
REPORT FOR: CABINET

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| Date of Meeting: | 21 February 2019 |
| Subject: | Housing Revenue Account Budget 2019-20 and Medium Term Financial Strategy 2020-21 to 2021-22 |
| Key Decision: | Yes |
| Responsible Officer: | Dawn Calvert, Director of Finance, Paul Walker, Corporate Director of Community |
| Portfolio Holder: | Councillor Phillip O'Dell, Portfolio Holder for Housing Councillor Adam Swersky, Portfolio Holder for Finance and Resources |
| Exempt: | No |
| Decision subject to Call-in: | Yes |
| Wards affected: | All |
| Enclosures: | Appendix 1 – HRA Budget 2019-20 Appendix 2 – Average Rents & Service Charges (Tenants) Appendix 3 – Garage & Parking charges Appendix 4 – Facility Charges Appendix 5 – Water charges Appendix 6 – Community Centre Charges Appendix 7 – Capital Programme Appendix 8- Equality Impact Assessment |

Section 1 – Summary and Recommendations

This report sets out the Housing Revenue Account (“HRA”) Budget for 2019-20 and Medium Term Financial Strategy (“MTFS”) for 2020-21 to 2021-22.

Recommendations:

Cabinet is requested to:

- 1) Approve the proposed average rent for non-sheltered accommodation of £113.09 per week for 2019-20, representing a decrease of 1% in average rent from the 2018-19 figure and for fifty three rent weeks to be charged in financial year 2019-20.
- 2) Approve the proposed average rent for sheltered accommodation of £93.66 per week for 2019-20, representing a decrease of 1% in average rent from the 2018-19 figure and for fifty three rent weeks to be charged in financial year 2019-20;
- 3) Approve an average tenant service charge of £3.22 per week, an increase of 2.4% in line with CPI as detailed in appendix 2. Should review of tenant service charges support a further increase with appropriate consultation, approval from Cabinet will be sought for an in year increase.
- 4) Approve a proposed average rent for new build units at affordable rent of £197.29 reflecting the statutory 1% rent reduction and non-grant funding and for fifty three rent weeks to be charged in financial year 2019-20.
- 5) Approve a proposed average rent for shared ownership units of £150.03 per week reflecting 75% equity share held by Council following approval by Cabinet 6th December 2018 of the Shared Ownership Allocation and Affordability Policy.
- 6) Approve proposed increases in Facility charges and Community Halls of 3% and 4% respectively (appendices 4 and 6), and note charges for Garages and Water (appendices 3 and 5) remain unchanged.
- 7) Approve policy of repayment of HRA debt on new RTB disposals using a proportion of right to buy receipts as part of a policy to reduce interest exposure on the revenue account with due regard to borrowing requirements for new build.
- 8) Approve an increase in the planned investment programme of £8m over five years based on latest stock condition survey in line with affordability testing in the HRA Business Plan
- 9) Approve an increase in Home-4-Harrow programme of £123.7m for provision of 659 additional homes in accordance with Government’s stated objective to provide 10,000 new Council homes in the capital by 2030, comprising £25.8m for Grange Farm phases 1 & 2; £2.8m for Infill phase 2; £7.7m Gayton Road and £87.4m other schemes
- 10) Approve phased increase in borrowing of up to £83.6m to complete existing, and start new schemes for provision of new housing supply; additional borrowing to be raised in separate HRA loans pool and subject to ongoing affordability testing through Business Planning process as set out in the risks & mitigations section of this report.
- 11) Approve set up of earmarked reserves assuming adequate resources becoming available to mitigate the risks identified in construction of budget and MTFS.

Reason: To recommend the HRA budget and capital programme for 2019-20 and the MTFS for 2020-21 to 2021-22, increases in capital programme and increase in borrowing required to support new housing supply.

Section 2 – Report

Introductory paragraph

1. The Council has a statutory obligation to agree and publish the HRA budget for 2019-20. This report sets out the budget proposals for 2019-20 along with the Medium Term Financial Strategy to 2021-22, which sets out indicative income and expenditure for this period and shows how income collected will be spent in the management and maintenance of Council's stock, meeting its landlord obligations and investment in new build.
2. The budget and MTFS have been set within the framework set out in the HRA Business Plan update, reported to Cabinet 15th November 2018, including impact of legislation contained in the Welfare Reform & Work Act 2016, Housing & Planning Act 2016 including the statutory rent reduction of 1% for each of the four years 2016-17 – 2019-20, and subsequent increase by CPI +1% from 2020-21. The Business Plan update also included assumptions around inflation and interest rates as well as cost reductions in revenue expenditure required to produce a sustainable financial position for the Council's HRA. Revenue cost reductions assumed at £1.90m will be phased in fully by 2020 and increased investment in existing stock of £1.6m p.a. based on latest stock condition survey results with focus on essential health & safety, compliance and statutory requirements.
3. Relaxation of borrowing limits on the HRA in respect of new build combined with successful bids for grant funding from Greater London Authority ("GLA") of £32m and reforms of the way right to buy receipts can be used to support new build have made it possible for Council to refresh its financial models and HRA Business Plan to address the Mayor of London's "Building Council Homes for Londoners" programme.
4. Based on a broad range of assumptions including
 - construction costs and timing of delivery
 - capital values & rents
 - grant funding (dependant on achieving GLA targets)
 - interest rates
 - full achievement of cost reduction on revenue account

it is anticipated the HRA can support the construction of over 600 homes.

5. In line with the Business Plan update and report to Cabinet 6th December 2018 it has been assumed :
 - Grange Farm phase 1 continues and is expected to provide a total of 89 units, 68 affordable rented and 21 shared ownership funded through the GLA Right to Buy Ring-Fence Offer (RTBRFO) and Housing Infrastructure Fund ("HIF") although HIF funding has yet to be confirmed
 - Infill phase1 continues with 25 units (two of which are for private sale)

expected to be delivered using RTB receipts and other internal resources only (other capital receipts and GLA grant for shared ownership units); remaining units from phase 1 expected to continue following relaxation of borrowing constraints as part of other site, see below.

6. In addition the following additional new build schemes have been included bringing the total of new homes to 659 :
 - Gayton Road, 72 homes, part funded from retained right to buy receipts, let at affordable rents
 - Infill phase 2, 26 homes, part funded from GLA grant, let at London Affordable Rent
 - Grange Farm, phase 2, 100 homes, part funded from RTBFO, let at social rents in line with commitments given to residents
 - Other sites, 347 homes, part funded form GLA grant, let at London Affordable Rent
 - Given the scale of these proposals, Council would be exposed to a number of risks including over extension of resources and borrowing to support the programme; mitigations are proposed including expedition of the programme and new borrowing in phases to limit exposure and this is covered in **risks & mitigations** section of this report.

