

## BARNSELY 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 PLACE &  
EXECUTIVE DIRECTOR CORE / S151 OFFICER  
TO CABINET, 12 JANUARY 2022

### HOUSING REVENUE ACCOUNT – DRAFT 2022/23 BUDGET & INVESTMENT PROPOSALS 2022-27

#### 1) Purpose & Introduction

1.1 This report summarises the proposed HRA Medium Term Financial Strategy, the revised HRA Reserves Strategy, the 2022/23 HRA draft budget and the 2022/23 through 2026/27 Housing Capital Investment Programme.

#### 2) Context & Strategic Overview

2.1 This report provides the 2022/23 update of the Housing Revenue Account (HRA) Business Plan and the 2022/23 revenue budget for the HRA.

2.2 The business plan and budget has focussed on combining the Council's strategic priorities and working with Berneslai Homes to ensure that the Council's regulatory requirements are satisfied.

2.3 The HRA Investment programme identifies resources for Housing Growth, the decarbonisation agenda and investing in further health and safety measures including fire safety improvements.

2.4 Resources have also been identified to deliver improvements to our tenants' homes to make sure they continue to be well maintained.

#### 3) Recommendations

3.1 It is recommended that Cabinet:

- (i) note the HRA Medium Term Financial Strategy (MTFS) as set out in Section 4;
- (ii) approve the Housing Revenue Account Draft Budget for 2022/23, as outlined in Section 5, including the proposed revenue investments and savings, as outlined in Section 6, with any final amendments being delegated to the Cabinet Spokesperson for Place and the Executive Director for Place in consultation with the Cabinet Spokesman for Core Services and the Service Director - Finance (S151);
- (iii) approve a rent increase of 4.1%, in line with the Government's rent setting policy;
- (iv) note that there is no proposed change to non-dwelling rents, service charges and district heating charges for 2022/23;
- (v) approve the 2022/23 Berneslai Homes Management Fee at paragraph 7.11, with any final amendments delegated to the Cabinet Spokesperson for Place and the Service Director, Regeneration & Culture in consultation with the Cabinet Spokesman for Core Services and the Service Director - Finance (S151);
- (vi) approve the 2022/23 Berneslai Homes Management Fee for both Gypsy & Traveller Sites and in respect of the European Social Fund (ESF) Grant, both of which are charged to the Authority's General Fund, detailed at paragraph 7.12;

- (vii) approve in principle, the proposed emerging capital priority schemes as detailed in Section 8, subject to individual reports as appropriate, in line with the Council's governance arrangements;
- (viii) approve the Core Housing Capital Investment programme for 2022/23 and that the indicative programme for 2023/24 through 2026/27, outlined in Section 8, be noted;
- (ix) note that a further report will be submitted outlining the Council's energy efficiency and de-carbonisation plans for its housing stock;
- (x) resolve to recommend to full Council.

#### 4) Medium Term Financial Strategy & HRA Reserves Strategy

##### Medium Term Financial Strategy (MTFS)

- 4.1 On 13<sup>th</sup> January 2021, the Council set a balanced HRA budget for 2021/22 and a framework for delivering a balanced budget in 2022/23. Table 1 describes the movement in the financial position from the previously reported baseline MTFS as described above, including the impact of the review of key assumptions that underpin both key expenditure lines and income streams, together with updates in respect of previously agreed decisions and other fixed and ongoing costs. **Recommendation i) refers.**

**TABLE 1: HRA MTFS Position 2022-24**

	2022/23 £M	2023/24 £M	Comments
<b>Initial (Surplus) / Gap as at Jan 21</b>	<b>(0.094)</b>	<b>(0.644)</b>	
Rental Income	(1.746)	(2.425)	4.1% in 22/23 compared to 2.0% estimated in Jan 21, plus estimated stock numbers higher than originally anticipated
District Heating Charges	0.080	0.160	Policy Decision during 21/22 to reduce charge to tenants
Repairs & Maintenance	0.414	0.402	Change in CPI Assumptions - 3.1% compared to 1%, 23/24 compounded effect of 22/23 increase
Provision for Bad Debts	0.053	0.073	Additional provision given increase in rents - % same
Other Costs	0.008	0.011	Other
Contribution to Capital	(0.213)	(0.284)	Reduction in capital requirement as result of change in component data & revised PRIP prices
Other Supervision, Management & Special Services	(0.065)	(0.011)	No inflation charged in 22/23, compared to 1% anticipated in Jan 21, savings proposed (£0.115M)
Repairs & Maintenance – Investments	1.202	1.402	Compliance & regulatory investment
BH Management Fee – Investments	0.222	0.035	Proposed investments
BH Management Fee – Inflationary Effects	0.139	0.281	Difference in CPI estimated in Jan 21 and actual requirement
<b>Revised (Surplus) / Gap as at Jan 2022 Post Efficiencies / Investments</b>	<b>-</b>	<b>(1.000)</b>	

