

Housing Revenue Account - Revised Forecast 2020/21 and Interim Budget Proposals 2021/22 for Consultation

Accountable member	Cabinet Member for Finance, Rowena Hay
Accountable officer	Executive Director Finance and Assets, Paul Jones
Ward(s) affected	All
Key Decision	Yes
Executive summary	<p>This report summarises the Housing Revenue Account (HRA) revised forecast for 2020/21 and the Cabinet’s interim budget proposals for 2021/22 for consultation. As set out in this paper, the 30-year HRA financial model confirms the financial viability of these proposals in the longer term.</p> <p>The proposed budget for 2021/22 has been set within an environment of significant uncertainty and financial challenge both for the Council and tenants including COVID-19, Brexit and the state of the wider economy.</p> <p>Investment in core landlord services and community services is being maintained whilst operating costs are being controlled ensuring net operating surpluses increase year on year to £1.9m in 2023/24 which will be reinvested back into the HRA. This ensures tenants continue to be supported through this challenging period and the communities they live in are able to thrive.</p> <p>CBH’s top priority is a focus on Customer Service, looking at how we can deliver great service on every occasion and across all service areas. This is the responsibility of each and every colleague within CBH and aims to improve the quality of life for our customers. Great customer service has never been more crucial than during this present crisis.</p> <p>The HRA capital programme, covering investment in existing homes and the supply of new homes, is budgeted to be £24m in 2021/22 and in excess of £30m in each of the following 2 years. This will enable further improvements to existing homes and a step change in the number of new homes supplied with the aim of delivering 500 additional affordable homes in 5 years.</p> <p>As part of this investment a number of exemplar carbon neutral homes will be delivered for the borough through the new supply programme and an enabling fund of £0.5m will be used to trial retrofit of existing housing as part of the Council’s Climate Emergency response.</p> <p>The continued investment in services to support customers and their communities and the substantial investment in existing homes and new supply form a significant part of the Council’s recovery plans for</p>

Cheltenham.

Recommendations

1. **Note the revised HRA forecast for 2020/21.**
2. **Approve the interim HRA budget proposals for 2021/22 (shown at Appendix 2) for consultation including a proposed rent increase of 1.5% and changes to other rents and charges as detailed within the report.**
3. **Approve the proposed HRA capital programme for 2021/22 as shown at Appendix 3.**
4. **Delegate authority to the Executive Director Finance and Assets, in consultation with the Cabinet Member for Finance, to determine and approve any additional material that may be needed to support the presentation of the interim budget proposals for consultation.**
5. **Seek consultation responses by 29th January 2021.**

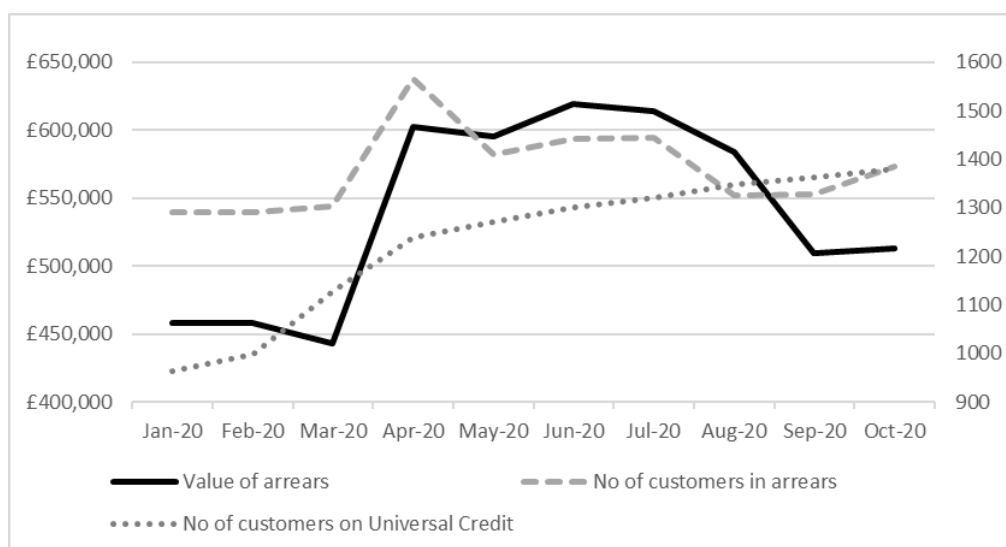
<p>Financial implications</p>	<p>As contained in the report and appendices.</p> <p>Contact officer: Paul Jones.</p> <p>E-mail: paul.jones@cheltenham.gov.uk</p> <p>Tel no: 01242 264365</p>
<p>Legal implications</p>	<p>There are no specific legal implications arising from the report</p> <p>Contact officer: Shirin Wotherspoon</p> <p>E-mail: shirin.wotherspoon@teWKesbury.gov.uk</p> <p>Tel no: 01684 272017</p>
<p>HR implications (including learning and organisational development)</p>	<p>There are no direct HR implications arising from the report</p> <p>Contact officer: Julie McCarthy</p> <p>E-mail: julie.mccarthy@publicagroup.uk</p> <p>Tel no: 01242 264355</p>
<p>Key risks</p>	<p>As outlined in Appendix 1</p>
<p>Corporate and community plan Implications</p>	<p>The aim of the interim budget proposals is to direct resources towards the key priorities identified in the Council's Corporate Business Plan.</p>
<p>Environmental and climate change implications</p>	<p>The draft budget contains proposals for improving the local environment particularly in addressing the issue of energy reduction in Council owned dwellings and moving towards a carbon neutral housing portfolio by 2030.</p>

1. Background

- 1.1 The Council's Constitution requires that the Cabinet prepare an interim budget for consultation before it makes recommendations to full Council in February 2021. The Cabinet is then required to draw up its firm budget proposals having regard to the responses it has received during the consultation period, and its report to Council in February 2021 should reflect the Cabinet's response to such comments.

