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EXECUTIVE

8 DECEMBER 2021

SUPPLEMENTARY AGENDA 1

PART I

9. HOUSING REVENUE ACCOUNT (HRA): DRAFT HRA BUDGET 2022/23; HRA MEDIUM TERM FINANCIAL STRATEGY 2021/22 - 2025/26; AND HRA BUSINESS PLAN REVIEW 2021

To consider the draft HRA Budget for 2022/23 (including rent levels and service charges), HRA Medium Term Financial Strategy 2021/22 – 2025/26, and HRA Business Plan Review 2021.
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Supplementary Agenda Published 3 December 2021

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Part I – Release to Press

Stevenage BOROUGH COUNCIL

Meeting	EXECUTIVE
Portfolio Area	RESOURCES/ HOUSING, HEALTH AND OLDER PEOPLE
Date	8 December 2021

HOUSING REVENUE ACCOUNT: BUDGET 2022/23; MEDIUM TERM FINANCIAL STRATEGY (2021/22 - 2025/26); AND HRA BUSINESS PLAN REVIEW 2021

KEY DECISION

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1 PURPOSE

1.1 To update Members on the draft proposals on the Housing Revenue Account (HRA) budgets and rent setting for 2022/23, to be considered by Council on 26 January 2022.

1.2 To update Members on the formula for setting rents for 2022/23.

1.3 To propose the HRA rents for 2022/23.

1.4 To propose the HRA service charges for 2022/23.

1.5 To update Members on the 2021/22 and 2022/23 HRA budget, incorporating the Making Your Money Count options and fees and charges.

1.6 To advise Members on the current and future position of the Council's Housing Revenue Account budget over the next five years.

2 RECOMMENDATIONS

2.1 That HRA rent on dwellings be increased, week commencing 4 April 2022 by 4.1% which is an average increase of £4.06 for social rents, £6.60 for affordable rents and £4.74 for Low Start Shared Ownership homes per week (based on a 52-week year). This has been calculated using the rent formula, CPI + 1% in line with the governments rent policy as set out in paragraph 4.1.1.

2.2 The draft 2022/23 HRA budget be approved, as set out in Appendix A. This may be subject to change as a result of any consultation and the finalisation of recharges from the General Fund.

2.3 Members note that the final HRA rent setting budget for 2022/23 be presented to the Executive on the 21 January 2022 and Council on 26 January 2022.

2.4 That key partners and other stakeholders be consulted, and views fed back into the 2022/23 budget setting process.

2.5 For modelling purposes, unless specified, fees and charges increases are in line with inflation.

2.6 For modelling purposes, the updated inflation assumptions used in the Medium-Term Financial Strategy be approved.

2.7 The Capital Programme assumptions contained within the report are approved for the existing programme and new build properties and incorporated into the 2022/23 budget.

2.8 Borrowing to fund capital projects in 2022/23 of £15.7M be approved and that future years are considered annually in line with anticipated expenditure.

2.9 The minimum level of balances for the HRA Business Plan, set as a minimum £3Million be noted.

2.10 The reserve of £3.4Million, to mitigate against future interest rate volatility and a reserve to accommodate future debt repayment be noted.

2.11 If material changes to forecasts are required following further Government announcements, the Assistant Director (Finance and Estates) be requested to revise the Medium Term Financial Strategy and re-present it to the Executive for approval.

2.12 Trade Unions and staff be consulted on the key messages contained within the Medium Term Financial Strategies and more specifically when drawing up any proposals where there is a risk of redundancy.

3 BACKGROUND

3.1 BUDGET 2022/23

3.1.1 The HRA is a legally ring fenced account that records the income and expenditure relating to the operation of the Council's housing stock. The main costs in the HRA relate to management, maintenance, depreciation (used to finance capital works) and interest on loans. This is mainly funded from rents that make up the majority of HRA income. Any surpluses are held in the ring fenced area and are used to contribute towards capital and offset years where the account may be in deficit.

3.1.2 The sustainability of the HRA is mainly reliant on rent levels and last year saw a lower level of inflation than expected in the business plan (0.5% compared to 2.2%). This not only impacts the current year, but has a large cumulative effect on the 30 year plan. However, interest rates on borrowing were lower than forecast and the inflation in September 2021 has been much higher than anticipated, offsetting the lower income levels from last year.

3.1.3 For 2022/23 rent setting there has been no change to the government rent policy issued in 2020, this allows for social housing providers to increase rents by the Consumer Prices Index (CPI) +1% for a five-year period. Guidance released in November 2020 does allow local authorities to breach this cap in circumstances of exceptional financial hardship. However, this would not currently apply to Stevenage Borough Council's HRA.

3.1.4 There are still developing policy issues in the HRA regarding the decent homes standard and regulation of the sector. Also environmental improvements, like decarbonisation of the housing stock and building safety regulations continue to evolve. Estimates for the some of the potential impact of changes in these areas have been included in the budget plans, but these will need to be refined as the impact becomes clearer and an update in the 30 year business plan in the summer 2022.

3.1.5 The Government have finally concluded their reforms of the 'Use of Right to Buy (RTB) Receipts'. The system has now been greatly simplified, requiring annual, rather than quarterly, returns and accounting. Councils have also been given 5 years to spend receipts instead of 3 under the old rules. The percentage of receipts used in new acquisitions has been increased from 30% to 40%, reducing the additional contribution needed from HRA resources to use the receipts. However, a limit has been placed on acquisitions of existing properties through open market purchase, to be phased in over the next 3 years. While this could limit opportunities in the future, with current development plans this is unlikely to be an issue in the medium term and overall the changes have been beneficial for the Council.

3.1.6 Like other Council services the HRA continues to be impacted by the COVID pandemic. In particular, rent arrears have not reduced from the height of the crisis and are still very high. The potential for further issues resulting from the re-commencement of enforcement action and the continued roll out of Universal Credit, will be monitored carefully in the coming months. In some areas of the service there are still operational pressures caused by the pandemic. Most notably in Independent Living, due to increased COVID safety measures. The known impacts have been reflected in the budget proposals.

3.1.7 The total number of HRA homes in management on 14 October 2021 is summarised in the table below. The average rents for 2022/23 are based on current housing stock, any right to buys or new schemes after this date may change the average rent per property type.

Stock Numbers at 14/10/2021	Social	Affordable	Sheltered	LSSO	Homeless	Total
Number of Properties	6,819	35	837	80	174	7,945

3.1.8 The assumptions in the HRA MTFS are summarised in the table below.

Financial Assumptions included in the HRA MTFS and December FS report	2021/22	2022/23
Rent & Service Charge Increases	CPI+1% or 1.5%	CPI+1% or 4.1%
New Build policy	50% Affordable 50% Social	
Right-to-Buys	35	35
Making Your Money Count Options	£366,440	£57,370
Growth bids	£224,444	£1,418,460
Growth bids Business Plan	£250,000	£0
Financial Assumptions included in the HRA MTFS and December FS report	**2021/22**	**2022/23**
New Build - Number of Units (HRA BP)	29	179
Repayment of Debt	0	0
New loans	26,602,339	15,640,000
Capital Deficit in the Business Plan	0	0

3.1.9 The Budget and Policy Framework Procedure Rules in the Constitution prescribe the Budget setting process, which includes a minimum consultation period of three weeks. Under Article 4 of the Constitution, the Budget also includes: the allocation of financial resources to different services and projects; proposed contingency funds; setting the rents; decisions relating to the control of the Council's borrowing requirement; the control of its capital expenditure; and the setting of virement limits.

3.2 THE HOUSING REVENUE ACCOUNT BUSINESS PLAN AND MEDIUM-TERM FINANCIAL STRATEGY (MTFS)

3.2.1 The HRA Business Plan and MTFS are the Council's key Housing Revenue Account financial planning documents, setting out the Council's strategic approach to the management of its housing stock.

3.2.2 The HRA Business Plan is the 30-year plan which demonstrates that the Council's management of the housing stock and capital works are affordable within the funds available and allows for sufficient funding to pay for the interest and debt repayments. The MTFS looks at these plans over a five-year horizon and is a check that the HRA Business Plan is still financially viable.

3.2.3 The HRA Business Plan underpins the Council's key housing priorities for Stevenage as set out in the Future Town Future Council agenda "Excellent Council Homes" and "Housing Development" and in the Housing Asset Management Strategy. In delivering against corporate priorities and housing service objectives within the resources available, the HRA Business Plan aims to achieve a balance between:

- Spending on housing management, maintenance and support services that meet the needs of our customers and reflect their priorities, whilst maintaining efficiencies
- Investing in the existing housing stock to ensure the ongoing quality and sustainability of our assets
- Investing in new social and affordable rented homes, to seek to replace those lost through the Government's Right to Buy Scheme and to contribute to meeting local housing demand and the needs of an ageing population
- Setting rents and service charges at levels that are affordable and offer value for money to tenants and leaseholders (within national policy constraints), whilst ensuring that a healthy HRA is maintained to enable ongoing investment
- Managing the HRA debt effectively, with sufficient reserves being held to mitigate against current and future volatility in the HRA.

3.2.4 The last revision of the HRA MTFS was presented to members in November 2020 and a summary of the main projections is included below.

HRA Balances	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Opening Balance	(£19,817)	(£23,126)	(£26,254)	(£30,584)	(£35,655)
In Year (Surplus)/Deficit	(£3,309)	(£3,128)	(£4,330)	(£5,071)	£4,800
Closing Balance	(£23,126)	(£26,254)	(£30,584)	(£35,655)	(£30,855)
HRA Business Plan	(£22,373)	(£26,098)	(£30,880)	(£36,891)	(£32,149)
Variance to the HRA Business Plan	(£754)	(£156)	£296	£1,236	£1,294

3.2.5 The projections last year showed a gap opening between the current MTFS and the Business Plan, mainly due to the lower than anticipated rent increase for 2021/22 and timing differences on new development plans caused by the pandemic.

4 Reasons for recommended course of action and other options

4.1 Budget 2022/23

Rents

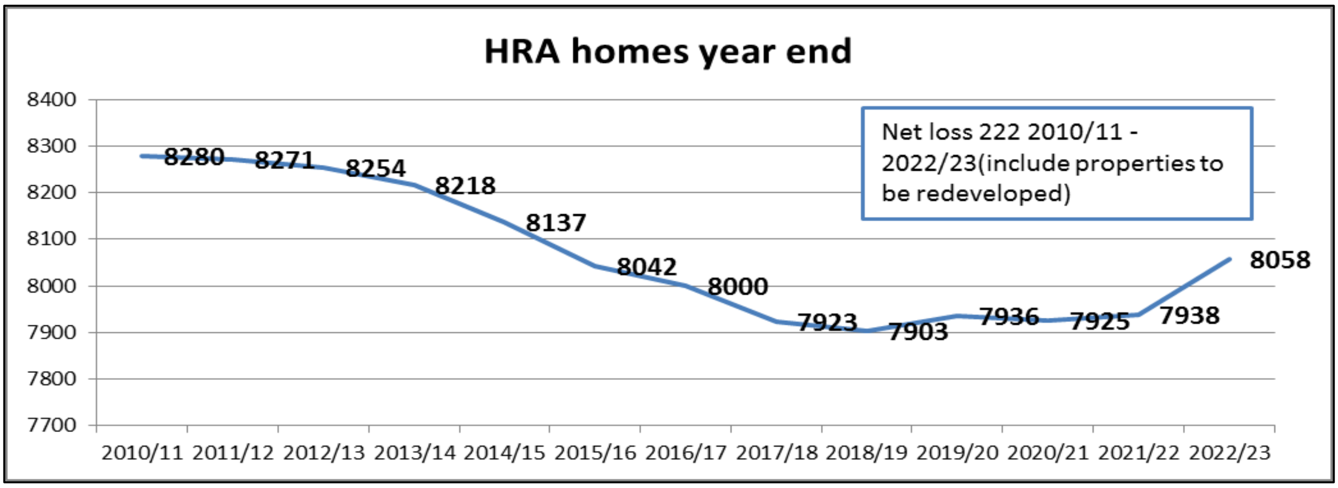
4.1.1 Rents are calculated on a formula of a CPI+1% increase for 2022/23. The CPI inflation increase is based on the September index which was 3.1%, this means the increase for 2022/23 for the council's housing stock is 4.1%.

4.1.2 The proposed average rents for 2022/23 are set out in the table below, there are currently 35 affordable rented properties (ranging from four bedroom-two-bedroom houses and flats).

Average Rents 2022/23	LSSO	Incr./ (decr.) %	social	Increase/ (decrease) %	Affordable	Incr./ (decr.) %
Average Rent 2021/22	£115.59		£99.01		£160.97	
Add rent impact 2022/23	£4.74	4.10%	£4.06	4.10%	£6.60	4.10%
Total 52 week Rent 2022/23	**£120.33**		**£103.07**		**£167.57**	

4.1.3 The net rental income increase for 2022/23 is estimated to be £2.1M, which includes the impacts of estimated right to buys, a significant number of expected new properties and properties taken out of management (awaiting redevelopment).

4.1.4 The total number of properties available is estimated to have reduced by 222 homes between 2010/11 and 2022/23, (based on net impact of RTBs, new homes, homes awaiting development). The forecast numbers for 2022/23 reflect the latest development timetables for schemes like Kenilworth and Symonds Green and an expected lower level of open market purchases, while they are being built.

