



HOUSING MANAGEMENT ADVISORY BOARD

To: Board Members Ali, Davis, Edwardes (Chair), Hudson, Mason, Riley (Vice-Chair),
Wright, Councillors Draycott and Seaton (For attention)

All other members of the Council
(For information)

You are requested to attend the meeting of the Housing Management Advisory Board to be held in Virtual Meeting - Zoom on Wednesday, 12th January 2022 at 4.30 pm for the following business.

Chief Executive

Southfields
Loughborough

4th January 2022

AGENDA

1. APOLOGIES
2. MINUTES OF THE PREVIOUS MEETING 3 - 11

To confirm the minutes of the meeting held on 10th November 2021.

3. DECLARATIONS OF INTEREST

All members will make a declaration at each meeting if they have an interest in any item of business on the agenda which would affect them more than tenants or residents of the ward(s) affected generally.

4. HOUSING CAPITAL PROGRAMME 2022-23 12 - 18

A report of the Head of Landlord Services.

5. HOUSING REVENUE ACCOUNT BUDGET CONSULTATION 2022-2023 19 - 23

A report of the Head of Financial Services.

6. QUESTIONS FROM MEMBERS OF THE BOARD

In accordance with the Board's decision members of the Board were asked in advance of this agenda being published whether they had any questions on matters within the remit of the Board that they wished to ask, for response at this meeting.

On this occasion no questions were submitted.

7. WORK PROGRAMME 24 - 27

A report of the Head of Landlord Services to enable the Board to review and agree its Work Programme, together with meeting dates for 2021/22.

For information further meetings of the Board are scheduled as follows in 2021/22:

23rd March 2022 at 4.30pm

11th May 2022 at 4.30pm

8. EXEMPT INFORMATION

It is recommended that members of the public be excluded from the meeting during the consideration of the following item on the grounds that it will involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

9. UPDATE ON FUTURE ARRANGEMENTS FOR THE DELIVERY OF PLANNED WORKS, VOIDS AND ASSOCIATED WORKS

An exempt report of the Head of Landlord Services circulated to members of the board. **To Follow.**

HOUSING MANAGEMENT ADVISORY BOARD 10TH NOVEMBER 2021

PRESENT: The Chair (T. Edwardes)

Board Members Ali, Hudson, Wright and Radford

Councillor Poland – Cabinet Lead Member for Public Housing

Head of Landlord Services
Landlord Services Manager
Group Accountant
Democratic Services Officer (EB)

Representatives from Savills (Steve Partridge and Simon Smith)

APOLOGIES: Board Members Davis, Riley and Seaton

The Chair advised that, under the Openness of Local Government Bodies Regulations 2014, other people may film, record, tweet or blog from this meeting, and the use of any such images or sound recordings was not under the Council's control.

22. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting of the Board held on 8th September 2021 were confirmed as an accurate record.

23. DECLARATIONS OF INTEREST

No declarations of interest were made.

24. HRA ASSET MANAGEMENT STRATEGY AND HRA BUSINESS PLAN

The Head of Landlord Services submitted a report for the Board to consider the draft updated Housing Revenue Account (HRA) Business Plan 2021-2052 and Asset Management Strategy Framework. (Item 4 on the Agenda).

Steve Partridge and Simon Smith, representatives from Savills attended the meeting and gave a presentation on the matter.

The presentation outlined the fitness of the financial business plan and assessed it by drawing comparisons with comparable local authorities with a similar size housing stock.

Mr Partridge noted to the Board that the work of Savills had concluded that there were opportunities for investment in Council housing by the Council. This was in part due to the abolition of the debt cap which had historically restricted borrowing for HRA Plans.

Mr Partridge suggested to the Board that they consider options and priorities for investment.

Savills had been commissioned to conduct work in order to:

- Benchmark – Compare the Council’s rent-levels and costs to similar Local Authorities.
- Review the Asset Management Strategy – Consider where money would be spent on existing stock.
- Review the Housing Revenue Account Financial Business Plan
- Work with Officers to ascertain how much it was thought could be borrowed to invest.
- Address specific issues related to sheltered sites and review options on these issues.

Benchmarking

A database had been built up by Savills based on data from Local Authorities similar to Charnwood Borough Council. Savills looked at the costs incurred by the Council for the previous and current financial year. In terms of cost per unit, Charnwood Borough Council was below its peer group. In overall terms, this deep analysis of the accounts showed that they were in order. The standout feature was the relatively low rents compared to other Local Authorities in the peer group which could be the result of aforementioned rent formula when rents were formula or previous policies. The fact that less money was coming in meant that there was a limit as to what could be done with the money, however, there was room for investment.

The Group Accountant clarified that there had been one year that due to Council policy rents had not been increased and this had the knock-on effect of rents being lower.

