Havering
LONDON BOROUGH

# CABINET

**16 February 2022**

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| **Subject Heading:** | **HRA Business Plan update, Budget 2022/23 & Capital Programme 2022/23–2026/27** |
| **Cabinet Member** | Councillor Joshua Chapman – Lead Member for Housing |
| **SLT Lead:** | Patrick Odling-Smee, Director of Housing |
| **Report Author and contact details:** | Patrick Odling-Smee, Director of Housing<br>Patrick.Odling-Smee@havering.gov.uk<br><br>Rita Bacheta<br>Strategic Finance Business Partner<br>Regeneration and Housing<br>01708 432924<br>rita.bacheta@onesource.co.uk<br><br>John Price<br>Finance Business Partner<br>01708 433595<br>j.price@havering.gov.uk |
| **Policy context:** | This report presents the HRA Budget recommendations for agreement by Cabinet and recommendations on to Council for consideration and approval. |
| **Financial summary:** | The Council is required to set an annual HRA Revenue Budget for 2022/23. This report includes recommendations to agree the HRA revenue spend budget, the rents and other charges, the HRA Major Works Capital Programme, detailed in Appendix 1a and the Business Plan projections as outlined in Appendix 2a and 2b. |
| **Is this a Key Decision?** | **Yes** |
| **Is this a Strategic Decision?** | **Yes** |
| **When should this matter be reviewed?** | September 2022 |
| **Reviewing OSC** | Towns and Communities |

**Cabinet – 16th February 2022**

**The subject matter of this report deals with the following Council Objectives**

| | |
|---|---|
| Communities making Havering | [X] |
| Places making Havering | [X] |
| Opportunities making Havering | [X] |
| Connections making Havering | [X] |

## SUMMARY

This report sets a budget for the Council's Housing Revenue Account (HRA) and HRA Major Works and Capital Programme. Cabinet approved the Housing Asset Management Plan 2021-2051 in October 2021 and the budgets and projections of expenditure required to maintain the stock to a good standard have been used in the preparation of the capital programme in this report. A summary is provided of the HRA Business Plan 2022-52.

The HRA is a ring-fenced account that is used to manage and maintain the Council's own housing stock. The proposed budget will enable the Council to manage and maintain the housing to a good standard and provide funding for a significant acquisition, new build and estate regeneration programme. It further sets rents, service charges and other charges for Council tenants and leaseholders for the year 2022/23.

As part of the new regulatory framework for local government housing services, councils are now subject to the Regulator of Social Housing's (RSH) Rent Standard. This has ended the annual 1% reduction and re-established the CPI + 1% increase.

In order to change any HRA rent liability, the local authority must notify tenants and give 28 days' notice of any change after the authority has made a properly constituted decision of that change. This means that, following a Cabinet decision on rent levels to be charged in any year, the local authority must write to all tenants to advise them of the new rent liability for the following 12 months.

Should the Cabinet adopt the recommendations, a notification will be sent to tenants in the first week of March 2021**,** to make the new charge effective from the first week of April 2021.

## RECOMMENDATIONS

That Cabinet:

1. Approve the Housing Revenue Account Budget as detailed in paragraph 3.4.

2. Agree that the rents chargeable for tenants in general needs Council properties owned by the London Borough of Havering be increased by 4.1% from the week commencing 5th April 2022.

3. Agree that the rents chargeable for tenants in supported housing Council properties, such as sheltered housing and hostels, owned by the London Borough of Havering, are increased by 4.1% from the week commencing 4th April 2022.

4 Agree the four rent-free weeks for 2021/22 are: week commencing 22nd August 2022, the two weeks commencing 19th and 26th December 2022, and the week commencing 27th March 2022.

5 Agree that service charges and heating and hot water charges for 2022/23 are as detailed in paragraph 2.10 of this report.

6 Agree that charges for Houses in Multiple Occupation (HMO) leased and managed by the Council (General Fund) are set at the LHA applicable on the 4th April 2022.

7 Agree that charges for garages should be increased by 4.1% in 2022/23 as detailed in paragraph 2.7 of this report.

8 Agree that the service charge for the provision of intensive housing management support in sheltered housing for 2022/23 shall be as detailed in paragraph 2.17 of this report.

9 Agree the Supported Housing Charge for HRA Hostels as detailed in paragraph 2.22

10 Agree that the Careline and Telecare support charge should be increased by 4.1% for 2022/23 as detailed in paragraph 2.19 of this report.

11 Approve the HRA Major Works Capital Programme, detailed in Appendix 1a of this report and refer it to full Council for final ratification.

12 Approve the HRA Capital expenditure and financing for the 12 Sites Joint Venture and other acquisition and regeneration opportunities detailed in section 4 and Appendix 1b of this report and refer it to full Council for final ratification.

**REPORT DETAIL**

## 1. BACKGROUND

1.1 This report sets out what HRA income the Council has available to spend on housing, the current HRA financial position and the proposed spending plans for 2021/22.

1.2 The regulation of social housing has changed as a result of the Grenfell Tower disaster and the Housing Green Paper of 2019. The Government has instructed the Regulator of Social Housing to take a more proactive role in the implementation of the standards and quality of management of council housing. The Housing White Paper has set out a “Charter for Social Housing Residents” that aims to improve the way that residents engage with their landlords. The Government has also implemented a new rent standard for all social housing and issued guidance to local authorities on the implementation of this standard.

1.3 The Council recognises that there is a need for good quality affordable homes, especially for vulnerable residents such as the elderly, those on low income and first-time buyers, and has set out its ambition to meet these needs by using resources generated through the Housing Revenue Account Business Plan. The formula for setting social rent should enable registered providers, including councils, to set rents at a level that allows them to meet their obligations to their tenants, maintain their stock, to at least Decent Homes Standard, and continue to function as financially viable organisations.

1.4 However, there are many influences on the resources available to the HRA. These are all identified and quantified within the HRA Business Plan (HRA BP). The Business Plan is composed of various income and expenditure lines. Some of the lines are under the complete control of the Council, whilst some are affected by market conditions, government policy and legislation.

1.5 The lines in the business plan that have a direct impact on the income into the HRA BP include:

- Rent policy regarding supported housing rents.
- Service charge recovery.

1.6 The elements which affect the levels of expenditure in the HRA BP include:

- Planned maintenance to existing stock.
- Responsive repairs costs to existing stock.
- Delivery of new build homes.
- Staffing costs.
- Financing costs of the borrowing in the HRA and interest rates.
- Losses from bad debts, voids etc.

1.7 The Government has published the Building Safety Bill that is currently being considered in Parliament. The key elements of the Bill that will impact on the HRA are:

- Building Safety and maintaining homes:
  - A strengthened role of the existing Regulator of Social Housing (RSH) in consumer regulation and safety with links to the new Building Safety Regulator.
  - Social landlords must identify a nominated person responsible for Health & Safety
  - Requirement to have data relating to the construction and maintenance of buildings.

1.8 A separate report was presented to Cabinet in January 2022 setting out in detail the implications of the Bill and the actions that the council, as a landlord, will be required to take to prepare for its implementation.

