



THE RUGBY BOROUGH COUNCIL

A special meeting of the Rugby Borough Council will be held via Microsoft Teams at 6.00pm on Tuesday 2 February 2021.

Members of the public may view the livestream of the meeting via the link on the Council's website.

Mannie Ketley
Executive Director

A G E N D A

PART 1 – PUBLIC BUSINESS

1. Apologies for absence.

2. Minutes.

To approve the minutes of the ordinary meeting of Council held on 15 December 2020.

3. Declaration of Interests.

To receive declarations of -

(a) non-pecuniary interests as defined by the Council's Code of Conduct for Councillors;

(b) pecuniary interests as defined by the Council's Code of Conduct for Councillors; and

(c) notice under Section 106 Local Government Finance Act 1992 - non-payment of Community Charge or Council Tax.

4. To receive the Mayor's Announcements.

5. To receive and consider the Reports of Officers.

(a) Draft Housing Revenue Account Capital & Revenue Budgets 2021/22 and Medium Term Financial Plan 2021-25 – report of the Head of Communities and Homes and Chief Financial Officer.

6. Correspondence.

7. Common Seal.

To order the affixing of the Common Seal to the various orders, deeds and documents to be made or entered into for carrying into effect the several decisions, matters and things approved by the Council and more particularly set out in the Committees' Reports adopted at this meeting.

PART 2 – EXEMPT INFORMATION

There is no business involving exempt information to be considered.

DATED THIS 25th day of January 2021

To: The Mayor and Members of Rugby Borough Council

AGENDA MANAGEMENT SHEET

Report Title: Draft Housing Revenue Account Capital & Revenue Budgets 2021/22 and Medium Term Financial Plan 2021-25

Name of Committee: Special Council

Date of Meeting: 2 February 2021

Report Director: Head of Communities and Homes and the Chief Financial Officer

Portfolio: Communities and Homes

Ward Relevance: ALL

Prior Consultation: Housing Revenue Account Capital & Revenue Budgets 2021/22 and Medium Term Financial Plan 2021-25

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Public or Private: Public

Report Subject to Call-In: Yes

Report En-Bloc: No

Forward Plan: Yes

Corporate Priorities: This report relates to the following priority(ies):

(CR) Corporate Resources To provide excellent, value for money services and sustainable growth

(CH) Communities and Homes Achieve financial self-sufficiency by 2020

(EPR) Environment and Public Realm Enable our residents to live healthy, independent lives

(GI) Growth and Investment Optimise income and identify new revenue opportunities (CR)

Prioritise use of resources to meet changing customer needs and demands (CR)

Ensure that the council works efficiently and effectively (CR)

Ensure residents have a home that works for them and is affordable (CH)

Deliver digitally-enabled services that residents can access (CH)

- Understand our communities and enable people to take an active part in them (CH)
- Enhance our local, open spaces to make them places where people want to be (EPR)
- Continue to improve the efficiency of our waste and recycling services (EPR)
- Protect the public (EPR)
- Promote sustainable growth and economic prosperity (GI)
- Promote and grow Rugby's visitor economy with our partners (GI)
- Encourage healthy and active lifestyles to improve wellbeing within the borough (GI)
- This report does not specifically relate to any Council priorities but

Statutory/Policy Background: The Council has a statutory duty to set an annual Housing Revenue Account (HRA) revenue budget that will enable it to determine the level of council house rents.

Summary: The purpose of this report is to present a draft HRA revenue position (see Appendix A) and a capital position (see Appendix B) for 2021/22 based on budget submissions, plus a HRA Medium Term Financial Plan (MTFP) (see Appendix C).

Financial Implications: As detailed within the report and appendices.

Risk Management Implications: There are no risk management implications arising from this report.

Environmental Implications: There are no environmental implications arising from this report.

Legal Implications: Set out within the body of this report

Equality and Diversity: Please see Equality Impact Assessment as appended in appendix D of this report.

Options: Option 1 - approve recommendation 1 of this report.

Option 2 - provide an alternative to the revenue and capital budgets and/or rent and service charge value.

Any changes made to any of the recommendations will potentially affect the content of the subsequent appendices. If any changes to the rent setting levels are proposed,

it is important to be clear about the effects of the change and to build these in during the consideration of each recommendation.

Recommendation:

1. The draft revenue and capital budgets at Appendices A and B for 2021/22 be approved inclusive of a 1.5% increase in rent and service charges as per section 6 of this report; and
2. in consultation with the Leader of the Council and Executive Director, delegated authority be given to the Head of Communities and Homes and the Chief Finance Officer to approve any short term additional Property Repairs Service resourcing to deal with current capacity issues.

Reasons for Recommendation:

National rent guidance allows for rents to be increased by CPI + 1% as at September 2020 and this is the methodology used for calculating the rent in this report. Budgets for both revenue and capital have been proposed based on the expected requirements for the forthcoming financial year

Special Council - 2 February 2021

**Draft Housing Revenue Account Capital & Revenue Budgets
2021/22 and Medium Term Financial Plan 2021-25**

**Public Report of the Head of Communities and Homes and the
Chief Financial Officer**

RECOMMENDATION

1. The draft revenue and capital budgets at Appendices A and B for 2021/22 be approved inclusive of a 1.5% increase in rent and service charges as per section 6 of this report; and
2. in consultation with the Leader of the Council and Executive Director, delegated authority be given to the Head of Communities and Homes and the Chief Finance Officer to approve any short term additional Property Repairs Service resourcing to deal with current capacity issues.