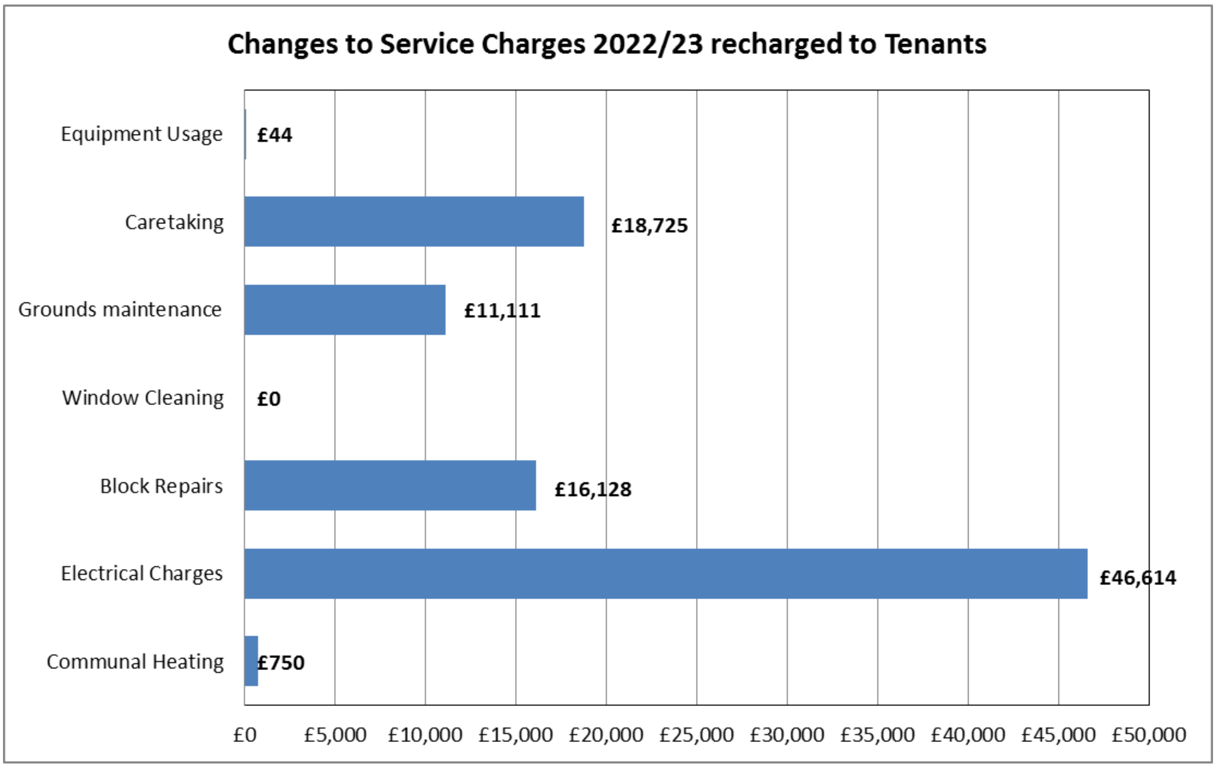


4.2 Service Charges

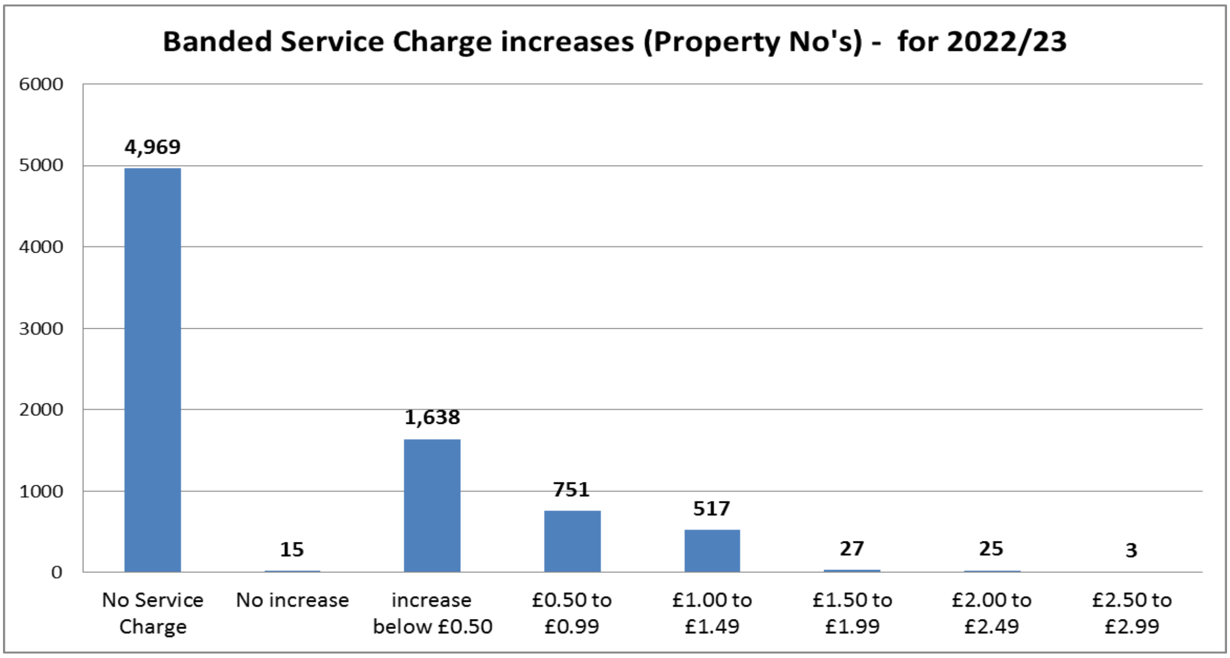
4.2.1 Service charges are calculated for each block individually for the 2976 properties, (2021/22, 2,956) or 37% of current SBC tenanted properties. Service charges currently provided, (eligible for housing benefit) are shown below.

Service Charges:
Caretaking
Grounds maintenance
Window cleaning
Block repairs (including pest control)
Electrical charges
Communal heating

4.2.2 Service charges are not subject to the rental increase of 4.1%, but are based on cost recovery. For 2022/23, service charge costs will increase with inflationary pressures and changes in usage. The chart below identifies the changes between 2021/22 and 2022/23 for service charges. The estimates are based on the projected budgeted costs for 2022/23, with the exception of block repairs, which is 'smoothed' over a five-year period to eliminate individual in-year spikes in repairs spend.



4.2.3 The spread of service charge increases for all tenants in 2022/23 is shown in the chart below. The impact of the changes means that 2,404, or 81%, of homes who receive a charge, will have increases below £1 per week. The highest increases are estimated to be below £3 per week for next year.

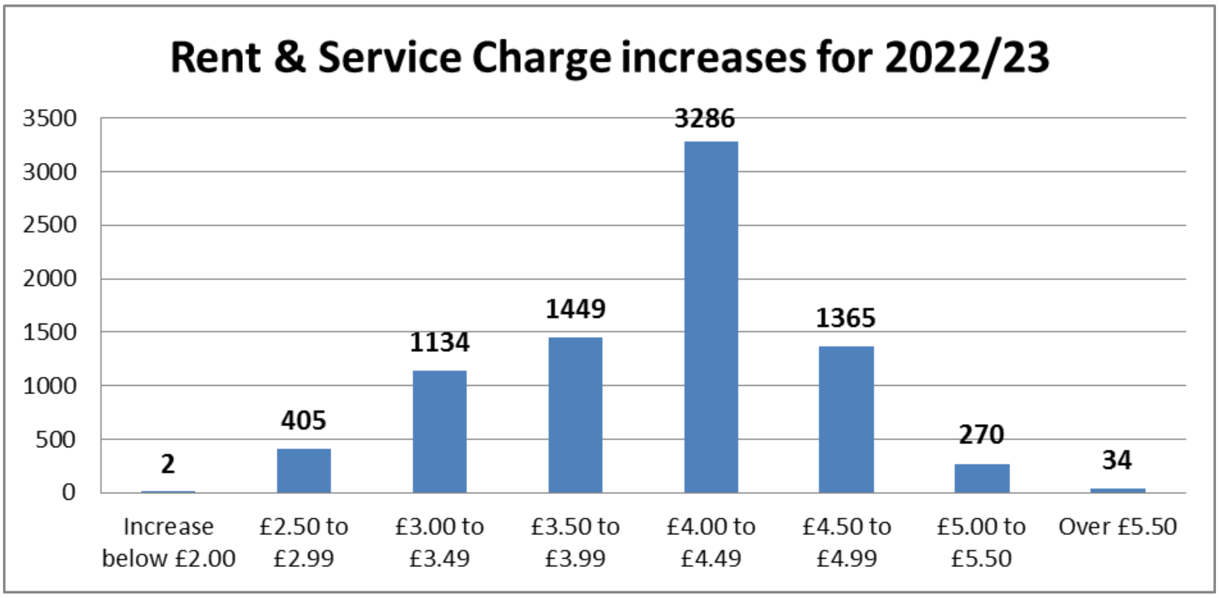


4.3 Rents and Service Charges

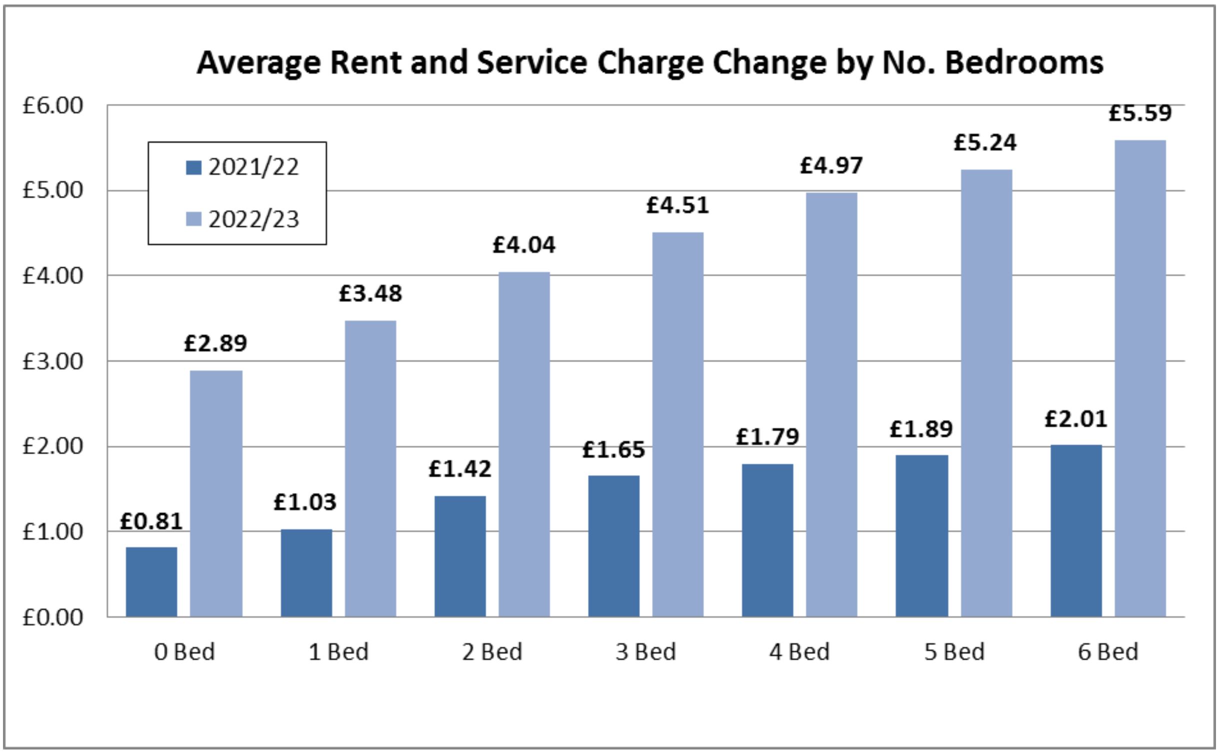
4.3.1 The impact of the 2022/23 rent increase and service charges is:

- 3,286 homes or 41% receive a weekly rent and service charge increase between £4.00 and £4.49, driven by the September CPI. However this is after lower increases for the 2021/22 financial year and rent reductions for the period 2016/17-2019/20.
- 1,541 homes or 19% of households will receive a weekly rent and service charge increase of less than £3.50 (based on 52 weeks).
- There are only 34 properties with an increase of more than £5.50.

4.3.2 The spread of the 2022/23 rent and service charge changes are summarised in the chart below.



4.3.3 The average rent and service charge increase/(decrease) by bedroom size has also been calculated and summarised in the chart below.



4.3.4 The comparison between HRA property rents per week and private sector rents per week, for one to four-bedroom properties, is shown in the table below. A three-bedroom private sector rental property costs an additional 131%, (2021/22,133%) more per week than a SBC council home and 30% more than the affordable let properties,(2021/22 32%).

	SBC Social Rent	SBC Affordable Rent	Median Private Rent	Local Housing Allowance (LHA) 2021/22	Median % v SBC Social	Median % v SBC Affordable
1 Bed Property	£91.87	£143.39	£171.14	£155.34	86%	19%
2 Bed Property	£106.56	£181.93	£226.94	£195.62	113%	25%
3 Bed Property	£118.68	£210.43	£274.30	£241.64	131%	30%
4 Bed Property	£131.13	£252.31	£331.27	£299.18	153%	31%

Private rent Data from ONS as at March 2021 updated by ONS rental inflation for East of England to September 2021. Please note the SBC rents are April 2022 prices and the private rents September 2021 prices.

4.3.5 The Local Housing Allowance (LHA) shown in the table above is the maximum amount of housing benefit payable by property size for private rented properties.

4.4 Borrowing

4.4.1 New loans totalling £29.5M and £15.6M are expected to be taken in the current and next financial years for 2021/22 and 2022/23 Capital Expenditure. However, the decision when to take the new borrowing will be reviewed, weighing up the cost of carry and the prevailing PWLB rates. Any changes made to these plans before January will be included in the final budget report. The interest payable in 2021/22 and 2022/23 is estimated to be £7.489M and £8.277M respectively.

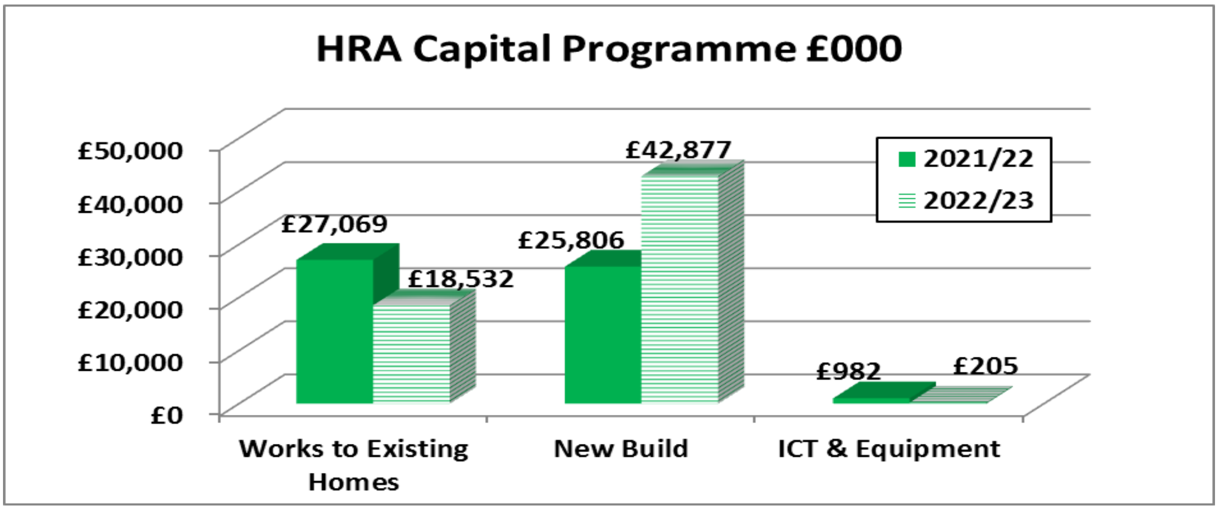
4.4.2 The HRA continues to invest in current and new stock, taking advantage of the new financial freedoms offered by the debt cap removal. These plans have been updated to reflect delivery timescales that have been impacted by the pandemic and material supply issues. However, the overall target investment and outcomes remains consistent with the last business plan.

4.4.3 The Development team have identified a new pipeline of schemes and to ensure any schemes are within the Treasury Management levels for future borrowing (subject to business cases). An allowance of £15M has been built into the treasury management authorised and operational limits to facilitate this.