In response to questions from the Board, it was clarified that:

- There were 15 Local Authorities in the Midlands with similar levels of housing stock that the Council was benchmarked against.
- Stock profile and management costs were looked at across all types of stock and were not broken down into different types of stock.

Asset Management Strategy Framework

- The stock condition database was not completely up to date which made forecasts difficult.
- There was a risk that something may need doing that hadn’t been done and *vice versa*.
- A 20% sample stock survey was recommended to update stock condition data.
- In overall terms, over the 30-year period of data, the existing data reflected broadly what is expected. The best practice going forward would be to carry out renovation based on updated stock condition data.

- Savills were not aware that anything was not right, but there was a risk of it being the case. The need to minimise this risk was emphasised.

The Board raised concern that without surveying all properties there may not be an accurate sample.

In response it was clarified by Savills that the point was to keep the survey updated through a systematic process and to have a commitment to understand the condition of properties.

The Head of Landlord Services added that there were gaps in the data but they were working to enrich the data. A Stock Condition Surveyor had been appointed to facilitate this.

Financial Business Plan Review - Output from modelling work

- Forecasts had been approached on a prudent basis. Despite rents being low, there was a firm basis on which to make projections.
- The Group Accountant had been working on the budget and as such there may be minor adjustments on projections, however it was not thought that there would be that much variation.
- In terms of key assumptions, rent was the key driver for the HRA. Government policy had been applied with rent increased initially at the Consumer Price Index of 3.1% plus 1% (CPI+1), and then modelled at CPI only in future years.
- The database had been put into the model and assumptions about inflation had been made on where it was thought there would be price pressures.
- The Council did acquisitions of properties to replace stock being sold under the Right to Buy (RTB) scheme. Receipts were retained but these needed to be invested in housing. The easiest way for the Council to do this was by buying back properties.
- No assumptions had been made regarding the zero-carbon target. The Government had indicated that they wished social housing to move towards zero-carbon. Savills had concluded that it was better for them not to include anything in the plan regarding funding for this.
- A reserve existed for financing and major repairs.
- Where there is a peak in expenditure revenue surpluses were not sufficient to meet the demands of capital expenditure meaning that borrowing was the only way forward, so this was applied to the modelling.
- In the medium-term, loans that needed repaying and re-financing and it was projected that the HRA would have approximately £50million debt in 30 years' time.
- The plan appeared viable and looked similar to those of other similar local authorities.
- Over 30 years of funding there would be a net debt reduction.
- It was thought that everything in the HRA plan could be afforded.

It was suggested by the Board that as interest rates were set to increase it may be prudent to take loans earlier while there was cheaper finance.

In response, Savills indicated that it was a decision the Council Treasury would have to take depending on where they thought that interest rates would go. The board were further advised that there could be breakage costs if loans were repaid early. These decisions would need to be made as loans were repaid or refinanced.

Investment in sheltered stock may need some borrowing as it was desirable to avoid using reserves to keep them on an appropriate level.

The profile of expenditure could come forward and items that required investment could be identified and it may be desired that this be from borrowing rather than reserves.

In response to a question from the Board the interest payable on loans was 3.45% on average.

Investing Capacity

- Since the HRA debt cap was no longer in place, the Council needed to come up with a view on how to invest and how to take decisions concerning investments. In reality, there were only so many properties generating a certain amount of income and this limited borrowing. Most Local Authorities were thinking about ways to set limits on borrowing and the need to get used to setting metrics was stressed.
- Regarding the interest cover ratio, money left over after interest was paid set a limit on how much interest could be afforded / how much money could be borrowed.
- Regarding debt compared to housing worth, it was not desirable to borrow more than the Council's stock was worth. It was advisable to limit borrowing to a percentage of the stock worth, and Savills had been working with a figure of 50% in their modelling.
- If underlying income was increasing, more could be borrowed. There was some capacity to borrow to invest.
- On all measures, there was more money that could be borrowed and invested.

The Board raised the issue that investing in existing stock would not see as much of a return as investment in new housing yet investment in existing stock was often needed.

Savills agreed that this could be the case and looked at the example of Sheltered stock which was often more difficult to let. Income was being lost on these properties, yet they still had service costs which would not be fully recovered if they were not occupied. The modelling looked at £17.5 million being invested in Sheltered stock and concluded that income would go up as void loss is reduced. In terms of the Revenue Account position, over a 30-year period, the positive impact of investing would result in higher income over a 30-year period, but this would also mean higher borrowing. Higher balances could be used to repay some debt. In this situation, investment in Sheltered stock would provide a return.

The Board raised the issue that in sheltered bedsit accommodation the Council had aimed to convert adjacent bedsits into flats when these became empty, but instead

they ended up being re-let, noting that if existing stock was not invested in the value would fall.