- 4.2 The movement in the HRA position in 2022/23 is primarily as a result of the proposed increase in rents of 4.1%, compared to an assumed 2% in January 2021. This increase in resources is offset by the CPI rate being significantly higher than expected, at 3.1% (compared to an estimated 1% in January 2021). A significant level of HRA expenditure is contractually linked to this rate, therefore the costs of repairs and maintenance for example, have exceeded previous estimates. It should also be noted that this position includes £1.2M in 22/23 and a further £0.2M in 23/24, of required investments in respect of the Council's regulatory obligations.

- 4.3 It is proposed to increase rents to tenants as per the Government's Rent Policy (CPI+1%), ergo 4.1%.

## **5) Housing Strategy & Approach**

- 5.1 The Council's strategic approach for investment in its housing services, mirrors the approach for general fund services, as agreed in the Council's Capital Investment Strategy and tracks the principles outlined in the Capital Investment Programme 2022/23 and External Funding Strategy (Section 8 refers). Available resources are identified over the medium term with housing priority proposals being submitted for consideration. This allows a more effective, robust, and consistent planning process together with maintaining a flexible approach in respect of addressing emerging issues.
- 5.2 A business planning workshop was held in September 2021 between the Council and Berneslai Homes with the aim of identifying key priorities and the overall strategic direction of the HRA moving forwards.
- 5.3 Strategic investment priorities were agreed which focussed on ensuring Regulatory Compliance alongside wider priorities such as, zero carbon and housing growth, which can be found in Sections 6 and 8 respectively.
- 5.4 The strategy and approach for defining longer term priorities will now be considered collaboratively as part of the Council's emerging 2030 Place Based Plan including subsequent updates to both the Council's and Berneslai Homes' corporate plans.
- 5.5 Officers within the Council and Berneslai Homes are working closely to develop a Sustainability Strategy; to include the development of a suite of costed retrofit options to improve the efficiency of our housing stock across the borough. This involves a commission with Savills, who are reviewing all property types within our stock portfolio and producing retrofit options to address both the energy efficiency of our homes and ways in which we can implement renewable solutions which remain cost effective for tenants. Current retrofit programmes are focussing on a fabric first approach to efficiency and are targeting properties with households experiencing fuel poverty and/or with energy performance below an EPC C rating in the first instance; aligned to the Government's Fuel Poverty Strategy and funding initiatives (Social Housing Decarbonisation Fund). The retrofit work will also include a review of the district heating systems where there is the potential to improve energy efficiency and reduce carbon emissions. Any changes to heating systems will be in full consultation with residents and be assessed to ensure that they are promoting a 'just transition' to net zero carbon targets in line with the Council's Sustainable Energy Action Plan.

## **6) Revenue Investment Proposals**

- 6.1 In line with the strategy outlined in Section 5, and within the financial context explained in Section 4, a number of revenue investment proposals have been identified by both Berneslai Homes and Council Services for consideration.
- 6.2 These proposals have been assessed in line with the agreed process (per Section 5) ensuring that resources are aligned to the Council's housing and other strategic priorities. The investments prioritised for consideration are summarised in Table 2. Further information is available on request. **Recommendation ii) refers.**

**TABLE 2: HRA Revenue Investment Priorities 2022-24**

Permanent Revenue Investment Proposals	2022/23 £M	2023/24 £M	Investment Theme
HRA 1 – 3 <sup>rd</sup> Party Assurance Compliance	0.150	0.150	Repairs & Maintenance - Regulatory
HRA 2 – Sump Pump Inspection Programme	0.015	0.015	Repairs & Maintenance - Best Practice
HRA 3 – Water Testing / Gas Servicing	-	0.200	Repairs & Maintenance - Regulatory
HRA 4 – Structural Surveys 3 x High Rise	0.030	0.030	Repairs & Maintenance - Regulatory
HRA 5 – Stock Condition Surveys	0.152	0.152	Repairs & Maintenance - Best Practice
HRA 6 – EPC Testing	0.110	0.110	Repairs & Maintenance - Best Practice
HRA 7 – General Compliance e.g. Provision of Smoke / CO Alarms	0.744	0.744	Repairs & Maintenance - Regulatory
HRA 8 – BMBC Client Liaison Officer	0.056	0.056	GF Charges - Client Review
HRA 9 – BMBC Client Admin Support	0.010	0.010	GF Charges - Client Review
<b>Sub Total – Investments</b>	<b>1.267</b>	<b>1.467</b>	