## 2. INCOME

### 2.1 Rents

2.2 The previous Government required Councils to reduce rents by 1% against July 2015 levels for four years. This reduced the rental income available to the HRA over the four years of the reduction by just under £8m. This significantly reduced the income in the business plan model by £68m over 10 years and this loss can never be recovered. Since 2020/21 however, the HRA has reverted to the original rent setting formula of up to CPI +1% for 5 years. This provides certainty for rents in council housing up to 2025. CPI for September 2021 was 3.1% so the rent increase for 2021/22 will be 4.1%. The council does have discretion to set a lower rent however, given the increase comes after 4 years of rent cuts, it is recommended to implement the maximum increase allowed. The analysis of the Business Plan in Section 7 demonstrates that given the inflationary impact on building and maintenance costs, and the likely salaries increases, the proposed rent increase only just keeps the HRA in balance within the performance measures.

2.3 Following the implementation of Universal Credit a new social housing rents cap at LHA levels was introduced in 2019/20 to replace “limit rents”. In Havering, given the historically low level of council rents, the LHA levels for each bedroom size is above the proposed levels of the 2022/23 social rents and so there is no impact on the HRA BP. Future announcements on LHA levels may have a future impact and this will be kept under review and reported annually as part of the rent setting report.

2.4 The 2022/23 average weekly rent, applying the 4.1% increase to all General Needs properties and Sheltered Housing units is £104.88. Individually, the average weekly rent for the general needs properties is £105.83 and £90.07 for the sheltered housing.

2.5 The rent charged to hostel residents will be increased in line with new general needs rents for 2022/3 – 4.1%.

2.6 **Garages**

2.7 It is proposed to increase the level of charges for garages in 2021/22 by 4.1%. There are currently a range of charges for garages within the high, medium and low demand bands. Over one third of our garages have low rates of occupancy. This is due to a combination of poor condition and low marketability. There is significant investment needed to bring the buildings and sites up to a good standard that will enable better utilisation of these assets and increase revenue whilst at the same time improving the amenities for residents. The increased charges will enable revenue to be raised to carry out a number of much needed improvements and support a review of the garages and parking arrangements. This issue is one of our tenants’ key priorities. The increase means that the average charge for a high-demand garage will be £16.21 per week (£15.57 in 2021/22), £15.10 per week (£14.51 in 2021/22), for a medium demand garage and £11.75 per week (£11.29 in 2022/22) for a low-demand garage.

2.8 **Service charges**

2.9 The Council is required to only recover the costs of providing a service. We also ensure that the services tenants and leaseholders receive deliver value for money. There will continue to be a regular programme of reviews of services to make sure we deliver value to tenants and leaseholders.

2.10 The basis for calculation of service charges, to ensure full recovery of the cost of the service, is accepted practice where landlords are able to fully justify the cost base and calculation method and conforms to our legal requirements. It also maintains equality of charging between leaseholders and tenants. On that basis, the service charges and heating and hot water charges for 2022/23 are detailed in the following table with a comparison with the costs for the current year.

| Service Charges | 2021/22 Weekly charge (£) | 2022/23 Weekly charge (£) |
|---|---|---|
| Caretaking | 3.85 | 3.92 |
| Internal Block Cleaning | 3.80 | 4.25 |
| Bulk Refuse Collection | 0.96 | 0.80 |
| CCTV - Static Service | 1.70 | 1.70 |
| Housing Enforcement Services | 1.18 | 1.44 |
| Door Entry | 0.32 | 0.34 |
| Grounds Maintenance | 4.64 | 4.88 |
| TV access | 1.86 | 1.88 |
| Heating | 5.74 | 6.31 |
| Heating and Hot Water | 9.28 | 10.21 |
| Communal electricity | 1.36 | 1.53 |

2.11 **Caretaking, Internal Block Cleaning & Bulk Refuse Collection**

3 The reorganisation of this service has led to a 3% reduction in the overall costs for this trio of cleaning services directly provided by the Estate Service Team.

3.8 **Enforcement Services**

3.9 Housing service has a service level agreement (SLA) with the Enforcement Service, which is subject to an annual review and ensures that housing residents receive an enhanced service and good value for money. The proposed increase of 22% allows for the addition of an Anti-Social Behaviour Casework Service (ASB) to be included on the Enforcement Service SLA. This increase enables the council to achieve full cost recovery of service delivery cost.

3.10 **Communal Electricity & Heating Charges**

3.11 It is estimated that the average weekly charge for communal electricity for tenants will be £1.53 per week, a 12.5% increase from 2021/22. This is due to the increased costs of electricity. The communal electricity charge is full recoverable through Housing Benefit and Universal Credit.

3.12 LBH is part of a consortium of 25 local authorities which enables the council to continue to deliver considerable efficiencies and cost savings for our residents in the current volatile market conditions.

3.13 2021 has seen the most unprecedented wholesale gas and power price movement ever witnessed, rising some 250% during the year and an exceptional 70% from August alone. The soaring increase in the cost of wholesale gas has put pressure on energy companies resulting in a number of wholesale energy suppliers ceasing to trade and being forced into administration.

3.14 The long-term hedging and procurement strategies adopted by the consortium has enabled this council to continue to deliver considerable efficiencies and cost savings for our residents in the current volatile market conditions. Therefore, the council is paying considerably less, on average 30% less, than domestic customers.

3.15 The council has maintained the cost of gas and communal electricity charged to residents in 2021/22, however an increase in the energy price cap in October 2021 and the proposed increase in April 2022 will see resident's heating and hot water bills increase by 20%. This still represents a significant saving for our residents given that energy prices are expected to increase by 40-50% by the spring of 2022. However, given the concern on the standard of living due to this and other inflationary increases this report is recommending capping the increase for heating and hot water charges to 10%.

3.16 The table below shows the cost of the proposed council 2022 charges compared to the latest government data. This demonstrated that council tenants will be paying less for heating and hot water in 2022 than comparable bills in the private sector in 2021, ahead of the expected hike in fuel prices in 2022.

| | WEEKLY | PER MONTH | DIFFER-ENCE | DIFFER-ENCE % |
|---|---|---|---|---|
| LBH Gas - Heating & Hot Water 2022 | £11.14 | £44.56 | | |
| UK Average Gas 2021 | £11.98 | £47.93 | £3.37 | +8% |
| LBH Gas - Heating Only 2022 | £6.89 | £27.56 | £20.37 | -74% |

3.17 **Sheltered Intensive Housing Management Charge**

3.18 The sheltered housing service directly supports residents in schemes and in their homes. The service charges reflect the full cost of providing this service. Charges in relation to Sheltered Intensive Housing Management service will increase from £13.80 to £16.68.

| Service Charges | 2021/22 Weekly charge (£) | 2022/23 weekly charge (£) |
|---|---|---|
| Sheltered Cleaning | 10.48 | 11.28 |
| Sheltered Intensive Housing Management | 13.80 | 16.68 |

3.19 **Service charges – Careline and Telecare support**

3.20 It is proposed that the Careline and Telecare service charges will be increased by 4.1% for 2022/23 as detailed below:

| Service | 2021/2022 Weekly charge (52 Wks) (£) | 2022/2023 Weekly charge (52 Wks) (£) |
|---|---|---|
| Careline – sheltered tenants | 5.08 | 5.29 |
| Careline – community users | 5.43 | 5.65 |

| Service | 2021/2022 Weekly charge (52Wks) (£) | 2022/23 Weekly charge (52 Wks) (£) |
|---|---|---|
| Telecare – base unit plus two sensors | 7.88 | 8.20 |
| Additional Telecare sensor | 1.30 | 1.35 |

3.21 These charges compare favourably with other boroughs who provide a comparable service as shown in the table below.

| Borough | Careline Charge (£) |
|---|---|
| Croydon | 13.70 |
| Islington | 9.20 |
| Portsmouth | 10.00 |

3.22 **Hostels in the HRA**

3.23 There are two hostels in the housing revenue account. Following a review of service charges, we have moved to ensure that the charges meet the full recovery of costs. The service provides security and facilities across 24-hour coverage.