Savills expressed their confidence that such investment could be afforded by the Council and there was no financial impediment to this.

The Board sought advice on whether it would be better to invest in new property for the return or whether it would be better for the Borough to invest in existing stock so that their condition did not deteriorate.

Savills advised that if existing property was not invested in it would gradually cost more to run and become harder to let.

The Cabinet Lead Member for Public Housing noted that the Council were aware that the bedsit model had worked in the past but was not working now.

Action: Head of Strategic and Private Sector Housing to bring a paper to the Board on the Sheltered Housing Review.

Savills added that the Council were looking to buy properties from the open market to replace those sold under the Right to Buy (RTB) and that if RTB receipts were not spent then they needed to be given to the central government who charged interest.

Savills further clarified that properties acquired would need investment straight away. It was further added that if there was a projection of £18million in a 'continuation of acquisitions scenario' there was still capacity for investment and the Council were not committed to one type of investment.

In summary, Savills concluded that there were no red flags on operating costs, but rents were lower than average. There was a need to prevent the risk that data was wrong, and the business plan was sound and fully financed. There was capacity for investment and potential investment in sheltered stock and upping acquisitions and it may be necessary to invest in decarbonisation.

The Acquisition programme was based on RTB buyback. With regard to new builds, there was a £12billion affordable homes programme through Homes England and there was an opportunity to engage. RTB receipts could be used to build rather than on the open market. Assurance and data were needed on existing stock.

There was a suggestion from the Board that old properties in need of a lot of investment could be sold on the open market and the money from the sales could be put into bringing newer stock up to standard.

In response Savills noted that selective disposal, sometimes in conjunction with the private sector, can sometimes be useful in this way. The Group Accountant added that this had been done in the past.

Action: Updated Asset Management Strategy to be scheduled for a future meeting.

The Chair stressed the need to use the opportunity to bring stock up to date and stressed that it would be a good investment that had been needed for some time.

The Board suggested that if money was invested in Sheltered Housing then it might allow single people currently in three-bed houses to move out if they had sheltered housing that was fit for purpose to move into and increase housing capacity.

In response to a question from the Cabinet Lead Member for Public Housing, it was clarified that the comparator authorities in the peer group had between 5,000 and 10,000 properties.

The Chair concluded that there were possibilities to invest and it was important to consider what was best for the Borough.

RESOLVED

1. That the report be noted.
2. That the updated HRA Business Plan and Asset Management Framework, and that Cabinet note the investment capacity for investment in sheltered housing opportunity to improve sheltered housing.

Reasons

1. To acknowledge the Board's consideration of the matter.
2. To encourage consideration of sheltered accommodation for investment.

At this point the representatives from Savills and the Group Accountant left the meeting.

25. UPDATE REPORT ON THE EFFECT OF THE CHANGE IN THE COUNCIL'S POLICY ON BULK WASTE COLLECTION ON COUNCIL DWELLINGS

The Head of Landlord Services submitted a report updating members on the effect in terms of cost and service change to tenants and the housing revenue account of this change in council policy. (Item 5 on the agenda).

The Landlord Services Manager attended the meeting to assist with the discussion of this item and gave an update as follows:

- The original report had been considered in March and had examined the policy on charging for the removal of bulky items. The result had been inconclusive, so the issue had been brought back to the Board.
- It was necessary to clear away bulky waste especially if it posed a fire risk. As such, it was thought that people were exploiting the necessity to clear the waste by dumping waste knowing it would be cleared.

- The approximate cost of the clearing service was £40,000-50,000 per year based on both external and internal dumping. The HRA was absorbing this cost that was not to this great extent before the change in policy.

The Board considered the impact of the Covid-19 pandemic on dumping and raised the possibility of tenants on benefits getting cheaper collections.

Action: Cabinet Lead Member for Public Housing to provide information in respect of the Council's bulky waste collection service

The Board raised the issue of the issue of waste on Cheltenham Street including on a privately-owned Housing Association block, in particular a block where a compound has attracted a lot of waste from other properties. A lock had been requested so that only residents could use it, but this had not been forthcoming. It was noted that other blocks had the bins inside the block.

At this point Councillor Radford left the meeting. This meant that the meeting was now inquorate. It was decided to continue the meeting informally.

The Board suggested that it may not be Council tenants fly tipping and that any policy needed to consider the tenants as money spent on collections diverts money that could improve Council housing.

It was noted that when the Council collected fly tipping from outside a Council House the cost came from the HRA whereas if it was collected elsewhere it was charged to the General Account.

The Head of Landlord Services clarified that the Housing Assistant checked communal areas and identified areas where contractors needed to remove items. This was then charged to the HRA. With the Open Spaces Contract, external areas on Council housing land were cleared on a Monday. Waste could also be added to the "Monday list" for collection where officers noted them when out on the estates or tenant reported waste. This too was charged to the HRA.