1. INTRODUCTION

1.1 The Council is required by the Local Government and Housing Act 1989 (section 74) to keep a Housing Revenue Account (HRA) which records all revenue expenditure and income relating to the provision of council dwellings and related services. The use of this account is heavily prescribed by statute and the Council is not allowed to fund any expenditure for non-housing related services from this account. In addition, the Act ensures that the HRA does not fall into a deficit position.

1.2 In accordance with the constitution, the Council is required to carry out an annual review of rents and notify tenants not less than 28 days prior to the proposed date of change.

1.3 The Council has a retained housing stock of c3,700 homes currently available to let and manages an additional 60 leasehold properties with an annual rent roll of c.£16m.

1.4 Following on from the initial draft report presented in December, the purpose of this report is to present an updated draft HRA revenue position (see Appendix A) and a capital position (see Appendix B) for 2021/22 plus a HRA Medium Term Financial Plan (MTFP) (see Appendix C) ahead of the final budget presentation and rent setting at Full Council on 2 February 2021.

2. BUDGET AND POLICY FRAMEWORK

2.1 Significant activities within or impacting upon the Housing Revenue Account in 2020/21 include:

- The completion of 19 property acquisitions so far this year including 10 Section 106 acquisitions at Coton Park; and
- A further 9 agreements on S106 properties in the current year.

2.2 The Council responded to several consultation papers from the Ministry of Housing, Communities and Local Government (MHCLG) in 2018/19 including the Green Paper, ***A New Deal for Social Housing and future proposals on the Use of Right to Buy Receipts.***

2.3 Among the consultation questions within the Green Paper the following have particular financial implications for the HRA moving forward:

- Are there any changes to what constitutes a Decent Home that we should consider?
- Do we need additional measures to make sure social homes are safe and decent?
- Views on whether the Government's current arrangements strike the right balance between providing grant funding for housing associations and HRA borrowing for local authorities; and
- What level of additional affordable housing, over existing investment plans, could be delivered by social housing providers if they were given longer term certainty over funding?

2.4 Following on from this on 17 November 2020 the white paper, **the Charter for Social Housing Residents** was released and commitments in the charter include;

- Consultation in respect of electrical safety, installation of carbon monoxide monitors
- A review of the Decent Homes Standard to support the decarbonisation and energy efficiency of social homes and improve communal and green space. Part 1 of the review is anticipated to be completed in Autumn 2021 but this phase will be focused on 'is the current DHS fit for purpose'?

2.5 Rent guidance allows increases of CPI + 1%. CPI as at September 2020 was 0.5% meaning that the indicative rise in rents for current tenants will be 1.5% (0.5% plus 1%) For the purposes of financial planning within the Medium-Term Financial Plan (2020-2024) rent uplifts are estimated at 3% (Bank of England CPI target of 2% + 1%).

2.6 On 9 October 2019, Chief Finance Officers across the country were informed that, with immediate effect, **"HM Treasury is ...restoring interest rates to levels available in 2018, by increasing the margin that applies to new loans from the Public Works Loans Board (PWLB) by 100bps (one percentage point) on top of usual lending terms."**

2.7 Following the lifting of the borrowing cap for the HRA in 2018/19, the Council has introduced a local limit on indebtedness to ensure compliance with the Prudential Code for Capital Finance in Local Authorities. It is recommended that the level remains at **£152m** approved in 2019/20 which will provide:

- Capacity to increase the Council's HRA Capital Financing Requirement to meet refurbishment costs at the multi-storey flat sites subject to Government support or Homes England grant; and
- Subject to support for the schemes above, capacity to increase the stock base via bids on developer affordable housing projects and/or RBC projects.

2.8 Council received several reports in 2018/19 concerning the condition and potential options for both **Rounds Gardens and Biart Place**. In summary, approval was given to:

- Proceed with the Biart Place redevelopment design and procurement;
- Install additional fire alarms at Rounds Gardens based on recommendations by the fire risk assessor and Warwickshire Fire and Rescue Service and commence decanting the blocks with a deadline of 31 March 2022, which is still on target to be delivered with 75% of the decant complete; and
- Proceed with the Rounds Gardens redevelopment, design and procurement.

2.9 The structural findings in respect of the blocks at both sites, which account for almost 10% in total of the Council's HRA stock, were unanticipated. The measures required to respond to these findings will have an extraordinary impact on the HRA's financial resources, which will impact on its ability to meet to both current and emerging housing needs. This will, in turn, have a potential impact on the General Fund, as unmet housing need must be increasingly met via temporary accommodation.

2.10 To ensure that the Council has continuing earmarked balances to commence demolition and rebuild costs (notwithstanding central Government financial support) in 2021/22, it is proposed that £3.147m that would otherwise have been set aside for the repayment of debt as part of the HRA Medium Term Financial Plan will be utilised as Revenue Contributions to Capital Expenditure.

2.11 The updated HRA Medium Term Financial Plan (Appendix C) also contains continuing Revenue Contributions to Capital Expenditure in place of voluntary debt repayments. Adjustments have also been made for temporary rent loss and additional interest on debt where timelines can be estimated.

3. REVIEW OF HRA BALANCES

3.1 The HRA draft budget for 2021/22 (Appendix A) takes into account the re-introduction of social housing rent guidance in 2020/21 allowing for CPI + 1% rent increases. The 30-year HRA financial plan has also been updated to reflect changes, including high-rise site redevelopment, where the impact can be forecast.