Options considered

7. The HRA was in a unique position as one of only two in London at its borrowing cap. However the Ministry of Housing, Communities & Local Government (“MHCLG”) has recently lifted this cap for new build schemes only, which, combined with Council’s successful bid for £32.144m grant funding from GLA, and pending the bid for £10m grant funding from the Housing Infrastructure Fund (“HIF”) in accordance with the Mayor’s “Building Council Homes for Londoners” programme, will enable additional homes to be built. Failure to win the full £10m HIF funding will require re-assessment of the new build programme, covered in **risk & mitigations** section.
8. As well as significantly reversing the impact of historic RTB losses, these additional units will also improve the capacity to provide accommodation for homeless families thereby mitigating pressures on General Fund by potentially increasing social units available to permanently house homeless tenants.
9. This report assumes the full spectrum of new build at rents which reflect the funding mechanism.
10. It should be noted the programme of cost reductions which requires permanent reductions of £1.9m on the revenue account must be achieved to ensure the additional debt can be serviced thereby ensuring continued

viability of the HRA. If these cost reductions are not achieved in full and within set timescales, the impact of risks set out in the **risks & mitigations** section would cause the suspension or cancellation of new build schemes compromising overall viability of the Council's HRA.

Base case, complete 112 units comprising Infill phase 1, 23 units and Grange Farm phase 1, 89 units; the base case does not allow for acquisition of 72 Gayton Road units into HRA, not proceeding with further Infill phases and Grange Farm phases 2 and 3.

11. Although this would increase HRA stock and maintain short term capacity to alleviate homelessness pressures, likely impact of right to buy sales will continue to deplete stock ultimately leading to HRA becoming unviable which is not legally permitted.
12. Corrective action would therefore have to be agreed and implemented to prevent this.

GLA bid, build additional 547 units to make total of 659 units utilising GLA funding and additional borrowing

13. This report sets out the HRA Budget 2019-20 & MTFs 2020-21 to 2021-22 assuming a total of 659 additional units using newly approved GLA grant £32.144m, additional borrowing, other HRA resources and HIF funding of £10m which has yet to be finalised.
14. The programme and financing will be constructed to maximise flexibility and advantage to Council whilst utilising retained RTB receipts in line with current arrangements and assuming new freedoms in the use of returned right to buy resources can be used.
15. Although criteria for additional borrowing have yet to be clarified, it has been assumed these will be based on existing Prudential Indicators therefore the final budget will be based on the assumptions the new schemes will be fully financed and rental income yields will be sufficient to service the additional debt.
16. To limit Council's exposure it is proposed any new build schemes are implemented in phases so borrowing exposure is limited only to committed expenditure permitting scaling back of expenditure where shortfalls in resources are anticipated.
17. A key part of all options is full achievement of permanent revenue cost reductions of £1.9m.

Background

18. Statutory rent reductions spanning 2016-17 to 2019-20 imposed by Government removed any discretion for rent setting and the resulting impact on the HRA required service reviews across the HRA to reduce costs and maximise income.

- **Rental income** - 1% rent cut continues to March 2020 with rent increases CPI plus 1% from April 2020 for five years; although there is no information beyond March 2025 the Business Plan update assumes these annual increases will be permitted indefinitely; this is considered reasonable in the absence of further information as this was the approved formula prior to introduction of rent reductions. Rents for new build have been assumed at London Affordable Rent for Infill although rents for Grange Farm have been restricted to Social rent in line with commitments made to residents.
- **Universal Credit and benefits cuts** – the roll out of Universal Credit resulting in reductions in benefits for some residents is substantially completed and is expected to generate increases in HRA rent arrears; the bad debt provision has been reduced to £150k 2019-20 then increased to £200k thereafter to reflect the anticipated impact of these reforms. Set up of the Hardship Fund, intended to provide assistance to the most vulnerable tenants, has been assumed to take effect 2020-21 and these assumptions will be kept under review as the reforms take effect.
- **Right to buy (“RTB”) receipts** – Council entered into a retention agreement with Government in 2012 which permitted the HRA to retain an increased share of RTB receipts on proviso they are reinvested within three years in line with certain criteria. Like most London Councils which have limited land Harrow has found it difficult to invest these receipts and has been required to return a limited amount of receipts with interest. The Government gives returned receipts from London Authorities to GLA who are able to invest these anywhere in London. GLA introduced the RTBRFO (“Right to Buy Ring-Fence Offer”) in May 2018 which enables GLA to invest returned RTB receipts in new supply in the Local Authority area from where they were generated and this has been assumed in this report.

Consultation

19. Under s.105 of the Housing Act 1985, the Council is required to maintain such arrangements as it considers appropriate to enable secure tenants to be informed and consulted about housing management matters which substantially affect them. However, rent and other charges for facilities are specifically excluded from the definition of housing management; therefore there is no statutory requirement to consult secure tenants on proposed rent changes. The Council has however, always consulted residents on proposed changes via representative groups such as the Value for Money group and the quarterly residents’ drop in meeting (Housing Matters), formerly TLRCF (the Tenants’, Leaseholders and Residents’ Consultative Forum).
20. Further consultation in respect of the budget will be undertaken via the framework described above.
21. A review of tenant and leaseholder service charges is also under way to ensure all costs incurred in the provision of services are properly being recovered and a series of consultation events have taken place to obtain

view of residents. This review, which is ongoing, will inform a revision of service charges and will be reported to Cabinet when complete.

Balances

22. HRA Balances were £7.5m as at 31 March 2018 and these are expected to be £5.4m at end of 2021-22 which are above the minimum balances considered prudent.
23. This assumes £377k interest on returned right to buy receipts are charged against revenue balances then drawn down as RTBRFO to finance future new build. This charge has not been reflected on in Qtr 3 revenue monitoring, elsewhere on this agenda, as it is contingent on approval for new build schemes recommended for approval in this report.
24. In year deficits of £279k in 2019-20 and £507k in 2020-21 are expected, followed by surpluses as a result of increased income as new build units become operational and annual rent increases. Deficit in 2019-20 due mainly to interest on additional borrowing for new build and full year impact of £1.9m cost reductions not being realised until the following financial year. Deficit in 2020-21 due mainly to additional interest costs of new borrowing as new build programme gathers momentum.