2. COVID-19

- 2.1 The current financial year has been dominated by the COVID-19 pandemic. Council and CBH staff have worked tirelessly to maintain housing services to our customers, demonstrating both resilience and compassion.
- 2.2 As the coronavirus crisis broke and the first 'lockdown' began essential services were maintained including emergency repairs, essential gas safety checks, cleaning of communal areas, emergency lettings and benefit and money advice. As the situation eased the focus was on restarting as many services as possible on a safety-first approach. Thorough risk assessments across services were conducted to understand and put in place adaptations needed to minimise risks to customers and colleagues. This required new ways of working which continue to be reviewed and amended during 2020/21.
- 2.3 Following the first lockdown, repairs backlogs were cleared, work restarted on new build schemes and planned maintenance programmes, lettings and other face to face services were restarted in a COVID-19 secure manner. On entering a second lockdown, customer safety and support remained paramount so routine, planned and emergency repairs and safety checks were continued. Other services, including rent payments, were available over the phone or online, and in person appointments could be arranged in advance. Face to face services continued at sheltered schemes in a COVID-19 secure manner, reception areas and community hubs were temporarily closed, and in-person events cancelled.
- 2.4 The impact on customers has been significant, for example the number of customers on Universal Credit increased by 30% in a few weeks and the level of rent arrears also stepped up substantially as seen in the graph below. Colleagues were redeployed to increase the level of support and advice needed by customers to support their physical, financial and mental wellbeing throughout this crisis.



2.5 The financial impact on the HRA has been mitigated by our ability to respond quickly to the operational challenges referred to above. For example, both increases in rent arrears and void costs have been managed down. The revised October forecast for 2020/21, as shown below, shows additional COVID costs of £60,000 which includes PPE, additional cleaning and communication costs. Forecast HRA capital expenditure shows an overall reduction of £9.5m primarily as a result of COVID-19 related project delays.

2.6 The majority of housing services are now operating normally albeit within COVID-19 safety restraints and CBH is well placed to support our communities and the Council's recovery plans for Cheltenham.

3. Current Operating Environment

3.1 The ongoing impact of COVID-19 sits alongside other economic and social uncertainties as well as known changes in Government Policy. There could also be a significant impact on the construction sector from both Brexit and the Government's COVID-19 recovery plans, putting pressure on the availability and price of supplies and resources. The impact on our tenants and the HRA from these uncertainties will continue to be monitored and addressed as necessary.

3.2 Social Housing White Paper

3.2.1 The government has recently published the long-awaited White Paper which sets out a 'charter for social housing residents' and aims to deliver the improvements in transparency and accountability promised in the 2018 green paper. The stated aim of the charter is to "raise the standard of social housing and meet the aspirations of residents throughout the country."

3.2.2 The charter includes seven statements: to be safe in your home, to know how your landlord is performing, to have your complaints dealt with promptly and fairly, to be treated with respect, to have your voice heard by your landlord, to have a good quality home and neighbourhood to live in, to be supported to take your first step to ownership.

3.2.3 CBH are in the process of digesting the detail within the white paper package but believe we are delivering in each of these seven areas already and the budget will support further improvements in the future.

3.3 *Universal Credit (UC)*

3.3.1 After significant delays to the introduction of UC, the full rollout began in Cheltenham in December 2017. There are currently 1,393 claimants (November 2020) and under present regulations there could eventually be up to 2,000, potentially placing considerable pressure on rent arrears. CBH is conducting a proactive campaign to provide support and information to all tenants affected by these changes. Currently 856 accounts are in arrears with 348 direct payment orders in place. The impact on arrears will be closely monitored and the budget proposals reflect an increasing provision for bad debts of £32,000 from the revised forecast.

3.4 *Government Rent Policy*

3.4.1 Current Government rent policy is to permit rents to increase by a maximum of CPI (as at previous September) + 1% per annum for the next four years before a further review. The CPI for September 2020 was 0.5% thus allowing a rent increase for 2021/22 of 1.5%. Whilst this is a reduction in the level of income previously projected for the HRA it is good news for tenants who will see a lower increase in their rent at this challenging time.

3.4.2 To deal with this impact on HRA revenue, CBH will be delivering a frozen ALMO management fee and frozen Capital Management Fee for 2021-22, saving £150k to the HRA compared to last year's projections. The remaining rental income impact is expected to be offset by further efficiency savings in CBH which will feed through to the HRA in future years.

3.5 *Right to Buy*

3.5.1 The Government published a consultation paper in the summer of 2018 which sought views on introducing more flexibility in the use of RTB receipts to fund new build. The consultation closed in early October 2018 and a response from the Government is still awaited. The level and usage of RTB receipts will continue to be monitored closely to ensure they are reinvested into new supply of homes in Cheltenham.

