

HOUSING COMMITTEE

8 DECEMBER 2020

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Report Title	HOUSING COMMITTEE ESTIMATES – REVISED 2020/21 AND ORIGINAL 2021/22 AND HOUSING REVENUE ACCOUNT (HRA) MEDIUM TERM FINANCIAL PLAN 2020/21 – 2024/25
Purpose of Report	To present to the committee the revised estimates for 2020/21 and the original estimates for 2021/22
Decision(s)	<p>The Committee RECOMMENDS to Strategy & Resources that:</p> <ul style="list-style-type: none"> a) The revised General Fund Housing revenue budget for 2020/21 and original budget 2021/22 are approved; b) The Fees and Charges list in Appendix A is approved; c) The revised HRA revenue budget for 2020/21 and original budget 2021/22 are approved; d) The movement to and from HRA balances and capital reserves as detailed in Appendix C and section 10 are approved; e) That from 1 April 2021: <ul style="list-style-type: none"> i. Social rents and affordable rents are increased by 1.5%, in line with national rent guidance ii. Garage rents are increased by 1.5% iii. Landlord service charges are increased by 1.5%, except sheltered housing charges which are individually set <p>As detailed in Appendix B</p> f) That the General Fund Housing Capital Programme, as detailed in Section 4, be included in the Council's Capital Programme, and g) That the HRA Capital Programme for 2020/21 to 2024/25, as detailed in Appendix D, be included in the Council's Capital Programme.
Consultation and Feedback	Budget holders and senior managers
Report Author	Lucy Clothier, Accountancy Manager Email: lucy.clothier@stroud.gov.uk
Options	<ul style="list-style-type: none"> a) Reduce or increase capital and revenue expenditure b) Reduce or increase dwelling rents c) Reduce or increase landlord service charges
Background Papers	None

Appendices	Appendix A – General Fund fees and charges Appendix B – HRA rents and service charges Appendix C – HRA MTFP and reserves position Appendix D – HRA Capital Programme and funding			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	Yes	No	No	No

1. Background

- 1.1 The Budget Strategy reported to Strategy and Resources Committee in October 2020 set out the way in which the Council would approach setting budgets for the forthcoming financial year.
- 1.2 The Committee's service revenue budgets have been prepared in accordance with the budget framework set out in the Budget Strategy report. They are presented in draft format and are subject to further change as the budget setting process progresses. Any subsequent changes will be included in the MTFP report to Strategy and Resources and Council.
- 1.3 It would be helpful where members have questions on matters of detail if they could be referred to the report author or the appropriate service manager before the meeting.**

2. Summary

- 2.1 This report updates Members on the draft General Fund Housing and Housing Revenue Account (HRA) budgets for 2020/21, and the revised budgets for 2021/21.
- 2.2 General Fund Housing
A proposed net increase of £134k on top of the base budget would bring the total General Fund housing revenue original budget to £778k in 2021/22. The current budget for 2020/21, including carry forwards, is £811k.
- 2.3 Updated fees and charges sheets are included in Appendix A, and are based on full cost recovery.
- 2.4 The capital budget is proposed to increase to £2,888k in 2020/21, with a base budget of £1,995 in 2021/22.
- 2.5 Housing Revenue Account
A transfer to HRA general reserves of £262k is included in the draft budget for 2021/22.
- 2.6 It is proposed that weekly rents and most service charges increase by 1.5%, with sheltered housing charges to be set individually for each scheme, based on the cost of providing the service to that scheme.
- 2.7 The HRA capital programme has been significantly affected by Covid-19, and the programme has been amended to reflect this. The revised budget for 2020/21 is £12.1m, rising to £23.4m in 2021/22.