4.5 Contributions to Capital Expenditure

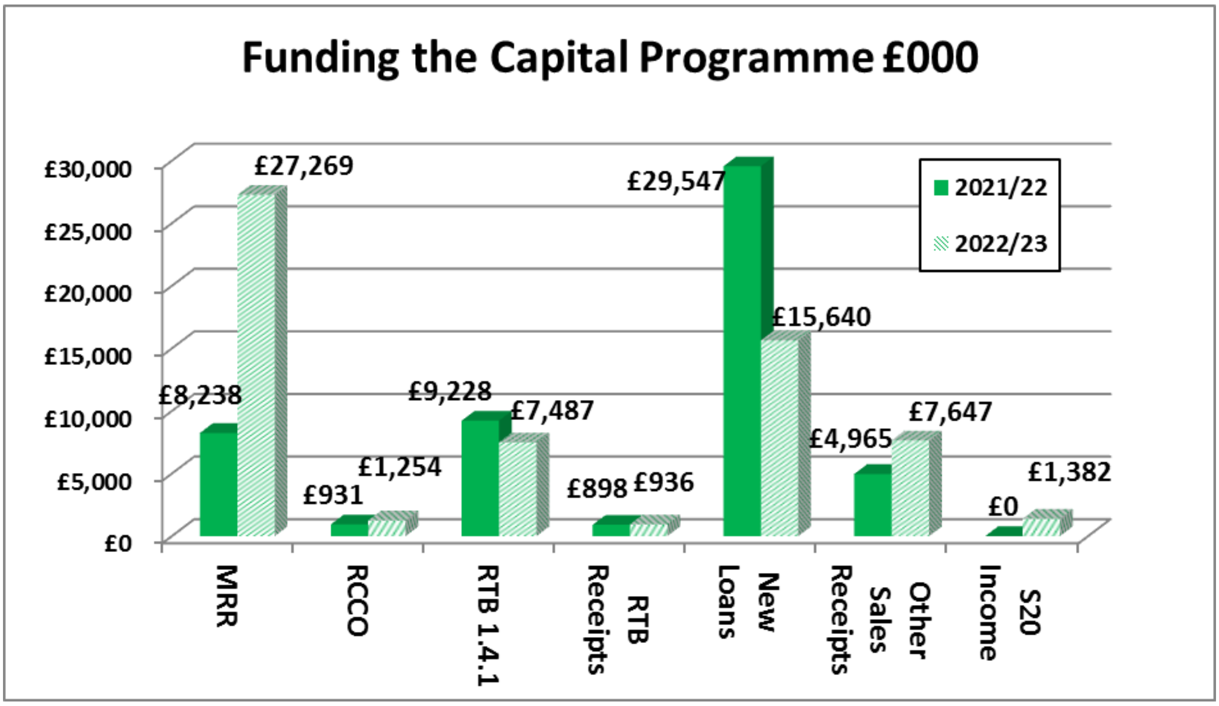
4.5.1 Currently, the Quarter 2 capital forecast for 2021/22 assumes a £931K revenue contribution to capital (RCCO) to compensate for lower depreciation contribution to the Major Repairs Reserve, (than projected in the HRA BP). This will rise to £1.253M in 2022/23 in order to keep capital funding for repairs in line with the current business plan.

4.5.2 The 2022/23 budgeted depreciation allowance required by legislation to be transferred to the Major Repairs Reserve (MRR) to fund the capital programme is £11.9M, an increase of £416K on the 2021/22 amount. A summary of the 2021/22-2022/23 capital programme is shown in the chart below.



4.5.3 The increase in the value of the 2022/23 capital programme compared to the current 2021/22 programme is mainly due to rescheduling of new build schemes, the impact of the Kenilworth scheme and the commencement of work on major new schemes. Expenditure on the existing stock is expected to be lower and this is mainly due to the completion of the sprinkler installation and the scheduling of the Major Repairs Contract (MRC) works.

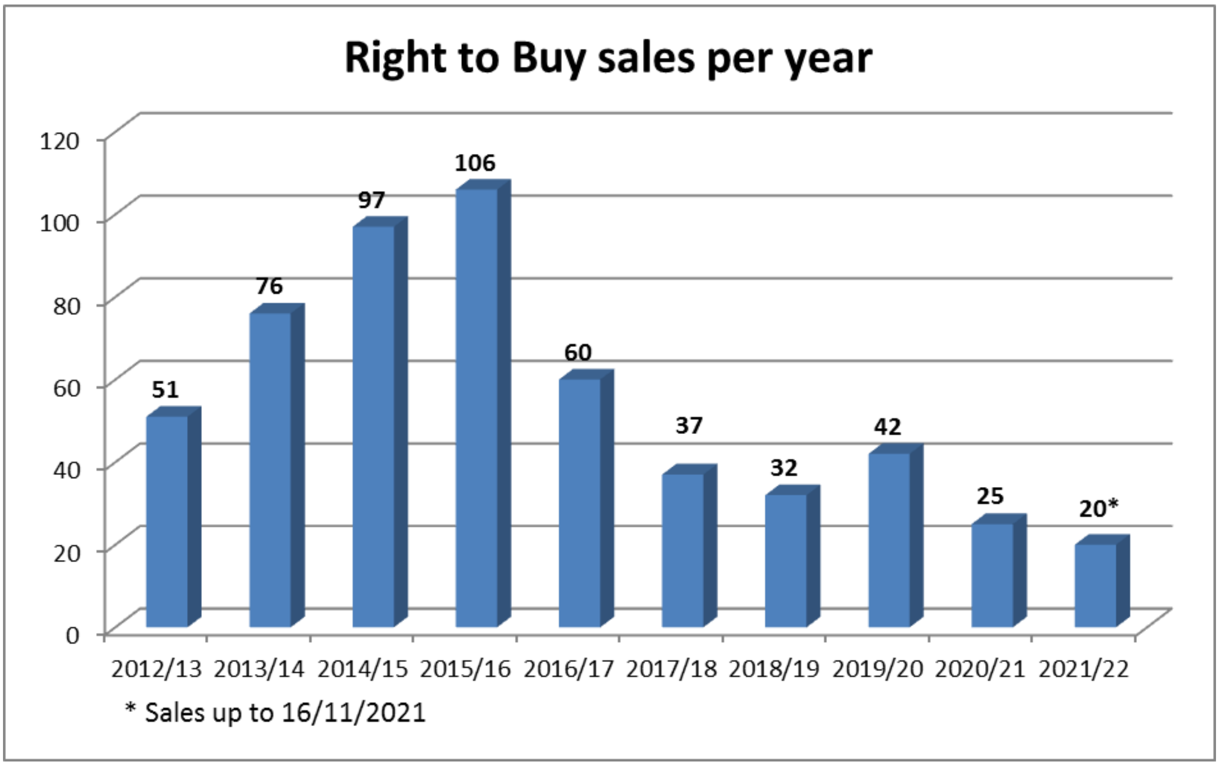
4.5.4 The capital programme funding for 2021/22 and the draft HRA capital programme 2022/23 is summarised in the chart below. This currently shows a shift in funding from new loans to the MRR in 2022/23. However, as stated earlier, this funding may be revised to achieve best value and take advantage of current interest rates. Any growth proposals will also be presented as part of the final budget reports in January.



4.6 Use of One for One Receipts

4.6.1 As mentioned earlier in the report, the Government has now amended the rules regarding the use of capital receipts arising from the sale of Right to Buy properties and the Council has entered into a new retention agreement that reflects these changes. Under the new rules, receipts will be accounted for annually rather than quarterly, the Council will be able to fund up to 40% of new property costs from RTB receipts and the time limit for using the funds has increased from 3 to 5 years. However, a limit on the use of these funds for buying existing properties on the open market is being phased in over the next 3 financial years. As the Council has many major new schemes under way, or planned, it is not expected that this will be a problem in the short to medium term, but depending on sales levels and future development opportunities it may cause problems in the longer term.

4.6.2 As previously reported, sales have reduced considerably from their peak in 2015/16 and this, in combination with the new rule changes, has lowered the risk of the Council needing to pay receipts to the Government. With the removal of the borrowing cap and record low interest rates on loans, the Council is also continuing to invest in new property and has an ambitious programme of new development that is expected to absorb the current level of receipts generated by sales. At the end of 2020/21 the Council had a balance of £10.364M that would need to be spent by 2026/27. Current projections show that these should be fully spent and that no receipts will need to be paid to Government.



4.7 Draft Budget Proposals

4.7.1 The Draft HRA budget is estimated to be a net surplus of £3,236,230, which is a reduction of £184,780 over the revised base budget from 2021/22. The table below shows the main movements in the budget and includes growth proposals for 2022/23.

Summary of 2022/23		
Budget 2021/22		**(£2,719,960)**
Adjusted for "one off" items	(£701,050)	
Revised Base Budget from 2021/22		**(£3,421,010)**
Increases in Income/Reductions in Expenditure:		
Additional Rental Income and other fees and charges	(£2,189,910)	
Reduction in Revenue Contrib to Capital	(£105,500)	
Fees and Charges	(£63,630)	
Interest on Balances	(£108,870)	
Increased Salaries charged to Capital	(£256,480)	
Other minor changes	(£100,450)	
		(£2,824,840)
Increases in Expenditure:		
Increase in loan borrowing interest	£476,770	
Increase in Depreciation trf to MRR	£416,420	
Net Salary Increases for Inflation/NI/Re-grading/Pensions	£358,830	
Contract Inflation	£87,540	
Utility Inflation	£117,940	
GF Recharges Inflation	£133,660	
Net increase in growth / decrease in savings options	£1,418,460	
		£3,009,620
Total Changes:		**£184,780**
Draft HRA 2021/22 budget		**(£3,236,230)**

4.7.2 All HRA balances, in excess of the minimum balance held for assessed risks in year, are required to fund the HRA 30-year capital programme.

HRA Balances:	2021/22 £	2022/23 £
HRA Balance 1 April	(25,394,723)	(26,571,503)
Use of balances in Year	(1,176,780)	(3,236,230)
HRA Balance 31 March	**(26,571,503)**	**(29,807,733)**
Minimum Balances	(2,985,000)	(2,985,000)
Debt Repayments	(23,586,503)	(26,822,733)

4.7.3 The CFO will carry out a risk assessment of the level of balances required in 2022/23 for the HRA. This will be included in the final HRA budget report to the January Executive and Council.

4.8 Consultation

4.8.1 The Council remains committed to working cooperatively with council tenants and leaseholders to shape, strengthen and improve council housing services and sets out a range of options to enable housing customers to be involved.

4.8.2 A PHAG meeting will be held to consider the investment and growth proposals included in the draft budget and feedback taken into consideration before the final budget in agreed in January.

4.8.3 All tenants will be notified of changes to their rent and service charges in February/March 2022.

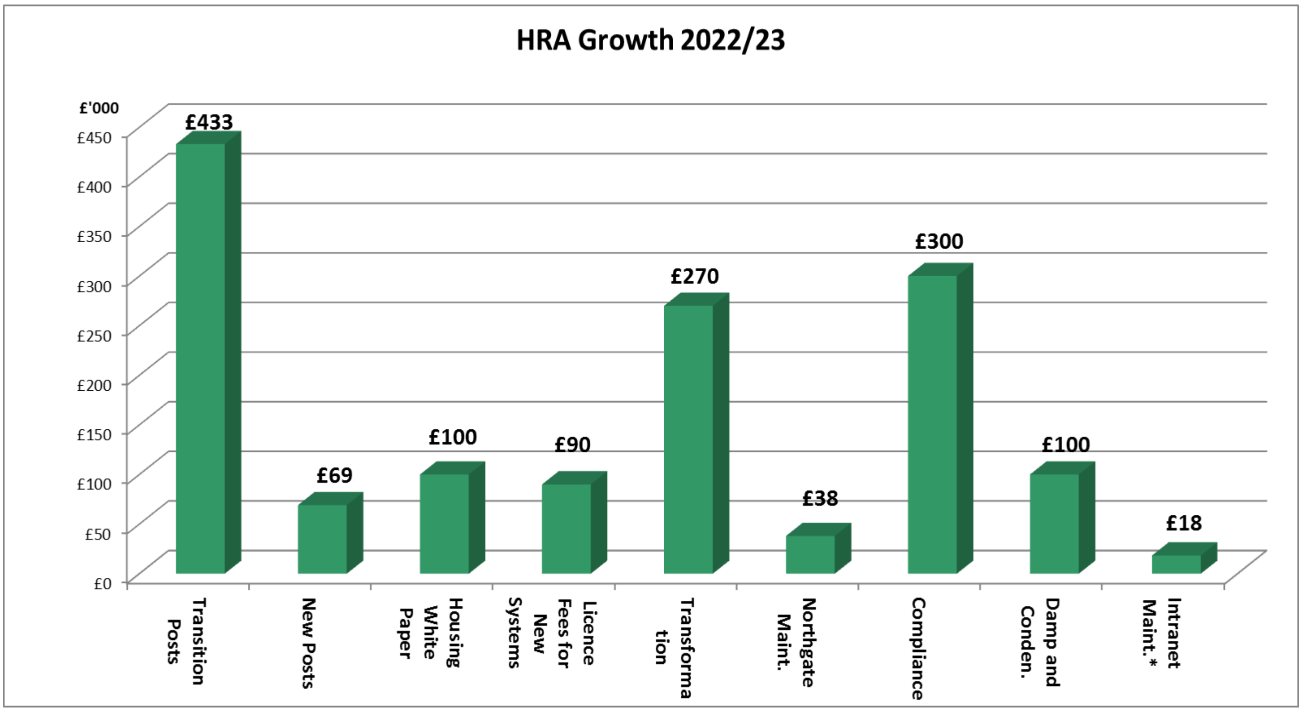
4.9 The 2022/23 making Your Money Count process for the General Fund and HRA

4.9.1 The 2022/23 savings included in the draft 2022/23 budget which total £57,370 for the HRA are subject to approval of the options as set out in the Making Your Money Count report to this Executive. These options were supported by the Leaders Financial Security Group (LFSG) as part of their review during October and November.

4.9.2 Fees and charges totally £63,630 as set out in Appendix D have been included in the draft budget but were not part of the review by the LFSG.

4.10 Growth included in the HRA

4.10.1 The growth included in the 2022/23 HRA budget is summarised in the chart below. Due to the timing of the Draft HRA budget the new growth has been included but has not been reviewed by LSFG, but there is a PHAG (Policy Holder Advisory Group) meeting to be held in advance of the final budget being agreed.



**HRA share of General Fund expenditure*

4.10.2 **Transition Posts (19 FTEs) - £433K**.Following a comprehensive business unit review the establishment of the HRA was reduced, on the assumption that new business process improvements and transformation would lead to efficiencies. However, it was recognised that transition posts would be require to bridge the gap between the old and new structures. The Impact of the pandemic and accommodating new ways of working, has led to a request to fund the transition stage into 2022/23, while the permanent structure is reviewed, to be included in the new HRA Business Plan proposals in the summer.

4.10.3 **New Posts – £69K. (£38K on-going).** Four new permanent posts and one fixed term post have been proposed in the growth for next year. Four of the posts are either fully or part funded through existing capital schemes, or transfers from other budgets, with one new building safety post wholly funded from the revenue budget. Attached as Appendix C, is the detailed rationale for the continued employment of the original 'transition posts along with necessary supporting data. It is important to appreciate that given the continued impact of the pandemic, and the need to recognise that change to existing complex systems and processes will take time to implement, it is not therefore time to make significant adjustments to the present staffing resources. It is however the intention to review the resources required as new housing systems are deployed and the process of refreshing the longer term HRA BP unfolds in the early part of 2022. The outcome of this refresh and anticipated positive impacts on staffing resource will be reported accordingly.