HRA Revenue Balance

3.2 The level of the HRA Revenue balance was re-assessed prior to rent setting in 2018/19 considering potential risks arising from the Council's capacity to manage in-year budget pressures and the wider reform and regulatory environment. Further recommendations were made during 2018 and 2019 as part of reports to Council concerning high-rise sites.

3.3 After assessing for the above, the estimated HRA Revenue balance at 31 March 2021 will be £4.418m. This level is considered prudent to meet further revenue costs arising from decisions on the future of the high-rise sites and other potential risks moving forward over the term of the HRA Medium Term Financial Plan.

Major Repairs Reserve

3.4 The Major Repairs Reserve (MRR) reflects the need to replace major components as they wear out. This funding, together with previous allocations of supported borrowing and revenue contributions, has enabled the Council to maintain our housing stock in a good condition. As the housing Green Paper drew specific reference to "what constitutes a decent home" balances will require reviewing in light of any regulatory changes in future years. A major upgrade to the Council's asset management system is currently in development which will utilise digital technology to better inform officers about stock condition, including energy efficiency. In turn this will allow for more accurate forecasting of component (bathrooms, kitchens, central heating, etc) replacement programmes.

3.5 The forecast MRR balances reflecting the capital programme proposals at Appendix B are as follows:

	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s
Balance b/fwd	1,699	1,196	2,925	5,078
Depreciation/Appropriations from HRA Revenue	2,878	2,950	3,024	3,099
Interest Received	15	15	15	15
Capital Financing	(3,396)	(1,236)	(886)	(886)
Balance c/fwd	1,196	2,925	5,078	7,306

Housing Repairs Account

3.6 The Housing Repairs Account is an earmarked reserve used to mitigate the risks associated with cyclical and responsive repairs over time. The forecast balance over the period of the medium-term financial plan is **£0.668m**.

Housing Capital Investment Balances

3.7 In addition to the above, the Council has also made revenue contributions set aside for capital investment in prior years to fund new build, estate regeneration and other works, for example, upgrades to the Housing Management System software. Capital investment balances will be utilised to fund redevelopment costs at Biart Place and Rounds Gardens over the period of the HRA Medium Term Financial Plan

subject to availability of financial support from Central Government or grant aid from Homes England. Costs in excess of available balances will be met via additional borrowing. Where Right-to-Buy (RTB) receipts are utilised to fund replacement homes, only 30% of the total cost may currently be funded from this source. The forecast balances over the period of the medium-term financial plan are as follows:

	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s
Balance b/fwd	6,966	6,100	5,260	5,949
Contributions from HRA	3147	2,840	2,369	1,000
Capital Financing for New Build / Acquisitions / Other Projects	(4,013)	(3,680)	(1,680)	(1,680)
Balance c/fwd	6,100	5,260	5,949	5,269

Right-to-Buy (RTB) Capital Receipts

3.8 The Council entered a 1-4-1 retention agreement with MHCLG in 2012 allowing it to retain a greater proportion of receipts upon the condition that they are utilised in provision of replacement housing within 3 years. Receipts under the 1-4-1 retention agreement that are not utilised must be returned to Her Majesty's Treasury (HMT) and incur an interest charge of Bank of England Base Rate plus 4%. Only 30% of the expenditure incurred on replacement housing may be financed from RTB receipts.

3.9 It is assumed that 22 homes will be sold under the Right-to-Buy scheme per year over the period of the medium-term financial plan producing an average receipt of £0.085m per property (prior to pooling). Forecast balances over the period are as follows:

	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s
Balance b/fwd	7,281	7,181	7,581	7,981
Net Pooling Contribution	900	900	900	900
Capital Financing for New Build / Acquisitions	(1,000)	(500)	(500)	(500)
Balance c/fwd	7,181	7,581	7,981	8,381

4. MEDIUM TERM FUNDING OPTIONS

4.1 As noted in sections 2 and 3, sums set aside for the voluntary repayment of debt will be diverted to balances during the period of the HRA Medium Term Financial Plan to fund redevelopment costs at the high-rise sites. In the absence of significant Central Government financial support or grant from Homes England, the revised debt repayment schedule will now extend to **2049/50**, subject to sensitivity around project timelines and cost estimates.

4.2 The chart below compares the original debt repayment schedule (*self-financing*), the revised schedule following the 1% rent cut (*rent cut*), and the updated schedule in light of the current redevelopment estimates (*high-rise sites*). The level of the proposed “debt cap” is also included for reference.



4.3 Reducing the level and extending the timeline of debt repayments to 2049/50 will increase the net interest payable by the HRA during this period. All debt rescheduling and increases to the HRA debt pool will be undertaken in conjunction with the principles set out in the Council’s Treasury Management Strategy.

4.4 An updated HRA medium term financial plan reflecting the above position is included at Appendix C. The remainder of the report concentrates on proposals for 2021/22 including:

- Rent
- Service Charges
- Performance management – voids and debt collection
- Expenditure assumptions
- Housing repairs and capital programme
- Capital financing

5. RENT

Background

5.1 The Welfare Reform and Work Bill 2015 introduced a requirement for local authorities and other registered providers to reduce rents by 1% a year for four years beginning 2016/17. In 2019/20 this would have produced a rent increase of 3.40% (September 2018 CPI + 1%). The Council implemented the rent change in 2016/17, with an estimated cumulative rent differential over the 4-year period of **£5.107m**.

5.2 On 4th October 2017, the Department for Communities and Local Government (DCLG) announced that social landlords will be allowed to increase social housing rents “limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020.” This represents a return to the previous rent settlement, which was

meant to run from 2015 to 2025 but was replaced with a 4-year reduction by 1% annually from 2016.

