Dacorum Borough Council

Housing Revenue Account (HRA) Business Plan 2023 Update

1. Introduction

1.1 Good quality housing and the provision of affordable housing is a vital part of the Council's long-term vision for the borough, and the Council's Corporate Plan identifies Affordable Housing as a key priority with a commitment to "providing good quality affordable homes, particularly to those most in need". The Housing Revenue Account (HRA) Business Plan sets out the financial implications of the housing strategy's plan for existing homes and the provision of new homes funded by the Council through the HRA.

1.2 The HRA Business Plan sets out the long term financial position of the HRA Business Plan for a period of 30 years. The key focus is on the medium-term (the first five years) where there is greater certainty on costs, demands, resources and pressures, to enable the prioritisation of housing investment. The HRA Business Plan does not include the activity financed by the Council's General Fund, such as homelessness and nightly paid accommodation.

1.3 This plan demonstrates:

- The sustainability of our existing homes and the role of the housing service in supporting the Council's overall vision and priorities.
- How viable our current investment plans are in the long-term.
- The finances available for investment in new homes and investment in our existing stock and service.

1.4 The HRA Business Plan sets a broad context for financial planning and investment decisions to support delivery of the Council's strategies for housing. The plan takes account of the known financial information and issues, as well as assumptions made about variable elements impacting on the plan (e.g. inflation and interest rates). The financial model used helps to support the analysis of the impact of changes to the information used and the assumptions made.

2. Background

2.1 The Council's Housing Service provides services to approximately 12,000 properties across the Borough. Of these c1,900 are supported housing and services are provided to around c1,800 leasehold flats. The majority of the properties are general needs homes (c8,300) and there are plans to develop new homes by the Council and in partnership with others.

2.2 The 12,000 properties provides a significant resource to meet local housing needs and has a positive impact on the local economy. The provision of affordable housing, helping people into work and creating employment opportunities through our contracts with external partners, mean we can assist in creating economic growth and prosperity.

2.3 The HRA is a ring-fenced account showing the income and expenditure incurred on the Council's housing stock. The cost of borrowing and an allowance for depreciation (i.e. capital charges) are also included.

2.4 The Council has continued to deliver a strong new homes development programme at social rent across the borough for local people. This has included temporary accommodation and a homeless hostel. To date we have completed 356 new homes and have a further 153 current under construction and then a further 145 in the pipeline, with plans in place to build more.

2.5 The HRA Business Plan has been reviewed and updated to include the latest priorities and financial position of the Housing Service. This includes aligning the HRA Business Plan to the following areas:

- The Council's Corporate Priorities, including how the housing service can contribute to the net carbon zero targets.
- The Housing Strategy and how the strategy's delivery plan will be supported by the HRA Business Plan.
- The Asset Management strategy is in the process of being updated and the HRA Business plan will ensure investment supports the effective management of the assets.

2.6 The annual investment of over £30 million into existing homes and the new build programme, ensures we are able to provide good quality affordable homes in particular for those most in need.

2.7 This updated business plan starts at the beginning of the financial year 2023/24 and extends over the next 30 years. It incorporates the latest budgetary forecasts and contingency provision has been made for increased investment to meet challenges facing registered providers of social housing.

3. Financial Context of the HRA Business Plan

3.1 The HRA Business Plan reflects the plans the Council has to maintain a supply of good quality housing and to increase the local provision of affordable housing. Since the introduction of self-financing in 2012 a HRA Business Plan has been developed to enable long term planning. The plan is supported by a financial model that uses budgetary information and projections to outline the expenditure required. The model is supported by an external consultant and the model is based on insight gained from other stock holding Local Authorities.

3.2 The main sources of income and expenditure include the following:

- **Income** - There are 3 main areas of income for the HRA, including: rents, service charges (from tenants and leaseholders) and grants (e.g. new developments).
- **Expenditure** - There are 4 main areas of financial expenditure: maintenance, service costs (e.g. grounds maintenance), staffing and the repayment of loans.