Income

Dwelling rents

25. As indicated above, rents are assumed to reduce by 1% each year until March 2020 then increase by CPI plus 1% from April 2020.
26. The average rent for Council housing stock for 2019-20 will therefore be £110.84 per week on average (2018-19 current average £111.96). Average rents and service charges under the existing strategy are detailed in Appendix 2.
27. Rents for new build homes are governed by different criteria depending on funding source:
 - Non-grant funded units : let at Affordable Rent, a sub market rent product linked to market rents; provides Council with greater freedoms in setting rents and a higher income stream.
 - Grant funded units : let at London Affordable Rent (“LAR”), lower than affordable rent; linked to GLA new build targets, provides Council with a lower income stream.
28. Appendix 2 shows rents for the twenty three new build units for Infill phase 1; £197.29 per week Affordable Rent for non-grant funded units and £150.03 per week for shared ownership units partly funded by GLA grant based on lower LAR, reflecting 75% retained equity share by Council, both products reflecting the last year’s statutory 1% rent reduction.

29. Rents for other future schemes will be linked, as above, to funding source and these have been assumed in rental income estimates in appendix 1.

Right-to-Buy sales

30. There have been eight sales under Right-to-Buy ("RTB") so far in 2018-19 (Q3) and a total of fifteen are expected this financial year with 13 expected in 2019-20 then increasing to 17 p.a. by 2026-27. This reduction in forecast RTB sales reflects a reduction in applications and the impact of uncertainties around Brexit.

Service charges: Tenants & Leaseholders

31. Tenants who benefit from specific estate based services pay a charge to the Council on a weekly basis in addition to their weekly rent charge. This service charge was £3.15 in 2018-19 and it is proposed this is increased by 2.4% in line with CPI to an average of £3.22 in 2019-20.
32. A review of service charges is in progress and changes to these charges maybe implemented as an in year adjustment in financial year 2019-20 assuming the results are available and due consultation is complete
33. Leaseholders are invoiced annually by the end of September for the previous financial year, based on actual costs. Income expected from leaseholders in 2019-20 (excluding s20 income for capital schemes) is £640k and reflects the recovery of costs from leaseholders of estate based costs, communal lighting, repairs, ground maintenance, insurance premiums and administration charges.

Other income

34. Historically other rental income from garages, car parking, facilities charges are recommended to increase by an annual percentage, consistent with fees & charges across the Council. Garage rents have been held since 2011-12 as garages are not in high demand and the Garage Strategy Review concluded increasing rents would be counter-productive.
35. Rents for shops and commercial units situated on HRA land are reviewed in accordance with leases and their renewal dated with due regard to the economic climate.
36. Details of proposed rents for garages & parking, facility charges and charges for community centres are given in appendices 3, 4, 5 and 6 respectively.

Expenditure

Employee Costs

37. The HRA budgets are based on the staffing establishment, and assume a pay, National Insurance & superannuation increase of 2.87% reflecting the overall increase expected for 2019-20 and subsequent years.
38. Post reductions already included in the Service Review and approved by the Service Review Programme Board have been included in the establishment for 2019-20 onwards.
39. An estimate of redundancy and pension strain costs associated with these reductions is also included; it is anticipated these will be funded from HRA transformation reserve as there is no specific provision set aside.

Utility Costs

40. These have been reviewed against historic trends and estimates constructed in line with anticipated usage assuming inflationary increases of 4% where appropriate.

Central Recharges

41. Costs of support services are allocated to service users in the Council using suitable bases of apportionment (e.g. number of staff, estimated time allocation, gross budget) so recharges reflect full cost of all services and permit transparency and challenge to secure value for money.

Repairs

42. Expenditure on repairs has been driven by a focus on legislative and Health & Safety requirements with due regard to the cost reductions identified by the Service Reviews and approved by the Programme Board. These have been reviewed in conjunction with the capital programme which is driven by the latest stock condition survey which has prioritised health & safety and compliance works over non-essential works.

Charges for Capital

43. Historic HRA borrowing will continue to attract interest at 4.05% and it is proposed this borrowing is repaid to reflect the depletion of stock from right to buy sales as this will progressively reduce interest payable as well as providing borrowing capacity for future investment in existing stock by keeping the borrowing below the Government imposed debt cap of £150.683m applicable for non-new build schemes.
44. Borrowing to support new build schemes will be kept separate and benefit from a lower interest rate of around 3% (increasing ¼% p.a.) although this will be subject to change in the economic outlook.

45. To mitigate the risk of exposure to fluctuating interest rates borrowing for schemes will be expedited in phases, reflected in Council's Treasury Management Strategy, and Business Plan update, and stress tested on an ongoing basis, covered in **risks & mitigations** section.

Planned Investment - capital

46. HRA general capital programme was previously reduced from £8.6m to £5.45m with focus on Health & Safety and statutory works; based on latest stock condition survey results, investment now assumed at around £7.2m p.a. Further details shown in Appendix 7.
47. In line with prior years and following consultation with Portfolio Holders Housing Services propose to use the scheme of delegation to implement variations to the HRA Capital programme within the approved programme following appropriate consultation to ensure delivery against the programme can be maximised. As is currently the case, the HRA Capital programme will continue to be funded exclusively from HRA internal resources (mainly revenue contributions), therefore variations would not affect the Council's borrowing position or General Fund resources.

Homes for Harrow - capital

48. Phase 1 of the Infill programme originally assumed construction of some fifty homes using a mix of internal resources and approved borrowing, however this has been reduced to 23 homes due to withdrawal, by MHCLG, of borrowing approvals in financial year 2017-18. Ten homes have already been completed and let with the remaining thirteen due to complete by June 2019.
49. The remaining homes will be completed as part of Infill phase 2 which will be part funded from GLA grant and borrowing.
50. Resources to support new build from the Community Infrastructure Levy ("CIL") are likely to be received and this will be included as part of the refresh of the Business Plan when this information becomes available.
51. Grange Farm phase 1 will be funded partly from the Right to Buy Ring Fence Offer and we await confirmation of HIF funding and will deliver 68 affordable rented and 21 shared ownership units and details of this are covered in a Grange Farm update report to be submitted to Cabinet 14th March 2019.
52. Remaining schemes including Grange Farm phase 2 and Gayton Road will contribute to a total of 659 homes, further details of which are provided in Homes-4-Harrow Regeneration report elsewhere on this agenda and appendix 7 of this report with Grange Farm to be submitted to Cabinet 14th March 2019.
53. The HRA Business Planning process requires continuous review and update to reflect a broad range of variants including build costs, borrowing

costs, Government policy around rent regulation, right-to-buy and external funding.

54. This continuous re-appraisal tests the affordability of new build schemes against a constantly changing backdrop heavily influenced by macro-economic conditions (Brexit and housing market) as well as other Council priorities (homelessness and broader MTFS savings requirements).
55. Accordingly, the next section sets out the risks associated with the Business Planning process.