## 7) Housing Revenue Account Proposed Budget

7.1 Table 3 shows the approved revenue budget for 2021/22 together with the proposed budget for 2022/23 and the indicative 2023/24 position, on the basis that the proposed revenue investments etc. are approved. The subsequent paragraphs provide further explanation of the key components of the budget, particularly where approval is required. **Recommendation ii) refers.**

**TABLE 3 - HRA Proposed Revenue Budget 2022-24**

	2021/22 Approved £M	2022/23 Draft £M	2023/24 Draft £M	Paragraph
<b><u>INCOME</u></b>				
Dwellings Rent	(70.688)	(73.533)	(75.300)	7.2 – 7.5
Non-Dwellings Rents	(0.361)	(0.361)	(0.368)	7.6 – 7.7
Heating Charges	(0.525)	(0.450)	(0.375)	
Other Charges for Services and Facilities	(0.465)	(0.465)	(0.465)	
Contributions Towards Expenditure	(1.057)	(0.911)	(0.849)	
	<b>(73.096)</b>	<b>(75.740)</b>	<b>(77.357)</b>	
<b><u>EXPENDITURE</u></b>				
Repairs and Maintenance (Including Fees)	18.976	20.696	20.707	
Berneslai Homes' Management Fee	13.266	13.760	13.849	7.8 – 7.11
Other Supervision, Management & Special Services	6.613	6.604	6.715	7.14
Rents, Rates, Taxes and Other Charges	0.257	0.265	0.270	
Provision for Doubtful Debts	2.269	2.207	2.259	
Depreciation of Fixed Assets	12.383	12.383	12.383	
Debt Management Costs	0.100	0.103	0.105	
	<b>53.864</b>	<b>56.018</b>	<b>56.288</b>	
<b>Net Cost of Services</b>	<b>(19.232)</b>	<b>(19.722)</b>	<b>(21.069)</b>	
Interest Payable and Similar Charges	11.256	11.256	11.256	
Investment Income	(0.057)	(0.057)	(0.057)	
<b>Net Operating Expenditure</b>	<b>(8.033)</b>	<b>(8.523)</b>	<b>(9.870)</b>	
<b><u>Appropriations</u></b>				
Transfer to/from Major Repairs Reserve	7.887	8.523	8.870	
Revenue Contribution to Capital	0.146	-	-	
<b>Base Budget</b>	<b>-</b>	<b>-</b>	<b>(1.000)</b>	

## Dwelling Rents

- 7.2 The Government has previously confirmed that, from 2020/21, dwelling rents can be increased in line with CPI inflation (Consumer Price Index), plus 1% for the 5-year period through to 2024/25.
- 7.3 The rate of CPI as at September 2021 was 3.1%. It is proposed that dwelling rents will be therefore increased in 2022/23 by **4.1%** in line with the Government's rent policy. **Recommendation iii) refers.**
- 7.4 The proposed average rents for the various types of properties, for 2022/23 are shown in Table 4.

**TABLE 4: Average Rent by Property Type**

Property Type	Number of Bedrooms	Average Rent per Week (Based on 48 Weekly Bills)	
		2021/22 £	2022/23 £
Bedsit	0	60.71	63.20
Flat	1	70.56	73.45
	2	79.14	82.38
	3	85.06	88.55
Bungalow	1	71.87	74.82
	2	82.02	85.38
	3	96.39	100.34
	4	124.79	129.91
House	1	74.46	77.51
	2	82.10	85.47
	3	87.66	91.25
	4	95.14	99.04
	5	106.58	110.95
	6	123.25	128.30
Maisonette	3	88.40	92.02
<b>OVERALL AVERAGE WEEKLY RENT</b>		<b>81.76</b>	<b>85.11</b>

## Non-Dwelling Rents, Service Charges and Heating Charges

- 7.6 The Council's finance team conducted a review of the Sheltered / Communal Housing District Heating Charges in August 2021 in the context of rising energy prices and the impact on tenants.

The review proposed revisions to the methodology for calculating the district heating KWH tariff chargeable to tenants and as a result a reduction in the price to tenants of 3.1p to 6.4p per KW-H from 1st September 2021, which represents an average saving of £134 per annum for each tenant.

Cabinet approved the revisions to the charging methodology (Cab.17.11.2021 refers)

- 7.7 The Council also recognises that there have not been any increases to the current level of non-dwelling rents and service charges respectively over the past few years. As a result of the Covid pandemic and the significant impact that it has had on people's incomes, it is therefore proposed that no changes are applied to the current level for the 2022/23 financial year. **Recommendation iv) refers.**

## Berneslai Homes Management Fee

- 7.8 The proposed Berneslai Homes Management Fee in respect of the HRA is estimated at £13.760M for 2022/23 and indicatively £13.849M in 2023/24 as detailed in Table 5.

