

**Head of Housing
Housing Revenue Account
Estimates 2023/24**

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Introduction

The Housing Revenue Account (HRA) has been prepared in accordance with the Local Government and Housing Act 1989, as amended by the Leasehold Reform, Housing and Urban Development Act 1993 and the Local Government Act 2003. Under this legislation the Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG) has the power to issue directives in respect of appropriate income and expenditure items.

The balance on the HRA stood at £5.3million as at 31 March 2022, after a surplus of £2.2 million was made in 2021/22. A deficit of £3.2 million is expected in 2022/23 followed by a small surplus of £0.3 million in 2023/24.

The revised 2022/23 estimates show an increase to the revenue funding of capital expenditure from £9.2m to £11.7million, which results in the higher deficit for 2022/23. The capital programme has been reprofiled to move £4.5M into 2022/23 and £10.5M into 2023/24 for the acquisition of additional homes. These acquisitions will be part funded (30% or 40% for larger properties) with government grant and are to be used initially to house refugee and Ukrainian families but will revert to general needs when no longer needed for refugees. These acquisitions will be managed within the existing capital budget but the program has been re-profiled for the £15M to be spent earlier than originally planned. The higher capital spend in 2022/23 and 2023/24 will be part financed by the use of ear-marked reserves in addition to capital reserves and the grant funding.

The HRA Self Financing system came into effect on 1st April 2012, under which councils now keep all rents in exchange for an allocation of housing debt. At the end of 2011/12 councils were required to pay to the Government their notional HRA surplus, as determined by the self-financing settlement. The Council borrowed £205 million in the form of 41 maturity loans, with rates ranging between 3.44% and 3.53%. The loans have varying maturity dates, with the first £5 million due to be repaid on 28 March 2037 and the last on 28 March 2057.

The current debt repayment strategy for the HRA, not to set-aside resource to repay housing debt, but to instead invest resource in new build housing, assumes the need to re-finance the borrowing when loans mature. The potential debt repayment or re-investment reserve stood at £8,500,000 on 1 April 2022, with the current assumption being that this will be re-invested in order to extend the life of the business plan.

The Council has produced a thirty year HRA Financial Plan for a number of years. However, with the advent of self-financing, this has taken on more prominence. The Financial Plan is reviewed and updated annually to check actual progress against the plan and where necessary make amendments.

Management and Maintenance

Management costs in 2022/23 are lower than originally budgeted due to beginning the year with vacant staff posts, which were held vacant throughout the year, These will be recruited to in 2023/24 as part of a wider restructure.

The effect of the rising rate of inflation throughout 2022 can be seen in the Repairs and maintenance costs, which have increased more than expected in 2022/23. Mears were awarded a new contract in October 2022 to deliver an improved response repairs and maintenance service to our housing tenants. £300,000 has been added to the budget in 2023/24 to allow for a stock condition survey of all council owned homes.

Major Repairs Reserve

This is a statutory reserve credited with depreciation in respect of the housing stock each year, with funding then in the Housing Capital Investment Plan, to meet the capital cost of works to HRA assets, or alternatively to repay housing debt. The Major Repairs Reserve balance as at 1 April 2022 was £2.5 million, and it is planned to use this balance to support the HRA capital programme over the next 3 years.

Capital Expenditure

The HRA capital programme was agreed at Cabinet in December 2022 and the levels of direct revenue contributions to capital expenditure are based on the required level of funding after other sources of capital funding are taken into account and after affordability is assessed. The programme has been reprofiled over the 5 year period to include the acquisition of approximately 30 homes in the next year, which will be part funded by government grant.

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Proposed Rent Increase

From April 2020 local authority rents have been regulated by the Regulator of Social Housing, alongside housing associations and other registered providers. Rent increases had been limited to an increase of up to CPI plus 1% (based upon CPI at the preceding September) but the Government has limited social housing rent increases from April 2023 to 7%. (September CPI was 10.1% which could have led to a potential rent increase of 11.1% under the existing guidance). The proposed rent increase is therefore 7% from April 2023.