3.3 The HRA Business Plan considers the impact of changes on the plans and the ability of the Council to respond (e.g. inflation). Whilst there is significant change in the operating environment, it is proposed for the HRA Business Plan to be reviewed formally on an annual basis.

3.4 The plan is based on a financial model that enables scenarios of investment to be projected and varied based on the decisions that could be taken. For example, this helps the decisions to be made based on an appropriate balance between investment in existing homes and building new builds as well as variations on the operating environment (e.g. interest rates).

3.5 The financial model is reviewed on a regular basis to take account of any changes in the assumptions used in the financial model and any changes in costs that may be experienced. One example is the impact that external legislative changes can have on the availability of revenue, such as the level of rents that can be charged. Elements such as these can be modelled and help provide an assessment of the impact of the decisions made by the Council.

3.6 The current Business Plan is set out in more detail for the first 5 years of the plan and there are key areas of activity outlined in this plan that will help to clarify the longer term position (e.g. an updated stock condition survey). As these areas of activity are completed the plan will be updated to reflect this. The additional information will help to strengthen the Council's position and provide clarity on when decisions need to be made.

3.7 The Business Plan is reviewed annually in line with the Council's budget setting process, along with changes seen across the social housing sector. Recently there have been significant cost pressures in repairs and maintenance contracts due to increases in material and labour costs. Reviewing the business plan annually during a period of change will help ensure the Council plans ahead for the future based on updated information. Quarterly checks on the plan's financial assumptions will be made because of the significant impact of any variations to these (e.g. maintenance cost inflation).

4. The Current Priorities

4.1 Within the current Corporate Plan and the work on the updated Housing Strategy, the priorities for the service are defined. The focus within the HRA Business Plan is on the financial consequences of the actions to be delivered.

4.2 There are a number developments within the housing service due to the changing environment in which the service operates, and this will mean that decisions will need to continue to be taken to respond to these challenges, as well as continuing to improve the quality of homes provided and provide investment in new homes.

4.3 These developments are outlined under the following headings:

- Better Homes - Providing homes that are warm, safe and dry and great places to live.
- Building more new affordable homes.
- Putting resident first.
- Delivering climate change action.

4.4 Similar to other Registered Providers of social housing there are a number of challenges facing the service and some of these have financial consequences. The most significant of these are based around the costs associated with the service, in particular the inflationary pressures on the cost of the service and improving the portfolio of homes managed (e.g. energy costs, maintenance costs, development costs).

5. Better Homes – Providing homes that are warm, safe and dry and great places to live

5.1 A key focus for the Council is to focus on improving the homes that we manage and ensure that the feedback from residents shapes the homes we provide and meets their identified needs.

- **Safe Homes** – There has been an increased focus in recent years on building safety following the tragedy of the Grenfell Tower fire and similar to other Registered Providers there has been a renewed focus on keeping residents safe. The Council has made effective progress and is able to demonstrate the approach to its management of assets. This focus is expected to continue and the HRA Business Plan reflects the expected future spend on maintaining this and also to have the capacity to respond to changes in managing building safety.
- **Damp and mould cases –** Following the tragic case of Awaab Ishak there has rightly been focused attention on the responsibility of registered providers to ensure that the homes they provide are well maintained and of a decent standard. The case has demonstrated the serious effects that having damp and mould in homes can have on people's health and the Council has responded positively to reviewing the current approach and identifying where improvements can be made. The increased awareness of properties with damp and mould may lead to increased activity on resolving highlighted cases and the associated costs.
- **Asset Management –** To help review the performance of the Council's HRA assets an assessment tool has been used to evaluate and grade the properties. This will help the Council to make informed decisions for the retention, investment, re-modelling and in some cases for the disposal of the stock. The new asset management strategy will consider the information in consultation with a range of stakeholders, including tenant led focus groups, intelligence gathered by our contractors and feedback from the STAR survey.
- **Change to the Decent Homes Standard (DHS) –** Within the White Paper there is a proposal to change to the existing DHS to respond to increased focus on building safety. A new DHS would impact on the approach to investing in existing homes and is likely to impact the amount of funding required within the planned maintenance programme.
- **Investment –** The Council is currently updating the information on the condition of existing homes through the stock condition surveys being completed, as well as using an asset assessment tool. This approach will help to identify those properties that should be retained in the long-term, as well as identifying those properties which will be too expensive to manage and should be considered for disposal or re-development. The opportunities for regenerating existing sites may provide the opportunities for additional homes and/or a mixture of tenures on the redeveloped sites. The Council will consider the models of delivery that support a sustainable financial position within the HRA and enable the required investment to be achieved.
- **New Repairs and Maintenance arrangements** - In 2014 the Council entered into a number of contracts for a 10 year period, for external service providers to deliver the repairs, cyclical maintenance and compliance works and planned improvement work to the Council's properties. The options for future delivery models are being explored, to ensure that the next set of arrangements offers value for money to tenants and leaseholders. There