**TABLE 5: Berneslai Homes HRA Management Fee**

	2022/23 £	2023/24 £
<b>BH HRA Management Fee Bfwd</b>	<b>13,266,082</b>	<b>13,760,082</b>
<b><u>Fixed / Ongoing Costs</u></b>		
Pay Increments/ Pay Award (2%)	151,000	275,202
National Insurance Increase (1.25%)	70,000	-
CSC's / Inflation	42,000	-
Reduced Cashflow – Interest	10,000	-
	<b>273,000</b>	<b>275,202</b>
<b><u>Investment &amp; Other Policy Decisions</u></b>		
Lettings Policy Implementation	66,000	(66,000)
Income Services Modernisation	155,000	(120,000)
	<b>221,000</b>	<b>(186,000)</b>
<b>Proposed BH HRA Management Fee</b>	<b>13,760,082</b>	<b>13,849,284</b>

## Berneslai Homes Investments

- 7.9 The revised Lettings Policy, which has been formally approved by Cabinet, will require all current housing applicants to be reassessed and subsequent amendments made to the appropriate system to take account of the new policy. This is a significant change management process with approximately 8,000 customers affected. Ensuring that people are adequately and appropriately housed is a major factor in people's health and wellbeing which ensures housing is allocated to those most in need while supporting sustainable and balanced communities.
- 7.10 The modernisation of Income Services will ensure that there are earlier contacts with customers who have missed rent payments so that appropriate interventions and/or support is in place. Earlier interventions are less costly by avoiding escalation and potential court costs as well as providing the access to the right support at an earlier stage which supports the ambitions of Healthy Barnsley by seeing fewer people living in poverty.
- 7.11 On the basis that the proposed investments and efficiencies are approved, the BH management fee has been increased overall by a total of £0.494M from the 2021/22 fee, predominately as a result of the new investments proposed and payroll inflationary increases. The 2022/23 proposed management fees therefore totals £13.760M. **Recommendation v) refers.**
- 7.12 In addition to the proposed management fee charged to the HRA as per Table 5, Berneslai Homes also propose to charge the Council's General Fund in respect of two specific items which are described below:
- for the management of the Gypsy & Traveller sites in the Borough, which totals a proposed £0.072M for 2022/23 (£0.066M in 2021/22);
  - The Council and Berneslai Homes have been successful in securing European Social Fund (ESF) grant for two employment support projects, "Sector Routeways" and "Tenants First". The cost of the two projects are split between the two respective organisations. The Berneslai Homes' element is transferred to the Council's General Fund via the management fee with the Council receiving the full grant entitlement. The expected cost to Berneslai Homes totals £0.151M in 2022/23 (£0.134M in 2021/22).

**Recommendation vi) refers.**

- 7.13 Therefore, the proposed Berneslai Homes Management Fee to the Council in totality for 2022/23 totals £13.983M.

Other Supervision, Management & Special Services

- 7.14 The HRA is charged for its share of General Fund services that it consumes in providing services to tenants. The proposed changes are shown in Table 6.

**TABLE 6: Other Supervision, Management & Special Services Budget 2022-2024**

	2022/23 £	2023/24 £
<b>Other Supervision, Management &amp; Special Services Bfwd</b>	<b>6,612,963</b>	<b>6,603,968</b>
<b><u>Fixed / Ongoing Costs</u></b>		
Inflation on General Fund Services	-	111,710
	-	<b>111,710</b>
<b><u>Investment &amp; Other Policy Decisions</u></b>		
BMBC Client Liaison Officer	56,500	-
BMBC Client Admin Support	10,000	-
Other BMBC Housing Pressures	39,505	-
	<b>106,005</b>	-
<b><u>Savings Proposals</u></b>		
16-17 Year Old Supported Housing	(115,000)	-
<b>Proposed Other Supervision, Management &amp; Special Services</b>	<b>6,603,968</b>	<b>6,715,678</b>

Efficiency Programme

- 7.15 As part of the Council's review of the 30 year HRA business plan, it is proposed to introduce an efficiency programme across the medium term financial strategy period, which is designed to drive efficiency within the HRA, encompassing a holistic approach that covers the full complement of HRA budgets, both capital and revenue in nature, including reviewing how the available resources are deployed. These efficiencies will allow key resources to be used on key investments in the Council's housing stock across the period and beyond.
- 7.16 The Berneslai Homes Value for Money (VFM) Strategy sets out the commitment to achieving VFM. The key aim of the strategy is to provide cost effective services that give a high level of customer satisfaction and maximise the resources available. Over the past 5 years, Berneslai Homes has identified £0.932M savings in respect of the management fee charged to the HRA, through restructures and zero-based budget reviews.