AGREED that the report be noted.

Reason

To provide information to the Board and allow the Board the chance to comment.

26. PERFORMANCE INFORMATION PACK QUARTER 2 2021-2022

The Head of Landlord Services submitted a report for the Board to consider performance at the end of Quarter 2, 2021-2022, April to June 2021. (Item 6 on the agenda).

The Landlord Services Manager attended the meeting to assist with the discussion of this item.

No comments were made.

AGREED that the report be noted.

Reason

To acknowledge the Board's consideration of the matter.

27. QUESTIONS FROM MEMBERS OF THE BOARD

In accordance with the Board's decision at its meeting on 22nd March 2017 (HMAB Minute 24.1), members of the Board had been asked in advance of the agenda being published whether they had any questions on matters within the remit of the Board that they wished to ask, for response at this meeting.

On this occasion no questions had been submitted.

28. WORK PROGRAMME

The Board received a report of the Head of Landlord Services to enable the Board to agree its Work Programme. (Item 9 on the agenda).

Members of the Board could identify matters that they considered required looking at over the next few meetings of the Board, including any already listed on the Work Programme but not yet scheduled. Officers present could provide advice as to whether items might be appropriately considered at the time proposed.

Summary of discussion:

- (i) That a future item be added to the work programme around the age designation of stock and potential revisions in that respect.
- (ii) Garages were not included in the Sheltered Housing Review. There was a separate review in progress.

AGREED

1. that the Sheltered Housing Review, Garages Review, and potential revision of age designations for letting stock be added to the Board's Work Programme

2. that the Board's Work Programme be updated to reflect all decisions made above and earlier in the meeting.

Reasons

1. so that it can be considered by the Board.

2. To ensure that the information in the Work Programme is up to date.

29. EXEMPT INFORMATION

It was resolved that members of the public be excluded from the meeting during the consideration of the item on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

At this point in the meeting the recording was stopped.

30. FUTURE ARRANGEMENTS FOR THE DELIVERY OF PLANNED WORKS, VOIDS AND ASSOCIATED WORKS

An exempt report of the Head of Landlord Services was considered (Exempt item 10 on the agenda).

A summary of the Board's discussion on this matter is provided in the exempt minute (Housing Management Advisory Board 30E. 2021/22).

NOTES:

1. No reference may be made to these minutes at the next meeting of Full Council unless notice to that effect is given to the Democratic Services Manager by five members of the Council by noon on the fifth working day following publication of these minutes.
2. These minutes are subject to confirmation as a correct record at the next meeting of the Housing Management Advisory Board.

Housing Management Advisory Board

Report of the Head of Landlord Services

ITEM 4 HOUSING CAPITAL PROGRAMME 2022-23

Purpose of Report

To consider the housing capital programme for 2022-2023.

Recommendation

That members of the Housing Management Advisory Board consider and endorse the approach to delivering the 2022/23 capital programme set out in this report.

Reason

To improve the Council's housing stock, in line with the Charnwood and Decent Homes Standards, thus delivering the priorities set out in the Housing Revenue Account (HRA) Business Plan approved by Cabinet in September 2014.

Policy Justification and Previous Decisions

The housing capital programme will support compliance with the Homes and Communities Agency Home Standard (2012), which, in summary, states that the Council must:

- ensure that tenants' homes meet the standard set out in the Government's Decent Homes Guidance and continue to maintain their homes to at least this standard.
- meet all applicable statutory requirements that provide for the health and safety of the occupants in their homes.
- ensure a prudent, planned approach to repairs and maintenance of homes and communal areas.

On the 14th March 2014 (Minute 119) Cabinet approved the Charnwood Standard, to provide a higher standard of accommodation than the statutory Decent Homes Standard.

On the 25th September 2014 Cabinet approved (minute 37) the revised Housing Revenue Account Business Plan 2014 to 2044. The Business Plan identified that £92.46 million of investment is required over years 6 to 30 of the plan to maintain the Charnwood Standard.

On the 10th November 2021 the Housing Management Advisory Board endorsed the Draft Housing Revenue Account (HRA) Business Plan 2021-2052 and Asset Management Strategy Framework. The draft documents set out that whilst there is some further assurance to be gained through the undertaking of a stock condition survey, the Council can have a good degree of confidence that there is enough financial resource to invest in the Council's stock and other priorities.

It is expected that an updated Asset Management Strategy will be brought forward in 2022, which in addition to setting out how the assets will be maintained, will outline the approach to key potential areas of investment

The housing capital programme will support delivery of the following Corporate Strategy 2020-2024 themes:

Theme 1 - Caring for the environment - *We have already reduced our carbon footprint and we have pledged to become a carbon neutral organisation by 2030 to help tackle climate change.*

Theme 2 - Healthy Communities - *We are passionate about improving housing in the social... sector. We will continue to invest in our council homes... to ensure high-quality homes are available to residents.*

Implementation Timetable including Future Decisions and Scrutiny

The programme will be delivered during 2022/2023, commencing on 1st April 2022 and completing on 31st March 2023. Progress will be monitored by the Housing Management Advisory Board throughout the year.

