BARNSLEY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan

Joint Report of the Executive Director-Core Services – and the Executive Director-Place

HOUSING REVENUE ACCOUNT –DRAFT BUDGET 2018/19 & HOUSING CAPITAL INVESTMENT PROGRAMME 2018-2023

1. Purpose of report

1.1 This report provides a summary of:-

(i) The Housing Revenue Account HRA draft budget for 2018/2019;
(ii) 5 Year HRA Forecast;
(iii) Use of the HRA Working Balance and Berneslai Homes Surplus; and
(iv) The 2018/23 proposed capital investment programme

2. Recommendations

It is recommended:-

(i) That the Housing Revenue Account Draft Budget for 2018/2019 be approved, with any final amendments / additions being delegated to the Cabinet Spokesperson for Place and the Executive Director for Place in consultation with Cabinet Spokesman for Core Services and Service Director-Finance (S151);
(ii) That the Development Proposals for 2018/19 as set out in Appendix C and section 3.10-3.21 be agreed;
(iii) That the Service Charge Proposals for 2018/2019 as set out at Appendix E & Sections 3.33 to 3.35 be approved;
(iv) That the 2018/19 Berneslai Homes Management Fee at section 3.45 is approved with any final amendments / additions being delegated to the Service Director, Culture, Housing and Regulation and the Executive Director Place in consultation with the Cabinet Spokesperson for Place;
(v) That the use Unallocated Working Balances as outlined in section 3.30-3.31 be approved;
(vi) The Council Housing Capital Investment programme for 2022-23 is approved.
(vii) That a rent reduction in line with Government's rent policy be approved; and that;
(viii) The Board of Berneslai Homes be authorised to vary any of the approved core capital schemes subject to a maximum variation on existing budgets of £250,000, with variations above this amount carried out in agreement with the Executive Director Place and the Cabinet Spokesperson for Place.

3. Introduction

3.1 This reports sets out the proposed 2018/19 HRA draft budget and the 2018/23 Housing Capital Investment Programme. At section 3.5-3.9 the five year financial forecast is shown highlighting the key pressures facing the HRA over the next five years.

Rent Policy

3.2 On the 8th July 2015 the Government made a surprise announcement to reduce social housing rents by 1% per annum for the next four years from 2016/17. Rent income forecasts had been previously based upon a rent increase formula of CPI plus 1%. In 2016/17 this amounted to a loss of income of £3.4M rising to £13.2M by 2020/21.

3.3 In September 2017 the Government confirmed that rents from 2020/21 would increase by CPI plus 1% for a five year period, this has been factored into the rent income forecasts.

3.4 The 1% rent decrease leads to an average rent decrease of £0.79p per week for 2018/19. All new lets, new build, acquisition and extended properties will be let at target rent.

Five Year Forecast

3.5 The table below compares the savings requirements reported in last year's business plan to those currently forecast. After funding the developments summarised in section 3.10-3.20 £0.504M is required from the HRA unallocated working balance.

	2018/19 £M	**2019/20 £M**	**2020/21 £M**	**2021/22 £M**	**2022/23 £M**
Savings Required Jan 17	1.493	4.333	4.520	4.255	5.013
Major Changes:					
Rental Income	-0.414	-0.612	-0.833	-1.087	-1.243
Management Costs	-0.462	-0.562	-0.661	-0.763	-0.870
Repairs	0.240	0.134	0.038	0.016	-0.051
Bad Debts	-1.043	0.020	0.025	0.731	0.025
Interest Charges	-0.092	-0.051	0.332	0.451	0.385
Transfer to Capital Prog	-0.264	-0.379	-0.526	-0.744	-1.064
Budget Developments	1.051	0.227	0.232	0.515	0.241
Other (net)	0.000	0.020	0.010	0.034	-0.087
Savings Required	**-**	**3.130**	**3.137**	**3.407**	**2.349**
Working Balance Requirement	**0.504**	**-**	**-**	**-**	**-**

3.6 The reasons for the key variation in the 2018/19 financial forecasts shown in the table above are summarised below:

- Rental income – Higher average stock number forecasts due to lower predicted Right to Buy sales.
- Management costs – Lower management fee due to incorporation of savings identified from a zero based budget review
- Repairs – Higher inflation rate applied (3%)
- Bad debts – Delays in the roll out nationally of Universal Credit
- Interest charges – lower interest rate assumptions on variable rate loans
- Transfer to capital programme –Reduced resource requirement based upon the capital requirements in the 30 year capital plan.

