



**Report for: Cabinet**

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**Date of Meeting:** 24 January 2024

**Subject:** Housing Revenue Account Budget (HRA) 2024-25 and Medium-Term Financial Strategy (MTFS) 2025-26 to 2026-27 and HRA 30- year Business Plan

**Key Decision:** Yes

**Responsible Officer:** Dipti Patel - Corporate Director of Place  
Sharon Daniels– Interim Director of Finance  
David McNulty - Director of Housing

**Portfolio Holder:** Councillor Mina Parmar, Portfolio Holder for Housing.

Councillor David Ashton, Portfolio Holder for Finance and Human Resources

**Exempt:** No

**Decision subject to Call-in:** Yes

**Wards affected:** All

**Enclosures:** Appendix 1 – HRA Budgets 2024-25, 2025-26 and 2026-27  
Appendix 2 – Average Rents and Service Charges  
Appendix 3 – Garage, Parking charges and Facility Charges  
Appendix 4 – Water charges  
Appendix 5 – Community Halls Charges  
Appendix 6(a)-6(b) – HRA Capital Programme – 2024/25 to 2028/29  
Appendix 7(a)-7(b) HRA Business Plan Assumptions and Summaries

## Section 1 – Summary and Recommendations

This report sets out the proposals on the Housing Revenue Account (HRA) budgets and rent setting for 2024-25, the Medium-Term Financial Strategy (MTFS) for 2025-26 to 2026-27 and the update on HRA 30-year Business Plan.

### Recommendations: That

- 1) the proposed average weekly rent for general needs and sheltered accommodation of £142.62 and £122.42 for 2024-25, respectively, which reflect increases of 7.7% in line with the national rent policy for social housing as set out in paragraph 20 & Appendix 2 be approved.
- 2) the proposed average weekly rents for affordable properties of £212.69, which reflect increases of 7.7% in line with the national rent policy for social housing -paragraph 20 & Appendix 2 be approved.
- 3) the proposed average weekly rents for shared ownership properties of £226.70, by 7.7%, in line with the national rent policy for social housing. See paragraph 21 & Appendix 2 be approved.
- 4) the five-year HRA Capital programme of £186,243,545 made up of £77,715,124 planned investment, £38,714,883 Building Council Homes for Londoners (**BCHfL**), £75,000 Grange Farm Infrastructure, £69,738,538 Homes for Harrow Phase 2 as set out in paragraphs 48 to 56 & Appendix 6(a) & 6(b) be approved.
- 5) the HRA 30-year Business plan and assumptions (paragraphs 57 to 63) Appendix 7(a) and 7(b)) be approved.
- 6) the proposed average weekly general need service charge of £8.38 and sheltered services charges of £17.46 per week. The charges proposed reflect inflation and new level of cleaning service as set out in paragraph 24 to 27 and Appendix 2 be approved.
- 7) the proposed average weekly services charges for affordable and shared ownership properties of £4.86 and £14.72 respectively as set out in Appendix 2 be approved.
- 8) an average weekly facility charge of £33.00 for sheltered properties (paragraph 27) be approved.
- 9) an enhanced weekly management charge for sheltered properties of £22.00 (as per paragraph 28) be approved. This charge reflects services provided to our sheltered tenants that is over and above to that provided to general needs tenants.
- 10) an average weekly heating charge for general needs tenanted properties of £20.10 (as per paragraph 27) be approved.

- 11) an increase of 7% to water charges as set out in paragraph 30 and Appendix 4 be approved.
- 12) the weekly parking spaces and garage charges of £10.90 and £16.60 respectively as set out in paragraph 29 and Appendix 3 be approved.
- 13) a 7% increase to the 2023/24 hourly hire charges applied to Community Halls as set out in paragraph 31 and Appendix 5 be approved.
- 14) Should the Homes for Harrow Phase 2 be delayed and subject to resources being available, allow the HRA to enter into an acquisition programme to maximise the use of 1-4-1 capital receipts. See paragraph 53
- 15) Cabinet recommends Council approve:
  - a. HRA Budgets for 2024-25 (Appendix 1)
  - b. HRA capital programme (Appendix 6(a))

**Reason (for the recommendation)** To approve the recommendations herein to ensure the viability of the HRA and the proposed HRA capital programme for 2024-25 and the MTFS for 2025-26 to 2026-27. The 30-year HRA business plan has been refreshed and updated to reflect the new budget and MTFS requirements.

## Section 2 – Report

1. The Council has a statutory obligation to agree and publish the HRA budget for 2024-25, and approval for this will be sought by Council on 24 January 2024. This report sets out the budget proposals for 2024-25 along with the MTFS to 2026-27, and indicative income and expenditure for the HRA for this period. It sets out how the income collected will be invested in the priority areas identified for housing by the administration. It provides an update to the refreshed HRA Business Plan, along with highlighting the key assumptions required to reflect national policies and financial impacts to the HRA. It sets the rate for rent and service charges for the retained housing stock of around 4,800 homes currently available to let and 1,200 leasehold properties with approximately £35m in rent generated annually.
2. The HRA reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, which records all revenue expenditure and income relating to the provision of council dwellings and related expenditure. The Council has a statutory responsibility to set a balanced HRA budget. The budgets for 2024-25 to 2026/27 show minimum reserves are maintained.
3. The HRA budget is set each year in the context of the 30-year business plan. The Business Plan is a statutory requirement used to assess the ongoing financial viability of the HRA and its ability to deliver the Council's housing priorities.

4. The business plan assumptions are reviewed annually to determine whether any aspects of the strategy need to be revised, allowing for horizon scanning and the identification and mitigation of business risks in the short, medium, and long term. Sensitivity analysis is undertaken to ensure effective contingency plans are considered and that appropriate reserves are maintained regards any change in the business plan assumptions.
5. The business plan projections reflect the income and expenditure required to manage the Council's landlord functions and, at the same time, work towards the Council's objectives in investing in existing tenants' homes and creating capacity to fund the development of affordable homes for rent.
6. This report highlights areas to be noted of the HRA business plan and options considered for future budget strategy. The HRA business plan provides long-term financial forecasts resulting from the implications of the Council's spending, investment, and rent-setting decisions, based on the authority's current income, assumptions on how costs and income might change in the future to illustrate what the authority can reasonably expect to happen, using the best available information.
7. The HRA budget in 2024/25 establishes a strategic framework to invest in:
  - **Homes which are safe and secure for all residents:** It provides for investment in the properties so that the Council meets its statutory duties in relation to health and safety compliance and improves homes with over £11million per year provided for planned capital investment. The Council has made significant investment to date in its fire safety programme and this budget provides for this to continue and for investing in strengthening its approach regarding the issue of damp and mould.
  - **Reducing carbon emissions:** The Council is committed to reducing carbon emissions across the borough. The budget and business plan provides for additional investment in its properties to improve the thermal efficiency of its own housing stock and bid for government grant. The strategy for investment seeks to maximise capital contribution through grants, we therefore plan with a view to deliver a strong business case that aligns with different external funding streams available. Where funding is not obtained, the base plan with 100% local authority investment is still in place to meet decarbonisation targets to 2030. The investment set out within the 5- year capital programme will enable the Council to provide match funding towards the government grants that become available and to achieve an Energy performance certificate (EPC) C target as an average by 2030.
  - **New affordable homes:** The HRA provides the basis on which the Council can increase the supply of new affordable housing in Harrow over the next 5 years. Given the current cost pressures in construction the Council has reviewed the programme to maximise the amount of new housing which the HRA can afford to provide in line with its updated 30-year business plan. This investment will enable the Council to adopt a strategic approach to managing its housing asset. Over £96 million in borrowing will be provided through the HRA to fund this

programme. The delivery of these new HRA homes through the HSDP will create an increase in revenue through rent. This increase in rent is factored into the HRA Business Plan.

