

## Report for: **Cabinet**

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| <b>Date of Meeting:</b>                 | 21 <sup>st</sup> January 2021   |
| <b>Subject:</b>                         | Draft Housing Revenue Account Budget<br>2021-22 & Medium-Term Financial Strategy<br>2022-23 to 2023-24  |
| <b>Key Decision:</b>                    | Yes   |
| <b>Responsible Officer:</b>             | Nick Powell-Divisional Director of Housing;<br>Dawn Calvert- Director of Finance;<br>Paul Walker- Corporate Director of<br>Community  |
| <b>Portfolio Holder:</b>                | Councillor Phillip O'Dell- Portfolio Holder for<br>Housing;<br>Councillor Adam Swersky- Portfolio Holder<br>for Finance and Resources;  |
| <b>Exempt:</b>                          | No  |
| <b>Decision subject to<br/>Call-in:</b> | Yes   |
| <b>Wards affected:</b>                  | All   |
| <b>Enclosures:</b>                      | Appendix 1 – HRA Budget 2021-22<br>Appendix 2 – Average Rents & Service<br>Charges (Tenants)<br>Appendix 3 – Garage & Parking charges<br>Appendix 4 – Facility Charges<br>Appendix 5 – Water charges<br>Appendix 6 – Community Centre Charges<br>Appendix 7 – Capital Programme |

## Section 1 – Summary and Recommendations

This report sets out the draft proposals on the Housing Revenue Account budgets and rent setting for 2021/22 and Medium-Term Financial Strategy (MTFS) for 2022-23 to 2023-24 to be considered by Cabinet on 21st January 2021.

### **Recommendations:**

Cabinet is requested to:

- 1) Approve proposed average weekly rent for non-sheltered and sheltered accommodation of £118.01 and £98.18 for 2021-22 respectively as set out in paragraph 34.
- 2) Approve proposed average weekly tenant service charge of £3.32 per week as set out in paragraph 40.
- 3) Approve proposed average weekly rents for affordable rented and shared ownership accommodation of £197.11 and £199.82 for 2021-22 respectively as set out in paragraph 35 to 36.
- 4) Approve an increase in the overall HRA Capital programme of £28,013,177 made up £4,507,424 planned investment and £23,505,753 Building Council Homes for Londoners (BCHfL) as set out in paragraphs 56 to 66.
- 5) Note Charges for Facilities, Community Halls, Garages and Water to remain unchanged as set out in appendices 3 to 6.
- 6) Note the following:
  - Reconfigured planned investment programme which continues to focus on health and safety and compliance as well as supporting increased flexibility in its delivery. In the coming years we are also making provision to support the Council's ambition to reduce carbon emissions.
  - Assumptions made in construction of the budget and likely changes to be made in the final budget to be submitted to Cabinet 11<sup>th</sup> February 2021
  - Risk Management Implications which require prudent financial reserves, volatility around borrowing costs and ongoing probability of reforms in the housing sector.

Final approval for the budget and MTFS will be sought from Cabinet and Council in February 2021.

### **Reason (for the recommendations) :**

To recommend the draft HRA budget and capital programme for 2021-22 and the MTFS for 2022-23 to 2023-24.

## Section 2 – Report

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.
2. The Council has a retained housing stock of c4820 homes currently available to let and manages an additional c1200 leasehold properties with an annual rent roll of c.£29m.
3. The Council has a statutory obligation to agree and publish the HRA budget for 2021-22, and approval for this will be sought 11<sup>th</sup> February 2021. The primary purpose of this report is to present an initial draft HRA revenue position (see Appendix 1) and a capital position (see Appendix 7 for 2021/22 based on budget submissions plus a HRA Medium Term Financial Strategy(MTFS) 2022-23 to 2023-24 ( see Appendix 1), ahead of the final budget presentation and rent setting at Full Council on 25<sup>th</sup> February 2021.As it stands the budget for 2021/22 has been balanced and so nets to nil.
4. The budget and MTFS have been set within the framework set out in the HRA Business Plan update, reported to Cabinet 8<sup>th</sup> October 2020, including impact of legislation contained in the Welfare Reform & Work Act 2016 and Housing & Planning Act 2016 including reversion to rent increases of up to CPI + 1% from April 2020. 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.
5. Revenue cost reductions assumed at £1.90m will be phased in fully by 2021 and investment in HRA stock, detailed in Capital Investment section supported by appendix 7, is estimated at £11,109m for 2021-22,£5,895m per annum 2022-23 and 2023-24 then £4,895m per annum thereafter. This is based on latest stock condition survey results with focus on essential health & safety, compliance and statutory requirements.
6. A significant change since the Business Plan was submitted to Cabinet is the assumption on CPI used for rental increases. Business plan assumed CPI of 2% in 20-21/22, but the September 2020 CPI used for budget setting came in at 0.5% resulting in an overall reduction in rental income of £13m across the 30 year business plan assuming CPI would return to 2% within two years.
7. Following the recent Budget 2020 announcement, where the Chancellor reversed the recent 1% hike in the interest rate for the Public Works Loan Board (PWLB),the Authority is reviewing its borrowing strategy to secure debt in light of the reduction in PWLB rates . A risk to the Building Council Homes for Londoners (BCHfL) programme has been identified.

The recommendations to proceed are therefore predicated on satisfactory borrowing rates being secured.

8. The draft budget assumes an increase in tenant service charges in line with the Consumer Prices Index (CPI), the Government's preferred measure of inflation, until such time as the review is concluded. Background of this review is given in the Consultation section of this report.
9. Details on the assumptions used to construct the draft budgets and MTFs, which will be reviewed prior to finalisation of the budget, are given later in this report.

## **Options considered**

10. For 2021/22 rent setting there has been no change to the government rent policy issued in 2020, that allows for social housing providers to increase rents by the previous September Consumer Prices Index (CPI) rate +1% for a five-year period. Guidance released in November 2020 does allow local authorities to breach this cap in circumstances of exceptional financial hardship. However, this would not currently apply to Harrow Council's HRA. Other unregulated income streams can be adjusted to ensure full cost recovery.
11. The Council can proceed with the programme of building 659 new units within the HRA originally approved by Council 27<sup>th</sup> February 2019 or implement alternative delivery models if it is considered the level of risk now presented cannot be sufficiently mitigated.