Report Implications

The following implications have been identified for this report.

Financial Implications

The 2022/2023 capital budget to deliver this work amounts to £9,214,200 and can be fully funded using HRA revenue contributions, the HRA Major Repairs Reserve, Capital Receipts, and HRA Financing Fund contributions.

Equality and Diversity

The housing capital programme will positively contribute towards the Council's equality and diversity responsibilities and commitments. The programme for 2022/23 includes a total of £560k for adaptations for tenants and their family members with a disability. This work can include level access showers, ramps, rails, stair lifts, and other modifications following a recommendation from an occupational therapist.

Crime and Disorder

This housing capital programme will positively contribute towards the achievement of the Council's responsibilities under Section 17 of the Crime and Disorder Act (1998) to undertake reasonable action to improve community safety in the borough. The installation of new communal entrance doors at blocks of accommodation will provide an enhanced level of security for tenants and their families.

Sustainability

Delivery of central heating upgrades, the installation of new loft insulation, and LED lighting schemes in communal areas, form part of the Council's climate change strategy, contributing towards the Council's carbon reduction targets, and the following principles of sustainability:

- Avoid increase in energy intensity of Council owned buildings and maximise efficiency.
- Reduce poverty, crime, anti-social behaviour and increase community safety.
- Improve public health and wellbeing.
- Ensure that housing needs of all sections of the community are met.

Background

Each year the Council approves an investment programme for the housing stock. The programme is shaped to reflect the priorities outlined in the HRA Business Plan 2014-44, the views of tenants and stock investment needs.

Capital investment priorities for 2022-23 are set out below.

The Charnwood Standard

The current capital plan can be found at Appendix 1.

The Council's Charnwood Standard of accommodation provides a higher standard of accommodation than the statutory Decent Homes Standard. Under the Charnwood Standard property components e.g., kitchens, bathrooms, and heating systems are replaced on a fixed life cycle, whereas under the Decent Homes Standard, a property may still be decent if the components are old. The Council will replace a kitchen every 20 years, a bathroom every 30 years, and a boiler every 15 years as a minimum.

This approach leads to peaks in delivery in some years as components fall due for replacement.

The programme for the 5-year period including the current year, and the volume of work proposed to be completed next year is set out at Appendix 2. Delivery this year has been limited due to the contract with Fortem Solutions Ltd coming to an end. The effect of this is a peak in work over the next two years, particularly in respect of kitchens and standard bathrooms where programmes are already large. Some smoothing of the programme will therefore be necessary to support effective control of the works; with 200 kitchens and 200 bathrooms completed in 2022/23 rather than 388 and 422 units completed respectively.

The delivery position for 2022/23 is expected to be different to the that previously. Rather than having one contractor delivering kitchen, bathroom, and heating workstreams there will be three. PH Jones has been appointed to deliver new heating installations, whilst level access showers will be delivered by a dedicated adaptations contractor, and kitchens and standard bathrooms delivered by a further contractor. A procurement process for replacement contractors is in progress and is the subject of an exempt report elsewhere on the agenda this report forms part of.

If the Board agrees with the approach set out above, the estimated spend on kitchen, bathroom, and heating workstreams in 2022/23 is set out below.

Stream	Existing Capital Plan Amount 2022/23 £	Estimated 2022/23 Spend £
Kitchens	1,197,000	900,000.00
Bathrooms (including level access showers and over bath showers)	1,820,900	1,778,100.00
Heating	264,600	634,200.00

Acquisition of Properties to Meet Housing Need

In June 2013, the Council entered into an agreement with the government to retain funding from the sale of Council properties (1-4-1 Right to Buy receipts) on the basis that this funding is used to increase the supply of affordable housing for rent. The Council has three years to use the receipts which can be used to fund 30% of the cost of developing/acquiring properties for Affordable Housing. Any funding not spent within three years of receipt must be returned to the Government and interest paid. The balance of funding (70%) to acquire properties is from the Council's Housing Revenue Account.

The Council's available housing stock has reduced due to the sale of properties under the right to buy. A sum of £1.5m has therefore been included in the programme to acquire more properties to meet housing need.

Communal Area Improvements

The estate and external works budget will be focussed on improving and existing pedestrian areas, footpaths, and car park surfaces, to reduce the likelihood of trips and falls resulting in harm.

Investment in the internal communal areas of flats will continue, with painting, new flooring, and lighting, combined with new roofs where needed.