**8) 2022 - 27 Council Housing Investment Programme**

- 8.1 A fundamental review of existing HRA reserves has been undertaken by the Council's S151 Officer and a reprioritisation exercise completed, which reflects the current risk environment within the HRA. Furthermore, the S151 Officer has released a further £0.5M of resources to support future capital investment. The total level of resources therefore identified for investment purposes, totals **£11.447M**. Appendix 1 outlines the Council's HRA Reserves Strategy and provides details of the reprioritisation exercise.
- 8.2 The Council's Housing Capital Investment Programme consists of two components:
- **Housing Growth / Added Value** – These capital programmes relate to supplementary, added value investment in both the Council's housing stock and housing related activities; and

- **The Core Programme** – These capital programmes relate to maintaining the housing stock at decency, including reactive replacements and elemental works together with a number of supplementary capital programmes relating to works on adaptations and major structural works etc.

### Housing Growth / Added Value

- 8.3 A number of capital investment proposals have been submitted by both Berneslai Homes and Council officers for consideration in line with the agreed process at Section 5. The investments prioritised at this stage, and requiring approval are summarised in Table 7, with further information available on request. **Recommendation vii) refers.**

**TABLE 7: Capital Investment Priorities 2022 – 2027 (Subject to Approval)**

<u>Theme</u>	<u>Investment Proposal</u>	<u>TOTAL £M</u>
Existing Commitments	Increased cost of Sprinklers - Fire Safety	<b>0.350</b>
Existing Commitments	Increased cost of Berneslai Close	<b>0.346</b>
Existing Commitments	Increased cost of Billingley View	<b>0.269</b>
Existing Commitments	Barnsley Road – Refurb	<b>0.045</b>
Existing Commitments	Capital Contingency	<b>1.500</b>
Regulatory	Fire Safety Budget - High Rise in Scope Buildings	<b>1.500</b>
Regulatory	Spandrel Panels	<b>0.600</b>
Regulatory	Asbestos Removal Aldham House & Royston	<b>0.600</b>
Regulatory	Mapplewell Floor Replacement Programme	<b>0.900</b>
Regulatory	Water Ingress 3 X High Rise	<b>0.150</b>
Regulatory	Flood Works Stacey Crescent	<b>0.050</b>
Zero Carbon Initiatives	SHDF Match *	<b>0.437</b>
New Build / Acquisition	Goldthorpe Market Phase 1	<b>1.700</b>
New Build / Acquisition	Goldthorpe Pre-1919 Housing Strategy	<b>3.000</b>
	<b>2023/24 Capital Investments</b>	<b>11.447</b>

\* The Council has already set aside £0.563M for SHDF Match, as part of previous budget rounds, totalling £1.000M.

- 8.4 The schemes above have been included in Table 8 and are subject to formal approval.
- 8.5 The schemes that have, at this stage, been deferred, will form part of the Council’s pipeline of schemes moving forwards in line with the Council’s Capital Investment Strategy and External Funding Strategy, whereby should any further resources be identified, then these schemes will be considered accordingly.

### The Council’s Core Investment Programme

- 8.6 The Council’s Decency Programme relates to the capital replacement of components [kitchens, bathrooms, heating systems, windows, external doors etc] within the Council’s housing stock, thereby maintaining the Barnsley Homes Decency Standard and thus the regulatory requirements to meet the Decent Homes Standard from the Regulator of Social Housing. Investment in the council housing stock ensures that properties remain lettable, and the rental income ensures the viability of the HRA. In terms of 2022/23, c.1,200 dwellings will be maintained at decency with the associated resources set aside totalling £14.006M. **Recommendation viii) refers.**
- 8.7 The Council also plans a series of supplementary investment works to support the Core Decency Programme in respect of supporting district heating networks, funding major adaptations to properties, providing works to void properties to bring them up to standard, and more fundamental structural works that are required to the Council’s housing stock. The investment proposed for 2022/23 totals £5.102M. **Recommendation viii) refers.**

- 8.8 Berneslai Homes have cleansed the PIMMS asset management data, which is used to measure the condition of the HRA stock, assist in financial planning in respect of how the Council invests in its assets and ensures that all of the properties are safe and healthy properties for our tenants. Furthermore, as part of the suite of revenue investment proposals detailed at Table 2 in Section 6, HRA 3 Stock Condition Surveys & HRA 5 EPC Testing will contribute towards the improvement of the asset data, ensuring that it is continuously improved over time which will yield a more effective approach to future investments in the housing stock in respect of Decency, Zero Carbon and statutory / regulatory requirements and that the Council's strategies are achieved.
- 8.9 Table 8 summarises the capital investment into the housing stock, including both the Core Programme and Housing Growth, and shows the funding stream proposed to fund these programmes.
- 8.10 Members should note that the capital programme for approval, as part of these budget proposals, totals £30.555M and is shown in the yellow column in Table 8, including the £11.447M Investment's proposals as outlined in Table 7.

