NORTH YORKSHIRE COUNCIL

EXECUTIVE

24 JANUARY 2023

HOUSING REVENUE ACCOUNT BUDGET 2023/24

Report of the Corporate Director - Resources

1.0 PURPOSE OF REPORT

1.1 For the Executive to:

a) Make recommendation to the Council regarding the Housing Revenue Account (HRA) budget for 2023/24

b) agree the rent increase to be applied for 2023/24 and recommend them to the Council for approval

1.2 For the Executive to note the need for the following items to be produced following vesting day for the new Council, in order to provide a medium-term framework within which this, and future, HRA budgets can sit:

a) Housing Strategy (including approach to management and development of internal housing stock through the HRA)

b) Medium Term Financial Plan for the HRA to cover at least a 3 year period

Many of the longer-term strategic priorities are addressed at a high-level later in this report.

2.0 INTRODUCTION AND CONTEXT

2.1 The Housing Revenue Account is a ring-fenced account within the Council's General Fund (GF). It records the income and expenditure arising from the provision of housing accommodation by local housing authorities.

2.2 North Yorkshire Council (NYC) will have an HRA, which will largely be formed from combining the HRAs previously held by the district/borough councils of Richmondshire, Selby and Harrogate. There are also a small number of properties that are currently held by the other authorities within North Yorkshire that will be included within the HRA for NYC.

2.3 A budget for the coming year must be set for the HRA in the same way that it must be for the Council's General Fund. Additionally, the increase that is to be applied to tenants' rent charges for the coming year must also be agreed.

2.4 Clearly NYC has not yet come into existence and the work in producing this report has been carried out by officers and Members who are involved in both Housing and Finance, largely those staff currently within district councils. LGR Transition workstreams for both Housing and Finance were created at an early stage, but the single council infrastructure is not yet in place and the Corporate Director for Community Development and Assistant Director for Housing posts both currently remain vacant. While much good progress has been made, it should be recognised that the following year will produce much greater clarity and more precise plans, including a more medium-term financial framework for the HRA and any associated Housing Strategy. This report must therefore be seen as part of the 'work in progress' for a longer term strategy, but it ensures that day one operational priorities are provided for, not least ensuring the safety and welfare of HRA tenants.

2.5 Based on the position at the three existing HRAs, the HRA for NYC will consist of the following properties (the numbers will change due to acquisitions and disposals that take place before 31 March 2023, but this is not expected to be significant):

Dwellings	Richmondshire	Selby	Harrogate	**Total**
Houses and bungalows	1,037	2,426	1,989	**5,452**
Flats and bedsits	435	578	1,805	**2,818**
Shared ownership	0	0	42	**42**
Hostel places	0	24	57	**81**
Total	**1,472**	**3,028**	**3,893**	**8,393**

In addition, there will be a small number of other properties that will transfer into the NYC HRA from currently non-HRA authorities. The work in relation to this is on-going and it is not anticipated that this will have any significant impact upon the overall HRA and therefore upon the issues being considered within this current report.

3.0 SELF-FINANCING

3.1 NYC's HRA will operate independently of any other HRA or central government. A national system of 'self-financing' was introduced in 2012. Prior to this, there was a subsidy system in place, whereby all HRAs nationally either received an annual subsidy payment from the government or made a payment to the government, depending upon their theoretical financial standing, as calculated by the government. However, the system was becoming unsustainable as the required payments calculated by government diverged further and further from the actual ability of HRAs to make those payments. Self-financing was brought in to replace the subsidy system and involved all HRAs either making a one-off payment to the government, or receiving a one-off payment.

3.2 The three NY HRAs were all required to make 'self-financing payments' to the Government on 28 March 2012 in order to 'buy themselves out' of the subsidy system. These totalled £148.9m and the only way that these could be funded was through external borrowing – all three HRAs borrowed from the Public Works Loan Board (PWLB) in order to fund the payments.

3.3 The borrowing taken out is being repaid to the PWLB on different timescales by each HRA. Unlike the General Fund, there is no requirement for the HRA to actually pay off the debt itself – although the cash must be physically paid to the PWLB when loans fall due, theoretically there is no need for the HRA to pay off the debt (i.e. it could take out a new loan or borrow internally). However, all three HRAs are making 'voluntary set aside' payments to fund the expenditure in stages, and therefore reduce the overall debt levels. As at 31 March 2022 the total outstanding debt balance was £101.7m, a £47.2m (32%) reduction in the debt outstanding since 2012.