5.3 Properties below target rent (the equivalent rent in the Housing Association sector) are still allowed to have rents uplifted to that rate at the point of vacancy and subsequent re-let, with rents subsequently increased using the standard CPI + 1%. It is estimated that 150 homes below target rent will be re-let during 2020/21 based on historic trends and stock availability following the decant of Biart Place.

5.4 Rent estimates for 2021/22 assume a stock level of 3,517 available to let HRA properties at the start of April 2021. It is estimated that stock will fall by an estimated 22 Right-to-Buy sales in year. It is also assumed that the Rounds Gardens site will be fully decanted by 31 March 2022. The fall in numbers will be mitigated by the acquisition of c.38 open market homes (including purchases from developers as part of S106 provisions). A void rate of 1.00% (excluding any decant properties) is estimated for 2021/22.

Rent Calculation

5.5 The calculations for rents are based on average rents over the entire year, i.e. without any free weeks. The percentages applied to this may not be the same as the ones applicable when considering a 48 or 49-week rent year. 2021/22 is a 48-week rent year and therefore rents will be charged accordingly.

5.6 The following calculations are based on stock numbers as at October 2020.

	2020/21 £'s	2021/22 £'s	Average % Increase	Average £ Increase
Average Weekly Rent (52-week basis)	85.14	86.59	1.70	1.45

5.7 Since 2021/22 is a 48-week rent year the rents will be charged accordingly and therefore the figures shown here are for illustrative purposes. Estimated rental income from dwellings of £15.716m for 2021/22 has been included within the draft HRA revenue budgets as shown in Appendix A. The estimate is based on the central business case of:

- An average 1% void rate across the stock;
- Full decant of Rounds Gardens by March 2022
- 22 Right-to-Buy sales in 2021/22;
- Acquisition of 38 new build (open market and S106 developer) properties; and
- 150 re-lets where rent is uplifted to target rent

5.8 For each 1% change in the void rate the HRA rent loss is equivalent to £0.158m. Each additional RTB sale produces an average rent loss of £4,530 in a full

year. The average target rent in 2021/22 (52-week basis) will be £96.71 as compared to the average current rent of £86.59 (see above.)

5.9 The assumptions are that in 2021/22 we will acquire more stock that we dispose of and this is partly as a result of the Housing Acquisition Fund. This c£13m fund, established in 2018/19 was created to alleviate the cost of temporary accommodation as well as have a positive impact on waiting lists. To date, 10 properties have been secured under the scheme with a number of other opportunities being considered.

6. SERVICE CHARGES

6.1 In line with government guidance, the Council carried out an exercise of de-pooling rent and service charges in 2006/07. This enabled tenants to see the estimated amount spent on services that had previously been included within the rent. Income from service charges is estimated at £0.946m in 2021/22 (including a void allowance of 1.00%).

6.2 The average weekly impact upon utilities and cleaning service charges arising from the estimates of costs associated with that service in 2021/22 (on a 52-week basis) is as follows:

Charge Type	Average Charge p/w (52 wk basis) £	Average Change p/w £
Communal Lighting - Electricity (Rebateable – eligible for Housing Benefit)	1.02	0.00
Communal Heating - Gas (Rebateable – eligible for Housing Benefit)	0.40	0.02
Communal Cleaning (Rebateable – eligible for Housing Benefit)	2.93	0.03
Communal Heating – Gas (Non-Rebateable – Very Sheltered Housing only – not eligible for Housing Benefit)	6.90	0.05
Subtotal	11.25	0.10
Independent Living Co-ordinator	8.59	0.13
Concierge	2.28	0.03
Control centre operators	16.33	0.23

7. PERFORMANCE MANAGEMENT

7.1 The financial management of the HRA is directly linked to key performance in several operational areas – void management, rent collection and arrears recovery.

Void Management

7.2 There is a direct relationship between the time a property remains void and the rent foregone. Consequently, ensuring that homes are re-let in the most efficient manner is a key priority for housing and property repairs service staff.

7.3 For 2021/22 the target for void property rent and service charge loss will be set at 1.00%, equating to £0.158m. Most recent performance data shows void loss, excluding properties at the multi-storey flats, running at 2.7%. Where rechargeable works are identified at the point of tenancy termination, tenants are offered the opportunity to make good, or will be billed for the costs. Void rechargeable repairs (the works identified through this process) year to date are £0.023m. There has been an impact on void rent loss and property turnaround times due to the COVID-19 pandemic. The national lockdown enforced in March 2020 prevented people from moving house until the end of June 2020. The only allocations that were able to take place during this period of time were for those applicants who were homeless.

Rent Collection/Bad Debt Provision

7.4 The collection rate for rent and service charges and the performance in managing rent debt is critical to the financial position of the HRA and has a direct impact on the amount of bad debt provision that must be set aside.

7.5 Government had originally intended to introduce Universal Credit on a phased basis from October 2013. However, full Borough-wide implementation for new claimants was not introduced until October 2015 and the transition for existing claimants is scheduled for completion in 2023/24.

7.6 Arrears greater than 4 weeks amounted to £1.044m as at January 2021 and 49% of this total (£0.509m) relates to current tenants. The level of rent arrears has been reviewed in year and will be monitored until final budget setting in February. The HRA's contribution to the bad debt provision is currently estimated at £0.057m in 2021/22 reflecting the above circumstances.

