

**Head of Housing
Housing Revenue Account
Estimates 2022/23**

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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 £4.6million as at 31 March 2021, after a deficit of £594,395 was made in 2020/21. A surplus of £2.7 million is expected in 2021/22 followed by a deficit of £2.0 million in 2022/23.

The revised 2021/22 estimates show a significant decrease to the revenue funding of capital expenditure from £13.8m to £3.6million, which results in the expected surplus for 2021/22. The original capital programme assumed significant investment in a new build scheme at Northstowe, which was to deliver 81 homes, The Council however, has withdrawn from contract negotiations after trying to resolve ongoing design issues with the developer over the past 2 years. Smaller new build schemes have been approved during the year and the capital program has been re-profiled over future years to allow for future new build schemes.

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 2021, with the current assumption being that this will be re-invested in order to extend the life of the business plan, once other resources are exhausted.

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 2021/22 are lower than originally budgeted due to beginning the year with several vacant staff posts. These have been recruited to during the year.

Management costs rise in 2022/23 because of a large increase in the value of pension assets. Although this shows as a notional increase on the supervision and management budgets, it is counteracted by the credit IAS19 Adjustment shown on the HRA summary.

Repairs and maintenance costs increase in 2022/23 with the introduction of a programme to replace expired smoke alarms in our housing stock. This will be a 10 year rolling programme with annual expenditure of around £250,000.

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 2021 was £3 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 2021 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.

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 are currently limited to an increase of up to CPI plus 1% from April 2022 for a further 3 years (based upon CPI at the preceding September). CPI was 3.1% in September 2021 leading to a proposed rent increase of 4.1% from April 2022.

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Interest on Receipts and Balances

HRA interest income is higher in 2021/22 than originally assumed because reserve balances are expected to increase with an anticipated surplus on the HRA account. As discussed earlier, the aborted new build scheme at Northstowe led to a reduced financing requirement for the capital programme.

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 2021/22 and 2022/23.

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Summary**

	2020-21	2021-22		2022-23		
	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	4,340	5,105	4,652	5,547	-	5,547
Supervision & Maintenance Special	1,183	1,388	1,463	1,629	-	1,629
Rents, Rates & Other Charges	267	232	251	225	-	225
Repairs & Maintenance	3,832	4,931	4,914	5,414	-	5,414
Management & Maintenance Total	9,621	11,656	11,280	12,815	-	12,815
Capital Charges	6,666	6,800	6,902	6,902	-	6,902
Corporate Management Charge	308	319	260	270	-	270
Democratic Representation Charge	284	313	296	337	-	337
Provision for Bad or Doubtful Debts	158	142	100	140	-	140
Treasury Management Charge	52	80	50	73	-	73
Expenditure Total	17,088	19,309	18,888	20,537	-	20,537
Charges for Services & Facilities	(1,096)	(1,284)	(1,318)	-	(1,342)	(1,342)
Contribution from General Fund	(130)	(150)	(149)	-	(163)	(163)
De-Minimus Receipts	(5)	(3)	(11)	-	(3)	(3)
Garages	(379)	(398)	(355)	-	(362)	(362)
Gross Rent of Dwellings	(28,595)	(29,802)	(29,560)	-	(31,668)	(31,668)
Ground Rents	(11)	(14)	(13)	-	(13)	(13)
Other Income	(83)	(64)	(104)	-	(104)	(104)
Income Total	(30,299)	(31,715)	(31,510)	-	(33,656)	(33,656)
Net Cost of Service	(13,211)	(12,406)	(12,621)			(13,119)

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Summary**

	2020-21	2021-22		2022-23		
	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	(13,211)	(12,406)	(12,621)			(13,119)
Interest Receivable on Balances	(1,034)	(630)	(992)	-	(960)	(960)
Interest Payable on Loans	7,193	7,194	7,193	7,193	-	7,193
Pension Deficit Funding	-	-	206	206	-	206
Pension Interest Payable	161	-	-	-	-	-
Net Operating Income	(6,891)	(5,842)	(6,215)	7,398	(960)	(6,681)
Revenue Funding of Capital Expenditure	7,844	13,788	3,632	9,312	-	9,312
IAS 19 (Pension Cost) Reversals	(329)	(173)	(147)	(613)	-	(613)
Transfer from Earmarked Reserves	-	(8,000)	-	-	-	-
Accumulated Leave Accrual	(29)	-	-	-	-	-
Appropriations Total	7,486	5,615	3,485	8,699	-	8,699
Deficit / (Surplus) for the Year	594	(227)	(2,730)	16,098	(960)	2,019
Balance Brought Forward	(5,233)	(2,621)	(4,639)			(7,369)
Deficit / (Surplus) for the Year	594	(227)	(2,730)			2,019
Balance Carried Forward	(4,639)	(2,848)	(7,369)	-	-	(5,351)

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Supervision and Maintenance General**