**TABLE 8: Council Housing Investment Programme 2022 - 2027**

	2021/22 £M	Existing 2022/23 £M	For Approval 2022/23 £M	Indicative				TOTAL (inc. 2021/22) £M
				2023/24 £M	2024/25 £M	2025/26 £M	2026/27 £M	
<b>Expenditure: Core Programme:</b>								
1 Barnsley Homes Standard (inc. Replacement Items)	19.826	-	14.006	14.393	14.793	15.209	15.640	93.867
2 Heating Works	0.540	-	0.781	0.781	0.781	0.781	0.781	4.445
3 Major Adaptations	2.546	-	2.007	2.007	2.007	2.007	2.007	12.581
4 Structural Extensive Works	1.685	-	1.685	1.685	1.685	1.685	1.685	10.110
5 Other	0.944	-	0.629	0.629	0.629	0.629	0.629	4.089
	<b>25.541</b>	-	<b>19.108</b>	<b>19.495</b>	<b>19.895</b>	<b>20.311</b>	<b>20.742</b>	<b>125.092</b>
<b>Housing Growth Investment:</b>								
6 New Build	9.514	-	4.969	-	-	-	-	14.483
7 Acquisitions / Conversions	3.789	-	0.045	-	-	-	-	3.834
8 Regulatory / Compliance	0.967	0.867	4.150	-	-	-	-	5.984
9 Zero Carbon Initiatives	0.487	0.813	0.437	0.250	0.250	-	-	2.237
10 Other Housing Growth	2.067	1.195	1.846	1.195	-	-	-	6.303
	<b>16.824</b>	<b>2.875</b>	<b>11.447</b>	<b>1.445</b>	<b>0.250</b>	-	-	<b>32.841</b>
<b>11 Total Expenditure</b>	<b>42.365</b>	<b>2.875</b>	<b>30.555</b>	<b>20.940</b>	<b>20.145</b>	<b>20.311</b>	<b>20.742</b>	<b>157.933</b>
<b>Resources:</b>								
12 Major Repairs Reserve	(25.602)	-	(19.108)	(19.495)	(19.895)	(20.311)	(20.742)	(125.153)
13 Capital Receipts	(0.657)	-	(0.962)	-	-	-	-	(1.619)
14 1-4-1 Capital Receipts	(2.578)	-	-	-	-	-	-	(2.578)
15 HRA Reserves	(7.443)	(2.875)	(9.004)	(1.445)	(0.250)	-	-	(21.017)
16 Grants & Contributions	(6.082)	-	(1.481)	-	-	-	-	(7.563)
17 RCCO	(0.003)	-	-	-	-	-	-	(0.003)
<b>18 Total Resources</b>	<b>(42.365)</b>	<b>(2.875)</b>	<b>(30.555)</b>	<b>(20.940)</b>	<b>(20.145)</b>	<b>(20.311)</b>	<b>(20.742)</b>	<b>(157.933)</b>

- 8.11 A full breakdown per scheme of the Council's current housing growth investment schemes (£32.841M in total) can be found at Appendix 2, which includes the 2022/23 investments that are subject to approval.

## **9. PROPOSAL AND JUSTIFICATION**

- 9.1 It is proposed that individual dwelling rents be increased by 4.1%, reflecting the allowable increase under the Government's rent policy. The capital programme is affordable over the five-year period and consistent with the Council's approved Housing Strategy.

## **10. CONSIDERATION OF ALTERNATIVE APPROACHES**

- 10.1 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.

## **11. IMPLICATIONS FOR LOCAL PEOPLE/SERVICE USERS**

- 11.1 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.
- 11.2 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.

## **12. FINANCIAL IMPLICATIONS**

- 12.1 These proposals set a balanced budget for 2022/23 with a framework to achieve a balanced position for 2023/24, including increasing rents to 4.1% which reflects the Government's rent policy of CPI + 1%.
- 12.2 The total estimated cost of the core capital programme (including 2021/22) is £157.9M and is affordable over this period.
- 12.3 In addition, there are proposals contained within the report totalling £11.4M of new investment in the Council house stock for 2022/23. The total estimated cost of the current Housing Growth Investment capital programme, including the £11.4M, totals £32.8M, which is to be funded by specific resources currently held within the HRA.
- 12.4 From these budget proposals, service provision to tenants and capital investment to maintain housing stock at decency levels have both been maintained.