3.6 *Proposed Government Planning Reforms*

3.6.1 On 6th August 2020, the Government published the Planning White Paper, 'Planning for the Future', with the overarching aims of reinvigorating home ownership, supporting the Government's target to deliver 300,000 homes per annum and boost development's contribution to the economy and infrastructure as a response to COVID-19. At the same time, the Government also announced some short-term changes to the planning system, which it believes would help the transition to a renewed system. Collectively the proposed reforms, if implemented, would represent the most significant change to the planning system since the Second World War.

3.6.2 Whilst the reforms are focused on boosting house building, research at a national level indicates that should these reforms be implemented it could reduce the number of affordable homes delivered by up to 20% and this has been raised by the Council in its response. Consultation on these reforms is ongoing within Government and we will monitor progress closely. It should be noted that the new supply programme has limited reliance on s106 schemes which could be significantly impacted by these reforms.

4. 2020/21 HRA Revised Forecast (Appendix 2)

- 4.1 The most recent forecast for the current year shows a reduction in operating surplus of £203,800 compared to the original budget. Significant variations (greater than £30,000) have been identified in budget monitoring reports and are shown below: -

Budget Heading	Additional Cost (-) / Income (+) £
General & Special Management – now includes the HRA share of professional fees and other delivery costs relating to the Golden Valley Project	-324,800
Interest Payable – reduction in borrowing due to COVID-19 delays to the capital programme and availability of other resources	306,900
Depreciation of Dwellings – reflects change to stock numbers and inflation on replacement components	-136,500
Interest receivable – higher reserves brought forward from 2019/20	45,500
COVID 19 – additional costs	-60,000
Other net variations (lower than £30,000)	-34,900
Decrease in Operating Surplus (compared to Original Budget)	-203,800

5. **2021/22 HRA Budget Proposals (Appendix 2)**

- 5.1 The detailed budget proposals for the HRA Operating Account are set out in Appendix 2. These highlight an increasing net operating surplus from £1.2m in 2021/22 to £1.9m in 2023/24 reflecting the increase in rent from new homes whilst controlling the level of cost increases. These net operating surpluses will be reinvested back into the HRA to support future service delivery and investment.

- 5.2 All rents will increase by 1.5% in April 2021 following the announcement of the CPI for September 2020 at 0.5% (current Government rent policy limits annual rent increases to CPI + 1%). This is lower than previous business plan assumptions which used the Government's CPI target of 2%.

- 5.3 The rent estimates assume a 0.8% void rate and 20 RTB sales in the year and also reflect additional income from new build and acquired properties.

- 5.4 Estimates of service charge income currently assume: -

- Increase of 3.2% for cleaning services supplied by CBH reflecting pay inflation and additional costs of waste disposal.
- Overall charges for power to communal areas will not be increased in April 2021 following a 3-year tariff fix in 2020.
- A new agreement for the HRA grounds maintenance work undertaken by Ubico commenced in April 2019. This followed a comprehensive review of the areas maintained and the nature of work carried out thus creating some volatility in service charges to tenants and leaseholders. Those faced with an increase in charges are protected by transitional arrangements with increases being phased in over three years, 2021/22 being the last year.

- 5.5 Garage rents are to be increased by 1.5% from April 2021 in line with the proposed increase in housing rents.

5.6 Expenditure budgets reflect: -

- ALMO management fee to be cash frozen with CBH offsetting inflationary pressures through efficiency measures
- Shared service cost increases at 1% per annum with higher inflationary increases on building and maintenance costs
- Interest rates on new borrowing at 2.5% per annum
- Assumption that Homes England funding continues at existing levels and shared ownership costs do not change substantially

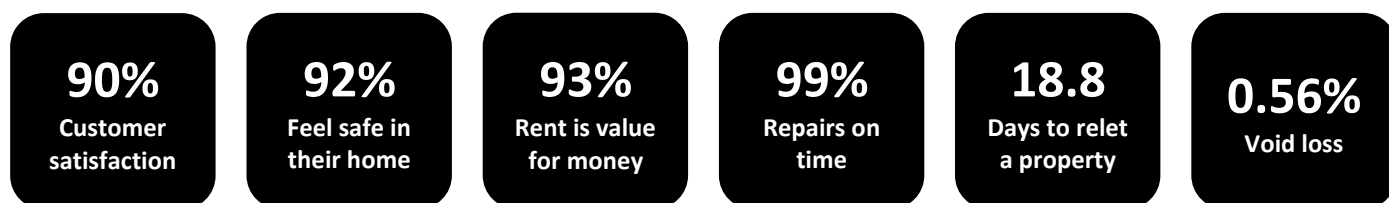
5.7 Significant changes to the HRA (greater than £30,000) in 2021/22 as compared to the revised October forecast for 2020/21 are itemised in the table below. There is an increase of £51,200 in the operating surplus for the year when compared with the 2020/21 forecast.

Budget Heading	Additional Cost (-) / Income (+) £
General & Special Management – change in contribution to the Golden Valley project	299,500
Increase in Repairs & Maintenance – includes additional cost for fire safety compliance and inflationary pressure on operating materials	-506,300
Increase in bad debt provision – reflects increase in rent in UC claimants	-32,000
Interest Payable – arising from additional borrowing to finance the capital programme	-226,300
Depreciation of Dwellings – reflects change to stock numbers	-35,500
Rent Income – rent increase and supply of new homes	488,700
Interest receivable – reduction in reserves	-52,100
Reduced provision for COVID 19 costs compared to current year	60,000
Other net variations (lower than £30,000)	55,200
Increase in Operating Surplus (compared to 2020/21 forecast)	51,200

5.8 Although the rent increase will be lower than anticipated the revenue budget proposals still provide sufficient resources to finance further improvements in core services (as detailed below) whilst also showing an increase in operating surplus.