4.10.4 **Housing White Paper £100K.** Officers have requested that a budget of £100K is included in 2022/23 to address the implication of meeting the requirements set out in the recent housing white paper. The timing and extent of any regulatory changes is not currently known, but this will give officers flexibility to respond to this issue. The first consultation paper relating to the Regulators role and the indications in respect of the consumer standards has recently been published. Whilst the £100k has therefore been identified to support any initial response to forth coming legislation the timetable remains uncertain and additional funds may be required during 22/23 depending on the speed at which final legislation or regulatory reform is confirmed.

4.10.5 **Licence Fees £90K. (on-going)** This growth is required to implement three new systems relating to arrears recovery and income management on, customer service insight in line with the White Paper and right to buy administration, to augment the current limited Northgate module. While Northgate remains the primary system for housing services, some specialist functions are better served by separate housing focussed applications and auxiliary systems that have been proposed for these areas. The approval process will involve taking account of the necessary linkages to the Transformation objectives. The Interim Head of IT service is involved and aware of the emerging intentions.

4.10.6 **Transformation - £270K.** A housing transformation budget of £1.5m was used to invest in the business and improve services for customers. This programme has now concluded, with the last of this funding used in 2021/22.

However, there are still areas of the Northgate system that are in development and this growth will be used to support this work, but it's main use will be the HRA share of the Council's corporate transformation programme.

4.10.7 **Northgate Maintenance £38K. (on-going)** The transformation and development work on Northgate, has increased the need for periodic maintenance and updates from the software provider and other specialists. This had been accommodated in the transformation funding, but a separate budget is now required for these costs.

4.10.8 **Compliance £300K.** As part of the last business plan review additional funds were invested in compliance work to ensure that building safety met the required standards. However, it is now recommended that further ongoing funds are needed to increase the volume of electrical testing carried out in line with best practic. The longer term impact of the testing regime will be included in the Business Plan re-write in the summer of next year.

4.10.9 **Damp and Condensation £100K.** This is a demand led area with an existing budget of £250k and there have been an increased number of requests for work to be carried out in recent years. In order to deal with the underlying issues contributing to damp and condensation fully the cost of individual repairs has also increased. These factors have led to the proposed budget increase.

4.10.10 **Intranet Maintenance £18K (on-going).** This is the HRA's share of a corporate growth item, required to maintain and develop the Council's intranet. A service that has become more important since the pandemic and many more staff working remotely,

4.10.11 The draft budget proposal above is subject to change between this report and the final budget taken to full Council in January. The main constituents, like rent and employee costs, are unlikely to change, but there could be updates regarding recharges and capital expenditure and funding to accommodate. Other savings and growth items may also need to be incorporated before the final budget is agreed. Any changes will be clearly highlighted in the final report.

4.11 HRA MTFS Update – PROPOSALS

4.11.1 New Build Delivery Update

4.11.1.1 The Council continues on its tradition to deliver an ever evolving and ambitious new Council Housing Development programme that is responsive to both the needs of the town and external challenges faced in delivery of high quality new homes (environmental, economic and supply chain disruptions). Since inception, 300 new homes have been delivered by the Council's in house Development Team, with 298 more in construction.

Earlier commitments in the HRA business plan have been met, or are on course to be met.

Commitment	Delivery status
Deliver a flagship Independent Living Scheme for older people	The scheme is on site at present and once completed (2023) it will form a landmark amongst the neighbourhood renewal project.
Deliver 71 homes in first two years of BP	104 homes have been delivered in the first two years of the BP.
Deliver 100% rented schemes in HRA	All retained properties within the HRA are either Social or genuinely Affordable rented.

4.11.1.2 Crucial to the delivery of an ongoing programme of new homes is the need to establish a pipeline of new schemes. Resources have been devoted to this and at present the development team has 212 homes either going through to the planning process or in a state of readiness to be submitted for planning permission following public consultation. Such schemes include medium, to small scale developments dispersed throughout Stevenage with three schemes being located in Bedwell Ward.

4.11.1.3 Not all of these homes are intended for delivery by the HRA, so as to encourage diverse communities and a spread of tenures across different social landlords. However it is anticipated that in order to meet the challenges of delivering affordable homes within the HRA and making use of existing as well as new budget opportunities, government grants and favourable borrowing that a business case will be presented to deliver a high proportion of these schemes within the HRA. In particular, the provision of a new Independent Living Scheme in close proximity to the Town Centre has been identified as meeting housing need, having the potential to free up under occupied general needs stock and addressing the poor quality and increasing maintenance costs of some failing legacy sheltered housing schemes.

4.11.1.4 Work is advanced in formulating these business cases with officers from across the Housing Service, Housing Development Team and Finance teams collaborating on the programme of schemes that have oversite from the Council's informal Executive Housing Development Working Group.

4.11.1.5 The expectation, based on initial estimates is that any proposals for delivery of these new schemes within the HRA will be met through a process of substitution and the re-profiling of existing budgets resulting from programme delays on other schemes. The overall impact for the HRA Business Plan in terms of unit delivery and budget will therefore be unchanged in the short term. In the event that changes cannot be met through substitution and a development opportunity is of significant benefit to the HRA and Stevenage then it will be brought forward as a new Business Case, within the increased borrowing limits of £15Million set out in 4.4.3.

4.11.2 Housing and Investment Service Update

4.11.2.1 Nationally the social housing agenda is now moving at pace in relation to critical policy and service dynamics. This is impacting on local authorities in ways which have considerable implications regarding current and planned revenue and capital expenditure. The details below provide an overview of those key issues which will have service and policy implications for the Housing and Investment Service as it meets and prepares to implement key regulatory and service improvement needs. These key areas are as follows.

4.11.2.2 Housing White Paper: This paper was originally published on the 17th November 2020.it was billed as a Charter for Social housing Residents and set out a seven point charter for social housing residents. This included being safe in your home, knowing how your landlord was performing being treated respectfully backed by a strong consumer regulator etc. The other area covered within the White paper included reference to Council house building programme, in delivering the Residents Charter the Government has committed to a range of measures including strengthening the consumer regulation role of the Housing Regulator, routine inspection of social landlords, electrical safety, and reviews of the Decent Homes Standard. The Timetable for the necessary legislation/Regulations aims to bring the necessary detail before Parliament as soon as practical. The consultation arrangements for the Housing Regulators role in respect of the consumer standards to apply under the new arrangements were released recently under the title 'Reshaping consumer regulation'.

4.11.2.3 Legislation to improve building safety: this legislation has wide ranging and significant implications for social landlords. This is especially those landlords who own and manage high rise blocks, and other buildings such as specialist sheltered housing also known as independent living accommodation. This legislation is captured within the following Acts.

- **The fire Safety Act**: this Act clarifies that any building two or more sets of domestic premises the Regulatory Reform Order of 2005 will apply. This clarification provides for increased enforcement action for domestic dwelling settings. The Home Office are now leading on the full implementation of the Act This has included consultation around the implementation of Grenfell Tower enquiry recommendations on personal emergency evacuation plans. It is anticipated that commencement of the regulatory impacts of the Act will be commenced in April 2022. The Council like many landlords will have significant work to complete around risk assessments for appropriate residential settings, and making small blocks of flats safe from fire etc. the compliance management and governance structures of the Council will need to be reviewed to ensure all compliance matters are monitored and reported on as required.
- **Building Safety Bill**: published on the 20th July 2020. The Bill was again referenced in the Queens Speech in May 2021 and was introduced to Parliament on the 5th July 2021.this legislation will aim to give tenants and residents of high rise buildings more say in the management of their building, raise building safety concerns with landlords, and concerns ignored will be referred to the Building Safety

Regulator. Leaseholders will be given more rights requiring landlords to explore alternative ways to meet costs of remediation, and proposed amendments to the referral timelines for complaints to the Housing Ombudsman. Currently some 29 separate fact sheets are available on the key provisions of the Bill covering issues of duty holder responsibilities, competence, safety management systems, mandatory reporting requirements, role of accountable person, resident's voice, and the building manager's responsibilities etc. There are very significant compliance and service issues associated with the preparation for this new regulatory and statutory framework to be considered and completed by the Housing and Investment department.

- **Social Housing Decarbonisation Fund**: This fund is to be administered by the Department of Business Energy and I industrial Strategy. The Government has committed some £3.8bn to this initiative. The Council has submitted a new bid under this funding stream and is expected to learn if it has been successful during December 2021. Further bidding rounds are planned in 2022 as part of a further allocation of £880m. The Council is required to provide its contribution to any grant allocated and this is presently set at 33%. This is currently manageable within the current HRA BP, but the overall investment needs nationally to meet net zero targets if estimated at over £100bn for the social housing stock nationally. The 30 year BP review will need to consider the longer term investment impacts of achieving net zero locally, but it is already expected to be well beyond the HRA's capacity to fund.
- **IT specific Needs Housing Services**: There are a number of very specific housing IT acquisitions and upgrades required to enable the impacts associated with customer care, service, care, and legislative needs that must be dealt with and managed as a priority if the service is to have any chance of meeting its obligations. The necessary consultation is taking place with the overall Transformation objectives in mind, all system acquisitions are not expected to impact on any Corporate IT and Transformation objectives, although some digitalisation will assist and support early 'wins' relating to Transformation.

4.11.2.4 **Housing Service Delivery Proposals**: Updates required include the following.

- Impacts of the Housing White Paper including the Residents Charter, Decent Homes Standard Review, and Regulators consumer standards proposals
- Fire Safety Act updates including full impacts and implementation requirements
- Building Safety Bill updates relating to timelines for implementation and impacts associated with fact sheet consultations across the 29 defined areas.

- Social Housing Decarbonisation Fund updates. To include further bidding rounds and ongoing HRA BP impacts. Full 30 Year HRA BP impacts associated with decarbonisation and net zero targets.
- Update on service needs and impacts on customer service, and meeting compliance requirements through IT housing improvements.

4.11.2.4 **Revenue Repairs** : The HRA business plan included a 2022/23 2% annual saving on revenue repair costs, worth approximately £154K per annum. This was included to reflect an expected decrease in costs linked to the capital investment in the stock and the reinstatement of a cyclical maintenance programme. However, due to the impact of the Pandemic, the rollout of the cyclical programme has not been completed within the original timescales and there have been back logs in day to day repairs. For this reason the saving has not been assumed for 2022/23, but is currently included in following years in the MTFS. Further analysis is being carried out to establish the link between capital investment and a reduction in repairs and this will be included in the BP refresh in the summer 2022.

4.11.3 Inflation

4.11.3.1 It is difficult to predict inflationary increases due to the uncertainty about the lasting impact of COVID and continuing developments post Brexit and recently, unexpected fuel price shocks have also impacted prices. As predicted by the Bank of England the Consumer Prices Index (CPI) has now risen above 4% and stands at 4.2% in October. However the Bank still predicts that this will be a short term increase and forecasts that rates will return to around 2% by the end of 2023 (Monetary Policy Report Nov 2021-table 1.A).

	2022/23	2023/24	2024/25	2024/25	2024/26
Inflation-Applied to:					
Salaries - % increase	2.00%	2.00%	2.00%	2.00%	2.00%
CPI indices increases	2.50%	2.25%	2.00%	2.00%	2.00%
RPI indices increases	4.00%	3.75%	3.25%	3.00%	3.00%
BCIS	8.00%	8.00%	5.00%	5.00%	5.00%
Fuel Increases	7.00%	5.00%	5.00%	5.00%	5.00%
Gas (unit charge only)	15.00%	8.00%	8.00%	8.00%	8.00%
Electricity (unit charge only)	22.00%	10.00%	10.00%	10.00%	10.00%

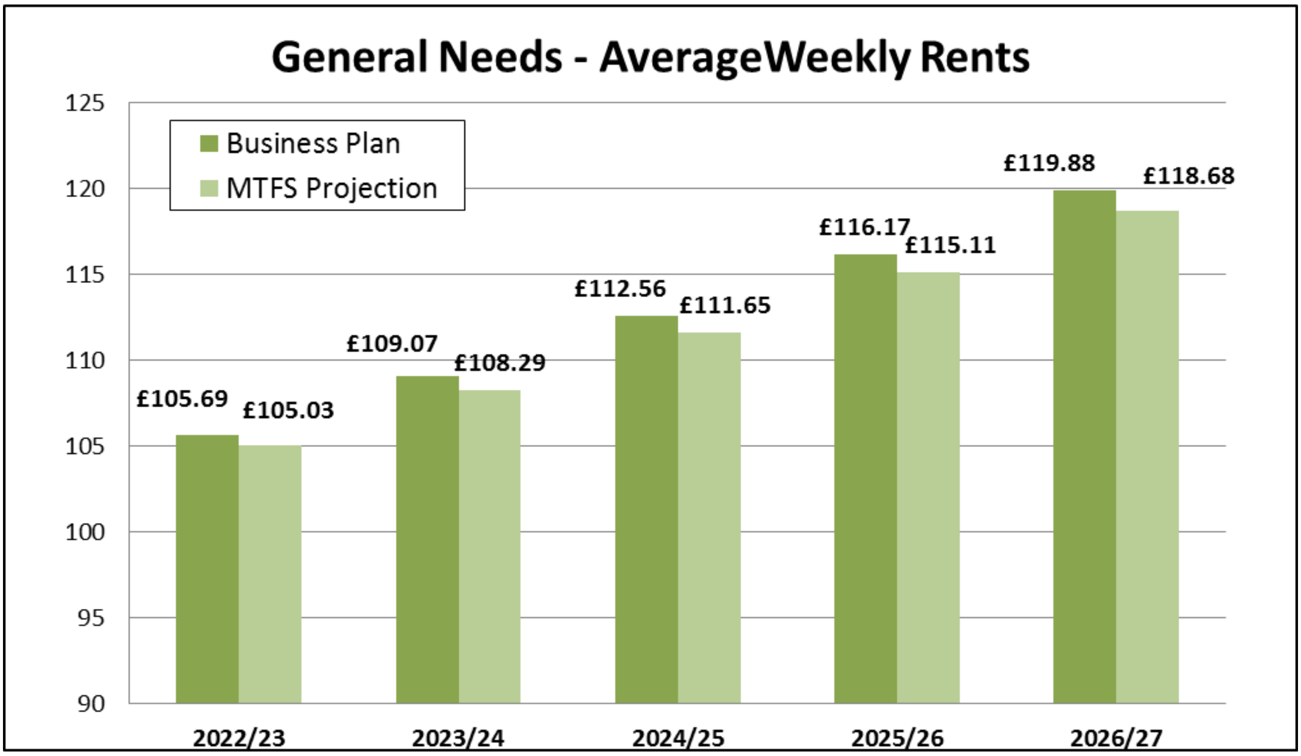
4.11.3.2 The table above lists current inflationary assumptions, with the rationale for each of these increases detailed below. These have been included in the budget for 2022/23 and the medium term projections. Excluding salaries, an extra £205,000 has been included in next year's budget to offset inflationary pressures.