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Appendix 1 - Housing Capital Programme 2022/23

				NEW CAPITAL PLAN
				2022/23
Scheme Details				£
<u>Community, Planning and Housing – HRA</u>				
<u>Live Schemes</u>				
-				
	PO	Z761	Major Adaptations	450,000
	PO	Z301	Minor Adaptations	50,000
	PO	Z302	Stairlifts	60,000
	PO	Z762	Major Voids	280,000
			<u>Compliance</u>	
	PO	Z434	Asbestos Removal	150,000
	PO	Z771	Communal Area Improvements	200,000
	PO	Z742	Communal Area Electrical Upgrades	200,000
	PO	Z772	Smoke/CO & Heat Detection	149,800
	PO	Z773	Fire Safety Works	100,000
			<u>Stock Maximisation</u>	
	PO	Z375	Garages	25,000
-				
-			<u>Decent Homes</u>	
	PO	Z763	Kitchens	1,197,000
	PO	Z764	Bathrooms	1,820,900
	PO	Z765	Electrical Upgrades	212,500
	PO	Z766	Window Replacement	22,400

PO	Z767	Heating	264,600
PO	Z743	Sheltered Housing Improvements	200,000
PO	Z768	Door Replacement	700,000
PO	Z769	Roofing Works & Insulation	650,000
PO	Z770	Major Structural Works	250,000
		<u>General Capital Works</u>	
PO	Z776	Estate and External Works	205,000
PO	Z857	Housing Capital Technical Costs	312,000
PO	Z378	Door Entry Systems	200,000
AS	Z760	Acquisition of Affordable Housing to meet housing need	1,500,000
PO	Z775	Mobility Scooter Storage	15,000
		<i>Sub-total Live Schemes</i>	9,214,200
		Community, Planning and Housing - HRA - Total	9,214,200

Appendix 2

Stream	2021-22	2022-23			Estimated Budget needed for <i>Proposed</i>	2023-24	2024-25	2025-26
	Scheduled (Units)	Scheduled	Scheduled + Carry Forward from 2021-22	Proposed		Scheduled	Scheduled	Scheduled
Kitchens	117	271	388	200	900,000.00	187	25	115
Bathrooms	190	232	422	200	680,000.00	80	85	81
Water Closet	4	58	62	62	49,600.00	104	0	2
Over Bath Shower (OBS)	20	13	33	33	148,500.00	15	2	4
Level Access Shower (LAS)	163	115	278	150	900,000.00	76	48	56
Heating	126	176	302	302	634,200.00	240	396	399

HOUSING MANAGEMENT ADVISORY BOARD

Report of the Head of Financial Services

ITEM 5 HOUSING REVENUE ACCOUNT BUDGET CONSULTATION 2022-2023

Purposes of the Report

To enable members of the Board to consider the 2022/23 budget before the final budget report goes to Cabinet in February 2022.

Annual budget setting process

Each year the Council sets budgets for the following year. An indication of the process and the timescales for the key events that drive the process are set out in the below table:

Event	Description
Cabinet Meeting Dec-21	A report is taken to Cabinet to: Advise members of the projected base budget position for 2022/2023. Review the savings and growth proposals put forward for the year 2022/2023, and to begin a period of consultation.
Cabinet February 2022	This report sets out the proposed General Fund and Housing Revenue Account budgets which together represent the financial spending plans for all services of the Council. The report also presents the proposals to increase rent and service charges within the Housing Revenue Account.
Council	The report sets out the recommendations of the Cabinet regarding the proposed General Fund and HRA Revenue Budgets for 2022/23. These budgets represent the financial spending plans for all services of the Council, and it is a legal requirement to set a balanced budget each financial year. The report also includes the original budget for the Housing Revenue Account together with changes to rent and service charges.

Housing Revenue Account (HRA)

- 1 The draft Original budget position for 2022/23 is a breakeven, after transferring £3.169m Revenue Contribution to HRA Capital. There are no service pressures or savings in the draft budget.
- 2 Rents have been increased by CPI 3.1%+1% in accordance with national guidelines which is a 4.1% increase. The rent increase will be covered by Housing benefit and Universal Credit, subject to benefit eligibility. There are around 1458 tenants thought not to be in receipt of these benefits. The District Valuer is undertaking a valuation and will make a recommendation to the Council on levels to be set.
- 3 Currently, the Council's rent levels are lower at £74.73 per week (52 week rent year) than the business plan peer group (consisting of other local authorities) average of £83.14. The Council's operating surplus is also lower than that of the peer group.
- 4 It may be noted that no savings or pressures are associated with the HRA. A detailed exercise was performed to realign HRA budgets in the previous year and that exercise is considered still valid. The Housing Revenue Account is detailed in Table 3.