**Additional Hostel Support**

| Service | 2021/22 Weekly charge (£) | Full cost recovery 2022/23 Weekly charge (£) |
|---|---|---|
| Hostels - Additional Staffing Support (ASS) | 24.90 | 31.13 |
| Hostels – Service Charges (HSC) | 51.70 | 60.77 |

## 3. THE HRA BUDGET 2022/23

3.1 The major expenditure from the HRA Business Plan is the investment in existing stock or the capital programme. The level of expenditure is controlled by each local authority and is dependent on the investment levels in the Asset Management Strategy (AMS). During 2020/21, the council carried out a new stock condition survey, the results of which have informed investment decisions in the new Asset Management Strategy.

3.2 As detailed in the AMS, this level of expenditure allows decent homes levels to be maintained and all health and safety requirements to be met. In order to meet the decent homes target, planned expenditure on new kitchens, bathrooms and electrical systems remain at previous levels.

3.3 As the main level of income to the HRA BP comes from rents, it is imperative that the number of rental properties is maximised. The current HRA BP expects to lose 65 properties per year through RTB and other stock due to regeneration. This reduces rental income by around £0.179m per year, assuming a full year loss of income per property. Rent loss will also be incurred from the loss of properties through the regeneration programme. These losses have been factored into the business plan income projections.

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## 3.4 Proposed HRA Budget 2022/23

| | 2021-22 Final Budget | 2022-23 Final Budget | Variance |
|---|---|---|---|
| **Income and Expenditure** | | £ | £ |
| ***Income*** | | | |
| Dwelling rents | (46,480,130) | (49,025,150) | (2,545,020) |
| Garages | (332,080) | (369,600) | (37,520) |
| Charges for services and facilities - Tenants | (6,140,200) | (6,546,900) | (406,700) |
| Charges for services and facilities - Leaseholders | (1,597,960) | (1,744,570) | (146,610) |
| Shared ownership | (267,670) | (278,640) | (10,970) |
| Other | (1,088,560) | (733,060) | 355,500 |
| **Total Income** | **(55,906,600)** | **(58,697,920)** | **(2,791,320)** |
| | | | |
| ***Expenditure*** | | | |
| Repairs and maintenance | 8,149,740 | 10,864,490 | 2,714,750 |
| Supervision and management plus recharges | 25,244,710 | 26,859,400 | 1,614,690 |
| Depreciation and impairment | 16,590,400 | 16,590,400 | 0 |
| Debt management costs | 47,820 | 47,820 | 0 |
| Bad debt | 665,080 | 665,080 | 0 |
| **Total Expenditure** | **50,697,750** | **55,027,190** | **4,329,440** |
| | | | |
| **Net cost of HRA services** | **(5,208,850)** | **(3,670,730)** | **1,538,120** |
| | | | |
| Interest payable and similar charges | 7,756,350 | 9,700,850 | 1,944,500 |
| Interest and investment income | (35,640) | (35,640) | 0 |
| **Surplus or deficit for the year on HRA services** | **2,511,860** | **5,994,480** | **3,482,620** |
| | | | |
| **Statement on movement of HRA balances** | | | |
| | | | |
| **Surplus or deficit for the year on HRA services** | **2,511,860** | **5,994,480** | **3,482,620** |
| Capital expenditure funded by the HRA | 8,000,000 | 4,270,110 | (3,729,890) |
| Reversal of impairment charge | (7,110,110) | (7,110,110) | 0 |
| **Net (income)/Expenditure** | **3,401,750** | **3,154,480** | **(247,270)** |
| | | | |
| HRA balance brought forward | | (17,028,520) | |
| | | | |
| Net (income)/Expenditure | | **3,154,480** | |
| **HRA balance carried forward** | **(17,028,520)** | **(13,874,040)** | |

### 3.5 Depreciation & Impairment

3.6 Depreciation is the decline in the value of assets over time due to wear and tear. The Housing Revenue Account receives an annual charge, but an adjustment is also made for the same amount to the Major Repairs Reserve. This can be used to fund capital expenditure, or to pay off debt.

3.7 Impairments are reductions/increases in the book value of capital assets, compared with their market value. In accounting for these annual entries, the Housing Revenue Account is allowed to reverse these amounts out to the Capital Adjustment Account, removing the impact on the HRA. The impairment is only realised if the asset is sold.

## 4. Capital programme

### 4.1 12 Sites Joint Venture Funding

4.2 The remaining provisions for expenditure below relate to the 12 sites joint venture proposals. A report on the revised Havering and Wates Regeneration Joint Venture (HWR JVLLP) Business Plan and Budget 2022/2023, is to be presented to Cabinet on 16th February 2022. One of the provisional recommendations on this report is:

That Cabinet agree:

Agree and endorse the inclusion of a budget of £106.5m equity for the scheme together with a budget of £70.3m for potential land acquisition/CPO costs within the proposed HRA capital programme that will be considered by Cabinet in February 2021 in the annual rent setting and Capital Strategy and Programme report, and this is recommended to Council for final approval in February 2021

4.3 The gross capital requirement for the scheme is £560.8 million to deliver 1,562 units of affordable housing. HRA Borrowing for the scheme is set to peak at £247.5 million. At scheme completion, scheme borrowing is projected to fall to £206.3 million.

4.4 The following summarises the potential key changes that have been incorporated into the latest refresh of the HWR JVLLP Business Plan and Opportunity Site Assessments.

4.5 A detailed review of the Phase 1 development budget on Waterloo & Queen Street. The Phase would deliver 370 new homes, with construction scheduled to commence in Q3 2022.

4.6 The periodic review of site assembly commitments, taking account of the latest information linked to Waterloo & Queen Street, acquisition of family housing linked to the Solar Serena Sunrise estate and the WP234 sites.

### 4.7 Farnham Hilldene – Council Direct Delivery

**4.8** The regeneration of Farnham and Hilldene, is to be progressed under a Council led option. A HRA capital budget of £176.9 million was approved to progress the scheme. HRA Borrowing for the scheme is set to peak at £55.6 million, before falling to £51.8 million at completion.

## 4.9 Bridge Close – Council Direct Delivery

4.10 Cabinet approved the provision of a gross HRA capital budget of £462.9 million to progress the scheme, to fund site assembly and construction activities.

4.11 HRA Borrowing for the scheme is set to peak at £211.3 million. At scheme completion, scheme borrowing is projected to fall to £70.4 million.

4.12 The proposed budget incorporates the outputs from the latest refresh of the Bridge Close Business Plan. The key changes incorporated the latest review of the cost and review assumptions provided by the Council's external advisors, and an update to the scheme tenure assumptions.

4.13 Next Phase Development. It is proposed that the HRA will purchase the shared ownership and social rent properties in later years. This will be subject to review of the HRA Business Plan and any necessary approvals by Cabinet and/or Council of the revised Housing Capital Programme. A provisional sum of £152m has been reflected in the business plan in anticipation of progression of such schemes.