3.4 A key element of the budget set out in section 4 below relates to these self-financing payments. Firstly, there are annual interest payments on the remaining outstanding loans. Secondly, there are the 'voluntary set aside' payments that are made to reduce the overall level of debt in line with the cash payments that are being made to repay the loans.

3.5 A breakdown of the currently planned set aside payments for each year, along with the remaining amounts of debt outstanding, is shown at **Appendix A**. It should be noted that whilst all three current HRA Business Plans make provision for the self-financing borrowing to be repaid, there are some differences in the planned approach – Selby had previously planned to pay off the debt over a 30 year period but due to significant investment requirements for its housing stock, this plan was extended from 2022/23 to match the terms of the loans actually taken, thereby releasing sums previously set aside, to support the capital programme. This approach could be adopted for the NYC HRA if required.

3.6 A review of the self-financing debt and the strategy for repayment alongside future stock investment needs will be considered as part of the development of the new consolidated HRA Strategy and Business Plan expected in 2023/24.

4.0 BUDGET SUMMARY

4.1 The approach to setting the budget for 2023/24 has been to take the budgets for 2022/23 and update them to reflect key factors.

4.2 A pay award of 6% has been included, in line with the Council's GF budget. Inflation has been applied where appropriate, primarily to utility budgets. In general, however, budgets have been maintained on an 'as is' basis.

4.3 A summary of the budget for 2023/24 is set out below:

Income	**£k**
Rents (Council Dwellings & Hostels)	38,080
Non-dwelling rents	423
Charges for services and facilities	1,128
Other income	637
Investment Income	1,114
Total income	41,382
Expenditure	
Repairs and Maintenance	11,038
Supervision, Management and Admin	9,540
Interest payments - self-financing loans	3,345
Interest payments - other borrowing	509
Voluntary set aside to repay debt	2,355
Capital Expenditure funded from revenue	8,301
Depreciation	8,513
Total expenditure	43,601
Net expenditure/income(-)	**2,219**
Working balance forecast 1 April 2023	20,862
Use of working balance in 2023/24	-2,219
Working balance forecast 31 March 2024	18,643

Further details on the main items within the above table are given below.

4.4 Income

4.4.1 The vast majority of HRA income comes from the rent that is charged to tenants. It should be noted that approximately one third of this income is paid for via housing benefit, rather than directly by tenants. In addition, some tenants will be in receipt of Universal Credit, which will include an element designed to cover rental payments, but this cannot be quantified.

4.4.2 Other sources of income include rental income on non-dwellings (primarily garages), charges to leaseholders, warden services charges and the investment income that is allocated to the HRA based on its share of the council's overall cash balances.

4.5 Expenditure

4.5.1 The repairs and maintenance costs included within the HRA are the reactive and cyclical repairs; major programmes of planned maintenance are included within the capital programme.

4.5.2 Supervision, management and admin includes the costs associated with all aspects of managing the HRA and its tenants, including the costs of providing sheltered housing, running the temporary accommodation hostels, and grounds maintenance.

4.5.3 In addition to the interest on self-financing loans and voluntary debt set aside described in section 3, the HRA also pays interest on the small number of historic external loans that it holds, as well as its historic internal borrowing.

4.5.4 Capital expenditure on housing assets can be funded from the HRA when there are insufficient other sources of funding. The total in 2023/24 is relatively high compared to most years, and includes provisional contributions of £2.75m to house building and £2.5m towards a general ‘risks and emerging issues’ contingency sum.

4.5.5 Within the HRA, the depreciation that is charged on the assets held by the service (primarily the dwellings themselves) is a cost to the HRA budget. This expense is transferred to the Major Repairs Reserve (MRR), which is a reserve that is held to fund planned maintenance and improvements to the housing stock. The MRR is one of the key sources of funding for the housing capital programme.

4.6 Net Budget for 2023/24

4.6.1 The overall net budget position for 2023/24 is a cost of £2.2m, which will be met from working balance. Whilst the HRA cannot run at a net cost indefinitely, it is proposed that it does so in 2023/24 in order to make the intended contributions to the capital programme. This is permissible because of the working balance that has been built up from prior-year surpluses. The opening balance as at 1 April 2023 is forecast to be £20.862m and it is budgeted to reduce to £18.643m as at 31 March 2024.

