# Meeting of the Council – 28th February, 2022

## Report of the Cabinet

## Deployment of Resources: Housing Revenue Account and Public Sector Housing Capital

| **Purpose** | |
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| 1. | This report deals with the following issues:<br><br>• The setting of rents for Council homes.<br>• A review of rents for garages, garage plots and access agreements.<br>• The setting of charges for sundry services.<br>• The setting of the Housing Revenue Account (HRA) budget for 2022/23 in the light of the latest Government announcements on housing finance and our latest spending and resource assumptions.<br>• The latest HRA financial forecasts for 2021/22.<br>• An update of the capital expenditure budget for strategic investment and necessary programmed maintenance of the Council's housing stock for 2021/22 to 2026/27.<br>• Approval of the Medium-Term Financial Strategy and 30 Year Business Plan for the HRA. |
| **Recommendations** | |
| 2. | It is recommended that the Council:<br><br>(a) Note the latest HRA financial forecast for 2021/22 and approve the HRA budget for 2022/23 outlined in Appendix 1, noting consultation arrangements outlined in paragraph 4.<br><br>(b) Approve the public sector housing revised capital budgets for 2021/22 to 2026/27 attached as Appendix 2, noting consultation arrangements outlined in paragraph 4.<br><br>(c) Authorise the Director of Housing and Community Services and the Director of Finance and Legal to bid for and enter into funding arrangements for additional resources to supplement investment in the public sector housing stock as outlined in paragraphs 34 and 35 and that expenditure funded from such resources be added to the Capital Programme. |

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| | (d) Authorise the Director of Housing and Community Services, following consultation with the Cabinet Member for Housing and Community Services, to manage and allocate resources to the capital programme as outlined in paragraph 36.<br><br>(e) Confirm that all capital receipts arising from the sale of HRA assets (other than any receipts that may be specifically committed to support private sector housing) should continue to be used for the improvement of council homes (paragraph 36).<br><br>(f) Authorise the Director of Housing and Community Services to continue to buy back former right to buy properties, to buy other properties, and to buy land where required to assemble a viable site for housing development, subject to a robust assessment of good value for money and sustainability in terms of lettings, maintenance and major works (paragraph 37);<br><br>(g) Endorse the HRA medium term financial strategy and thirty-year business plan attached as Appendix 3. |
| **Background** | |
| 3. | The HRA is a ring-fenced revenue account and deals with landlord functions associated with public sector housing. The Housing General Fund deals with private sector issues, such as homelessness and general housing advice, and is included in a separate report. The separation of expenditure and income between the HRA and the General Fund complies with government guidance. The costs of improvement and programmed maintenance of the Council's housing stock are treated as capital expenditure and are accounted for separately. |
| | Budget Consultation |
| 4. | Officers met with the Board of the Dudley Federation of Tenants' and Residents' Associations (DFTRA) and the Housing Board in November 2021 to discuss proposals for rent levels and sundry charges in 2022/23 onwards and the priorities in the HRA budget, including the capital programme. These proposals were also detailed in the Review of Housing Finance report, which was presented to the Cabinet in October 2021 and formed the basis of a report to the Housing and Public Realm Scrutiny Committee in November 2021. |
| | Rent Increase |
| 5. | The self-financing system introduced in April 2012 for Housing assumed that rent increases would be in line with government guidance at the time relating to social housing rents: that is, a maximum increase of September CPI plus 1%. From April 2020, social housing providers returned to this policy, following the four years of rent reductions (2016/17 through to 2019/20) announced in the July 2015 budget. It is therefore proposed that the next rent year will start on 4th April 2022 and that weekly rents will be increased by 3.99% compared to 2021/22 levels. This is lower than the maximum allowable increase of 4.1% and takes into account the need to |

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| | ensure sufficient resource to manage the service effectively but at the same time recognises the impact on tenants. The HRA budget for 2021/22 and the thirty year long-term financial forecast for the HRA are both based on this level of increase. |
| 6. | The average weekly rent will be £82.89 from April 2022, compared to a current average weekly rent of £79.71. |
| | Service Charges |
| 7. | In addition to the rents discussed above, we currently apply service charges in certain properties in respect of items such as furniture and garden maintenance. It is proposed that these service charges be increased by 2.3%, based on the average rate of inflation from April to August 2021. |
| 8. | We also apply service charges to around 344 properties in our eleven sheltered housing schemes in respect of heating and lighting. These charges vary according to the scheme and the size of the properties and may be offset against the winter fuel payment received by tenants, plus any cold weather payments. Housing Benefit will also cover these charges where applicable. We are reviewing current charges and the electricity and gas costs incurred at each scheme, and we propose that charges be maintained with no increase for 2022/23. Where possible, as a result of refurbishment and investment in more efficient heating systems, charges will be reduced accordingly. The average weekly charge will remain £14.92 over 52 weeks. |
| 9. | The Council offers laundry tokens for sale for the use of tenants at five high rise blocks (two in Brierley Hill and three in Dudley). It is proposed that charges be maintained at the current rate of £2.60 per token. |
| 10. | It is proposed that pitch licences at Oak Lane be increased by 3.99%, in line with the proposal for general rents, and that weekly charging for water be increased by 2.3% from £6.78 to £6.94 per week, based on the average rate of inflation from April to August 2021. |
| 11. | The Council currently charges an administration fee of £130 per year to its leaseholders, to cover the costs of managing the properties. It is proposed to increase this to £140 from 1 April 2022 in order to continue to move towards full cost recovery. This charge was not increased in 2021/22 given the low rate of inflation at the time and the economic pressures resulting from the pandemic. |
| 12. | It is proposed that the charge of £75 (plus VAT) per leasehold information pack, introduced from 1 January 2015 to cover the costs of compiling information relating to the sale of council flats, be maintained at the current level with effect from 1 April 2022. |
| 13. | The Council currently charges private residents who are in receipt of Telecare services (provision of an alarm service, and also standalone equipment such as pill dispensing service and GPS tracking watches) £15.30 per month, and also charges Housing Association tenants varying amounts for this service. It is proposed to |