will be costs associated with the commissioning of the new long-term repairs and maintenance contracts, as well as maintaining the existing arrangements until the new contracts can begin. There are also cost pressures within the existing contract due to the inflationary pressures being seen across the maintenance industry.

6. Building more new affordable homes

6.1 The Council is committed to building new homes and this remains a priority because of the consistent demand for housing and the need for it to be affordable. Where possible we will seek to work with partners and consider different models of delivery to ensure the Council provides support to increasing the number of new homes in the Borough.

6.2 The lack of affordable housing is a key driver for approaches to the Council for assistance and homelessness. The Council plays a key role in helping others to provide housing, as well as providing new homes itself. A key issue for residents is the need for affordable housing that enables people to sustain their tenancies in the long-term.

6.3 We will continue to explore a range of different delivery options in order to maximise the number of new council homes we are able to provide. Options include building on the Council’s housing land, acquiring homes for sale, purchasing “off plan" from private sector developers, acquiring properties from private developers, and acquiring land for the purpose of building new Council Homes

6.4 Short term capacity within the HRA Business Plan and the Council will consider the options available to increase capacity within the medium to long-term. These options include joint ventures with other organisations that will help secure investment in the area and to make best use of the Council’s assets.

7.0 Putting Resident First

7.1 The Council is committed to the engagement of residents in delivering and improving the service. There are a number of areas where the Council is looking to improve the service, including:

- **Service Improvements –** In 2022/2023 the Council has set about implementing improvements in the service through the Housing Transformation and Improvement Programme (HTIP). The improvement programme will continue into 2023/2024 and focus on transforming the service based around the needs and views of residents. . The housing service’s Tier 3 and Tier 4 staff structure has recently been reviewed and the new structure will be implemented during 2023. This will provide the basis for ongoing improvement in the services provided and from 2024/2025 onwards the improvements will be completed on an ongoing basis, with the structure and support in place to deliver this activity.
- **Estate Standard –** To improve the look and feel of the estates in communal areas, the services to communal areas are being reviewed to deliver services that reflect the needs of the area and that reflects the feedback from residents. Work with teams across the Council includes: cleaning, grounds maintenance, fly tipping and pest control.