3.7 It should be noted that significant savings still required from 2019/20 onwards.

3.8 A remodelled service offer is being developed to achieve the required savings in future years. The outcome of the service reviews and calls upon HRA reserves may also impact upon the level of future savings requirements.

3.9 A summary of the draft 2018/19 budget is included at Appendix A and the main variations are included at Appendix B.

Development Proposals

3.10 Appendix C summarises the development proposals showing a net cost to the HRA of £1.051M in 2018/19.

3.11 Three out of the four proposals are in relation to Health and Safety/Regulatory Compliance. The proposed developments are detailed below:

Domestic Electrical Testing

3.12 General domestic electrical tests are not statutory but are recommended as good practice by the Electrical Safety Council and undertaken by the majority of social housing providers. The current regime does not give full evidenced assurance that every domestic electrical system has had an electrical test. Increasingly housing providers are being asked by the Home and Communities Agency as regulator to provide assurance that health and safety requirements can be evidenced.

3.13 The proposal is to introduce periodic electrical testing on a ten year cyclical programme covering 100% of the stock. The current testing regime includes voids, decent homes work, new installation and covers approximately 85% of the stock.

3.14 In 2018/19 it is anticipated that first year inspection costs covering 3,000 properties would cost £0.450M with £0.250M potential additional repairs arising from the inspections. In subsequent years testing costs would amount to around £0.150M for tests on 1,000 dwellings per year. Additional resources are required to establish monitoring systems costing £0.097M, it is proposed that this is funded from Berneslai Homes reserves.

Domestic Legionella Risk Assessments

3.15 Currently risk assessments are carried out for our commercial properties but there is no provision for a legionella risk assessment of our domestic properties. The Health and Safety Executive has updated legislation to now include a responsibility for smaller water systems in domestic properties to be risk assessed.

3.16 In 2018/19 it is estimated that a full risk assessment which consists of a full physical inspection of all the housing stock will cost £0.278M. It is proposed that every three years the risk assessments are repeated at the same cost. Additional resources are required to establish monitoring systems costing £0.066M, it is proposed that this is funded from Berneslai Homes reserves.

Person Centred Fire Risk Assessments

3.17 In the summer of 2017 the National Fire Chiefs Council published new guidance on Fire Safety in Specialised Housing. Landlords are expected to take account of this guidance which is intended to assist with Fire Safety Order compliance. The guidance is designed to cover properties in which the fire safety design of the building supports a stay put strategy.

3.18 In order to comply with this guidance it is proposed to develop and adopt a person centred fire risk assessment approach in the 11 Independent Living (Under one roof former sheltered housing scheme) and the 3 medium rise block of flats on Sheffield Road (Britannia, Buckley and Albion) which have a stay put policy. In total this covers approximately 1000 properties. The additional duties applying to the Sheffield Road flats cannot be contained within existing resources of the team. The increased staffing costs equates to £0.016M per annum.

3.19 Following the Grenfell Tower Tragedy in June 2017, fire safety compliance checks were carried out on the three Sheffield Road storey block of flats. The flats are of different construction to Grenfell Tower and are not over clad. The checks gave assurance on the fire safety measures in place. As yet the Grenfell Tower public enquiry is still some way off making recommendations, but the scale of the tragedy will inevitably lead to far reaching recommendations. These may include the installation of fire suppression systems in buildings of certain types or where more vulnerable tenants live and the level of the recommendations may have an impact on future spending priorities and savings required from other HRA budget headings. Thus far working closely with the South Yorkshire Fire Service we have prioritised independent living schemes for fire suppression systems. Seven of these have or are in the process of having systems fitted and this has been supported by grant from the Fire Service.

Mental Health Support Workers

3.20 A successful mental health pilot scheme has been in operation since September 2016. It is proposed that this support is now embedded into core services.

