 units (25 Affordable & 10 Shared Ownership) and is due to start on site in December 2019 and anticipated to complete by the end of 2020/21.
- 11.26 Winnall Flats – This scheme is at feasibility stage, but the intention at present is to develop a 75 unit scheme. This would include 40 units for discounted

open market sale, 32 units for Affordable market rent and 3 units for Shared Ownership. The current proposal would be for the HRA to build out the whole scheme and sell the 40 discounted open market sale units to Pocket Living and the 32 affordable market rent units to the Winchester Housing Company. The HRA would retain the shared ownership units and undertake some estate improvements to the open space and communal areas of the existing blocks.

- 11.27 Dyson Drive – This scheme is for 8 units (6 Affordable Rent & 2 Shared Ownership). The overall cost of the scheme is £1.9m and the initial scheme has passed the financial viability tests. A planning application is due to be submitted, and subject to approval, a tender process will be carried out for the construction element.
- 11.28 Witherbed Lane – This scheme is for 4 units, all Shared Ownership properties. The overall cost of the scheme is £800k and the initial scheme has passed financial viability tests. A planning application is due to be submitted, and subject to approval, a tender process will be carried out for the construction element.
- 11.29 Budget Options 2020/21
- a) Increase residential rents by CPI + 1% in line with Ministry of Housing Communities & Local Government (MHCLG) policy. (See 11.3)
 - b) Increase garage rents by 3%. (See 11.7)
 - c) Provide an additional £1m fire safety provision for 2020/21 to meet recommendations arising from the Hackitt report and the Council fire safety review. (See 11.16)
 - d) Include a £1m Climate Change Provision in 2020/21, forming part of an overall £10.7m provision over the next 9 years. (See 11.19)
 - e) Provide a £50k Universal Credit Provision for 2020/21. (See 11.10)
 - f) Set the annual estate improvement budget to a minimum of £400k and have the option to increase above this level annually if it can be justified. (See 11.20)
- 11.30 HRA Capital Programme Funding
- 11.31 Appendix 4 gives full details of how it is proposed to fund the Housing Services & New Build budgets from 2019/20 to 2029/30.
- 11.32 Right to Buy 1-4-1 Receipts
- 11.33 The new build capital expenditure projection takes into consideration the use of available 1-4-1 RTB receipts. Under MHCLG rules retained 1-4-1 receipts must be spent within 3 years from the date of each individual sale. If retained receipts remain unspent beyond this 3 year period they must be repaid to

MHCLG. As the receipts provide funding subsidy to build & acquire housing properties we must ensure they are fully utilised wherever possible

- 11.34 RTB 1-4-1 receipts can only be used to fund affordable or social rent schemes up to a maximum of 30% of the capital expenditure. This funding cannot be used against schemes that have Homes England grant funding, an example of which is The Valley scheme.
- 11.35 Due to the timing of new build capital expenditure in 2019/20 the Council are potentially facing a RTB 1-4-1 repayment at the end of March 2020. This has arisen due to prioritising resource on key schemes, including The Valley & Hookpit and the consultation process on other schemes in the development pipeline.
- 11.36 If the HRA had no further capital expenditure on qualifying RTB 1-4-1 receipts up to the end of March 2020 this would result in a potential repayment to MHCLG of £1.28m. This amount will be reduced dependent on the level of capital expenditure actually incurred by March 2020.
- 11.37 In order to completely eliminate the potential repayment of £1.28m the Council would need to spend £4.25m on capital expenditure by the end of March 2020.
- 11.38 The current capital expenditure projection on qualifying RTB 1-4-1 new build schemes for the last 2 quarters of 2019/20 is approximately £2.25m, against which £675k of 1-4-1 receipts could be allocated. This leaves a forecast capital expenditure requirement of £2m on purchases of property/land on the open market (including buying back former Council owned properties) to cover the remaining £600k of 1-4-1 receipts.
- 11.39 The intention is to avoid a potential RTB 1-4-1 repayment by investing in new properties, including some with development potential. Depending on the timing of purchases and suitability of available property, a repayment of 1-4-1 may still be required.
- 11.40 There is evidence of 1-4-1 receipt repayments across the sector, as the 3 year rule spend rule can be difficult to achieve, taking into consideration planning, consultation and initial feasibility. MHCLG published a consultation document in August 2018, which included a number of proposed 1-4-1 receipt reforms, including extending the spend period from 3 to 5 years, allowing receipts to be used on grant funded schemes and allowing receipts to be used on shared ownership schemes. Although the Council responded to the consultation in October 2018, MHCLG are still to publish a final document including any proposed changes in policy.
- 11.41 Exempt Appendix 6, section 1, provides a breakdown of the £2.25m capital expenditure forecast relating to approved acquisitions and new build schemes that are on site. This includes the level of RTB 1-4-1 receipts that can be allocated against each scheme, based on 30% of the capital expenditure.