	2020-21	2021-22		2022-23			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
Communications	54	46	56	59	-	59	This heading covers the cost of time spent by the Communications department who organise all types of media interaction with residents across the district. This includes all social media and written publications.
Housing Repairs Administration	1,655	1,884	1,763	2,097	-	2,097	This budget is for the housing repairs team, administration and surveyors as well as software licence costs
New Homes Programme	258	270	258	293	-	293	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	5	9	9	-	9	The budget provides for the revenue costs associated with the payment of land registry fees. There are no significant variances in the budget between 2021/22 and 2022/23.
Self Build Plots	38	-	15	15	-	15	This budget provides for the revenue costs associated with preparing plots of HRA for sale as self-build plots
Supervision & Management General	2,177	2,697	2,333	2,847	-	2,847	This budget is for the housing management team, covering housing officers and neighbourhood support as well as management and administration. There were several vacant posts at the start of 2021/22, which account for the reduced spend in 2021/22. Most posts have now been recruited to during the year.
Tenant Participation	152	204	217	227	-	227	This budget is for activities working with tenants and leaseholders. We have established a Housing Engagement Board and Housing Performance Panel with tenant representatives. There are no major variances to report.
Grand Total	4,340	5,105	4,652	5,547	-	5,547	

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Supervision and Maintenance Special**

	2020-21	2021-22		2022-23			
	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	68	29	71	78	-	78	This budget covers the maintenance & insurance costs of our flat blocks across the district. Leaseholders pay a service charge based on the costs associated with their block
Outdoor Maintenance	274	316	357	373	-	373	This covers grass cutting, tree, hedges and other ground works in the district. Additional spend is needed following a tree survey carried out to identify urgent tree works across the district. Projected to be carried out over the current and next 3 years.
Sewage Disposal - Housing Sites	7	5	4	5	-	5	This budget covers the maintenance of the council owned pumping stations located in the district and provision of sewerage services to some homes in Duxford
Sheltered Housing	833	1,037	1,031	1,174	-	1,174	Sheltered Scheme for the over 65 providing accommodation, communal facilities, alarm system and Estate Officers. Potential additional spend is required on tree maintenance following the tree survey carried out. This is projected to be carried out over the current and next 3 years
Grand Total	1,183	1,388	1,463	1,629	-	1,629	

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Rents, Rates and Other Charges**

	2020-21	2021-22		2022-23			
	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	75	72	70	72	-	72	This is third-party management charges payable (predominantly estate charges on new build schemes) and water/sewerage charges payable.
Rents, Rates, Taxes & Insurance	183	151	173	145	-	145	Business rates, insurance payable on HRA property
Stock Valuation	9	9	9	9	-	9	Annual valuation of the council owned housing stock
Grand Total	267	232	251	225	-	225	

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Repairs and Maintenance**

	2020-21	2021-22		2022-23			
	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	0	77	35	44	-	44	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	638	1,499	1,499	1,779	-	1,779	This budget covers the planned cyclical repair programmes, including heating servicing, external decoration and electrical surveys.
Housing Repairs Response	3,016	3,196	3,196	3,423	-	3,423	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.
Sewage Disposal - Housing Sites	4	8	5	8	-	8	This budget covers the maintenance of the council owned pumping stations located in the district and provision of sewerage services to some homes in Duxford
Sheltered Housing	174	152	180	160	-	160	This budget covers the maintenance of the Communal rooms and facilities on the Sheltered Housing schemes across the district.
Grand Total	3,832	4,931	4,914	5,414	-	5,414	

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Other Expenditure**

	2020-21	2021-22		2022-23			
	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	308	319	260	270	-	270	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	284	313	296	337	-	337	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	158	142	100	140	-	140	The bad debts provision is based on the level of arrears expected at the year end. Actual arrears in 2020/21 were higher than the forecast and the assumed level of arrears in 2021/22 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 2022/23.
Revenue Funding of Capital Expenditure	7,844	13,788	3,632	9,312	-	9,312	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. A large new build scheme planned for Northstowe was withdrawn and reduced the demand in year for capital financing.
Treasury Management Charge	52	80	50	73	-	73	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	8,645	14,641	4,338	10,132	-	10,132	

**Head of Housing
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Capital Charges and Interest Payable on Loans**

	2020-21	2021-22		2022-23			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
Depreciation	6,666	6,800	6,902	6,902	-	6,902	Depreciation is based on the value of HRA assets and the expected useful lives of assets and components. The Probable Outturn figures for 2021/22 and Original estimates for 2022/23 reflect the revised average expected useful lives of the Council dwellings. The calculation has resulted in an increase in depreciation charges in both years.
Other Interest	-	15	-	-	-	-	This budget line is for the interest charges paid on any additional borrowing from the PWLB required. The original estimate for 2021/22 assumed some borrowing would be required to fund the capital program but this has not been necessary.
Self Financing Interest	7,193	7,179	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	13,859	13,994	14,095	14,095	-	14,095	