Interest on Receipts and Balances

HRA interest income is higher in 2022/23 than originally assumed due to the higher interest achieved on deposits following the increases to the Bank of England base rate. Interest receipts are projected to reduce in subsequent years as balances held in reserve are utilised to fund the business plan.

Interest Payable on Loans

This is for the servicing of loans the Council has taken to fund the self-financing debt settlement

Minimum HRA Balance

The Council's previously agreed minimum level of balance to be achieved is £2 million; this is expected to be achieved in 2022/23 and 2023/24 through the appropriation of ear-marked reserves.

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Summary**

	2021-22	2022-23		2023-24		
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000's	£000's	£000's	£000's	£000's	£000's
Supervision & Maintenance General	5,180	5,487	5,100	5,535	-	5,535
Supervision & Maintenance Special	1,312	1,691	1,666	1,724	-	1,724
Rents, Rates & Other Charges	277	225	250	254	-	254
Repairs & Maintenance	5,244	5,351	5,709	6,334	(21)	6,314
Management & Maintenance Total	12,013	12,755	12,726	13,848	(21)	13,827
Capital Charges	6,902	6,902	7,290	7,436	-	7,436
Corporate Management Charge	353	330	287	296	-	296
Democratic Representation Charge	293	337	316	342	-	342
Provision for Bad or Doubtful Debts	50	140	80	140	-	140
Treasury Management Charge	44	73	67	80	-	80
Expenditure Total	19,655	20,537	20,765	22,142	(21)	22,121
Charges for Services & Facilities	(1,200)	(1,342)	(1,175)	-	(1,233)	(1,233)
Contribution from General Fund	(145)	(163)	(410)	-	(374)	(374)
De-Minimus Receipts	(21)	(3)	(3)	-	(3)	(3)
Garages	(362)	(370)	(381)	-	(402)	(402)
Gross Rent of Dwellings	(29,582)	(31,668)	(31,484)	-	(34,159)	(34,159)
Ground Rents	(11)	(13)	(11)	-	(11)	(11)
Other Income	(100)	(104)	(70)	-	(68)	(68)
Income Total	(31,421)	(33,663)	(33,534)	-	(36,250)	(36,250)
Net Cost of Service	(11,765)	(13,126)	(12,768)			(14,129)

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Summary**

	2021-22	2022-23		2023-24		
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000's	£000's	£000's	£000's	£000's	£000's
Net Cost of Service	(11,765)	(13,126)	(12,768)	-	-	(14,129)
Interest Receivable on Balances	(1,159)	(960)	(1,116)	-	(831)	(831)
Interest Payable on Loans	7,193	7,193	7,193	7,193	-	7,193
Pension Deficit Funding	206	206	206	216	-	216
Net Operating Income	(5,526)	(6,688)	(6,486)	7,409	(831)	(7,551)
Revenue Funding of Capital Expenditure	3,933	9,162	11,660	13,264	-	13,264
IAS 19 (Pension Cost) Reversals	(621)	(613)	(508)	(537)	-	(537)
Transfer From Earmarked Reserve	-	-	(1,500)	-	(5,500)	(5,500)
Appropriations Total	3,312	8,549	9,652	12,727	(5,500)	7,227
Deficit / (Surplus) for the Year	(2,215)	1,861	3,166	20,136	(6,331)	(324)
Balance Brought Forward	(3,097)	(5,312)	(5,312)			(2,145)
Deficit / (Surplus) for the Year	(2,215)	1,861	3,166			(324)
Balance Carried Forward	(5,312)	(3,450)	(2,145)	-	-	(2,469)

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Supervision and Maintenance General**

