

SUMMARY OF MAJOR MOVEMENTS IN HOUSING REVENUE ACCOUNT BUDGET 2021/22 - 2022/23

Note 1 - Dwelling Rents

Rents for 2022/23 have been set according to the new DLUHC Rent Standard which provides for an increase of CPI + 1%. CPI in 2021/22 was 0.5% giving a rental increase of 1.5%. The 12 month CPI rate as published by the ONS in October 2021 is 3.1%, giving a total rental increase of 4.1% for 2022/23. The average dwelling rent is proposed to be £111.23 in 2022/23.

Note 2 - Interest & Investment Income/Interest Payable

A budget increase of £150k is proposed due to ongoing low interest rates. Interest rates are expected to remain lower than pre-pandemic levels.

A budget reduction of £284k for income payable is proposed based on an updated interest schedule where interest charges are lower than budgeted.

Note 3 - Repairs and Maintenance

A budget increase of £375k in repairs and maintenance is proposed to continue the full stock condition survey of the council's stock. In 2021/22 £1m was set aside for a full stock condition survey. It has been decided to carry out a phased process with a quarter of the council's stock being surveyed in financial year 2021/22 and the balance being surveyed over the proceeding two financial years. The increase in budget allows the service to make full use of existing budgets on addressing the backlog of work which has built up as a result of the Covid-19 pandemic following limited access to properties.

Note 4 - Revenue Contribution to Capital

The Revenue Contribution to Capital has been adjusted to balance the HRA in year. A decreased contribution to capital is expected.

Note 5 - Supervision and Management and Corporate and Democratic Core

The draft budget includes the following assumptions:

- A one-off technical accounting adjustment of £440k relating to secondary pensions contributions.

- An increase to the draft budget for 2022/23 due to revised estimates for recharges from the General Fund.

- Growth of £500k arising from the Housing Service Review to, meet service demands.

Note 6 - Rent, Rates, Taxes & Other Charges

A budget increase has been put forward to provide for a suitable budget for void costs.

Note 7 - Provision for Bad Debts

The provision for bad debts has been decreased by £225k in 2022/23. £82k of this reduction is proposed to fund two new Income Officer posts that will allow the officer patch sizes to be reduced, allowing more time and support for tenants whilst providing a real opportunity to reduce the level of arrears and have a positive impact upon the HRA. The remaining £143k of this reduction realigns the budget as the projected impact of Covid and Universal Credit on bad debt has not been realised to date, with an underspend realised in financial year 2020/21 as well.

Note 8 - Depreciation

The budgets for depreciation have been increased to reflect an increase in capital assets as a result of the new build programme, combined with inflation in house prices. The increase of this budget is proposed to come from a decrease in the revenue contribution to capital.

Note 9 - Housing Revenue Account Balance

The HRA Working Balance is maintained by the Council at a level of not below 5% of turnover, as approved by Members as part of the MTFS Reserves Strategy. The proposed budget increase of £140k maintains the HRA Working Balance at £3m by the end of 2022/23, which equates to 5% of the £60.2m turnover (as shown in Appendix F).

Note 10 - Contribution from / to Earmarked Reserves

A contribution from earmarked reserves is proposed to contribute £140k from the Revenue Commitments reserve to the HRA working balance to ensure this is maintained at 5% of turnover.