8. EXPENDITURE – ASSUMPTIONS

Employee costs

8.1 The HRA budgets are based on the current staffing establishment, following the announcements in the Comprehensive Spending Review employee costs have remained at 2020/21 levels which had led to a reduction of £0.027m from the costs identified in the previous draft budget report. However, the Local Government Association have reported that it is expected that there will continue to be a pay claim submitted so any divergence from the initial 0% will need also need to be funded. Progression through pay scales and increased employer contributions to the Local Government Pension Scheme have been included in the base budget.

8.2 Several members of staff spend their time on both HRA and General Fund activities and as a result staff costs are split based on percentages of time relevant to services.

Utility Costs

8.3 Gas and electricity costs have been estimated to attract the following inflation in 2021/22 as per ESPO Energy Briefing:

	Inflation Rate
Gas	5.0%
Electricity	-2.9%

However, an estimated decrease in gas costs of 15% and an increase of electricity costs of 1.5% for the current year have also been included in the estimates.

8.4 The level of utility costs is subject to variation as further information about future energy inflation and current consumption is refined prior to rent setting.

Central Recharges

8.5 These costs are currently estimated at £2.636m in 2021/22 and include the HRA's proportion of Corporate Property, ICT, Legal, Human Resources, Payroll and other costs. This is a minor variance from the previous report as a result of the iterative way in which recharges are established

Charges for Capital

8.6 MHCLG and the Chartered Institute of Public Finance and Accountancy (CIPFA) produced guidelines regarding council dwelling depreciation and impairment to coincide with the introduction of 'self-financing' in 2012. Depreciation is used to provide a measure of the cost of the economic benefits embodied in an asset that have been consumed during the year. Estimates for 2021/22 charges are based around this guidance and there is no increase on financial year 2020/21. If the final depreciation charge for 2021/22 is less or more than the estimate (£2.878m), the excess or deficit is transferred to the Major Repairs Reserve to ensure the smoothing of costs for major works over the medium term.

Amounts set aside for the repayment of debt/ Revenue Contributions to Capital Expenditure

8.7 The HRA business plan initiated at the point of self-financing assumed that all in-year surpluses would be utilised in the repayment of debt, subject to the maintenance of a prudent HRA working balance. Prior to the introduction of the 1% rent cut and the redevelopment projects at high rise sites, estimates were that the HRA self-financing debt allocation of £72.949m would be repaid in 2024 (12 years following the settlement). As noted in sections 2 and 3, sums set aside for the voluntary repayment of debt will be diverted to balances during the period of the HRA Medium Term Financial Plan to fund redevelopment costs at the high-rise sites. In the absence of significant government financial support or grant funding from Homes England, the revised debt repayment schedule will now extend to 2049/50, subject to sensitivity around project timelines and cost estimates.

8.8 Unlike the General Fund, there is no statutory requirement to set aside money from revenue for debt repayment within the HRA allowing flexibility to adjust debt repayment considering HRA business planning needs in future years.

9. HOUSING REPAIRS & MAJOR WORKS

Housing Repairs

9.1 Housing repairs expenditure covers both planned and responsive maintenance, some of which is capital funded. The funding is split between:

- the Housing Repairs Account for revenue expenditure such as boiler servicing, electrical inspections, etc.; and
- the Major Repairs Reserve (MRR) for capital works including the replacement of significant components (kitchens, bathrooms, central heating, etc.)

9.2 The transfer to the Housing Repairs Account in 2021/22 is estimated at £3.991m (£3.837m 2020/21). Works within this total include:

- Gas servicing and maintenance works – (£0.390m);
- Responsive repairs and voids (£2.514m);
- Repainting schemes - (£0.210m); and
- Electrical inspections and maintenance (£0.065m).

Major Works

9.3 The Council is required to produce a capital programme which takes account of at least the next three financial years. To compliment this the Council is in the process of formulating a Carbon Management plan with the intention of applying for grant funding through the Social Housing Decarbonisation scheme. The full programme is included at Appendix B. Material items within the programme include:

Heating Upgrades (£1.735m)

9.4 The proposals for 2021/22 include a heating upgrade/replacement programme of approximately 610 properties as part of the lifecycle replacements funded via the Major Repairs Reserve. The new boilers will be high efficiency and will run on natural gas and LPG fuel, with 97% of consumption being turned into heat. For 2022/23 the number required for replacement will be nominal as all gas assets will be no older than 8 years and should have a life expectancy of 15 years.

In readiness for the completion of the 2022/23 capital programme the council will have sufficient time to consider alternatives to gas, with performance, functionality, ecological and financial considerations taken into account. Trials of these will need to take place and be assessed before wholesale changes can be implemented.

Bathrooms (£0.438m)

9.5 The proposals for 2021/22 include a bathroom replacement programme of approximately 125 properties to ensure continuing compliance with Decent Homes standards. A further 670 replacements will be undertaken in the period 2022/23 to 2027/28 at an approximate 135 properties per year. Funding is via the Major Repairs Reserve.

Acquisitions (£1.685m)

9.6 To maintain compliance with its retained Right-to-Buy 1-4-1 Agreement with MHCLG, and to access homes made available via S106 agreement with developers the Council will acquire approximately 12 properties in 2021/22. The average cost of acquisition is estimated at £0.140m of which a maximum 30% (£0.042m) is currently funded via Right-to-Buy sales receipts. The balance (70%) is funded via Housing Capital Investment balances. Where larger new build or acquisition schemes are envisaged, such as those outlined in section 2, reports will be brought to Council outlining operational and financing recommendations.