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| | increase these charges by 6.5% to £16.30 per month from 1 April 2022, and also to increase charges to Housing Association tenants by 6.5%. Income generated will be used to increase investment in and development of the service, particularly in the context of the move to digital telephony over the next five years, which will have a significant impact on this service. It is also proposed to review the present arrangements whereby private residents are charged but council tenants are not. Any changes as a result of this review will be the subject of a full consultation process, will take into account the impact of potential charges on service demand and users' financial circumstances, and will include transitional arrangements to protect and support current service users. |
| | <u>Garage rents, garage plots and access agreements</u> |
| 14. | It was agreed by Cabinet in February 2008 that inflationary increases for garages, garage plots and access agreements be made every three years, with the next increase to take effect from 2023/24. |
| 15. | The internal review of garage sites and plots is progressing, with identification of sites that are popular and would benefit from improvement, or less popular, including where there are issues of anti-social behaviour. Initial classification has identified potential options to:<br>• Retain and invest<br>• Dispose for development<br>• Seek alternative use (for example off road parking, micro-businesses or community gardens)<br>Following completion of the initial desktop exercise, it is proposed that local consultations with tenants and residents will take place in relation to specific sites, including discussions with ward members. This will be an ongoing process, reviewing the most effective use of our garage sites and plots in order to benefit local communities. |
| 16. | It is proposed to build new garages where required, to replace older garages that are no longer fit for purpose and where there is demand. These new garages will be larger to meet planning standards and it is proposed that the weekly rent will be £12 per week. This is in line with charges made by neighbouring authorities. |
| | <u>Proposed HRA budget 2022/23 and latest HRA budget forecast 2021/22</u> |
| 17. | The proposed HRA budget for 2022/23 (together with the latest forecast for 2021/22) is attached as Appendix 1. This budget is based on recent trends and our latest assessment of government policy on housing finance. |
| 18. | The key elements of the self-financing system that now operates in relation to local authority housing are:<br>• Abolition of the HRA Subsidy system and retention of all rental income.<br>• A one-off allocation of housing debt based on an affordability calculation.<br>• Transfer of investment, borrowing and inflation risks to housing authorities.<br>• Flexibility to borrow, following prudential guidelines. |

- Continued compliance with central government HRA Ringfence guidance.
- Continued compliance with central government rent policy.

19. The current budget for 2021/22 (approved by Cabinet in February 2021) shows a surplus on the HRA of £2.959m at 31st March 2022. The latest forecast for 2021/22 shows a surplus at the same date of £3.472m. It is not proposed to revise the budget, but to report the forecast variances against the original budget. This variance reflects latest forecasts, with the main changes being:

- Increase in balance brought forward from 2020/21;
- Increased revenue repairs and maintenance costs largely relating to enhanced compliance works and reorganisation of workstreams to improve service quality;
- Reduction in revenue contribution to capital expenditure, redirecting this resource to revenue repairs and maintenance as above;
- Increased management costs responding to higher demand and pressure on services, partly funded from reserves brought forward from the previous year;
- Homeloss and disturbance payments lower than budgeted in line with reprofiling of capital investment works requiring decant and rehousing;
- Lower forecast expenditure on Discretionary Housing Payments based on latest data.

These adjustments result in an increase in the budgeted surplus for the year from £2.959m to £3.472m, which represents almost 4% of the total budget for the year.

The impact on HRA balances is shown below:

| | **Budget £m** | **Outturn £m** |
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| **Balance at 31 March 2021** | **4.1** | **5.3** |
| Budgeted use of balances | -1.1 | |
| Forecast 2021/22 outturn | | -1.8 |
| **Balance at 31 March 2022** | **3.0** | **3.5** |

20. The proposed HRA budget for 2022/23 takes account of the proposed rent increase of 3.99% on the 4th April 2022.

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| 21. | The proposed budget for the HRA includes an increase in pay costs of 1.75% in the current year, based on the employer's current offer, and 2% for 2022/23 with an uplift of 1.25% in employer's National Insurance from 2022/23. Further details are contained in the Medium-Term Financial Strategy report to be considered by the Council on 7th March, 2022. There remains no provision for general price increases on non-pay budgets, and to ensure that the challenge is met, we continue to promote an "every penny counts" approach with and for all budget managers. |
| 22. | Decision Sheet DOH/04/2021 gave approval for restructuring the Housing and Community Directorate senior management team and indicated that further approvals would be required for reorganisation below this level. Further restructuring is now proposed in order to continue to develop new services and improve core services in line with feedback from stakeholders and service aspirations which has highlighted the need for:<br>• Increased emphasis on landlord health and safety compliance;<br>• Increased community and neighbourhood engagement and focus;<br>• Greater community safety role;<br>• More visible and accountable service;<br>• Increased links with wider regeneration plans and the green agenda;<br>• Service development to meet the requirements of the White Paper, the National Regulator for Social Housing and the Housing Ombudsman<br><br>Following this approval to restructure the Directorate, work has been taking place to define the detailed proposals for service redesign that will support the improvements required. Additional resource to achieve this has been built into the proposed 2022/23 budgets. |
| 23. | The proposed HRA budget for 2022/23 includes a budget for housing management of £22.7m. This covers the day to day management of properties including income collection, tenancy management, sustainment and enforcement, fraud prevention, support for vulnerable tenants and lettings and void management. As noted in the preceding paragraph, additional resource to fund service reorganisation and development has been included in this budget. |
| 24. | Since 2014/15, the HRA has topped up the Discretionary Housing Payments (DHP) allocation received from central government. This allows for discretionary additional benefit payments to meet housing needs, mainly where a tenant has had housing benefit or Universal Credit (housing element) reduced as a result of underoccupancy penalties or the benefit cap. Many awards relate to council housing tenants, although awards are also made to tenants of housing associations or tenants in the private rented sector. The proposed budget for 2022/23 includes a contribution of £250,000, which will be added to the grant from central government. Although this is a reduction on previous years' budget allocations, it better reflects actual demand and allows redirection of resources to support neighbourhood management proposals. |
| 25. | The proposed HRA budget for 2022/23 includes a budget for repairs and maintenance of £27.5m. This reflects: |