## **13. EMPLOYEE IMPLICATIONS**

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

## **14. LEGAL IMPLICATIONS**

- 14.1 None

## **15. CUSTOMER AND DIGITAL IMPLICATIONS**

- 15.1 None

## **16. COMMUNICATIONS IMPLICATIONS**

- 16.1 Communications and Marketing will work in partnership with Berneslai Homes to communicate the outcomes of this report through their established channels.

16.2 Berneslai Homes will use their established channels to engage with their tenants who will be directly affected by the proposed capital works.

## **17. CONSULTATIONS**

17.1 Discussions have taken place with the Service Director – Finance (S151 Officer) and the Executive Director – Place.

17.2 Consultations have and will continue to take place with Berneslai Homes and tenants.

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

17.4 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.

## **18. APPENDICIES**

Appendix 1 – The HRA Reserves Strategy

Appendix 2 – Housing Growth Capital Programme

## **19. BACKGROUND PAPERS**

19.1 Welfare and Work Act 2016

19.2 Housing and Planning Act 2016

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

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## Appendix 1

### The HRA Reserves Strategy

- A1 A review of existing HRA reserves has been undertaken by the Council's S151 Officer and a reprioritisation exercise completed, reflecting the current risk environment within the HRA.
- A2 The HRA has accumulated reserves totalling £31.0M as at the end of the 2020/21 financial year, as reported in the Housing Revenue Account Final Accounts Report (Cab.16.6.2021/11 refers). (Table B refers).
- A3 Berneslai Homes Ltd has also accumulated a level of surpluses from previous few years. In 2018/19, the Council identified resources totalling £8.9M that were made available for Council and Berneslai Homes priorities.
- A4 Since that time, £3.4M has been incurred on those priorities, which leaves £5.5M remaining which has been fully prioritised against schemes identified as part of the 2021/22 budget setting process.
- A5 The Council also retains an element of the capital receipts that are generated from the sale of Council Houses. The Section 151 Officer has released a further **£0.5M** of these resources to support the housing capital investment programme from 2022/23.
- A6 The Council also receives Section 106 (S106) contributions from housing developers as part of the agreements to allow house building in the borough. The Council currently has restricted S106 funds of £3.3M specifically for housing purposes.
- A7 A review of existing housing schemes has been undertaken which has identified a number of schemes that are to be deprioritised, freeing up those resources for other priorities.

### Review of Existing Housing Priorities

- A8 The total available housing resources for capital investment are currently fully committed to a range of previously prioritised schemes.
- A9 During the 2021/22 financial year, a number of key strategic housing priorities have emerged which has resulted in the Council undertaking a fundamental review of both the committed housing resources and current investment commitments.
- A10 In respect of the review into resources, and as outlined above, the S151 Officer has prudently made available future capital receipts expected during the 2021/22 financial year totalling **£0.5M**.
- A11 The review of the current suite of investment priorities was undertaken and a number of schemes / investments that were yet to commence, are proposed to be deprioritised. These are shown in Table A below:

**TABLE A: Housing Capital Scheme Review**

Current Investment / Commitments	Value £M	Rationale
Resources Held Pending Review of Business Plan	3.0	The S151 Officer has prudently agreed to release these resources following the review of the Council's 30 year business plan
New Build Bungalows	0.4	The resources remaining following completion of the new build bungalows schemes.
HRA Surveyor – Revenue	0.1	Role not required. Assets recruited additional staff to work on RTB/Land sales/acquisition, so internal resource not a priority.
Increase Equipment & Adaptations Budget	1.0	Work managed in existing budget.
King Street	2.3	Build scheme deprioritised – complexities over allotment land adjacent and other site constraints prevented it being delivered. The site remains in an area of high affordable housing need and may come forward at a later date.
Goldthorpe Hotel Redevelopment	0.6	The renovation of this site is being progressed by the property owner.
Overdale	0.6	The costs of acquiring and building out this site did not present VFM for the Council due to acquisition costs, access requirements and unit numbers.
Laites Lane - Residual	0.4	The resources held over and above the required level for the Laites Lane development
Existing Acquisitions - Uncommitted	1.3	This budget can be managed due to it involving the acquisition of individual units – as such, it has been de-prioritised to allow for the acceleration of key regen schemes in Goldthorpe which have secured time limited match.
Energy Efficiency: Air Source Heat Pumps	1.1	These resources are deprioritised to allow the Council to focus its resources on the Social Housing Decarbonisation Fund bid
Other Minor Schemes	0.1	Other residual resources relating to a number of completed schemes
<b>GRAND TOTAL</b>	<b>10.9</b>	

A12 Following the deprioritisation of the above schemes, the availability of funding for the Council's housing priorities therefore totals **£11.4M**, as shown in Table B below.

