



2021 - 2022

Draft 30 Year HRA Business Plan



HRA Business Plan 2021/22

Revenue



Welsh Government Rent Policy

- » New 5 year rent policy was announced by Welsh Government on 18th December 2019.
- » The policy is designed to ensure that affordability for tenants is at the core of our considerations.
- » When setting the rent uplift, landlords should consider value for money and the whole cost of living in a property as their rationale.
- » The rent policy settlement sets out the maximum rent that can be charged.

Inflation Policy

- » An annual rent uplift of CPI + 1% from the previous September each year (Sept 2020 was 0.5%)
- » Individual rents can be frozen or rise by up to an additional £2 over and above CPI+1%, on condition that total rental income collected by the social landlord increases by no more than CPI+1%
- » Overall HRA rental income in 2021/22 cannot exceed 1.5%

Proposed Rent Uplift 2021/22

- » An overall uplift of 0.68% to all tenants
- » Transitional uplift of £2 to tenants who are currently paying at least £3 under target rent
- » Applying the above inflation brings the overall rental income increase to 1.5% and is within WG guidelines.
- » The proposed uplift ensures no individual tenant will pay more than the maximum allowed under the policy
- » Continues to move towards readdressing the disparity between rents under and at target rent and seeks to make rent charges to all tenants more equitable
- » Gross rental income assumed at £37.384m in 2021/22



Welsh Government – Wider Rental Agreement

- » As part of the new rent policy LHA's also signed up to the following initiatives:
 - » Strengthen approaches designed to ensure we minimise all evictions and deliver on a new agreement not to evict into homelessness.
 - » Undertake a standardised tenant satisfaction survey and provide the data for publication on a central website to assist tenants in scrutinising and comparing landlord performance. Surveys to be carried out at least bi-annually.
 - » Build on our existing commitment to delivering high quality homes, with an aspiration that DQR 2020 space standards will apply across all tenures on a phased basis from 2021 on all of our new build sites.
 - » Work towards an aspiration that all new build housing, regardless of tenure, achieves energy efficiency standards of no less than EPC 'A' on sites which attract any Welsh Government funding from April 2021.

Service Charges

The WG rent and service charges policy expects all Local Housing Associations (LHA's) to be achieving full cost recovery for service charges. This position is consistent with the Councils overarching position which seeks to recover costs for those eligible services it provides to its customers.

In 2020/21, the weekly service charge prices were increased based on a 2-year step towards implementing full cost recovery, it is proposed to delay the final phased increase and freeze service charges for 2021/22 at current rates in order to:

- » Protect tenants from further increases whilst many are experiencing financial difficulty as a result of Covid-19
- » Undertake further work to ensure services are of a high standard and providing value for money.

Other Income

- » Proposed garage rent increase for 2021/22 of £0.20 per week. Taking garage rent per week to £10.03 (based on 52 weeks)
- » Proposed garage plot increase of £0.03 per week. Taking garage plot rent to £1.63 per week.
- » **The business plan anticipates income levels of £0.464m for garage and garage plots.**

Invest to Save Proposal

- » Proposed cost of Job Scheduling £0.400m
- » HRA holds a ring fenced reserve £0.326m for job scheduling as an invest to save.
- » Potential pressure of £0.074m included in pressures and efficiencies.

Proposed Pressures and Efficiencies

HRA Business Planning 21/22

Efficiencies/Use of one off funding

No	Section	Description	Recurring/ One Off	2021/22 £m	Narrative
1	All - Salaries	Change in pension costs	Recurring	(0.201)	Following Actuarial review 4% SuperAnn reduction
2	Repairs and Maintenance	Introduction of Job Scheduling for Responsive Repairs	Recurring	(0.038)	Efficiencies secured through maximising trades time
4	Landlord Services	Reduction in servicing costs	Recurring	(0.018)	Reduction in expected costs for 21.22
		Total Efficiencies to HRA		(0.257)	