HRA balances (reserves)

Principal HRA reserve

- 5 The Section 151 Officer recommends a minimum level of working balances for the HRA of £110 per property. There are 5,489 properties anticipated at 31st March 2023 (anticipating 40 right to buy sales); working balances have been adjusted to reflect this projection at £604k.

HRA Financing Fund

- 6 The HRA Financing Fund was set up in order to set aside monies to cover future HRA expenditure. This includes the repayment of external debt principal of the £79m incurred when the self-financing regime came about in 2012. This costs the HRA approximately £2.7m in interest payments each year. The first of these loans is due for settlement during 2024/25. The anticipated balance of the HRA Financing Fund at 31 March 2023 is £9.7m.

Major Repairs Reserve

- 7 The Major Repairs Reserve is a statutory fund and can only be used to finance capital expenditure and debt repayment. The anticipated balance at 31 March 2023 is £3.2m.
- 8 The HRA draft Capital Programme for 2022/23 is £9.2m. This is fully funded from Depreciation £3.6m, HRA Revenue contribution to Capital (RCCO) £3.2m, and the HRA financing fund £2m, and £0.4m from 1-for-1 capital receipts (HRA Right to buy sales).
- 9 Total HRA balances as at 31 March 2023 are anticipated to be £13.5m.

Table 1

Charge Description	Average weekly charge at 2021/22	Average weekly charge with a 4.1% increase	Increase
Housing rent (52 weeks)	£74.73	£77.79	£3.06 per week (eligible for Universal Credit)

Capital Budgets

10 The 2022/23 Capital Budget for the Housing Revenue Account is detailed in Table 2.

Table 2

	2022/23	2023/24	2024/25	TOTAL
	£'000	£'000	£'000	£'000
<u>Housing Revenue Account</u>				
Gross Cost HRA Schemes	9,214	7,530	6,519	23,263
Total Cost	9,214	7,530	6,519	23,263
RCCO	3,169	3,169	3,169	9,507
Capital Receipts	450	450	450	1,350
Major Repairs Reserve/HRA Finance Fund	5,595	3,911	2,900	12,406
Total Funding	9,214	7,530	6,519	23,263

RCCO refers to Revenue Contributions to Capital

10 The Major Repairs Reserve, or equivalent, effectively represents the amount set aside for depreciation each year and this becomes a cash amount that will be spent on capital works. The draft Housing Revenue Account report shows that in 2022/23 the depreciation budget is £3,641k and the RCCO budget is £3,169k. It can be reasonably assumed that these levels will continue for 2022/23 and 2024/25 so the plan is fully funded.

11 The level of capital expenditure will be set so as to ensure that the housing stock is kept in good repair and at a level that allows the Council to service the £79.19m borrowing that it undertook to pay the government in March 2012. As such the HRA Capital Plan will be adequately funded over the three years.

Table 1: Draft HRA 2022/23 Budget

2020/21 Actual	Housing Revenue Account	2021/22 Original Budget	2022/23 Original Budget
£000		£000	£000
	Expenditure		
5,421	Supervision and Management	5,393	5,423
6,427	Repairs and Maintenance	6,752	6,803
261	Rents, Rates and Other Charges	225	291
175	Provision for Bad Debts & Other Charges	383	318
3,464	Depreciation	3,409	3,641
(14,077)	Net Revaluation non-current assets increase	0	0
18	Debt Management Expenses	10	9
1,689	Expenditure Sub-total	16,172	16,485
	Income		
(20,597)	Dwelling Rent Income	(21,100)	(21,366)
(412)	Shops, Land and Garages Rent	(355)	(351)
(52)	Warden Service Charges	(53)	(54)
(286)	Central Heating, Cleaning and Communal Charges	(309)	(303)
(143)	Leasehold Flat and Shop Service Charges	(143)	(143)
(28)	Hostel Service Charges	(24)	(25)
(9)	Council Tax Recharged	(10)	(10)
(21,527)	Income Sub-Total	(21,994)	(22,252)
(19,838)	Net (income)/Cost of service	(5,822)	(5,767)
(82)	Transfer from General Fund – Grounds Maintenance	(85)	(85)
2,701	Interest Payable	2,709	2,698
(45)	Investment Income and Mortgage Interest	(27)	(15)
(17,264)	Net Operating Expenditure/(Income)	(3,225)	(3,169)
0	Revenue Contribution to Capital	3,225	3,169
(96)	Pension Adjustment	0	0
(112)	Accumulated Absence Adjustment	0	0
14,077	Reversal of Gain on Revaluation	0	0
13,869	Appropriations	3,225	3,169
(3,395)	(Surplus)/Deficit for the year	0	0
HRA Balances:			
(610)	HRA Balance at beginning of year	(609)	(609)
(3,395)	(Surplus)/Deficit for the year	0	0
3,396	Transfer to/from Reserves	0	5
(609)	HRA Balance at end of year	(609)	(604)
(8,235)	HRA Financing Fund beginning of year	(11,631)	(11,631)
(3,396)	Transfer to/from Reserves	0	(5)
0	Revenue Contribution to Capital	0	1,954
(11,631)	HRA Financing Fund at end of year	(11,631)	(9,682)
(3,210)	Major Repairs Reserve at end of year	(3,210)	(3,210)
(15,450)	Overall HRA balances end of the year	(15,450)	(13,496)