3. General Fund Housing

- 3.1 Members will be aware from both the 2020/21 budget and MTFP (approved in January 2020) and the Budget Strategy reports, the Council is facing a number of financial challenges in 2021/22 and future years. A budget deficit has been forecast in the latter part of the medium term due to anticipated reductions in the level of Government funding and inflationary/cost pressures across the Council's services. The impact of Covid-19 will likely increase the pressure.
- 3.2 The Medium Term Financial Plan (MTFP) report to Strategy and Resources will set out a projection of General Fund expenditure over the medium term 2021/22 to 2024/25. This report sets out a more detailed analysis of the changes to the Housing Committee budget for 2020/21 (Revised Estimates) and 2021/22 (Original Estimates).
- 3.3 The original budget for General Fund Housing was £644k, although this has been revised to £811k following a carry forward of £167k from 2019/20.
- 3.4 It is proposed that the 2021/22 original budget be set at £778k as detailed in Table 1.

Table 1: Summary of changes from the 2020/21 base budget

Housing Committee	para	2020/21 Revised Estimate £k	2021/22 Original Estimate £k
Base Budget		644	811
Virements/adjustments	3.3	167	(173)
Recurring changes:			
Pay increases	3.5		16
Proposed budget adjustments	3.7		124
Net Service Budget		811	778

- 3.5 Pay inflation of 2.75% has been assumed across the General Fund. It should be noted that the pay award has not yet been approved and this estimate could change.
- 3.6 Below is the detail of proposed budget changes

3.7 Homelessness - £153k pressure

The budget for Bed and Breakfast has been increased to recognise the continued higher cost of temporary accommodation. A net increase, the cost of the housing less housing benefit received, of £153k is being included in the 2021/22 base budget. This substantial increase is being included at this level for one year only, in recognition that costs will likely remain high due to Covid-19. An expectation that a review of the temporary accommodation provision will start to reduce these costs will be included in the MTFP, however the ongoing increase in budget means that there will still be a significant impact on the financial position of the Council.

The MTFP assumed that the Flexible Homelessness Support Grant and Homelessness Reduction Grant, currently budgeted at £125k, would cease in 2020/21. Although not yet confirmed it is expected that these will continue in 2021/22 and have been included for one additional year at the 2020/21 rates (totalling £155k). Any updates will be reported in the Strategy and Resources paper in January.

4. General Fund Housing Capital

- 4.1 The original capital programme budget was £2,030k, but this has been revised to £2,888k following capital slippage and a successful bid for Green Homes Grant – Local Authority Delivery Scheme.
- 4.2 The proposed revised budget for 2020/21 is now £2,888k, with the proposed original budget for 2021/22 at £1,995k. This includes the reprofiling of the £500k budget for Temporary Accommodation into 2021/22.

Table 2: General Fund Housing Capital Programme

	2020/21 Original Budget (£'000)	2020/21 Revised Budget (£'000)	2021/22 Original Budget (£'000)
Affordable Housing Capital Programme	0	39	0
Disabled Facilities Grants	330	330	330
Warm Homes Fund	1,000	1,183	0
CCG Health through Warmth Grants	200	227	200
Green Homes Grant – Local Authority Delivery Scheme	0	1,094	950
Temporary Accommodation	500	0	500
Private Sector Housing Loans Scheme	0	15	15
Total	2,030	2,888	1,995

- 4.3 Further detail of the capital budgets are below.

- 4.4 Affordable Housing Capital Programme – this is funding to provide occasional grant assistance to housing associations. Any remaining budget from 2020/21 will be carried forward into 2021/22.
- 4.5 Disabled Facilities Grants - this funding is provided through the Better Care Fund, administered by Gloucestershire County Council.
- 4.6 Warm Homes Fund – this is funding for central heating systems in homes across Gloucestershire, for which SDC is leading. It is externally funded by National Grid, through Affordable Homes Solutions. The scheme is due to end in 2020/21, however, should additional funding become available this will be reported to members.
- 4.7 Health Through Warmth Grants – this is funded by the Clinical Commissioning Group and like Warm Homes covers the whole county. The funding for the Health through Warmth is predominantly used for insulation and heating systems to increase thermal efficiency in homes of people with cold or damp related health issues. Where possible this used in conjunction with the Warm Homes funding.
- 4.8 Green Homes Grant – Local Authority Delivery Scheme (LADS) – A Department for Business, Energy and Industrial Strategy (BEIS) funded scheme to install insulation and air source heat pumps in park homes in off-gas rural areas. This scheme will cover Gloucestershire and South Gloucestershire. As reported to Council in October 2020 the funding bid for 2020/21 has been successful, with an additional bid in progress for the 2021/22 funding as reported at this committee meeting. If this bid is unsuccessful the programme will not continue.
- 4.9 Should any of the externally funded grant payments change, the capital spend will need to change accordingly to prevent leaving the Council with unfunded capital spending.
- 4.10 Temporary Accommodation – approved budget to purchase property suitable for temporary accommodation. This budget has been reprofiled into 2021/22.
- 4.11 Private Sector Housing Loans Scheme – a notional budget has been added to reflect the existing Healthy homes loan scheme and Empty homes loans.