3.21 The support makes provision for early help to vulnerable customers with mental health support needs and is supportive of the Borough's All Age Early Help Strategy. This will assist tenants to maintain and sustain their tenancy, avoiding escalation pressures and costs on in-house and partner agencies. The cost of this proposal is £0.057M per annum.

2018/19 Key Budget Assumptions

3.22 A number of assumptions have been built into the 2018-19 budget, the key areas are summarised below:

- Average housing stock of 18,420 dwellings
- No requirement for new external borrowing
- 1.5% of rent income for the bad debt provision
- 1.0% rent loss due to voids
- 3.0% inflation applied to repairs expenditure

3.23 The HRA borrowing cap is £301M, the estimated level of debt at the start of 2018/19 is £272M, giving a borrowing headroom of £29M. The current interest charges are based upon the existing level of debt any further borrowing will increases these charges in the HRA.

Available HRA Working Balances

3.24 The table below summarises the latest HRA working balance position and forecast spend of the earmarkings in the 2017/19 period.

	Latest Position £M	Spend 17/18 £M	Spend 18/19 £M	Balance **31/03/19** £M
HRA Working Balance *	**44.7**			
Earmarked For:				
i) Capital Programme Commitments	13.6	4.3	9.2	0.1
ii) HRA Reserve Fund	14.3	0.3	4.8	9.2
iii) Welfare Reform	3.0	0.0	0.0	3.0
iv) Sale of High Value Voids	2.5	0.0	0.0	2.5
v) New Build Bungalows *	2.4	0.8	1.6	0.0
vi) Budget Development Proposals	0.5	0.0	0.5	0.0
vii) General Contingency/Minimum Working Balance	3.5	0.0	0.0	3.5
viii) Unallocated	4.9	0.0	0.0	4.9
iv) **Total**	**44.7**	**5.4**	**16.1**	**23.2**

**Includes budget surplus allocated to new build bungalows in the 17/18 budget process*

3.25 The welfare reform earmarking is reviewed on an annual basis and will be released in later years subject to the impact of the full roll out of Universal Credit.

3.26 The £4.9M unallocated balance is due to the 2016/17 underspend on the HRA (£3.4M), release of an earmarked sum for impairment (£2M) partially offset by a funding requirement for 2018/19 development proposals (£0.5M). Revised statutory determinations in relation to the accounting treatment of impairment have been released which means the impairment earmarking in the working balance is no longer required.

3.27 The general contingency is set at 5% of the rent income budget, this is the minimum working balance.

3.28 The enforced sale of high value voids is a risk to the HRA as outlined at sections 11.11-11.12 and the Government's intentions regarding scale and timescales are still not clear. The position will be monitored on an ongoing basis and the earmarked resources will be released to support other priorities if no longer required.

Available Berneslai Homes Working Balances

3.29 The table below summarises the Berneslai Homes working balance position.

	£M
Berneslai Homes Working Balance at 31st March 2017	**11.04**
Earmarked For:	
i) Modernisation	1.61
ii) Regulatory Compliance	0.16
iii) General Contingency (5% of turnover)	1.75
iv) Unallocated	**7.52**

Strategic Use of Unallocated Balances

3.30 The total unallocated balance across the HRA (£4.9M) and Berneslai Homes Ltd (£7.5) is £12.4M.

3.31 The identified strategic priorities are a sum of £1.5m over a three year period from the unallocated balances to assist with the Council's strategy of reducing the number of long term empty homes. The remaining unallocated balance is to be used to support site acquisitions, strategic residential developments, and improvements to poor quality private sector housing. Together with meeting key Council priorities arising through the Homelessness Reduction Act.

3.32 The 2017 Autumn Budget Statement shows a commitment to future housing growth, supporting 300,000 new homes a year by the mid 2020's and investing £44bn across the sector in housebuilding in capital funding, loans and guarantees. There may also be opportunities for the Council to get additional funding from the £2.7bn housing infrastructure fund and £1.1bn announced for unlocking strategic sites. In addition the budget statement makes reference to lifting borrowing caps in "high-demand areas" and we will await the detail on this statement.

Service Charge Increases/Decreases

3.33 It is proposed that the communal facilities charge for those in housing for Independent living schemes should increase from £6.96 per week to £7.05 over 48 weeks in line with projected actual costs of the services provided.