6. Investment in Services

6.1 Despite the challenging operating environment, with the support of the Council, CBH continues to prioritise the provision of high quality, core landlord services to customers, delivering top quartile performance when compared to other housing providers in the sector. These core services include repairs, anti-social behaviour management (ASB), tenancy management, rent arrears management, lettings and resident involvement. Appropriate investment in these core landlord services from the HRA ensures high performance and customer satisfaction levels as demonstrated by the most recent annual data for 2019/20 below.



- 6.2** The draft budget for 2021/22 has been drawn up to ensure that the HRA is able to continue to invest in high quality landlord services supporting tenants and the wider Cheltenham community. CBH's top priority is Customer Service, looking at how we can deliver great service on every occasion - day in, day out - and across all service areas. Delivering great Customer Service is the responsibility of each and every colleague within CBH and aims to improve the quality of life for our customers.
- 6.3** As part of the budget CBH will continue to focus on listening and acting on customer feedback, expanding digitalisation of services whilst identifying efficiencies in core management costs through mobile working and automation of processes. This will be achieved whilst freezing the ALMO management fee for next year to ensure more resources are available to invest in existing homes and new supply.
- 6.4** As well as core services the Council and CBH continue to invest in a range of other community programmes which deliver significant Social Value for Cheltenham and supports the Council's aim of all people and communities in Cheltenham thriving.
- 6.5** CBH's community investment programmes focus on four strategic themes: health and wellbeing, education training and skills, community safety and enabling community involvement and engagement. These priorities were informed by community consultation and partner engagement and align with the wider aims of the Council. Outcomes and community impact are measured through HACT's Social Value model with a target of delivering the equivalent of £15m in Social Value in 2021/22.
- 6.6** Activities will include training sessions and events, provided by CBH and partners, to give tenants opportunities to learn new skills, take part in health and wellbeing initiatives, opportunities for volunteering, crafting sessions and healthy activities for children across Cheltenham to support the ongoing No Child Left Behind campaign.
- 6.7** Unemployment can have long-term impact on individuals, families, and communities, with young people particularly vulnerable due to their lack of experience in work. The government has introduced a range of employment initiatives to support people to retain employment and to support young people to experience work to improve their future employment prospects. The employment initiatives team will continue to focus on helping tenants find secure work opportunities as well as delivering new traineeships. A traineeship is an education and training programme which incorporates work experience, preparing young people for their future careers by helping them to become 'work ready' and the budget includes plans to develop such a programme for tenants and their families.
- 6.8** The benefit and money advice team works closely with customers, usually in critical and/or vulnerable situations to provide advice about benefits available and financial help. The budget will enable this team to continue to support tenants in claiming additional benefits and help them stay in their homes and improve their quality of life. The service also supports customers with advice on UC and partners with the DWP at regular Jobcentre

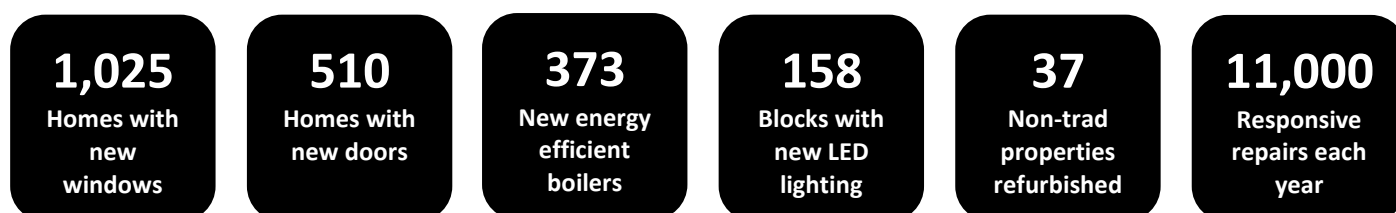
sessions.

7. HRA Capital Programme 2021/22 (Appendices 3 & 4)

- 7.1 The capital programme for 2021/22 continues to show significant investment in both the existing stock and the acquisition and development of additional homes. Total spend is forecast to increase to £24.4m.
- 7.2 The proposed funding of this ambitious programme is set out at Appendix 3 and includes a combination of borrowing, Homes England grant, shared ownership sales, capital receipts and leaseholder and revenue contributions. The balance of funding sources may vary, dependent on availability and prevailing interest rates.