The Healthy homes loan scheme is for owners to remove a serious defect in the property that could affect their health. The loans are repayable when the applicant sells or moves out of the property.

The Empty homes loan scheme is for owners of long term empty properties to apply for loan funding to bring the empty home back into use. These loans are interest free and repayable when the property is sold or no longer available to rent at an affordable level.

5. Housing Revenue Account (HRA)

- 5.1 The base budget in 2020/21 includes a transfer to general reserves of £180k.
- 5.2 The proposed budget for 2021/22 includes expenditure of £23,467k, funded by £23,208k income, with a net transfer from reserves of £782k, including a transfer to general reserves of £262k.

5.3 A summary of the changes from the 2020/21 budget can be found in Table 3 below.

Table 3: HRA Summary

Housing Committee	para	2020/21 Revised Estimate £k	2021/22 Original Estimate £k
Base Budget		(180)	(180)
Virements/adjustments			0
Pay and contract increases	7		212
Rent and service charges	6		(265)
Proposed budget adjustments	8,9		(29)
Net Service Budget		(180)	(262)

6. Proposed Rent and Service Charges 2021/22

6.1 Appendix B sets out the proposed increases in fees and charges.

6.2 Dwelling Rents

2021/22 is the second year of rents being regulated by the Regulator of Social Housing, following the four year rent reductions. The Regulator is permitting registered providers to increase rents by Consumer Price Index (CPI) +1%.

6.3 It is therefore proposed that all social and affordable rents are increased by 1.5% - CPI of 0.5% plus 1%. This increases the average rent from £83.57 per week to £84.83 per week, an increase of £1.26p per week.

6.4 This is much lower than had been assumed in the HRA MTFP due to the low inflation levels. As reported in the Budget Strategy Paper reported to Strategy and Resources and Council in October 2020 a low inflation rate has a significant impact on the long term financial position of the HRA. Compared to the previous assumption of 2% CPI, the current CPI of 0.5% reduces the annual income by £317k. Over a 30 year period this compounds to a reduction in income of £13.1m. With an additional assumption that inflation rates will still be lower than 2% for 2022/23 (1.6% as set out in the assumptions), the total loss of income compared to the previous assumptions totals £16.6m over 30 years.

6.5 This has been in part offset by an increase in property numbers due to lower than anticipated Right to Buy sales in 2019/20 and the first half of 2020/21, as well as the purchase of properties as included in the capital programme.

- 6.6 It is possible to apply to deviate from the regulated rents of CPI+1% if this causes serious financial difficulty. This does not yet apply to the SDC HRA.
- 6.7 Members could choose to increase rents by more or less than 1.5%. Each 0.5% change would increase/reduce the average weekly rent for tenants by £0.42 per week, or £21.84 per year, and decrease dwelling rent income to the HRA by approximately £107k per year. If Members chose to implement a lower rent increase, the corresponding amount would need to be funded from reductions in existing services.
- 6.8 On becoming vacant, dwellings at social rent are being relet at the Target Rent, a national rent calculation for social housing which is designed to give fair and consistent rents across all local authority and housing association stock. Currently 74% of tenants have rents below the Target Rent (a decrease from 78% last year). This figure will reduce as dwellings become void and are relet, but as existing tenancies will be unaffected it will be a very gradual change. Members could choose to implement Social Rents at above Target Rent on relet (up to 5% on General Needs and 10% on Sheltered properties), but this is not being proposed at this time.
- 6.9 Shared Ownership rents
Shared ownership rents are to increase by the inflationary uplifts set out in each lease.
- 6.10 Garage rents and service charges
Garage rents and service charges are recommended to increase by 1.5% (CPI+1%, in line with rents), with the exception of sheltered housing service charges, which are set out below.
- 6.11 Sheltered housing service charges
From April 2021 it is proposed that the sheltered housing service charges are reset, in line with the Older Persons Housing Strategy and based on the expected cost of running each scheme. This means that some schemes will receive a higher service charge and some lower than current charges. A complete list of the proposed service charges, is included in Appendix B.
- 6.12 Savings have been made in sheltered housing through reducing expenditure whilst bringing the service in line with the Older Persons Strategy. These revised charges would allow those savings to be passed on to tenants where possible.
- 6.13 In summary 15 schemes (444 tenancies) would have reduced charges and 10 schemes (267 tenancies) would have higher charges.
- 6.14 These charges are eligible for housing benefit and universal credit and so tenants in receipt of benefits (even partial benefits) would not be affected by these new charges.
- 6.15 With some schemes increasing in cost and some decreasing, the overall benefits claim will not change significantly, however many tenants (currently 32%) pay their rents and service charges in full, and so would be directly affected by this change.
- 6.16 In recognition of this, the proposal includes applying a discretionary discount to the charge for any increase for a tenant not eligible for benefits to bring it back down to the charge that would have been in place had these changes not happened. For 2021/22 this will be £26.36 (2020/21 charge of £25.97 plus 1.5% (CPI +1%)). For example, a tenant not eligible for

housing benefit or universal credit and in a scheme with a new charge of £30 per week would have a credit added to their account to bring the weekly cost back down to £26.36. This credit will continue for the life of the tenancy. A tenant in the same scheme but receipt of housing benefit or universal credit would not have the credit applied and the full service charge will be reclaimed through benefits.

6.17 This will ensure that no existing tenant will themselves pay more than they do now, whilst reclaiming as much of the cost of running the service as possible. Many tenants will benefit from reduced charges, and where those tenants are in receipt of benefits this reduction will also be passed on.

6.18 From April 2021 these charges will be in place for all new tenants, since the properties will be advertised with the full charges, and so any prospective tenant will know the full cost in advance. This will be monitored to see if/how the service charges affect the popularity of schemes.

6.19 Worked example

Example Sheltered Service Charges per week	Example scheme 1 (lower than current charge) charge per week (£)	Example scheme 2 (higher than current charge) charge per week (£)
Current Charge 2021/22 (2019/20 of £25.97 + 1.5%)	26.36	26.36
New charge for scheme	22.00	30.00
Existing tenant in receipt of benefits (any increase would be payable by benefits, not the tenant)	22.00	30.00
Existing tenant not in receipt of benefits	22.00	30.00 less credit of -£3.64 = £26.36
New tenant from April 2021	22.00	30.00

6.20 These charges will be reviewed at least every three years. Where facilities change, for example if a scheme converts to Independent Living and loses the communal room, the service charges will be reviewed earlier.

6.21 Sheltered Modernisation works should not affect future service charges for any scheme, except where additional services, such as a lift, are added. General improvements to schemes will not be charged to tenants through service charges, but will remain subsidised from the wider HRA.

6.22 The purpose of these changes is not financial, but to ensure fair charges to tenants in line with the new service as set out in the Older Persons Strategy. The changes outlined in this

paper would not increase the income to the HRA, but in the short term would reduce it as subsidy would be given to existing tenants with higher charges to pay. This subsidy would reduce as new tenancies start.

6.23 General Needs Cleaning Service Charges

In recognition that during the Covid-19 lockdown there was an 8 week period where the general needs blocks were unable to be cleaned, it is proposed that those tenants affected by the reduction in service will receive a credit against their charges in 2021/22.

6.24 Void assumptions

Void levels are assumed to remain at 1% for General Needs properties for an additional year, increasing the income assumption by £191k. Void rates in sheltered housing remain at 5%.

6.25 Provision for bad debt

In line with current plans, provision for non payment of rents and charges have been increased to £200k (from £110k) to make an allowance for the anticipated impact of Universal Credit. Any ongoing impact of Covid-19 will be monitored.

7. Pay and Price Inflation

7.1 In line with the Budget Strategy, future years pay inflation has been provided for in the MTFP at a rate of 2.75%.

7.2 Provision has also been made for non pay inflation on major contracts.

8. Service Changes

8.1 There are no significant changes to service delivery in 2021/22.

8.2 Tenancy management (staffing)

The Tenancy Management structure was increased by three posts in 2020/21 for a period of 12 months. Due to the exceptional circumstances in 2020/21 it has not been possible to measure the effectiveness of this arrangement and so the additional posts are set to continue for another 12 month period.

8.3 Sheltered housing

Further savings have been found across sheltered housing whilst bringing the service in line with the older persons strategy. As outlined in paragraph 6.11, these savings will be passed on to the tenants through service charges.

8.4 Repairs and maintenance

Budgets have been realigned in line with the in house repairs service, however at this time the overall budget remains the same. The performance of the service will continue to be monitored against both the budget and the business case. It is still expected that savings will be made in the future.

The planned cyclical works on dwellings, which includes external painting and rendering has increased by £239k. This is not an increase in average cost, but represents an increase in work in the programme for 2021/22. The cost of cyclical works vary year to year based on the programme being delivered.

9. Central Changes

- 9.1 A number of changes are proposed to central budgets:
- 9.2 Contribution to capital programme – this is made up of the depreciation charge which is put aside in the Major Repairs Reserve to fund major works, plus a Revenue Contribution to Capital Outlay (RCCO) for the Sheltered Modernisation capital programme.
- 9.3 Provision to repay debt – in line with the MTFP the provision for repaying debt has been increased by 2%, £18k, plus an allowance to repay the additional borrowing on the current new build programme. The total provision included in the base budget for 2021/22 is £967k.
- 9.4 Currently the debt is being directly allocated to offset previous borrowing. This is in line with Minimum Revenue Provision (MRP) in the General Fund. In the General Fund this direct allocation has to happen, however the HRA does not have to put aside money to repay debt. It could, as has been previously reported, keep the borrowing on a long term basis and continue to pay ongoing interest payments.
- 9.5 Although the intention is to continue to put aside money to repay the borrowing, it is proposed that this funding be kept in an earmarked reserve instead of being locked away with the MRP of the General Fund. It could still be available to repay loans when they are due, but would give the possibility of reversing this decision if it became necessary in the future.
- 9.6 This proposal has been included in this budget to start from 2020/21, and is reflected in Section 10, Earmarked Reserves.
- 9.7 Investment income – investment income is expected to decrease against the base budget, due to lower interest rates that have arisen in the Covid-19 pandemic.
- 9.8 Pension lump sum – in line with the triennial pension review the annual lump sum has reduced. The HRA share of this reduction is £73k.

10. Earmarked Reserves

- 10.1 The below table shows a summary of the earmarked reserves held in the HRA. Where there are changes to the reserves held, these are detailed following the table.

Table 5: HRA Earmarked Reserves

Earmarked Reserve	2020/21				2021/22			
	Opening balance £k	Transfers out £k	Transfers in £k	Closing balance £k	Opening balance £k	Transfers out £k	Transfers in £k	Closing balance £k
Sheltered Modernisation	2,345	(949)	1,380	2,776	2,776	(1,524)	1,000	2,252
Estate Redevelopment	1,170	0	0	1,170	1,170	0	0	1,170
Transformation	250	0	0	250	250	0	0	250
HRA General Contingency	100	0	0	100	100	0	0	100
Provision for repayment of debt	0	0	918	918	918	0	967	1,885
Total Earmarked reserves	3,865	(949)	2,298	5,214	5,214	(1,524)	1,967	5,657

10.2 Sheltered Modernisation

Transfers to the Sheltered Housing EMR have remained in line with previous assumptions in total, although have been reprofiled. The transfers from the Sheltered Modernisation are in line with current forecasts of spend.

10.3 Transformation

The HRA has an existing EMR for staffing changes under the Work Force Plan. It is proposed that this reserve is redesignated to general transformation. This would support the HRA share of the cost of council-wide transformation. The transformation programme should lead to savings in the future which would also be shared with the HRA.

10.4 Provision for repayment of debt

As detailed in paragraph 9.3 it is proposed that the amounts put aside for the repayment of debt are held in an earmarked reserve in order to allow flexibility in the future.

11. HRA Medium Term Financial Plan (MTFP) and 30 Year Position

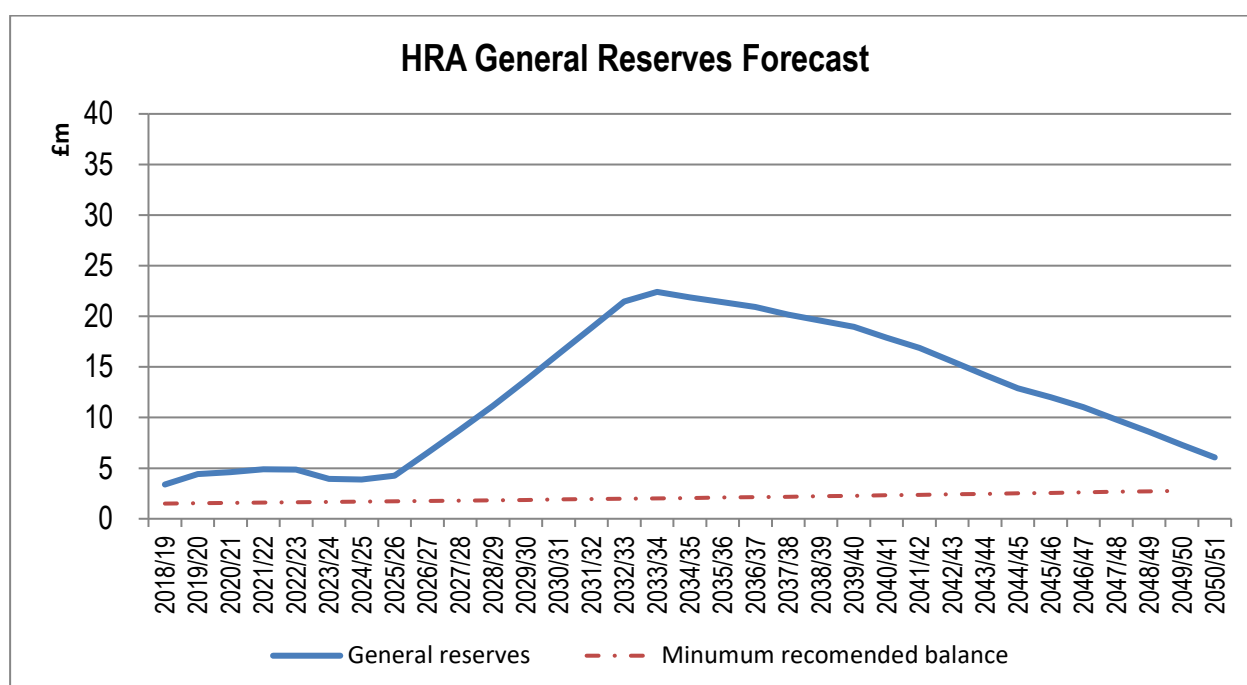
11.1 The MTFP based on the proposed budget position is shown in Table 6.

Table 6: HRA MTFP

	2020/21 Base	2020/21 Revised	2021/22 Base	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
Income	(22,943)	(22,943)	(23,208)	(23,758)	(24,457)	(25,118)
Expenditure	9,890	9,890	10,138	10,099	10,443	10,728
Other income and expenditure	12,440	12,440	13,329	13,613	15,394	14,956
Total Housing Revenue Account	(612)	(612)	259	(46)	1,380	565
Transfers to/(from) earmarked reserves	431	431	(521)	66	(440)	(473)
Transfers to/(from) general reserves	181	181	262	(20)	(940)	(92)
Total	0	0	0	0	0	0
General Reserves Balance						
Opening balance	4,430	4,430	4,610	4,872	4,852	3,912
Transfers to/(from)	181	181	262	(20)	(940)	(92)
Closing Balance	4,610	4,610	4,872	4,852	3,912	3,820

11.2 With the changes proposed in this report the HRA is forecast to have a balanced position across the full 30 year period, which is very positive given the reduced rental income.

Graph 1: Forecast of HRA general reserves over 30 years



12. Material Assumptions Made in the HRA MTFP

12.1 The MTFP forecast is made under a number of assumptions. The main ones of note are summarised below:

- Rents will rise by CPI+1% for five years, then CPI only.
- Void levels of 2% in general needs (after a period of 1% as detailed in paragraph 6.11), and 5% in sheltered housing properties are assumed (in schemes not affected by the Sheltered Housing Modernisation Programme).
- Inflation of 1.6% has been assumed across rents in 2022/23, rising to 2% in 2023/24.
- 30 Right to Buy sales a year have been assumed in terms of rent loss.
- HRA balances will be maintained at a minimum of £1.5m (rising with inflation) over the MTFP period in order to provide resilience against unexpected costs and the negative financial impact of future legislative changes.
- Major works are included on a standard replacement basis. Additional works identified in the Energy Strategy are not yet included other than those in the current programme.
- The new build programme is included at the estimate cost of building to a minimum SAP rating of 86. Any additional cost over this level would need to be funded by additional borrowing which would increase interest costs and the repayment of the borrowing.

13. Risks and Uncertainties

The HRA still faces a number of risks and uncertainties over the medium to long term. These include:

13.1 Inflation – if inflation rates remain lower than expected, the rental income will be lower than currently assumed. This could significantly affect the funding available to run the service and deliver works on the properties.

13.2 Right to Buy Receipts – there is still a risk that the development programme could slip, or some schemes may not be possible to deliver. Therefore, because of changes to timing, receipts would need to be repaid.

Due to the impact of Covid-19 on the programme it may be necessary to repay RTB receipts in 2020/21 or 2021/22. In view of this a request has been submitted to the Ministry of Housing, Communities and Local Government for a further extension to the rules to be considered.

There is also a potential risk that the receipts may not be sufficient to fund the capital programme over the longer term. If this were to happen, alternative funding would need to be found. This could include Homes England grant funding.

13.3 Interest Rates - the HRA is largely sheltered from increases in interest rates in the medium term as all of the current borrowing is at fixed interest rates. As loans become repayable, advice will be sought from our treasury advisors on the most advantageous approach to refinancing.

Investment income is directly linked to interest rates, and lower interest rates would reduce the investment income the HRA receives on reserve balances.

- 13.4 Stock Condition – the information held on the condition of the stock continues to grow, with data being collected regularly. As more data is collected, the longer term forecasts are revised and could mean that more, or less, spend is required compared to the current forecast.
- 13.5 Staffing – the ability to attract and retain staff, especially in specialist areas such as development, repairs and maintenance and tenancy management, is extremely important. Any significant gaps could result in a reduced service to tenants, and/or a financial pressure in recruiting agency staff.
- 13.6 Internal Council Changes – any major changes to the Council could impact on the HRA medium/long term position.

14. Capital Programme

- 14.1 A revised programme of £12,115k in 2020/21 is proposed, followed by an increased budget of £23,359m in 2021/22. The total indicative spend over the five year capital programme is £63,081k, however this is subject to change as schemes are worked up.
- 14.2 A full breakdown of the capital programme and funding can be found in Appendix D.

15. Major Works

- 15.1 It is proposed that the budget for 2020/21 is revised to £4,969k, with the base budget for 2021/22 at £9,752k.
- 15.2 The delivery of the 2020/21 programme has been significantly affected by Covid-19 and has been reprogrammed accordingly.
- 15.3 The 2021/22 programme has also been revised to include additional works based on the capacity of the Contracts Team and the contractors. It includes £2.263m works which will improve the energy efficiency of the dwellings to help reduce the carbon footprint of the properties and reduce the fuel bills of tenants. The works contributing to this include loft and cavity wall insulation, external wall insulation, windows and heating systems.
- 15.4 As members will be aware, a bid has been submitted for Social Housing Demonstrator grant funding. If successful, the capital programme will be realigned with this bid.
- 15.5 As the works are not yet programmed after 2021/22, the Capital Programme is condensed to show all capital major works on one line. This will be expanded on each year to show the full programme when it is in place, with future years also being reprofiled.
- 15.6 Although the capital programme includes a number of the works identified in the Sustainable Energy Strategy, further work will need to be undertaken to establish the level of ambition, and how best to deliver this. Any additional works will need to be fully costed and decisions will need to be made about how to fund the works.

16. New Homes and Regeneration Programme

16.1 The development programme has been reprofiled with updated assumptions on timing and cost as reported in the New Homes and Regeneration Programme and Sheltered Modernisation Update Information Sheet.

17. Purchase of replacement housing

17.1 A budget of £1,320k was included in the base budget in order to replace HRA properties used as temporary accommodation for homeless families. This should allow households to stay in the district, as well as provide savings to the General Fund, with no net cost to the HRA since future rent income would offset the cost of borrowing.

17.2 Due to the successful programme of purchasing properties in 2020/21, it is proposed to increase this programme to £2m per year. This would allow properties to be purchased on an ongoing basis, and would be used flexibly between buying properties to replace dwellings converted to temporary accommodation, buying properties to add to the general HRA stock which would provide long term accommodation to local households, and also to allow any purchases of land or dwellings which can be added to the development programme, as set out in the Strategy for New Council Homes.

17.3 Any purchases would need to follow the regulations set out in the Capital Strategy and be subject to a survey and business case to ensure that they are suitable to manage and maintain, as well as financially viable. Consultation would continue, including with ward councillors, as normal.

17.4 This would be an opportunity led budget, being dependant on the right properties becoming available and having the necessary staffing resource available at that time. There are no targets in place for acquisitions and it would not necessarily be used in full each year. It is not envisaged that any unused funds would carry forward to the following year.

17.5 Due to the ongoing rental income these purchases would not adversely affect the HRA position over 30 years, but once the initial borrowing was repaid, the rental income would benefit the HRA. It would also assist with the use of RTB receipts, helping to allocate receipts within the three year deadline.

17.6 The revised budget for 2020/21 also includes a budget of £600k for the Next Steps Accommodation Programme following a successful bid for grant funding for four flats to be purchased and used to house ex rough sleepers. The grant funding of £200k will be combined with existing capital receipts to purchase the properties. The HRA funding will be repaid through ongoing rental payments from the new tenants.

18. Sheltered Housing Modernisation

18.1 As reported in the New Homes and Regeneration Programme and Sheltered Modernisation Update Information Sheet works are underway at Willow Road, Stonehouse with works due to start at Springfields Court, Cam in January 2021.

18.2 A budget is included for works on two additional schemes in 2021/22 as planned, with the schemes to be approved by Housing Committee later in the financial year.

19. IMPLICATIONS

19.1 Financial Implications

This report sets out the draft General Fund and HRA budgets relating to the Committee for 2021/22. This will form part of the budget setting process to be considered by Strategy and Resources Committee in January 2021 and Council in February 2021.

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19.2 Legal Implications

None directly arising from this report other than to note that this report forms part of the budget setting process for 2021/22 which involves the Council calculating capital and revenue estimates for its General Fund and HRA.

One Legal

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19.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision.

19.4 Environmental Implications

There are no significant implications within this category.