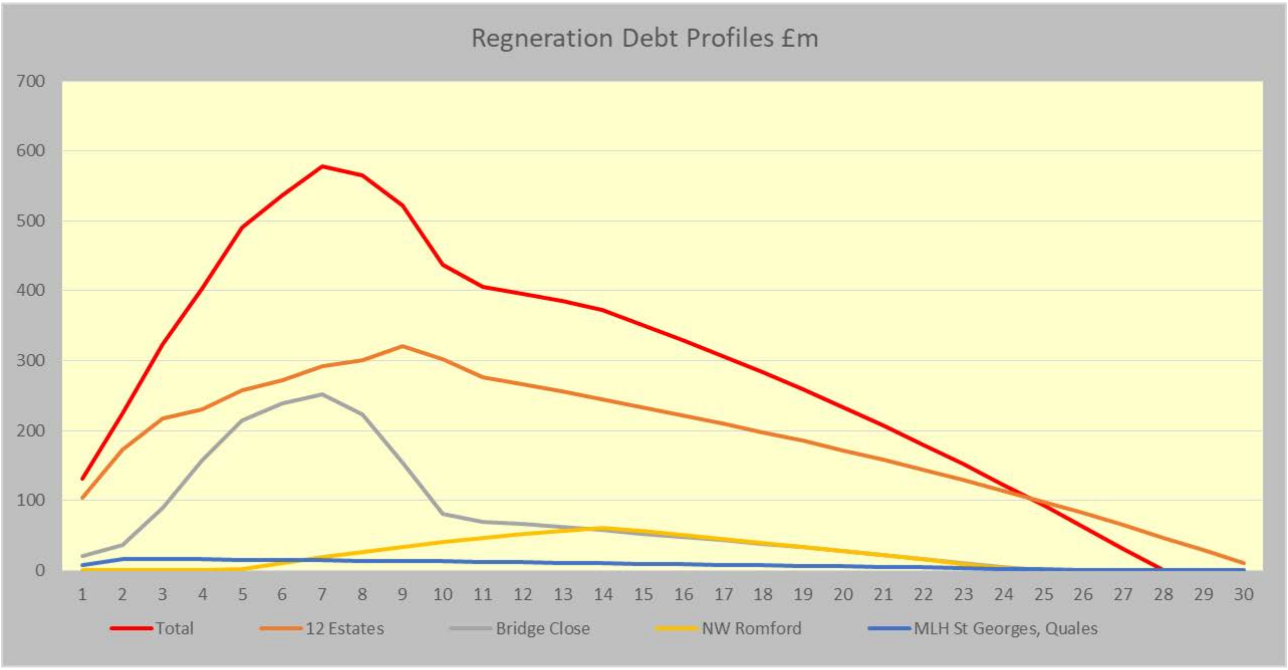
## 4.14 St Georges and Quarles

4.15 Cabinet approved the acquisition of land and properties on the St Georges Hospital site. The development would provide 36 units of affordable housing (14 affordable rent, 22 shared ownership). A gross HRA capital budget of £9.9 million has been set aside, including fees and Stamp Duty Land Tax. The gross budget will be funded by a combination of initial disposal receipts, GLA grant, and HRA borrowing.

4.16 A further £13.0 million, including SDLT has been set aside to progress the acquisition of 34 units of affordable housing on the Quarles development. The scheme will be led by Mercury Land Holdings and is incorporated in its current Business Plan. The gross budget will be funded by a combination of initial disposal receipts, RTB receipts, GLA grant, and HRA borrowing.

| Scheme Name | Years of deliver | No. of units | Total HRA (peak) borrowing requirements |
|---|---|---|---|
| Napier New Plymouth | 2022-2023 | 197 | £33m |
| Solar Serena Sunrise | 2021-2023 | 134 | £30m |
| Waterloo Estate | 2022-2030 | 568 | £100M |
| WP234 Sites | 2022-2031 | 663 | £130M |
| Council Buy-back scheme including regen | 2020-2030 | | £43M |
| Farnham & Hilldene | 2022-2331 | 685 | £56M |
| Family Welcome Centre | 2022-2024 | | £15m |
| Bridge Close | 2020-2028 | 535 | £211M |
| St Georges Hospital Quarles | 2020- 2024 | 87 | £28M |

4.17 The graph below shows specifically the financial impact of the various schemes to the HRA, if long-term borrowing is assumed at 2%.




## 5.0 Major Works Budget – HRA 2021/22 – 2025/26 major works resources and proposed spend.

5.1 Appendix 1a sets out proposed the investment needs for the stock over the next 30 years as agreed by Cabinet in the Housing Asset Management Strategy in October 2021. In principle, the investment in existing stock should be funded through revenue contributions to capital rather than borrowing as the investment maintains the value of the asset rather than creating an asset.

5.2 This 30-year plan has been updated to reflect the new Housing Asset Management strategy which will include our continued approach to Decent Homes and the impending Decent Homes 2, our continued programme of environmental improvement across our estates, the continued focus on building safety and compliance programmes plus our commitment to decarbonising our housing assets by 2040.

5.3 The table shows spend broken down by some core themes including our statutory requirements in maintaining the Decent Homes standard for both internal elements (kitchens, bathrooms, heating etc.) and external elements (roofs, wall finished, and windows and doors), this level of spend will maintain our near 100 decent home compliance position.

5.4 Total expenditure in the stock over the 30-year plan period is £645m and this includes £18m for fire related works and £72m to reduce the carbon emissions from the stock, although significant further work is continuing to determine the scope, extent and types of works are required in these areas.

5.5 We have included monies for the refurbishment of our garage sites, which will help address void issues and bring sites back into use. These monies will be used to improve the access where possible, refurbish the hard standings and improve lighting and security where possible.

5.6 We acknowledge that our housing stock does not always match the demand profile of our residents, especially in regard to larger family properties. As part of the Asset Management Strategy, we will develop approaches to how we can better match the need through active asset management and have therefore included monies to undertake extensions, infills, rooftop development or loft conversions where feasible.

5.7 We have also included monies to support the refurbishment of properties to support residents moving from regeneration sites, this will support the enabling approach of the 12 sites programme.

5.8 Also included are the ongoing projects such as the estate improvement works and Hitchin Close balconies project and a number of replacement lifts across the estate. including the addition of a number of lifts to sheltered properties, both improving accessibility for residents and improving desirability to support lettings.

5.9 Budgets have been included for the provision of additional cyclical programmes of work, including gutter and drain clearance and replacement and cyclical decorating programmes. These programmes will allow us to proactively manage our stock and move from a predominantly responsive service to a more planned approach, which will improve the service for our customers, and provide better long-term value for money.

5.10 The addition of pro-active cyclical programmes will also ensure we minimise legal disrepair claims, reduce the cost of both managing the claims and any compensation and helping to reduce some of the inherent issues which arise when these programmes are stopped, such as leaks from guttering and damp issue. This in turn will help to reduce complaints from our customers.

## 6.0 Repairs, Maintenance and Compliance Budgets

6.1 We have undertaken a comprehensive review of our repairs, voids, maintenance and compliance budgets to ensure they adequately reflect current and future needs. This shows an increase in budget requirement from previous years, the growth being a reflection of changing requirements, under budgeting in previous years and programmes moving from capital to revenue.

6.2 We have included sufficient monies to continue to address our compliance regimes, both to support our current approaches and to address the future requirements flowing from the Fire Safety Act 2020, and the Building Safety Bill and Regulatory Reform (Fire Safety) Order, including the likely need for a bi-annual check of all fire doors and improved building safety information.