8. Investment in Existing Homes

- 8.1 The current Asset Management Strategy (AMS) for the HRA is aligned with the wider aims of CBC's Place Strategy and Housing and Homelessness Strategy and includes planned investment programmes to bridge the quality gap where possible between existing and new homes. These programmes of work maintain statutory compliance, increase energy performance and improve the quality of homes in ways that assist customers and contribute to their satisfaction/quality of life. Current programmes of work have delivered the following (most recent annual totals - 2019/20):



- 8.2 This investment in existing homes has significantly improved the average energy efficiency ratings over the last 3 years; in terms of sector comparisons this has increased the figure from just above average to just below top quartile. This reflects the focus of helping tenants on lower incomes who are most at risk of fuel poverty as energy prices continue to rise through improvements to their properties and lifestyle advice. This investment will continue in 2021/22 with £1.1m allocated for new energy efficient boilers and £1.5m for new windows and doors.
- 8.3 Other improvements include £1.4m for external works including roofs, chimneys and rainwater goods, £0.8m for new kitchens, bathrooms, showers and rewiring, and £0.8m for a new warden call system for sheltered blocks. All these improvements are part of planned investment programmes with the aim of bridging the quality gap where possible between existing and new homes.
- 8.4 Investment in compliance remains a high priority for the 2021/22 budget, ensuring new regulations and requirements are met and customers continue to feel safe in their homes.
- 8.5 For gas safety CBH will continue to follow robust, externally validated access procedures which include seeking injunctions, with forced access where necessary. Performance in this area is strong and whilst 'out of date' figures increased in early 2020/21 due to the COVID-19 lockdown, as seen across the sector, this has been managed back to pre-lockdown performance (99.7%) and will be maintained in 2021/22.

8.6 All Fire Risk Assessments are up to date with an established programme to deliver on recommendations. A new contract has been procured for 2021/22 to undertake more rigorous fire risk assessments on sheltered and higher risk general needs schemes and this will then be extended to all general needs properties. The fire door renewal programme is in place, upgrading to current standards with certified fire doors, and general needs blocks are being upgraded by installation of emergency lighting.

8.7 All non-domestic areas have up to date asbestos surveys which are regularly reviewed and updated. External review and validation of our asbestos management and associated recommendations will shape the procurement of new arrangements in 2021/22 for both asbestos surveying and remediation to ensure best practice and best value.

9. Climate Emergency Response

9.1 On 9 July 2019, Cheltenham Borough Council declared a 'Climate Emergency' and committed to become a net zero carbon council and borough by 2030. To help the council understand the actions that would be needed to address the climate emergency a 'Carbon Neutral Cheltenham' report was commissioned, which was approved in October 2019. The report, 'Carbon Neutral Cheltenham: Leadership through Stewardship', set out the baseline carbon emissions for the council and the borough and a roadmap to achieving net zero carbon by 2030.

9.2 As part of this roadmap an enabling fund of £0.5m has been set aside in the budget proposals to pilot retrofit schemes on existing homes in order to provide exemplars for different build types and gain experience of using different technologies and components to significantly improve the energy efficiency of homes.

9.3 As part of the Council's new supply programme, work will continue next year on identifying a suitable new build site to plan, design and then build the Council's first carbon zero homes over the next three years as part of transitioning our new homes standard and setting a benchmark for delivery over the next ten years.

9.4 In addition to these capital projects, funds have been earmarked within the HRA revenue budget to trial a number of new hybrid vans for CBH's repairs operatives and part support two staff posts within CBC which will focus on planning and starting to deliver the Council's carbon neutral strategy.

10. Investment in New Supply

10.1 Along with the carbon neutral agenda, the supply of additional homes is a key priority for the Council. The current level of affordable delivery is not sufficient to meet current and future need and therefore, with the ability to access borrowing at low cost in the HRA, plans are being put in place to significantly increase the supply of new homes for people across Cheltenham.

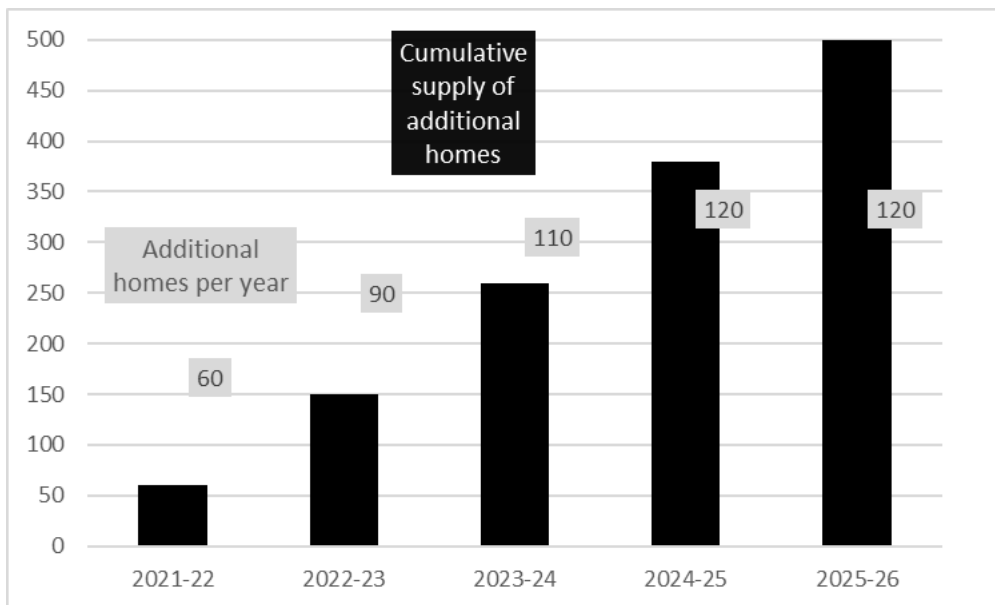
10.2 The Council and CBH are working in partnership to facilitate the investment of £180m in quality homes and thriving communities for Cheltenham across multiple tenures including affordable and private and through multiple opportunities including the Golden Valley project, other land led schemes and acquisitions. This will support the wider housing strategy of the council in meeting future housing needs for Cheltenham.