4.6.2 It should be noted that no potential efficiency savings that could be generated by virtue of combining the three HRAs are currently included in the budget. Such work will need to be service-lead once the relevant senior officers are in place.

5.0 HRA BUSINESS PLAN

5.1 A 30 year HRA Business Plan (2022/23 to 2051/52) has been developed from the existing business plans of the three authorities, taking into account the latest forecast position for 2022/23 and the proposed budget for 2023/24, including the assumption of a 7% increase in rents for 2023/24. A summary of the business plan is attached at **Appendix B**.

5.2 In developing the plan a number of assumptions have been made around future rent increases, inflation and interest rates, as well as the level of voids and right to buy sales. The plan is sensitive to the assumptions made and small changes in any of these variables can, particularly over time, have a significant effect on the sustainability of the plan. The business plan will therefore be kept under review as part of the ongoing revenue monitoring and will be updated annually.

5.3 The HRA Business Plan at **Appendix B** is based on the currently planned set aside payments for each year to repay debt, as shown at **Appendix A**. The plan demonstrates that it's sustainable in the majority of years as the HRA will provide sufficient resources to maintain revenue resources, as well as additional resources for capital investment, based on the assumptions made. However, this is not the case for the whole of the period. By year 5 (2026/27), the HRA working balance is forecast to fall from an opening balance of £18.6m to £3.8m, as a result of a significant £18.5m repayment of debt that year. The working balance then recovers as income exceeds expenditure in years 6 to 9. By year 10 (2031/32), the working balance is forecast to be overdrawn by £3.8m, as a result of a further £18.7m debt repayment. Between years 10 and 14 the plan is under strain, not recovering until year 15 (2036/37). From year 15 onwards the Working Balance grows each year until year 29, peaking at £24.9m. Based on the position as it stands a review of the proposed debt repayments will have to be considered alongside the opportunity to generate efficiencies within the HRA, as referred to in paragraph 3.6.

5.4 By way of further illustration, if inflation on repairs and maintenance costs is 1% higher than is currently included in the business plan, the HRA would be £7.5m overdrawn by year 10 instead of £3.8m overdrawn.

5.5 The above analysis confirms that the maximum rent increase of 7% should be approved in order to support the business plan. If a 3% increase was adopted for 2023/24 the effect on the business plan would an overdrawn position of £0.2m by year 5 (2026/27), a deterioration of £4.0m compared to the recommended version that assumes a 7% rent increase. By year 10 (2031/32) this deteriorates by a further £6.1m to £10.1m, with an overdrawn working balance of £13.9m, a position that is not viable for the HRA.

5.6 **Appendix C** shows a summary of the forecast budget for each year, together with the resulting working balances, as a result of implementing different rent increases in 2023/24.

6.0 RENT SETTING

6.1 Dwelling rents within the HRA are set based on a government formula methodology that has been in place since 2000/01. An individual 'formula rent' was calculated for each dwelling, based on:

- Number of bedrooms – adjustment factor applied, from 0.8 for bedsit to 1.4 for 6+ bedrooms
- Property value at 1999 values (at individual property level) compared to national average
- National average rent in April 2000
- County average manual earnings 1997-99 compared to national average

These formula rents have then increased (or, at times, decreased) each year since, in line with parameters set by government.

6.2 The intention is that all rents nationally are comparable and set consistently, so that tenants pay a ‘fair’ rent for the property they occupy, given the location of that property. However, the actual rents charged for each dwelling prior to formula rent setting will have differed and rents were not harmonised when the concept of formula rent was introduced. Instead, there was a period of rent convergence whereby actual rent increases were adjusted (upwards or downwards) each year in order to bring actual rents closer to the calculated formula rents. However, this national rent convergence policy was abolished before rent convergence was complete. As a result, there are still properties that have rents that differ from the formula rent, although in most cases the difference is small. Furthermore, when a property becomes vacant, it can be re-let to a new tenant at formula rent, irrespective of what the previous tenant’s actual rent was.

6.3 Because of the way that rents are calculated, using the factors set out in paragraph 6.1, there is no need or requirement to re-align or otherwise recalculate rents due to LGR and the combining of the three HRAs. A standard increase will be applied in 2023/24 to the actual rent being currently charged for each dwelling in 2022/23.