Rationale for inflation assumption	
Salaries - % increase	Salary inflation is estimated at 2% for the period 2022/23 onwards. Councils will face the financial challenge of balancing the budget with less resources due to pressures as set in this report. The average pay award over the period 2018/19-2021/22 offered and/or accepted is 2.13%.
Pension Increase	An assumption has been made that as a result of the impact of COVID/BREXIT/supply chain the next actuary's projection will mean an increase in the employer's contribution of 1%. This would be for 2023/24 at the next revaluation date.
Consumer Price Index (CPI) indices increases	Currently, CPI is sitting at 4.1% for October, but this is expected to fall during next year. The projections allow for a high year of 2.5% in 22/23 and then reducing to 2% for outlying years. However, this will need to be watched carefully over the coming months.
Retail Price Index (RPI) indices increases	The 1% differential between CPI and RPI has increased and is reflected in the forecasts above. However RPI has been largely replaced by CPI in contracts.
Fuel Increases	Fuel prices have been low and have seen an increase over the last year. The contract price the Council obtains is typically 32% lower than the retail price. The fuel costs for 2022/23 are modelled to increase on average by 8% falling back to 5% in future years.
Gas/Electricity (unit charge only)	This has proved difficult to forecast and the MTFS contains the average increase annually which the council has experienced in addition to the current forecasts

4.11.4 Rent

4.11.4.1 Since 2001, rents for properties let at 'social rent' have been set based on a formula determined by Government. This creates a 'formula rent' for each property, which is calculated based on the relative value of the property, relative local income levels, and the size of the property.

4.11.4.2 This formula still underpins the majority of the rents within the HRA, but the process of matching the current rent levels to the formula driven amount has now been stopped. The exception to this is that rent can be set to formula levels when a property is re-let. Currently, annual rent increases are limited to CPI plus 1%, in line with the five year government rent policy that started in 2020/21. Due to a low level of CPI last September rent fell below the Business Plan expectation, leading to a gap in rental income. This has recovered with a higher level of CPI this September, leading to rent increases of 4.1%. However, projections for the average rent are still lower than the Business Plan forecast, illustrated in the graph below.



4.11.4.3 Total rental income levels are also impacted by sales, new properties and the type of rent applied (affordable rent at 80% of market rates and social rent, limited by regulation). The Council has also moved significant numbers of housing stock from general use to temporary accommodation, in order to avoid placing clients in bed and breakfast. Taking these into account the table below shows the total current projected rent income compared to the last Business Plan figures.

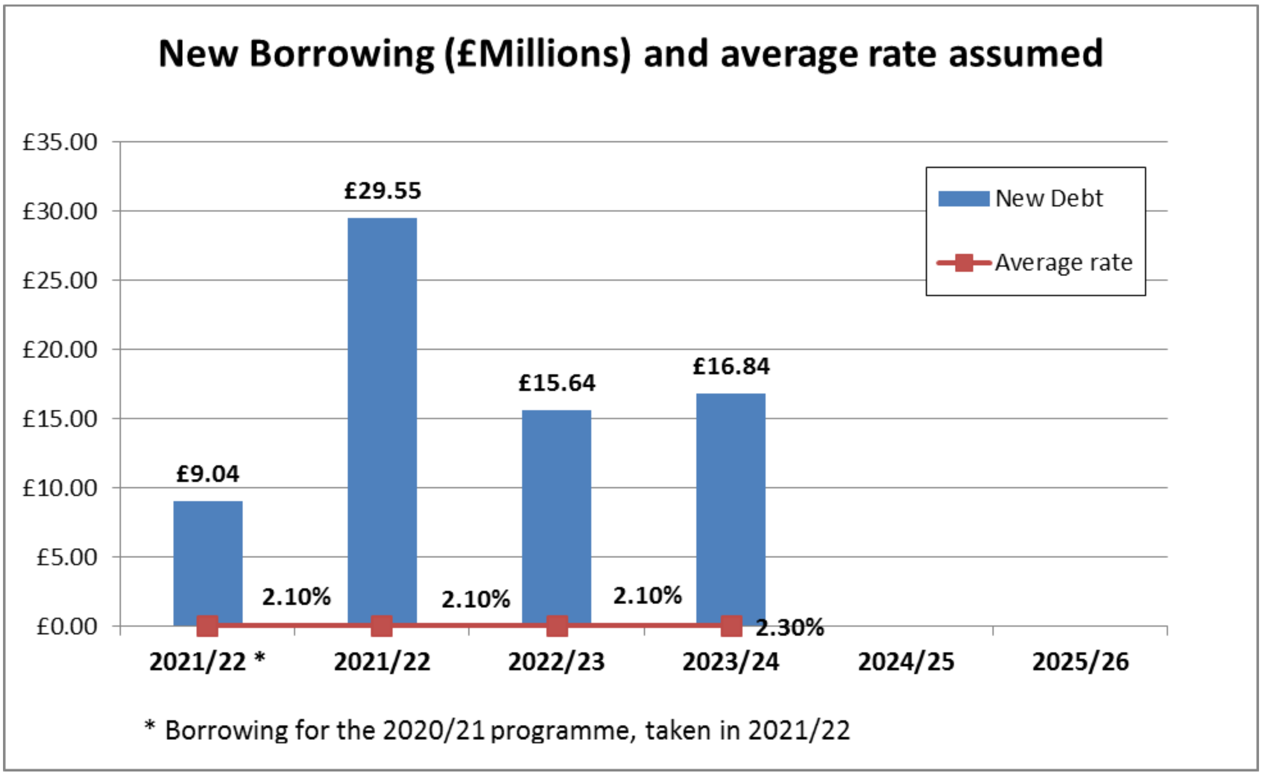
Rent Forecasts			
Year	HRA BP £Million	MTFS £Million	Variance £Million
2022/23	42.92	42.97	0.05
2023/24	45.31	45.49	0.18
2024/25	47.45	47.75	0.29
2025/26	49.31	49.74	0.43
2026/27	51.40	52.05	0.65
Total	**236.40**	**238.00**	**1.60**

4.11.4.4 This table shows that rents are roughly in line with the current Business Plan. With the current timing of planned new developments and projected sales from the RTB programme, they should be £650K higher per annum by

2026/27. However, as seen last year, this is dependent on CPI rates in future years, Government policy remaining constant and the timing of new housing delivery.

4.11.5 Borrowing

4.11.5.1 The current levels of borrowing included in the MTFS reflect the position reported in the Quarter 2 monitoring report. This will be reviewed and, where necessary, updated for the final budget proposals in January, to ensure that the Council achieves the lowest interest rates and best value when applying loan finance. The Table below shows current borrowing plans.



4.11.5.2 The latest public sector borrowing rates from the Government are at 1.82% for a 22 year fixed maturity loan. Therefore the rates used in the MTFS forecasts are prudent and allow for market movements between this report and when the debt is taken out. Any savings achieved from lower rates will be reflected in the regular financial reports and be reflected in the Business Plan rewrite.

4.11.6 Balances and Reserves

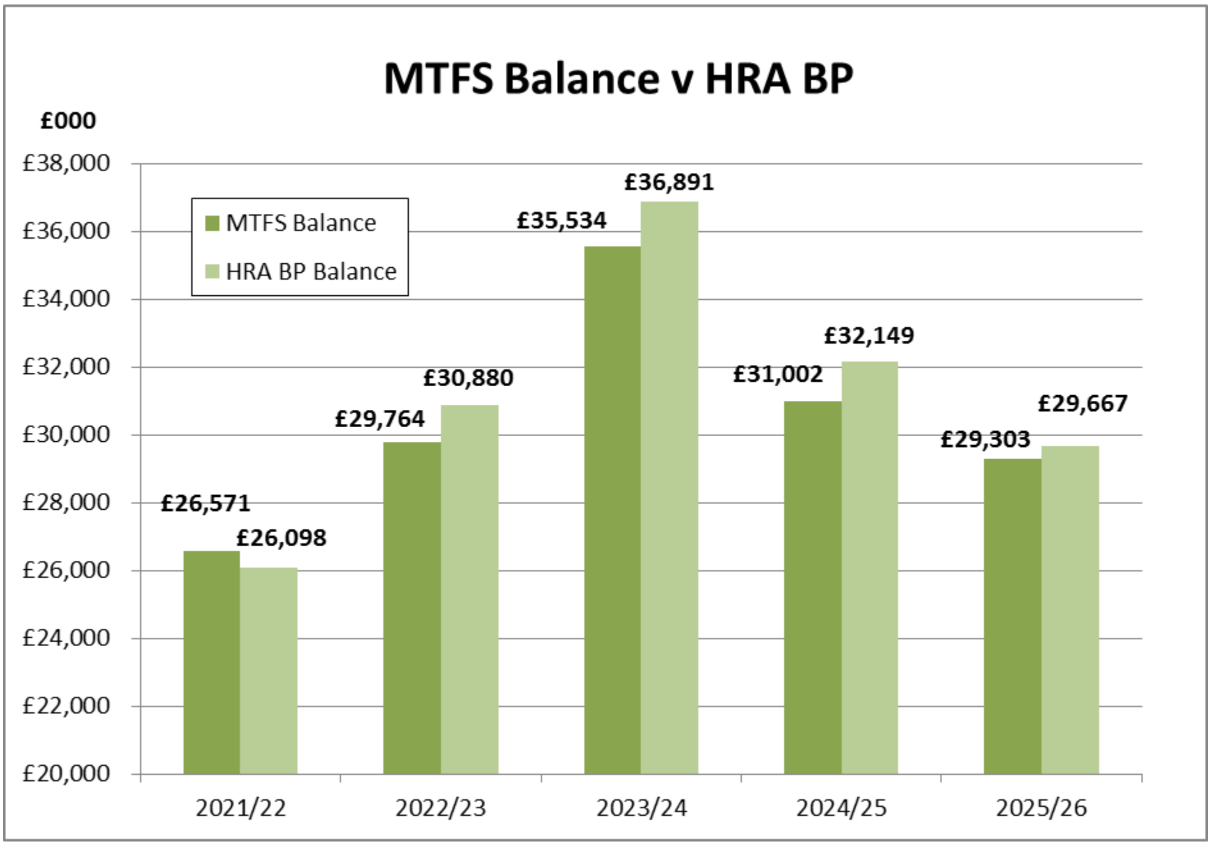
4.11.6.1 The Council's HRA reserve is designed to cushion the impact of unexpected events/emergencies and help absorb the impact of uneven cash flows.

4.11.6.2 Reserves can be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing
- A contingency to cushion the impact of unexpected events or emergencies; and

- A means of building up funds to meet known or predicted liabilities. (This is often referred to as allocated reserves).

4.11.6.1 Currently, there is a need to build relatively high balances in the HRA in order to pay back loans taken out for the self-financing agreement with the Government. The graph below shows how the latest projected balances for the HRA compare to those projected in the last HRA Business Plan. By 2025/26 there is a small gap of £364K that has closed considerably from the position reported last year, which was £1.294Million by 2024/25. This is due to a number of factors, but the high rate of inflation driving the rent increase is the largest reason for this recovery.



4.11.6.1 The HRA projections based on the MTFS are summarised in the table below and compared to the HRA BP for the same period.

HRA Balances	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Opening Balance	(£25,394)	(£26,571)	(£29,764)	(£35,534)	(£31,002)
In Year (Surplus)/Deficit	(£1,177)	(£3,193)	(£5,770)	£4,532	£1,699
Closing Balance	(£26,571)	(£29,764)	(£35,534)	(£31,002)	(£29,303)
HRA Business Plan	(£26,098)	(£30,880)	(£36,891)	(£32,149)	(£29,667)
Variance to the HRA Business Plan	(£473)	£1,116	£1,357	£1,147	£364

4.11.6.1 In order to assess the adequacy of unallocated general reserves when setting the budget, the CFO must take account of the strategic, operational and financial risks facing the HRA

4.11.6.1 The table below shows the current calculation of minimum balances for the HRA that was presented last year. A revised minimum balance will be calculated as part of the final budget for 2022/23.

HRA balances Minimum Level Assessment	2021/22 £Million
Amount to cover income related risks	£0.276
Amount to cover capital and maintenance risks	£1.272
Amount to cover other budget changes	£0.099
Amount to cover RTB changes & higher arrears	£0.024
Amount to cover savings risks	£0.030
Amount to cover variation on general expenditure	£0.284
Amount to cover general increase in borrowing	£1.000
Total Estimated HRA Reserve	**£2.985**

4.11.7 CFO Commentary

4.11.7.1 The HRA is currently in a position where it needs to build balances to meet future debt repayments from the Government's self-financing agreement. This does give the fund some short term flexibility in meeting the current economic challenges and will allow the Council to make considered decisions regarding service delivery and spending plans, particularly in the wake of the Pandemic.

4.11.7.2 Based on the current HRA BP the projection will be at minimum reserves in the mid part of the 30 year plan, when significant loans are due for repayment. Therefore it will still be necessary to ensure that the medium to long term position of the account is maintained and that sufficient reserves are available to meet these payments. The current MTFS projections indicate that balances will be roughly in line with the BP by 2025/26. However, there are many areas of potential growth that have been highlighted in the report that need to be assessed for the coming BP rewrite in 2022.

4.11.7.3 The last BP sought to take advantage of the borrowing freedoms that the HRA received after the Government removed the debt cap from the ring fenced account. Taking advantage of these borrowing freedoms brings both risks and rewards, as long term borrowing decisions commit resources for decades and can limit the ability to react to future problems and reshape financial plans. However, current economic forecasts still indicate that interest rates will remain lower than the BP assumptions over the short to medium term and this should reduce both the risks and costs of borrowing for the account. The borrowing for the HRA will be reviewed in the Business Plan rewrite in 2022.

4.11.7.4 A full refresh of the HRA 30 year BP will be completed in summer 2022 and will address the growth issues and any emerging pressures as set out in the report. This is to ensure that the current investment strategy is sustainable and the account is still balanced. This would give the Council the opportunity to revisit the assumptions made in the light of current events and future regulatory pressures and adjust the plan to meet these challenges.

4.11.7.5 Overall the HRA has some different medium to long term challenges than the General Fund. Long term investment decisions and meeting rising demand for housing will need to be weighed against the requirement to maintain a balanced account and meeting increased costs from regulatory requirements around building safety, the developing de-carbonisation agenda and the impact of the recent Housing White Paper.

5. IMPLICATIONS

5.1 IMPLICATIONS FOR 2022/23 BUDGET

5.1.1 Financial Implications

5.1.1.1 Financial implications are included in the body of the report.

5.1.2 Legal Implications

5.1.2.1 Legal implications are included in the body of the report.

5.1.3 Staffing Implications

5.1.3.1 The unions are being consulted on the options contained in this report. Human Resources staff are co-ordinating centrally the implementation of any staff related savings.

5.1.4 Risk Implications

5.1.4.1 Due to frequent Government policy changes, there are significant risks in setting the HRA budget. Historically the ring-fenced account has relied almost solely on rent income to finance both revenue and capital works. Many changes in policy, including the loss of £225Million from the Business Plan from four years of rent reductions, have made medium to long term planning difficult. These risks have increased with the removal of the debt cap in 2019, as the Council is making long term financing decisions, on capital investment, based on income streams set by the current policy.