### **Option 1: Continue with new build programme within the HRA**

12. This would provide up to 659 additional units across a mix of tenures including affordable rented and shared ownership as part of the BCHfL programme within the Council's HRA and in collaboration with the Harrow Strategic Development Partnership (HSDP).
13. Full utilisation of approved grant and borrowing, with sufficiently low interest rates, would be assumed and tested on an ongoing basis against a suite of assumptions using the HRA Business Plan.
14. Regular review and testing of assumptions would ensure continued viability given changing macro-economic and regulatory assumptions with appropriate mitigations against identified risks.
15. To ensure resources are not over extended and it remains affordable the programme will be expedited in phases with viability reviewed at each stage before starting on the next phase.

## **Option 2 : Consider alternative delivery models**

16. In the event risks around the HRA indicate the service would, on the balance of probabilities, become unviable, alternative delivery models for the provision of low-cost housing would be implemented.
17. It is therefore considered prudent to consider alternatives in the context of the Council's wider regeneration aspirations and work is ongoing in this area.

## **Preferred Options**

18. A rent increase of CPI plus 1% is the preferred option as this is necessary to balance the HRA to a neutral position in 2021/22. Tenant service charges linked to inflation until the review is completed with other income streams not increased due to reduced demand as a result of COVID. Surpluses on the HRA will be used to support investment in stock and the BCHfL programme.
19. Option 1 is the preferred option as it will provide much needed housing supply for the local community as well as mitigating the costs of homelessness on the General Fund and securing the longer-term viability of the Council's HRA.

## **Background**

20. Statutory rent reductions spanning 2016-17 to 2019-20 imposed by Government impacted on the HRA by requiring service reviews across the HRA to reduce costs and maximise income.
21. As a result, it has been assumed a permanent reduction in revenue expenditure of £1.90m will be in place by March 2021 to mitigate the impact of rent reductions and these are on track for achievement.
22. Given the scale of the BCHfL programme and associated risks the cost base of the HRA must now be kept under constant review to ensure continued viability.

## **Consultation**

23. 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).

24. Further consultation in respect of the budget will be undertaken via the framework described above.
25. A review of tenant and leaseholder service charges is also under way to ensure all costs incurred in the provision of services are being properly recovered. The outcome of this review is not finalised as yet because of challenges with the baseline data which underpins the new service charges model. This will be reported to cabinet once available.

## **COVID-19**

26. The global pandemic that has been experienced so far in 2020 and continues to be experienced across the London region and others has had an obvious and significant impact on the local economy. There have been impacts on every activity that occurs within the HRA, from the Council's ability to collect income to void turnaround times. As a result, the impact can be seen in every area of budget setting in this HRA report. It should be noted that, although the financial impact of COVID-19 has been seen mostly during 2020/21, this is not reflected in the 2020/21 budget since that was agreed prior to the pandemic. Thus, we are comparing a pre-COVID budget (2020/21) with a COVID-recovery budget (2021/22).
27. At present it is unclear how and when many economic uncertainties will be resolved, and so medium-term planning is also affected. The HRA Medium Term Financial Plan (MTFP) is included as appendix 1 and is based on the draft budget for 2021/22 with inflationary assumptions built in for future years. An update of the HRA Business Plan will be submitted to Cabinet after 2020/21 final accounts which will include updates of key assumptions.

## **Balances**

28. HRA revenue balances were £7.5m as at 31 March 2020 and these are expected to be £7.1m at the end of 2023-24 which are above the minimum balances considered prudent.
29. The budgets for the financial years 2021/22 and 2022/23 have been balanced and so net to nil with a surplus anticipated from 2023-24. The first significant rental streams being generated from the BCHfL programme later in the MTFs.
30. In addition to specific reserves to support repairs, IT investment, restructuring, tenants experiencing financial difficulties, a reserve to support the BCHfL programme has been set up. These reserves are all within the HRA.
31. Given the scale of the programme significant additional contributions will be required to ensure associated risks can be contained. Although the draft budget and MTFs allow for a modest BCHfL reserve, increased

contributions will be made after 2023-24 when the revenue account returns to a surplus.

## **Income**

Assumptions supporting the main HRA income streams are set out below:

### **Dwelling rents**

32. Rent policy set out by central government states that existing rents may be increased annually by the previous September's CPI rate, plus up to 1%. This calculation has been applied, giving a rent increase of 1.5%. Although the Government has stated rents can be increased by CPI plus up to 1% for five years from April 2020, there is no confirmation these increases are permitted beyond March 2025. The Business Plan update reported to Cabinet 8th October, assumed increases for all subsequent years from April 2025 will be at CPI only as this is considered a more prudent assumption given developments in the macro-economic environment.
33. Rents for newly constructed homes are on Affordable rents or the lower London Affordable Rents where the scheme benefits from part of the £32.144m grant secured from the Greater London Authority.
34. The overall average rent & service charge for the Council's housing stock for 2021-22 will be £119.18 per week comprising rent £115.86 (£118.01 non sheltered, £98.18 sheltered) and tenant service charge £3.32 per week (2020-21 current average £117.45, comprising rent £114.15, tenant service charge £3.30) assuming an increase of CPI plus 1% for rents and CPI only for tenant service charges, as detailed in Appendix 2. CPI is required to be set at the September rate of 0.5%.
35. Rents for new build homes are set at affordable rent and are governed by different criteria depending on funding source. The overall average rent is estimated to be £197.10 per week assuming a rent increase of CPI plus 1% for affordable rented units.
36. Rents for shared ownership units, assuming the Council retains 65%/75% equity share, are estimated at £199.82 per week on average.

### **Right-to-Buy sales**

37. There have been fourteen sales under Right-to-Buy ("RTB") so far in 2020-21 and a further ten are assumed by the end of the financial year totalling twenty four estimated sales with twenty four expected for 2021-22, then reducing to twenty per annum for remainder of the MTFS. It is envisaged the HRA will continue to be viable if RTB sales continue at these levels assuming BCHfL programme proceeds as proposed.
38. The Council continues to retain the majority of the capital receipts arising from the sale of Right to Buy properties, in line with the retention agreement signed with the Government. Under this agreement the receipts must be used within three years to fund a maximum of 30% of

spend on replacement properties or be paid to the Government with a high interest penalty. While the new build programme, identified in the Business Plan, can absorb some of these receipts, there has often been difficulties in matching the timing of expenditure to when the receipts must be used and like most London Councils which have limited land, Harrow has found it difficult to invest these receipts and has been required to return some receipts with interest to MHCLG.

39. The Government has recognised the potential difficulties in meeting construction timetables during the current pandemic and has allowed a time extension for the payment of unused receipts to end of 2020/21. Latest forecasts show that with the use of this extension Harrow Council will need to pay £5.115m. receipts to the Government for the current financial year. These funds will not be lost to the Authority but instead these Right to Buy receipts from disposals and the associated interest costs will be ring fenced to Harrow via the GLA and made available to Harrow as affordable housing grant to be used to deliver new rented affordable homes. This arrangement is called the right-to-buy ring fence offer (RTBRFO), to voluntarily repay these receipts to MHCLG and then claim these from GLA to support new build and regeneration schemes.

