

Welwyn Hatfield Borough Council
Housing Revenue Account – Budget Changes 2025/26

Appendix G

<p>Dwelling rents - Increased income of (£0.446m)</p> <p>The rent has been increased in line with government guidance issued earlier this year. For 2025/26, this equates to an increase of 2.7% and takes the average actual rent to £134.88.</p> <p>Allowance has been made in the total estimated income for the decanting of properties for redevelopment, for the loss of properties due to right to buy and for increases in properties as a result of the Affordable Housing Programme.</p>
<p>Non-dwelling rents - Increased income of (£0.250m)</p> <p>Increased income is anticipated on this area linked to a higher number of properties being planned for use with temporary accommodation / hostels, along with inflationary increases on sheltered accommodation and service charge income.</p>
<p>Tenants Charges for Services and Facilities – Increased income of (£181k)</p> <p>Increased income is expected due to the completion of Fourways House and the start of service charges for this property. There is also increased income forecast from hostels and Independent Living service charges.</p>
<p>Leaseholder Charges for Services and Facilities – Increased income of (£38k)</p> <p>Where leaseholders are part of a block where works are undertaken, a proportion of these costs will be recharged to leaseholders. There is an increase expected in leaseholder charges mainly due to inflationary increases.</p>
<p>Repairs and maintenance – Increased expenditure of 1.418m</p> <p>There is growth of £1.2m for a new cyclical decorations programme and £140k for damp and mould surveys required, as well as inflationary contract increases.</p>
<p>Supervision and management – Increased expenditure of £332k</p> <p>Increased expenditure is largely driven by inflation on salaries and contracts.</p>
<p>Special services – Decreased expenditure of £231k</p> <p>There are savings on utilities costs within this area.</p>
<p>Rents, rates, taxes and other charges – Increased expenditure of £57k</p> <p>There is increased expenditure expected on council tax for several sites that are currently vacant, pending redevelopment or major upgrade works. These are now incurring council tax at double the usual rate due to being classified as being long-term vacant properties. This budget will decrease in future years once works are completed.</p>

Depreciation – Decreased expenditure of £0.873m

£0.873m increased depreciation charge. The depreciation charge to the HRA is a statutory charge based on the value of the Council's dwelling stock and it increases in line with its stock value. This charge is credited to the capital account (i.e., Major Repairs Reserve) and used towards funding the HRA capital programme and repayment of borrowing.

HRA Share of Corporate and Democratic Core – Increased expenditure of £11k

An increase of £11k in internal recharges following a review of core council budgets and recharges, a calculation has been undertaken to apportion costs to the HRA.

Interest payable and similar charges – Increased expenditure of £968k

There is a £917k increase to interest payable. Interest payable is calculated based on the Council's capital programme and prevailing interest rates, which includes financing and borrowing forecasts. These forecasts show a net increase to the HRA borrowing requirement which in turn increases the interest payable.

Revenue Contribution to Capital – Increased expenditure of £0.375m

There is a £0.375m decrease in the revenue contribution to capital. The balance on the HRA each year is contributed to support the capital expenditure programme, specifically the Affordable Housing Programme and repayment of existing borrowing. This is done to make best use of funds as well as minimise the borrowing requirement and associated costs. This amount will vary each year dependent on rent policy, scheduled loan repayments, depreciation charges and other factors.

The Council's Medium-Term Financial Strategy sets medium term minimum working balance on the HRA at 5% of turnover. The revenue contribution is therefore calculated as the difference between 5% of total income and all other items of income and expenditure.