5.1.4.2 Currently one of the continuing risks to the account is a large increase in arrears. These have increased, in part as a result of tenants switching from housing benefits to Universal Credit, but mainly due to the impact of the COVID 19 pandemic and the measures put in place by the Government, which included a suspension of evictions. To mitigate this position increased resources are still in place to help recover rent owed and the provision for bad debt has been increased to recognise that not all the outstanding debt will be recovered.

5.1.4.3 Current high inflation rates may put pressure on capital and revenue repairs budgets and may put further on HRA resources.

5.1.4.4 The full operational implications of regulatory changes after the Grenfell tragedy are still being implemented. As policy and best practice across the sector is developed this could increase budget pressures on the HRA.

5.1.4.5 There is a risk of interest rates being higher than projected and leading to a reduction in the amount of expenditure for both revenue and capital. There is also a risk that PWLB rate differential between gilts and borrowing rates might be adjusted (as happened in 2019/20). To mitigate this, the budget includes an interest rate reserve of £3.4Million to offset any future variances from expected rates.

5.1.4.6 The HRA has an annual Making Your Money Count target to achieve, which for 2023/24 onwards is £200,000 per year, linked to expected savings from the Transformation programme. There was an existing target of 2% per annum savings on responsive repairs linked to the investment in the major repairs programme.

5.1.5 Equalities and Diversity Implications

5.1.5.1 In carrying out or changing its functions (including those relating to the provision of services and the employment of staff) the Council must comply with the Equality Act 2010 and in particular section 149 which is the Public Sector Equality Duty. The Act replaced three previous equality legislations – the Race Relations Act (section 71), the Sex Discrimination Act (section 76A) and the Disability Discrimination Act (section 49A). The Council has a statutory obligation to comply with the requirements of the Act, demonstrating that as part of the decision-making process, due regard has been given to the needs described in the legislation. These duties are non-delegable and must be considered by Council when setting the budget in January 2022.

5.1.5.2 To inform the decisions about the Budget 2022/23 officers have undertaken Brief Equality Impact Assessments (EqIAs) for service-related budget savings proposals. Where there is a potentially negative impact, officers have identified further action needed to inform a final decision and to mitigate the impact where this is possible. These EqIA will be appended to the final HRA Budget report together with an EQIA for the rent and service charges increase for the January Executive.

5.2 IMPLICATIONS FOR THE HRA MTFS AND BUSINESS PLAN

5.2.1 Financial Implications

5.2.1.1 It is the Chief Financial Officer's view that the housing finance environment experienced is not currently conducive to long term planning, because of the number of legislative changes planned and/or implemented. It is critical that the mitigation actions identified in Appendix B are implemented so that there is sufficient revenue headroom in the Business Plan to allow for unforeseen events to be funded or debt to be financed. The Business Plan is funded but increases in PWLB borrowing rates in previous years has reduced the amount of funding in the plan by £38Million, which has meant that during the Business Plan the level of balances are much closer to minimum levels, increasing the risk to the Business Plan and reducing the ability to deal with future unforeseen events of policy changes. There is still an on-going need to achieve Making Your Money Count savings under the existing plan.

5.2.1.2 Due to the current and proposed regulatory changes and the impact of the Pandemic, it is important to rewrite the current Business Plan to ensure that long term financing decisions and the current cost base is sustainable. This work is scheduled to be completed in the first half of 2022/23.

5.2.2 Legal Implications

5.2.2.1 The objective of this report is to outline a medium-term financial strategy and forecast for the next five years. There are no legal implications at this stage of the planning cycle, however, Members are reminded of their duty to set a balanced budget.

5.2.3 Risk Implications

5.2.3.1 A review of the full range of risks facing the HRA budgets has been listed in Appendix B although not all the impacts are known at the present time. The current MTFS projections are based on prudent assumptions and include the Chief Finance Officer's best assessment of the financial risks. However, if any of these risks become a reality then the MTFS will need to be updated once the actual impacts are known. A number of the risks below are also monitored through the Council's Strategic Risk Register.

5.2.4 Policy Implications

5.2.4.1 The approval of the revised budget framework includes a link for the Council's service planning requirements to ensure service priorities are identified. In addition the budget framework represents a development of a policy led budgeting approach across Council services and the overall Financial Strategy.

5.2.5 Environmental Implications

5.1.5.1 The anticipated revised decent homes standard and the targets set within the Asset Management Strategy will continue to improve the environmental performance of our existing stock. The Housing and Investment Service is committed to review its approach to reducing the impact of the housing stock on the environment through actions set out in the HRA Asset Management Strategy and this will in turn contribute to the development of the Council's Climate Change Strategy and Action Plan.

5.1.5.2 Future housing developments will consider the environmental performance of the designs and features and look to introduce technologies and materials that help to improve the environmental performance of the buildings.

5.1.6 Equalities and Diversity Implications

5.1.6.1 The General Equality Duty (Section 149 of the Equality Act 2010) requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations in the exercise of its functions. The Equality Duty and the impact of decisions on people with protected characteristics must be considered by decision makers before making relevant decisions.

5.1.6.2 The HRA Business Plan supports the delivery of a range of housing services, programmes and projects. These are subject to Equality Impact Assessments (EqIAs) as appropriate to determine any impacts on particular protected characteristic groups and to mitigate negative impacts where identified.

5.1.6.3 The proposed increase in the delivery of new affordable homes will benefit residents who are in housing need and these homes will be let in accordance with the Council's Allocation Scheme and Rent and Service Charge Policy, both of which have had EqIAs undertaken. In addition, equality implications will be considered for specific housing schemes as they come forward.

5.1.6.4 With regard to the proposed enhancements to asset management programmes, in general terms these programmes will apply across the housing stock, based on condition assessments, and as such are not anticipated to impact disproportionately on any particular protected characteristic group. However, once new decent homes and building safety legislation requirements are known, the implications will be assessed. Similarly, as decisions are made on the options in high rise flat blocks and on individual asset review programme projects, these will be subject to EqIAs in line with the Council's standard approach.

5.1.6.5 The process used to develop the Council's budget has been designed to incorporate appropriate measures to ensure the impact of decisions on the community is considered as part of the decision-making process.

6. BACKGROUND DOCUMENTS

None

7. APPENDICES

Appendix A – Housing Revenue Account Summary

Appendix B – Risks

Appendix C- Growth Impacts

Appendix D – Fees and Charges

APPENDIX A	HOUSING REVENUE ACCOUNT SUMMARY		
	Actual 2020/21 £	**Original Budget 2021/22 £**	**Original Budget 2022/23 £**
Summary of Expenditure			
Supervision and Management	11,599,175	9,286,050	10,078,950
Special Services	4,610,410	5,090,240	5,135,070
Rent, Rates, Taxes and Other Charges	516,898	539,430	539,430
Repairs and Maintenance [(1)]	6,039,327	7,594,610	8,140,240
Corporate and Democratic Costs	1,056,360	1,085,810	1,106,780
Contribution to the Bad Debt Provision	370,103	224,220	224,220
Total Expenditure	**24,192,273**	**23,820,360**	**25,224,690**
Summary of Income			
Rental Income:			
Dwelling Rents	(40,095,788)	(40,891,590)	(43,020,770)
Non Dwelling Rents	(90,621)	(91,640)	(92,120)
	(40,186,409)	(40,983,230)	(43,112,890)
Charges for Services & Facilities - Tenants	(2,270,023)	(2,282,150)	(2,485,700)
Leaseholder Service Charges	(885,760)	(975,920)	(895,850)
Contributions Towards Expenditure	(255,436)	(346,400)	(346,800)
Reimbursement of Costs	(301,378)	(345,540)	(345,540)
Recharge Income (GF & Capital)	(1,867,358)	(2,029,100)	(2,374,980)
Total Income	**(45,766,364)**	**(46,962,340)**	**(49,561,760)**
Depreciation	11,900,417	11,484,000	11,900,420
Impairment/Loss on Revaluation	0	0	0
Interest Payable	6,931,794	7,800,270	8,277,040
Interest Receivable	(302,604)	(221,510)	(330,380)
Net (Surplus)/Deficit For Year	**(3,044,484)**	**(4,079,220)**	**(4,489,990)**
Appropriations:			
Revenue Contribution to Capital Outlay	0	1,359,260	1,253,760
Self Financing Contribution To Provision	0	0	0
Pension Reversal	(239,220)	0	0
Transfer to/(from) Reserves	(2,290,000)	0	0
Housing Revenue Account Balance			
Net Expenditure/(Income) for Year	**(5,573,704)**	**(2,719,960)**	**(3,236,230)**

Appendix B Risks

Risk Area	Risk Mitigation	Likelihood	Impact
Inflation (Negative Risk) – From 2020 rent increases were linked to CPI, whilst the majority of HRA-related contracts include an annual price increase usually in line with RPI or BCIS.	General balances are risk assessed to ensure overall levels are maintained that can meet higher than expected inflation rates. Service charge recovery is based on actual costs.	Medium	Medium
Rent Arrears (Negative Risk) – The level of rent arrears continues to increase and recovery actions fail to reduce outstanding debts.	A bad debt provision is in place to cover the likely level of outstanding debts that may be irrecoverable. Staffing levels in the income management section have been temporarily increased, New case management software is being investigated to help identify customers who may be heading into arrears.	Medium	Medium
Welfare Reform Impact (Negative Risk) - Tenants and leaseholders affected by welfare changes have insufficient income to pay the rent and/or service charges; there could also be an increase in the need for the Council's housing services, requiring additional resources to be put into those services	The Council has a welfare reform group which monitors impacts and plans responses to the roll out of Universal Credit (UC). The DWP, East Herts shared Revenues and Benefits service and Citizens Advice are represented on the group. The HRA Business Plan includes bad debt provision. UC claimants have continued to rise, with 1,734 known clients and 1,235 of these is arrears (wk32 - 21/22). This trend is expected to continue and this will have an adverse effect on the level of arrears	High	Medium
Rent and service charge income (Negative Risk) - If inflation remains high the future Government could change its commitment to a 5-year national rent policy from 2020/21 of CPI + 1% rent increases, which is currently in line with the Council's BP rent assumptions. Service charges may not be fully recovered.	Rent and service charge policy is in place and allows for rents to be set at formula levels on re-let. Lower than anticipated rent increases would require compensating reductions in planned spending within programmes/services	Medium	High
S20 Leaseholder Recharges (Negative Risk) – Failure to recover costs could arise if statutory consultation procedures are not followed; and/or there is a successful legal challenge; or leaseholders cannot afford to pay.	Major Works Payments Options Policy agreed; Business plan makes assumptions regarding the % works non-rechargeable; % bad debt provision; and delayed recovery in a proportion of cases. S20 consultation procedures are in place, along with ongoing retention of expert legal advice. As we enter into Phase 2 of the MRC and leaseholders are receiving their estimated costs we recognise that we need to improve how we communicate with our leaseholders ensuring that the correct representatives are able to respond to the queries raised. An additional post has been secured.	Medium	Medium
Stock Investment	Revised Housing Asset Management	Medium	High

Risk Area	Risk Mitigation	Likelihood	Impact
(Negative Risk) Investment needs exceed planned expenditure due to increased costs and/or unforeseen investment requirements (including potential enhancement of the decent homes standard as per the White Paper above that assumed in the plan)	Strategy was approved in 2019. The investment programme is based on sound stock condition information. Viability assessments are undertaken prior to projects commencing and contract management arrangements are in place. Increased cost assumptions for an enhanced decent homes standard have been built into the revised plan, but these are currently estimates as the Government's decision on a new standard is not yet known.		
Fire Safety Investment (Negative Risk) Following the recommendations of the Hackitt report and subsequent government directives there may be further changes in fire safety legislation, with associated revenue and capital cost implications.	Retro fitting of sprinklers to the 7 high rise blocks of flats in the Borough is alreay under way, with the cost being met from reserves. If any further legislative changes and associated Government financial support becomes clear, the capital programme may have to be reviewed and re-prioritised and/or borrowing may be required to accommodate any costs over and above those assumed within the revised Business Plan.	High	Medium
Making Your Money Count options not achieved (Negative Risk) - Agreed options do not deliver expected level of savings either on a one-off basis or ongoing.	Regular monitoring and reporting takes place, but the size of the net budget reductions increases the risk into the future. Non achievement of options would require other options to be brought forward.	Medium	Low
Right to Buy Sales (Negative/Positive Risk) – External factors (economic/ political) mean that RTB sales are either higher or lower than in the Business Plan, without a corresponding change to stock through acquisition or new build	RTB assumptions are adjusted annually based on trends and legislation. The new build programme is designed to replace loss of stock. Investment requirements are adjusted to reflect RTB sales levels.	Medium	Medium
Legislative Change **(**Negative Risk) – Implications of new legislation/ regulation are not identified and acted on, leading to increasing financial pressure	There is ongoing tracking and horizon scanning in relation to emerging policy and legislation and an annual review of implications through the MTFS/Business Plan update.	Low	High
MTFS Risk identification (Negative or Positive Risk) – Financial risks and their timing are not accurately judged leading to either a pressure or benefit to the MTFS.	Council's risk management framework ensures operational and strategic risks are identified as part of the annual service and MTFS planning process.	Low	High
Interest Rate Increases	Medium to long term loans have been	High	Medium

Risk Area	Risk Mitigation	Likelihood	Impact
(negative risk) – the impact on the capital programme of eventual increases in interest rates from their current historic low position.	priced at a higher average, not current rates. A reserve has been created to mitigate increases above the plan.		
‘Brexit’/ Supply Chain Issues (negative risk) – the impact of Brexit/supply chain issues leads to economic instability and further financial cuts to the Council’s budgets and/or increased costs.	A reduction in the resources available within the MTFS would require compensating reductions in planned spending within services and/or capital programmes.	Medium	Medium

Appendix C – Growth Impacts

<table>
<tr><th>Job Role</th><th>Impact of not securing growth</th></tr>
<tr><td colspan="2">1. Lettings Advisor</td></tr>
<tr><td>
In 2019 we complete a full scale Housing and investment Business Unit review in which we looked at current service provision and systems that could be implemented to assist in effective service delivery. The lettings services at that time had 4 posts and as part of the BUR the proposal was to reduce this to 3 posts after 18 months when Northgate Housing Online was implemented and in place.
The unforeseen challenges faced by the services during the pandemic have meant that we are not as far forward with Housing Online as originally proposed. The system is also not offering the service delivery improvement expected and the team are actually spending a huge amount of time dealing with processing enquiries.
Since the 1st of August 2021 we have received 635 applications. 229 were registered onto the housing register and 266 were rejected. We currently have about 140 applications pending within the 28 day KPI. On Average we receive 150 applications a month so 7.5 per working day that require processing.
Of the past 240 rejected application, they were rejected for the following reasons:
<table>
<tr><th>Number Rejected</th><th>Rejection Reason</th><th>Percentage of Rejections</th></tr>
<tr><td>125</td><td>Completion Error</td><td>52%</td></tr>
<tr><td>3</td><td>Homeowners</td><td>1%</td></tr>
<tr><td>79</td><td>No Local Connection</td><td>33%</td></tr>
<tr><td>33</td><td>Not Eligible</td><td>14%</td></tr>
</table>
Half of those rejected have to resubmit their applications. We have been working with Housing IT to amend some of the wording on the online application to see if we can reduce the errors. This is evidence of the system not working in the anticipated way and we are some 17 months after the implementation of Northgate Housing Online.
We are currently considering alternative software solutions for our Housing Options services and whether we can introduce an alternative allocations module with this also.
</td><td>

Applications for the housing register will not be processed within the 28 day KPI leading to an increase in complaints and member enquiries
Applications for part 6 accommodation in the register will not be processed correctly due to the lack of resource leading to applicant obtaining accommodation they should not otherwise access
Properties will not be let within the 6 working day KPI leading to additional void loss which is already projected to be an additional £190k for the remainder of the financial year plus the current £500k loss.
Staff will leave due to the intense pressure on the very reactive service being

</td></tr>
</table>

Below is the number of applicants on the waiting list in 2015/2016 compared to this financial year which shows a 54% increase over a 6 year period;

Financial Year	Number on the Housing Needs register
2015/2016	2263
2021/2022	3486

This is an average of a 9% increase per year however it is important to note that we are due to commence an Allocations Policy review this financial year which may reduce number of the housing register. This review of the Allocations Policy will in turn lead to further work requirements such as a full scale review of the housing register where we will not have capacity to reduce existing resource

The team consists of 4 officers managing offers of SBC owned stock and the nominations process for registered providers, managing the lettings and monitoring of voids throughout the voids process and housing register enquiries and processing.