Risks

56. A number of risks have been identified, listed below which, if they materialise individually or collectively, could impede delivery of core services or require one or more schemes to re-configured or aborted.
 - **Rent increases** – Government has permitted rent increases for five years from 2020-21 to 2024-25, although the current Business Plan assumes rent increases beyond this; if rent increases are below those assumed in the Business Plan from 2024 this will have an impact on revenue balances and the capacity of the HRA to continue with the new build programme in its present form.
 - **Additional week rent charge 2019-20** – budget assumes there will be fifty three weeks rental income for financial year 2019-20 instead of the customary fifty two weeks because there are 53 Mondays in the 2019-20 year. Advice has been taken to ensure compliance with the statutory rent reduction requirement , for which 2019-20 is the final year;
 - **Redundancy & pension strain costs** – HRA has no provision set aside for these costs which may materialise as part of the Service Review programme aimed at securing permanent revenue cost savings; these costs will therefore have to be contained within existing budget provision or funded from the HRA transformation reserve.
 - **Welfare reforms** – Government’s reform of welfare and benefits is likely to impact rent collection and cash balances; these are being assessed by a dedicated working group and reported through in year monitoring.
 - **Decapitalisation or delays of schemes** – GLA grant funding and additional borrowing will be linked to successful delivery of additional housing supply in line with agreed targets for start on sites and completions. Failure to deliver new supply in line with these targets could result in withdrawal of funding and/or borrowing which would result in the write off of costs to the HRA revenue account.
 - **Macro-economic uncertainties** – although borrowing for new build will be kept separate and benefit from a lower rate of interest than historic borrowing, a significant and sustained increase in the cost of borrowing could render one or more scheme to become unviable. Economic

uncertainties driven by Brexit are expected to impact on borrowing costs and the housing market as well as the supply of materials and labour essential for the new build programme therefore this will have to be monitored closely.

- **Borrowing cap** – Government imposed limit on borrowing of £150.683m remains in respect of non-new build schemes within the HRA; this means any shortfall in funding for improvement of existing stock has to be met from internal HRA resources which may impact on the new build proposals.
- **Service charge review** – work on ensuring the maximum amount of income which can legitimately be recovered from tenants and leaseholders to ensure full cost recovery continues; delays or lower than expected income from this review may impact on the revenue position which currently assumes inflationary increases in service charges. An in year adjustment is possible assuming results become available and this will be reflected in the HRA Business Plan update.
- **HIF** – confirmation of £10m allocation for Grange Farm phase 1 & 2 not yet received although it is expected this will be received by March 2019; failure to achieve some or all of this funding will require reassessment of the build programme including possibly delaying or eliminating particular schemes to ensure overall viability.
- **Gayton Road valuation** – seventy two units currently held in General Fund to be transferred to HRA valued at cost however new valuation will be required to comply with accounting rules; significant increase will require additional borrowing.

Mitigations

57. To mitigate these risks it is therefore essential the permanent cost reductions are achieved in line with the budget and MTFS contained in this report; if these are not achieved the impact of the above risks will be significant. In addition the following measures will be implemented to limit Council's exposure :

- **Additional week rent charge 2019-20** – in line with MHCLG guidance the Council will charge a full week's rent for the 53rd Monday that falls in 2019/20 and legal advice has been obtained on this. Alternative would be to forgive additional week's rent charge, necessitating additional cost reductions of £600k by 2023-24.
- **Scheme phasing** – new build schemes will be procured in a phased manner once planning consents and external funding has been secured to prevent over extension of resources which would otherwise adversely impact on delivery of core services; borrowing would also be drawn down in phases to limit Council's exposure to debt.
- **Continuous re-appraisal** – Business Planning process to continue with re-appraisals addressing a broad range of factors including scheme costs,

cost of borrowing and achievement of cost reductions on HRA revenue account

- **External Funding changes** – Mayor of London’s Building Council Houses for Londoners programme combined with recent announcements around right-to-buy, grant funding and relaxation of borrowing indicate further innovations and policy changes are probable which would require continued engagement and lobbying with GLA and Government Department to secure advantage to the Council from upcoming changes.
- **Set up earmarked** – for potential decapitalisations and client contingency for cost variations; this will ensure specific resources are set aside and kept separate from general reserves and a recommendation to this effect has been included in this report.

Impairment Allowance

58. Although current tenant arrears have shown an increase as a result of the roll out of Universal Credit, arrears have remained under control as a result of ongoing tenant education and engagement. A review of debt profiles and a judgemental review by the service indicate bad debt provision required of £150k in 2019-20 then £250k.

General Contingency

59. In addition to the HRA balances, an annual amount of £200k is set aside to cover unforeseen expenditure that may arise in the management and maintenance of the housing stock or in service development initiatives.

Cost reductions

60. Of the £1.9m revenue cost reductions required, £1.202m have been achieved to 31st March 2018 leaving £698k to be achieved. This is an improvement on position reported in Business Plan update, submitted to Cabinet 15th November 2018, following a review of the position following staffing restructure, subject to consultation.

61. Table below shows total cost reductions of £1.926m are expected by 31st March 2020, an overachievement over the original target of £26k.

| Description (£'000s) | 2017-18 & 2018-19 | 2019-20 | 2020-21 |
|-------------------------------|-------------------|---------------|---------------|
| Brought fwd cumulative saving | - | -1,202 | -1,926 |
| Staffing | -537 | -335 | - |
| Repairs | -471 | -197 | - |
| Supplies & services | -194 | -192 | - |
| Cumulative | -1,202 | -1,926 | -1,926 |
| Assumed in Business plan | -880 | -1,230 | -1,900 |
| (Over) achieved | -322 | -696 | -26 |

62. Further cost reductions may be required as a result of the ongoing review of the Business Plan as stated in the **risks & mitigations** section.