10.3 As part of this investment, the HRA budget for 2021/22 includes £15m for additional

affordable homes and when combined with projections for the following two years totals £65m for new supply.

10.4 In 2019/20 27 additional homes were acquired within the HRA; in the current year 30 additional homes are expected to be added to the housing stock including 8 new 2-bed homes at the Holy Name Hall site on Pennine Road. Looking forwards, delivery of homes within the HRA is planned to grow to 60 in 2021/22, 90 in 2022/23 and 110 in 2023/24.

10.5 A range of affordable tenures will be provided with homes developed for social rent, affordable rent and shared ownership. The mix and number will be dependent on the financial viability of each site, but an emphasis will be placed on affordability. This growth in



supply is part of the Council's aim to deliver 500 additional affordable homes over 5 years.

10.6 Complementing the supply of affordable homes in the HRA, CBH will continue to progress the delivery of market rented homes in 2021/22 with a target of 65 additional homes within 3 years. The first acquisition, which will deliver 13 new market rented homes, was completed in early December 2020.

11. Funding and Financial Viability

11.1 The significant level of capital investment proposed within this report will be financed by a combination of borrowing, grant funding, shared ownership sales and capital receipts. Careful management and monitoring of this investment and related financing will be maintained to ensure that the HRA remains financially viable for the long term. To this end the assumptions and plans identified in the 2021/22 budget proposals and the projections for the following 2 years have been included in the updated 30-year HRA Financial Model to ensure long term viability.

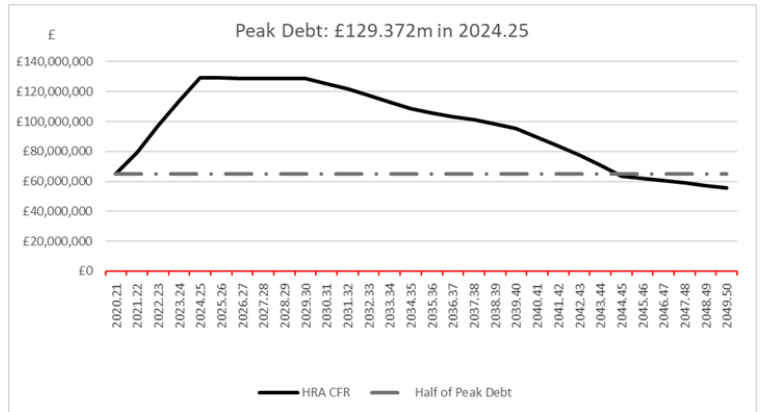
11.2 Long term assumptions used in the model include: -

- CPI at the Government target rate of 2%

- Rent increases at CPI + 1% per annum to March 2025 then reducing to CPI thereafter (next review of Government rent policy due April 2025)
- Borrowing rates at 3% per annum over the long term
- Stock sales through RTB at 20 per annum
- Cost inflation at CPI
- A refreshed assessment of the 30-year need to spend on repairs and component replacement

11.3 The following parameters are used to ensure financial viability in the longer term: -

- the ability to deliver the capital programme on existing homes
- the HRA is able to repay debt – as shown in the graph opposite with debt in year 30 less than half of peak debt
- HRA reserves do not fall below a contingency level
- there is sufficient and growing interest cover



11.4 This 30-year model is maintained and updated annually by CBH to ensure that the HRA retains capacity for further investment in programmes as required including Carbon Neutrality and the Golden Valley project. Careful monitoring ensures that the scale and pace of delivery does not risk long term viability.

12. Consultation process

12.1 The Council is proposing to consult on these budget proposals during the period to 29th January 2021. The results from this consultation will be fed back to the Cabinet and considered in the formulation of the final budget proposals.

12.2 As part of the interim consultation process the Cabinet’s proposals will be included on the Council’s and CBH’s website. All interested parties will be encouraged to respond, and consultation meetings will be held with tenant representatives.

12.3 In preparing the consultation document it may be helpful to provide supplementary information, for instance relating to the main changes in the budget. It is therefore recommended that the Executive Director, Finance and Assets and Cabinet Member for Finance be given delegated authority to approve any supplementary information for consultation.

<p>Report author</p>	<p>Stafford Cruse, Interim Executive Director (Finance and Resources), Cheltenham Borough Homes</p> <p>Tel. 07721 879841</p> <p><i>e-mail address: stafford.cruse@cbh.org</i></p>
<p>Appendices</p>	<ol style="list-style-type: none"> 1. Risk Assessment 2. HRA Operating Account 3. Major Repairs Reserve and HRA Capital Programme (summary) 4. HRA Capital Programme (detail)
<p>Background information</p>	<ol style="list-style-type: none"> 1. HRA 30-year Financial Plan 2. CBH Budgets and Plans 3. CBC Place Strategy