- 11.42 A list of potential property acquisitions, up to £3m, are listed in section 2 of Exempt Appendix 6.
- 11.43 As these potential property acquisitions identified are still subject to negotiation with vendors and require financial viability assessments, they may not go ahead, so other properties may also need to be considered.
- 11.44 The original new build capital expenditure budget (See Appendix 3) included unallocated project expenditure of £2m. To date, the HRA has spent £600k of this budget, leaving a balance of £1.4m. In order to ensure there is sufficient budget to cover the purchase of potential properties identified in Exempt Appendix 6, £1m of the unallocated project expenditure budget has been brought forward from 2020/21 to 2019/20.
- 11.45 If some of the proposed property acquisitions do not complete until after March 2020, there is sufficient budget available in the unallocated project budget in 2020/21. All of these potential acquisitions will enable the HRA to increase the housing stock.
- 11.46 Property Sales
- 11.47 As part of our continuing asset strategy review, the Council have identified a property in central Winchester, 1 Mews Lane that could be sold to provide funds to be re-invested in new build development schemes.
- 11.48 The guide price valuation estimate for 1 Mews Lane is £625k but this will be reviewed prior to putting the property on the market, subject to Cabinet approval.
- 11.49 Budget assumptions
- 11.50 A breakdown of the assumptions used in the 10 year financial plan is shown at Appendix 4, including the rent increase assumptions and average rents by tenure.
- 12 OTHER OPTIONS CONSIDERED AND REJECTED
- 12.1 No other options were considered.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB 3111(HSG) HRA Budget 2019/20 and Financial Plan 2019 – 2049; 30 January 2019

CAB 3161(CAB) HRA 2018/19 Outturn and Key Performance Indicators; 17 July 2019

Other Background Documents:-

HRA Business Plan 2018 to 2048, from which Appendices 1, 2 & 3 are extracted.

BHP007 Estate Improvement Programme

APPENDICES:

Appendix 1 – Housing Revenue Account – Operating Summary

Appendix 2 – Housing Services Capital Programme Summary

Appendix 3 – New Build Capital Programme Summary

Appendix 4 – HRA Capital Programme Funding Summary

Appendix 5 – HRA Budget Assumptions

Exempt Appendix 6 – Use of Right to Buy Receipts – Capital Expenditure Requirement