10. PROPERTY REPAIRS SERVICE

10.1 The Property Repairs Team is currently undertaking an analysis of the resourcing requirement. This work will analyse the impact of the outstanding responsive repairs and work required to make void properties suitable for re-let, as a result of this the recommendation could be to deploy additional trades operatives to support the existing team. It is proposed that a separate report is presented to Cabinet following the outcome of the work. This will not have an impact of the rents proposed in this report but could have an impact of the costs identified in appendix A.

11. CONCLUSION

11.1 The estimates contained within this report represent the latest information and sensitivity analysis available in preparing the HRA revenue budget for 2021/22 and the HRA medium term financial plan 2021-25. There are minor changes from the information presented to Cabinet in December

11.2 Any changes made to any of the recommendations will potentially affect the content of the subsequent appendices. If any changes to the rent setting levels are proposed, it is important to be clear about the effects of the change and to build these in during the consideration of each recommendation.

11.3 Although the proposal is to increase rents, the council will remain the provider with the lowest rents in the borough. The government recommended CPI +1% enables the HRA to have a fundable 30-year business plan to enable residents to continue to receive a high quality service.

Name of Meeting: Special Council
Date of Meeting: 2 February 2021

Subject Matter: Draft Housing Revenue Account Capital & Revenue Budgets 2021/22 and Medium Term Financial Plan 2021-25

Originating Department: Corporate Resources

DO ANY BACKGROUND PAPERS APPLY YES NO

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A

DRAFT REVENUE BUDGETS 2021/22 SUMMARY**HOUSING REVENUE ACCOUNT**

	2020/21 Original Budget £000s	2020/21 Revised Budget £000s	2021/22 Draft Budget £000s	Notes
INCOME :-				
Rent Income From Dwellings	(15,743)	(15,743)	(15,716)	1
Rent Income From Non - Dwellings	(133)	(133)	(127)	2
Charges For Services	(997)	(997)	(946)	3
Contributions Towards Expenditure	(214)	(214)	(215)	
Total Income	(17,088)	(17,088)	(17,004)	
EXPENDITURE :-				
Transfer To Housing Repairs Account	3,837	3,837	3,991	
Supervision & Management	5,643	5,643	5,543	4
Rents, Rates, Taxes & Other Charges	5	5	5	
Depreciation and Impairment	2,137	2,137	2,878	5
Debt Management Cost	24	24	24	
Provision For Bad or Doubtful Debt	114	114	57	
Amounts set aside for the repayment of debt	0	0	0	6
Total Expenditure	11,761	11,761	12,498	
HRA Share of Corporate & Democratic Core Costs	224	224	254	
NET COST OF HRA SERVICES	(5,103)	(5,103)	(4,252)	
HRA SHARE OF OPERATING INCOME & EXPENDITURE INCLUDED IN THE WHOLE AUTHORITY INCOME & EXPENDITURE ACCOUNT				
Interest Payable & Similar Charges	1,532	1,532	1,839	
Interest & Investment Income	(220)	(220)	(783)	
NET OPERATING EXPENDITURE	(3,791)	(3,791)	(3,196)	
Revenue Contributions to Capital Expenditure	3,743	3,743	3,147	6
Contributions to (+) / from (-) Reserves	48	48	49	
Surplus(-)/Deficit for year	0	0	0	

Notes

- 1 Rent estimates based on rent increase of 1.5% and estimated 22 RTB sales in year.
- 2 Garage rents have been increased in line with national guidance but this has been offset by an increase in the number of void/empty properties.
- 3 The net change in service charge income reflects any inflationary rises noted within the report and includes a void allowance of 1.00%.
- 4 The main adjustments from the supervision & management revised budget for 2021/22 are:

	£
Salaries (incremental and pay award costs) (including staff transferred from general fund)	81
Non capital costs relating to the purchase/valuation of properties	46
Contractual inflationary increases	30
Maintenance and repair costs	15
Internal Recharges	(13)
Removal of bin rotation budgets for multi storey flats	(28)
Reduced security required for decanted multi storey flats	(236)
Other net changes less than £10,000	6
 Total change in Supervision & Management budget	<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (100)

- 5 MHCLG and CIPFA have produced guidelines regarding council dwelling depreciation to co-incide with the introduction of HRA self-financing. Estimates for 2021/22 have been prepared on this basis.
- 6 Sums set aside for the voluntary repayment of debt will be diverted to balances during the period of the HRA Medium Term Financial Plan to fund redevelopment costs at the multi-storey sites.