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The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1.01	If the external policy environment remains volatile this may impact the economic operating environment and future funding of the HRA	Tim Atkins	December 2019	4	3	12	R	Policy changes are monitored closely and the impacts understood and mitigated where there is a significant impact on the HRA (such as the four year rent reduction policy). A 30 year financial plan is maintained, updated and stress tested regularly to ensure the HRA is financially viable over the long term	Mar 2022	CBH through management agreement	
1.02	If welfare reforms have a greater impact on tenants than anticipated and planned for, it may increase the level of arrears for the HRA and impact on vulnerable families	Tim Atkins	December 2012	3	3	9	R	The HRA budget includes specific resources to control rent arrears and support tenants through Welfare Reform/Universal Credit. This has been successful in mitigating the impact so far.	Mar 2022	CBH through management agreement	
1.03	If void rent loss is higher than estimated it will impact on assumed rent income in the HRA	Tim Atkins	December 2012	3	2	6	R	Demand for social housing remains high and is anticipated to increase in the medium term, with a significant waiting list and short re-let times. Quality of homes needs to be maintained and changes in void levels monitored.	Mar 2022	CBH through management agreement	
1.04	If there are insufficient resources to deliver planned maintenance to existing stock or meet additional H&S	Tim Atkins	December 2019	4	3	12	R	Robust stock condition data and compliance data is maintained informing future capital spend and compliance requirements.	Mar 2022	CBH through management agreement	

	compliance requirements, then homes may become non decent or there may be an increase in void loss								Planned maintenance cost data is externally validated. Procurement best practice is followed with continuing contract management. A 30 year financial plan is maintained, updated and stress tested regularly to ensure the HRA is financially viable over the long term			
1.05	If the demand for reactive repairs increases there may be insufficient budget to meet demand	Tim Atkins	December 2012	4	2	8	R	The planned maintenance programme for existing stock is delivered each year. A 30 year financial plan is maintained, updated and stress tested regularly to ensure the HRA is financially viable over the long term. Major peril to the stock is fire which is covered by appropriate insurance.	Mar 2022	CBH through management agreement		
1.06	If the Carbon Neutral programme is not carefully planned and delivered there may be insufficient resources to deliver existing maintenance programmes and services	Tim Atkins	December 2019	4	3	12	R	Resources have been set aside to conduct planning and viability work. This will be followed by work to create retrofit exemplars for both existing and new build stock, providing a benchmark for a delivery programme. A 30 year financial plan is maintained, updated and stress tested regularly to ensure the HRA is financially viable over the long term	Mar 2022	CBC/CBH through partnership working		
1.07	If there are insufficient new supply opportunities (land/acquisitions) or	Tim Atkins	December 2019	3	2	6	R	Internal resources are being expanded to identify and deliver on	Mar 2022	CBC/CBH via Strategic Housing		

	resources (including funding such as grants and borrowing) the ambitious targets for net new supply will not be achieved							new supply opportunities. Close partnership working between and CBC and CBH and also with Homes England is maintained. A 30 year financial plan is maintained, updated and stress tested regularly to ensure the HRA is financially viable over the long term		Delivery Group, Council Member Working Group, Operational Working Group	
1.08	If the capital receipts held from RTB sales under the retention agreement with MHCLG are not used within 3 years of receipt they are repayable with interest to the Government	Tim Atkins	December 2013	3	1	3	R	The acquisition programme is continuing at a level which is adequate to use receipts before they would be repayable. This position is regularly monitored.	Mar 2022	CBC/CBH via the Operational Working Group	
1.09	If the impact of the COVID 19 pandemic continues in the medium term this may cause further operating and financial restraints	Tim Atkins	December 2020	4	3	12	R	Government advice will be followed with adaptations to service delivery as required. A 30 year financial plan is maintained, updated and stress tested regularly to ensure the HRA is financially viable over the long term	Mar 2022	CBH through management agreement	

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HRA OPERATING ACCOUNT

	2020/21		2021/22	2022/23	2023/24
	Original £	Forecast £	Estimate £	Projections £	
EXPENDITURE					
General & Special Management	2,237,900	2,562,700	2,263,200	2,215,200	2,264,300
ALMO Management Fee	5,503,000	5,503,000	5,503,000	5,558,000	5,613,600
Rents, Rates, Taxes and Other Charges	69,600	69,600	69,600	69,600	69,600
Repairs & Maintenance	3,982,000	3,974,700	4,481,000	4,389,000	4,497,000
Provision for Bad Debts	237,000	260,000	292,000	304,000	322,000
Interest Payable	2,151,700	1,844,800	2,071,100	2,481,000	2,927,200
Depreciation of Dwellings	4,690,000	4,826,500	4,862,000	4,999,400	5,184,800
Depreciation of Other Assets	305,300	328,200	328,700	348,200	367,000
Debt Management Expenses	88,200	88,200	89,100	90,000	90,900
Covid Costs	-	60,000	-	-	-
TOTAL	19,264,700	19,517,700	19,959,700	20,454,400	21,336,400
INCOME					
Dwelling Rents	18,969,100	18,978,100	19,466,800	20,279,800	21,481,000
Non Dwelling Rents	483,900	472,600	501,900	508,100	514,500
Charges for Services and Facilities	892,100	898,400	922,100	949,700	973,900
Feed in Tariff from PV Installations	240,300	240,000	243,600	250,900	258,400
TOTAL	20,585,400	20,589,100	21,134,400	21,988,500	23,227,800
NET INCOME FROM SERVICES	1,320,700	1,071,400	1,174,700	1,534,100	1,891,400
Interest Receivable	29,700	75,200	23,100	23,200	23,100
NET OPERATING SURPLUS	1,350,400	1,146,600	1,197,800	1,557,300	1,914,500
Appropriations					
Revenue Contributions to Capital	-1,350,400	-6,716,100	-1,197,800	-1,557,300	-1,914,500
Net Increase/(Decrease) in reserves	0	-5,569,500	0	0	0
Revenue Reserve brought forward	1,500,000	7,069,500	1,500,000	1,500,000	1,500,000
Revenue Reserve carried forward	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000