- **Social Housing Bill and the change in regulation -** Whilst the detail of the recommendations of the Housing White paper are understood and the Council are currently delivering many of these within the current service offering, there could be additional costs associated with demonstrating compliance with a set of performance indices that will be developed. The Social Housing Regulator has published the proposed set of Tenant Satisfaction Measures (TSMs) that will be used to measure the performance of Registered Providers and work has started on responding to this.
- **Productivity improvements –** To help utilise the existing resources and improve the value for money of the service, there are areas where productivity can be improved and a 2% reduction in costs or increase in income is assumed within the HRA Business Plan. The key areas that will be considered will include voids and occupancy rates where the performance can be improved. The savings achieved from the productivity improvements will be re-invested to deliver better services for residents.
- **Cost of living –** The increases in the cost of living have affected a number of households and the Council has taken the lead in helping to signpost and provide support. The impact of the changes in food and energy costs will be felt for some time and the Council will continue to review its approach to help tenants. The focus for the Council is to support residents with their tenancies and work with households where issues arise with the payment of rent.
- **Arrears and Bad Debt** – With the challenging economic climate and in particular where inflation is higher than wage increases, there is the potential for there to be an increase in the level of arrears and for the provision of bad debt reflected in the financial assumptions underlying the HRA Business Plan.
- **Service Charges** – The charges levied for services to tenants and leaseholders will need to cover the costs of the service and the cost of managing these. This will help ensure that the charges raised reflect the costs incurred and that the evidence is available to support this. For leaseholders this is particularly important and information on the planned investment on estates and blocks will need to be available to help leaseholders plan for the expected expenditure. The Council may also need to consider the existing range of payment options available for leaseholders to support payments, particularly if there are increases in maintenance costs.
- **Rent levels –** The rent increase for 2023/2024 will be lower than the current rate of inflation and this limits the spending capacity within the HRA Business Plan. This is factored into the HRA Business Plan, both in the short-term and the assumptions about rent increase levels against projected inflation rates. The Council's rent policy will be reviewed to consider the options for supporting the development of new homes and the investment in existing homes.

8. Delivering climate change action - Retrofit and responding to the Climate Emergency

8.1 Improving current homes and responding to the need to retrofit the properties will be a significant financial challenge for both the Council and for residents.

The Council is a partner of the Greener Herts bid to secure external funding. Initially from 2024/2025 the HRA Business Plan allows for around £1M and this then increases to £3M from 2025/2026 onwards.

8.2 A number of the decisions around the retrofitting of the properties will be driven by the performance of the assets, the cost of retrofitting and the current practicalities of doing so (including the availability of the technology and the companies to complete the work).

8.3 This area of activity and the funding required will become clearer as the information on stock condition becomes available. A key factor for the HRA Business Plan will be the availability of external funding from Central Government to support the retrofitting of the stock.

9. Governance and Delivery

9.1 The HRA business plan is a live document, which articulates the medium and long-term strategies for the management, maintenance, improvement and delivery of new homes. The housing and finance teams review the financial position of the service on a regular basis, as well as the HRA Business Plan's financial model. This is to ensure it reflects changes to the new build programme, the impact of external factors and any changes approved by the Council's Cabinet.

9.2 The HRA Business plan is presented to elected members on the Council's Housing and Communities Overview and Scrutiny Committee, before being presented to Full Council.

9.3 Residents (and in particular the Tenant and Leaseholder Committee (TLC)) are involved in significant elements of the plan's content and the direction of travel. The TLC also receive feedback on the progress with elements of the plan that have a resident focus.

9.4 Each year we use the annual report to residents to publish the top line figures from the HRA business plan. This will help to keep our tenants informed about the delivery and offer information around value for money.

9.5 Any fundamental changes to the HRA Business Plan, either to the costs or the activity included will see stakeholders engaged in these discussions

10. Risk Management

10.1 Since 2012 the HRA has operated on a 'self-financing' basis with local authorities funding council housing from the income generated from rents and other charges. Although 'self-financing' has provided the Council with more flexibility, it has also has brought additional risk. Risks are collated and monitored via a risk register and are primarily concerned with threats to income and expenditure that would compromise the viability of the HRA Business Plan. These risks are reviewed and regularly updated.

10.2 Along with other Registered Providers of social housing there are a number of risks which will impact upon the HRA Business Plan, of which the main risks include:

a) Cost of Living Increases

- The potential impact of the increase in the cost of living could be significant on the number of households in arrears and value of rent arrears could increase. As a result of this, it is likely that additional resources will be required in order to deal with debt recovery and additional support to help our tenants. A number of mitigations are in place to help support tenants such as debt advice and a joined up approach from the different organisations working locally.
- As well as providing support, the Council will be using the data on payments and arrears to help support early intervention with households. As well as helping to reduce arrears, these mitigations will also help tenants to sustain their tenancies.

