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Budget	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Oaktree Centre - Expansion of 'Little Acorns'	90	1,093	55	
Ysgol Twm o'r Nant - Relocate Cylch Bodawen to Ysgol Twm o'r Nant	59	757	33	
Ysgol Dewi Sant - Relocation of 2 cylch groups	17	737	401	
Ysgol Penmorfa, Extension to Flying Start Accommodation		337		
Ysgol Bro Dyfrdwy - New Area School (Final Retention)	33			
Rhos Street and Ysgol Penbarras - Additional school yard	52	148		
Ysgol Llanfair - New School (Final Retention)	148			
Ysgol Carreg Emlyn - New School (Final Retention)	119			
Rhyl, Christ the Word - New School	939	366		
21c Schools Band B - Denbigh and Rhyl Area Reviews	4			
Adaptations to Foster Carer Homes		82		
<b>Total Education and Children's Services</b>	<b>7,880</b>	<b>8,908</b>	<b>489</b>	<b>0</b>
<b>Contingency</b>		<b>500</b>	<b>500</b>	<b>500</b>
<b>Total Capital Plan Services</b>	<b>42,364</b>	<b>54,475</b>	<b>12,044</b>	<b>971</b>

# **Appendix 3: Housing Revenue Account & Housing Capital Plan**

## **Introduction**

At its meeting on 19 January 2021, Cabinet adopted the revenue budget and capital plan for the Housing Revenue Account. By adopting the budget, rent increases for dwellings and garages were agreed in accordance with rent setting policy with effect from Monday 5 April 2021.

## **Housing Revenue Budget**

The 2021/21 HRA budget adopted by Cabinet is shown in the next page. The budget has been calculated to ensure we can deliver our revenue services, the capital investment programme to maintain the quality standard of our homes and develop our new build programme.

We are anticipating significant additional costs in future years due to expected new decarbonisation standards for our existing stock. All social landlords in Wales are anticipating additional funding from WG to support this. In addition, we expect Local Authorities to be able to bid for Social Housing Grant (SHG) for new build programmes the first time in 2021. Our current programme of 170 additional homes has been incorporated within the HSBP.

## **Welsh Government Rent Policy**

Welsh Government developed a policy for social housing rents that will be applied consistently by all social landlords and reflect the type; size; location and quality of the Landlord's properties.

In December 2019 the Welsh Government announced a five year rent policy. The policy agrees an annual rent uplift to CPI +1% from 2020/21 to 2024/25 using CPI from the previous September. For 2021/22 this is 1.5% (CPI at 0.5% +1%).

To enable landlords to restructure rents if required, up to an additional £2 per week can be charged to individual homes, on condition that the total rent income collected increases by

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no more than CPI +1%. We are not proposing to add the additional £2 to any property.

This means that:

- The overall total increase across all stock is 2.64%.
- 44% of properties are at target rent following the 1.5% uplift/
- Of 3,377 properties, 1,478 properties had an uplift less than 2.7% as they met target rent within the uplift.

As part of the WG rent policy the council will be required to ensure that any rent increase considers affordability for tenants, value for money and an assessment of cost efficiencies. Information on this is attached in appendix 3.

Whilst 2020 has been a difficult year for household finances we are satisfied that affordability of our weekly rents with the rent increase has been considered as we have to balance our ability to invest in our housing stock for the benefit of all our tenants, consider well managed growth through our new build and provide services to support our households effectively.

### Housing Capital Plan

As part of the budget process it is necessary to review the **Housing Stock Business Plan** and this is achieved through a due diligence exercise on an on-going basis to review the assumptions used and to validate the robustness of the financial model. In addition, the review undertakes a sensitivity analysis.

The current Housing Stock Business Plan assumes a minimum balance of £1m is maintained over the mid-term to mitigate against any future risks.

The HSBP maintains borrowing to fund capital works such as the new build and improvement programmes. The level of borrowing is closely monitored as this is related to annual capital financing costs. All council's in Wales have reached agreement with Welsh



## **Budget Summary 2021-22**

Government to remove the borrowing cap from HRA's as per the Deed of Termination of HRA Subsidy Voluntary Agreement 20th March 2019. This repealed the previously agreed cap introduced by the Housing Act 2014 settlement payment.

Local Authorities in Wales are still required by Regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003.

Therefore any borrowing undertaken by LHAs following the abolition of the borrowing cap will continue to be "unsupported" and any increase is for Local Authorities to manage within their existing resources.

Welsh Government are currently working with councils in Wales with HRA's, to determine and agree appropriate debt levels.