	2021-22	2022-23		2023-24			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
Housing Repairs Administration	2,070	2,097	1,952	2,170	-	2,170	This budget is for the housing repairs team, administration and surveyors as well as software licence costs
New Homes Programme	337	293	242	223	-	223	This budget provides for the revenue costs associated with the Council's new homes programme. Such costs include the management and administrative costs which cannot be capitalised plus any abortive costs incurred when a particular site does not proceed.
Registration of HRA Land	5	9	5	5	-	5	The budget provides for the revenue costs associated with the payment of land registry fees.
Resident Involvement	206	227	199	240	-	240	This budget is for activities working with tenants and leaseholders. We have established a Housing Engagement Board and Housing Performance Panel with tenant representatives.
Self Build Plots	29	15	-	-	-	-	This project (preparing plots of HRA for sale as self-build plots) has ended. Existing plots of land will be considered for redevelopment by the New Homes Programme team or , if appropriate ,sold on the open market .
Supervision & Maintenance General	2,533	2,847	2,702	2,898	-	2,898	This budget is for the housing management team, covering housing officers and neighbourhood support as well as management and administration. There were some posts held vacant during 2022/23, which account for the reduced spend in 2022/23. These posts will be recruited to in 2023/24 as part of a wider restructure.
Grand Total	5,180	5,487	5,100	5,535	-	5,535	

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Supervision and Maintenance Special**

	2021-22	2022-23		2023-24			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
Communal Areas	13	45	50	55	-	55	This budget covers the management & insurance costs of our flat blocks across the district. Leaseholders pay a service charge based on the costs associated with their block
Outdoor Maintenance	328	373	356	367	-	367	This covers grass cutting, tree, hedges and other ground works in the district.
Sewage Disposal - Housing Sites	(0)	5	4	4	-	4	This budget covers the running of the council owned pumping stations located in the district and provision of sewerage services to some homes in Duxford
Sheltered Housing	972	1,269	1,257	1,299	-	1,299	Sheltered Scheme for the over 65 providing accommodation, communal facilities, alarm system and Estate Officers.
Grand Total	1,312	1,691	1,666	1,724	-	1,724	

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Rents, Rates and Other Charges**

	2021-22	2022-23		2023-24			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
Other Charges	73	72	79	82	-	82	This is third-party management charges payable (predominantly estate charges on new build schemes) and water/sewerage charges payable.
Rents, Rates, Taxes & Insurance	190	145	161	162	-	162	Business rates, insurance payable on HRA property.
Stock Valuation	14	9	9	9	-	9	Annual valuation of the council owned housing stock.
Grand Total	277	225	250	254	-	254	

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Repairs and Maintenance**

	2021-22	2022-23		2023-24			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
Communal Areas	54	77	77	77	-	77	This budget covers the maintenance (including regular emergency light testing) of our flat blocks across the district. Leaseholders pay a service charge based on the costs associated with their block
Housing Repairs Planned	1,102	1,779	1,666	2,072	-	2,072	This budget covers the planned cyclical repair programmes, including heating servicing, external decoration and electrical surveys. £300,000 has been added to the budget in 2023/24 to carry out a stock condition survey of all council owned homes.
Housing Repairs Response	4,017	3,423	3,898	4,114	(21)	4,093	This budget covers the responsive repairs programmes, including repairs on change of tenancy and maintenance of disabled adaptations as well as the responsive repairs contract. In October 2022, a new contract was awarded to Mears, to deliver an improved repairs and maintenance service to tenants.
Sewage Disposal - Housing Sites	9	8	8	8	-	8	This budget covers the repairs and maintenance of the council owned pumping stations located in the district.
Sheltered Housing	62	65	60	63	-	63	This budget covers the maintenance of the Communal rooms and facilities on the Sheltered Housing schemes across the district.
Grand Total	5,244	5,351	5,709	6,334	(21)	6,314	