6.3 We have also included specific budgets for other compliance areas, over and above the core six areas which will help ensure we meet all of our statutory duties as a landlord and comply with the Regulator of Social Housing consumer standards. Included is the budget required for a full asbestos survey of our domestic properties which will help us with improved risk management of homes. Additionally, monies are allocated to provide third party assurance on compliance going forward.

6.4 The ongoing requirement for risk assessments, principally around fire and legionella has been included in our revenue budgets, previously these had been capitalised as they drove the initial capital works programmes to bring our properties up to the relevant requirements, going forward the required resurveys should only identify day-to-day repair issues.

6.5 We have completed the tendering exercise for the new repairs, maintenance and voids contract, which should start in April 2022. The Tender prices and the new delivery model are reflected in the revised budgets.

6.6 The build-up of repairs and maintenance costs is comparable to costs of other organisation as provided by Savills and does include reasonable contingencies to reflect market uncertainties and potential legislation changes in the future.

**7.0 30-year Business Plan 2021/22 to 2049/50**

7.1 Attached at Appendix 2a and 2b are extracts from the HRA 30-year Business Plan financial model. Year 1 of the business plan is based on the 2021/22 budget.

7.2 The plan for the HRA is based on keeping a minimum of £10m in working balances and using current reserves above this figure to invest in the major works programme. It has been assumed that all available resources over and above those required for revenue spend, payment of interest on debt and maintaining reserves at £10m, are available for major works, for as long as the Asset Management Strategy requires it.

7.3 The Business Plan projections are based on the following assumptions:

- Voids and bad debts
  The assumptions of void losses at 2% and bad debts at 1.41% are consistent throughout the plan and in line with other authorities.

- Inflation
  Management, maintenance, service costs and charges are all inflated at 2% pa at the assumed CPI rate and therefore aligned with rent increases in the medium to longer-term.

- Operating costs
  Operating costs cover such items as staffing costs and responsive repairs. Havering's costs are below average however an assumption has been made of a growth 0.5% in year 21/22 and then CPI per year with an adjustment for stock numbers.

- Stock Numbers
  As at 31st March 2021, the stock numbers were 9,125 tenanted properties. Stock loss is assumed Right to Buys losses of 50 in 21/22 and 50 pa thereafter. Increase in stock due to regeneration and acquisitions are based on the numbers set out in this report.

- Interest rates

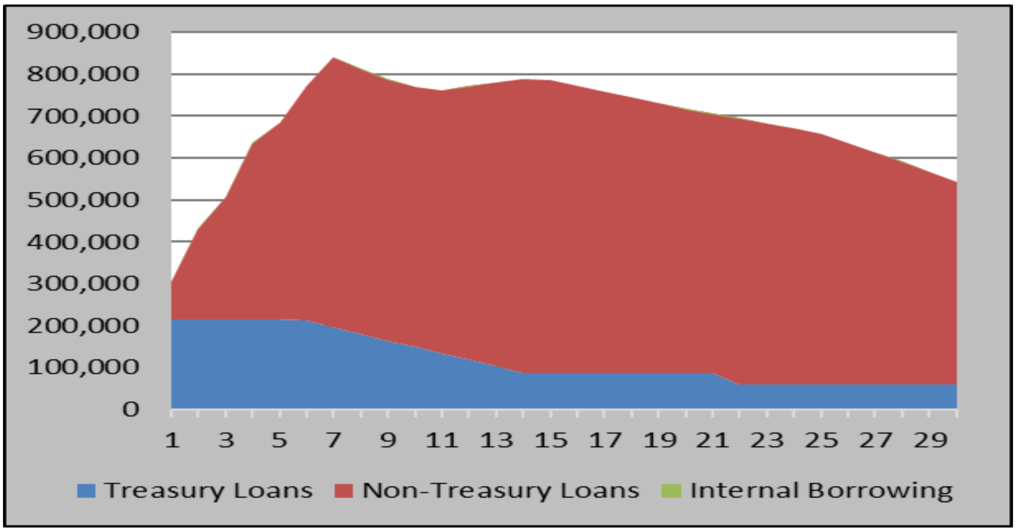
All new borrowing for development and refinancing of existing loans if they cannot be fully repaid within the plan has been set at 2.0%. At the time of writing, we anticipate being able to access borrowing at lower rates following the recent government consultation which proposed discounted levels if borrowing for the purposes of housing and regeneration however there are risks that interest rates may increase in 2022 due to the impact of inflation.

- Minimum Reserve Balance
  The minimum balance for the HRA needs to be determined and the existing level of £10 million has been applied in this model.

7.4 In October 2018 the Government announced the immediate removal of the HRA borrowing cap. This means the Council can borrow against the HRA assets to fund new development as long as the prudential borrowing rules are followed. The Business Plan assumes borrowing of £600m over and above the current £196m treasury debt. The borrowing is against the following projects, some of which is funded by HRA reserves, land and reinvestment of capital receipts.

| Scheme | Capital £m |
|---|---|
| 12 Estates | 366 |
| Bridge Close | 77 |
| MLH/Other Schemes | 96 |
| HRA Acquisitions Fund | 51 |
| Welcome Centre | 16 |
| **Total** | **606** |

7.5 The HRA continues to increase borrowing until 2027/28, at which point the debt peaks at £838m with total additional borrowing of £623m.




CFR = Capital Finance Requirement

7.6 From 2028/29, the HRA debt begins to reduce to £542m in year 2050/51 and over the 30 years, the average annual cost of servicing this debt is £18.7m against an average annual rental income of £78m. This is because the debt is made up of long-term loans that are not repaid until after the 30-year plan. There is enough income to cover the cost of debt.

7.7 The Business Plan makes provision for the repayment of some of treasury debt. It would be prudent, in future Business Plans, once projects have been completed, to make provision to reduce debt levels. This level of debt needs to be sustainable in the long term and supported through the Council's Treasury Management policy.

## 8 CONCLUSION

8.1 The Self-Financing Business Plan extracts (Appendix 2a and 2b) show that the Council is able to maintain and improve its stock and provide good quality housing services over the next 5 years. The Housing Revenue Account budget, which is set out in this report is designed to maintain a good level of service and inject further resources into a programme of major investment in the housing stock that will maintain the Homes Standard of existing housing stock and provide significant funding for wide-ranging estate regeneration programmes. The long-term implications of this investment needs to be assessed when considering the viability and affordability of future investments.

## REASONS AND OPTIONS

### Reasons for the Decision

The Council is required to set the housing rent, service charges and a budget in accordance with the Local Government and Housing Act 1989 and set a budget that is not in deficit.

### Alternative Options Considered

There are no alternative options in so far as setting a budget is concerned. However, there are options in respect of the various elements of the budget. These are considered in preparing the budget and cover such things as the rent and service charge increases, budget growth and major works programme proposals. The rationale for the levels of investment and levels of charges are contained within the body of this report.

## IMPLICATIONS AND RISKS

### Financial implications and risks:

### HRA Revenue

This report largely concerns the financial implications and risks concerning the setting of the HRA budget for 2022/23 and the revision of the figures for the 30-year Business Plan. The HRA is sufficiently robust to generate a minimum estimated annual working balance reserve of £10m at the end of 2021/22 and for the following 3 years.