3.34 There are 33 existing new build properties with shared facilities for which service charges are levied. It is proposed to levy the weekly charges in line with estimated actual costs, the individual scheme costs are shown in Appendix E.

3.35 The current charge for district heating is 9.5p per kilowatt hour. Based upon actual costs incurred it proposed that there is no change to this charge in 2018/19.

2018/23 Council Housing Investment Programme

3.36 Cabinet previously approved a five year Council Housing Capital Investment Programme 2017-22 (Cab.11.1.2017/9). Moving forward a year this report sets out the proposed investment programme for 2022/23.

3.37 The proposed 2018-23 Council Housing Investment Programme totals £137.886M. The aim of the core investment programme is to maintain the council housing stock in Barnsley at decency standards as determined by the Homes and Communities Agency Home Standard which is a regulatory requirement for all local authorities. This is the Barnsley Homes Standard and Appendix D details the five year programme and the resources available for investment.

3.38 The 2018-23 Barnsley Homes Standard (BHS) budget is kept at a level to keep properties from falling into non decency. This programme targets those properties where, through the passage of time, elements such as kitchens; bathrooms; heating systems; windows and external doors are worn out and need replacing. Investment in the council housing stock ensures properties remain lettable and the rental income ensures the viability of the HRA.

3.39 The five year programme also includes the main non Barnsley Homes standard budgets including planned replacement items, major adaptations and structural extensive works.

3.40 The programme includes funding for new build and acquisition schemes to support the Council's priority of housing and economic growth and providing affordable rented housing. In 2016/17 savings totalling £14.3M were identified within the Council Housing capital programme (£9.3M) and from a review of the HRA working balances (£5M) to support this area.

3.41 Additional budgets for new build targeted at older persons and vulnerable adults and individual acquisition purchases (including right of refusal on right to buys and long term empty homes) are also part of the HRA added value investment.

3.42 The proposed investment in acquisitions and new build will enable the Council to utilise its ‘1-4-1’ receipts generated from the sale of Council dwellings though ‘Right to Buy (RTB). These receipts can be used to invest in eligible new build schemes and acquisitions but must be spent within 3 years or be returned back to the Government. In addition the 1-4-1 contribution can only represent 30% of the total cost of the investment, the other 70% is required from other HRA capital resources and cannot be match funded with any other government grant.

3.43 Investment in further New Build and acquisitions helps to offset the stock loss and subsequent rent income loss from sales through RTB’s, helping the sustainability of the HRA.

Management Fee

3.44 Berneslai Homes challenges itself each year to identify savings and efficiencies to enable inflationary and other cost pressures (e.g. pay awards, pensions increases, impact on rents team of welfare reform) to be contained. This is demonstrated by the agreed budget for the Management Fee over the last 4 years as shown below:-

2014/15 Management Fee £13.775M
2015/16 Management Fee £13.946M
2016/17 Management Fee £13.946M
2017/18 Management Fee £13.937M
2018/19 Management Fee £13.840M (proposed)

During 2017/18 Berneslai Homes has undertaken a zero based budget review, which identified management fee savings shown in the table below.

3.45 The proposed Berneslai Homes Management Fee for 2018/19 is detailed below.

	£
Original Management Fee 2017/18	**13,936,570**
Variations	
Salaries (pay award 1%)	57,390
Insurance Premium Increase	40,000
Zero Based Budget Review	-291,330
Other	24,360
Total Variations	**-169,580**
Updated Management Fee (Before Development Proposals)	**13,766,990**
Development Proposals (per Appendix C)	73,110
Proposed Management Fee 2018/19	**13,840,100**

4. Consideration of alternative approaches

4.1 The budget has been developed with the aim of ensuring wherever possible that existing approved policies and support of corporate strategies can continue to be delivered. From the many alternative approaches available the package of proposals in this report is considered to best achieve this intention.

5. Proposal and justification

5.1 It is proposed that individual dwelling rents be decreased in line with the Government's rent policy. In addition it is proposed that the use of Unallocated Working Balances as set outlined in 3.30-3.31 be approved and that the proposed developments as set out in sections 3.10-3.21 & Appendix C be approved. It is proposed that the 2018-23 capital programme (Appendix D) is approved. The programme is affordable over the five year period and consistent with the Council's approved Housing Strategy.

