

Welwyn Hatfield Borough Council
Housing Revenue Account – Budget Changes 2021/22

Appendix G

<p>Dwelling rents - Increased income of (£600k)</p> <p>The rent has been increased in line with government guidance and the councils rent policy, or CPI plus 1%. For 2021/22, this equates to an increase of 1.5% and takes the average actual rent to £109.01. 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>Properties with an integral garage used to receive a separate garage charge. These changes have now been incorporated into the total rental charge. This has led to an increase in the dwelling rent income, and an equivalent decrease to the non-dwelling rental income of around £159k.</p>
<p>Non-dwelling Rents – Decreased Income of £170k</p> <p>As outlined in dwelling rents above, integral garage charges have been consolidated into rental income. This has led to an increase in the dwelling rent income, and an equivalent decrease to the non-dwelling rental income of around £159k.</p>
<p>Leaseholders charges for services and facilities – Decreased income of £144k</p> <p>This is due to an expected reduction in major works chargeable to leaseholders. These major works charges will vary each year dependant on the major works programme and the proportion of leaseholders within blocks where works are undertaken.</p>
<p>Contribution towards expenditure – Decreased income of £145k</p> <p>The Council previously capitalised part of the cost of sales in relation to Right to Buy, and the credit of around £200k was included within this section. Due to the self-financing arrangement of the HRA, there is no benefit to the capitalisation of these costs, so this has now been ceased.</p>
<p>Repairs and maintenance – Decreased expenditure of £815k</p> <p>£782k decrease to responsive and planned repairs following analysis of historical spend requirements. This has been partly offset by contract inflation which is uplifted annually by September's inflationary figures.</p>
<p>Supervision and management – Increased expenditure of £403k</p> <p>There has been a requirement to have additional measures in place to ensure fire safety of Queensway House, which requires a fixed term growth of £140k.</p> <p>Salaries inflation and incremental progression for supervision and management equates to an increase of around £119k.</p> <p>Following on from the centralisation of training and development, recharges to the HRA have been amended, increasing this section by £90k.</p>
<p>Special services – Increased expenditure of £69k</p> <p>Salaries inflation, incremental progression and structural changes for special services equates to an increase of around £32k.</p>

The budget for utilities at hostels has been reviewed in line with actual costs incurred, leading to an increase in budget of £33k.

Depreciation – Increased expenditure of £125k

£125k 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.

Interest payable and similar charges – Increased expenditure of £388k

£388k increase to interest payable – The Council's capital programme, includes financing and borrowing forecasts. These forecasts show a net increase to the HRA borrowing requirement which in turn increases the interest payable.

Financing and investment income – Decreased income of £103k

The forecast for interest income has been reduced due to reducing interest rates available for the investment of funds, and a reducing reserve balances as right to buy receipts are reinvested into the development of new homes.

Revenue Contribution to Capital – Decreased expenditure of £385k

£385k decrease in 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, 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.