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Other Expenditure**

	2021-22	2022-23		2023-24			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
Corporate Management Charge	353	330	287	296	-	296	Allocation of costs to the HRA for services provided within the General Fund relating to the overall management of the authority, including the heads of paid service and leadership team.
Democratic Representation Charge	293	337	316	342	-	342	Allocation of costs to the HRA for services provided within the General Fund relating to the cost of Member meetings and support.
Provision for Bad or Doubtful Debts	50	140	80	140	-	140	The bad debts provision is based on the level of arrears expected at the year end. The assumed level of arrears in 2022/23 is not expected to increase as much as originally anticipated. However, the potential impact of rising prices for cost of living is expected to result in increasing levels of arrears. Consequently, the provision has been increased to £140,000 for 2023/24.
Revenue Funding of Capital Expenditure	3,933	9,162	11,660	13,264	-	13,264	The direct revenue contributions made to partially fund the HRA capital programme can vary quite significantly. It will depend on: the level of capital investment each year, in particular the size of the housebuilding programme; other capital funding available; and the affordability of the contribution in terms of the surplus funds generated on the HRA.
Treasury Management Charge	44	73	67	80	-	80	The costs here relate to the allocation of managing the HRA cash balances, provided within the General Fund by the Treasury Management team.
Grand Total	4,673	10,042	12,410	14,123	-	14,123	

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Capital Charges and Interest Payable on Loans**

	2021-22	2022-23		2023-24			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
Depreciation	6,902	6,902	7,290	7,436	-	7,436	Depreciation is based on the value of HRA assets and the expected useful lives of assets and components. The Probable Outturn figures for 2022/23 and Original estimates for 2023/24 reflect the revised average expected useful lives of the Council dwellings. The calculation has resulted in an increase in depreciation charges in both years.
Self Financing Interest	7,193	7,193	7,193	7,193	-	7,193	Annual interest payments on the debt portfolio, which comprises loans totalling £205 million at fixed rates between 3.44% and 3.53%. The loans have varying maturity dates, with the first £5 million due to be repaid on 28th March 2037 and the last loan on 28th March 2057
Grand Total	14,095	14,095	14,483	14,629	-	14,629	

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Property Related Income**

	2021-22	2022-23		2023-24			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
Charges for Services & Facilities	(1,200)	(1,342)	(1,175)	-	(1,233)	(1,233)	This is the income received in the form of service charges for special services provided by the HRA, such as sheltered housing provision, lifeline alarm provision and sewerage services. Also included is service charges paid by leaseholders living in HRA owned flat blocks, equity-share and shared-ownership properties where the HRA is responsible for maintaining the fabric of the property. The reduction in the probable outturn follows the reclassification of £180,000 income as Contribution from General Fund rather than a service charge.
Contribution from General Fund	(145)	(163)	(410)	-	(374)	(374)	This is the contribution made towards grounds maintenance costs of housing land in relation to properties that have been sold under the Housing Right to Buy legislation and the contribution for general fund owned properties managed within sheltered housing schemes. The increase in the probable outturn follows the reclassification of £180,000 income as Contribution from General Fund rather than a service charge in addition to higher grounds maintenance costs to be recovered.
De-Minimus Receipts	(21)	(3)	(3)	-	(3)	(3)	This budget includes individual receipts below £10,000 from the sale of HRA land
Garages	(362)	(370)	(381)	-	(402)	(402)	Rental income from garages / storage units. Income has increased following refurbishment of some garage blocks during the year. Garage rents in 2022/23 will be increased by 7.0%
Gross Rent of Dwellings	(29,582)	(31,668)	(31,484)	-	(34,159)	(34,159)	Rental income from council homes. Rents in 2023/24 will be increased by 7.0%
Ground Rents	(11)	(13)	(11)	-	(11)	(11)	This relates to Ground rent received from leasehold properties which remains static.
Other Income	(100)	(104)	(70)	-	(68)	(68)	Payments received from Domestic Renewable Heat Incentive (RHI) and wayleaves.
Grand Total	(31,421)	(33,663)	(33,534)	-	(36,250)	(36,250)	

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Interest Receivable on Balances**

	2021-22	2022-23		2023-24			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
External Interest Receivable	(1,137)	(940)	(1,093)	-	(802)	(802)	This is the interest received on general and ear-marked revenue balances, any funds set-aside in the major repairs reserve or the revenue debt repayment reserve and any unapplied capital balances. The expected interest income for 2021/22 is higher than originally budgeted due to the rise of the Bank of England base rate.
Internal Interest Receivable	(22)	(20)	(24)	-	(30)	(30)	This is the interest received on the small amount of internal lending to the General Fund from the HRA.
Grand Total	(1,159)	(960)	(1,116)	-	(831)	(831)	