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| | • Undertaking all required statutory and compliance responsibilities such as servicing of gas appliances, electrical installation condition reports, maintenance on specialist electrical systems, warden call equipment and alarms, asbestos inspections and surveys, lift servicing, repairs and inspections, periodic testing of water hygiene systems and maintenance arising from fire risk assessments;<br>• Undertaking responsive repairs and routine void works;<br>• Dealing with planned areas of revenue spend such as stock condition and safety reports;<br>• Addressing revenue implications of strategic stock management decisions;<br>• Cyclical maintenance such as painting of communal areas and social decorations for vulnerable residents. |
| 26. | The proposed HRA budget for 2022/23 includes a budget for interest payments of £17.5m. This covers the payments that are due on the debt taken on as part of the self-financing settlement and the subsequent additional borrowing under the Local Growth Fund. This budget will increase in future years to service the additional borrowing arising from the proposed enhanced investment programme. |
| | <u>Public Sector Housing Capital Programme 2021/22 to 2026/27</u> |
| 27. | We must have a long-term rolling programme of investment to maintain the condition of council owned homes, to improve living standards and provide affordable homes for residents. A £310m five-year public sector capital programme reflecting latest forecasts is shown at Appendix 2. Projected expenditure for 2021/22 has reduced significantly compared to the original budget, as activities have been curtailed by the continued impact of Covid 19 and ongoing supplier constraints. This has resulted in slippage to future years. |
| 28. | When self-financing was introduced, it included a cap on new borrowing above a set maximum level. This was removed following the autumn Budget in 2018, so that the HRA is free to borrow to fund additional investment so long as it complies with the principles of Prudential Borrowing, in the same way as the General Fund. We have been considering our detailed options given this new flexibility. Expenditure funded by additional borrowing will be aligned to the principles of the Housing Asset Management Strategy 2019 - 2029, which was approved by Cabinet in October 2019. It is essential that where we are increasing our borrowing level that this results in a financial gain for the HRA, whether this is additional rental income from new build and improved lettability of existing stock, or reduced repairs, maintenance and management costs as a result of improvement and refurbishment of existing stock. The strategy will also include demolition or disposal of stock that is no longer desirable or viable (operationally or financially) to improve long term sustainability by meeting housing needs. We will, in summary, borrow to fund:<br><br>• Sustainable stock aligned to changing demographics and local housing need.<br>• Additional new build on currently vacant sites, which will increase rental income. |

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| | • Demolition / significant remodelling and refurbishment of existing stock, which may reduce rental income at least in the short term but will also reduce repair and maintenance costs on some of our red and amber stock, where these properties are not paying their way.<br>• New build to replace some of our current red and amber stock demolished / remodelled as above, which will increase rental income and would enable us to provide more popular and sustainable homes. |
| 29. | The proposed five-year capital programme at Appendix 2 includes an enhanced capital programme developed in line with these principles. The financial consequences to the HRA revenue budget have also been factored into our medium to long term budget planning. These include changes to rent income, reduced maintenance liabilities, revenue costs associated with capital projects (e.g. home loss and disturbance payments), interest payments on additional borrowing and voluntary revenue provision for repayment of the principal on this additional borrowing. Grant funding will be accessed where possible to support investment. The Council continues to be qualified as a Homes England Investment Partner and is also qualified to participate in the new Affordable Homes Programme 2021 – 26. |
| 30. | This programme includes overall budget allocations for a blended programme of new build, refurbishment, regeneration, estate improvements and disposals. We have worked with Ark Consultancy, a specialist housing consultancy organisation, to develop a procedure for community engagement and consultation which will aid prioritisation and development of specific estate regeneration projects. As these specific projects are identified and agreed, they will be reported to the Cabinet as part of the regular HRA monitoring and budget setting reports. |
| 31. | Initial consultation has taken place, with representatives of the Housing Board, the High Rise Living Forum and DFTRA, through a focused and independently facilitated exercise, to identify principles and priorities. This exercise considered options for the main types and levels of work being considered and tenants' and residents' views of these, as well as their views on how the Council should go about prioritising these options. Work will continue to build positive and productive relationships with tenants and residents, actively seeking their involvement and their views in ongoing asset management planning work. To progress this, a second phase of consultation and engagement has now also taken place, involving a pilot consultation on several area-based options, which will further develop strategic thinking in relation to types of interventions and scheme options for asset management planning work within the available resources identified. Our aim is to implement our Asset Management Strategy with an approach to communication and engagement that works effectively and allows tenants and residents to influence decision-making and participate in building a consensus for investment priorities. |
| 32. | The proposed capital programme reflects the priorities of the Council Plan, the views of members and residents as expressed via the Housing Board, DFTRA and wider consultation events, and the Housing Asset Management Strategy 2019 - 2029. Strategic, planned investment therefore continues to target our key priorities as set out in the HRA Business Plan. |

33. The key investment strands over the period from 2022/23 to 2026/27 are as follows:

a. **Maintaining Existing Homes** – essentially core investment in existing stock replacing key components to ensure homes remain decent in accordance with the Government's minimum tolerable Decent Homes Standard and ensuring that the value of the council's assets is protected. This is a £74.4m 5 year programme, including
   - Internal improvements for example to replace kitchens, bathrooms and undertaking major plastering repairs;
   - Replacement of external doors and fire doors in flatted developments;
   - Re-roofing works;
   - Double glazing replacement programme dealing initially with replacement of first generation double glazing installed in the mid 1990s;
   - Electrical related works;
   - Structural and health and safety related works.

b. **Major Works to Empty Homes** – a £41.3m 5 year rolling programme is proposed specifically addressing essential major improvements when homes are empty but continuing the principle of deferring unnecessary ad hoc expenditure in empty homes to efficient planned programmes.

c. **Decarbonisation and Fuel Poverty** – a £22.5m programme over 5 years contributing to the climate change emergency, decarbonisation and helping to reduce fuel poverty. Work will replace inefficient boilers / heating with modern, efficient systems, install heating in unheated homes where residents have persistently refused heating, and undertake insulation works.

d. **Independent Living** – a 5 year £29.6m programme that addresses the HRA contribution to the council's priority of Independent Living and aims to reduce pressures on health and welfare costs. The budget includes:
   - Over £11m for adaptations to peoples' homes following assessment by Occupational Therapists, providing major adaptations such as level access showers, ramps and extensions in a tenure-blind service and also providing over 1,250 minor adaptations such as hand and grab rails each year;
   - Provision of over £16m for improvements to sheltered accommodation to fund improvements identified following a current review of sheltered scheme needs, including the significant remodelling of Woodhouse Court and Jack Newell Court which will be part-funded by £4.8m of Affordable Housing Grant from Homes England;
   - Provision of over £2m to address improvements in Telecare technology.

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| | e. **Community and Estate Regeneration –** £12.6m of investment over 5 years is proposed to regenerate communities and provide safe, sustainable estates where people want to live now and in the future. Feasibility work and strategic investment in estates will aim to deliver a range of programmes developed through local consultation, consistent with the priorities identified through community and estate consultations as part of an approach based on neighbourhood plans, that reflect neighbourhood and local priorities.<br><br>f. **Strategic Stock Management** – a £34.3m programme is proposed specifically to address strategic investment and / or de-investment in the Council's housing stock. This proposal is consistent with the approved Asset Management Strategy 2019 – 29 'better homes, better places, better lives', which highlights that consideration needs to be made concerning the future viability of a further circa 2,500 homes over the next 10 years, following the completion of a comprehensive and robust consultation exercise with our residents, resident groups and stakeholders. Whilst consultation, viability and investment appraisal work is ongoing financial provision is proposed for future strategic stock investment and / or de-investment in flatted developments, but with the proviso that any specific scheme approvals will be sought at a future Cabinet. The budget also includes provision for significant remodelling and alterations to homes that have high investment needs but continue to address high levels of housing need.<br><br>g. **New Council Housing** – continuing the current new build programme with £95.6m over 5 years. This budget will provide around £25.3m to address the replacement of around 170 homes through the Right to Buy replacement programme, and a further £70.3m to address additional housing provision of around 470 new homes that may not be eligible to be delivered through Right to Buy, and / or can therefore be subject of additional external grant bids, for example, schemes that are delivered with Affordable Housing Grant from Homes England, or as part of the Brierley Hill Future High Streets project. |
| 34. | Discussions will continue with government departments and agencies such as Homes England (formerly the Homes and Communities Agency), Energy Service Providers, West Midlands Combined Authority, the Local Enterprise Partnership and similar organisations and to bid for, enter into negotiations and / or seek tenders as appropriate to progress increasing resources to supplement the housing capital programme. This may be used, for example, to access funding to support new build and estate regeneration schemes or to progress carbon saving and / or power generating schemes to improve fuel poverty across the borough. |
| 35. | It is proposed that any additional resources obtained under paragraph 34 be added to the Capital Programme accordingly and the Director of Housing and Community Services and the Director of Finance and Legal be approved to enter into any such grant or funding agreements necessary to deliver the schemes. |

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| 36. | To ensure effective utilisation of all resources that become available, the Council is requested to authorise the Director of Housing and Community Services, following consultation with the Cabinet Member for Housing and Community Services, to manage the programme so as to use all the resources that become available and commit expenditure to that amount and to report progress and actions to the Cabinet. In doing this, the Council is requested to confirm that all capital receipts arising from the sale of HRA assets (other than any receipts that may be specifically committed to support private sector housing grants) should continue to be used for the improvement of council homes. In view of increased funding for Disabled Facilities Grant now received via Better Care Fund allocations, it is not proposed for this medium-term period that the HRA makes a contribution to private sector housing grants, though this will be kept under review. |
| 37. | The Cabinet on 29th October, 2014 and the Council on 1st December, 2014 authorised the former Director of Adult, Community and Housing Services (now equivalent to the Director of Housing and Community Services) to buy back former right to buy properties and to buy other properties, either via mortgage rescue or on the open market, subject to a robust assessment that the property will be purchased at a discounted price that offers good value for money and will be sustainable in terms of lettings, maintenance and major works. The Council was recommended to approve that these be added to the capital programme as they are purchased. The Cabinet on 11th February, 2019 and the Council on 18th February, 2019 agreed that this authorisation be extended to cover land as well as properties, where this is required in order to assemble a viable site for development, and subject to the same requirement for a robust assessment that the purchase will offer good value for money and will facilitate a development that is sustainable in terms of lettings, maintenance and major works. |
| 38. | To facilitate implementation of the programme, the Cabinet authorised the Director of Housing and Community Services to prepare specifications and undertake procurement in accordance with Standing Orders and Financial Regulations. The Cabinet also agreed that the Director of Housing and Community Services be authorised to enter into and award contracts on behalf of the Council. |
| | <u>Medium Term Financial Strategy / Thirty Year Business Plan for Landlord Housing</u> |
| 39. | With the abolition of the HRA Subsidy system and the introduction of self-financing for housing authorities from April 2012, the Council now has an increased level of autonomy and flexibility regarding housing finance. The HRA budget is no longer dependent on annual Government settlements, although the rent increase will still be determined annually. It is therefore possible to set indicative budgets for a longer period and to develop a longer-term financial and business strategy. |
| 40. | Although the HRA enjoys some increased flexibility, the HRA ring-fence remains in force, and the Council is also expected to have regard to the Government's national rent policy. Under the self-financing settlement, Dudley has taken on a significant increase in housing debt, which must be serviced. The medium-term financial strategy and thirty-year business plan is provided at Appendix 3, which sets out the |

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| | context of the HRA for the next five years and summarises the overarching financial strategy and risks that will apply to the HRA over the longer term. |
| 41. | The financial strategy for landlord housing is the subject of a continuing consultation process that includes tenants and residents.<br><br>The key elements of this financial strategy, which presents an overall Thirty-Year Business Plan and covers a rolling five year period in more detail, include:<br><br>• maintain the Decent Homes Standard;<br>• provide high quality affordable housing to provide safe homes that people want to live in and meet our diverse housing needs;<br>• manage our stock strategically to ensure future viability of affordable housing;<br>• improve the energy efficiency of the housing stock and address fuel poverty;<br>• invest in housing stock and minimise the number of void properties;<br>• review the suitability of the housing stock and explore the feasibility of new build to increase stock and / or replace properties that are in poor condition or that do not meet modern requirements;<br>• improve the offer for supported living to meet the needs of an aging and vulnerable population;<br>• address the housing and community needs of our residents and estates, particularly around health and wellbeing, addressing fuel poverty and promoting independent living;<br>• deliver community and estate regeneration, improving quality, sustainability and safety;<br>• ensure value for money through our housing services – maximising resources, income and opportunities for commercialism supported by efficient procurement;<br>• provide opportunities through construction to create jobs, employment, apprenticeships and training opportunities, making a positive impact on the economic prospects for the borough for businesses and individuals.<br>• set rents having regard to government rent policy for social housing and our investment needs.<br>• support the aims of the Council Plan – promoting strong, caring communities through the provision of decent housing in a safe and clean environment.<br><br>The HRA Business Plan is shown at Appendix 3. |
| 42. | On 17th February, 2022, the Cabinet was recommended to approve the following decisions pursuant to its delegated powers: |
| | (a) To approve the increase in rents for HRA dwellings by 3.99% from 4th April 2022 (paragraphs 5 - 6).<br>(b) To approve changes to service charges as detailed in paragraphs 7 and 9. |

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| | (c) To approve the maintenance of current heating and lighting charges for sheltered housing with an average weekly charge of £14.92, as detailed in paragraph 8.<br>(d) To approve the increase in the current charge for pitch licences at Oak Lane by 3.99% as outlined in paragraph 10.<br>(e) To approve an increase of 2.3% for water charges at Oak Lane, from £6.78 to £6.94 per week (paragraph 10).<br>(f) To approve an increase in the leaseholders' administration fee from £130 to £140 per annum, and to maintain the charge for the leasehold information pack at £75 (plus VAT), as outlined in paragraphs 11 and 12.<br>(g) To approve an increase of 6.5% (£1 per month) for private Telecare clients and a review of charging arrangements, as outlined in paragraph 13.<br>(h) To note the ongoing review of garage sites and plots (paragraph 15).<br>(i) To approve a charge of £12 per week for new garages (paragraph 16).<br>(j) To authorise the Director of Housing and Community Services to procure and enter into contracts for the delivery of the capital programme, as outlined in paragraph 38.<br>(k) To make recommendations to the Council as set out in paragraph 2. |
| **Finance** | |
| 43. | Section 76 of the Local Government and Housing Act places a duty on the Council to ensure that no action will be taken that may cause a deficit to arise on the HRA at 31 March 2023. A duty is also placed on the Council to review the financial prospects of the HRA from time to time. Reviews and regular monitoring carried out confirm that the HRA will be in surplus at 31 March 2023 and therefore complies with the requirements of the Act. |
| **Law** | |
| 44. | HRA finances are governed by Section 74-78B and 85-88 in Part IV of the Local Government and Housing Act 1989. Sections 167-175 in Part VII of the Localism Act 2011 abolish the HRA Subsidy system (Sections 79-84 in Part IV of the Local Government and Housing Act 1989) and introduce self-financing. The HRA is also governed by Ministry of Housing, Communities and Local Government (now the Department for Levelling Up, Housing and Communities) guidance on the operation of the HRA ring-fence published in November 2020. |
| **Risk Management** | |
| 45. | The Corporate Risk Register recognises the risk that the Council may be unable to set and/or manage its budget, including the HRA budget, so as to meet its statutory obligations within the resources available. This risk is currently assigned a rating of High. A detailed analysis of risks and uncertainties is included in Appendix 3. |
| **Equality Impact** | |
| 46. | The proposals take into account the Council's Policy on Equality and Diversity. |

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| 47. | This is a financial report concerned with forecasting of income and application of resources. Some areas of proposed expenditure are intended to promote independence and improve quality of life for protected groups. |
| **<u>Human Resources / Organisational Development</u>** | |
| 48. | The report includes budget provision for a restructure, which will be progressed in line with existing HR / OD policies. Overall, the restructure is intended to strengthen the capacity to deliver and manage services and will not result in a reduction in posts. However, it is proposed that some existing job roles will be changed. While this will create a number of opportunities for development and progression, and any individuals affected will have the opportunity to be considered for alternative or amended roles, it cannot be guaranteed that there will be no redundancies or redeployments. |
| **<u>Commercial / Procurement</u>** | |
| 49. | The proposals in the report relate to our statutory functions as a social housing landlord, and therefore there are no direct commercial implications. |
| **<u>Health, Wellbeing and Safety</u>** | |
| 50. | The proposals in the report relate to our statutory functions as a social housing landlord and will contribute to the health, wellbeing and safety of our tenants. |
| **<u>Council Priorities</u>** | |
| 51. | The proposals in the report will support our aims for Housing summarised in the Council Plan:<br>• the provision of excellent services for tenants<br>• offering high quality housing<br>• supporting vulnerable people |

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**Leader of the Council**

**Appendix 1**

**HRA Budget and Forecast 2021/22 and Proposed Budget 2022/23**

| | Original Budget 2021/22 £000s | Latest Forecast 2021/22 £000s | Forecast Variance 2021/22 £000s | Proposed Original Budget 2022/23 £000s |
|---|---|---|---|---|
| Income | | | | |
| Dwelling rents | -87,633 | -87,379 | 254 | -90,952 |
| Non-dwelling rents | -610 | -850 | -240 | -891 |
| Charges for services and facilities | -200 | -190 | 10 | -204 |
| Contributions towards expenditure | -1,391 | -1,428 | -37 | -1,341 |
| Interest on balances | -25 | -18 | 7 | -8 |
| **Total income** | **-89,859** | **-89,865** | **-6** | **-93,396** |
| | | | | |
| Expenditure | | | | |
| Management | 19,868 | 20,791 | 923 | 22,702 |
| Management – homeloss and disturbance | 315 | 0 | -315 | 0 |
| Responsive and cyclical repairs | 23,392 | 26,533 | 3,141 | 27,515 |
| Transfer to Major Repairs Reserve | 25,025 | 24,892 | -133 | 25,285 |
| Interest payable | 17,420 | 17,313 | -107 | 17,472 |
| Revenue contribution to capital expenditure | 2,500 | 0 | -2,500 | 0 |
| Discretionary Housing Payments | 550 | 250 | -300 | 250 |
| Other expenditure | 1,893 | 1,934 | 41 | 1,986 |
| **Total expenditure** | **90,963** | **91,713** | **750** | **95,210** |
| | | | | |
| **Surplus / Deficit in year** | **1,104** | **1,848** | **744** | **1,814** |
| | | | | |
| **Surplus brought forward** | **-4,063** | **-5,320** | **-1,257** | **-3,472** |
| | | | | |
| **Surplus carried forward** | **-2,959** | **-3,472** | **-513** | **-1,658** |
| | | | | |

## Appendix 2

## Proposed capital programme 2021/22 to 2026/27

| Thematic Programme | 2021/22 original £000s | 2021/22 latest £000s | 2022/23 £000s | 2023/24 £000s | 2024/25 £000s | 2025/26 £000s | 2026/27 £000s |
|---|---|---|---|---|---|---|---|
| Maintaining Existing Homes | 11,859 | 14,018 | 16,104 | 13,721 | 14,680 | 14,739 | 15,150 |
| Major Works to Empty Homes | 8,136 | 9,238 | 8,219 | 8,329 | 8,150 | 8,260 | 8,370 |
| Fuel Poverty and Decarbonisation | 4,309 | 5,265 | 5,689 | 4,350 | 4,168 | 5,087 | 3,205 |
| Independent Living | 16,292 | 6,040 | 14,995 | 4,465 | 4,012 | 3,054 | 3,096 |
| Community and Estate Regeneration | 2,518 | 2,608 | 3,185 | 3,039 | 2,102 | 2,115 | 2,128 |
| Strategic Stock Management | 3,768 | 3,244 | 3,961 | 14,006 | 4,718 | 9,726 | 1,931 |
| New Council Housing | 12,576 | 5,819 | 17,894 | 25,765 | 34,505 | 12,882 | 4,549 |
| **Total** | **59,458** | **46,232** | **70,047** | **73,675** | **72,335** | **55,863** | **38,429** |

## Resources

| | 2021/22 original £000s | 2021/22 latest £000s | 2022/23 £000s | 2023/24 £000s | 2024/25 £000s | 2025/26 £000s | 2026/27 £000s |
|---|---|---|---|---|---|---|---|
| Borrowing | 3,600 | 0 | 12,700 | 31,850 | 29,650 | 16,700 | 0 |
| Major repairs reserve | 25,025 | 24,892 | 25,285 | 25,673 | 26,045 | 26,400 | 26,758 |
| Revenue contribution to capital | 2,500 | 0 | 0 | 0 | 0 | 0 | 0 |
| Usable capital receipts | 24,010 | 15,508 | 24,556 | 11,820 | 11,996 | 12,263 | 11,171 |
| Less usable capital receipts transferred to support private sector housing capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other (grants) | 4,323 | 5,832 | 7,506 | 4,332 | 4,644 | 500 | 500 |
| **Grand Total** | **59,458** | **46,232** | **70,047** | **73,675** | **72,335** | **55,863** | **38,429** |

**Appendix 3**

## Medium Term Financial Strategy for Landlord Housing (MTFS(LH)) and Thirty Year Business Planning Strategy for Landlord Housing

### Purpose

1. The Medium Term Financial Strategy for Landlord Housing (MTFS(LH)) has set out how the Council plans to balance spending pressures and available resources over the medium term, taking into account risks and uncertainties. It relates specifically to the Housing Revenue Account (HRA) and the capital programme for improvement of the Council's own housing stock.

2. The MTFS(LH) should be read in conjunction with the Council's overall Medium Term Financial Strategy (MTFS). The underlying principles set out in the overall document apply equally to the MTFS(LH).

3. In the context of the introduction of Self-Financing for public sector housing, the abolition of the HRA subsidy system and the increased autonomy and flexibility for housing authorities to manage their stock, a Thirty Year Business Plan has been developed. This takes into account issues including investment need, treasury management strategy, financial projections and tenants' engagement.

### Background

4. The financial strategy for landlord housing takes into account the delivery of the Decent Homes Standard and the new opportunities and challenges arising from the introduction of the self-financing system. This is the subject of an ongoing consultation process that includes tenants and residents. The key elements of our financial strategy, which will cover a rolling five year period, are to:

   - maintain the Decent Homes Standard;
   - provide high quality affordable housing to provide safe homes that people want to live in and meet our diverse housing needs;
   - manage our stock strategically to ensure future viability of affordable housing;
   - improve the energy efficiency of the housing stock and address fuel poverty;
   - invest in housing stock and minimise the number of void properties;
   - review the suitability of the housing stock and explore the feasibility of new build to increase stock and / or replace properties that are in poor condition or that do not meet modern requirements;
   - improve the offer for supported living to meet the needs of an aging and vulnerable population;
   - address the housing and community needs of our residents and estates, particularly around health and wellbeing, addressing fuel poverty and promoting independent living;
   - deliver community and estate regeneration, improving quality, sustainability and safety;

- ensure value for money through our housing services – maximising resources, income and opportunities for commercialism supported by efficient procurement;
- provide opportunities through construction to create jobs, employment, apprenticeships and training opportunities, making a positive impact on the economic prospects for the borough for businesses and individuals.
- set rents having regard to government rent policy for social housing and our investment needs.
- support the aims of the Council Plan - promoting strong, caring communities through the provision of decent housing in a safe and clean environment.

**<u>The proposed budget and the MTFS(LH)</u>**

5. Ongoing resources are required to maintain the Decent Homes standard, and deal with properties where the age of the fittings mean that a replacement is required, and non-decent properties as they become void. The rolling five-year capital programme includes resources to maintain the Decent Homes Standard.

6. Regular stock validation surveys have been undertaken to externally validate and support existing stock investment information for the housing stock. The detailed output of this is now embedded within the thirty year investment cost plan, which is continually updated to reflect investment undertaken and newly arising investment need.

7. The Housing Asset Management Strategy has the following key priorities:

   - Provision of quality affordable housing to provide safe, affordable homes that people want to live in – investment in our core stock and tackling empty homes efficiently;
   - Managing our stock strategically to ensure future viability of affordable housing;
   - Measuring and identifying stock quality and performance with de-investment, demolition and / or disposal of non-viable stock;
   - Provision of more affordable housing to meet our diverse housing need – developing more affordable homes and mixed tenure estates;
   - Improving the offer for supported living to meet the needs of an aging and vulnerable population;
   - Addressing the housing and community needs of our residents and estates, particularly around health and wellbeing, addressing fuel poverty and promoting independent living;
   - Delivering community and estate regeneration, improving quality, sustainability and safety;
   - Ensuring value for money through our housing services – maximising resources, income and opportunities for commercialism supported by efficient procurement;
   - Providing opportunities through construction to create jobs, employment, apprenticeships and training opportunities, making a positive impact on the economic prospects for the borough for businesses and individuals.

8. Our forecasts are been based on recent financial trends and our current assessment of the Government's housing finance policy and, like any forecast, should be regarded with caution (risks to the forecast are considered later). In view of our commitment to stock retention and maintenance of the Decent Homes Standard, it is proposed that we continue when necessary to give consideration to the following:

- ongoing review of spending and resource forecasts;
- further efficiency and other savings, including those achievable from use of partnerships;
- review of the existing housing stock provision to consider de-investment options and re-configuration of high investment need and low demand homes;
- addition to and replacement of the housing stock via new build programmes;
- the level of housing debt;
- service charges[1].

9. Whilst in some areas the volume of smaller responsive repairs has generally decreased due to recent investment, particularly around central heating, there is an emerging trend of increasing investment need to deliver major improvements to homes and to maintain decent homes, which was only ever a minimum tolerable standard, to a housing stock that is, on average, over 60 years old. Delivering planned programmes of improvements in cyclical, strategic programmes (such as the current planned boiler and double glazing programmes) is the optimal solution to delivering value for money through efficient procurement and planned works delivery.

10. A proposed rolling capital programme has been developed as a continuation of the existing programme to maintain current standards and improvements following the achievement of the Decent Homes standard, and in line with the priorities of the Housing Asset Management Strategy. This includes a new build programme which will meet Right to Buy Replacement targets assuming that government rules will continue as they are currently.

11. Following the abolition of the HRA Borrowing Cap and the development of our Asset Management Strategy 2019 – 2029, resources have been allocated to future years based on an indicative blended programme of new build, refurbishment, estate improvements and disposals that will use our additional borrowing capability, within prudential guidelines, to support enhanced investment in our stock. We are currently developing a procedure for community engagement and consultation which will aid prioritisation of specific estate regeneration projects. As these specific projects are identified and agreed, they will be reported to Cabinet as part of the regular HRA monitoring and budget setting reports. It is essential that where we are increasing our borrowing level that this results in a financial gain for the HRA, whether this is additional rental income from new build and improved lettability of existing stock, or reduced repairs, maintenance and management costs as a result of improvement and refurbishment of existing stock. The strategy may also include demolition or disposal of stock that is no longer desirable or viable (operationally or financially) to

[1] Government subsidy calculations assume charges over and above the rent for special services to flats and for supported housing – the HRA is financially disadvantaged as a result of not applying these charges.

improve long term sustainability by meeting housing needs. We will, in summary, borrow to fund:

- Sustainable stock aligned to changing demographics and local housing need.
- Additional new build on currently vacant sites, which will increase rental income.
- Demolition / significant remodelling and refurbishment of existing stock, which may reduce rental income at least in the short term but will also reduce repair and maintenance costs on some of our red and amber stock, where these properties are not paying their way.
- New build to replace some of our current red and amber stock demolished / remodelled as above, which will increase rental income and would enable us to provide more popular and sustainable homes.

12. The table below summarises the thirty year financial business plan (based on the PriceWaterhouseCoopers self-financing 30 year model, and detailed in the HRA Estimates 2022/23 detailed 30 year financial plan). This is updated annually and will take into account changes in policy. It reflects our current approach of stock retention, maintenance of the Decent Homes Standard, investment in the maintenance and improvement of our stock, and regard to national rent policy.

| | Years 1 -5 | Years 6 - 10 | Years 11 - 15 | Years 16 - 20 | Years 21 - 25 | Years 26 - 30 |
|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m |
| | | | | | | |
| Income | | | | | | |
| Dwelling rents | -380,180 | -515,372 | -564,719 | -618,682 | -677,649 | -735,255 |
| Other | -99,705 | -13,055 | -14,030 | -15,089 | -16,236 | -17,483 |
| | | | | | | |
| Total Income | -479,885 | -528,427 | -578,750 | -633,771 | -693,885 | -752,738 |
| | | | | | | |
| Expenditure | | | | | | |
| | | | | | | |
| Management and maintenance (net of retained surpluses) | 260,397 | 281,250 | 302,441 | 325,254 | 350,005 | 376,875 |
| Depreciation and transfer to Major Repairs Reserve | 128,295 | 138,532 | 152,762 | 168,661 | 186,216 | 205,597 |
| Revenue Contributions to Capital / Debt Repayment | 3,072 | 14,129 | 29,047 | 45,355 | 63,164 | 75,765 |
| Interest Payments | 88,121 | 94,515 | 94,500 | 94,500 | 94,500 | 94,500 |
| | | | | | | |
| Total Expenditure | 479,886 | 528,427 | 578,749 | 633,770 | 693,885 | 752,738 |

**<u>Risks to the financial forecast</u>**

13. The main risks to the financial forecast are considered below:

| Risk | Impact |
|---|---|
| Inflation higher than forecast | While increased inflation has an impact on costs, in the case of the HRA, it also affects resources, through the rent increase (or decrease) applied.<br><br>If cost inflation (pay and / or prices) is lower than general inflation as used to determine rent levels, this will have a positive budgetary impact.<br><br>However, if cost inflation (pay and / or prices) is higher than general inflation as used to determine rent levels, this will have a negative budgetary impact.<br><br>High inflation particularly for food and fuel costs is having an adverse impact on our tenants, and high inflation in relation to construction work is also impacting on our programmed capital works. This includes the potential impact of leaving the EU and ways in which any adverse impacts can be mitigated. Contracts with suppliers have been negotiated with this in mind. |
| Income levels not achieved | <u>Rent loss from void properties</u><br>We have seen over recent years an increase in void properties, which has resulted in an increased rent loss of up to 3% of total rent available, although this is now reducing and is well below that level.<br><br>We have seen an increase in the number of hard-to-let properties, for instance two-bedroom flats, particularly in high rise blocks, and some three-bedroom houses.<br><br>We are working on improving processes to reduce the time that properties are empty.<br><br>The cost for each 1% void loss is around £1m per annum.<br><br><u>Rent loss from non-payment of arrears</u><br>Many tenants now receive Universal Credit direct and are therefore be responsible for paying their own rent. Tenants in receipt of housing benefit still have their rent paid as a transfer from Benefits.<br>The long-term impact of Universal Credit on rent collection rates is difficult to assess at this stage, but the risk of non-collection of rent has increased as more rental income must be collected direct from tenants. Prior to the introduction of Universal Credit, around 65% of rent was transferred via |

| | |
|---|---|
| | Housing Benefit with around 35% paid direct by tenants. This has now reversed, with in 2021/22 only 30% transferred via Housing Benefit and 70% being collected directly from tenants. The management cost of collecting rents has also risen as more payments are made direct by tenants rather than via transfer from the Benefits system.<br><br>We are working actively to mitigate the risk of loss of income, including tenant profiling, pre-tenancy training, support for tenants experiencing financial difficulties, increased automation and other efficiencies in the income recovery process, and partnership working across the council and with DWP, CAB and other agencies. These measures are proving highly effective in mitigating the risk of increased rent loss, as well as helping to sustain tenancies.<br><br>In addition to Universal Credit, tenants may also be affected by underoccupancy charges (since April 2013) and the reduced Benefit Cap (since November 2016).<br><br>We expect the final phase of the Universal Credit rollout (managed migration for existing claimants) to take place at some point but as yet we have no firm dates and no detail from DWP on how this process will be undertaken.<br><br>During 2020/21, the impact of Covid 19 adversely affected many of our tenants and this has continued in 2021/22. We have provided a service that has focused on welfare and support rather than enforcement and have worked with many tenants to help them to sustain their tenancies, ensure that they claim benefits that they are entitled to, and allow them to set up affordable rent payment plans.<br><br>We make a prudent annual provision for bad debts. |
| Change in rent policy | The requirement for social landlords to reduce their rents by 1% annually from April 2016 for four years had a significant impact on future budgets and required us to revise our HRA Business Plan to reflect this lost income.<br><br>Compared to our forecasts for 2015/16 original budgets, this ongoing, cumulative rent reduction represented a loss of income of almost £28m by 2019/20.<br><br>From April 2020, the maximum rent increase returned to the September CPI plus 1% formula and our projections take this |

| | |
|---|---|
| | into account, albeit with prudent assumptions around inflation levels.<br><br>We have had assurance that this national formula for rent increases will be in place at least until 2025. |
| Changes to other Government housing policies | We always keep under review proposed changes in Government housing policy and the potential impact on the HRA.<br><br>We are particularly aware that there may be increased regulation around fire safety following the Grenfell tragedy, which would lead to increased costs both from capital works and ongoing maintenance and management requirements.<br><br>We are reviewing the implications of the Social Housing White Paper, which sets out wide-ranging proposals to transform and strengthen the regulatory regime for social housing, and the proposals for a restructure of the Housing service are designed to align our service priorities with the requirements of the White Paper and the demands of the National Regulator of Social Housing (NROSH). |
| Interest rates higher than forecast | Our debt on housing properties is around £470m following the introduction of self-financing. Hence, interest rate risk is much more significant than it was under the subsidy system.<br><br>Risk is mitigated by borrowing at fixed rates and spreading repayment dates to minimise refinancing risk.<br><br>As the HRA takes out additional borrowing we will mitigate the risk of interest rate rises in the same way. |
| Reduction in property values in the borough | Any reduction in property values will reduce the value of usable capital receipts. |
| Reduction in land sales and capital receipts | We recognise that with a new council house building programme we are likely to be disposing of fewer housing sites. |
| Reinvigoration of Right to Buy | The Government has increased the cap on Right to Buy (RTB) discount from £26,000 to £84,200 per property, and in future years this will continue to increase by inflation annually. The maximum discount for houses has also been |

| | |
|---|---|
| | increased to 70%, and in May 2015 the requirement to have been a council tenant for 5 years before exercising right to buy has been reduced to 3 years. The changes have resulted in increased sales from the last quarter of 2012/13 onwards, although sales have been fairly consistent at around 180 – 200 per year from 2013/14 onwards.<br><br>However, because the value of the maximum discount has increased and there has been a reduction in the average value of the properties sold, increased sales will not necessarily result in a proportionally greater value of capital receipt income.<br><br>New regulations have replaced the capital receipts pooling arrangements and require councils to build replacement homes for all extra homes sold under Right to Buy. |
| Suitability of stock | Some of our stock is old and not particularly suited to modern styles of living. In addition, changes to the benefit system mean that some of our properties are less attractive than they were previously (e.g. two-bed high rise flats or three-bed maisonettes which are often technically underoccupied). We are already experiencing difficulty in letting such properties, which leads to a loss in rental income and also potentially an increase in security costs and an increase in anti-social behaviour.<br><br>Work is ongoing to assess the sustainability of the housing stock addressing the net present value of housing investment needs and rental income against demand, resulting in an assessment of the housing stock at an individual unit level, and leading to proposals which may include stock remodelling, disposal and or demolition according to the principles in the Asset Management Strategy. |
| Availability of borrowing | Following the removal of the HRA borrowing cap, we are exploring options for the prudent use of additional borrowing power to improve and increase our stock. An indicative programme is included for approval in the rolling five year capital programme and tenant engagement and consultation work is in progress relating to specific proposals. |
| Regulation | From April 2020 housing authorities are subject to the National Regulator of Social Housing and we are working with the Regulator to ensure compliance. The Social Housing White Paper sets out proposals for a proactive consumer |

| | |
|---|---|
| | regulation regime, including active oversight of landlord performance, regular inspections of landlords with more than 1,000 properties, enhanced consumer standards, an emphasis on tenant voice and community engagement, and transparency and clarity of information provided. |
| Decarbonisation | We are reviewing the impact of decarbonisation requirements which will take effect over the next two decades, in particular the effect on heating systems in our properties. |
| Unforeseen costs or costs greater than estimated | Any unbudgeted costs would have to be met from economies or reductions in planned spending in the year in which they arise or from any balances available in that year. |

**Prudential indicators**

14. The Local Government Act 2003 introduced a system of "prudential borrowing" which allows councils to set their own borrowing limits subject to criteria of prudence and affordability. These criteria are set out in more detail in the CIPFA Prudential Code which specifically requires us to set a number of prudential indicators. The full range of prudential indicators are to be set as part of another report on this agenda. Those indicators that relate to HRA capital expenditure are set out below:

| | **Latest forecast 2021/22** | **Forecast 2022/23** | **Forecast 2023/24** | **Forecast 2024/25** |
|---|---|---|---|---|
| Ratio of financing costs to net revenue stream: HRA | 46.9% | 45.8% | 44.7% | 46.2% |
| Capital expenditure: HRA | £46.2m | £70.0m | £73.7m | £72.3m |
| Capital Financing Requirement: HRA | £470.2m | £482.9m | £514.6m | £543.9m |

15. The ratio of financing costs to net revenue stream shows the costs of servicing housing debt as a percentage of total HRA income. This is a measure of the affordability of debt.

16. The forecast debt charges resulting from anticipated borrowing are fully reflected in the Housing Revenue Account budget at Appendix 1 of the report.

17. The HRA Capital Financing Requirement is a measure of the share of the Council's overall portfolio of debt and investments that results from public sector housing capital expenditure. The limit on the HRA CFR imposed on implementation of self-financing was £464.1m. Additional borrowing under the Local Growth Fund was available in 2015/16 and 2016/17 and this increased the HRA CFR to £470.2m. The debt charges resulting from this new borrowing will be funded by the rental stream from the additional homes provided.

18. These indicators have been updated to take account of proposed additional borrowing now that the limit on the HRA CFR has been lifted.

## Partnerships

19. We continue to deliver on partnership working and currently have a number of such arrangements, for example:

- A strategic partnership for delivery of new council housing under a framework arrangement to 2024;
- Strategic partnerships that are being delivered in accordance with the principles of Sir John Egan's report 'Rethinking Construction'. Through innovative payment mechanisms, incentivising good performance and modern methods of collaborative working, partnerships are delivering improved services at a measurably lower cost and have allowed valuable and limited resources to be re-invested in the housing stock.

20. Funding partnerships have also been forged including with Homes England (formerly the HCA) to support new council housing and historically with energy service providers to increase resources for reducing carbon emissions under the Government's ECO (Energy Company Obligations).

21. Procurement consortia are also used (e.g. the LHC Framework, Procurement for Housing) and other partnership arrangements will also continue to be used where appropriate, forming partnerships with established bodies to deliver procurement efficiencies.