Proposed Housing Revenue Account (HRA) Capital Programme 2021/22 and onwards

	Revised 2020/21 Capital Programme £000s	Proposed 2021/22 Capital Programme £000s	Proposed 2022/23 Capital Programme £000s	Proposed 2023/24 Capital Programme £000s	Proposed 2024/25 Capital Programme £000s
Improvements & Capitalised Repairs					
Bathrooms	343	358	358	358	358
Bathrooms - Voids	80	80	80	80	80
Fire Risk Prevention Works	70	70	70	70	70
Heating Upgrades	1,423	1,735	350	0	0
Kitchen Improvements	99	52	52	52	52
Kitchen Improvements - Voids	120	120	120	120	120
Patterdale Sheltered Scheme	37	0	0	0	0
CCTV Upgrades	45	0	0	0	0
Soffit / Gutter Improvements	111	0	0	0	0
Replacement Footpaths	120	0	0	0	0
External Walls	89	0	0	0	0
Housing Window Replacement	34	0	0	0	0
Roof Refurbishment - Lesley Souter House	70	0	0	0	0
Roof Refurbishment - Tanser Court	0	175	0	0	0
Entrance Doors / Door Entry Systems	311	350	0	0	0
Electrical Upgrades - Community Rooms	186	150	0	0	0
Boiler Works - Tanser Court	105	0	0	0	0
LED Lighting	16	0	0	0	0
Laundry Equipment	0	100	0	0	0
Housing Management System	307	60	60	60	60
Mobysoft	84	0	0	0	0
Disabled Adaptations	206	206	206	206	206
Lifeline Renewal Programme	64	30	30	30	30
Property Repairs Vehicle Replacement	300	0	0	0	0
Purchase of Council Homes	15,186	1,685	1,685	1,685	1,685
Rugby Gateway Houses - CALA Homes	434	0	0	0	0
Rounds Gardens Capital	2,494	0	0	0	0
Biart Place	1,134	0	0	0	0
Biart Place Demolition	2,083	0	0	0	0
HRA Garage Sites	1,229	0	0	0	0
Bell House Redevelopment	1,965	0	0	0	0
TOTAL	28,744	5,171	3,011	2,661	2,661
Draft Financing: -					
Revenue Contributions / RTB Receipts	25,361	1,775	1,775	1,775	1,775
Major Repairs Reserve	3,384	3,396	1,236	886	886
TOTAL	28,744	5,171	3,011	2,661	2,661

Appendix C

MEDIUM TERM FINANCIAL PLAN - HOUSING REVENUE ACCOUNT (HRA): 2021/22 - 2024/25

	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s
EXPENDITURE				
Supervision & Management	5,543	5,682	5,824	5,969
Repairs & Maintenance	3,991	4,091	4,191	4,291
Rents, Rates, Taxes	5	5	5	5
Charges for Capital	2,878	2,964	3,053	3,145
Debt Management	24	25	25	26
Provision for Bad Debts	57	58	60	61
HRA Share of Corporate & Democratic Core Costs	254	260	267	274
Revenue Contributions to Capital Expenditure	3,147	2,056	1,756	1,781
Net Interest Payments	1,056	2,366	2,918	3,157
Contribution to/from(-) reserves	49	50	52	54
Total	17,004	17,557	18,151	18,763
INCOME				
Dwelling Rent	(15,716)	(16,256)	(16,815)	(17,393)
Non Dwelling Rent	(127)	(126)	(125)	(123)
Service Charges	(946)	(954)	(982)	(1,012)
Contributions towards expenditure	(215)	(221)	(228)	(235)
TOTAL	(17,004)	(17,557)	(18,151)	(18,763)

Impact on Average Rent (52 week basis):	£	£	£	£
Prior Year	85.14	86.59	89.19	91.87
Current Year	86.59	89.19	91.87	94.63
Increase £'s	1.45	2.60	2.68	2.76
Increase %	1.70	3.00	3.00	3.00

EQUALITY IMPACT ASSESSMENT (EqIA)

Context

1. The Public Sector Equality Duty as set out under section 149 of the Equality Act 2010 requires Rugby Borough Council when making decisions to have due regard to the following:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sex/gender
 - sexual orientation
3. In addition to the above-protected characteristics, you should consider the crosscutting elements of the proposed policy, such as impact on social inequalities and impact on carers who look after older people or people with disabilities as part of this assessment.
4. The Equality Impact Assessment (EqIA) document is a tool that enables RBC to test and analyse the nature and impact of what it is currently doing or is planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. The questions will enable you to record your findings.
6. Where the EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. Once completed and signed off the EqIA will be published online.
8. An EqIA must accompany all **Key Decisions** and **Cabinet Reports**.
9. For further information, refer to the EqIA guidance for staff.
10. For advice and support, contact:
Minakshee Patel
Corporate Equality & Diversity Advisor

minakshee.patel@rugby.gov.uk

Tel: 01788 533509



Equality Impact Assessment

Service Area	Communities and Homes / Corporate Resources
Policy/Service being assessed	Housing Revenue Account – Rent Setting 2021/22
Is this is a new or existing policy/service?	Existing
If existing policy/service please state date of last assessment	January 2020
EqlA Review team – List of members	Jon Illingworth
Date of this assessment	22.01.2021
Signature of responsible officer (to be signed after the EqlA has been completed)	

A copy of this Equality Impact Assessment report, including relevant data and information to be forwarded to the Corporate Equality & Diversity Advisor.

If you require help, advice and support to complete the forms, please contact Minakshee Patel, Corporate Equality & Diversity Advisor via email: minakshee.patel@rugby.gov.uk or 01788 533509

Details of Strategy/ Service/ Policy to be analysed

<u>Stage 1 – Scoping and Defining</u>	
(1) Describe the main aims, objectives and purpose of the Strategy/Service/Policy (or decision)?	<p>Communities and Homes / Corporate Resources: The Housing Revenue Account (HRA) is the source of funding for landlord services to council tenants. The aims of the council are to deliver high quality services which are customer focused and cost effective. Council has been asked to approve the following for financial year 2021/22:</p> <ul style="list-style-type: none"> • An increase of 1.50% (CPI + 1%) in rents for all properties in line with government guidance https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781746/Policy_Statement.pdf
(2) How does it fit with Rugby Borough Council's Corporate priorities and your service area priorities?	<p>Corporate Priorities: Enable our residents to live healthy, independent lives; to provide excellent value for money services and sustainable growth Communities and Homes: Ensure residents have a home that works for them and is affordable; understand our communities and enable people to take an active part in them Corporate Resources: Prioritise use of resources to meet changing customer needs and demands.</p> <p>The Council has a statutory duty to set annual HRA capital and revenue budgets, along with the level of increase/decrease for council house rents. Central Government has in place a social housing rent policy which provides guidance about the level of rents that local authorities should set. The draft HRA Capital and Revenue Budget report for 2021/22 asks council to decide upon a rent setting option taking into consideration legislation, social housing policy, prior policy, and local capital investment priorities.</p>
(3) What are the expected outcomes you are hoping to achieve?	<p>The services provided with funding from the HRA are designed to meet the needs of council tenants and leaseholders which vary according to the groups displaying protected characteristics as defined by the Equality Act 2010. The services provided are of benefit to a large proportion of lower income families and others whose social and economic status may disadvantage them.</p>