Consultations

63. As at the date of this report Government consultations on rents for social housing and use of RTB receipts, both of which would affect the longer term position of the HRA and its ability to generate new build units, had closed and Government were in process of reviewing responses :
64. **“Rents for social housing from 2020-21”** – confirms the Government will permit Councils to increase social and affordable rents by CPI + 1% from April 2020 for five financial years, although there is no assurances past March 2025.
65. This update assumes CPI + 1% rent increases for all years from April 2025 as it is considered a fair and reasonable assumption given the information as at the date of this report.
66. Council’s response sought clarity on new formula for rent rebate subsidy limitation as this will affect the revenue account.
67. **“Use of receipts from Right to Buy sales”** – Government is consulting on options including increasing proportion of eligible new build expenditure which can be funded from retained right to buy receipts from 30% to 50% as well as potentially extending the deadline for reinvestment of these proceeds from three to five years enabling Councils more time and manoeuvrability to reinvest earmarked sales proceeds to replenish stock lost through right to buy. This will mean Council will have to put less of its own resources in either through retained receipts or additional borrowing should this proposal go through.
68. These measures will be particularly useful when combined with increased borrowing capacity.
69. Other proposals in this consultation paper include ring fencing of returned 1-4-1 retained RTB receipts and interest for future use by Council as a recycled grant, and allowing greater flexibility in use of Council owned housing companies to reinvest these proceeds on Council’s behalf as well as extending use of retained RTB receipts to fund shared ownership products and providing increased flexibility for transfer of vacant General Fund land to HRA for development.
70. This update assumes the current arrangements of 30% financing ratio and three year deadline for reinvestment is continuing. Council submitted a consultation response positively supporting these proposals.

Variation to MTFS 2019-20

71. The MTFS approved by Cabinet and Council in March 2018 estimated an in year deficit of £113k for 2019-20. Proposed budget changes result in a deficit of £279k, an increase in budgeted deficit of £166k explained below:

- Operating costs +£167k, increase in revenue costs associated with new build programme offset by reductions in central charges and other operating costs as a result of service reviews programme
- Bad debt provision -£100k, reduced requirement 2019-20
- Hardship Fund -£100k, no requirement anticipated 2019-20
- Investment in Services -£100k, reduced requirement 2019-20
- Repairs -£279k, reduction in non-essential expenditure as part of service reviews
- Capital financing -£106k, reduction in interest charges resulting from loss of approved borrowing in prior year
- Rental income +£650k, revision of new build assumptions and transfer of Watkins House sheltered scheme to Harrow Churches Housing Association in return for nomination rights in perpetuity
- Other +£34k

Summary

72. The HRA Budget and MTFS detailed in Appendices 1 and 7 reflect the impact of the 1% per annum rent reduction and proposals to implement the full spectrum of new build proposals aimed at providing over 600 additional homes.

73. The risks associated with these proposals will have to be monitored and mitigated where possible; an essential component of this will be the continual review update and stress testing of the HRA Business Plan.

74. Collateral impact of changes in external and internal environments will have to be reviewed and assessed with appropriate adjustments to the new build programme to minimise risk and secure advantage for Council.

75. The recommendation to start repaying HRA debt is aimed at gaining more flexibility for future capital investment as well as reducing exposure on the revenue account to provide capacity in service provision in other areas.

Risk Management Implications

Risk included on Directorate risk register? Yes

Separate risk register in place? Yes

76. The key risks which should be highlighted, and which are referenced in the main body of the report, are related to need to make savings to ensure a viable and sustainable HRA.

77. Additional grant funding and borrowing capacity will place obligations on Council to meet stringent new build targets which, if not satisfied, could

lead to withdrawal of resources resulting in schemes becoming decapitalised. This could then result in significant revenue charges which would have to be met from HRA revenue reserves.

78. Framework for monitoring and regulation on borrowing are not yet known therefore adequate resources will have to be set aside for essential monitoring and control including setting up of one or more earmarked reserves to fund potential decapitalisations or cost variations, see **risks & mitigations** section.
79. Additional borrowing will attract interest charges which, together with recommendation to start repaying debt attached to new disposals from 2019, will place pressure on resources. It is therefore essential all required cost reductions are fully achieved and the HRA Business Plan regularly updated to ensure adequate resources continue to be in place.

These risks are detailed on the Housing risk register.

Procurement Implications

80. Procurement resulting from this paper will be supported by the procurement team and will comply with the Public Contract Regulations 2015 and the Councils Contract Procedure Rules.

Legal Implications

81. Under section 103 of Housing Act 1985 the terms of a secure tenancy which is a periodic tenancy may be varied by the landlord by a notice of variation served on the tenant. The landlord authority is required to serve a preliminary notice on the secure tenant giving them advance notification of any change proposed to be made to the terms of tenancy and inviting their comments. A preliminary notice is not required for variation of rent or payments in respect of services or facilities provided by the landlord. Although a preliminary notice is not required in respect of a variation to the rent (or services/facilities) charge, a notice of variation is needed and this must set out what the change is and date on which it takes effect. The period between date notice is served and date it takes effect must be at least four weeks or rental period, whichever is longer.
82. Section 105 of the Housing Act 1985 requires a landlord authority to maintain such arrangements as it considers appropriate to enable those secure tenants who are likely to be substantially affected by matters of housing management, to be informed and consulted about the proposals, and before deciding on the matter, the landlord authority has to consider any representations made. The legislation sets out what matters of housing management relate to but this does not extend to the rent payable under a secure tenancy or to charges for services or facilities provided by the authority.
83. Under section 23 of the Welfare Reform and Work Act 2016 registered providers of social housing are obliged, in respect of the relevant year, to

reduce social rent by at least 1% from the rent payable by the tenant in the preceding 12 months for the years beginning 1st April 2016, 1st April 2017, 1st April 2018 and 1st April 2019.

84. There are 53 Mondays in the year 2019/20 and as rents are charged on a Monday, authority is sought to charge 53 weeks rent in the year 2019/20.
85. Under section 74 of the Local Government & Housing Act 1989, the Council, as a Local Housing Authority, must maintain a Housing Revenue Account (HRA) which includes sums falling to be credited or debited in accordance with category of properties listed within s74(1), which consists primarily of Council housing stock. The HRA must include any capital expenditure on housing stock which a Local Authority has decided to charge to revenue. Save in accordance with a direction of Secretary of State, sums may not be transferred between HRA or General Fund, therefore the HRA is ring-fenced and cannot be used to subsidise a budget deficit within General Fund, neither can the General Fund be used to subsidise budget deficit in the HRA. s76 of 1989 Act requires Local Authorities to formulate and implement proposals to secure that the HRA for each financial year does not show a debit balance. If a debit occurs, this must be carried forward to next financial year.

Financial Implications

86. Financial matters are integral to this report.

Equalities implications / Public Sector Equality Duty

87. Pursuant to the Equality Act 2010 (“the Act”), the Council, in the exercise of its functions, has to have ‘due regard’ to (i) eliminating discrimination, harassment, victimisation and any other conduct prohibited by or under the Act; (ii) advancing equality of opportunity between those with a relevant protected characteristic and those without; and (iii) fostering good relations between those with a relevant protected characteristic and those without. Relevant protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex and sexual orientation.
88. When making decisions, the Council must take account of the equality duty and in particular any potential impact on protected groups.
89. There are no adverse impacts on any protected groups envisaged as a result of the recommendations in this report and they represent a continuation of existing policy for 2019-20.
90. Consultation with tenant, leaseholder and resident representative groups on the proposals for cost reductions and revision of fees and charges has taken place throughout the year and will continue into 2019.