6. Implications for local people / service users

6.1 The effective management of the HRA helps to consistently drive forward service improvements for the benefit of both council tenants and the wider community, and ensure investment and maintenance in council housing.

6.2 The capital programme is designed to meet decency standards and has aspects within it to help reduce fuel poverty and to maximise opportunities to invest in affordable warmth initiatives. The major adaptations budget also supports the continued independent living of vulnerable people.

7. Financial implications

7.1 In total these proposals will maintain the minimum working balance at the required level of £3.5M.

7.2 The total cost of the 2018/23 capital programme is £137.886M and is affordable over this five year period.

8. Employee implications

8.1 Any employee implications will be addressed as detailed scheme proposals are developed and approved.

9. Communications implications

9.1 A joint press release will be issued. Berneslai Homes will continue to communicate directly with those tenants who will be directly affected by proposed capital works in a timely manner.

10. Consultations

10.1 Discussions have taken place with the Director –Finance, Property & Information Services and the Executive Director – Place.

10.2 Consultations with local members on the Barnsley Homes Standard and on any other major capital schemes in their area will continue to take place.

10.3 Consultations on the Council Housing Capital Investment Programme have and will continue to take place with BMBC Planning and Highways, Legal Services, Internal Audit and NPS Barnsley where appropriate.

11. Risk management issues

11.1 In preparing the draft budget for 2018/19 a number of risks have been identified which will require attention during the financial year. Risks have been identified where they would have a significant impact on the ability of the Council and Berneslai Homes to achieve the stated objectives and to ensure a balanced budget at the year-end.

(1) Welfare Reform

11.2 Rent collection rates in the first 6 months of 2017/18 continue to remain strong at 98.11% compared to 98.27% at the same point of time last year. This can be attributed to the excellent efforts in the rent collection team, their flexible approach in supporting tenants to downsize in order to reduce their financial commitments and the team being proactive in helping tenants to claim grants and benefits including discretionary housing payments.

11.3 Welfare Reform continues to be a major risk to the HRA Business Plan, in particular the reduced benefit cap implemented from November 2016 and, the full roll out of the digital Universal Credit (UC) service which went fully live in Barnsley in September 2017. In September 2016 Berneslai Homes were aware of 103 tenants who were in receipt of UC. By the end of September 2017 this had risen to 238 tenants with 79% of them being in rent arrears totalling £99,890.

11.4 In October this year the government dropped plans to cap housing benefit in the social housing sector at Local Housing Allowance (LHA) rates. The LHA caps which had been due to be introduced in April 2019 could have left tenants with a shortfall between housing benefits and rents due increasing the risk to rent collection levels.

11.5 The 2017 autumn budget statement has announced that the seven-day initial waiting period for processing of Universal Credit claims is to be scrapped. Therefore potentially this will have a positive impact on rent collection rates.

11.6 The annual provision for Bad Debts within the HRA Business Plan has been reviewed in light of the delays in the roll out of Universal Credit. The budget has been set at 1.5% of rental income in 2018/19 rising to 3% in 2019/20 to 2021/22 reducing to 2% thereafter. This reflects the impact of the roll out of Universal Credit and a return to more normal levels after.

(2) Treasury Management

11.7 With the introduction of self financing the HRA exposure to treasury management risk has significantly increased as the protection from increased interest rates provided by the previous Housing subsidy system has ceased. The Council's approach to managing treasury management risk is set out in the Treasury Management Strategy agreed annually as part of the budget process. The types of risk which are most relevant to the HRA are interest rate risk and refinancing risk.

11.8 In the 2018/19 budget variable rate loans previously included at 2% have been reduced to 1.5% rising to 2.0% in 2019/20. This does increase the interest rate risk and will need to be monitored closely.

(3) Right to Buy

11.9 The level of sales through the 'Right to Buy' is greater following Government changes which have made the scheme more attractive through increases to the amount of discount which tenants receive. The actual sales for 2016/17 were 198 compared to 40 sales in 2011/12. The estimate for 2017/18 is 200 and 2018/19 is 215. The first call against the receipt from each **additional** sale is to meet the debt for that property taken on under the self financing regime. Yet increased sales through 'Right to Buy' still places a burden on the 30 year plan due to the loss of economies of scale, difficulties in downsizing to match new lower income levels and potential restructuring costs. Maintaining stock levels by taking advantage of acquisition and new build opportunities will mitigate against this risk and provide homes for people in housing need.