Below detailed the total lettings completed per year out of our total SBC owned stock

	Number of Lettings	Percentage of total stock let
2018/2019	356	5%
2019/2020	445	6%
2020/2021	270	3%
2021/2022 (To Sep 21)	161	2%

In 2020/2021 we let a lot less properties due to the pandemic restrictions where all non-essential lettings were delayed during the periods of national restrictions in order to stop the spread of COVID.

There is a backlog of 80 void units currently and when properties returns needing re let within 6 working days. Void rates have been 3x the anticipated amount which does not suggest that lettings numbers will increase drastically from 2020/2021 and therefore there will not be any capacity to reduce staffing in this team in the near future.

unmanageable

- Without effective software and sufficient resources this will increase complaints, cause a lack of staff retention and lead to low staff morale and cause delays and ineffective application of our duties under part 6 of the Housing Act

Following the Business Unit review there had been 0.5 of the Lettings team's original resource redirected to the Specialist Support team to assist with ILS lettings. The work within this team has also seen an increase and as part of the Allocations Policy review the proposal will be to direct let ILS units and remove from CBL. There is no capacity within the Lettings team to support work in the specialist support team due to increasing workload.	
2. Strategic Complaints Managers	
There are currently 3 Strategic Complaints Managers for Housing and Investment "H+I" for each area; Providing, Managing and Investing in Homes. The Providing Homes Strategic Complaints Manager "PHSCM" started in this role in January 2020 after the need was identified for additional resource to focus on this area of work following high levels of customer contact, complaints and feedback. Since introducing the role there have been no complaints escalated to stage 2 or 3 showing a clear improvement in case handling by introducing a consistent response across the teams. The below figures evidence that in the previous year there had been case escalations.	• Complaints will not be dealt with in a consistent approach • The level of complaints and contact received within H+I is unmanageable for team managers to complete alongside the ever increasing pressures of the day to day operational work they are required to deliver. • The pressure of this additional work will cause managers to look for alternative jobs- we are not seeing the calibre of candidates requires applying for specialist Housing roles meaning there are gaps and leads to a further issue with staff

Escalated cases

	Investing in Homes	Managing Homes	Providing Homes	Corporate
April – October 2021				
Stage 2 complaints	6	13	0	54
Stage 3 complaints	4	3	0	12
2020/21 full year				
Stage 2 complaints	17	21	12	63
Stage 3 complaints	9	3	5	15

The work undertaken for the PHSCM has included the implementation of the 10 working day turnaround for communication across H+I, liaison with the CSC on wording of complaints to be in the customers own words, writing feedback for the newsletter and ensuring a consistent approach across H+I for customer contact, complaints and feedback.

Taking into account the success of the PHSCM and the introduction of the White Paper consultation confirming requirements for Housing providers and the number of contact for Housing there were complaints managers introduced in Investing and Managing Homes. The 2 additional Complaints Managers started their roles in August 2021 therefore as they are relatively new in post there has not been the opportunity to see such dramatic results as there has been for Providing Homes who has had the role for 10 months.

Below shows the level of complaints received in Q1 2021/2022 for the 3 areas of H+I and complaints received corporately. The below figures evidence that there 361 complaints received corporately and for H+I making up 40% of total number of complaints received with is reflective of the size of H+I in comparison to other services areas. Similarly 37% of the total number of member enquiries made are to H+I. It is also important to note the sheer level of member enquiries into the Providing Homes services.

Customer Complaints closed Q1					**Member Enquiries closed Q1**			
	IN	OUT	TOTAL	S/L	IN	OUT	TOTAL	S/L
Investing in Homes	29	15	44	65.91%	24	2	26	92.31%
Managing Homes	28	29	57	49.12%	22	23	45	48.89%
Providing Homes	46	0	46	100%	90	0	90	100%
Corporate	150	65	214	70.09%	229	39	268	85.45%

Taking into account the level of members enquiries received and that all were processed within time with very positive feedback this is evidence of the success of the role. The feedback received from members has been;

From The Leader - *Thank you Caroline. A great response*.

Also from the Leader - *Thank you so much for dealing with this so quickly Caroline.*

From Cllr Jeanette Thomas - *Your response to the resident is brilliant and I hope she takes the apology and the hope it gives well.*

From Cllr Myla Arceno - *Thank you for your prompt reply as always, and the detailed information for our learning.*

In Q2 2021/2022

Customer Complaints closed					**Member Enquiries closed**			
	IN	OUT	TOTAL	S/L	IN	OUT	TOTAL	S/L
Investing in Homes	39	9	48	81.25%	27	4	31	87.10%

retention

- Complaints and member contact will be delayed due to the operational service delivery needing to be prioritised along with the pressure of taking on more distributed work following the distribution of work from corporate work areas that having functionality reduced eg; Human Resources

- We will not be compliant with the White paper demands as teams do not have capacity to simply manage complaints let alone additional duties to be introduced.

Managing Homes	36	49	85	42.35%	34	39	73	46.58%
Providing Homes	42	0	42	100%	109	0	109	100%
Corporate	183	127	310	59.03%	242	62	304	79.61%

For Q2 the highest level of complaints has been received by Managing Homes which is reflective of the pressures faced by the services with staff retention and complex casework. Bearing in mind that there has been double the amount of complaints received for Managing Homes than Providing Homes the Complaints Manager has closed a similar number of cases within time which is reflective of the good work from the Managing Home Strategic Complaints Manager “MHSCM” and to date there is no backlog of cases. There has also been a similar number closed by Investing In Homes in this quarter.

The level of member contact is again the highest for Providing Homes yet again all responded to within target due to the effective management from the PHSCM.

Channel shift will not stop the need for a physical officer to deliver this work taking into account the requirements in the white paper to be more transparent, consistent and effective.

3. Income posts

As part of the Business Unit Review we carried out late 2019/20 we based the staffing numbers on the world we were living in at that time and being able to implement a number of IT solutions to aid income collection.

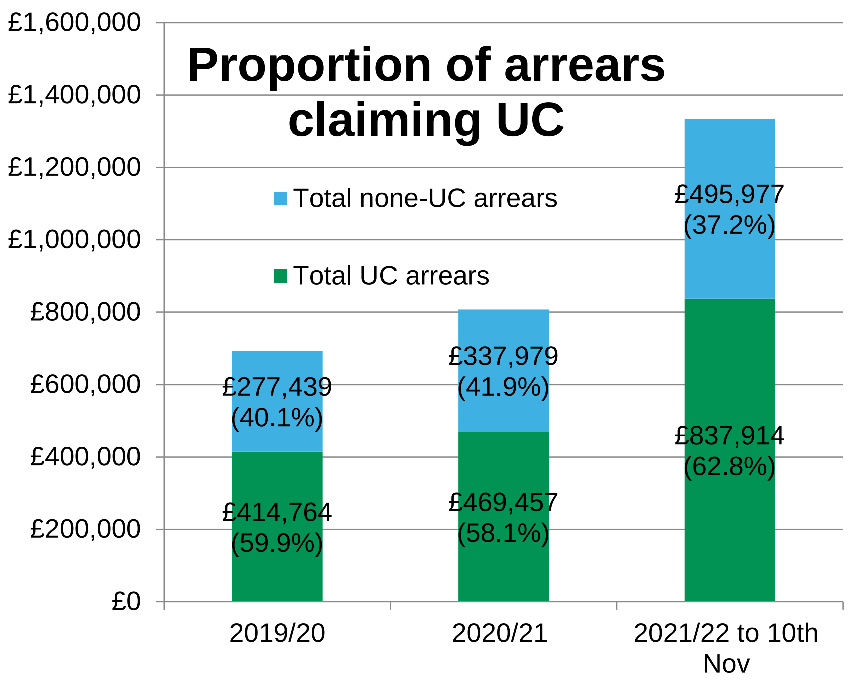
The world that we worked in changed just before implementing the Business Unit Review and we very quickly noticed an increase in arrears due to the pandemic, increase in Universal Credit applications and produced an arrears recovery plan. As part of that plan additional posts were requested to support the income recovery work.

Whilst we have been working through the arrears recovery plan, there are a number of areas which have not been able to be progressed, some of which are around the IT solutions. This has been held up due to development needed from the corporate IT side.

We have also seen the impact of the pandemic and Universal Credit being realised and changing the way the team need to work. For the past 18 months the team have been very reactionary due to workload demands supporting those on furlough, job retention schemes and those made redundant. Also spending time with people who have not claimed benefits before and educating them on budgeting.

The team will not be able to focus on:

- Proactively targeting those experiencing financial difficulties especially as this is the highest cost of living since a decade with the increase in energy and fuel costs (petrol is up by 25p per litre, Gas up by 28%, Electricity up by 19%)
- Invest more time on early intervention for new debtors and UC applicants and



The level of contact has continued to shift from direct incoming call and service request to emails .The customers' have adapted to the new ways of working and responding. We are experiencing an increasing level of email use. The figures for last Q2 are as follows;

• 36 on average telephone calls received per week

• 45 Av Service requests received per week

• 122 Av Emails received per week

The number of people using Housing On line for income related matters has increased. In Q2 they received 1536 compared to Q1 when they received 1252.

The enquiries and contacts regarding income, arrears and benefits have become increasingly more complex and demanding and will continue to remain complex in nature. The time spent on dealing with customer contacts has increased. Previously the officers spent on average 2- 5 minutes dealing with telephone enquiries and this has steadily increased to 35 – 50 minutes over the last year with follow up work taking up approximately 1.5 hours (this does not include all other contacts).

For example one such typical call involves the following;

- running through current account status
- Running benefit awards and payment
- Running through income and expenditure ,
- if the household has children over 18 years , then most likely will have a non-dependant charge which means that they will not receive housing costs to cover the charges in most cases educating tenants on maximising money from within the households towards rent and council

keep up with the employment status and impact on ability to pay rent.

- Offering intensive support to UC cases to ease the adjustment to the new benefit and maintain payments.
- More Intensive management of high level arrears case as Court intervention is taking so long which stalls the arrears recovery process.
- Effort on reviewing arrangements in place and all the cases for all those in receipt of UC following the deduction of £20pw and those who have historically been in receipt of DHP as this funding pot has reduced and is expected to reduce further.

The team will receive more complaints as they won't be able to deal with the level of enquiries coming into the service from tenants and leaseholders

The team will not have capacity to deal with the eviction cases needing to be taken to court including the backlog.

Tenants and leaseholders will not get the intense support needed to pay their rent, service charges or arrears as staff will not have time which will mean a

- negotiating repayments

The follow up work after the call;

- Liaising with DWP/Benefits Services in terms of any UC/HB issues
- Applying for APAs
- Applying for Third Party Deduction for water rates on most cases where they have applied for APAs
- Making referrals for further support for those who need this

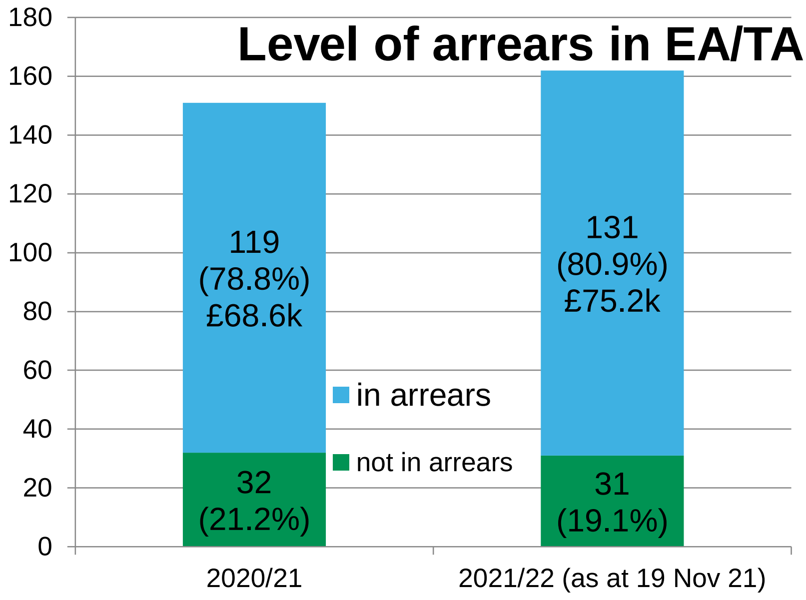
This involves officer intervention and cannot be automated.

The team have set up 1468 arrangements with tenants since March 2021.

The ratio of Housing Benefit claimants to Universal Credit claimants has shifted. As at end August 2021 there were 34% of total current tenants on Housing Benefit which has decreased significantly.

There is still a backlog of Court cases due to eviction cases being on hold. We have only been able to progress 2 so far in 2021. This involves a lot of work by the team to ensure we pursue more in the coming months but are facing delays in getting hearing dates.

There has been an increase in Emergency (EA) and Temporary Accommodation (TA) demand due to high levels of homeless presentations.



greater increase in arrears.

Former tenant arrears will not be collected and the amount will increase.

The MRC billing enquiries and payment actions will not be dealt with on time due to demands on other workloads.

4. **Specialist Accommodation Lettings Officer**

This area of work is too much work load for 1 person.

The complex cases that are coming through require time and attention and a single point of contact. The assessments are complex and require a very special skill set to have sensitive conversations.

This post is far more than just a letting co-ordinator, it requires the specialist skills to complete the complex assessments and liaise with families and professionals which can sometimes be more challenging than the client themselves.

This post would also manage the assisted bidding and co-ordinating of removals enabling the Accommodation and Complex Needs Officer to work on the pro-active elements of this role, the different projects, managing the incentive scheme once finalised, marketing and promotion of independent living schemes etc.