<p>(4) Does or will the policy or decision affect:</p> <ul style="list-style-type: none"> • Customers • Employees • Wider community or groups 	<p>The aims of the council are to deliver high quality services which are customer focused and cost effective. Council has been asked to approve the following for financial year 2020/21:</p> <ul style="list-style-type: none"> • An increase of 1.50% (CPI + 1%) in rents for all properties in line with government guidance https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781746/Policy_Statement.pdf
<p><u>Stage 2 - Information Gathering</u></p>	<p>As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).</p>
<p>(1) What does the information tell you about those groups identified?</p>	<p>All tenancy and housing application records are recorded within the Councils application and housing management system. This enables contact with applicants and tenants throughout the customer providing early intervention, advice and guidance on wellbeing and debt advice. This is in addition to customer satisfaction surveys and targeted contact with specific customer and tenants groups, an example of this is the work we have carried out with our Independent Living Tenants during the first lockdown in March 2020.</p>
<p>(2) Have you consulted or involved those groups that are likely to be affected by the strategy/ service/policy you want to implement? If yes, what were their views and how have their views influenced your decision?</p>	<p>Consultation with Housing Service, Portfolio Holders, Cabinet on 2021/22 Draft Budget. The Council consulted with the tenant panel in 2020 on the Councils current arrears policy.</p>
<p>(3) If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary.</p>	<p>N/A</p>

Stage 3 – Analysis of impact

There are no adverse effects resulting from the consultation in 2020. The councils policies and procedures takes into account the all protected characteristics as part of individual impact assessments.

(1)Protected Characteristics

From your data and consultations is there any positive, adverse or negative impact

RACE
N/A

DISABILITY
N/a

GENDER
N/a

identified for any particular group, which could amount to discrimination?

If yes, identify the groups and how they are affected.

MARRIAGE/CIVIL PARTNERSHIP

N/A

AGE Following debate in the House of Lords, Government allowed Specialist/Sheltered accommodation to be exempt from the provisions of the Welfare and Work bill to reduce rents by 1% for 1 year only. This was in recognition of the higher unit costs associated with the maintenance/development of this property archetype. Rather than implement a rent increase of CPI + 1% Council agreed a rent freeze for properties that fall within this definition. In excess of 60% of tenants in this category receive housing benefit that meets rent/service charges and will therefore not be directly impacted. The rent differential (the amount of rent collected from this tenant group less the amount that would have been collected had the rent reduction been implemented) has been ring fenced to expenditure on this property classification via an earmarked reserve.

GENDER REASSIGNMENT

N/A



	RELIGION/BELIEF	PREGNANCY MATERNITY	SEXUAL ORIENTATION
	N/A	N/A	N/a
<p><u>(2) Cross cutting themes</u></p> <p>(a) Are your proposals likely to impact on social inequalities e.g. child poverty, geographically disadvantaged communities? If yes, please explain how?</p> <p>(b) Are your proposals likely to impact on a carer who looks after older people or people with disabilities? If yes, please explain how?</p>	N/A		
(3) If there is an adverse impact, can this be justified?	N/A		
(4) What actions are going to be taken to reduce or eliminate negative or adverse impact? (this should form part of your action plan under Stage 4.)	N/A		
(5) How does the strategy/service/policy contribute to the promotion of equality? If not what can be done?	Money to provide financing for new capital works, to carry out work on dwellings to ensure they meet the decent homes standard, approving money to facilitate borrowing to finance the council's housing capital programme for housing revenue account dwellings.		
(6) How does the strategy/service/policy promote good relations between groups? If not what can be done?	N/A		

(7) Are there any obvious barriers to accessing the service? If yes how can they be overcome?	Access to social housing is managed via the Council’s housing lettings/allocation policy, the policy addresses, and priorities those who are the most vulnerable and have a housing need, therefore there are no barriers to applicants who have a need for assistance.
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<u>Stage 4 – Action Planning, Review & Monitoring</u>																										
<p>If No Further Action is required then go to – Review & Monitoring</p> <p>(1)Action Planning – Specify any changes or improvements that can be made to the service or policy to mitigate or eradicate negative or adverse impact on specific groups, including resource implications.</p>	<p>EqlA Action Plan</p> <table border="1" data-bbox="875 683 2112 916"> <thead> <tr> <th>Action</th> <th>Lead Officer</th> <th>Date for completion</th> <th>Resource requirements</th> <th>Comments</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Action	Lead Officer	Date for completion	Resource requirements	Comments																				
Action	Lead Officer	Date for completion	Resource requirements	Comments																						
(2) Review and Monitoring State how and when you will monitor policy and Action Plan	Carry out the same equality impact assessment in January 2022.																									

Please annotate your policy with the following statement:

‘An Equality Impact Assessment on this policy was undertaken on 21 January 2020 and will be reviewed before February 2022.’