(4) 1-4-1 Receipts

11.10 1-4-1 receipts are generated from the sale of Council dwellings through Right to Buy (RTB) sales. 1-4-1 receipts can be used to invest in eligible new build schemes and acquisitions but can only represent 30% of the total cost of a scheme, 70% is required from the HRA Reserves Fund. If RTB numbers increase the amount of 1-4-1 receipts increases requiring further match funding. 1-4-1 receipts are returned to the Government if they are not spent within 3 years of receipt.

(5) High Value Sales

11.11 The Housing and Planning Act 2016 introduced the 'Right to Buy' for Housing Association tenants. To fund this scheme and compensate Housing Associations for the loss of their housing stock the government plans to introduce an annual levy on Local Authority HRA's. The levy is payable regardless of any high value stock actually becoming vacant or being sold.

11.12 In 2015/16 HRA final accounts report (cab.15.6.2016/9) approval was given to earmark savings to mitigate against the impact of the Sale of High Value Voids avoiding the need to sell around 30 dwellings. The date of implementation of the levy and the scale of the levy are still unknown.

12. Glossary

Strategic Plan - This document sets out Berneslai Homes' priorities, planned outputs and targets for the coming year and is agreed with the Council.
HRA – Housing Revenue Account
Working Balance - The accumulated surplus (excess of income over expenditure) on the Housing Revenue Account
Earmarked Working Balance - Working Balance which is set aside to meet planned future expenditure
Unallocated Working Balance - Working balance which is not set aside and is potentially available to fund priority additional expenditure items
PRIP - Property Repairs and Improvement Partnership
MRR - Depreciation Charges to the HRA are transferred to the Major Repairs Reserve pending their use to fund capital schemes
Impairment Charges - these are made to reflect reductions in the value of assets due to changes in the physical condition of the property over and above normal wear and tear and reductions due to changes in market conditions. These charges can first be made against the revaluation reserve of the asset (if one exists). Charges in excess of the revaluation reserve have to be made to the income and expenditure statement.

13. List of appendices

Appendix A - Housing Revenue Account Draft Budget 2018/19
Appendix B - Major Variations
Appendix C - Development Proposals
Appendix D - Housing Capital Investment Programme 2018-23
Appendix E - Proposed 2018-19 Service Charge Increases

14. Background papers

14.1 Welfare and Work Act 2016

14.2 Housing and Planning Act 2016

14.3 Budget working papers containing exempt information - not available for inspection.

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Date December 2017

APPENDIX A

Housing Revenue Account - Draft Budget 2018/19

		2017/18 Original £	2018/19 Draft £
	INCOME		
1	Dwellings Rent	69,843,580	68,890,540
2	Non Dwellings Rents	371,480	360,560
3	Heating Charges	574,780	524,780
4	Other Charges for Services and Facilities	471,060	464,950
5	Contributions towards Expenditure	927,720	1,107,220
		72,188,620	71,348,050
	EXPENDITURE		
6	Repairs and Maintenance (including fees)	18,294,990	18,811,460
7	Supervision,Management & Special Services	2,737,070	2,667,290
8	Management Fee	13,875,060	13,705,270
9	Rents, Rates, Taxes and Other Charges	201,300	246,250
10	Increased Provision for Doubtful Debts	1,047,650	1,033,360
11	Depreciation & Impairment of Fixed Assets	12,027,970	14,456,800
12	Debt Management Costs	94,580	96,000
		48,278,620	51,016,430
13	**Net Cost of Services**	**-23,910,000**	**-20,331,620**
14	Interest Payable and similar charges	10,635,600	10,629,720
15	Amortised Premiums and Discounts	77,570	77,570
16	Investment Income	-107,230	-89,280
17	**Net Operating Expenditure**	**-13,304,060**	**-9,713,610**
	Appropriations		
18	Transfer to/from Major Repairs Reserve	8,907,170	6,870,380
19	Revenue Contribution to Capital	7,819,640	15,809,200
20	Debt Repayment	2,028,530	2,109,680
21	**Base Budget**	**5,451,280**	**15,075,650**
22	Use of (-) / Contribution to Working Balance	-7,819,640	-16,126,260
23	Set Aside for Additional New Build	2,368,360	0
24	2018/19 Development Proposals-Management Fee		73,110
25	2018/19 Development Proposals - Repairs		977,500
26	**Surplus (-) /Deficit to be Financed**	**0**	**0**

