



Housing Revenue Account

Housing & Homelessness PAC

23 January 2023

Contents

- Our Strategic Operating Environment
- Overview of Proposed HRA Budget 2023/24
- Proposed Capital Programme to 2026/27
- Some Key Metrics

Strategic Operating Environment

- Service Matters
 - Increasing Demand for Social/Affordable Housing
 - Stock Condition/Disrepair Claims/Damp & Mould
 - Building Safety Requirements
 - Regulator Focus on Inspections and Tenant Empowerment
 - Meeting the Green Agenda (Thermal Efficiency/Gas Boilers Phasing Out)
 - Underperforming Repairs Service with Resident and Member Concerns
- Financial Matters
 - Increasing Inflationary Pressures
 - Interest Rate Pressures on Development Schemes
 - National Rent Cap for 2023/24

Proposed HRA Budget Strategy 2023/24

- Preserve the Delivery of Housing Services Valued by Tenants
- Ensure the Continued Delivery of Key Housing Priorities (e.g. Investment in New/Existing Homes)
- Providing Resources to Deal with Immediate Concerns (e.g. Damp & Mould, Disrepair)
- Maintain the Financial Resilience of the HRA

Proposed HRA Budget 2023/24

Key Assumptions

- Pay Inflation – 5%
- Price and Contract Indexation – 7%
- Void Rent Loss - 2.0% (risk)
- Provision for Current/Former Tenants Arrears at 86%
- Interest Rates on New Borrowing at 4-4.5% (up from 2.5%)
- Rent Increase of 4.4%

Proposed HRA Budget 2023/24

	2022/23	2023/24	Change
	£m	£m	£m
Rents (Gross)	(72.2)	(77.7)	(5.5)
Service Charges (Gross)	(11.3)	(14.8)	(3.5)
Other Income	(2.3)	(2.7)	(0.4)
Void Rent Loss	1.4	1.8	0.4
Repairs and Voids	22.2	23.7	1.4
Housing Management	21.7	23.4	1.7
Regeneration & Development	0.9	0.8	(0.1)
Capital Charges	26.2	29.2	3.0
Corporate Services	17.5	19.0	1.5
Pipeline Savings	-	(1.1)	(1.1)
Deficit	4.1	1.4	(2.6)
Use of Reserves (see below)	(4.1)	(1.4)	2.6

Explaining the Proposed Budget for 2023/24

	£m
Additional Rent Income	(5.5)
Additional Service Charge Income	(3.5)
Pay Inflation (5%)	1.0
Contracted Services Indexation (7%)	1.1
Growth (repairs, annual visits, income loss on voids)	1.2
Depreciation and Interest	3.0
Allowance for Additional Inflationary Pressures	1.2
Pipeline Savings	(1.1)
Net Change	(2.6)

HRA General Reserves

	£m
General Reserve b/f (1 April 22)	(15.6)
Withdrawal from HRA General Reserve	4.1
Forecast overspend at CRM 6 (potential further pressure of circa £2m)	1.2
General Reserve c/f (31 March 23)	(10.3)
Use of Reserve 23/24 – structural deficit	1.4
Use of Reserve 23/24 – temporary actions (damp & mould, disrepairs compensation, decants, customer service)	2.2
General Reserve c/f (31 March 24)	(6.7)

Proposed Housing Capital Programme 2022/23 - 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Asset Management and Compliance	52	39	43	42	36	212
Climate Emergency	3	15	19	17	23	77
Building Homes and Community Strategy (includes Ed City)	13	24	32	4	1	74
Hartopp & Lannoy	2	31	26	1	-	60
Other (includes Stanhope JV £30m)	1	8	13	7	-	29
Total Forecast Spend	71	117	133	71	60	452
Specific Resources (incl capital receipts)	(26)	(41)	(46)	(61)	(26)	(183)
New Borrowing	(45)	(76)	(87)	(10)	(34)	(252)
Total Forecast Resources	(71)	(117)	(133)	(71)	(60)	(452)

Key Metrics

- Value of Housing - £1.5bn (£5.9bn market value)
- External Debt Outstanding of £219m
- Arrears of £7m at 31 March 2022 (£6.7m prior year)
- Provisions for Arrears of £6m at 31 March 2022 (equivalent to 86%)