6.4 HRA rents must be set in line with government policy. In 2019, the government set a rent policy for social housing that permitted rents to increase by up to CPI plus 1% per annum, and made it clear that this policy would be in place until 2025. However, the government carried out a consultation in Autumn 2022 with a view to making a temporary amendment to this policy, in light of the cost of living crisis facing the country. The outcome of this was that rental increases for 2023/24 are to be capped at 7%. Had this amendment in policy not been made, rents could have been increased by up to 11.1%.

It is recommended that rents are increased by 7%. This will result in the following average weekly social rents:

	2022/23 average weekly rent £	2023/24 average weekly rent after 7% increase £	Average increase in weekly rent £
Richmondshire	82.96	88.77	5.81
Selby	83.11	88.93	5.82
Harrogate	85.22	91.18	5.96

6.5 The 7% increase would apply to social, affordable and hostel rents. It should be noted that the small number of shared ownership properties held within the HRA will be subject to a 2% increase, in line with the lease agreements that are in place.

7.0 ALTERNATIVE OPTIONS

7.1 The proposed 7% increase in rents is the maximum allowable under Government policy but HRA authorities can consider rent increases below this amount.

7.2 Every 1% below the 7% proposed would reduce rental yield by an estimated £357k in 2023/24. After 10 years, total rental income collected would be £4.1m less for each 1% below the 7%. Given the cost pressures within the service and in particular the need for on-going significant investment to meet the Council's statutory landlord obligations and mitigate the risks set out in Section 10 below, the 7% maximum is recommended.

8.0 LEGAL IMPLICATIONS

8.1 The HRA must set a balanced budget and set its rents in line with government policy.

8.2 An equalities impact assessment (EIA) has been carried out and is attached at Appendix C. The assessment confirms that the proposed rent increase will not have a disproportionate impact with individuals or groups with protected characteristics. It also notes that those on lower incomes and eligible for support with housing payments will not be impacted by the increase.

9.0 FINANCIAL IMPLICATIONS

9.1 As highlighted in section 4 above the proposed budget for 2023/24 results in an in-year deficit of £2.219m, which will be financed from the HRA Working Balance.

10.0 RISKS

10.1 The key risks identified in relation to the HRA budget and business plan are:

- **Increasing cost of materials and labour** – the HRA includes relatively sizeable repairs and maintenance budgets and capital/replacement programmes which are subject to price volatility. A 10% increase in maintenance costs in 2023/24 would add £1.1m to HRA expenditure and a similar increase in capital/replacement costs, a further £2.3m;

- **Stock condition -** there is not a complete picture of the condition of the combined stock. For historic reasons, including age, type and planned maintenance programmes, the quality of the stock may vary. There are particular challenges in Selby and stock condition survey work is ongoing. An assessment of the condition of the stock in Richmondshire and Harrogate is also required to inform the new Asset Management Strategy. There is a risk that significant investment may be needed in some of the stock, and this could also impact upon rental income if properties need to be held void for extended periods in order to carry out the works;

- **Rent setting parameters are set by Government** – the government can, and has, changed its policy on how rents can be increased, which can have significant, permanent impacts on the business plan. For example, in 2016 the government announced that it was implementing annual 1% reductions in rents for the four years from 2016/17 to 2019/20. This has permanently reduced the rent levels and reduced income over the medium term by tens of millions of pounds compared to what would have been generated under the previous policy of CPI plus 1%;

- The significant discounts available to tenants who can exercise their **right to buy** their property mean that council dwellings continue to be sold at prices significantly under market value, reducing the availability of social housing whilst only generating relatively modest capital receipts for the HRA. The decline in the stock has been arrested in Harrogate where a programme of new builds and acquisition has led to a slight increase but has continued in Selby and Richmondshire. As well as reducing the availability of housing, right to buy sales also result in an ongoing cost to the HRA, as the rental income that is lost is only partially offset by maintenance cost savings.

11.0 ENVIRONMENTAL IMPLICATIONS

11.1 There are no direct environmental implications stemming from this report. However, the decarbonisation of the housing stock will be an area of increasing focus. A pilot scheme is underway in Harrogate to quantify the cost of decarbonising the stock and to establish the best method for retro-fitting homes at scale whilst allowing tenants to remain in occupation during the works.