HRA Business Plan - Operating Performance										Appendix 1						
Year	Year	Income		Expenditure					Net Operating (Expenditure) £,000	Repayment of loans £,000	Transfer from / (to) Revenue Reserve £,000	RCCO £,000	Surplus (Deficit) for the Year £,000	Surplus (Deficit) b/fwd £,000	Interest £,000	Surplus (Deficit) c/fwd £,000
		Total Income £,000	Managt £,000	Depreciation £,000	Responsive & Cyclical £,000	Misc expenses £,000	Total expenses £,000	Capital Charges £,000								
1	2019.20	29,121	(8,807)	(8,349)	(4,298)	(248)	(21,701)	(5,170)	2,250	0	(66)	(2,680)	(496)	11,627	27	11,157
2	2020.21	29,485	(8,994)	(8,570)	(4,401)	(254)	(22,219)	(5,961)	1,305	0	0	0	1,305	11,157	24	12,486
3	2021.22	30,799	(9,204)	(9,041)	(4,575)	(262)	(23,082)	(6,417)	1,300	0	0	0	1,300	12,486	32	13,818
4	2022.23	31,334	(9,480)	(9,371)	(4,716)	(270)	(23,837)	(6,658)	838	0	0	0	838	13,818	34	14,690
5	2023.24	33,137	(9,765)	(9,713)	(4,858)	(278)	(24,614)	(6,880)	1,643	0	0	(8,520)	(6,877)	14,690	20	7,833
6	2024.25	35,383	(10,058)	(10,196)	(5,053)	(286)	(25,593)	(6,885)	2,905	0	0	(3,997)	(1,092)	7,833	11	6,753
7	2025.26	35,791	(10,359)	(10,587)	(5,204)	(295)	(26,445)	(6,884)	2,463	0	0	(1,489)	973	6,753	11	7,737
8	2026.27	36,755	(10,670)	(10,945)	(5,359)	(303)	(27,278)	(6,883)	2,594	0	0	(2,705)	(111)	7,737	12	7,638
9	2027.28	37,744	(10,990)	(11,314)	(5,519)	(313)	(28,136)	(6,882)	2,725	0	0	0	2,725	7,638	14	10,377
10	2028.29	38,759	(11,320)	(11,696)	(5,684)	(322)	(29,022)	(6,873)	2,863	0	0	(442)	2,421	10,377	18	12,816
11	2029.30	39,801	(11,660)	(12,091)	(5,854)	(332)	(29,936)	(6,873)	2,991	0	0	(5,048)	(2,056)	12,816	18	10,777
12	2030.31	41,603	(12,009)	(12,499)	(6,029)	(342)	(30,878)	(6,874)	3,851	0	0	(5,063)	(1,213)	10,777	15	9,580
13	2031.32	41,967	(12,370)	(12,920)	(6,209)	(352)	(31,850)	(6,848)	3,269	0	0	(5,076)	(1,807)	9,580	13	7,786
14	2032.33	43,094	(12,741)	(13,355)	(6,394)	(362)	(32,852)	(6,802)	3,439	0	0	(5,123)	(1,684)	7,786	11	6,113
15	2033.34	44,250	(13,123)	(13,805)	(6,585)	(373)	(33,886)	(6,802)	3,561	0	0	(5,215)	(1,655)	6,113	8	4,466
16	2034.35	45,436	(13,517)	(14,270)	(6,782)	(384)	(34,953)	(6,803)	3,681	0	0	(1,767)	1,914	4,466	9	6,389
17	2035.36	47,490	(13,922)	(14,750)	(6,985)	(396)	(36,053)	(6,742)	4,695	0	0	(1,769)	2,926	6,389	13	9,327
18	2036.37	47,904	(14,340)	(15,246)	(7,193)	(408)	(37,187)	(6,743)	3,974	0	0	(1,771)	2,203	9,327	17	11,547
19	2037.38	49,187	(14,770)	(15,759)	(7,408)	(420)	(38,357)	(6,698)	4,132	0	0	(1,773)	2,359	11,547	21	13,927
20	2038.39	50,504	(15,213)	(16,289)	(7,630)	(433)	(39,564)	(6,698)	4,242	0	0	(1,774)	2,468	13,927	26	16,421
21	2039.40	51,856	(15,669)	(16,836)	(7,858)	(446)	(40,809)	(6,697)	4,350	0	0	(184)	4,166	16,421	32	20,619
22	2040.41	53,243	(16,140)	(17,401)	(8,093)	(459)	(42,093)	(6,768)	4,382	(3,241)	0	(142)	1,000	20,619	37	21,656
23	2041.42	55,645	(16,624)	(17,986)	(8,334)	(473)	(43,417)	(6,640)	5,589	(9,000)	0	(98)	(3,509)	21,656	37	18,183
24	2042.43	56,128	(17,122)	(18,589)	(8,584)	(487)	(44,782)	(6,322)	5,024	0	0	(53)	4,971	18,183	40	23,194
25	2043.44	57,629	(17,636)	(19,213)	(8,840)	(502)	(46,191)	(6,321)	5,116	0	0	(5)	5,111	23,194	49	28,354
26	2044.45	59,168	(18,165)	(19,858)	(9,104)	(517)	(47,644)	(6,321)	5,203	0	0	0	5,203	28,354	59	33,616
27	2045.46	60,749	(18,710)	(20,523)	(9,376)	(532)	(49,142)	(6,321)	5,285	0	0	0	5,285	33,616	70	38,971
28	2046.47	62,371	(19,271)	(21,211)	(9,657)	(548)	(50,688)	(6,317)	5,366	(10,000)	0	0	(4,634)	38,971	74	34,411
29	2047.48	65,180	(19,850)	(21,922)	(9,945)	(564)	(52,281)	(5,967)	6,932	(5,000)	0	0	1,932	34,411	75	36,418
30	2048.49	65,745	(20,445)	(22,656)	(10,243)	(581)	(53,925)	(5,826)	5,993	(5,000)	0	0	993	36,418	81	37,492