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

This report incorporates the following Council priorities:

Making a difference for the vulnerable – through providing support in finding appropriate affordable housing solutions to meet need, and developing new housing to meet future assessed need.

Making a difference for communities – through engaging residents in decisions around regeneration of estates and the wider communities, and delivering housing people want to live in, in areas they are proud to call home.

Making a difference for local businesses – through supporting Council-wide regeneration agenda, and maximizing the contribution new housing can make towards delivering the regeneration vision and objectives.

Making a difference for families – through providing good quality housing and safe neighbourhoods, and targeting our resources as best we can so families can feel the full benefits of economic growth. Our priority for every family is to ensure they can live in a neighbourhood which has a real sense of community, in a house they can be proud to call their home.

Section 3 - Statutory Officer Clearance

| | | |
|------------------------------------------------|-------------------------------------|---------------------------------------------|
| Name: Tasleem Kazmi Date: 25th January 2019 | <input checked="" type="checkbox"/> | on behalf of the Chief Financial Officer |
| Name: Paresh Mehta Date: 31st January 2019 | <input checked="" type="checkbox"/> | on behalf of the Monitoring Officer |

Section 3 - Procurement Officer Clearance

| | | |
|-----------------------------------------------|-------------------------------------|---------------------|
| Name: Nimesh Mehta Date: 29th January 2019 | <input checked="" type="checkbox"/> | Head of Procurement |
|-----------------------------------------------|-------------------------------------|---------------------|

| | |
|-------------------------------------------------------------------------------|---------------------------------------|
| Ward Councillors notified: | NO, as it impacts on all Wards |
| EqIA carried out: Milan Joshi EqIA cleared by: Alex Dewsnapp | |

Section 4 - Contact Details, background papers

Contact:

Milan Joshi, Service Accountant – Housing, milan.joshi@harrow.gov.uk
Tel: 0208 416 8662 (Ext 8662)

Background Papers:

HRA Draft Budget 2019-20 and MTFS 2020-21 to 2021-22, report to Cabinet 6th Dec 2019

<http://moderngov:8080/documents/g64380/Public%20reports%20pack%20Thursday%2006-Dec-2018%2018.30%20Cabinet.pdf?T=10>

HRA Business Plan Update, report to Cabinet 15th Nov 2018

<http://moderngov:8080/documents/g64379/Public%20reports%20pack%20Thursday%2015-Nov-2018%2018.30%20Cabinet.pdf?T=10>

**Call-In Waived by Chair of
Overview & scrutiny
Committee**

NO – CALL IN APPLIES

Appendix 1

HRA Budget 2019-20 and MTF5 2020-21 to 2021-22 – Expenditure

| All figures in £s | Budget 2019-20 | Budget 2020-21 | Budget 2021-22 |
|------------------------------|-------------------|-------------------|-------------------|
| Employee Costs | 2,604,280 | 2,668,310 | 2,701,400 |
| Supplies & Services | 1,259,980 | 1,273,490 | 1,280,450 |
| Utility cost | 229,110 | 236,930 | 245,060 |
| Estate & Sheltered Services | 3,192,360 | 3,239,770 | 3,288,680 |
| Central Recharges | 3,383,840 | 3,472,910 | 3,552,780 |
| Operating Expenditure | 10,669,570 | 10,891,410 | 11,068,370 |
| Repairs – Voids | 1,050,000 | 1,050,000 | 1,050,000 |
| Repairs – Responsive | 3,500,380 | 3,500,380 | 3,500,380 |
| Repairs – Other | 1,929,480 | 1,953,210 | 1,988,120 |
| Repairs Expenditure | 6,479,860 | 6,503,590 | 6,538,500 |
| Contingency – General | 200,000 | 200,000 | 200,000 |
| Investment in Services | 100,000 | 200,000 | 200,000 |
| Bad debt provision | 150,000 | 250,000 | 250,000 |
| Affordable Housing | 510,710 | 518,300 | 526,110 |
| Charges for Capital | 6,324,130 | 6,804,310 | 7,542,210 |
| Depreciation | 7,775,130 | 7,902,900 | 7,909,290 |
| Hardship Fund | 0 | 100,000 | 100,000 |
| Other Expenditure | 15,059,970 | 15,975,510 | 16,727,610 |
| | | | |
| Total Expenditure | 32,209,400 | 33,370,510 | 34,334,480 |

Appendix 1 (continued)

HRA Budget 2019-20 and MTFS 2020-21 to 2021-22 – Income

| All figures in £s | Budget 2019-20 | Budget 2020-21 | Budget 2021-22 |
|------------------------------------|---------------------------|---------------------------|---------------------------|
| Rent Income – Dwellings | (28,014,840) | (28,937,100) | (30,492,940) |
| Rent Income – Non Dwellings | (598,880) | (601,170) | (601,170) |
| Service Charges – Tenants | (1,794,040) | (1,787,100) | (1,791,380) |
| Service Charges – Leaseholders | (605,450) | (599,750) | (596,900) |
| Facility Charges | (664,390) | (681,990) | (681,990) |
| Interest | (3,100) | (3,100) | (3,100) |
| Other Income | (84,370) | (86,900) | (86,900) |
| Recharge to General Fund | (165,650) | (165,650) | (165,650) |
| Total Income | (31,930,720) | (32,862,760) | (34,420,030) |
| In Year Deficit / (Surplus) | 278,680 | 507,750 | (85,550) |
| BALANCE brought forward | (6,140,970) | (5,862,290) | (5,354,540) |
| BALANCE carried forward | (5,862,290) | (5,354,540) | (5,440,090) |