12.0 CONCLUSION

12.1 The report sets out the financial position and budget for the first year of NYC’s HRA and recommends an increase in rent charges that best supports the continued operation and future development of the Housing Strategy for the HRA.

13.0 RECOMMENDATIONS

13.1 That the Executive recommends to Council:

a) recommends to Council the approval of the HRA budget for 2023/24 as set out in **paragraph 4.3**, being a net expenditure of £2,219k to be funded from the HRA working balance;

b) agrees an increase of 7% be applied to social, affordable and hostel rents from 1 April 2023 and recommends this to the Council for approval;

c) agrees an increase of 2% be applied to shared ownership rents from 1 April 2023 and recommends this to the Council for approval.

Gary Fielding
Corporate Director, Resources
24 January 2023

Author of the report –

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APPENDIX A

The table below shows the currently planned voluntary set aside payments to be made in order to reduce the level of HRA debt

		Year 1 2022/23	Year 2 2023/24	Year 3 2024/25	Year 4 2025/26	Year 5 2026/27	Year 6 2027/28	Year 7 2028/29	Year 8 2029/30	Year 9 2030/31	Year 10 2031/32
Richmondshire	Set aside planned	1,111,600	1,140,300	1,169,811	1,200,069	1,231,108	1,262,951	1,295,618	1,329,129	1,363,507	1,398,774
	Debt outstanding at year end	11,391,267	10,250,967	9,081,156	7,881,087	6,649,979	5,387,028	4,091,410	2,762,281	1,398,774	0
Selby	Set aside planned	1,214,280	1,214,300	1,214,280	2,281,650	2,281,650	2,281,650	2,281,650	2,281,650	2,281,650	2,281,650
	Debt outstanding at year end	50,018,720	48,804,420	47,590,140	45,308,490	43,026,840	40,745,190	38,463,540	36,181,890	33,900,240	31,618,590
Harrogate	Set aside planned	0	0	0	0	15,000,000	0	0	0	0	15,000,000
	Debt outstanding at year end	37,967,000	37,967,000	37,967,000	37,967,000	22,967,000	22,967,000	22,967,000	22,967,000	22,967,000	7,967,000
Total	Set aside planned	2,325,880	2,354,600	2,384,091	3,481,719	18,512,758	3,544,601	3,577,268	3,610,779	3,645,157	18,680,424
	Debt outstanding at year end	99,376,987	97,022,387	94,638,296	91,156,577	72,643,819	69,099,218	65,521,950	61,911,171	58,266,014	39,585,590

		Year 11 2032/33	Year 12 2033/34	Year 13 2034/35	Year 14 2035/36	Year 15 2036/37	Year 16 2037/38	Year 17 2038/39	Year 18 2039/40	Year 19 2040/41	Year 20 2041/42
Richmondshire	Set aside planned	0	0	0	0	0	0	0	0	0	0
	Debt outstanding at year end	0	0	0	0	0	0	0	0	0	0
Selby	Set aside planned	2,281,650	2,281,650	2,281,650	2,281,650	2,281,650	2,281,650	2,281,650	2,281,650	2,281,650	2,281,690
	Debt outstanding at year end	29,336,940	27,055,290	24,773,640	22,491,990	20,210,340	17,928,690	15,647,040	13,365,390	11,083,740	8,802,050
Harrogate	Set aside planned	0	0	7,967,000	0	0	0	0	0	0	0
	Debt outstanding at year end	7,967,000	7,967,000	0	0	0	0	0	0	0	0
Total	Set aside planned	2,281,650	2,281,650	10,248,650	2,281,650	2,281,650	2,281,650	2,281,650	2,281,650	2,281,650	2,281,690
	Debt outstanding at year end	37,303,940	35,022,290	24,773,640	22,491,990	20,210,340	17,928,690	15,647,040	13,365,390	11,083,740	8,802,050

APPENDIX B

The table below summarises the forecast HRA Business Plan, based on the proposed 2023/24 budget, including 7% increase in rent charges