### **Service charges: Tenants & Leaseholders**

40. 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. Service charges are not subject to the rental increase of 1.5% but are based on cost recovery This service charge was £3.30 in 2020-21 and it is proposed this will increase to an average of £3.32 in 2021-22 and throughout MTF5 in line with CPI. A review of service charges is in the process of being concluded and it is anticipated the current assumptions on CPI increases will be revised for the final HRA budget to be submitted to Cabinet 11<sup>th</sup> February 2021.
41. Leaseholders are invoiced annually by the end of September for the previous financial year, based on actual costs. Income expected from leaseholders in 2021-22 (excluding s20 income for capital schemes) is £874k and reflects the recovery of costs from leaseholders of estate-based costs, communal lighting, repairs, ground maintenance, insurance premiums and administration charges. The above figure takes into account the increase in grounds maintenance charges to the HRA from the General Fund following the results of a recent review of the service provided.

### **Other Income**

42. Rents for shops and commercial units situated on HRA land, garages, parking, facility charges and charges for community centres are set out in appendices 3 to 6.
43. Due to the current economic climate it is proposed to keep these rents at their current level. This can be revised in a year's time when we may have more economic certainty.



## **Expenditure**

Assumptions supporting the main HRA expenditure items are set out below:

### **Employee Costs**

44. Following the Government's spending review, no pay increase has been assumed for the life of the MTFS with the current staffing establishment used as a basis. As Local Government is subject to separate negotiations the impact of any potential award has been held in HRA revenue reserves which will be deployed to support a subsequent pay award. If no pay award is negotiated the impact of the pay freeze will remain in reserves to support the MTFS.
45. In 2021/22 there is a proposal to create four new roles within Housing Repairs, Resident Services and Housing Regeneration totalling an additional £231k if approved. Two posts, totalling £111k are for a 3-4-year fixed term to support the BCHfL programme, comprising an apprentice and a project manager of which £62k will be funded through capital if approved. The other posts are a hoarding officer (£58k) currently funded through grant which comes to an end this financial year and a Climate Change Project Manager (£63k).
46. 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**

47. There has been no increase in utility charges as anticipated usage is low and there is little information available about the global wholesale energy price post Covid. Charges for water supplies and sewerage have traditionally been paid to the Council with the amounts collected then paid over to the water company. For the majority of tenants this arrangement has now ceased with tenants paying the water company direct. This results no additional costs for tenants or the Council.

### **Central Recharges**

48. Costs of support services, which are estimated to increase by 2% p.a. in line with Government's long-term inflation target, are allocated to services using suitable bases of apportionment (e.g. number of staff, estimated time allocation, gross budget). Recharges reflect the full cost of all support services and are designed to permit transparency and challenge to secure value for money.

### **Repairs**

49. 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.

Works is ongoing on the stock condition survey to better inform investment decisions and prioritise works over the next 3 to 5 years. This stock condition survey results will be supplemented with information to target retrofit works to address carbon reduction. A review of the repairs service is also taking place. This will help to better understand the cost base and inform the budget cycle next year in line with decisions around extension and the future procurement of the main repairs contract. The review of the capital programme will allow targeting works to reduce the need for reactive repairs. This will also be supported by the development of a robust Planned Preventative Maintenance (PPM) programme designed to extend the life of components. Repairs reporting will also be improved through investment in a new Housing and Asset Management System.

### **Bad debt provision**

50. The HRA has been financially impacted by the COVID pandemic. Rent arrears have risen sharply and this is exacerbated by restrictions on enforcement, in line with national policy.
51. Income collection has become more challenging since the pandemic impacted, despite mitigations by housing services, and this could lead to increased write-offs of arrears. Similarly, the transition to Universal Credit means that some rents that would have been received automatically are now recoverable from the tenant. Where tenants suffer a financial impact from the current climate, arrears are likely to increase with the potential for further write-offs, which represent a cost to the Council.
52. It is unclear at this stage precisely to what extent our arrears will be affected and for what duration. For purposes of this draft budget it has been assumed that arrears will continue to rise during 2021 and that it may therefore be necessary to increase the bad debt provision at the end of March 2022. A budget to increase the bad debt provision by £150k has been proposed.

### **General Contingency**

53. In addition to HRA reserves, an annual amount of £150k is set aside to cover unforeseen expenditure that may arise in the management and maintenance of the housing stock or in-service development initiatives.
54. Applications for support from this general contingency will be considered on a case by case basis with due regard to the position of the whole HRA.

### **Charges for Capital**

55. HRA Borrowing is divided into historic and new borrowing:
  - Historic debt – includes debt Councils were required to raise at the time of Self Financing in 2012 in order to leave the subsidy system and resulted in the Council reaching the Government imposed cap of £150.683m; this is now being progressively reduced in line with RTB disposals thereby reducing interest exposure and providing capacity

for future investment. Interest on this historic debt, shared in a single loans pool with General Fund, averages at 4.05% and is assumed to continue at this level.

- New borrowing – for BCHfL programme only is estimated at £93.5m for the full life of the scheme, an increase over the estimated borrowing of £77.2m and £73.1m reported to Cabinet 13<sup>th</sup> February 2020 for the Budget and 8<sup>th</sup> October 2020 for the Business Plan update 2020. This increase is due primarily to additions to the Capital programme detailed below.

Interest is expected to be payable at the lower rate of 3% as a result of the HRA taking advantage of lower rates conferred in a dedicated second pool for new home building in the HRA.

Current HRA rules do not require either debt to attract Minimum Revenue Provision (MRP), a mandatory charge in General Fund designed to ensure the cost of the asset is charged to revenue over its useful economic life. This is because depreciation in the HRA counts as a genuine charge against revenue and transfers resources to the HRA's Major Repairs Reserve which can be used to finance capital expenditure as well as repay debt.

The costs of the BCHfL programme are under review and the results of this will be used to update the HRA Business Plan and revise the debt repayment strategy with the aim of stabilising the HRA medium term position.

## **Capital Investment**

56. Planned investment programme, based on the latest stock condition survey, budget for 2021/22 is £11.109m, then £5.895m for 2022/23 and 2023/24, then £4.895m per annum thereafter with focus continuing to be on Health & Safety and statutory works.
57. These estimates allow for slippage from 2020/21 of £2.519m together with an addition of £3m, spread evenly 2021/22 to 2023/24, to meet Government carbon reduction targets by 2030 by retrofitting Council homes.
58. Costs associated with the mandatory upgrade of the Housing IT system, are included at £769k for 2021/22 after allowing for slippage of £197k together with an addition to the programme of £572k assuming the scheme will complete within prescribed time limits and cost estimates.

## **Building Council Homes for Londoners**

59. The Grange Farm Regeneration scheme will demolish obsolete Council homes and re-provide 274 new homes. Cabinet approved budget allocations 13<sup>th</sup> February 2020 for phases 1, which is now under construction and phase 2 of the scheme. Expenditure has been reprofiled following a review with an addition of £100k to phase 2 to align to latest cost estimates.

60. Grange Farm phase 1, which is supported by Housing Infrastructure Fund (HIF) as well as RTBRFO support, will provide eighty-nine homes, sixty-eight at affordable rent and twenty-one shared ownership at an estimated remaining cost of £18.877m which includes slippage of £9.551m
61. Grange Farm phases 2 which is still at the planning stage is estimated to cost £18.4m The procurement route, which has not been finalised, will be the subject of another report to Cabinet and the costs, together with those for phase 3, will be reviewed prior to finalisation of the HRA Budgets for approval by Cabinet 11<sup>th</sup> February 2021.
62. Remaining schemes within the BCHfL programme are at various stages of development and planning and are included in the capital programme at a total remaining estimated cost of £115.527m which includes slippage of £18.539m. Also included in this are additional costs estimated at £23.506m reflecting the anticipated increase in build costs resulting from changes in the macro-economic environment.
63. The BCHfL programme, which has already provided 96 of a total of 659 additional homes, has assumed a selection of sites currently held in the General Fund will be transferred to the HRA for development in line with the current regulations for appropriations although the exact locations and valuations of these sites have yet to be clarified.
64. Funding will be from a combination of GLA grants totalling £32.144m, approved borrowing and other internal HRA resources with no impact on General Fund.
65. Net additions to the HRA capital programme over the approved budget total £27.453m. Of this, £28.013m relate to the current MTFS 2021-22 to 2023-24 inclusive with the remainder reductions in the planned investment programme 2024-25 and 2025-26 as a result of the stock condition survey
66. Appendix 7 details the full capital programme including slippage and summarises the additions and re-profiling requested.

## **Consultation Papers and new developments**

67. For the second year, the outcome of the Government's consultation on 'Use of Right to Buy (RTB) Receipts' and increased flexibilities has still not been concluded. **"Use of receipts from Right to Buy sales"** – Government has consulted 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 the Council will have to put less of its own resources in either through retained receipts or additional borrowing should this proposal go through.
68. This update assumes the current arrangements of 30% financing ratio and three-year deadline for reinvestment is continuing. The Council has

submitted a consultation response positively supporting the proposals set out in the consultation document.

69. However, local authorities have been allowed to retain their receipts between April and March 2021, without penalties, due to the impact of the COVID pandemic on development schemes. The Government has also issued a consultation, in November, asking for authorities' current position on the use of receipts. This may lead to a further extension of the repayment timetable, but this is not known at this time. As there has not been any formal conclusion to the last Government consultation process, future policy regarding the RTB system is not known and this continues to impede the use of the receipts
70. Following on from this on 17 November 2020 the white paper, the Charter for Social Housing Residents was released. The Building Safety Bill is already in progress and the Energy White Paper released on 15<sup>th</sup> December. These have implications going forward including :
- 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 include standards for communal and green space outside the home..
  - Proposed introduction of Tenant Satisfaction measures that will be formally monitored including the introduction of a regular inspection regime for social landlords
  - Increased regulations to improve responses to complaints
  - Requirements to improve tenant engagement and empowerment
  - There are also linked commitments with the Building Safety Bill with regard to the management of tall buildings, for example the appointment of a Building Safety Manager
  - Retrofitting of the existing social housing stock to meet the Councils Climate Change objectives as well as those set out by the Government
71. **“Revised HRA Manual”** – Primary guidance is based on the HRA Manual issued by MHCLG in 2007; a revised version is expected and is likely to allow Councils to transfer land from General Fund to HRA at nil consideration or below fair value.
72. Although details have yet to be released, including restrictions regarding the number of years land is to be left undeveloped or it's physical condition, the Council will consider the new guidance with due regard its broader regeneration aspirations with the aim of securing maximum advantage.

### **Changes expected in finalising budget**

73. Completion of the tenant service charge review to inform the final budget.

74. Given the requirements to increase contributions to the BCHfL reserve a review of the cost base of the HRA will continue.
75. Estimates of the cost of Grange Farm including the new phase 3 are in progress and these will be included in the final report to Cabinet.
76. The results of this will be submitted to Cabinet 11<sup>th</sup> February 2021 as part of the final budget and MTFS.

### **Variation to MTFS 2021-22**

Changes in estimates of expenditure and income together with the anticipated impact of Covid-19 have been contained resulting in a neutral position for 2021-22, which is unchanged from the MTFS approved by Council on 13<sup>th</sup> February 2020. The main changes in estimates are :

- Operating expenditure – increase £45k due to increased recharges in respect of Grounds maintenance and service from Council Depot partially offset by reductions in other expenditure
- Repairs – increase £178k due mainly to review of planned preventative maintenance requirements
- Other expenditure & income – reduction £223k due to increase in expenditure qualifying for capitalisation; improvement in estimated income from leaseholders and reduced void losses from rental income

### **Summary**

77. HRA Budget & MTFS detailed in Appendix 1 include rent increases at CPI plus 1% and sits within the framework set out in the HRA Business Plan Update submitted to Cabinet 8<sup>th</sup> October 2020.
78. Revenue reserves are expected to remain stable and above minimum recommended balances over the life of the MTFS provided interest on new borrowing does not exceed 3%.
79. Longer term viability of the Council's HRA is dependent on successful completion of BCHfL therefore continuous review of the cost base of the HRA and underlying assumptions are essential through a revised HRA Business Plan Update.
80. Risks associated with BCHfL are significant and earmarked reserves to support this programme are modest therefore increased contributions are required which will be supported by the continuous review process.
81. Consultation papers and emerging Government regulation will be reviewed to ensure maximum advantage is secured for the Council as a whole.

## Performance Issues

82. The BCHfL programme contributes to delivery targets agreed with the GLA. Failure to take the project forward would jeopardise achievement of these targets and potentially withdrawal of grant funding resulting in costs already incurred being written off to revenue which would compromise the longer term viability of the Council's HRA.

## Environmental Implications

83. All new homes have to meet high standards of energy efficiency to reduce CO2 emissions and reduce fuel poverty as required by London Plan.

## Data Protection Implications

84. There are no GDPR implications.

## Risk Management Implications

85. Risks included on corporate or directorate risk register? **Yes/No**  
 Separate risk register in place? **Yes/No**  
 The relevant risks contained in the register are ~~attached~~/refreshed and summarised below. **Yes/No/n/a**

86. A number of risks have been identified, listed below which if they materialise individually or collectively, could impede delivery of core services or raise questions about continued financial viability. The following key risks should be taken onto account when agreeing the recommendations in this report:

| Risk Description   | Mitigations  | RAG Status |
|--|--|------------|
| <ul style="list-style-type: none"> <li><b>Interest rates</b> – an immediate and significant risk; these have been assumed at 3% for the draft 2021/22 budget and MTFS. Increases in excess of this over the life of the MTFS will put the BCHfL programme at risk as not all homes will be completed and generating sufficient rental streams to service the debt</li> </ul> | In mitigation following the recent Budget 2020 announcement, where the Chancellor reversed the recent 1% hike in the interest rate for the Public Works Loan Board (PWLb), the Authority is reviewing its borrowing strategy to secure more favourable rates in light of the reduction in PWLB rates and minimise rates increases. | Amber      |
| <ul style="list-style-type: none"> <li><b>Inflation rates</b>-There is a potential adverse financial impact on the HRA as a result of high inflationary pressures. Rent increases are based on the September CPI figure, which was lower than expected at 0.5%.</li> </ul>   | In mitigation If inflation rises above that assumed in the budget generally, or spikes as a result of BREXIT, reductions in spend may need to be made or some of the growth recommended in the MTFS update removed   | Amber      |
| <ul style="list-style-type: none"> <li><b>Rent increases</b> – Following 2021/22, there will be three further years of the September CPI plus 1% rent increases. Historically the ring fenced account has relied almost solely on</li> </ul>   | In mitigation HRA reserves will be strengthened from 2023-24 and the Business Plan refreshed, and stress tested to ensure the Council's HRA remains viable.  | Amber      |

|  |  |       |
|--|--|-------|
| <p>rent income to finance both revenue and capital works. Many changes in policy, including the four years of rent reductions, have made medium to long term planning difficult. These risks have increased with the removal of the debt cap, as the Council is making long term financing decisions, on capital investment, based on income streams set by the current policy After that, it is unclear what rent policy central government will set out for us to follow. Clearly, there is great uncertainty of how costs of running the service will increase with inflation over the coming years and so it is hoped that rent collected will be sufficient to meet the needs of the service. The current Business Plan assumes CPI only rent increases beyond this (at 2%-Governments' long-term target); if rent increases are below this from 2025 this will have an adverse impact on revenue balances.</p> |  |       |
| <ul style="list-style-type: none"> <li>• <b>Welfare reforms</b> – Currently one of the biggest risks to the account is a large increase in arrears. From April 2020 current tenant arrears have risen by 20% as at qtr 2, to £717k. This was due to the impact of the COVID 19 pandemic and the measures put in place by the Government, which included a suspension of evictions.</li> </ul>  | <p>To mitigate this position increased resources are being employed to help recover rent owed and signpost tenants to where they may seek support and the provision for bad debt has been increased to recognise that not all of the outstanding debt will be recovered.</p>   | Amber |
| <ul style="list-style-type: none"> <li>• <b>Delays to schemes</b> – 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 lower or delayed rental income streams and potential write off of costs to the revenue account.</li> </ul>   | <p>In mitigation regular monitoring of new build schemes and update of the overarching HRA Business Plan will identify potential delays and appropriate action taken to substitute and expedite schemes ensuring full grant utilisation and keeping rental income in line with expectations. The BCHfL reserve can be deployed to offset unforeseen revenue costs if required.</p> | Amber |

87. In the light of these risks it is essential current targets for cost reductions are met and the cost base of the HRA kept under continuous review with the aim of strengthening reserves.

## Procurement Implications

Any procurement arising from this report will be advised on supported by the procurement team and will be conducted compliant with the Public Contract Regulations and the Contract Procedure Rules.



## **Legal Implications**

Under section 103 of the 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 their 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 the date on which it takes effect. The period between the date on which the notice is served and the date on which it takes effect must be at least four weeks or the rental period, whichever is the longer.

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.

The rent reduction requirements brought in under section 23 of the Welfare Reform and Work Act 2016 has now ended and replaced by the new rent standard introduced by section 197 of the Housing & Regeneration Act 2008 which permits Authorities to increase rents by CPI plus up to 1% for five years commencing April 2020.

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 the category of properties listed within s74(1), which consists primarily of Council housing stock. 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 the Secretary of State, sums may not be transferred between HRA or General Fund, therefore HRA is ring-fenced and cannot be used to subsidise a budget deficit within General Fund, neither can General Fund be used to subsidise a budget deficit in HRA. Section 76 of 1989 Act requires Local Authorities to formulate and implement proposals to secure 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**

Financial implications are included in the body of the report

## **Council Priorities**

- 1. Improving the environment and addressing climate change**  
The Planned Investment programme is being designed to address key climate change issues with a focus on renewable energy and efficiency in existing and new homes.
- 2. Tackling poverty and inequality**  
The additional housing will be genuinely affordable thereby providing accommodation to the most vulnerable in the Borough
- 3. Building homes and infrastructure**  
Provision of additional housing will support the local community and economy thereby contributing to the wellbeing of residents and supporting community cohesion,
- 4. Thriving economy**  
The Business Plan is designed to support the longer term viability of the HRA which provides much needed housing and advice to residents and those at risk of becoming homeless.

## **Section 3 - Statutory Officer Clearance**

**Statutory Officer:** Tasleem Kazmi  
Signed on behalf of Chief Financial Officer  
**Date:** 7<sup>th</sup> January 2021

**Statutory Officer:** Paresh Mehta  
Signed on behalf of Monitoring Officer  
**Date:** 11<sup>th</sup> January 2021

**Statutory Officer:** Nimesh Mehta  
Signed by the Head of Procurement  
**Date:** 17<sup>th</sup> December 2020

**Statutory Officer:** Paul Walker  
Signed by the Corporate Director  
**Date:** 12<sup>th</sup> January 2021

**Statutory Officer:** Susan Dixon  
Signed by the Head of Internal Audit  
**Date:** 11<sup>th</sup> January 2021

## **Mandatory Checks**

**Ward Councillors notified: NO-** as it impacts on all Wards

**EqlA carried out: YES**

**EqlA cleared by: Dave Corby**

## **Section 4 - Contact Details and Background Papers**

**Contact:** Tasleem Kazmi, Finance Business Partner – Housing & Regeneration,  
Tel 020 8416 5201 or email [tasleem.kazmi@harrow.gov.uk](mailto:tasleem.kazmi@harrow.gov.uk)

**Background Papers:** [HRA Business plan update](#)

**Call-in waived by the Chair of Overview and Scrutiny Committee**

**NO**

Appendix 1

HRA Budget 2021-22 and MTFs 2022-23 to 2023-24 – Expenditure

| All figures in £s            | Budget<br>2021-22 | Budget<br>2022-23 | Budget<br>2023-24 |
|------------------------------|-------------------|-------------------|-------------------|
| Employee Costs               | 2,502,260         | 2,502,260         | 2,504,080         |
| Supplies & Services          | 861,550           | 860,120           | 860,120           |
| Utility cost                 | 599,640           | 599,640           | 599,640           |
| Estate & Sheltered Services  | 3,415,730         | 3,399,510         | 3,421,350         |
| Central Recharges            | 3,503,280         | 3,573,340         | 3,644,810         |
| <b>Operating Expenditure</b> | <b>10,882,460</b> | <b>10,934,870</b> | <b>11,030,000</b> |
| Repairs – Voids              | 1,000,000         | 1,000,000         | 1,000,000         |
| Repairs – Responsive         | 3,238,770         | 3,238,770         | 3,238,770         |
| Repairs – Other              | 2,608,190         | 2,458,190         | 2,458,190         |
| <b>Repairs Expenditure</b>   | <b>6,846,960</b>  | <b>6,696,960</b>  | <b>6,696,960</b>  |
| Contingency                  | 150,000           | 150,000           | 150,000           |
| Bad debt provision           | 150,000           | 150,000           | 150,000           |
| Affordable Housing           | 477,150           | 477,150           | 477,150           |
| Charges for Capital          | 7,226,390         | 8,508,890         | 8,929,590         |
| Depreciation                 | 7,401,800         | 7,351,220         | 7,601,630         |
| <b>Other Expenditure</b>     | <b>15,405,340</b> | <b>16,637,260</b> | <b>17,308,370</b> |
|                              |                   |                   |                   |
| <b>Total Expenditure</b>     | <b>33,134,760</b> | <b>34,269,090</b> | <b>35,035,330</b> |

**Appendix 1 (continued)**

**HRA Budget 2021-22 and MTF5 2022-23 to 2023-24 – Income**

| <b>All figures in £s</b>           | <b>Budget<br/>2021-22</b> | <b>Budget<br/>2022-23</b> | <b>Budget<br/>2023-24</b> |
|------------------------------------|---------------------------|---------------------------|---------------------------|
| Rent Income – Dwellings            | (29,226,470)              | (30,367,870)              | (31,828,140)              |
| Rent Income – Non Dwellings        | (494,330)                 | (494,330)                 | (494,330)                 |
| Service Charges – Tenants          | (1,639,250)               | (1,643,580)               | (1,656,390)               |
| Service Charges – Leaseholders     | (874,430)                 | (863,030)                 | (863,030)                 |
| Facility Charges                   | (577,170)                 | (577,170)                 | (577,170)                 |
| Interest                           | (3,000)                   | (3,000)                   | (3,000)                   |
| Other Income                       | (154,460)                 | (154,460)                 | (154,460)                 |
| Recharge to General Fund           | (165,650)                 | (165,650)                 | (165,650)                 |
| <b>Total Income</b>                | <b>(33,134,760)</b>       | <b>(34,269,090)</b>       | <b>(35,742,170)</b>       |
| <b>In Year Deficit / (Surplus)</b> | <b>0</b>                  | <b>0</b>                  | <b>(706,840)</b>          |
| <b>BALANCE brought forward</b>     | <b>(6,346,710)</b>        | <b>(6,346,710)</b>        | <b>(6,346,710)</b>        |
| <b>BALANCE carried forward</b>     | <b>(6,346,710)</b>        | <b>(6,346,710)</b>        | <b>(7,053,550)</b>        |

## Average Rent & Service Charges – Social Rented Units Appendix 2

| Description             | No. units    | 2020-21 weekly charge | 2021-22 rent   | 2021-22 service charge | 2021-22 total  | Increase     |
|-------------------------|--------------|-----------------------|----------------|------------------------|----------------|--------------|
| Bedsit bungalow         | 19           | £105.62               | £104.18        | £2.99                  | £107.17        | £1.55        |
| 1 Bed bungalow          | 115          | £115.79               | £115.02        | £2.48                  | £117.50        | £1.71        |
| 2 Bed bungalow          | 27           | £131.90               | £129.91        | £3.93                  | £133.84        | £1.94        |
| Bedsit flat             | 82           | £91.21                | £88.14         | £2.99                  | £91.13         | -£0.08       |
| 1 bed flat              | 1,180        | £101.24               | £98.80         | £3.92                  | £102.72        | £1.48        |
| 2 bed flat              | 783          | £115.27               | £112.44        | £4.51                  | £116.95        | £1.68        |
| 3 bed flat              | 42           | £127.84               | £124.43        | £5.28                  | £129.70        | £1.87        |
| 1 bed Maisonette        | 6            | £94.22                | £95.17         | £0.45                  | £95.62         | £1.41        |
| 2 bed Maisonette        | 48           | £114.17               | £111.90        | £3.94                  | £115.85        | £1.68        |
| 3 bed Maisonette        | 44           | £127.39               | £124.55        | £4.71                  | £129.26        | £1.87        |
| 4 bed Maisonette        | 1            | £133.51               | £135.51        | £0.00                  | £135.51        | £2.00        |
| 2 bed Parlour House     | 34           | £127.03               | £127.56        | £1.36                  | £128.92        | £1.89        |
| 3 bed Parlour House     | 522          | £139.97               | £140.16        | £1.89                  | £142.05        | £2.08        |
| 4 bed Parlour House     | 55           | £152.96               | £152.43        | £2.73                  | £155.15        | £2.20        |
| 5 & 6 bed Parlour       | 10           | £163.99               | £157.30        | £9.07                  | £166.36        | £2.37        |
| 2 bed Non Parlour       | 497          | £123.19               | £122.79        | £2.22                  | £125.01        | £1.83        |
| 3 bed Non Parlour       | 707          | £135.08               | £134.73        | £2.36                  | £137.09        | £2.00        |
| 4 bed Non Parlour       | 33           | £149.19               | £148.10        | £3.30                  | £151.40        | £2.21        |
| 5,6 & 7 bed Non         | 6            | £161.14               | £162.27        | £1.28                  | £163.55        | £2.41        |
| Sheltered bedsit        | 12           | £101.01               | £90.09         | £12.31                 | £102.40        | £1.39        |
| Sheltered – other units | 500          | £100.43               | £98.38         | £3.53                  | £101.90        | £1.47        |
| <b>Non sheltered</b>    | <b>4,211</b> | <b>£119.52</b>        | <b>£118.01</b> | <b>£3.26</b>           | <b>£121.28</b> | <b>£1.76</b> |
| <b>Sheltered</b>        | <b>512</b>   | <b>£100.45</b>        | <b>£98.18</b>  | <b>£3.73</b>           | <b>£101.92</b> | <b>£1.47</b> |
| <b>Total</b>            | <b>4,723</b> | <b>£117.45</b>        | <b>£115.86</b> | <b>3.32</b>            | <b>£119.18</b> | <b>£1.73</b> |

Average charge for social rented units 2020-21 was £117.45 per week comprising £114.15 rent, £3.30 service charge compared to budgeted £114.13 and £3.30 per week respectively.

Estimated average charge 2021-22 is £119.18 per week comprising £115.86 rent, £3.32 service charge, reflecting rent increase of CPI + 1% where September CPI is ½% and just CPI for tenant service charges.

**Average Rent – Affordable Rented & Shared ownership Units**  
**Appendix 2 (continued)**

| Description                               | No. units | 2020-21 rent   | 2021-22 rent   | Increase     |
|---|-----------|----------------|----------------|--------------|
| 1 bed flat                                | 17        | £169.68        | £172.22        | £2.55        |
| 2 bed flat                                | 49        | £195.35        | £198.28        | £2.93        |
| 3 bed flat                                | 10        | £209.33        | £212.47        | £3.14        |
| 2 bed Parlour House                       | 1         | £137.86        | £139.93        | £2.07        |
| 3 bed Parlour House                       | 1         | £208.45        | £211.58        | £3.13        |
| 3 bed Non Parlour House                   | 9         | £208.21        | £211.34        | £3.12        |
| 4 bed Non Parlour House                   | 4         | £225.39        | £228.77        | £3.38        |
| 3 bed Parlour House<br>(shared ownership) | 5         | £196.86        | £199.82        | £2.95        |
| <b>Total</b>                              | <b>96</b> | <b>£197.31</b> | <b>£200.27</b> | <b>£2.96</b> |
| Affordable rented                         | 91        | £194.19        | £197.11        | £2.91        |
| Shared ownership                          | 5         | £196.86        | £199.82        | £2.95        |
| <b>Total</b>                              | <b>96</b> | <b>£197.31</b> | <b>£200.27</b> | <b>£2.96</b> |

Ninety-six new homes have completed; table above shows average rents for 2021-22 reflecting average rent increase of CPI + 1% where September CPI is ½% and CPI only for service charges.

Council initially has equity of 65% to 75% in shared ownership units with option for the tenant to purchase additional equity in future.

**Garages & parking space charges****Appendix 3**

| <b>All in £s</b> | <b>Current Weekly Rental<br/>2020-21</b> | <b>Proposed Weekly Rental<br/>2021-22</b> |
|------------------|--|---|
| Garages          | 14.05                                    | 14.05                                     |
| Car Spaces       | 9.16                                     | 9.16                                      |



## Facility Charges

## Appendix 4

| <b>Sheltered Block</b>        | <b>No. of properties</b> | <b>Current average weekly facility charge (Heating) 2020-21</b> | <b>Proposed average weekly facility charge (Heating) 2021-22 0% increase</b> |
|-------------------------------|--------------------------|---|--|
| Alma Court                    | 30                       | 17.02   | 17.02  |
| Belmont Lodge                 | 30                       | 17.02   | 17.02  |
| Boothman House                | 30                       | 17.02   | 17.02  |
| Cornell House                 | 30                       | 17.02   | 17.02  |
| Durrant Court                 | 27                       | 17.02   | 17.02  |
| Edwin Ware Court              | 30                       | 13.24   | 13.24  |
| Goddard Court                 | 30                       | 17.02   | 17.02  |
| Grahame White House           | 30                       | 17.02   | 17.02  |
| Grange Court                  | 30                       | 13.24   | 13.24  |
| Harkett Court                 | 30                       | 17.02   | 17.02  |
| Harrow Weald Park 0 Bed       | 12                       | 11.50   | 11.50  |
| Harrow Weald Park 1 Bed       | 19                       | 15.54   | 15.54  |
| Harrow Weald Park 3 Bed       | 1                        | 23.10   | 23.10  |
| John Lamb Court               | 32                       | 17.88   | 17.88  |
| Meadfield                     | 30                       | 17.02   | 17.02  |
| Sinclair House                | 27                       | 17.02   | 17.02  |
| Tapley Court                  | 26                       | 17.02   | 17.02  |
| Thomas Hewlett House          | 30                       | 17.02   | 17.02  |
| William Allen House           | 29                       | 13.24   | 13.24  |
| Resident Warden Accommodation | 9                        | 24.83   | 24.83  |
| <b>Other Non-Sheltered</b>    | 101                      | 14.67   | 14.67  |

## Water Charges

## Appendix 5

| Sheltered Block                          | No.of flats | Current Range Water Charge 2020-2021 |        | Proposed Range Charge at 0% increase for 2021-2022 |        |
|--|-------------|--------------------------------------|--------|--|--------|
|  |             | Lower                                | Higher | Lower  | Higher |
| Alma Court                               | 30          | £5.87                                | £5.87  | £5.87  | £5.87  |
| Edwin Ware Court                         | 30          | £4.99                                | £6.49  | £4.99  | £6.49  |
| Grange Court                             | 30          | £4.99                                | £6.20  | £4.99  | £6.20  |
| John Lamb Court                          | 32          | £6.20                                | £6.20  | £6.20  | £6.20  |
| William Allen House                      | 29          | £4.99                                | £6.20  | £4.99  | £6.20  |
| <b>Total No of Sheltered Flats</b>       | <b>151</b>  |                                      |        |  |        |
| Resident Warden Accommodation            | 3           | £7.89                                | £8.73  | £7.89  | £8.73  |
| <b>Total Sheltered Flats incl Warden</b> | <b>154</b>  |                                      |        |  |        |

Responsibility for collection of water charges has been transferred for the majority of HRA properties to the water company. The Council collects water charges for remaining properties which have not yet been transferred to water company.