b) Impacts of National Housing Policies

- The impact of a number of national policy changes, particularly the new Social Housing Bill, are likely to impact on the service and may require additional resourcing.

c) Fire Risk on Council Tower Blocks and Other High Risk Buildings

- The Grenfell Tower fire and subsequent Review of Building Regulation and Fire Safety bring a number of operational and financial risks. The costs of these will require some degree of re-prioritisation of the 30 year Business Plan. There are likely to be other impacts as result such as impacts on the repairs budget due to additional work to communal areas; the market capacity/capability to respond to the scale of need nationally and possible inflation of costs; more intensive management of tower blocks and other high risk buildings may be required at a higher cost and further resilience within teams to respond to the volume of enquiries.

d) Interest Rate Risk

- The HRA's loan portfolio is made up of both fixed and variable loans, some of which will be exposed to interest rate changes. Although this is a risk to the Business Plan, part of the role of treasury management is to manage the HRA's exposure to interest rate fluctuation and the risk this brings.

e) Inflation Rate Risk

- The HRA Business Plan makes an assumption about the inflation rate across the life of the plan. In the short-term the inflation rate reflects the recent changes experienced and mirrors the Bank of England projections.
- If the assumed inflation rate was to change then this will have an impact upon the forecasted income and costs into the HRA over the 30 years; however, the impact could be positive or negative depending on whether the actual inflation rate is higher or lower than the assumed inflation rate.

f) Repairs and Maintenance

- Repairs and Maintenance risks which could impact on demand include: increased voids, stock deterioration rates, changes in regulations post Grenfell, and changes to the maintenance provider.

g) ***Responding to Climate Change***

- Proposed building regulations, changes to the provision of gas in homes as well as higher thermal efficiency standards which are unsupported by additional external grant funding, would place additional burden on HRA resources available for elemental investment in homes (including new homes).
- An increase in the frequency of severe weather events may require unplanned urgent investment in homes and disrupt the supply of homes.

11. Treasury Management Strategy

11.1 The treasury management strategy determines how the HRA Business Plan will be financed and considers the income and costs involved, as well as any changes in the expected or likely costs (e.g. inflation).

11.2 The level of borrowing for capital programmes covers the new build programmes and investment in the existing stock. The level of debt follows the level of investment that is made.

11.3 The total amount currently borrowed primarily reflects the amount of debt incurred with the HRA account was set up in 2012. The Council incurs the loans through the Public Works Loan Board (PWLB),

11.4 A key issue for the HRA's treasury management strategy is to ensure there are sufficient funds available to fund the day to day activities and repay the debt incurred, along with any conditions or dates associated with the debt incurred.

11.5 Recently interest rates have remained low and this is reflected in the interest applied to the debt that has been incurred since 2012. Since 2022 interest rates have started to increase and the projections are that the rates will continue to increase through 2023 before stabilising and potentially reducing from 2024. This is a negative impact for the Council in taking on additional borrowing, but a positive for any savings that the HRA has deposited.

11.6 Based on the current projected income and expenditure, the HRA will remain balanced and fully funded. The priority is to ensure that the treasury management strategy reflects the priorities within the HRA Business Plan and that appropriate decisions are taken to support this. The level of financing will continue to be reviewed to support these aims and how the approach to treasury management can support these aims.

12. Stock Investment Requirement and Financing

12.1 The table below shows the projected capital spend requirement for the Council's housing stock to both improve and maintain it over the next 10 years.

12.2 All homes within the Council's new build programme that have been completed, started on site or have been approved are included in the plan.

12.3 The expenditure assumptions within the table includes the impact of inflation on the expected management and maintenance costs.

12.4 The table helps to demonstrate that the HRA can meet the cost of maintaining and managing the properties, as well as investing in the existing homes and new properties.