In addition to £10m reserves on the HRA, there is a bad and doubtful debt provision of £3.326m.

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## HRA Investment Capital Budget

Appendix 1a sets out the Major Works Programme 2022-27. This is funded from resources available for housing expenditure, which is summarised in the table below: -

| Year | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| **Financial Year** | **2021.22** | **2022.23** | **2023.24** | **2024.25** | **2025.26** | **2026.27** |
| **HRA CAPITAL PROGRAMME** | | | | | | |
| Stock capital investment | 27,412,643 | 32,957,045 | 29,735,320 | 29,334,867 | 34,483,369 | 32,543,372 |
| Other Improvements | 0 | 0 | 0 | 0 | 0 | 0 |
| Development/Acquisition | 71,400,524 | 71,785,864 | 66,208,239 | 47,535,664 | 44,365,744 | 42,322,855 |
| Demolition | 16,659,187 | 31,317,997 | 62,479,624 | 109,861,475 | 95,389,830 | 89,597,517 |
| Other Regeneration | 25,498,630 | 34,581,227 | 22,548,308 | 8,583,320 | 6,335,880 | 12,049,735 |
| **Capital programme** | **140,970,984** | **170,642,133** | **180,971,492** | **195,315,326** | **180,574,823** | **176,513,480** |
| **Scheduled Debt Repayment** | 0 | 0 | 0 | 0 | 0 | 0 |
| *Financed by...* | | | | | | |
| Major Repairs Reserve | -22,682,680 | -9,480,294 | -9,659,419 | -9,842,128 | -10,028,490 | -10,218,580 |
| RTB receipts (Allowable Debt) | -1,065,028 | -1,072,634 | -1,080,254 | -1,087,889 | -1,081,427 | -1,074,836 |
| 1-4-1 receipts | -5,020,224 | -13,976,516 | -13,016,287 | -13,536,864 | -11,181,874 | -8,717,642 |
| Other receipts and grants | -7,828,727 | -16,626,391 | -75,782,440 | -40,219,423 | -96,638,650 | -60,774,135 |
| Revenue contributions | -14,973,302 | -4,891,315 | -2,906,837 | -4,519,818 | -10,517,968 | -8,423,608 |
| HRA borrowing | -89,401,023 | -124,594,984 | -78,526,254 | -126,109,204 | -51,126,414 | -87,304,680 |
| **Capital financing** | **-140,970,984** | **-170,642,133** | **-180,971,492** | **-195,315,326** | **-180,574,823** | **-176,513,480** |

The capital programme incorporates the HRA capital funding requirements for the 12 Estates HWR JVLLP and sets aside sufficient capital resources to fund the acquisition of 321 affordable dwellings (30% affordable) from the Bridge Close HWR JVLLP. These commitments will require the Council (HRA) to borrow an additional £557m by the close of 2026/27.

## Risks

### Legal implications and risks:

Under Part VI of the Local Government and Housing Act 1989, any local authority that owns more than 200 units of housing stock is obliged to maintain a Housing Revenue Account. The HRA is a record of revenue expenditure and income in relation to an authority's own housing stock. The items to be credited and debited to the HRA are prescribed by statute[i]. It is a ring-fenced account within the authority's General Fund, which means that local authorities have no general discretion to transfer sums into or out of the HRA.

By section 76 of the Local Government and Housing Act 1989, the Council is required in January and February each year to prepare, and make available for public inspection, proposals relating to the income of the authority from rents and other charges, expenditure in respect of repair, maintenance, supervision and management of HRA property and other prescribed matters. The proposals should be made on the best assumptions and estimates available and should be designed to secure that the housing revenue account for the coming year does not show a debit balance. The report sets out information relevant to these considerations.

Section 76 also places a duty on local housing authorities: (a) to ensure that the annual budget for their HRA avoids a deficit; (b) to review and if necessary, revise that budget from time to time and (c) if it seems that an end-of-year deficit may occur, to take all reasonably practicable steps to avoid it. The proposed HRA budget fulfils these requirements.

The report seeks approval for major investment estimates in relation to a variety of schemes. In compliance with Section 151 of the Local Government Act 1972, the Council has in place Financial Regulations and Financial Procedures that provide appropriate arrangements for the approval of major works estimates. The various major works schemes must be capable of being carried out within the Council's statutory powers. To the extent that the details of the schemes appear from the body of the report, it does appear that the proposed works meet this requirement. In particular the maintenance and repaid of dwellings may be considered consistent with the Council's repairing obligations under Sections 9A[ii] and 11 of the Landlord and Tenant Act 1985.

The regulator may under section 194(2A) of the Housing and Regeneration Act 2008 set standards for registered providers requiring them to comply with specified rules about their levels of rent (and the rules may, in particular, include provision for minimum or maximum levels of rent or levels of increase or decrease of rent). The current Rent Standard allows for a rent increase of CPI +1% and so the proposed rent increase as set out within in this paper is in line with the Rent Standard.

The Equality Act 2010 requires the Council to have due regard to the public sector equality duty when carrying out its functions and have due regard to the need to eliminate discrimination and advance equality of opportunity. They must also show they have carried out an Equality Impact Assessment in reaching such decisions as introducing charges to tenants.

**Human Resources implications and risks:**

There are no HR implications arising from this report.

**Equalities, Health and Well-being implications and risks:**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Equality Act 2010.
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An equalities impact assessment has been carried out and is attached as appendix 3. Of note, central government influences rent levels and the rent increases proposed within this report will be affordable to households on welfare benefits. Furthermore, best practice and guidance dictates that service charges should be set at a level that covers the cost of providing the service to which the charge relates. Therefore, the Council cannot operate in an unfettered way within regard to the rents and service charges it sets. That said, the Council has examined the proposals in this report from an equalities perspective.

68% of council tenants are in receipt of welfare benefits and this rises to 75% for tenants over 65 years old. The proposed rents and service charges eligible for housing benefit, or universal credit, are within the benefit caps for Havering, therefore those in most financial hardship, which can include particular minority groups, will be protected.

The investment in new homes through the HRA will benefit those in housing need in the borough and will therefore have a positive impact on households with protected characteristics. With the higher percentage of people with disabilities and disadvantages, the ongoing partnership working and future opportunities for engaging with those groups to improve overall health and wellbeing is essential.

The Council will monitor the impact of the increase across protected characteristics. We will ensure that anyone affected by the increase has equal access to advice and information in relation to income maximisation should they be unable to meet their rent/service charge liabilities. We will follow the guidelines set out in the income maximisation policy. The EqHIA will be updated in 6 months with information provided through the monitoring process and if required further activity will be undertaken to mitigate any adverse impact.