Housing Services Capital Programme 2019/20 to 2029/30													Appendix 2	
Housing Services Programme	2019/20	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	Original Budget	July Update	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
Major Repairs														
External Envelope Works	3,460	3,460	2,200	2,617	2,691	2,767	2,846	3,035	3,123	3,263	3,390	3,214	4,764	33,910
External Ground Works	508	508	450	302	309	317	324	332	404	413	423	433	641	4,349
External Window/Door/Screens	614	614	200	392	402	411	421	431	221	226	232	237	351	3,525
Internal Structure & Finishes	49	49	360	66	67	69	70	72	22	23	23	24	35	830
Kitchen & Bathroom Renewals	993	993	1,150	709	726	743	761	779	1,018	1,043	1,068	1,093	1,618	10,707
Mechanical & Electrical Services	1,229	1,229	1,600	1,584	1,622	1,661	1,701	1,742	1,837	1,881	1,927	1,973	2,920	20,448
	6,853	6,853	5,960	5,669	5,816	5,968	6,123	6,391	6,625	6,849	7,062	6,974	10,329	73,768
Improvements & Conversions														
Estate Improvements	250	250	400	400	400	400	400	400	400	400	400	400	0	4,000
Loft Conversions/Extensions			0	0	0	0	0	0	0	0	0	0	0	0
Sheltered Housing Conversions	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sheltered Housing Upgrades	70	70	70	100	100	50	50	50	50	50	50	0	0	570
	320	320	470	500	500	450	450	450	450	450	450	400	0	4,570
Disabled Adaptations	770	770	770	770	770	770	770	770	770	770	770	770	770	8,470
Sheltered WIFI			15											15
Fire Safety Provision	1,000	1,000	1,000	1,030										2,030
Climate Change Emergency				1,030	1,067	1,105	1,145	1,187	1,229	1,273	1,319	1,367		10,722
Other Capital Spending														
Sewage Treatment Works	103	103	103	106	109	111	114	117	121	124	127	130	133	1,295
Total HS Capital Programme	9,046	9,046	8,318	9,105	8,262	8,404	8,602	8,916	9,195	9,466	9,728	9,641	11,232	100,870

Housing New Build Capital Programme 2019/20 to 2029/30														Appendix 3	
New Build Programme & Other Capital	2019/20	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total	
	Original Budget	July Update	Latest Forecast	Budget.	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	£000	
The Valley, Stanmore	7,687	8,150	12,737	5,713	281									18,731	
Mayles Lane, Knowle	674	1,109	1,109											1,109	
Rowlings Road, Weeke	1,151	1,379	250	1,129	30									1,409	
Wykeham Place, Stanmore	27	77		446	1,048	174								1,668	
Dyson Drive (Abbotts Barton)	518	591		954	954									1,908	
Dolphin Hill, Twyford	372	368	184	184										368	
Woodman Close, Sparsholt	436	481	77	762	381									1,220	
Hookpit, Kings Worthy	6,282	8,230	3,655	4,965										8,620	
Winnall Flats	2,850	2,863	100	7,551	7,658									15,309	
Wickham CLT	410	410	205	205										410	
Wetherbed Lane					428	343								771	
Barton Farm - Extra Care						8,540	8,540							17,080	
Moyes Land							3,395	3,395						6,790	
Victoria House		(376)	82											82	
Chesil Street			38											38	
Sheltered Conversions		139	139											139	
Small sites / unallocated programme	2,000	2,000	600	3,000	2,900	7,500	5,450	5,613	5,782	5,956	6,135	6,319	6,509	55,764	
Sites funded by RTB 1-4-1 receipts			2,400	2,000	2,500	3,500	2,400	2,473	2,546	2,622	2,700	2,781	2,865	28,787	
Total New Build Programme	22,407	25,421	21,576	26,909	16,180	20,057	19,785	11,481	8,328	8,578	8,835	9,100	9,373	160,202	