## Housing Revenue Account - Budget 2021/22

Budget	2020/21 Original Budget	2020/21 Projected Outturn (M9)	2021/22 Proposed Budget
<b>Expenditure:</b>			
Supervision & Management – General	2,668,895	2,675,507	2,748,583
Supervision & Management – Service Charges	544,105	547,774	562,838
Repairs and Maintenance	4,929,000	5,030,388	5,103,000
<b>Total Housing Management</b>	<b>8,142,000</b>	<b>8,253,669</b>	<b>8,414,421</b>
Item 8 capital charges	6,501,000	6,220,730	6,362,000
Capital funded from revenue	1,871,000	2,581,000	2,485,000
Provision for bad debts	319,000	319,000	345,000
<b>Total Expenditure</b>	<b>16,833,000</b>	<b>17,374,399</b>	<b>17,606,421</b>
<b>Income:</b>			
Rents (net of voids)	16,023,974	15,791,780	16,372,000
Service charges	399,000	390,052	394,000
Garages	191,000	175,202	180,000
Interest on balances & other income	135,152	10,000	7,000
<b>Total income</b>	<b>16,749,126</b>	<b>16,367,034</b>	<b>16,953,000</b>
<b>Surplus / Deficit (-) for the year</b>	<b>-83,874</b>	<b>-1,007,365</b>	<b>-653,421</b>
<b>Balance as at start of year – general</b>	<b>2,666,827</b>	<b>2,666,827</b>	<b>1,659,462</b>
<b>Balance as at end of year – general</b>	<b>2,582,953</b>	<b>1,659,462</b>	<b>1,006,041</b>

## Summary

Area	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Capital Expenditure</b>					
Planned improvements	6,942,000	6,702,506	6,491,513	6,712,342	6,813,947
New build construction	7,008,000	12,717,822	10,468,430	7,840,467	0
Acquisition of Properties	500,000	500,000	499,950	499,849	0
Acquisition of Land	0	0	0	0	0
Other improvements	426,000	742,758	784,765	414,993	421,217
<b>Total</b>	<b>14,876,000</b>	<b>20,663,086</b>	<b>18,244,657</b>	<b>15,467,650</b>	<b>7,235,164</b>
<b>Capital Funding</b>					
Major Repairs Allowance	2,401,000	2,401,000	2,401,000	2,401,000	2,401,000
Usable Capital Receipts	422,000	2,020,000	1,200,000	920,000	0
Borrowing	7,332,000	12,545,315	11,742,660	10,793,000	3,493,490
Other Funding Sources	2,140,000	1,212,000	1,055,000	0	0
Capital Exp. funded by HRA	2,581,000	2,484,770	1,845,857	1,354,368	1,340,675
<b>Total</b>	<b>14,876,000</b>	<b>20,663,086</b>	<b>18,244,517</b>	<b>15,468,368</b>	<b>7,235,164</b>
<b>Revenue expenditure</b>					
Management	3,223,000	3,310,889	3,440,849	3,572,884	3,671,372
Repairs & Maintenance	5,030,000	5,102,635	5,216,932	5,409,337	5,563,229
Interest	3,155,000	3,308,809	3,681,312	4,004,884	4,132,139
Capital Financing Charge	3,277,000	3,188,655	3,167,369	3,793,375	4,379,273
<b>Total</b>	<b>14,685,000</b>	<b>14,910,988</b>	<b>15,506,462</b>	<b>16,780,480</b>	<b>17,746,013</b>
<b>Revenue Income</b>					
Gross Rental Income	16,209,000	16,660,781	17,272,445	18,062,354	19,023,838
Garages	175,000	179,894	185,290	190,849	196,575
Service Charges	390,000	393,953	397,892	401,871	405,890
Voids	-417,000	-288,771	-298,891	-312,093	-328,509
Bad Debts	-319,000	-344,525	-346,100	-348,150	-350,688
Affordable Housing Grant	210,000	135,000	135,000	135,000	135,000
Interest on Balances	10,000	6,649	5,017	5,013	5,014
<b>Total</b>	<b>16,258,000</b>	<b>16,742,979</b>	<b>17,350,653</b>	<b>18,134,844</b>	<b>19,087,119</b>
<b>Balances</b>					
Surplus / Deficit (-) For Year	1,573,000	1,831,991	1,844,192	1,354,364	1,341,106
Cap Exp funded by HRA	2,581,000	2,484,770	1,845,857	1,354,368	1,340,675
	2,667,000	1,659,000	1,006,220	1,004,555	1,004,551
Balance Brought Forward					
Surplus / - Deficit after CERA	-1,008,000	-652,780	-1,666	-4	431
<b>Balance carried forward</b>	<b>1,659,000</b>	<b>1,006,220</b>	<b>1,004,555</b>	<b>1,004,551</b>	<b>1,004,982</b>