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HOUSING MANAGEMENT ADVISORY BOARD – 8th SEPTEMBER 2021

Report of the Head of Landlord Services

ITEM 7 WORK PROGRAMME AND MEETING DATES 2021/22

Purpose of the Report

To enable the Board to agree its work programme. The current work programme, appended, sets out the position following the previous meeting of 14th July 2021 and subsequent discussion with the Head of Landlord Services and the Chair regarding additional items that require consideration by the Board.

The Board is also asked to agree meeting dates for the remainder of the 2021/22 Council Year, and to review the information it receives in the Performance Information Pack (which is sent out each meeting and considered following the formal meeting, if required).

Recommendations

1. To agree that the Board's work programme be updated in accordance with the decisions taken during consideration of this item and any further decisions taken during the course of the meeting.
2. That the Board reviews the information it wishes to receive in the Performance Information Pack, which is currently as follows:
 - Repairs
 - Gas Servicing
 - Rent Collection
 - Rent Arrears Percentage of Annual Rent Debit
 - Tenancy Management
 - Anti-social Behaviour
 - Supported Housing
 - Customer Satisfaction
 - Rent Arrears and Universal Credit

Reasons

1. To ensure that the information contained within the work programme is up to date.
2. A review of this matter has been requested by the Chair.

HOUSING MANAGEMENT ADVISORY BOARD - WORK PROGRAMME

MEETING DATE/ FREQUENCY	ISSUE	INFORMATION REQUIRED/ INVITEES/ OFFICERS	NOTES
SCHEDULED:			
Every meeting	Work programme		To review the Board's work programme.
Every meeting	Questions from members of the Board		<p>Questions on matters within the remit of the Board (if any), for response at the meeting.</p> <p>Members will be asked in advance of the agenda being published for each meeting whether they have any such questions, for listing on the agenda.</p>
Every meeting	EXEMPT - Update on Future Arrangements for the Delivery of Planned Works, Voids, and Associated Works	Head of Landlord Services	Exempt report
Quarterly	Performance Information	Head of Landlord Services	<p>As Requested at the meeting of 14th July 2021</p> <p>See also HMAB minute 14.4, 9th November 2016. Also minutes from 4th February 2021.</p> <p>To enable the Board to ask questions, if any, on the performance information pack sent out with the agenda for the meeting.</p>
Annual	Budget Setting and Priorities for Next Year	Head of Landlord Services	To be considered every September with an update in January.

January 2021	Capital Plan	Head of Landlord Services	Annual report.
January 2021	Draft HRA Budget	Group Accountant	Annual report
January 2021	Fencing Policy	Head of Landlord Services	Recheduled from November meeting to allow it to go to CHRF first.
March 2021	Housing Strategy	Head of Strategic and Private Sector Housing	Rescheduled from November Meeting
March 2021	Sheltered Housing Review	Head of Strategic and Private Sector Housing	Requested at meeting on 10 th November 2021 Verbal Update
March 2021	STAR Survey	Head of Landlord Services	Scheduled by Board at meeting on 8 th September 2021
March 2021	Service Provided Code of Conduct	Head of Landlord Services	Requested at meeting on 12 th May 2021
March 2021	Re-designation of Stock	Head of Strategic and Private Sector Housing	Requested at meeting on 10 th November 2021
March 2021	Customer Engagement Strategy	Landlord Services Manager	
TO BE SCHEDULED:			
To be scheduled	Repair Guide	Head of Landlord Services	Requested at meeting on 12 th May 2021
To be scheduled	Sheltered Housing Review	Head of Strategic and Private Sector Housing	Requested at meeting on 10 th November 2021 Written Report
To be scheduled	Asset Management Strategy: Investment Priorities.	Head of Landlord Services	Q2 2022/23

To be scheduled	Garages Review	Head of Landlord Services	Requested at meeting on 10 th November 2021
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Notes:

1. All reports must include an explanatory list of any acronyms used.
2. *Performance information pack will include (a) Repairs; (b) Gas Servicing; (c) Rent Collection; (d) Rent Arrears Percentage of the Annual Rent Debit; (e) Tenancy Management; (f) Anti-Social Behaviour; (g) Supported Housing; (h) Customer Satisfaction and (i) Rent Arrears and Universal Credit.