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Property Related Income**

	2020-21	2021-22		2022-23			
	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	(1,096)	(1,284)	(1,318)	-	(1,342)	(1,342)	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.
Contribution from General Fund	(130)	(150)	(149)	(163)	-	(163)	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.
De-Minimus Receipts	(5)	(3)	(11)	-	(3)	(3)	This budget includes individual receipts below £10,000 from the sale of HRA land
Garages	(379)	(398)	(355)	-	(362)	(362)	Rental income from garages / storage units. Income was reduced in 2021/22 as some garage blocks required refurbishment during the year.
Gross Rent of Dwellings	(28,595)	(29,802)	(29,560)	-	(31,668)	(31,668)	Rental income from council homes. Income was lower in 2021/22 due to several long-term empty homes, which required refurbishment before re-let. Rents in 2022/23 will be increased by 4.1%
Ground Rents	(11)	(14)	(13)	-	(13)	(13)	This relates to Ground rent received from leasehold properties which remains static.
Other Income	(83)	(64)	(104)	-	(104)	(104)	Payments received from Domestic Renewable Heat Incentive (RHI) and wayleaves.
Grand Total	(30,299)	(31,715)	(31,510)	(163)	(33,493)	(33,656)	

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Interest Receivable on Balances**

	2020-21	2021-22		2022-23			
	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	(1,014)	(630)	(972)	-	(940)	(940)	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 higher reserve balances arising from the reduced new build capital spend this year(Northstowe scheme has been aborted).
Internal Interest Receivable	(20)	-	(20)	-	(20)	(20)	This is the interest received on the small amount of internal lending to the General Fund from the HRA.
Grand Total	(1,034)	(630)	(992)	-	(960)	(960)	

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Subjective Analysis 2022/23**

	Employee Expenses	Premises Related Expenses	Transport Related Expenses	Supplies & Services	Contracted Services	Support Services	Asset Charges	Internal Recharges	Total Expenditure	Fees & Charges	Other Contributions	Misc Income	Total Income	Net Expenditure
Capital Charges														
Depreciation							6,902,280		6,902,280					6,902,280
Gain / Loss on Disposal of Assets							-		-					-
Income														
Charges for Services & Facilities										(1,304,380)	(38,000)		(1,342,380)	(1,342,380)
Contribution from General Fund										(163,230)			(163,230)	(163,230)
De-Minimus Receipts										(3,000)			(3,000)	(3,000)
Garages										(362,100)			(362,100)	(362,100)
Gross Rent of Dwellings										(31,668,100)			(31,668,100)	(31,668,100)
Ground Rents										(13,200)			(13,200)	(13,200)
Other Income										(18,000)	(85,900)		(103,900)	(103,900)
Interest Payable on Loans														
Other Interest					-									-
Self Financing Interest							7,192,810		7,192,810					7,192,810
Interest Receivable on Balances														
External Interest Receivable												(939,820)	(939,820)	(939,820)
Internal Interest Receivable												- (20,490)	(20,490)	(20,490)
Other														
Accumulated Leave Accrual	-								-					-
IAS 19 (Pension Cost) Reversals	(612,750)								(612,750)					(612,750)
Pension Deficit Funding	205,610								205,610					205,610
Pension Interest Payable	-								-					-
Transfer from Earmarked Reserves									-					-
Other Expenditure														
Corporate Management Charge														270,450
Democratic Representation Charge														336,550
Provision for Bad or Doubtful Debts				140,000										140,000
Revenue Funding of Capital Expenditure							9,312,000		9,312,000					9,312,000
Treasury Management Charge														73,420
Rents, Rates & Other Charges														
Other Charges		71,530												71,530
Rents, Rates, Taxes & Insurance		144,500												144,500
Stock Valuation				9,380										9,380
Repairs & Maintenance														
Communal Areas		18,360			25,500									43,860
Housing Repairs Planned		-		322,530	1,456,460									1,778,990
Housing Repairs Response		-		-	3,422,770									3,422,770
Sewage Disposal - Housing Sites					8,000									8,000
Sheltered Housing		120,000			40,000									160,000
Supervision & Maintenance General														
Communications								59,420	59,420					59,420
Housing Repairs Administration	1,254,740	-	31,410	115,700	5,000	703,850		(14,040)	2,096,660					2,096,660
New Homes Programme	355,850	-	2,000	124,500		110,440		(300,000)	292,790					292,790
Registration of HRA Land				9,400					9,400					9,400
Self Build Plots				15,000					15,000					15,000
Supervision & Management General	1,655,320		20,000	209,330		843,860		118,310	2,846,820	-	-		-	2,846,820
Tenant Participation	134,900		1,500	50,200		40,150			226,750	-	-		-	226,750
Supervision & Maintenance Special														
Communal Areas		24,100		-	17,340	36,210			77,650					77,650
Outdoor Maintenance	7,500	289,050		3,550		72,780			372,880					372,880
Sewage Disposal - Housing Sites		-		-		4,550			4,550					4,550
Sheltered Housing	712,710	109,000	25,000	104,200		227,690		(5,000)	1,173,600					1,173,600
Grand Total	3,713,880	776,540	79,910	1,103,790	4,975,070	2,039,530	23,407,090	539,110	36,634,920	(33,532,010)	(123,900)	(960,310)	(34,616,220)	2,018,700