APPENDIX B

Housing Revenue Account - Draft Budget 2018/19

	ITEM	£	£
1	**2017/18 BUDGET**		5,451,280
2	**ADD VARIATIONS**		
3	Increase in Revenue Contribution to Capital	7,989,560	
4	1% Rent Decrease	953,040	
5	Increase in the transfer to the major repairs reserve re depreciation in line with the Self Financing Settlement	354,020	
6	Debt Repayment in line with approved Council Debt Repayment Policy	81,150	
7	Repairs & Maintenance 3% inflation	383,970	
8	Decrease in Management Fee	-169,790	
9	Increase in NPS Fees - PRIP Tender Costs	130,000	
10	Other Variations	-97,580	
11	**TOTAL VARIATIONS**		9,624,370
12	**2018/19 DRAFT BASE BUDGET**		**15,075,650**

Housing Revenue Account - Draft Budget 2018/19

	DEVELOPMENT PROPOSALS	2018/19 Expenditure £	Full Year Effect £
	HRA		
1	Domestic Electrical Testing	700,000	150,000
2	Domestic Legionella Risk Assessments *	277,500	277,500
3	**Sub-Total**	**977,500**	**427,500**
	Berneslai Homes Management Fee		
3	Person Centered Fire Risk Assessments	16,340	16,340
4	Mental Health Support Workers	56,770	56,770
5	**Sub-Total**	**73,110**	**73,110**
6	**Net Cost to HRA**	**1,050,610**	**500,610**

* It is proposed that the risk assessments are carried out every 3 years

Housing Capital Investment Programme 2018-23

		2018/19 £M	2019/20 £M	2020/21 £M	2021/22 £M	2022/23 £M	TOTAL £M
	Expenditure:						
	Core Programme:						
1	Barnsley Homes Standard	18.178	13.954	14.176	18.368	15.237	79.913
2	Heating Works	1.258	1.070	1.097	1.124	1.146	5.695
3	Replacement Items	1.526	1.539	1.587	1.636	1.669	7.957
4	Major Adaptations	2.040	2.007	2.097	2.150	2.193	10.487
5	Structural Extensive Works	1.650	1.686	1.785	1.758	1.793	8.672
6	Other	0.823	0.514	0.526	0.538	0.548	2.949
	Added Value Investment:						
7	Housing Reserve Fund	4.830	4.900	3.894	0.000	0.000	13.624
8	New Build	3.554	0.556	0.000	0.000	0.000	4.110
9	Acquisitions	2.873	1.163	0.443	0.000	0.000	4.479
10	**Total Expenditure**	**36.732**	**27.389**	**25.605**	**25.574**	**22.586**	**137.886**
	Resources:						
12	Major Repairs Reserve	19.043	19.877	20.372	24.662	21.670	105.624
13	Capital Receipts	0.689	0.702	0.702	0.714	0.714	3.521
14	1-4-1 Capital Receipts	1.163	1.163	0.443	0.000	0.000	2.769
15	Revenue Contribution to Capital *	10.979	0.729	0.194	0.198	0.202	12.302
16	HRA Reserve Funding	4.830	4.900	3.894	0.000	0.000	13.624
18	Other	0.028	0.018	0.000	0.000	0.000	0.046
19	**Total Resources**	**36.732**	**27.389**	**25.605**	**25.574**	**22.586**	**137.886**

Proposed 2018/19 New Build Service Charges

Location	Current Charge £	Proposed Charge £
Vernon Crescent	2.70	2.51
Lidgett Close	6.02	6.33
Halifax Street	4.53	4.78
Roy Kilner Road	2.66	2.22
Huddersfield Road – Flat 1	0.93	0.58
39 Huddersfield Road Flats 2-5	1.17	0.58