## BACKGROUND PAPERS

| | |
|---|---|
| **Appendix 1a** | Draft 2022/23– 2026/27 HRA Major Works |
| **Appendix 1b** | 2022/23– 2026/27 HRA Regeneration and Acquisition Programme. |
| **Appendix 2a:** | Draft HRA Projections from Business Plan - Years 1-10. |
| **Appendix 2b:** | Draft HRA Capital Investment Requirement Projection from Business Plan |
| **Appendix 3** | Equalities & Health Impact Assessment |

# APPENDICES

## Appendix 1a – Draft 2022/23– 2026/27 HRA Major Works Capital

| Work Stream | 2021/22 | | 2022/23 | | 2023/2024 | | 2024/25 | | 2025/26 | | 2026/27 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Decent Homes Works - Internals | £ | 4,045,667 | £ | 5,427,512 | £ | 4,949,402 | £ | 4,699,402 | £ | 5,199,402 | £ | 5,981,179 |
| Decent Homes Works - External | £ | 3,443,299 | £ | 6,935,138 | £ | 5,685,138 | £ | 3,685,138 | £ | 3,935,138 | £ | 8,438,364 |
| Environment Improvement Works | £ | 3,094,291 | £ | 9,944,291 | £ | 2,494,291 | £ | 1,994,291 | £ | 1,994,291 | £ | 3,493,052 |
| Energy Saving works | £ | 3,025,280 | £ | 5,000,280 | £ | 4,000,280 | £ | 6,000,280 | £ | 10,000,280 | £ | 5,004,000 |
| Garages and garage site Work | £ | 1,185,142 | £ | 684,142 | £ | 634,142 | £ | 634,142 | £ | 634,142 | £ | 228,731 |
| Residents Safety Related Works | £ | 7,427,600 | £ | 6,200,000 | £ | 5,900,000 | £ | 5,800,000 | £ | 5,800,000 | £ | 250,000 |
| Stock alignment | £ | 1,217,400 | £ | 2,150,000 | £ | 1,150,000 | £ | 1,150,000 | £ | 1,150,000 | £ | 1,200,000 |
| Professional Support Services | £ | 1,075,000 | £ | 690,000 | £ | 690,000 | £ | 690,000 | £ | 690,000 | £ | 185,000 |
| Unidentified Asset Works | £ | 200,000 | £ | 200,000 | £ | 200,000 | £ | 200,000 | £ | 200,000 | £ | 200,000 |
| Regeneration voids | £ | 500,000 | £ | - | £ | - | £ | - | £ | - | £ | - |
| Cyclical works | £ | - | £ | 1,065,000 | £ | 1,080,300 | £ | 1,095,906 | £ | 1,111,824 | £ | 1,020,606 |
| Capitalisation of Salaries | £ | 717,000 | £ | 717,000 | £ | 717,000 | £ | 717,000 | £ | 717,000 | £ | 717,000 |
| Leaseholder Works | £ | 873,260 | £ | 873,260 | £ | 873,260 | £ | 873,260 | £ | 3,069,158 | £ | 873,260 |
| Multi disciplinary team | £ | 450,000 | £ | 450,000 | £ | 450,000 | £ | 450,000 | £ | - | £ | 450,000 |
| | | | | | | | | | | | | |
| **Total** | **£** | **27,253,939** | **£** | **40,336,623** | **£** | **28,823,813** | **£** | **27,989,419** | **£** | **34,501,235** | **£** | **28,041,191** |

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## Appendix 1b - 2022/23– 2026/27 HRA Regeneration and Acquisition Programme.

| | | | | | | |
|---|---|---|---|---|---|---|
| **HRA BUDGET REPORT - 5 YEARS** | **2022.23** | **2023.24** | **2024.25** | **2025.26** | **2026.27** | **5 year** |
| | **£m** | **£m** | **£m** | **£m** | **£m** | **Totals** |
| | | | | | | |
| **12 Estates Budgets** | | | | | | |
| Affordable Housing (inc SDLT) | 27.649 | 50.115 | 36.986 | 30.586 | 16.865 | 162.200 |
| Partner Loan (Land) | 3.981 | 0.395 | 0.077 | 0.018 | 1.669 | 6.139 |
| Partner Loan (Cash) | 15.193 | 18.518 | 3.969 | 6.318 | 10.381 | 54.379 |
| Forward Funding | 20.447 | 16.659 | 16.043 | 19.330 | 21.367 | 93.847 |
| Vacant Possession | 3.971 | 6.408 | 10.050 | 9.213 | 9.213 | 38.854 |
| Tenant compensation | 3.807 | 2.252 | 0.500 | 0.500 | 0.500 | 7.559 |
| Demolition & Other Costs | 10.871 | 0.300 | 0.000 | 0.000 | 0.000 | 11.171 |
| **Total 12 Estates Gross Budget** | **85.917** | **94.647** | **67.625** | **65.965** | **59.994** | **374.148** |
| | | | | | | |
| **Bridge Close Budgets** | | | | | | |
| Partner Loan (Cash) | 15.408 | 3.635 | 4.537 | 0.000 | 0.000 | 23.580 |
| Forward Funding | 0.000 | 45.520 | 93.818 | 76.059 | 68.230 | 283.628 |
| **Total Bridge Close Gross Budget** | **15.408** | **49.155** | **98.356** | **76.059** | **68.230** | **307.209** |
| | | | | | | |
| **Other Regeneration Schemes** | | | | | | |
| NW Romford | 0.000 | 0.000 | 0.000 | 4.068 | 15.745 | 19.813 |
| HRA Buybacks | 20.000 | 0.000 | 0.000 | 0.000 | 0.000 | 20.000 |
| Welcome Centre | 8.928 | 4.783 | 0.000 | 0.000 | 0.000 | 13.711 |
| Crow Lane | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| MLH Schemes | 6.282 | 2.650 | 0.000 | 0.000 | 0.000 | 8.932 |
| HRA Prev New Build | 1.150 | 0.000 | 0.000 | 0.000 | 0.000 | 1.150 |
| **Total Other Regen Schemes** | **36.360** | **7.433** | **0.000** | **4.068** | **15.745** | **63.606** |
| | | | | | | |
| **Total HRA Regeneration Schemes** | **137.685** | **151.236** | **165.980** | **146.091** | **143.970** | **744.963** |

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## Appendix 2a: Draft HRA Projections from Business Plan - Years 1-10.

| Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Financial Year | 2021.22 | 2022.23 | 2023.24 | 2024.25 | 2025.26 | 2026.27 | 2027.28 | 2028.29 | 2029.30 | 2030.31 | 2031.32 |
| **HRA 30 YEAR SUMMARY** | | | | | | | | | | | |
| Dwelling rents | 48,012,648 | 50,709,466 | 53,343,743 | 55,761,864 | 57,735,081 | 60,198,580 | 62,168,361 | 65,211,882 | 67,364,902 | 69,778,728 | 72,517,339 |
| Non-dwelling rents | 332,080 | 338,722 | 345,496 | 352,406 | 359,454 | 366,643 | 373,976 | 381,456 | 389,085 | 396,866 | 404,804 |
| Service charge income | 7,841,120 | 7,997,942 | 8,157,901 | 8,321,059 | 8,487,480 | 8,657,230 | 8,830,375 | 9,006,982 | 9,187,122 | 9,370,864 | 9,558,282 |
| Other income and contributions | 1,111,810 | 1,710,451 | 2,015,742 | 3,929,810 | 12,925,818 | 10,899,136 | 8,087,022 | 11,886,839 | 15,067,904 | 12,480,592 | 19,770,479 |
| **Total income** | **57,297,658** | **60,756,582** | **63,862,883** | **68,365,139** | **79,507,833** | **80,121,589** | **79,459,734** | **86,487,158** | **92,009,013** | **92,027,051** | **102,250,903** |
| Repairs & maintenance | 8,116,930 | 11,560,890 | 12,747,661 | 12,368,075 | 12,970,693 | 13,264,322 | 13,546,159 | 13,909,839 | 14,200,591 | 14,504,693 | 14,834,169 |
| Management (incl RRT) | 25,072,100 | 25,691,743 | 26,388,602 | 27,057,956 | 27,741,531 | 28,543,219 | 29,240,448 | 30,092,619 | 30,874,370 | 31,679,382 | 32,538,693 |
| Bad debts | 683,001 | 514,011 | 540,788 | 565,357 | 585,419 | 610,482 | 630,506 | 661,485 | 683,376 | 707,926 | 735,789 |
| Dwelling Depreciation | 9,304,680 | 9,480,294 | 9,659,419 | 9,842,128 | 10,028,490 | 10,218,580 | 10,422,952 | 10,631,411 | 10,844,039 | 11,060,920 | 11,282,138 |
| Debt management | 47,820 | 48,776 | 49,752 | 50,747 | 51,762 | 52,797 | 53,853 | 54,930 | 56,029 | 57,149 | 58,292 |
| **Total costs** | **43,224,531** | **47,295,714** | **49,386,222** | **49,884,263** | **51,377,895** | **52,689,400** | **53,893,918** | **55,350,284** | **56,658,405** | **58,010,070** | **59,449,082** |
| **Net income from services** | **14,073,127** | **13,460,868** | **14,476,661** | **18,480,876** | **28,129,938** | **27,432,189** | **25,565,816** | **31,136,874** | **35,350,608** | **34,016,980** | **42,801,821** |
| Interest payable | -7,056,078 | -10,153,695 | -12,627,006 | -14,805,244 | -18,244,452 | -20,224,675 | -22,765,738 | -24,258,509 | -23,578,953 | -23,005,026 | -22,622,259 |
| Interest income | 579,729 | 761,996 | 745,668 | 586,408 | 303,869 | 501,622 | 600,142 | 886,499 | 726,099 | 497,610 | 74,527 |
| **Net income/expenditure before appropri** | **7,596,777** | **4,069,169** | **2,595,323** | **4,262,040** | **10,189,356** | **7,709,136** | **3,400,220** | **7,764,864** | **12,497,754** | **11,509,564** | **20,254,090** |
| Set aside for debt repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -7,511,585 | -11,741,758 | -11,448,247 | -7,489,505 |
| Revenue contributions to capital | -14,624,777 | -3,869,169 | -2,391,323 | -4,053,960 | -9,977,114 | -7,492,649 | -3,179,404 | 0 | 0 | 0 | -12,906,857 |
| **Net HRA Surplus/Deficit** | **-7,028,000** | **200,000** | **204,000** | **208,080** | **212,242** | **216,486** | **220,816** | **253,279** | **755,996** | **61,318** | **-142,273** |
| **HRA Balance brought forward** | **17,028,000** | **10,000,000** | **10,200,000** | **10,404,000** | **10,612,080** | **10,824,322** | **11,040,808** | **11,261,624** | **11,514,903** | **12,270,899** | **12,332,217** |
| HRA surplus/(deficit) | -7,028,000 | 200,000 | 204,000 | 208,080 | 212,242 | 216,486 | 220,816 | 253,279 | 755,996 | 61,318 | -142,273 |
| **HRA Balance carried forward** | **10,000,000** | **10,200,000** | **10,404,000** | **10,612,080** | **10,824,322** | **11,040,808** | **11,261,624** | **11,514,903** | **12,270,899** | **12,332,217** | **12,189,944** |

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## Appendix 2b: Draft HRA Capital Investment Requirement Projection from Business Plan

| Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Financial Year | 2021.22 | 2022.23 | 2023.24 | 2024.25 | 2025.26 | 2026.27 | 2027.28 | 2028.29 | 2029.30 | 2030.31 | 2031.32 |
| **HRA CAPITAL PROGRAMME** | | | | | | | | | | | |
| Stock capital investment | 42,495,543 | 39,873,218 | 29,735,320 | 29,334,867 | 34,483,369 | 32,543,372 | 33,226,162 | 33,903,719 | 34,611,491 | 35,397,860 | 34,569,584 |
| Other Improvements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Development/Acquisition | 88,330,018 | 62,084,656 | 59,800,635 | 46,717,442 | 44,365,744 | 42,322,855 | 45,869,466 | 44,561,256 | 45,169,018 | 34,554,600 | 16,658,247 |
| Demolition | 31,059,976 | 16,917,208 | 66,068,202 | 109,957,224 | 95,549,134 | 89,686,012 | 100,597,428 | 36,110,790 | 24,034,269 | 23,051,670 | 18,767,786 |
| Other Regeneration | 14,633,453 | 26,259,588 | 22,519,075 | 8,585,033 | 6,335,880 | 12,049,735 | 12,548,418 | 15,440,380 | 6,548,029 | 913,521 | 0 |
| **Capital programme** | **176,518,990** | **145,134,670** | **178,123,232** | **194,594,567** | **180,734,126** | **176,601,975** | **192,241,474** | **130,016,145** | **110,362,808** | **93,917,649** | **69,995,617** |
| **Scheduled Debt Repayment** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *Financed by...* | | | | | | | | | | | |
| Major Repairs Reserve | -22,682,680 | -9,480,294 | -9,659,419 | -9,842,128 | -10,028,490 | -10,218,580 | -10,422,952 | 8,732,942 | 568,465 | -5,201,399 | -11,282,138 |
| RTB receipts (Allowable Debt) | -1,065,028 | -1,072,634 | -1,080,254 | -1,087,889 | -1,081,427 | -1,074,836 | -1,068,112 | -1,061,255 | -1,054,260 | -1,047,125 | -1,039,848 |
| 1-4-1 receipts | -7,209,062 | -11,146,098 | -12,988,383 | -13,526,153 | -11,181,259 | -8,711,930 | -9,758,238 | -3,202,039 | -864,081 | -38,108 | 0 |
| Other receipts and grants | -4,717,164 | -19,737,954 | -75,364,397 | -40,239,552 | -96,628,684 | -60,652,484 | -99,898,480 | -134,485,793 | -109,012,931 | -87,631,018 | -44,763,028 |
| Revenue contributions | -14,624,777 | -3,869,169 | -2,391,323 | -4,053,960 | -9,977,114 | -7,492,649 | -3,179,404 | 0 | 0 | 0 | -12,906,857 |
| HRA borrowing | -126,220,278 | -99,828,522 | -76,639,456 | -125,844,884 | -51,837,152 | -88,451,496 | -67,914,289 | 0 | 0 | 0 | -3,746 |
| **Capital financing** | **-176,518,990** | **-145,134,670** | **-178,123,232** | **-194,594,567** | **-180,734,126** | **-176,601,975** | **-192,241,474** | **-130,016,145** | **-110,362,808** | **-93,917,649** | **-69,995,617** |
| **Net balance on capital programme** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| *Alert* | | | | | | | | | | | |
| **Major Repairs Reserve b/fwd** | **13,378,000** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| HRA depreciation (net) | 9,304,680 | 9,480,294 | 9,659,419 | 9,842,128 | 10,028,490 | 10,218,580 | 10,422,952 | 10,631,411 | 10,844,039 | 11,060,920 | 11,282,138 |
| Financing for capital programme | -22,682,680 | -9,480,294 | -9,659,419 | -9,842,128 | -10,028,490 | -10,218,580 | -10,422,952 | 8,732,942 | 568,465 | -5,201,399 | -11,282,138 |
| Debt Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Repayment (Max) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -19,364,353 | -11,412,504 | -5,859,521 | 0 |
| **Major Repairs Reserve c/fwd** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |