



2019 - 2020

Draft HRA Budget

Community & Enterprise Scrutiny:
23 January 2019



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Achievements to date

HRA Achievements



We have built 100 new Council homes over two years



We are building a further 75 new Council homes this year



We have supported 39 apprenticeships through WHQS and SHARP



We have let 882 Flintshire Council homes



Flintshire Council manages 7,248 properties



We continue to achieve 95% customer satisfaction for the WHQS programme



7,000 WHQS compliant kitchens delivered



6,000 WHQS compliant bathrooms delivered



4,985 WHQS compliant roofs and associated components delivered



All urgent repairs were responded to within 3 days of being reported



We continue to achieve an average of 99.83% gas maintenance

Council House Building Programme

- » Strategic Housing And Regeneration Programme (SHARP) will deliver **303** council homes over five years from 2016
- » 170 approved to date
- » To date, Schemes completed at Custom House (Connah's Quay), The Walks (Flint), Maes y Meillion and Heol y Goron (Leeswood), Redhall (Connah's Quay), Ysgol Delyn (Mold) the former Dairy Site (Connah's Quay) and the former Melrose Centre (Shotton)
- » Schemes at Llys Dewi, Nant y Gro and Dobshill will continue into 2019/20
- » Successful bid for Welsh Government's Innovative Housing Programme Grant of £1.1M towards scheme on land near St. Andrews Church (Garden City)

Council House Building Programme



Former Melrose Centre,
Shotton





30 YEAR BUSINESS PLAN

30 Year Business Plan

- » Completion of WHQS by December 2020.....and continuing to maintain our properties at this standard
- » Meeting Choices Document promises
- » Investment in new homes
 - » 303 new homes built in the financial plan
 - » £11.264m expenditure planned for 2019/20
- » Projected surpluses after 2020 providing for
 - » estate remodelling/regeneration
 - » further new build
 - » service improvements



2019/20 BUDGET

Income

Rents - Key assumptions 2019/20

- » Rental Projections
 - » Maximum increase is based on CPI at Sept 2018, plus up to £2 per week (if below target rent).
 - » CPI for Sept 2018 was 2.4%
 - » Proposed average rent for 2019/20 of £93.78 based on 52 weeks. (Target rent £97.56)
- » Total Budgeted Rental Income **£34.688m**

Other Income

Income	
Garages (net of vacant)	£472,676
Affordable Housing Grant	£194,223
Leased Charges (sold flats)	£13,000
Insurance Commission	£25,000
Service Charges	£283,432
Water Commission	£551,000
Garage Plots	£4,805
Land Income	£3,500
Tithes and Wayleaves	£7,000
Court Costs	£17,000
Total	£1,571,636

- » Proposed garage rent increase for 2019/20 of £1 per week. Taking garage rent per week to £8.61 (based on 52 weeks)
- » Proposed garage plot increase of £0.20 per week. Taking garage plot rent to £1.40 per week.

Service Charges 2019/20

	Weekly Charge
Aerials	£1.20
Communal Cleaning	£3.77
Laundry Services	£0.72
Window Cleaning	£0.47

- Consultation with tenants will continue during 2019/20
- Service charges will increase to cover costs once service levels and standards have been agreed

HRA Efficiency Proposals & Use of One-Off Funding

No	Section	Description	Recurring/ Non-recurring	2019/20 £m	Narrative
1	Borrowing Costs	Reduction in borrowing interest rate/costs	Non-recurring	(0.628)	This is a change to the projected interest costs because the SHARP Batch 3 schemes will commence later than planned and differ in numbers from the assumptions included in the current business plan.
2	Borrowing Costs	Reduction in MRP	Non-recurring	(0.254)	This is a change to the projected 19/20 debt repayment because the level of borrowing is not expected to be as high on the 31st March 2019 as the 18/19 business plan assumed.
3	Capital Programme Funding	Prudential Borrowing	Non-recurring	(1.430)	The increase in prudential borrowing will fund the additional WHQS expenditure of £0.5m (see below) and contribute £0.9m towards the Innovative Housing Programme SHARP scheme at Garden City.
4	Capital Programme Funding	Use of capital receipts from Right to buy sales and sale of land	Non-recurring	(0.375)	Capital receipts of £0.375m will be used to support SHARP schemes
5	Capital Programme Funding	Use of commuted sums	Non-recurring	(0.535)	Committed sums of £0.535m will be used to support SHARP schemes
6	Capital Programme Funding	Innovative Housing Programme Grant	Non-recurring	(1.100)	Grant monies will support the scheme at Garden City
7	Capital Programme Funding	Solar PV Feed In Tariff	Recurring	(0.275)	Income generated by Solar PV contracts
8	Revenue Grant Income	Affordable Housing Grant	Recurring	(0.194)	Grant monies to support borrowing costs relating to SHARP
9	Management & Support	Health & Safety Vacant Post	Non-recurring	(0.052)	This post was established in 2016. A non-recurring efficiency is included for 2019/20 and the permanent outcome will be incorporated as part of the Housing & Assets restructure.
10	Management & Support	Prog Manager Welfare Reform Vacant Post	Non-recurring	(0.012)	The current post-holder is seconded to Welsh Government.
11	Management & Support	Support Recharges	Recurring	(0.032)	This budget existed to pay for employee related costs (training, mileage, expenses etc.) for staff whose salary costs are split between the HRA, New Homes and the Council Fund. For example, Finance, IT, Community Based Accommodation Support Services. The demand for this budget has diminished over the last few years and the budget can now contribute towards the additional Support Service recharge (see below).
12	Management & Support	SHARP Site Investigation Fees	Recurring	(0.028)	A budget of £0.047m was set aside in 2016 for non staffing costs relating to SHARP (e.g. legal advice, consultants, site investigation fees which can't be capitalised). The budget has been reduced to £0.020m to cover any advice required in the future.
13	Management & Support	Buildings Insurance	Recurring	(0.035)	There has been a reduction in the cost of the FCC buildings insurance premium.
14	Management & Support	Finance SLA	Recurring	(0.027)	As part of the Finance restructure, the number of Finance staff providing support to the HRA, SHARP and NEW Homes has reduced from 5.3ftes to 4.5ftes (3.6 x ftes funded by the HRA and 0.9 x ftes funded by NEW Homes). This is in addition to savings released in previous years.
15	Repairs & Maintenance	Capitalisation of DFG posts	Recurring	(0.061)	The majority of the Disabled Facilities Grant posts are capitalised with the exception of 1 x Bricklayer and 1 x Labourer. It is proposed to capitalise the whole team to be consistent with accounting treatment
16	Repairs & Maintenance	Fleet Reduction	Recurring	(0.060)	Fleet recharges have reduced during 2018/19 because an element of the management costs have been apportioned across a wider range of services than in previous years.
		Total revisions to HRA Funding		(5.100)	

Proposed HRA Investment Decisions & Cost Pressures



No	Section	Description	Recurring/ Non-recurring	2019/20 £m	Narrative
1	Rents	Impact of revised rent policy decision & revised SHARP rent projections	Part-recurring	0.736	This amount reflects the approximate impact of the revised rent policy and SHARP rent projections. This pressure will have been partially offset by increases in rents following turnover of tenants.
2	Rents	Increased voids percentage (days void)	Recurring	0.112	This relates to the rent lost during void periods including hard to let properties and sensitive lets. The decision to complete WHQS works as properties become void also increases the number of days each property is empty and results in additional rent loss.
3	Other Income	Service Charges	Non-recurring	0.068	This pressure reflects the difference between the anticipated service charge income for 19/20 and the revised proposal to keep service charges at the same level during 2019/20.
4	Other Income	Increased garage voids / demolition	Recurring	0.021	This relates to garage rent lost because garages are either unoccupied or are due to be demolished.
5	Capital Programme	Increased WHQS Allocation	Two years	0.500	This increase covers the additional costs of envelope works
6	Capital Programme	Energy Efficiency Works	Recurring	0.275	Using Solar PV Feed In Tariff
7	Capital Programme	SHARP Programme	Non-recurring	0.930	This covers the additional HRA investment in the Garden City Scheme. £1.1m will be grant funded (Innovative Housing Programme).
8	Capital Programme	Affordable Housing Grant	Non-recurring	1.243	£1.243m capital funding was previously included in the business plan for 2019/20. This grant will now be paid to the Council as revenue funding spread over 28 years to assist with borrowing costs.
9	Employee Costs	Salary Costs / Pay Award	Recurring	0.298	The pay award for 2018/19 and 2019/20 was approved after the budget for 2018/19 had been set. This pressure covers the element of the award above standard inflation and estimated changes to pay legislation (e.g. living wage, pension contributions, national insurance contributions)
10	Non Standard Inflation	Price Inflation	Recurring	0.475	Additional budget has been built in to cover estimated increases on gas, electricity, materials and subcontractor costs (including the capital programme). The standard inflation rate has also increased from 2% to 2.4% (October CPI)
11	Management & Support	Feasibility (Regeneration works)	Non-recurring	0.100	This provision is to cover the costs of any feasibility works in advance of any regeneration projects.
12	Management & Support	Support Service Recharges	Recurring	0.158	This pressure reflects the increase in the allocation of corporate overheads to the HRA.
13	Repairs & Maintenance	2 Inspectors and Travel Costs	Recurring	0.025	This pressure covers the additional salary, travel etc. costs incurred when replacing one Plumber and one Plasterer with two Inspectors. This will make the current arrangements permanent.
		Total revisions to HRA Expenditure		4.941	
		Budgeted contribution to reserves		(0.158)	

HRA Capital Programme 2019/20

WHQS & Asset Investment Funding	£m
Major Repairs Allowance (MRA)	5.065
Revenue Contribution to Capital Expenditure (CERA)	13.442
Solar PV Feed in Tariff	0.275
Prudential Borrowing	4.162
Total	22.944

New Build Funding	£m
Prudential Borrowing	9.254
Innovative Housing Programme Grant	1.100
Capital Receipts	0.375
Commuted Sums	0.535
Total	11.264

Total proposed capital programme of £34.208m

HRA Capital Programme	
WHQS	£'m
CATCH UP REPAIRS / MAJOR WORKS	
Urgent Capital Works	0.519
IMPROVEMENTS / COMMUNAL WORKS	
Fire Risk Assessments Work	0.520
General DDA Work	0.052
IMPROVEMENTS / ACCELERATED WORKS	
Asbestos Survey and Removal (Ongoing Programme)	0.624
Off Gas Programme	0.364
Welfare Reform / Adaptations	0.104
PROGRAMMED WORK STREAMS	
Internal Works	1.638
Envelope Works	12.282
External Works, Paths, Fences	0.494
Environmental Works - General	1.976
Capitalised Salaries	1.193
WHQS Acceptable Fails	1.040
Empty Properties	0.780
Total WHQS	21.586
Non WHQS	
Disabled Facility Grants (DFG) - Mandatory/ Minor Adaps	1.082
Energy Efficiency	0.275
Total Non - WHQS	1.357
SHARP Programme	
Batch 1 & 2 Retentions	0.207
Batch 3 Commitments	7.087
Batch 4 Estimates	3.970
Total SHARP Programme	11.264
Total Capital Spend	34.208



HRA FUTURE ACTIVITY



2019/20 HRA Focus

- » Review of sheltered stock
- » Condition of stock
- » Customer Involvement
- » Customer Satisfaction
- » Stores
- » Fleet Review
- » WHQS