## **Options Considered:**

### **Rent Increases:**

8. Social rents are Regulated by the Regulator of Social Housing and the Rent Standard provides guidance on how to adjust the rent formula to the new consumer price index (CPI) and to calculate the rent increase using the correct annual percentage to inflate rent. The options considered are:
  1. Apply rent standard and set rents at maximum level of CPI +1% (with CPI being at the September 2023 level of 6.7%)
  2. Increase rents at an amount lower than the Rent Standard.

### Preferred Option:

9. Rents: Option 1. Following Government guidance, preferred option is to apply rent increases of 7.7% for non- sheltered tenants, sheltered and affordable tenants. This will enable the council to continue to meet its long-term capital investment objectives. A reduction of 1 %, to the allowed increase in 2024/25 of 7.7% would result in a loss of £13.2m of resources over the 30 year-life of the HRA business plan.

### Council House Building Programme:

10. Options to be Considered:
  - 1.The Council continuing with a council house building programme within the HRA
  2. Reduce the new build programme within the HRA
11. **Option 1:** This provides up to 519 much needed new homes across a mix of tenures including affordable rented and shared ownership accommodation as part of the BCHfL programme and Homes for Harrow-Phase 2 within the Council's HRA and partly in collaboration with the Harrow Strategic Development Partnership (**HSDP**). Of the 519 homes, 217 have been completed and 54 are on site. Through this option the Homes will be owned and managed via the HRA itself.
12. **Option 2:**In the event risks around the HRA place core services and investment at risk the new build programme would be scaled back, reducing the number of homes to be built and the costs to be incurred or deferring them until such time as they are affordable to the HRA In this option another Registered Provider would acquire the affordable homes being delivered by the HSDP and the council would rely on having nomination rights to these homes rather than owning and managing them itself. The council would deliver the already approved regeneration of Grange Farm and the small programme of new build homes within the HRA.

### Preferred Option

13. Option 1 is the preferred option as it is currently affordable to the HRA and will provide much needed housing supply and securing the longer-term viability of the Council's HRA through an increase in rent.

## Background

14. The housing, construction sector and energy markets continue to see high levels of inflation in the current climate. This is reflected in the figures within the MTFS and HRA Business Plan presented in Appendix 7b.
15. To ensure that the HRA can afford to deliver the investment required in existing stock and the 519 New Build units the cost of the additional services provided must be fully recovered where possible to ensure that HRA borrowing remains affordable and avoid the HRA falling into a deficit budget position over the medium to long term.
16. Given the scale of the new build programme and associated risks the cost base of the HRA must now be kept under constant review to ensure continued viability of the HRA.

## Consultation

17. 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 payable under a secure tenancy or to charges for services and facility provided by the authority 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

## Balances

18. HRA revenue balances were £5.429m at the 31 March 2023. These include general balances of £4.429m required to mitigate against one off unforeseen events and are forecast to be £4.136 at the 31 March 2024 above the minimum balances of 7% of Rental Income circa £2.4m as required by the Business Plan.
  - There are specific reserves to support repairs (inclusive of litigation claims for disrepair & mould) and regeneration support unexpected client-side costs and risks arising from new build developments. These specific reserves are all within the HRA and are estimated to total £2.833m as the 31 of March 2024, as shown below:

	31/03/2023	2023/24 Movements	31/03/2024
	£'000	£'000	£'000

General Reserve	<b>4,429</b>	<b>-293</b>	<b>4,136</b>
Repairs and Maintenance	278	633	911
Regeneration	722	1,200	1,922
<b>Specific Reserves</b>	<b>1,000</b>	<b>1,833</b>	<b>2,833</b>
Total Reserves	<b>5,429</b>	<b>1,540</b>	<b>6,969</b>

19. The budgets for the financial years 2024-25 to 2026-27 remain above the minimum requirement of 7% of rental income for each year. See Appendix 1.

## Income

*Assumptions supporting main HRA income streams set out below:*

### Dwelling rents

20. Each year the Government and the Regulator of Social Housing set a Rent Standard to which Councils must adhere to when setting the annual rents. The Chancellor in his latest release of Autumn Statement, November 2023, confirms the Rent Standard assumes that rents to existing tenants can increase by a maximum of 7.7% (no divergence from policy) and hence the proposal is to increase rents for 2024/25 by September 2023 CPI – 6.7% + 1%. This would result in an increase in rents for social, affordable, and sheltered rents by 7.7%
21. Rent increases for shared ownership properties are set out in the lease. The leases for the existing 5 shared ownership (SO) properties built before October 2023, allow for a September RPI + ½ %. Following guidance updates from the GLA, rent increases for GLA named shared ownership projects, on or after the 12 October 2023, allow increases by CPI+1 % to be in line with affordable and social rent increases. It is proposed, the existing pre-October 2023 SO rent increases are reviewed annually, and for 2024/25, these are also to increase by 7.7%

### Right-to-Buy Sales.

22. There have been 8 sales under Right-to-Buy (“RTB”) so far in 2023-24 and a further 8 are assumed this year with 14 expected in 2024/25 reducing each year to 6 per annum from 2031-32 and the remainder of the Business Plan.
23. The Council continues to retain the capital receipts arising from the sale of Right to Buy properties. In line with the updated retention agreement signed with the Government, receipts must be used within five years to fund a maximum of 40% of spend on the supply of homes for: social rent, shared ownership, and sale as First Homes. It is not possible to combine GLA grant and RTB 1-4-1 receipts to fund new build projects. Failure to utilise these receipts will mean they will be paid to the

Government with a high interest penalty. The Business Plan assumes the receipts are fully applied in the next ten years, to eligible projects, and repaid in the latter years.

#### Service charges: Tenants and Leaseholders

24. Tenants who benefit from specific services pay a charge to the Council on a weekly basis in addition to their weekly rent charge. In view of this, we have reflected the charge levied to those who live on the street properties and on the estate. Service charges are not subject to the rental increase of 7.7% but are based on full cost recovery. Leaseholders are invoiced annually by the end of September for the previous financial year, based on actual costs.
25. In 2023/24, Tenant Service charges, across all tenures were reviewed to reflect level of services provided to each block and estate and based on the cost of the services. The review resulted in greater transparency for service charges so that tenants who receive the service will pay the same weekly charge. Following feedback from tenants in 2023/24 further refinements to tenant charges have been made and the charges adjusted accordingly. This has resulted in an average weekly charge, across all tenures, of 12%, of these tenants 70 % are in receipt of housing benefit. The increase in service charges is mainly in respect of cleaning and caretaking following customer feedback. Tenants' charges will therefore vary according to the new level of cleaning service being provided.
26. Services charges to Sheltered residents include the cost of communal heating provided within their blocks and 88% of these residents are in receipt of housing benefit.
27. Facility charges to sheltered properties and heating charges to tenanted properties are proposed to increase to an average of £30.80 per week which is a 7% increase. The new charge includes 7% increase on 2023-24 charges to reflect forecast energy rises. Failure to implement these charges would mean full cost recovery would not be achieved. When a full year's actual costs are reviewed, any adjustment between actuals costs incurred and charges levied will be adjusted in future years charges.
28. **Enhanced Management fee:** This is a charge for the services provided to sheltered residence that is over and above to that what is provided to tenants.

#### Other Income

29. It is proposed to increase all garages and parking spaces and all other income by 7% in line with corporate guidance. Though CPI has reduced to 4.8% in October 2024 there remains uncertainty in the economic situation going forward. In particular energy costs, that form a large part of the facility charges to residents, which although relatively stable in 2023/24 remain a risk going forward.
30. We collect water rates on behalf of Affinity Water and Castle Water. This charge is added to some properties in sheltered scheme, in addition to their rent and other charges. The increases of up to 7% will be applied to their water charge as per

Appendix 4 and is based on an anticipated increase. If the actual increase, when known in April 2024, is lower than the anticipated increase of 7%, then the lower rate will be charged.

31. Charges for community halls hire are set out in Appendix 5 and due to Increase by 7%

## **Expenditure**

*Assumptions supporting main HRA expenditure items set out below:*

### Employee Costs

32. The budget figures include an estimate of the pay award of 5.5% for 2024-25 after taking into account 2023-24 pressures.
33. The management structures across housing are being reviewed to ensure that they are fit for purpose, enable the Council to meet its obligations as a responsible landlord and are consistent with the wider council restructure. These are expected to deliver efficiencies to the HRA which will in turn improve the base position which will be presented in future revisions of the HRA business plan.
34. 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.
35. As part of the budget setting process, bids for additional resources were reviewed and approved and have been incorporated within the future budgets.

### Utility Costs

36. These are increased by 7%, in line with corporate assumptions.

### Central Recharges

37. Costs of support services, which are estimated to increase by 5.5%. in 2024-25 to £3.8m.

### Repairs

38. The current repairs service contract expires in June 2024 and a procurement exercise is underway to renew the repairs contract. The re-procurement of the Repairs and Voids Contract including Property Acquisition properties (PAP) will commence on the 1 July 2024 and expire on the 30 June 2028 with the option to extend for a further 4 years in periods of 2 years. As such we have undertaken a comprehensive review of our repairs, voids, maintenance and compliance budgets to ensure they adequately reflect current and future needs. This shows an increase in budget requirement from previous years of £970k, the growth reflecting changing requirements, under budgeting in previous years, programmes moving from capital to revenue and preparation for the new contract. This growth of £970k is offset by reductions in budgets of £470k following a review of actual and anticipated levels

of demand. Contractual inflation applied varies from 5% to 9% in accordance with the contract terms.

39. We have included sufficient monies to continue to address our compliance regimes, both to support our current approaches and to address the future requirements flowing from the Fire Safety Act 2020, and the Building Safety Act 2022 and Fire Safety (England) Regulations 2022, including the likely need for a bi-annual check of all fire doors and improved building safety information.
40. A high-quality housing repairs service is central to our commitment to providing good quality homes for our tenants and residents. The new repairs contract due in June 2024 coupled with the IT integration is crucial to the modernisation of the service. Running in parallel will be 3-year capital works programme and aligned with the new Asset Management strategy will move to a 60/40 planned to responsive spend ratio over the next 3-5 years.
41. Budgets have been included for the provision of Planned Preventative Maintenance programme, including gutter and drain clearance and replacement and cyclical decorating programmes. These programmes will allow us to proactively manage our stock and move from a predominantly responsive service to a more planned approach, which will improve the service for our customers, and provide better long-term value for money.
42. The addition of pro-active cyclical programmes will also ensure we minimise legal disrepair claims, reduce the cost of both managing the claims and any compensation and helping to reduce some of the inherent issues which arise when these programmes are stopped, such as leaks from guttering and damp issue. This in turn will help to reduce complaints from our customers.
43. These costs and the wider repairs budget will be reviewed in 23-24 in preparation for the new repairs' contracts.

#### Bad debt provision

44. Collection rates for current tenant arrears remain at close to 100%. This is reflected in the provision for rent arrears of £158k for former tenants being sufficient to cover any write off related to bad debts. Future years budgets have factored in future assumptions with rent changes.

#### General Contingency

45. In addition to HRA reserves, there is a contingency of £558k that is set aside to cover unforeseen expenditure that may arise in the management and maintenance of the housing stock or in-service development initiatives. This will also be used to meet the pay award for 2024-25.
46. 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

47. HRA Borrowing is divided into historic and new borrowing:

- **Historic debt** – includes debt that Councils were required to raise at the time of Self Financing in 2012 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. As at the 31 March 2023 the balance was £148.127m. 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:** Used to fund new development and planned investment programmes (£96.773) a slight increase of £0.733m from the total borrowing originally approved in February 2023.

**BCHfL Programme (GLA AHP 2016-23)**- the schemes within this programme are now being developed out and due to complete within 2024/25. The revised borrowing requirement now stands at £27.70m. S106 contributions, GLA grants and internal resources will also be applied against this programme.

**Homes for Harrow-Phase 2(GLA AHP 2021-26)**- the next phase of proposed new council housing development, enabling an additional 175 units to be developed at a total development cost of £69,739m of which new borrowing is £37.5m. (See funding table below for full total resources being applied-appendix 6(b)). This is planned to be delivered in collaboration with the Harrow Strategic Development Partnership (HSDP) and hence a placeholder budget has been incorporated within the capital programme to this effect. Should the schemes not be delivered through the HSDP, then approval is sought to substitute a HRA acquisition programme or other such schemes which allow the funding sources to be fully utilised to ensure the target 175 homes are delivered and funded sources maximised.

**Planned investment-Main programme and Decarbonisation** - borrowing of £22.0m and £9.538m is used to fund the planned investment and decarbonisation programmes following the reduction in the Major Repair Reserve used to fund capital expenditure due to a change in methodology applied to the calculation of depreciation.

There will be no impact on General Fund due to this borrowing, with the HRA meeting the financing costs associated with the debt. The interest rate to be applied on the new borrowing requirement from 2024-25 is assumed to be payable at a rate of 4.7%, then 3.9% in 2025/26, and 3.6% across the remaining 5- year borrowing period, with 2024-25 being year 1.

- HRA rules do not require the 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. 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.

## **Capital Investment**

### **Planned Investment Programme**

48. The Planned Investment 3–5-year programme commencing in 2024-25 is targeting annual capital spend of £11.421m. In 2024-25 £8.428m was already approved leaving growth of £2.993m. A similar position is represented in 2025-26 with £8.428 approved and proposed growth of £3.602m. The next 3 years 2026-27 to 2028-29 will have an annual of programme of £11.9m. Additional growth is required to deliver an HRA capital programme that meets the Good Quality Homes outputs and this is informed from the most up to date asset appraisal information.

Following completion of multiple compliance work streams in the past 5 years, the Business plan indicates a growth requirement to help tackle a backlog of Decent Homes priorities together with a plan of action that accounts for the shift in market conditions impacting a new Schedule of Rates and indices showing an increase in material and supply chain costs impacting all projects.

Investment in health and safety and compliance works is the main priority along with wider improvements including kitchens and bathroom, estate improvements, decarbonisation and the current and any future Decent Homes Standard. Following on from the Asset Management strategy agreed at Cabinet January 2023, the service is aiming for a 'golden ratio' of service spend of at least 60% planned and preventative activities and 40% responsive activities. A key innovation in delivering this will be through incorporating up to £1m per annum of Capital planned works. The successful provider of the responsive repairs contract will from year two of the contract be required to submit an 'Annual Investment Plan' which based on intelligence from repairs volumes of the preceding year demonstrates how through planned investment can reduce day to day repairs volumes and provide value for money to the Council.

### **Decarbonisation and Retrofit**

49. Since commencing the housing retrofit programme in 2022 the Council has received commendation with seven national awards including prestigious category wins across innovation, programme implementation and landlord of the year categories at Europe's biggest housing event. This is testament to Harrow's innovative approach to scale-up retrofit, spearheading progress on the roadmap to net zero.

The Council is looking to continue these successes with the implementation of major retrofit projects to deliver the much-needed investment required across housing decarbonisation. Retrofit investment is prioritised by key Central Government, London Councils Mayor of London, and Borough climate emergency targets. The Decarbonisation | Retrofit growth bid proposes a 3-year programme from 2024/25 to 2026/27, making headway on the Council's strategic plan to reach a mean average EPC C rating by 2030. Other key deliverables include tackling fuel poverty, reducing carbon emissions and improving heat retention across homes.

Home Energy Transition (HET) Programme to be 100% funded by the GLA Green Finance Fund at up to 40 base points below the Public Works Loan Board Rate. The growth bid is being submitted in parallel with a Green Finance application. The Council has completed phase 2 of the application following a successful committee meeting interview process. The Council is scheduled to complete the full application for submission between December 2023 to January 2024. The capital programme assumes a 25-year loan will be taken out and full repayment of this loan has been built into the business plan.

The programme will consist of five major projects to be delivered under the HET umbrella programme. Delivery is planned across three financial years from 2024/25 to 2026/27 in a systematic and phased approach with external audit. The outcomes will deliver significant carbon tonne savings and renewable energy (KW) power production. The programme will address fuel poverty with tangible bill (£) reductions per home.

### **Building Council Homes for Londoners (BCHfL)**

50. The Grange Farm Regeneration scheme will demolish homes and re-provide around 269 new council homes within a mixed tenure estate. Cabinet approved budget allocations on 13 February 2020 for Phase 1, which is now completed and Phase 2 of the scheme which is currently being designed.
51. In November 2021, Cabinet gave in principle approval to commissioning the HSDP to work up a Business Plan and deliver Grange Farm Close and in November 2022 approved the initial business plan for Phase 2. Phase 2 is part of the BCHfL programme, Phase 3 sits outside this programme. The 5-year HRA capital programme includes the budget for Phase 2 based on an initial business plan. Budget for Phase 3 has been built into take a scheme to planning. Both these phases have slipped into 2024/25. An indicative placeholder budget is included into the HRA business plan for Grange Farm Phase 3. The initial Business Plan for this scheme will be developed once Phase 2 is on site when a more accurate estimate of build costs is available.
52. The current BCHfL programme is coming to an end with possible start on sites by end of March 2023 in place. Of the 344 BCHfL homes, 207 have been completed, 54 are on site and 83 (Grange Farm Phase 2) are in feasibility.
53. A new council house building programme is proposed, Homes for Harrow Phase 2, which will enable the delivery of a further 175, giving a total of 519 new homes. Should the Homes for Harrow Phase 2 not go ahead as planned approval is being sort to allow a substitution in the form of an acquisition programme to ensure maximum utilisation of HRA 1-4-1 receipts which otherwise would have to be return to the Government
54. Full utilisation of approved grant and borrowing, would be assumed and tested on an ongoing basis against a suite of assumptions using the HRA Business Plan.

55. Regular review and testing of assumptions would ensure continued viability given changing macro-economic and regulatory assumptions with appropriate mitigations against identified risks.
56. 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.

### **HRA 30 Year Business Plan**

57. The Housing Revenue Account 30-year Business plan details how the Council uses tenants' rents, service charges, grants and borrowing to manage, maintain and develop properties.
58. The plan has been refreshed to reflect the 2024/25 budget, reflecting the delivery of the new build programme; current policy and finances increased borrowing and borrowing costs & inflation. It also outlines the Council's continued ambitions to build more council homes, invest in improving the quality of current stock and improve energy efficiency.
59. The objectives of the refreshed HRA business plan are to show sustainability of the Council's existing homes, demonstrate the viability of the Authority's plans into the longer term and identify & source funding for investment in new developments. In 2024/25, a review will be undertaken to develop an investment strategy to review and refresh current assumptions and maximise the number of new homes available across the 30-year business plan.
60. The updated business plan encompasses projected income and expenditure, including continued investment in the stock and the New Build & Acquisition programme, providing assurance that the HRA will retain adequate cash balances and achieve viable surpluses over the 30-year lifetime of the business plan.
61. There is insufficient funding available for the proposed programmes without taking on additional debt. The refreshed 30-year business plan is projecting new borrowing totalling £96.773 million over years 2024-25 to 2027/28 to deliver the new developments and additional investment in the existing stock. The existing debt (CFR) is £181,224m (1 April 2024/25).
62. This increased level of borrowing is considered affordable for the HRA and is dependent on what is sustainable under the current assumptions for the projected income and expenditure profiles. Should any projected assumptions such as inflation, interest rates, income or expenditure be less favourable than is currently modelled, proposals would need to be urgently sought to ensure the continued viability of the business plan.
63. The Business Plan makes provision for the repayment of some of treasury debt. It would be prudent, in future Business Plans, once projects have been completed, to make provision to reduce debt levels. This level of debt needs to be sustainable in the long term and supported through the Council's Treasury Management policy.

## **HRA Business Plan Model – Key Assumptions**

1. The HRA Business Plan was recently refreshed to reflect the latest assumptions on inflation and income and expenditure budgets. The updated plan includes the proposed investment and capital resources for existing stock and new build developments. A summary of the key assumptions that underpin the 30-year business plan is detailed in Appendix 7(a) below.
2. Attached at Appendix 7(b) are extracts from the HRA 30-year Business Plan financial model. Year 1 of the business plan is based on the 2024-25 budget. The capital expenditure for 2024/25 of £32.319m includes the MTFs additional capital for 2024/25 expenditure of £20.523m (Appendix 6(a)) and estimated slippage of £11.796m from 2023/24.
3. The plan for the HRA is based on keeping a minimum of 7% of rental income in working balances and using reserves above this figure to invest in the major works programme. It has been assumed that all available resources over and above those required for revenue spend, payment of interest on debt and maintaining minimum reserves, are available for major works, including the use of s106 contributions available for affordable housing use, for as long as the Asset Management Strategy requires it.
4. The HRA is also exposed to interest rate fluctuations, which could have a significant impact on revenue budgets, future borrowings, and the overall business plan.

## **Consultation Papers, new developments, and challenges**

64. The Governments Decarbonisation agenda, to achieve net zero by 2050 is the most significant challenge and costs have been estimated at £17k per unit across the country, in LBH case this equates to circa minimum £81m for the Housing Revenue Account. The Capital Budget, Appendix 6(a) includes £15.339m for the first three years of the MTFs for decarbonisation expenditure and the Council is working with the GLA and Central Government agencies to secure additional funding to work towards achieving the Governments net zero target.
65. The Government, following consultation and the White Paper in 2020, will be introducing a new Decent Homes Standard. When the time lines and more details are known future Business Plans and the HRA MTFs will be updated to reflect the changes.
66. The Councils response to the changes to regulation due to the Social Housing (Regulation) Act 2023 are:
  - A Housing Improvement Programme is in place to prepare for the implementation of the Social Housing (Regulation) Act 2023, including a board, 6 themed working groups, and an action plan.
  - The Housing Improvement Board is responding to government consultation relating to the changes to the regulation of social housing.
  - It is expected that the new Consumer Standards and the new Code of Guidance will be published in early 2024.

- The Regulator of Social Housing has confirmed that landlords which own more than 1,000 homes must submit their first Tenant Satisfaction Measures (TSMs) data return by 30 June 2024.
- The Housing Service is implementing the requirements of the Building Safety Act 2022.
- Further details are expected in early 2024 regarding new set timescales for responding to damp and mould and other health hazards and a new requirement for social landlords to carry out fire safety checks.
- A consultation on amendments to the Decent Homes Standard is expected in 2024.

### **Variation to Approved budgets 2022-24**

67. The changes in the budget approved by Cabinet on 16 February 2023 are detailed in the table below:

	£ '000	Comment
<b>Budget 2023/24(surplus)</b>	<b>423</b>	
Savings 2024/25	740	Repairs budgets reviewed and additional income for Leasehold s
Growth 2024/25	-1,500	Additional R&M & Estate staff and increases in operational budgets following review as part of budget setting process
Price increases 2024/25	-1,115	Pay award £408k, R&M contractual inflation £661k other inflation £46k
Depreciation Reduction	948	This reduction follows a review of component lives that are the basis for this charge
Capital charges	198	Capitalisation of new post for Planned Investment and programme
Interest charges	-516	Increase in borrowing requirement in the budget
Income changes	2,659	Increase in rental income 7.7% & F&C 7%
<b>Budget 2024/25(surplus)</b>	<b>1,837</b>	

### **Summary**

68. HRA Budget and MTFS detailed in Appendix 1 include rent increases at 7.7% and in line with Government guidance.
69. Figures presented reflect price pressures and growth in the HRA to ensure compliance with legislation. Fees and charges to tenants have been increased to ensure full cost recovery and the HRA remains financially sustainable.
70. The budgets show in year surpluses all three years of the MTFS of £1,837k for 2024-25, £1,267k for 2025-26 and £126k for 2026-27. Revenue reserves are maintained above the minimum level of 7% of income required over the life of the MTFS.

71. The long-term viability of the Council's HRA is dependent on the completion of the new build programme within the budget envelope provided therefore continuous review of the cost base of the HRA and underlying assumptions are essential.
72. National housing policies and changes proposed by future Governments could have an adverse impact on the HRA business plan and could require additional resources to address any unexpected changes.

### Environmental Implications

73. All new homes must meet high standards of energy efficiency to reduce CO2 emissions and reduce fuel poverty as required by the London Plan. We have already invested in some of our poorest performing energy efficient Council homes by installing external wall insulation and continue programmes to install double glazing and the most efficient gas condensing boilers. The proposed retrofit programme will enhance the energy performance Council homes and contribute to Harrow's carbon reduction targets.

### Data Protection Implications

74. There are no GDPR implications.

### Risk Management Implications

- Risks included on corporate or directorate risk register? Yes
- Separate risk register in place? No

The relevant risks contained in the register are attached/refreshed and summarised below:

75. If the identified risks materialise individually or collectively, they could impede delivery of core services, or impact the HRA's financial viability. The following key risks are:

Risk Description	Mitigations	RAG Status
<ul style="list-style-type: none"> <li>• <b>Rents are set too high</b> breaching the government rent policy <b>or too low</b> causing the revenue account to generate further deficits</li> </ul>	<p>Rents set in accordance with government rent policy. Most tenants are in receipt of either Housing Benefit or Universal Credit which cover the proposed increase.</p>	Green
<ul style="list-style-type: none"> <li>• Service Charges – failure to set charges to residents at a level that reflect full cost recovery</li> </ul>	<p>Service Charge based calculated on full cost recovery. Most residents (some 90%) are on benefits and won't directly feel any increases.</p>	Green
<ul style="list-style-type: none"> <li>• <b>Interest rates</b> –These have been assumed for new borrowing at 4.7% for 2024/25, 3.9% for 2025/26 and 3.6% for 2026/27 budgets. Increases in excess of this will put the BCHfL</li> </ul>	<p>The Council is reviewing its borrowing strategy and consideration given to securing fixed rate deals at prevailing low rates.</p>	Amber

<p>programme at risk as not all homes will be completed and generating sufficient rental streams to service the debt.</p>		
<ul style="list-style-type: none"> <li>• <b>General Inflation rates</b>- Inflation rates currently being experienced are relatively high which adversely impacts the HRA. Rental increases are based on September CPI plus 1% (6.7%).</li> </ul>	<p>The policy on full cost recovery for services provided is being enforced. If inflation rises above that assumed in the budget generally or spikes as a result of macro-economic climate, reductions in spend made need to be made or growth recommended in the MTFS update removed</p>	Amber
<ul style="list-style-type: none"> <li>• <b>Increases in Rents and Charges</b> The increase in rents, service, heating and community charges does not cover the Council's costs</li> </ul>	<p>-Management plan in place to reduce energy consumption and linked costs -Awareness training was provided in 2023/24 to residents on all sites in efficiency to influence consumption and reduce costs</p>	Amber
<p><b>Rising Energy Costs</b></p> <ul style="list-style-type: none"> <li>• Rises in energy costs create significant cost over-runs and are unaffordable for the HRA and capital programme</li> </ul>	<p>-See measures above - Focusing is on sheltered housing as a key consumption location</p>	Amber
<ul style="list-style-type: none"> <li>• <b>Change in Government Rent Policy.</b> The business plan assumes that the rent from 2025/26 will continue to increase in line with CPI</li> </ul>	<p>-Should increase be below CPI Efficiency savings will need to be identified to address the shortfall of income, to maintain HRA reserves, which may impact the viability of the HRA.</p>	Amber
<ul style="list-style-type: none"> <li>• <b>Construction costs increases continue longer term.</b> Which are also not covered by reserves preventing the delivery of the new build programme and wider capital programme within the designated budget envelop</li> </ul>	<p>To mitigate this position</p> <ul style="list-style-type: none"> <li>▪ reprofiling and reprioritising of schemes to live within available resources.</li> <li>▪ secure materials and resources early in the contract</li> <li>▪ increase market testing</li> <li>▪ Contingencies in place on each individual capital scheme</li> <li>▪ Increase in the client-side ear-marked Regeneration Reserve (£2.1M by the end of next year) in place to address unforeseen costs.</li> </ul>	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 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 Regeneration reserve can be deployed to offset unforeseen revenue costs if required.</p>	Amber
<ul style="list-style-type: none"> <li>• Regular review and testing of assumptions underlying the HRA and Council house building programme and its wider cost base, are not undertaken leading to the programme becoming unviable and resources over extended</li> </ul>	<ul style="list-style-type: none"> <li>▪ Every scheme has to be Net Present Value (NPV) positive before proceeding.</li> <li>▪ At any stage of the process a scheme can be aborted if rising costs are unacceptable</li> <li>▪ Numbers of units can be scaled back to meet the funding envelop.</li> <li>▪ Each scheme must be viable under the 30-year HRA business plan which is scenario-tested on assumptions.</li> </ul>	Green

	<ul style="list-style-type: none"> <li>▪ There is regular challenge of the model by our external advisors and consultants.</li> <li>▪ Challenge is also affected internally by regular management meetings at the Council</li> </ul>	
<ul style="list-style-type: none"> <li>• Tenants cannot afford to pay the increases in rent, service and heating charges leading to complaints and opposition to the increases and an increase in tenants' arrears and debt</li> </ul>	<ul style="list-style-type: none"> <li>▪ Most residents (some 90%) are on benefits and don't directly pay their rent (this deducted automatically)</li> <li>▪ Government help is available for those on Universal Credit</li> <li>▪ Advice and support given directly to tenants</li> <li>▪ There will be consultation with tenants on the proposed increases</li> </ul>	
<ul style="list-style-type: none"> <li>• The Council does not adequately engage with tenants on increases in rent and other charges leading to tenant opposition to the increases and reputational damage/challenges for the Council</li> </ul>	<ul style="list-style-type: none"> <li>▪ There has been consultation in best practice terms with tenants on the increases in fees and charges during 2023/24 and a realisation some increases were overdue.</li> </ul>	
<ul style="list-style-type: none"> <li>• The higher costs of sheltered housing are not fully recovered leading to increased pressures on the HRA budget</li> </ul>	<ul style="list-style-type: none"> <li>▪ Awareness training and inspections are in place to sheltered residents energy consumption in efficiency terms and this is in progress to influence consumption and so to reduce costs</li> </ul>	
<ul style="list-style-type: none"> <li>• S106 contributions are not used appropriately</li> </ul>	<ul style="list-style-type: none"> <li>▪ We have a list from planning of Sect 106 relating to affordable housing which we use as a base for funding.</li> <li>▪ Cabinet approval required to use this resource.</li> <li>▪ Regular focus from external and internal audit in this area</li> </ul>	
<ul style="list-style-type: none"> <li>• RTB receipts are not fully applied to eligible projects over the next 10 years leading to these receipts being paid back to the government plus a penalty</li> </ul>	<ul style="list-style-type: none"> <li>▪ RTB receipts are based on the HRA plan which is subject to regular review</li> <li>▪ We have stand-by schemes to spend RTB receipts should other schemes not progress.</li> <li>▪ Regular review of capital schemes by Regeneration Board and also finance to make sure RTB funded schemes are on track</li> </ul>	
<ul style="list-style-type: none"> <li>• The introduction of a new repairs contract is not successful leading to increased costs on the HRA and to an increase the level of tenants' complaints and dissatisfaction</li> </ul>	<ul style="list-style-type: none"> <li>▪ External consultant support recruited to drive competitive procurement of the contractor.</li> <li>▪ Quantity surveyor in place to scrutinise contractor bills on an expert basis</li> </ul>	
<ul style="list-style-type: none"> <li>• The introduction of new arrangements for IT systems investment and transformation are not successful leading to increased costs on the HRA and capital programme and to an increase the level of tenants complaints and dissatisfaction</li> </ul>	<ul style="list-style-type: none"> <li>▪ We require a sound business case before any IT is commissioned.</li> <li>▪ Weaknesses of current system identified and a focus for revision</li> <li>▪ All stakeholders have been mapped and their requirements carefully identified.</li> <li>▪ Extensive user involvement and consultation undertaken.</li> <li>▪ Package will be a standard package less prone to errors/malfunction.</li> <li>▪ Detailed user specifications being created</li> </ul>	

<ul style="list-style-type: none"> <li>• Costs on the decarbonisation agenda are not funded and/or rise to an unaffordable level leading to significant financial pressures impacting on the Council</li> </ul>	<ul style="list-style-type: none"> <li>▪ If decarbonisation is not affordable in terms of the HRA (and this includes being affordable with any government help/support) then we will not progress the works required</li> </ul>	Green
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## Procurement Implications

76. All procurement that is required to be conducted as a result of the recommendations set out in this report will be done so compliant with the Public Contract Regulations 2015 and the Contract Procedure Rules.

## Legal Implications

77. 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.
78. 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 must 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.
79. The rent reduction requirements brought in under section 23 of the Welfare Reform and Work Act 2016 has now ended and are replaced by the new rent standard, pursuant to a direction by the Secretary of State under section 197 of the Housing & Regeneration Act 2008, which permits Authorities to increase rents by CPI plus 1% for five years starting April 2020.
80. 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) of the said Act, 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.

81. Part 3A of the Council's Constitution gives the Cabinet responsibility for the financial strategy for the Council and management of the Council's Capital Programme and Strategy. Part 3A also gives the Cabinet responsibility for all key decisions, with a key decision including the approval of HRA rents and a decision which is likely to be significant in terms of its effects on communities living or working in an area of two or more wards of the Borough.

## **Financial Implications**

82. Contained within the body of the report.

## **Equalities implications / Public Sector Equality Duty**

83. Pursuant to the Equality Act 2010, the Council, in the exercise of its functions, has to have 'due regard' to (i) eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (ii) advancing equality of opportunity between those with a relevant Rent policy issued in 2020 allowed for social housing providers to increase all rents by the previous September Consumer Prices Index (CPI) rate +1% for a five-year period. For those with a protected characteristic and those without; and (iii) fostering good relations between those with a relevant protected characteristic and those without. The relevant protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex, and sexual orientation.
84. When making decisions, the Council must take account of the equality duty and any potential impact on protected groups.
85. A full equalities impact assessment has been carried out in relation to the proposed rents and other charges increases and capital build programme. Negative impacts of increased charges to vulnerable residents in sheltered accommodation were identified along with management actions to mitigate the increases. Consideration was also given to possible impact on residents from Black, Asian and Multi-Ethnic groups as they may be in the lower income bracket and therefore impact more on by the increases in charges.

## **Council Priorities**

### **1. A council that puts residents first**

Provision of additional housing will support health and social care of residents through high quality accommodation at affordable rents.

**2. A borough that is clean and safe**

The delivery of additional units of high- quality housing ensures that there is additional safe accommodation available to those in need.

**3. A place where those in need are supported**

The additional housing will be genuinely affordable thereby providing accommodation to the most vulnerable in the Borough. The wheelchair units will provide additional support for those needing that form of accommodation. The shared ownership units provide an opportunity for accessing home ownership for those unable to access full open market housing.

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

**Statutory Officer: Sharon Daniels**

Signed by the Chief Financial Officer

**Date: 24 November 2023**

**Statutory Officer: Baljeet Virdee**

Signed on behalf of the Monitoring Officer

**Date: 6 December 2023**

**Statutory Officer: Nimesh Mehta**

Signed by the Head of Procurement

**Date: 6 December 2023**

**Statutory Officer: Dipti Patel**

Signed by the Corporate Director

**Date: 6 December 2023**

**Statutory Officer: Neale Burns**

Signed on behalf of the Head of Internal Audit

**Date: 6 December 2023**

**Has the Portfolio Holder(s) been consulted? Yes**

## **Mandatory Checks**

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

**EqIA carried out: YES**

**EqIA cleared by: Jennifer Rock**

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

**Contact:** Comie Campbell, [comie.campbell@harrow.gov.uk](mailto:comie.campbell@harrow.gov.uk)

Adrian.Gilham, [adrian.gilham@harrow.gov.uk](mailto:adrian.gilham@harrow.gov.uk)

**Background Papers: None**

**Call-in waived by the Chair of Overview and Scrutiny  
Committee - NO**

## Appendix 1

### HRA Budget 2024-25 and MTFS 2025-26 to 2026-27 –

	2024.25	2025.26	2026.27
	£000	£000	£000
<b>INCOME AND EXPENDITURE ACCOUNT</b>			
<b>Income</b>			
Dwelling Rents	(35,628)	(36,616)	(37,654)
Voids	572	585	600
Net Rents	(35,056)	(36,031)	(37,054)
Non-Dwelling Rents	(513)	(528)	(544)
Charges for services and facilities	(4,097)	(4,215)	(4,336)
Contribution towards expenditure	(1,501)	(1,546)	(1,592)
Other Income	(269)	(269)	(8)
<b>Income Total</b>	<b>(41,436)</b>	<b>(42,589)</b>	<b>(43,534)</b>
<b>Expenditure</b>			
Repairs and maintenance	10,552	10,869	11,195
Supervision and management	13,435	13,704	13,978
Rents, rates, taxes and other charges	141	145	149
(Increase)/decrease in provision for bad debts	158	162	167
Depreciation and impairment of fixed assets	7,788	8,031	8,262
Debt management costs	36	36	36
<b>Expenditure Total</b>	<b>32,110</b>	<b>32,947</b>	<b>33,787</b>
<b>Net cost of services</b>	<b>(9,326)</b>	<b>(9,642)</b>	<b>(9,747)</b>
Interest payable including amortisation	7,580	8,422	9,651
HRA Investment income	(91)	(47)	(30)
<b>(Surplus) / deficit for the year</b>	<b>(1,837)</b>	<b>(1,267)</b>	<b>(126)</b>
<b>STATEMENT OF MOVEMENT ON THE HRA BALANCE</b>			
HRA Balance Brought Forward	(4,136)	(5,973)	(7,240)
HRA Balance Carried Forward	<b>(5,973)</b>	<b>(7,240)</b>	<b>(7,366)</b>
Minimum Reserve Required	(2,616)	(2,689)	(2,765)

## Appendix 2

### Average Rent & Service Charges – All properties

Description	No. units	2023-24 Total weekly Charge	2024-25 Rent	2024- 25 Service Charge	2024-25 Total	Total Increase
		£	£	£	£	£
<b>Social General Needs</b>						
Bedsit	100	110.44	109.35	11.10	120.46	10.02
1 bed	1,243	120.82	120.81	10.66	131.47	10.65
2 beds	1,308	138.82	141.23	8.70	149.92	11.11
3 beds	1,315	158.38	163.93	5.93	169.86	11.48
4 beds	91	173.23	180.61	5.49	186.10	12.87
5 beds	12	182.23	190.09	6.36	196.45	14.22
6 beds	2	195.28	206.29	3.47	209.76	14.48
7 beds	1	204.13	219.85	-	219.85	15.72
<b>Total</b>	<b>4,072</b>	<b>139.89</b>	<b>142.62</b>	<b>8.38</b>	<b>151.00</b>	<b>11.11</b>
<b>Sheltered</b>						
<b>Total</b>	<b>504</b>	<b>130.51</b>	<b>122.42</b>	<b>17.46</b>	<b>139.89</b>	<b>9.38</b>
<b>Affordable</b>						
1 bed	30	190.86	188.12	5.24	193.36	2.51
2 beds	75	212.75	210.52	4.10	214.62	1.88
3 beds	28	229.68	234.92	5.50	240.42	10.74
4 beds	6	243.48	259.03	9.37	268.40	24.92
<b>Total</b>	<b>139</b>	<b>212.76</b>	<b>212.69</b>	<b>4.86</b>	<b>217.55</b>	<b>4.79</b>
<b>Shared Ownership</b>						
3	5	223.78	226.86	14.72	241.58	17.80
<b>Total</b>	<b>5</b>	<b>223.78</b>	<b>226.86</b>	<b>14.72</b>	<b>241.58</b>	<b>17.80</b>
<b>Total Units</b>	<b>4,720</b>	<b>141.12</b>	<b>142.61</b>	<b>9.25</b>	<b>151.87</b>	<b>10.75</b>

### Garages/ parking space, Facility Charges & Enhanced Management Service Charge

#### Garages

All in £s	Current Weekly Rental 2023-24	Proposed Weekly Rental 2024-24
Garages	15.60	16.60
Car Spaces	10.20	10.90

#### Facility Charges and Enhanced Management Service Charge

	No. of properties	Facility charge 2023/24	Proposed Facility Charges 2024/25	Increase
<b>Facility Charges</b>		£	£	£
<b>Sheltered</b>				
Bed Sit	12	21.30	22.80	<b>1.50</b>
1 bed	490	30.70	32.80	<b>2.10</b>
2 bed	4	45.70	48.90	<b>3.20</b>
3 bed	6	45.20	48.40	<b>3.20</b>
<b>Total Sheltered</b>	<b>512</b>	<b>30.80</b>	33.00	<b>2.20</b>
<b>General Needs</b>				
1 bed	97	17.90	19.20	<b>1.30</b>
2 bed	1	45.70	48.90	<b>3.20</b>
3 bed	2	45.70	48.90	<b>3.20</b>
<b>Total General Needs</b>	<b>100</b>	<b>18.80</b>	<b>20.10</b>	<b>1.30</b>
<b>Total Facility Charges</b>	<b>612</b>	<b>28.80</b>	<b>30.80</b>	<b>2.00</b>
<b>Sheltered – only</b>				
Enhanced Management Service Charge	<b>504</b>	<b>20.60</b>	<b>22.00</b>	<b>1.40</b>

## Appendix 4

### Water Charges

Sheltered Block	No.of flats	Current Range Water Charge 2023-24		Proposed Range Charge at 7.0% increase for 2024-25	
		Lower	Higher	Lower	Higher
Alma Court	30	£6.30	£6.30	£6.70	£6.70
Edwin Ware Court	30	£5.40	£7.00	£5.80	£7.50
Grange Court	30	£5.40	£6.70	£5.80	£7.20
John Lamb Court	32	£6.70	£6.70	£7.20	£7.20
William Allen House	29	£5.40	£6.70	£5.80	£7.20
Total No of Sheltered Flats	151				
Resident Warden Accommodation	3	£8.50	£9.40	£9.10	£10.10
<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.

## Appendix 5

### Community Halls

Community Hall and Capacity	Current 2023-24			Proposed 2024-25		
	Charges per first 3 hours block booking then subsequent hourly rate			Charges per hour letting 7% Price Increase		
	Evening Rate	Daytime Rate	Weekend Rate	Evening Rate	Daytime Rate	Weekend Rate
	£	£	£	£	£	£
Augustine Road [max 30]	£30.00	£15.00	£45.00	£32.10	£16.10	£48.20
Marsh Road Hall [max 30]	£30.00	£15.00	£45.00	£32.10	£16.10	£48.20
Brookside Hall [max 30]	£30.00	£15.00	£45.00	£32.10	£16.10	£48.20
Julie Cook Hall [max 30]	£30.00	£15.00	£45.00	£32.10	£16.10	£48.20
Grange Farm Community Centre [max 30]	£30.00	£15.00	£45.00	£32.10	£16.10	£48.20
Woodlands Hall [max 60]	£45.00	£23.00	£62.00	£48.20	£24.60	£66.30
Churchill Place [max 100]	£60.00	£27.00	£75.00	£64.20	£28.90	£80.30
Kenmore Park [max 100]	£60.00	£27.00	£75.00	£64.20	£28.90	£80.30
Pinner Hill Hall [max 100]	£60.00	£27.00	£75.00	£64.20	£28.90	£80.30
Northolt Road Hall [max 100]	£60.00	£27.00	£75.00	£64.20	£28.90	£80.30

#### Terms & Conditions associated with Hall lets:

- Lets to Tenants & Residents Association 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 halls, 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

## HRA Five Year Capital Programme

## Appendix 6 (a)

Budget including additions / re-profiling (£)	MTFS			Additional		Total
	2024-25	2025-26	2026-27	2027-28	2028-29	Cumulative
Main Programme	11,421,340	12,030,000	11,900,000	11,900,000	11,900,000	59,151,340
Decarbonisation-Retrofit	4,738,784	5,050,000	5,550,000	0	0	15,338,784
Aids & Adaptations	645,000	645,000	645,000	645,000	645,000	3,225,000
<b>Planned investment</b>	<b>16,805,124</b>	<b>17,725,000</b>	<b>18,295,000</b>	<b>12,545,000</b>	<b>12,545,000</b>	<b>77,715,124</b>
Grange Farm phase 2	0	13,495,480	18,348,405	3,227,528	0	35,071,413
Other schemes	3,643,470	0	0	0	0	3,643,470
<b>Building Council Homes for Londoners (BCHfL)</b>	<b>3,643,470</b>	<b>13,495,480</b>	<b>18,348,405</b>	<b>3,227,528</b>	<b>0</b>	<b>38,714,883</b>
Homes for Harrow Phase 2	0	15,985,680	25,738,088	24,728,242	3,286,527	69,738,538
Grange Farm Infrastructure	75,000	0	0	0	0	75,000
<b>Total HRA Capital Programme</b>	<b>20,523,594</b>	<b>47,206,160</b>	<b>62,181,493</b>	<b>40,500,770</b>	<b>15,831,527</b>	<b>186,243,545</b>

### Additions / Reductions

Additions included in programme above (£)	MTFS			Additional		Total
	2024-25	2025-26	2026-27	2027-28	2028-29	Cumulative
Planned Investment	3,601,952	3,601,952	3,471,952	3,471,952	11,900,000	26,047,808
Decarbonisation-Retrofit SHDF grant	1,230,124	0	0	0	0	1,230,124
Decarbonisation -Retrofit Harrow contribution	900,000	800,000	800,000	0	0	2,500,000
Decarbonisation -Retrofit - Other grant	500,000	2,250,000	2,250,000	0	0	5,000,000
Aids & Adaptations	0	0	0	0	645,000	645,000
Grange Farm Infrastructure	75,000	0	0	0	0	75,000
<b>Total HRA Capital Programme</b>	<b>6,307,076</b>	<b>6,651,952</b>	<b>6,521,952</b>	<b>3,471,952</b>	<b>12,545,000</b>	<b>35,497,932</b>

### Reprofiling

Additions included in programme above (£)	MTFS			Additional		Total
	2024-25	2025-26	2026-27	2027-28	2028-29	Cumulative
Grange Farm Ph 2	-13,495,480	-4,852,925	15,120,877	3,227,528	0	0
Retrofit for Energy Efficient	1,108,660	1,000,000	1,500,000	-3,000,000	0	608,660
Main Programme	-608,660	0	0	0	0	-608,660
Homes for Harrow Phase 2	-15,985,680	-9,752,408	1,009,846	21,441,715	3,286,527	0
<b>Total HRA Capital Programme</b>	<b>-28,981,160</b>	<b>-13,605,333</b>	<b>17,630,723</b>	<b>21,669,243</b>	<b>3,286,527</b>	<b>0</b>

Appendix 6(b)

Funding Five Year Capital Programme

	2024.25	2025.26	2026.27	2027.28	2028.29	Total
	£000	£000	£000	£000	£000	£000
<b>CAPITAL EXPENDITURE</b>						
Major Works & Improvements	12,067	12,675	12,545	12,545	12,545	62,377
Works to promote decarbonisation	4,738	5,250	5,750	0	0	15,738
Development Schemes	3,718	29,281	43,886	27,956	3,287	108,128
<b>Total Expenditure</b>	<b>20,523</b>	<b>47,206</b>	<b>62,181</b>	<b>40,501</b>	<b>15,832</b>	<b>186,243</b>
<b>FINANCING</b>						0
External Borrowing	4,433	21,813	43,769	26,757	0	96,773
RTB Receipts	765	690	611	626	641	3,333
RTB – Retained Receipts 1-4-1	4	4,323	6,708	3,624	1,876	16,535
GLA Grant	2,387	6,750	2,250	0	4,500	15,887
Other Capital Receipts	180	0	0	0	0	180
Section 106	620	0	0	0	0	620
RTB Ring Fenced Offer	707	4,247	0	0	0	4,954
Shared Ownership Receipts	1,088	1,088	0	0	5,422	7,597
Major Works - Leasehold contributions	296	623	957	1,182	1,111	4,169
Major Repairs Reserve	10,043	7,672	7,887	8,312	2,281	36,194
<b>Total Financing</b>	<b>20,523</b>	<b>47,206</b>	<b>62,181</b>	<b>40,501</b>	<b>15,832</b>	<b>186,243</b>

## Appendix 7(a)

### HRA Business plan key assumptions

Item	Assumption
Rents	Rents per Appendix 2 plus i.,e. CPI + 1% 2024/25 then CPI only at 2% from 2025/26
Borrowing and interest	Rates based on latest Treasury advice - 4.7% - 2024/25, 3.9% - 2025/26, 3.6% - 2026/27
	<b>New Borrowing</b> only from 2024-2025 - £97.773m (over 30 years)
	1% on HRA balances in 2024/25 reducing to 0.1% in 2029/30
Debt Repayment	Policy of RTB sales to reduce CFR (Capital Financing Requirement) by provision each year.
CFR	Opening balance 2024/25 £181m Closing at 2027/28 £284m (after completion of new build programme)
Inflation	RPI 3%, 2024/25 then from 3% 2025/26 onwards CPI 2%, 2024/25 then 2% from 2025/26 onwards
Bad Debt Provision	£158k per annum increasing each year for rent increases
RTB sales	14 disposals per annum 2024/25 reducing to 6 from 2031/32 Average valuation £410k, average discount £118k
HRA Central Support Chargers	2024/25 £3.814m (5.5% increase) then increasing by RPI
Depreciation	Dwellings £7.412m based on 2022/23 outturn adjusted for revision to component life following review Non dwellings £375k
Capital investment expenditure - existing stock	2024/25 £12.066, 2025/26- £12.675, then 12.545m for 2026/27 to 2028/29, and decarbonisation - £4.73, 2025/26 £5.0m, 2026/27 £5.5m
Repairs -	Total repairs budget £10.71m at 2024/25 then inflated by RPI
Pay award	5.5% 2024/25, Then RPI - 3% 2025/26
Voids	1.6% average across all tenure types (Zero% for Shared Ownership)
HRA working balance	Set at 7% x Rental income
	Revenue account minimum balances not breached.

## HRA 10 Year Operating Account

Appendix 7(b)

Income			Operating Expenditure									
	Net rent Income	Other income	Total Income	Management	Depreciation	Responsive & Cyclical +PPM	Total Operating expenses	Capital Charges	Surplus (Deficit) for the Year	Surplus (Deficit) b/fwd	RCCO	Surplus (Deficit) c/fwd
Year	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
2024.25	(37,374)	(4,061)	(41,435)	13,735	7,787	10,552	32,074	7,524	(1,837)	(4,136)	-	(5,973)
2025.26	(38,413)	(4,175)	(42,588)	14,011	8,031	10,868	32,910	8,411	(1,267)	(5,973)	-	(7,240)
2026.27	(39,502)	(4,032)	(43,534)	14,295	8,262	11,194	33,751	9,657	(126)	(7,240)	-	(7,366)
2027.28	(40,685)	(4,144)	(44,829)	14,583	8,578	11,530	34,691	10,948	810	(7,366)	-	(6,556)
2028.29	(42,515)	(4,269)	(46,784)	14,932	8,876	11,876	35,684	11,433	333	(6,556)	-	(6,223)
2029.30	(44,281)	(4,397)	(48,678)	15,235	9,233	12,232	36,700	11,424	(554)	(6,223)	-	(6,777)
2030.31	(45,254)	(4,529)	(49,783)	15,544	9,495	12,599	37,638	11,416	(729)	(6,777)	-	(7,506)
2031.32	(46,252)	(4,665)	(50,917)	15,859	9,765	12,977	38,601	11,412	(904)	(7,506)	-	(8,410)
2032.33	(47,277)	(4,805)	(52,082)	16,180	10,046	13,367	39,593	11,408	(1,081)	(8,410)	-	(9,491)
2033.34	(48,297)	(4,949)	(53,246)	16,508	10,335	13,768	40,611	11,413	(1,222)	(9,491)	2,077	(8,636)

### HRA Business Plan Base 2024-25 to 2033-34 (2024.25 assumes £11.796m slippage from 2024-25)

Capital Expenditure		Financing									
Year	Major Works & Imps	Works to promote Decarbonisation	New Build Development Costs	Total Expenditure	Borrowing	RTB 141 Receipts	Other RTB Receipts	Other	MRR	RCCO	Total Financing
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
2023.24 Slippage	4,400	-	7,396	11,796	11,796	-	-	-	-	-	11,796
2024.25	11,936	4,339	4,247	20,523	4,433	-	765	5,281	10,043	-	20,523
2025.26	12,675	5,250	29,281	47,206	21,813	4,323	690	12,707	7,672	-	47,206
2026.27	12,545	5,750	43,886	62,181	43,769	6,708	611	3,207	7,887	-	62,181
2027.28	12,545	-	27,956	40,501	26,757	3,624	626	1,182	8,312	-	40,501
2028.29	12,545	-	3,287	15,832	-	-	641	12,910	2,281	-	15,832
2029.30	9,022	-	312	9,334	-	125	552	5,469	3,189	-	9,334
2030.31	9,293	-	312	9,605	-	125	565	1,253	7,662	-	9,605
2031.32	9,572	-	428	10,000	-	171	467	686	8,676	-	10,000
2032.33	9,859	-	6,008	15,867	-	2,403	478	614	12,372	-	15,867
2033.34	10,155	-	16,589	26,743	-	1,173	489	614	22,389	2,078	26,743
<b>Year 10 Total</b>	<b>114,547</b>	<b>15,339</b>	<b>140,102</b>	<b>269,988</b>	<b>108,969</b>	<b>18,652</b>	<b>5,883</b>	<b>43,924</b>	<b>90,482</b>	<b>2,078</b>	<b>269,988</b>