Year	1	2	3	4	5	6	7	8	9	10	Total
Description	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31	2031.32	
Expenditure	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Capital Maintenance	23,237	22,625	25,137	27,216	25,004	26,489	27,226	27,982	28,760	29,559	263,235
New Build	22,763	48,944	34,309	0	0	0	0	0	0	0	106,016
Total expenditure	46,000	71,569	59,446	27,216	25,004	26,489	27,226	27,982	28,760	29,559	369,251
Financing											
Revenue Contributions to Capital	0.00	(334)	(2,271)	0.00	0	0	0	0	0	0	(2,605)
Capital Receipts and Reserves	(17,285)	(6,865)	(4,714)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(28,863)
Major Repairs Reserve	(20,425)	(15,603)	(16,658)	(17,059)	(17,357)	(17,661)	(17,970)	(18,284)	(18,603)	(18,928)	(178,546)
141 Receipts	(8,291)	(14,040)	(12,369)	(1,757)	(1,801)	(1,847)	-1,894	-1,941	-1,990	-2,041	(47,971)
Borrowing	0	-34,727	(23,435)	(8,401)	(5,846)	(6,982)	-7,362	-7,757	-8,166	-8,590	(111,266)
Total financing	(46,000)	(71,569)	(59,446)	(27,216)	(25,004)	(26,489)	(27,226)	(27,982)	(28,760)	(29,559)	(369,251)
Net (over)/ under financing	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0

13. Financial Assumptions

13.1 The 30-year business plan has been based on the approved budget for 2022/23.

13.2 In order to plan the expenditure on the planned activity, assumptions have been made to provide the basis for the projections.

13.3 These are included in appendix one of the business plan in the table of financial assumptions.

13.4 There are a number of risks that impact on the housing service and these are reported on and reviewed on a regular basis.

- Cost Inflation – and the impact on maintenance costs and development costs.
- Interest Rates – and the impact on savings and borrowings.
- Staff salaries – and the agreements made for the Council's employees.
- Service costs – including any significant changes in costs, such as gas and electricity costs.
- Right to Buys – and any variations in the expected activity that impacts on the income to the HRA.

14. Financial Analysis

14.1 The financial analysis within the HRA Business Plan is focussed on the areas which are subject to external factors and can have a significant impact on the financial impact on the agreed levels of activity.

14.2 When decisions are made which have a financial impact it is prudent to analyse the impact of this on the business plan, in particular if there changes to the balances and expenditure in specific years. This will help to demonstrate the impact of this and enables a focus on the long-term planning for the service.

14.3 Sensitivity analysis is of particular importance where there are changes in costs and in particular for the following areas:

- Maintenance Costs.
- Inflation and cost of living increases.
- Rent levels.
- Service Charge costs.
- Level and cost of new developments.
- Interest rates and the cost of borrowing.

14.4 Detailed analysis through the HRA Business Plan's financial model will be used to understand the impact of changes to the above elements, and be used to demonstrate that this has been tested in the delivery of the presented plan.

14.5 Forecast HRA income and expenditure allows the HRA to meet: the cost of day to day management and repairs for our housing stock; manage interest charges; the depreciation charge that funds capital works through the major repairs reserve; and top up the funding for capital works through revenue contributions. A minimum balance has been set within this financial model to ensure the HRA working balance does not go below an agreed figure. This table shows the forecast net income/ expenditure on the HRA over the first 10 years of the business plan. It indicates that the HRA can remain balanced over the period projected.