HRA Capital Programme Funding 2019/20 to 2029/30													Appendix 4	
HRA Capital Programme Funding	2019/20	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	Original Budget	July Update	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
Right to Buy 1-4-1 Receipts	3,387	3,387	2,372	3,188	1,401	2,573	1,489	1,590	1,694	1,801	1,912	2,027	2,145	22,192
Right to Buy Other Retained receipts	386	386	509	390	408	426	444	464	483	504	525	547	569	5,289
New Build Sales	155	155	1,473	4,300	3,620	8,841	6,621	650	670	689	710	731	752	29,057
Other capital receipts	440	440	825	560										1,385
S.106 Contributions	200	200	400	250	250	250	1,600	3,500	2,600	1,400	4,400	3,000		17,650
Garage Transfers to General Fund	1,858	1,858	1,858	1,858	1,510									5,226
HCA Grants	1,502	1,502	4,832	1,611										6,443
HRA Revenue Contributions to Capital	8,621	8,621	2,680				8,520	3,997	1,489	2,705	0	442	5,048	24,881
Additional/Refinanced Borrowing	8,000	11,014	6,000	15,500	8,000	7,000								36,500
Major Repairs Reserve	6,904	6,904	8,945	8,357	9,253	9,371	9,713	10,196	10,587	10,945	11,016	11,994	12,091	112,468
Total Funding	31,453	34,467	29,894	36,014	24,442	28,461	28,387	20,397	17,523	18,044	18,563	18,741	20,605	261,071
			10,411	10,299	5,679	12,090	10,154	6,204	5,447	4,394	7,547	6,305	3,466	78,530
Housing Services	9,046	9,046	8,318	9,105	8,262	8,404	8,602	8,916	9,195	9,466	9,728	9,641	11,232	100,870
New Build	22,407	25,421	21,576	26,909	16,180	20,057	19,785	11,481	8,328	8,578	8,835	9,100	9,373	160,202
Capital Programme Total	31,453	34,467	29,894	36,014	24,442	28,461	28,387	20,397	17,523	18,044	18,563	18,741	20,605	261,073

Appendix 5

HRA Budget Assumptions

There are a number of assumptions required for the 10 year HRA financial plan. The key assumptions are detailed below:

Inflation

Year	RPI	CPI	Repairs	Staffing
2020/21	2.4%	1.7%	3.0%	2.0%
2021/22	3.0%	2.0%	3.0%	2.0%
2022/23	3.0%	2.0%	3.0%	2.0%
Thereafter	3.0%	2.0%	3.0%	2.0%

NB RPI and CPI percentages for 2020/21 are based on September 2019 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 currently in management and new properties developed over the 10 year plan. For 2020/21 (from 1 April 2020) rents can increase by a maximum of CPI + 1%, based on the CPI as at 30 September 2019. As CPI was 1.7% as at 30 September 2019, this gives a maximum annual increase for 2020/21 of 2.7%.

No of Bedrooms	Social Rent 2019/20	Social Rent 2020/21	Affordable Rent 2019/20	Affordable Rent 2020/21	Temp Accomdn 2019/20	Temp Accomdn 2020/21
Bedsit	£61.85	£63.52	£131.14	£134.68	£87.61	£89.98
1	£85.89	£88.21	£132.42	£136.00	£91.06	£93.52
2	£99.26	£101.94	£158.26	£162.53	£102.85	£105.63
3	£112.97	£116.02	£170.52	£175.12	£119.25	£122.47
4	£121.65	£124.93	£214.05	£219.83	-	-
5	£140.86	£144.66	-	-	-	-
6	£144.98	£148.89	-	-	-	-
Overall	£99.38	£102.06	£148.39	£152.40	£92.20	£94.69

For Shared Ownership properties, the initial annual rent is based on 2.75% of the remaining equity. Rents can increase annually by RPI + 1%, again using the September RPI figure. The current average weekly rent (based on 18 properties) is £33.32. As RPI was 2.4% as at 30 September 2019, this gives a maximum increase for 2020/21 of 3.4%. This would give an average weekly rent in 2020/21 of £34.45.

Rent Increases

Year	Social & Affordable Rents	Shared Ownership Rents
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 financial planning terms, it is assumed that market rent income will rise in line with CPI.