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Subjective Analysis 2023/24**

	Employee Expenses	Premises Related Expenses	Transport Related Expenses	Supplies And Services	Contracted Services	Depreciation and Impairment Losses	Support Services	Internal Recharges	Total Expenditure	Fees & Charges	Government Contributions	Misc Income	Other Contributions	Total Income	Net Expenditure
Supervision & Maintenance General															
Housing Repairs Administration	1,357,800		20,000	98,100	2,500		705,770	(14,480)	2,169,690						2,169,690
New Homes Programme	394,150	-	2,000	126,900	-		167,680	(468,000)	222,730						222,730
Registration of HRA Land				5,300					5,300						5,300
Resident Involvement	152,200		900	46,100			40,570		239,770						239,770
Self Build Plots		-		-					-						-
Supervision & Maintenance General	1,742,810	-	20,000	207,440			829,990	97,270	2,897,510						2,897,510
Supervision & Maintenance Special															
Communal Areas		22,370					32,720		55,090						55,090
Outdoor Maintenance	-	347,350		5,500			13,850	-	366,700		-			-	366,700
Sewage Disposal - Housing Sites		1,600					2,280		3,880						3,880
Sheltered Housing	744,940	224,230	25,000	76,600			232,120	(4,330)	1,298,560						1,298,560
Wardens TV Licences				-					-						-
Rents, Rates & Other Charges															
Other Charges		82,410							82,410						82,410
Rents, Rates, Taxes & Insurance		162,390		-					162,390						162,390
Stock Valuation				9,380					9,380						9,380
Repairs & Maintenance															
Communal Areas		34,580		-	42,840				77,420						77,420
Housing Repairs Planned		426,040		493,640	1,152,310				2,071,990						2,071,990
Housing Repairs Response		-		12,600	4,101,300				4,113,900		(20,770)			(20,770)	4,093,130
Sewage Disposal - Housing Sites					8,000				8,000						8,000
Sheltered Housing		10,500			52,500				63,000						63,000
Other Expenditure															
Corporate Management Charge								296,090	296,090						296,090
Democratic Representation Charge								342,220	342,220						342,220
Provision for Bad or Doubtful Debts				140,000					140,000						140,000
Revenue Funding of Capital Expenditure						13,264,000			13,264,000						13,264,000
Treasury Management Charge								80,310	80,310						80,310
Capital Charges															
Depreciation						7,435,740			7,435,740						7,435,740
Interest Payable on Loans															
Self Financing Interest						7,192,810			7,192,810						7,192,810
Income															
Charges for Services & Facilities										(1,178,080)	(36,140)	(18,900)		(1,233,120)	(1,233,120)
Contribution from General Fund										(373,840)				(373,840)	(373,840)
De-Minimus Receipts										(3,000)				(3,000)	(3,000)
Garages										(401,540)				(401,540)	(401,540)
Gross Rent of Dwellings										(34,159,170)				(34,159,170)	(34,159,170)
Ground Rents										(10,730)				(10,730)	(10,730)
Other Income										(16,900)		-	(51,550)	(68,450)	(68,450)
Interest Receivable on Balances															
External Interest Receivable											(801,640)			(801,640)	(801,640)
Internal Interest Receivable											(29,520)			(29,520)	(29,520)
Other															
IAS 19 (Pension Cost) Reversals	(536,570)								(536,570)						(536,570)
Transfer From Earmarked Reserve													(5,500,000)	(5,500,000)	(5,500,000)
Grand Total	4,071,230	1,311,470	67,900	1,221,560	5,359,450	27,892,550	2,024,980	329,080	42,278,220	(36,143,260)	-	(888,070)	(5,570,450)	(42,601,780)	(323,560)