Average Rent & Service Charges – Social Rented Units Appendix 2

| Social rented units | No. units | 2018-19 weekly charge | 2019-20 rent | 2019-20 service charge | 2019-20 total | Decrease |
|-------------------------|--------------|-----------------------|----------------|------------------------|----------------|---------------|
| Bedsit bungalow | 19 | £103.72 | £99.85 | £2.93 | £102.78 | -£0.94 |
| 1 Bed bungalow | 115 | £113.76 | £110.27 | £2.43 | £112.70 | -£1.06 |
| 2 Bed bungalow | 27 | £129.59 | £124.58 | £3.85 | £128.42 | -£1.17 |
| Bedsit flat | 84 | £89.53 | £84.47 | £4.43 | £88.90 | -£0.63 |
| 1 bed flat | 1,185 | £99.35 | £94.64 | £3.84 | £98.49 | -£0.87 |
| 2 bed flat | 792 | £113.13 | £107.74 | £4.41 | £112.15 | -£0.98 |
| 3 bed flat | 42 | £125.62 | £119.37 | £5.16 | £124.53 | -£1.08 |
| 1 bed Maisonette | 6 | £92.48 | £91.13 | £0.44 | £91.57 | -£0.91 |
| 2 bed Maisonette | 50 | £112.18 | £107.33 | £3.85 | £111.18 | -£0.99 |
| 3 bed Maisonette | 45 | £125.07 | £119.37 | £4.60 | £123.97 | -£1.10 |
| 4 bed Maisonette | 1 | £131.30 | £129.99 | £0.00 | £129.99 | -£1.31 |
| 2 bed Parlour House | 35 | £124.73 | £122.24 | £1.29 | £123.53 | -£1.20 |
| 3 bed Parlour House | 524 | £137.54 | £134.37 | £1.86 | £136.23 | -£1.31 |
| 4 bed Parlour House | 55 | £150.36 | £146.28 | £2.67 | £148.95 | -£1.42 |
| 5 & 6 bed Parlour House | 10 | £161.07 | £150.88 | £8.87 | £159.76 | -£1.32 |
| 2 bed Non Parlour House | 500 | £121.03 | £117.72 | £2.17 | £119.89 | -£1.14 |
| 3 bed Non Parlour House | 715 | £132.72 | £129.16 | £2.31 | £131.47 | -£1.25 |
| 4 bed Non Parlour House | 33 | £146.65 | £142.06 | £3.23 | £145.29 | -£1.36 |
| 5,6 & 7 bed Non Parlour | 6 | £158.44 | £155.65 | £1.25 | £156.90 | -£1.54 |
| Sheltered bedsit | 55 | £91.57 | £87.88 | £2.87 | £90.75 | -£0.82 |
| Sheltered – other units | 500 | £98.62 | £94.30 | £3.45 | £97.75 | -£0.87 |
| Non sheltered | 4,244 | £117.35 | £113.09 | £3.12 | £116.21 | -£1.14 |
| Sheltered | 555 | £97.91 | £93.66 | £3.31 | £96.97 | -£0.94 |
| Total | 4,799 | £115.11 | £110.86 | £3.22 | £114.08 | -£1.03 |

Average charge for social rented units 2018-19 was £115.11 per week comprising £111.96 rent, £3.15 service charge compared to budgeted £112.38 and £3.15 per week respectively.

Estimated average charge 2019-20 is £114.08 per week comprising £110.86 rent, £3.22 service charge, reflecting statutory rent reduction 1% and increase of 2.4% for tenant service charges in line with CPI, pending results of review.

Average Rent – Affordable Rented Units Appendix 2 (continued)

| Description | No. units | 2018-19 rent | 2019-20 rent | Decrease |
|-------------------------------------------|------------------|---------------------|---------------------|-----------------|
| 1 bed flat | 1 | £121.00 | £119.79 | -£1.21 |
| 2 bed flat | 3 | £173.74 | £172.00 | -£1.24 |
| 3 bed House | 10 | £205.83 | £203.77 | -£2.06 |
| 4 bed House | 4 | £221.65 | £219.43 | -£2.22 |
| 3 bed Parlour House (shared ownership) | 5 | £151.55 | £150.03 | -£1.52 |
| Affordable rented | 18 | £199.28 | £197.29 | -£1.99 |
| Shared ownership | 5 | £151.55 | £150.03 | -£1.52 |
| Total | 23 | £188.91 | £187.01 | -£1.90 |

Twenty three new build units from Infill phase 1 programme expected to complete by Summer 2019; table above shows average rents for 2018-19 and 2019-20 reflecting 1% statutory rent reduction.

Shared ownership units, which will form part of separate report to Cabinet, expected to be sold equity 25% with 75% retained by Council until such time as more of the equity is disposed of.

Income from these units is included in the draft HRA budget based on expected completion dates.

Garages & parking space charges**Appendix 3**

| | Current Weekly Rental | Proposed Weekly Rental |
|------------|------------------------------|-------------------------------|
| | 2018-19 | 2019-20 |
| | £ | £ |
| Garages | 14.05 | 14.05 |
| Car Spaces | 9.16 | 9.16 |

Facility Charges

Appendix 4

| Sheltered Block | No. of properties | Current average weekly facility charge (Heating) 2018-19 | Proposed average weekly facility charge (Heating) 2019-20 3% increase |
|-------------------------------|--------------------------|-----------------------------------------------------------------|------------------------------------------------------------------------------|
| Alma Court | 30 | 15.74 | 16.21 |
| Belmont Lodge | 30 | 15.74 | 16.21 |
| Boothman House | 30 | 15.74 | 16.21 |
| Cornell House | 30 | 15.74 | 16.21 |
| Durrant Court | 27 | 15.74 | 16.21 |
| Edwin Ware Court | 30 | 12.24 | 12.61 |
| Goddard Court | 30 | 15.74 | 16.21 |
| Grahame White House | 30 | 15.74 | 16.21 |
| Grange Court | 30 | 12.24 | 12.61 |
| Harkett Court | 30 | 15.74 | 16.21 |
| Harrow Weald Park 0 Bed | 12 | 10.63 | 10.95 |
| Harrow Weald Park 1 Bed | 19 | 14.37 | 14.80 |
| Harrow Weald Park 3 Bed | 1 | 21.36 | 22.00 |
| John Lamb Court | 32 | 16.53 | 17.03 |
| Meadfield | 30 | 15.74 | 16.21 |
| Sinclair House | 27 | 15.74 | 16.21 |
| Tapley Court | 26 | 15.74 | 16.21 |
| Thomas Hewlett House | 30 | 15.74 | 16.21 |
| William Allen House | 29 | 12.24 | 12.61 |
| Resident Warden Accommodation | 11 | 21.36 | 22.00 |
| Other Non-Sheltered | 95 | 13.56 | 13.97 |