| Community Hall and Capacity | Current 2020-21   |              |              | Proposed 2021-22                              |              |              |
|-----------------------------|---|--------------|--------------|---|--------------|--------------|
|                             | Charges per first 3 hours block booking then subsequent hourly rate |              |              | Charges per hour letting<br>0% Price Increase |              |              |
|                             | Evening Rate  | Daytime Rate | Weekend Rate | Evening Rate                                  | Daytime Rate | Weekend Rate |
|                             | £   | £            | £            | £   | £            | £            |
| Augustine Road [max 30]     | 27.38   | 13.69        | 41.06        | 27.38   | 13.69        | 41.06        |
| Marsh Road Hall [max 30]    | 27.38   | 13.69        | 41.06        | 27.38   | 13.69        | 41.06        |
| Brookside Hall [max 30]     | 27.38   | 13.69        | 41.06        | 27.38   | 13.69        | 41.06        |
| Woodlands Hall [max 60]     | 41.06   | 20.52        | 56.05        | 41.06   | 20.52        | 56.05        |
| Churchill Place [max 100]   | 54.74   | 24.62        | 68.43        | 54.74   | 24.62        | 68.43        |
| Kenmore Park [max 100]      | 54.74   | 24.62        | 68.43        | 54.74   | 24.62        | 68.43        |
| Pinner Hill Hall [max 100]  | 54.74   | 24.62        | 68.43        | 54.74   | 24.62        | 68.43        |
| Pinner Hill [max 100]       | 52.63   | 23.67        | 65.79        | 52.63   | 23.67        | 65.79        |

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
- Pinner Hill 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

## HRA Capital Programme

## Appendix 7

| Budget Description including additions / re-profiling (£) | MTFS              |                   |                   | Additional       |                  | Total              |
|---|-------------------|-------------------|-------------------|------------------|------------------|--------------------|
|   | 2021-22           | 2022-23           | 2023-24           | 2024-25          | 2025-26          | Cumulative         |
| Main programme  | 8,494,876         | 4,050,000         | 4,050,000         | 4,050,000        | 4,050,000        | 24,694,876         |
| Retrofit for energy efficiency                            | 1,000,000         | 1,000,000         | 1,000,000         | 0                | 0                | 3,000,000          |
| Housing IT system   | 769,136           | 0                 | 0                 | 0                | 0                | 769,136            |
| Aids & Adaptations  | 845,000           | 845,000           | 845,000           | 845,000          | 845,000          | 4,225,000          |
| <b>Planned investment</b>                                 | <b>11,109,012</b> | <b>5,895,000</b>  | <b>5,895,000</b>  | <b>4,895,000</b> | <b>4,895,000</b> | <b>32,689,012</b>  |
| Grange Farm phase 1                                       | 15,811,940        | 2,632,450         | 432,490           | 0                | 0                | 18,876,880         |
| Grange Farm phase 2                                       | 975,000           | 1,800,000         | 6,037,500         | 2,537,500        | 3,052,940        | 14,402,940         |
| Other schemes   | 66,028,750        | 40,229,976        | 7,860,367         | 1,407,410        | 0                | 115,526,504        |
| <b>Building Council Homes for Londoners (BCHfL)</b>       | <b>82,815,690</b> | <b>44,662,426</b> | <b>14,330,357</b> | <b>3,944,910</b> | <b>3,052,940</b> | <b>148,806,324</b> |
| <b>Total HRA Capital Programme</b>                        | <b>93,924,702</b> | <b>50,557,426</b> | <b>20,225,357</b> | <b>8,839,910</b> | <b>7,947,940</b> | <b>181,495,336</b> |

2021-22 includes slippage estimates from 2020-21.

**Summary of additions / reductions included in the capital programme over the term of the MTFS and two years beyond are summarised below:**

| Additions included in programme above (£)           | MTFS              |                   |                  | Additional       |                  | Total             |
|---|-------------------|-------------------|------------------|------------------|------------------|-------------------|
|   | 2021-22           | 2022-23           | 2023-24          | 2024-25          | 2025-26          | Cumulative        |
| Main programme                                      | 1,595,399         | (330,000)         | (330,000)        | (330,000)        | (330,000)        | 275,399           |
| Retrofit for energy efficiency                      | 1,000,000         | 1,000,000         | 1,000,000        | 0                | 0                | 3,000,000         |
| Housing IT system                                   | 572,025           | 0                 | 0                | 0                | 0                | 572,025           |
| <b>Planned investment</b>                           | <b>3,167,424</b>  | <b>670,000</b>    | <b>670,000</b>   | <b>(330,000)</b> | <b>(330,000)</b> | <b>3,847,424</b>  |
| Grange Farm phase 2                                 | 0                 | 0                 | 0                | 0                | 100,000          | 100,000           |
| Other schemes                                       | 13,447,410        | 9,657,976         | 400,367          | 0                | 0                | 23,505,754        |
| <b>Building Council Homes for Londoners (BCHfL)</b> | <b>13,447,410</b> | <b>9,657,976</b>  | <b>400,367</b>   | <b>0</b>         | <b>100,000</b>   | <b>23,605,754</b> |
| <b>Total HRA Capital Programme</b>                  | <b>16,614,834</b> | <b>10,327,976</b> | <b>1,070,367</b> | <b>(330,000)</b> | <b>(230,000)</b> | <b>27,453,178</b> |

Summary of re-profiling included in the capital programme summarised below:

| Additions included in programme above (£) | MTFS        |            |            |           | Additional |           | Total      |
|---|-------------|------------|------------|-----------|------------|-----------|------------|
|   | 2020-21     | 2021-22    | 2022-23    | 2023-24   | 2024-25    | 2025-26   | Cumulative |
| Main programme                            | -2,519,477  | 2,519,477  | 0          | 0         | 0          | 0         | 0          |
| Housing IT system                         | -197,111    | 197,111    | 0          | 0         | 0          | 0         | 0          |
| Grange Farm ph 1                          | -9,550,760  | 6,485,820  | 2,632,450  | 432,490   | 0          | 0         | 0          |
| Grange Farm ph 2                          | 3,900,000   | -9,128,580 | -6,299,360 | 6,037,500 | 2,537,500  | 2,952,940 | 0          |
| <b>BCHfL other</b>                        | -18,538,740 | 18,538,740 | 0          | 0         | 0          | 0         | 0          |
| <b>Total HRA Capital Programme</b>        | -26,906,088 | 18,612,568 | -3,666,910 | 6,469,990 | 2,537,500  | 2,952,940 | 0          |