Ultimately we are aiming to reduce our voids and have an active waiting list (49 applicants to date) so that when a property becomes available we are working with individuals on the waiting list preparing them to move.

This is an example of how many lettings have taken place over the number of voids received each month to demonstrate the work being carried out by the post holder.

Month 2021	Lettings	Voids
November	18	6
October	9	7
September	10	6
August	9	3
July	8	10
June	10	8
May	16	7
Total	**80**	**47**

On 27 April 2021 and we had 85 voids in total. This has reduced to 42 as at 29th November 2021 due to the intense work from the post holder.

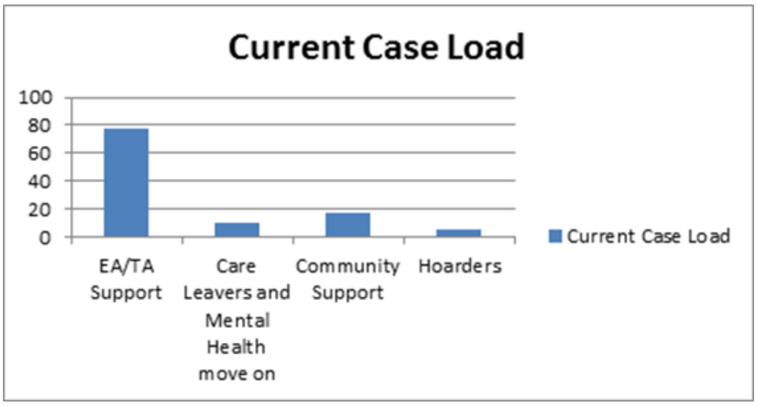
Voids will increase due to the level of complexities that are coming through as there is only 1 person working in this area. People are unlikely to move without support to do this. This will form part of the downsizing incentives scheme and is also in the Housing for Older People Strategy.

We would not be able to pro-actively contact the red flag referrals we receive from aids and adaptations – these are residents that require aids and adaptations to their current home. If we can get in there early we can talk about a possible move which would potentially save money for aids and adaptations but also release family homes back to general needs.

The post holder wouldn't have time to work with environmental health to support older residents that are privately renting possibly in poor housing conditions that need to move.

Without the additional role we would not be able to do the proactive work of contacting all existing council tenants over 55 and introducing them to the services and to support them to move if they wish

<table>
<tr><td></td><td>which could potentially release family accommodation back into general needs.

The additional role is also needed to support Independent living properties coming out of the Choice Based Lettings system.</td></tr>
<tr><td colspan="2">5. Specialist Support – Homeless and communities</td></tr>
<tr><td>

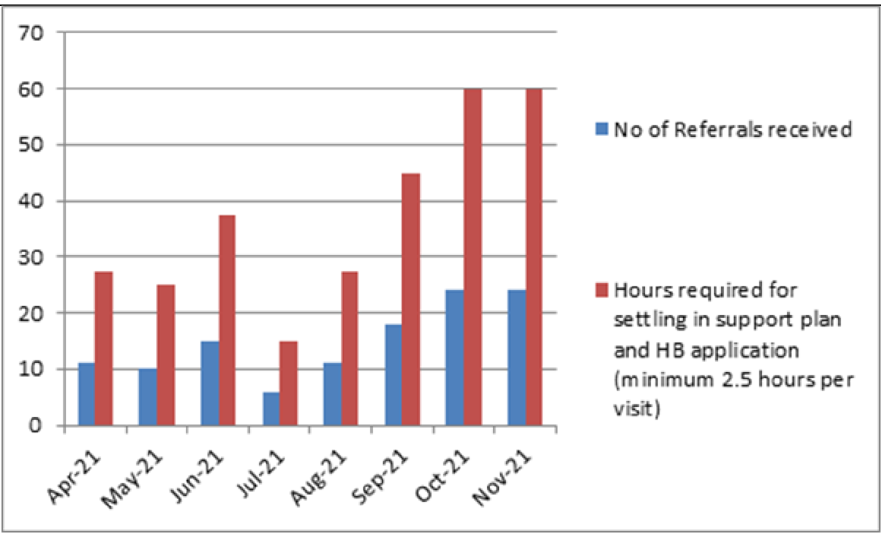
This on-going support case load is split between 3 Specialist Support Officers (2 permanent and 1 transitional post). The level of support required is medium to high and can change from week to week depending on the individual and their circumstances.

The team are predominantly supporting those in EA/TA. The graph below shows the number of referrals received and the minimum number of hours spent on their initial settling in visit to complete a support plan and housing benefit form.</td><td>In terms of unmet demand, the team have just started to take on hoarding cases which is a minimum of 6 months support and is intensive support that requires dedicated time with that individual. There are at least 30 hoarders that resident and estates team have flagged that need intensive support as well as other residents in general needs requiring extra support.

Following the pandemic, but also with the various works going on in flat blocks, it is highlighting more and more residents that need extra support to maintain their tenancy.

The team currently have a very high case load each and cannot maintain the level of demand.

The waiting list will be</td></tr>
</table>

 The number of new referrals has been increasing which has led to 60 hours of the team's time being spent just on the initial visit to complete the support plan to identify support needs and housing benefit forms. This is in addition to the on-going support provided. The team also support care leavers and mental health move ons which involves a lot of time liaising with Hertfordshire County Council and the mental health supported accommodation provider and then supporting once the person moves in. The 3rd post is needed permanently to ensure we are able to deliver the intensive support to as many tenants/EA/TA people as is needed acknowledging that there will be a waiting list due to the demand on this area of work.	so long there will be a lot of people not receiving the right support which could lead to evictions or a fire risk (hoarding).
6. **Housing Officers**	
Housing Officers are dealing with an increased case load of complex cases each week that usually involve other agencies or teams. They are spending at least 70% of their time on casework which includes work such as progressing changes of tenancy, successions, terminations etc. The time needed on these cases take away the officer's time on other areas of work such as Right to Buys, tenancy audits and flat block inspections as they cannot achieve the numbers needed each month. For Right to Buys there is roughly 10 new applications received each month each requiring at least 6 hours – processing the application; interviewing tenants; reviewing the document; auditing the property; liaising with legal. It needs dedicated resource to carry out these functions as we have a statutory timeframe to work in. There is a high level of hoarding cases (around 50 that we are aware of) ranging from low level to severe which require a significant amount of officer time weekly/biweekly. The more severe cases need to be referred to Specialist Support but they do not have the capacity at present to take these	Right to buy applications are delayed and miss the statutory deadlines. Increased backlog of flat block inspections. Health and safety risk. Increased backlog of tenancy audits Tenants could lose their tenancies if they do not have the support. Complaints increase.

on. Tenancy audit KPIs at full capacity would be 10 accessed visits per months – this is aside from tenancy auditing properties with ongoing change of tenancy applications etc. At the moment, there is not capacity and on average 2/3 are being carried out per month.	Staff leave due to increased workload.

Appendix D – Fees and Charges

Service		Description of Chargeable Service	2021/22 GROSS FEE PAYABLE BY CUSTOMER	NET FEE (2022/23)	VAT (exemption can be applied for on certain	2022/23 GROSS FEE PAYABLE BY CUSTOMER	Increase £	increase %	Total Budget 2021/22 £	Budget Increase	Budget 2022/23	Options considered/Rationale
Housing Revenue Account												
Supported Housing:												
Guest Bedrooms		All schemes other than those listed below (per night, per person)	£12.50	£10.83	£2.17	£13.00	£0.50	3.97%				
Guest flats	HG110 955300	Hobbs Ct, Silkin Court and Norman Court (any bedsit type guest room, per night, per person)	£22.50	£19.17	£3.83	£23.00	£0.50	2.24%				All Guest rooms except Norman Court to be removed
Short Stay Units		Assessment (per day)	£11.50	£11.60	£0.00	£11.60	£0.10	0.87%				
	HG610 977700	Respite	£22.50	£23.00	£0.00	£23.00	£0.50	2.22%				
									10,630	270	10,900	
Laundry Charges		Sheltered schemes first wash (per week)	£3.15	£2.67	£0.53	£3.20	£0.05	1.71%				This has been free during covid - can we start charging again. It was agreed 21/22 to charge the first wash which needs to be implemented. We will look at setting a service charge for washing machines for 2023/24 instead of tokens.
		Second wash and thereafter	£3.15	£2.67	£0.53	£3.20	£0.05	1.71%				
		Guest bedrooms and short stay (per wash)	£3.15	£2.67	£0.53	£3.20	£0.05	1.71%				
	HG110 977500								7,270	130	7,400	
Room Hire		Hairdressing at Silkin/Fred Millard, (Hourly charge) *	£5.00	£4.58	£0.92	£5.50	£0.50	9.92%				
		Private chiropodist and other services, (per hour) *	£5.00	£4.58	£0.92	£5.50	£0.50	9.92%				
	HG110 977700								1,500	100	1,600	
Support Services and careline for HRA tenants	**HG110 977807**	Housing related support (includes all services shown under careline alarms)	£19.65	£19.65	£0.00	£19.65	£0.00	0.00%	496,980	60,020	557,000	Full costing of the service hasn't been concluded due to finance pressures. Early indication shows that this figure needs to decrease due to some activity being covered under rent ie building safety checks and some activities that can be rebatable. The support element will be around £12. We would then need to have a communal management cost to pick up the charges that fall outside of the support and rent element.
		SIM Careline Unit (additional weekly charge)	£1.00	£0.83	£0.17	£1.00	£0.00	0.00%				No increase from supplier.
		independent living and flexi care support charge for previous hHRS protected clients and new residents entitled to HB	£8.00	£10.00	£0.00	£10.00	£2.00	25.00%				will book in some time with you to finalise the costings
	HG110/977801	response service for new customers (50 weeks)	£8.64	£7.25	£1.45	£8.70	£0.06	0.69%	68,040	1,960	70,000	We are up to our ceiling in what we can reasonably charge without pricing ourselves out of the market.
		Response service to other provider equipment (50 weeks)*	£4.92	£4.10	£0.82	£4.92	£0.00	0.00%				This is the difference between response service for new customers and the monitoring only charge.
		Monitoring only service (50 weeks) *	£3.72	£3.15	£0.63	£3.78	£0.06	1.61%				We need to be remain competitive alongside Herts Careline who is currently charging.
									565,020	61,980	627,000	
Careline Alarm- private (Shortfall funded from General Fund)		Response service **(52 weeks)** *	£8.64	£7.25	£1.45	£8.70	£0.06	0.69%				Previously charged for 50 weeks per year; amended to 52 week charging from 2021/22
		Response service out of area (**52 weeks**)*	£8.64	£7.25	£1.45	£8.70	£0.06	0.69%				
		Response service to other provider equipment (**52 weeks**)*	£4.92	£4.10	£0.82	£4.92	£0.00	0.00%				
		Monitoring only service (**52 weeks**) *	£3.72	£3.15	£0.63	£3.78	£0.06	1.61%				
	HG110 941100								126,400	1,600	128,000	**This Saving (£1,600) is for the GENERAL FUND - shown on there as a "one liner" - and only shown here for REFERENCE**
		Careline (Winkhause) keys*	£13.20	£11.50	£2.30	£13.80	£0.60	4.55%				
		Fobs - Sheltered Schemes (Black)	£21.50	£18.65	£3.73	£22.38	£0.88	4.09%				
		Fobs - Sheltered Schemes (Shark)	£13.00	£10.90	£2.18	£13.08	£0.08	0.62%				This includes an admin fee
Replacement Pendants		Tynetec pendant	£52.50	£48.00	£9.60	£57.60	£5.10	9.71%				Includes an admin fee
		Doro pendant		£40.00	£8.00	£48.00	new					Includes an admin fee
Key safe		Supply	£21.25	£18.33	£3.67	£22.00	£0.75	3.51%				clarify the difference between fobs black and shark-JC
		Fit	£61.00	£53.08	£10.62	£63.70	£2.70	4.42%				
Lock Change			£88.50	£75.00	£15.00	£90.00	£1.50	1.69%				
	HG110 968800								3,580	120	3,700	

Service		Description of Chargeable Service	2021/22 GROSS FEE PAYABLE BY CUSTOMER	NET FEE (2022/23)	VAT (exemption can be applied for on certain	2022/23 GROSS FEE PAYABLE BY CUSTOMER	Increase £	increase %	Total Budget 2021/22 £	Budget Increase	Budget 2022/23	Options considered/Rationale
General Needs Tenants and Leaseholders:												
Key Fobs	**HJ990 976202**	Old Style "Black fobs"*	£22.00	£18.67	£3.73	£22.40	£0.40	1.84%				
		New "Shark" Fobs*	£13.00	£10.92	£2.18	£13.10	£0.10	0.80%				This includes an admin fee
Communal door entry keys	**HJ990 976200**	Replacement keys for entry doors to flat blocks.	£20.60	£17.92	£3.58	£21.50	£0.90	4.39%	1,260	40	1,300	
Laundry charges - Roundmead, Brent and Harrow		Wash tokens	£5.75	£5.00	£1.00	£6.00	£0.25	4.35%				
		Dry Tokens	£3.10	£2.71	£0.54	£3.25	£0.15	4.90%				
Management Fees for Westwood Court & Kilner Close		Administration Fees	£1.00	£1.00	£0.20	£1.20	£0.20	20.00%	7,090	110	7,200	Round up
	HJ990 977500								8,350	150	8,500	
Stores	**HC110 978101**		£6.00	£6.50	£0.00	£6.50	£0.50	8.33%	15,520	480	16,000	
Lock change	**HR613 976200**	Callout	£140.00	£120.83	£24.17	£145.00	£5.00	3.57%	0		0	
	HA110 992200	Admin charge	£50.00	£43.33	£8.67	£52.00	£2.00	3.99%	11,000	0	11,000	
		Charge	on Application (is VATA	POA							0	
									26,520	480	27,000	
Tenant's Retrospective Charges	HA120/977700		£200.00	£0.00	£0.00	£0.00	-£200.00	-100.00%				To be replaced with further breakdown below
Inspection charge - depending on cost of work		From £0 to £999	£205.00	£225.00	£0.00	£225.00	£20.00	9.76%				
		From £1,000 to £1,999	£210.00	£230.00	£0.00	£230.00	£20.00	9.52%				
		From £2,000 to £2,999	£220.00	£250.00	£0.00	£250.00	£30.00	13.64%				
		From £3,000 to £3,999	£230.00	£260.00	£0.00	£260.00	£30.00	13.04%				
		From £4,000 to £4,999	£290.00	£310.00	£0.00	£310.00	£20.00	6.90%				
		From £5,000 to £5,999	£390.00	£420.00	£0.00	£420.00	£30.00	7.69%				
Adminstration				£160.00	£0.00	£160.00	£160.00	0.00%				New charge
									6,000	400	6,400	
		GRAND TOTAL							£755,270	£65,230	£820,500	
Notes				**Additional Income (fees & charges)**					£65,230			
1.charges are rounded to the nearest 5p				**Less: £1,600 (G Fund Saving)**					**£63,630**			

2.All charges are inclusive of VAT @ 20% with the exception of items marked with an *

3.Careline and Community Support are subject to VAT for private residents unless they complete an exemption declaration.