Cost Pressures

No	Section	Description	Recurring/ Non-recurring	2021/22 £m	Narrative
1	All - Salaries	Increase in basic pay	Recurring	0.060	2.75% pay increase
2	Estate Management	Mobysoft Software	Recurring	0.065	New budget provision
3	Landlord Services	Streetscene Garden Contract	Recurring	0.030	Management fee for Streetscene
4	Management & Support	Health and Safety Officer	Recurring	0.053	Specific Housing support required
5	Rents	Water void costs	Recurring	0.067	Increase in budget to align with actual spend
6	Rents	Void rate at 2%	Recurring	0.066	BP void rate 1.75%, increase to 2% to reflect current trend
7	Rents	Garage voids	Recurring	0.053	Increase voids rate from 33% to 40%
8	Rents	Service charges held at 20.21 rates	One-off	0.068	A freeze in service charge increases for 1 year
9	Rents	Reduction in water commission	Recurring	0.042	Reduction in water commission from HelpU tenants
10	Repairs and Maintenance	Technical Support	Recurring	0.028	Business case completed by DP
11	Repairs and Maintenance	Initial IT costs - Job Scheduling	One-Off	0.074	Invest to Save
12	Repairs and Maintenance	Job Scheduling annual charges	Recurring	0.004	Annual licence/maintenance costs
		Total pressures to HRA		0.550	
		Net Revenue Pressure 2021/22		0.293	

Reserves

- » There is a requirement to hold a minimum level of reserves of 3% of expenditure. (circa £150 per unit)
- » It was agreed in the 2020/21 business plan that the HRA moves to a 4% reserve to balance risk in the business plan.
- » 4% of expenditure set aside as a reserve in the 2021/22 business plan is £1.443m (circa £205 per unit).
- » It is recommended that this is reviewed yearly in line with the HRA's proposed borrowing commitments and prudential debt indicators.

HRA Business Plan 2021/22

Capital and Investment

HRA Capital Investment

- » **The 2020/21 Business Plan agreed that investment in future years should focus on:**
 - » Completion of WHQS
 - » WHQS compliance
 - » Investment in new homes (circa 50 new homes built each year)
 - » Estate remodelling/regeneration
 - » Decarbonisation

Capital Programme

WHQS Programme

- » The Minister has agreed one year extension beyond the 2020 deadline for all stock retaining social landlords who have not been able to finalise programmes due to Covid-19.
- » The business plan will reflect the revised completion date of WHQS following the granting of the extension by WG.
- » The focus for 2021/22 is on envelope works such as roofing, windows and doors

- » **SHARP Programme**
 - » SHARP has delivered 149 social units to date.

Development of the Revised WHQS

- » The standard will not commence until January 2022 at the earliest.
- » Expectation that there will be two areas of significant change:
 - » Affordable warmth and carbon reduction
 - » Measurement and reporting – data collection under the new standard will not commence until after at least one year so we have a longer lead in time to develop and agree this in detail.
- » WG note that comprehensive, costed models for decarbonisation will not be in business plans. Instead, they recommend that this is flagged as a developing area and that we consider options in our sensitivity analysis

Capital Programme 2021/22

HRA Capital Programme	£'m
Investment Works	
Renewables / Alternative Technology	0.510
	0.510
WHQS	
Internal Works	5.818
Envelope Works	8.786
Externals	0.888
Total WHQS	15.493
Non WHQS	
Disabled Facility Grants (DFG) - Mandatory/ Minor Adaps	1.114
Asbestos	0.561
Fire Risk Assessments Work	0.541
General DDA Work	0.185
	2.401
Fees	
Capitalised salaries	1.037
	1.037
Regeneration of stock	
Estate remodelling	1.342
	1.342
	20.783
SHARP Programme	
Anticipated spend in 21/22	14.052
Total SHARP Programme	14.052
Total Capital Spend	34.835

HRA Capital Funding 2021/22

WHQS & Asset Investment Funding	£m
Major Repairs Allowance (MRA)	5.065
Revenue Contribution to Capital Expenditure (CERA)	13.167
Solar PV Feed in Tariff	0.275
Commuted Sums	0.074
Prudential Borrowing	2.202
Total	20.783
New Build Funding	£m
Prudential Borrowing	10.336
Capital Receipts	3.716
Total	14.052

Total Proposed Capital Funding of £34.835m