**TABLE B: HRA Resources Position**

HRA Resources	Reprioritised Reserves As at 1 <sup>st</sup> April 2021	Current Commitments	Remaining for Consideration
	£M	£M	£M
<b>Resources Position:</b>			
<b><u>Housing Reserves</u></b>			
<i>Earmarked For:</i>			
Housing Growth Reserve	17.656	11.926	5.730
Welfare Reform Reserve	2.000	2.000	-
New Build Bungalows Reserve	0.354	-	0.354
Review of 30 Year Capital Plan	3.142	0.142	3.000
Electrical Testing	0.396	0.396	-
Slippage in Council's Repairs System	0.100	0.100	-
Repairs Slippage	0.273	0.273	-
Legal Fees	0.030	0.030	-
Minimum Working Balance	7.000	7.000	-
<b>Housing Reserves</b>	<b>30.951</b>	<b>21.867</b>	<b>9.084</b>
<b>Berneslai Homes Reserves</b>	<b>8.900</b>	<b>8.900</b>	<b>-</b>
<b>Capital Receipts</b>	<b>1.618</b>	<b>0.657</b>	<b>0.961</b>
<b>S106 Contributions</b>	<b>3.300</b>	<b>1.898</b>	<b>1.402</b>
<b>Total</b>	<b>44.769</b>	<b>33.322</b>	<b>11.447</b>

<b>APPENDIX 2 - Housing Growth Capital Programme</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>TOTAL</b>
<b>New Build</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Billingley View	2.435	-	-	-	-	-	2.435
Additional Cost of Billingley View	-	0.269	-	-	-	-	0.269
St Michael's Avenue	5.728	-	-	-	-	-	5.728
Laithes Lane	1.351	-	-	-	-	-	1.351
Goldthorpe Market Phase 1	-	1.700	-	-	-	-	1.700
Goldthorpe pre-1919 Housing Strategy	-	3.000	-	-	-	-	3.000
	<b>9.514</b>	<b>4.969</b>	-	-	-	-	<b>14.483</b>
<b>Acquisitions / Conversions</b>							
Acquisitions	2.806	-	-	-	-	-	2.806
Property Conversions	0.506	-	-	-	-	-	0.506
Empty Homes	0.477	-	-	-	-	-	0.477
Barnsley Road - Refurb	-	0.045	-	-	-	-	0.045
	<b>3.789</b>	<b>0.045</b>	-	-	-	-	<b>3.834</b>
<b>Regulatory / Compliance</b>							
Sprinkler Installation Scheme	0.867	0.867	-	-	-	-	1.734
Increased Cost of Sprinklers - Fire Safety	-	0.350	-	-	-	-	0.350
Fire Safety Works	0.100	-	-	-	-	-	0.100
Fire Safety Budget - High Rise in Scope Buildings	-	1.500	-	-	-	-	1.500
Spandrel Panels	-	0.600	-	-	-	-	0.600
Asbestos Removal Aldham House & Royston	-	0.600	-	-	-	-	0.600
Princess Street - Floor Replacement	-	0.900	-	-	-	-	0.900
Water Ingress 3 X High Rise / Flood Works Stacey Cres.	-	0.200	-	-	-	-	0.200
	<b>0.967</b>	<b>5.017</b>	-	-	-	-	<b>5.984</b>
<b>Zero Carbon Initiatives</b>							
Installation of Solar PV	0.250	0.250	0.250	0.250	-	-	1.000
Social Housing Decarbonisation - Match Funding	-	0.563	-	-	-	-	0.563
SHDF Match	-	0.437	-	-	-	-	0.437
LAD 2 - Match Funding	0.237	-	-	-	-	-	0.237
	<b>0.487</b>	<b>1.250</b>	<b>0.250</b>	<b>0.250</b>	-	-	<b>2.237</b>
<b>Other Housing Growth</b>							
Environmental Improvements	0.380	0.195	0.195	-	-	-	0.770
Affordable Warmth Boilers	0.030	-	-	-	-	-	0.030
Queens House	0.550	-	-	-	-	-	0.550
Feasibility	0.100	-	-	-	-	-	0.100
HRA Repairs System	-	1.000	1.000	-	-	-	2.000
Lang Avenue Flooding Resilience Works	1.007	-	-	-	-	-	1.007
Increased Cost of Berneslai Close	-	0.346	-	-	-	-	0.346
Capital Contingency	-	1.500	-	-	-	-	1.500
	<b>2.067</b>	<b>3.041</b>	<b>1.195</b>	-	-	-	<b>6.303</b>
<b>TOTAL - PER TABLE 8</b>	<b>16.824</b>	<b>14.322</b>	<b>1.445</b>	<b>0.250</b>	-	-	<b>32.841</b>
<b>2022/23 Proposals</b>							