Year Description	1 2022.23	2 2023.24	3 2024.25	4 2025.26	5 2026.27	6 2027.28	7 2028.29	8 2029.30	9 2030.31	10 2031.32	Total
Income	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Rental Income	(57,248)	(60,871)	(67,092)	(68,342)	(69,787)	(71,252)	(72,736)	(74,240)	(77,222)	(77,311)	**(696,101)**
Service charge income	(2,194)	(2,214)	(2,921)	(3,338)	(3,404)	(3,472)	(3,542)	(3,613)	(3,685)	(3,759)	**(32,142)**
Other Income	(645)	(647)	(790)	(806)	(822)	(838)	(855)	(872)	(890)	(908)	**(8,073)**
Total income	(60,087)	(63,732)	(70,804)	(72,485)	(74,013)	(75,563)	(77,133)	(78,725)	(81,797)	(81,978)	(736,316)
Expenditure											
Management	19,431	19,005	18,800	18,942	18,931	18,912	18,884	19,262	19,647	20,040	**191,854**
Bad debt provision	750	750	815	831	848	866	884	902	938	940	**8,524**
Responsive & Cyclical Repairs	14,623	14,594	15,144	15,559	15,986	16,431	16,984	17,555	18,036	18,531	**163,442**
Total expenditure	34,804	34,349	34,759	35,332	35,765	36,208	36,751	37,719	38,622	39,510	363,820
Capital financing costs											
Interest paid	11,302	11,267	13,096	13,633	13,677	13,715	13,720	14,132	15,008	15,208	**134,758**
Interest received	(810)	(210)	(14)	(13)	(19)	(27)	(36)	(44)	(50)	(52)	**(1,277)**
Depreciation	15,620	15,620	16,641	17,059	17,357	17,661	17,970	18,284	18,603	18,928	**173,742**
Capital financing costs	26,112	26,677	29,722	30,679	31,015	31,349	31,654	32,372	33,561	34,084	307,223
Appropriations											
Revenue contribution to repayment of debt	0	0	3,344	5,901	6,921	7,729	8,468	8,389	9,275	8,230	**58,257**
Revenue contribution to capital	0	2,538	2,271	0	0	0	0	0	0	0	**2,605**
Revenue contribution to reserves	-829	0	0	0	0	0	0	0	0	0	**0**
Appropriations	-829	2,538	5,615	5,901	6,921	7,729	8,468	8,389	9,275	8,230	60,862
Net (income)/ expenditure	0	-168	-708	-573	(313)	(276)	(260)	(246)	(339)	(153)	(4,411)

Appendix One

Item	Assumption - Reduced Development Programme + HTIP + Damp & Mould + Retrofit
Current Debt (22.23)	£331m
Peak Debt	£528.26m in 2051.52
Minimum HRA Balance	Drops to 2.4m in 2023/24 but increases above 3m in future years.
Major Repairs Reserve Balance	Nil – to be fully utilised each year to fund capital works and new build
Debt at End of Model (2051.52)	528.26m in 2051/52
Interest paid on Debt	Approximately £13m a year for next 5 years.
Rent Increases	Capped 7% increase for 2023/24 CPI + 1% for 2024/25 CPI (2%) for the remaining years throughout plan. New tenancies re-let at (social) formula rent.
RPI	2023/24 12.6%, 2024/25 6.2% 3.0% for the remainder years throughout plan
RPI - Repairs and Maintenance	An increase of 25% in 2023/24, and RPI (3%) for the remaining years
Relet Rate	4% throughout model
Retrofit / Decarbonisation Schemes	24/25 £1m included 25/26+ £3m included
New Build Programme	Includes 308 units either in progress or in pipeline. 3 sites with Homes England funding Cherry Bounce, Stoneycroft, Garage Sites B, Great Sturgess and Aspirational Sites removed
Capital Programme	Includes 1m a year for RTB Buy backs and 1m in 2022/23 and 1m in 2023/24 for SANG / SAMM
Damp and Mould	23/24 250k (2 fixed term posts and increased budget provision for high priority works) 24/25+ 200k
Housing Transformation Programme	Included 550k in 23/24 only
Voids and Bad Debts	Voids: 0.80% of gross income Bad Debts: 1.21%
Interest Rates for new borrowing	4%
Efficiency Programme	Savings target of 2%pa of Supervision and Management for fives years starting in 2024/25
Service Charges	Proposed additional income of 1m phased over three years starting in 23.24

Total New Build Programme	£106m up to 2031.32
Planned Capital - Major Work Calc	An increase of 25% in 2023/24, and RPI (3%) for the remaining years
Structure	Includes Tier 3 structure
Formula Rent	Increase of 11.1% in 23/24 and CPI + 1% in 24.25 and 2% beyond
Efficiency Programme	Approximately 350k a year
RTB Sales	Assumes 6 RTB sales a Quarter - 24 a year