Water Charges

Appendix 5

| Sheltered Block | No.of flats | Current Range Water Charge 2018-2019 | | Proposed Range Charge at 0% increase for 2019-2020 | |
|-----------------------------------|-------------|--------------------------------------|--------|----------------------------------------------------|--------|
| | | Lower | Higher | Lower | Higher |
| Alma Court | 30 | £5.87 | £5.87 | £5.87 | £5.87 |
| Belmont Lodge | 30 | £6.03 | £6.03 | £6.03 | £6.03 |
| Boothman House | 30 | £6.20 | £6.20 | £6.20 | £6.20 |
| Cornell House | 30 | £6.12 | £6.41 | £6.12 | £6.41 |
| Durrant Court | 27 | £5.87 | £5.49 | £5.87 | £5.49 |
| Edwin Ware Court | 30 | £4.99 | £6.49 | £4.99 | £6.49 |
| Goddard Court | 30 | £6.03 | £6.03 | £6.03 | £6.03 |
| Grahame White House | 30 | £6.20 | £6.20 | £6.20 | £6.20 |
| Grange Court | 30 | £4.99 | £6.20 | £4.99 | £6.20 |
| Harkett Court | 30 | £6.20 | £6.20 | £6.20 | £6.20 |
| Harrow Weald Park | 31 | £4.99 | £6.68 | £4.99 | £6.68 |
| John Lamb Court | 32 | £6.20 | £6.20 | £6.20 | £6.20 |
| Meadfield | 30 | £6.12 | £6.41 | £6.12 | £6.41 |
| Sinclair House | 27 | £5.87 | £6.30 | £5.87 | £6.30 |
| Tapley Court | 26 | £5.87 | £6.20 | £5.87 | £6.20 |
| Thomas Hewlett House | 30 | £6.12 | £6.12 | £6.12 | £6.12 |
| William Allen House | 29 | £4.99 | £6.20 | £4.99 | £6.20 |
| Total No.of Sheltered Flats | 502 | | | | |
| Resident Warden Accommodation | 11 | £7.40 | £9.44 | £7.40 | £9.44 |
| Total Sheltered Flats incl Warden | 513 | | | | |
| Other Non-Sheltered | 95 | £6.20 | £6.20 | £6.20 | £6.20 |

Community Centres

Appendix 6

| Community Hall and Capacity | Current 2018-19 | | | Proposed 2019-20 | | |
|-----------------------------|---------------------------------------------------------------------|--------------|--------------|-----------------------------------------------|--------------|--------------|
| | Charges per first 3 hours block booking then subsequent hourly rate | | | Charges per hour letting 4% Price Increase | | |
| | Evening Rate | Daytime Rate | Weekend Rate | Evening Rate | Daytime Rate | Weekend Rate |
| | £ | £ | £ | £ | £ | £ |
| Augustine Road [max 30] | 25.31 | 12.66 | 37.96 | 26.32 | 13.17 | 39.48 |
| Marsh Road Hall [max 30] | 25.31 | 12.66 | 37.96 | 26.32 | 13.17 | 39.48 |
| Brookside Hall [max 30] | 25.31 | 12.66 | 37.96 | 26.32 | 13.17 | 39.48 |
| Woodlands Hall [max 60] | 37.96 | 18.97 | 51.82 | 39.48 | 19.73 | 53.90 |
| Churchill Place [max 100] | 50.61 | 22.76 | 63.26 | 52.63 | 23.67 | 65.79 |
| Kenmore Park [max 100] | 50.61 | 22.76 | 63.26 | 52.63 | 23.67 | 65.79 |
| Pinner Hill Hall [max 100] | 50.61 | 22.76 | 63.26 | 52.63 | 23.67 | 65.79 |
| Northolt Road [max 100] | 48.66 | 21.88 | 60.83 | 50.61 | 22.76 | 63.26 |

Terms & Conditions associated with Hall lets:

- Lets to Tenants & Residents Assocs free, providing 4 weeks' notice provided.
- Charges shown are exclusive of VAT at 20% and Insurance Premium at 7%
- Day time rates are from 9.00am to 3.30pm
- Commercial lets will be charged at above hourly rates plus 20%.
- Registered Charities will receive a discount of 50% (9.00am to 3.30pm only).
- Block Bookings of 6 months minimum will receive a 25% discount.
- Refundable deposit of £100 against loss or damage required by all other users.

Of the 10 community centres, there are a number of premises that are fully let and supported by lease agreements and therefore charges not levied in accordance with the above schedule. These are:

- Stonegrove Gardens fully let to nursery on lease agreement £12,700 rent pa
- Northolt Road hall partly let as nursery on lease agreement of £5,200 rent pa
- Churchill Place hall partly let as nursery on lease agreement of £13,000 rent pa
- 27 Northolt Road let on lease agreement of £18,750 rent pa

HRA Capital Programme

Appendix 7

| Budget Description (all in £'s) | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Internal Works | 1,468,600 | 1,468,600 | 1,468,600 | 1,468,600 | 1,468,600 |
| External Works | 2,810,420 | 754,600 | 754,600 | 754,600 | 754,600 |
| Mechanical & Electrical | 3,256,780 | 4,147,630 | 4,147,630 | 4,147,630 | 4,147,630 |
| Garages | 62,940 | 62,940 | 62,940 | 62,940 | 62,940 |
| Aids and Adaptations | 645,140 | 645,140 | 645,140 | 645,140 | 645,140 |
| Health & Safety works | 146,580 | 146,580 | 146,580 | 146,580 | 146,580 |
| Planned Investment programme | 8,390,460 | 7,225,490 | 7,225,490 | 7,225,490 | 7,225,490 |
| Grange Farm phase 1 | 8,375,120 | 12,382,950 | 430,690 | 0 | 0 |
| Grange Farm phase 2 | 0 | 0 | 16,298,580 | 8,099,360 | 0 |
| Infill phase 2 | 2,817,650 | 3,829,100 | 0 | 0 | 0 |
| Gayton Road | 7,695,920 | 0 | 0 | 0 | 0 |
| Other schemes | 6,754,070 | 21,024,930 | 29,087,000 | 31,235,830 | 4,173,470 |
| Homes for Harrow | 25,642,756 | 37,236,984 | 45,816,281 | 39,335,197 | 4,173,469 |
| Total HRA Capital Programme | 34,033,216 | 44,462,474 | 53,041,771 | 46,560,687 | 11,398,959 |

Planned Investment programme includes :

- estimated slippage from 2018-19 £2.056m and
- net addition £8m split over five years based on stock condition survey

Grange Farm phase 1 includes :

- slippage £5.4m from 2018-19 split £2.4m 2019-20 and £3m 2020-21
- addition £1.4m split 2020-21 £970k and 2021-22 £430k

Grange Farm phase 2 comprises addition £24.4m split £16.3m £2021-22 and £8.1m 2022-23

Infill phase 2 includes net addition £2.8m in 2020-21

Gayton Road comprises addition of £7.7m reflecting cost to HRA of acquiring completed units in 2019-20

Other schemes comprises net addition £87.4m split £1.9m 2019-20, £21m 2020-21, £29.1m 2021-22, £31.2m 2022-23 and £4.2m 2023-24

All schemes fully financed from combination of internal resources, external grant (GLA and HIF), recycled right to buy receipts and borrowing.