Average Social Rent:-					
Increase 1st April			1.50%	3.00%	3.00%
48 wk		88.02	89.34	92.02	94.78
52 wk		81.25	82.47	84.94	87.49
Average stock		4,388	4,379	4,401	4,424
Average Affordable Rent:-					
Increase 1st April			1.50%	3.00%	3.00%
48 wk		139.41	144.14	144.94	146.21
52 wk		128.68	133.06	133.79	134.96
(nb average rents also reflect changes to stock mix following new build completions/market purchases)					
Average stock		88	116	151	198

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MAJOR REPAIRS RESERVE

	2020/21		2021/22	2022/23	2023/24
	Original £	Forecast £	Estimate £	Projections £	
Balance brought forward	-	-	-	-	-
Depreciation of Dwellings	4,690,000	4,826,500	4,862,000	4,999,400	5,184,800
Depreciation of Other Assets	305,300	328,200	328,700	348,200	367,000
	<u>4,995,300</u>	<u>5,154,700</u>	<u>5,190,700</u>	<u>5,347,600</u>	<u>5,551,800</u>
Used to fund Capital Programme	-4,995,300	-5,154,700	-5,190,700	-5,347,600	-5,551,800
Balance carried forward	-	-	-	-	-

HRA CAPITAL PROGRAMME (SUMMARY)

	2020/21		2021/22	2022/23	2023/24
	Original £	Forecast £	Estimate £	Projections £	
EXPENDITURE					
EXISTING STOCK					
Property Improvements & Major Repairs	9,516,000	8,362,400	8,846,000	6,452,000	6,051,000
Adaptations for the Disabled	500,000	400,000	500,000	500,000	500,000
Environmental Works (Tenant Selection)	10,000	10,000	10,000	10,000	10,000
Repurchase of Shared Ownership Dwellings	50,000	50,000	50,000	50,000	50,000
	<u>10,076,000</u>	<u>8,822,400</u>	<u>9,406,000</u>	<u>7,012,000</u>	<u>6,611,000</u>
NEW BUILD & ACQUISITIONS	20,000,000	11,750,000	15,000,000	25,000,000	25,000,000
TOTAL	<u><u>30,076,000</u></u>	<u><u>20,572,400</u></u>	<u><u>24,406,000</u></u>	<u><u>32,012,000</u></u>	<u><u>31,611,000</u></u>
FINANCING					
Capital Receipts	1,346,000	1,346,000	1,346,000	1,346,000	1,346,000
HRA Revenue Contribution	1,350,400	6,716,100	1,197,800	1,557,300	1,914,500
Leaseholder Recharges	300,000	300,000	300,000	300,000	300,000
Major Repairs Reserve	4,995,300	5,154,700	5,190,700	5,347,600	5,551,800
Grants & Shared Ownership Sales	3,685,000	2,166,900	4,027,800	2,917,500	7,249,400
Borrowing	18,399,300	4,888,700	12,343,700	20,543,600	15,249,300
TOTAL	<u><u>30,076,000</u></u>	<u><u>20,572,400</u></u>	<u><u>24,406,000</u></u>	<u><u>32,012,000</u></u>	<u><u>31,611,000</u></u>

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HRA CAPITAL PROGRAMME (DETAIL)

PROPERTY IMPROVEMENT & MAJOR WORKS	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
External Improvements	1,184,000	1,452,000	1,472,000	1,008,000
Internal Improvements	850,000	791,000	828,000	1,452,000
Paths, Fences & Walls	242,000	741,000	740,000	365,000
Sustainability - Enabling Fund	55,000	300,000	200,000	-
Renewal of Heating Systems	684,000	1,124,000	893,000	994,000
Major Refurbishment to Void Properties	625,000	680,000	550,000	550,000
Windows & Doors	1,667,000	1,471,000	530,000	30,000
Asbestos	250,000	175,000	170,000	170,000
Sheltered Accommodation	25,000	175,000	80,000	50,000
Door Entry Schemes	308,600	-	-	-
Structural Works	35,000	30,000	30,000	30,000
Communal Lighting	874,800	44,000	56,000	44,000
Fire Protection	271,000	150,000	150,000	150,000
Lifts	32,300	175,000	15,000	270,000
Non Traditional Homes	700	-	-	-
Garage Improvements	25,000	25,000	25,000	25,000
Warden Call Upgrade	500,000	800,000	-	-
Concrete Repairs	20,000	-	-	200,000
CBH Programme Fee	713,000	713,000	713,000	713,000
TOTAL BUDGET FOR EXISTING PROPERTIES	8,362,400	8,846,000	6,452,000	6,051,000

NEW BUILD & ACQUISITIONS	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
NEW BUILD (APPROVED)				
Monkscroft Villas	2,668,400	420,300	-	-
Pennine Road	665,300	-	-	-
320 Swindon Road	999,000	200,000	1,131,100	2,099,600
Monkscroft School	2,601,000	300,000	4,395,800	6,739,000
S106 Acquisitions	895,300	1,614,000	2,697,500	1,357,300
MARKET PURCHASE	3,220,300	3,036,000	3,036,000	3,036,000
NEW SCHEMES	700,700	9,429,700	13,739,600	11,768,100
TOTAL BUDGET FOR NEW BUILD & ACQUISITIONS	11,750,000	15,000,000	25,000,000	25,000,000

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