	Year 1 2022/23 Budget £	Year 2 2023/24 Indicative £	Year 3 2024/25 £	Year 4 2025/26 £	Year 5 2026/27 £	Year 6 2027/28 £	Year 7 2028/29 £	Year 8 2029/30 £	Year 9 2030/31 £	Year 10 2031/32 £	Year 15 2036/37 £	Year 20 2041/42 £	Year 25 2046/47 £	Year 30 2051/52 £	Total Years 1 to 30 £
Rents (Council Dwellings & Hostels)	(35,629,570)	(38,079,950)	(39,145,625)	(40,221,952)	(41,355,617)	(42,521,245)	(43,718,678)	(44,950,905)	(46,217,852)	(47,520,515)	(54,632,247)	(62,775,969)	(72,133,441)	(82,932,500)	(1,708,856,420)
Non-dwelling rents	(421,440)	(423,200)	(430,012)	(436,946)	(444,004)	(451,190)	(458,505)	(465,952)	(473,534)	(481,253)	(522,001)	(566,608)	(615,469)	(669,024)	(15,969,160)
Charges for services and facilities	(1,093,131)	(1,127,800)	(1,143,901)	(1,160,299)	(1,177,003)	(1,194,019)	(1,211,354)	(1,229,016)	(1,247,012)	(1,265,349)	(1,362,456)	(1,469,401)	(1,587,414)	(1,717,893)	(41,611,753)
Other Income	(675,680)	(637,600)	(643,277)	(645,041)	(645,895)	(651,839)	(657,876)	(664,007)	(670,235)	(676,562)	(709,754)	(745,751)	(784,874)	(827,487)	(21,600,450)
Investment Income	(313,046)	(1,113,600)	(243,634)	(371,297)	(359,135)	(90,141)	(123,353)	(155,619)	(186,785)	(216,668)	(96,765)	(158,698)	(231,594)	(317,048)	(6,632,307)
TOTAL INCOME	(38,132,867)	(41,382,150)	(41,606,448)	(42,835,535)	(43,981,655)	(44,908,434)	(46,169,766)	(47,465,499)	(48,795,418)	(50,160,348)	(57,323,223)	(65,716,427)	(75,352,793)	(86,463,952)	(1,794,670,089)
EXPENDITURE															
Repairs and Maintenance	10,411,227	11,038,300	11,389,097	11,751,930	12,127,235	12,515,468	12,917,099	13,332,617	13,762,529	14,207,363	16,675,231	19,607,596	23,097,012	27,255,150	529,623,615
Supervision, Management and Admin	8,378,393	9,539,800	9,776,757	10,019,890	10,269,367	10,525,361	10,788,048	11,057,609	11,334,232	11,618,109	13,153,412	14,902,160	16,895,232	19,168,106	408,407,036
Interest payments - self-financing loans	3,373,475	3,344,760	3,315,272	3,285,009	3,253,970	2,770,627	2,737,960	2,704,449	2,670,071	2,634,804	1,841,905	1,841,905	1,254,150	1,254,150	61,863,587
Interest payments - other borrowing	79,537	508,640	280,689	281,745	282,817	283,905	285,011	286,134	287,274	288,433	294,500	301,056	308,140	315,794	8,906,069
Voluntary set aside to repay debt	2,325,880	2,354,600	2,384,091	3,481,719	18,512,758	3,544,601	3,577,268	3,610,779	3,645,157	18,680,424	2,281,650	2,281,690	0	0	92,900,817
Capital Expenditure funded from revenue	2,989,015	8,301,300	6,184,366	5,875,807	3,992,222	4,362,105	4,745,127	5,141,733	5,552,387	5,977,568	8,339,264	11,145,577	17,346,528	21,298,027	318,013,440
Depreciation	8,319,740	8,513,300	8,720,718	8,934,130	9,153,713	9,379,644	9,612,109	9,851,297	10,097,404	10,350,631	11,731,023	13,323,171	15,159,735	17,278,442	366,143,264
TOTAL EXPENDITURE	35,877,267	43,600,700	42,050,989	43,630,230	57,592,082	43,381,711	44,662,622	45,984,618	47,349,055	63,757,332	54,316,985	63,403,156	74,060,798	86,569,669	1,785,857,828
NET EXPENDITURE IN YEAR	(2,255,600)	2,218,550	444,541	794,694	13,610,428	(1,526,722)	(1,507,144)	(1,480,881)	(1,446,363)	13,596,984	(3,006,238)	(2,313,272)	(1,291,995)	105,717	(8,812,261)

HRA WORKING BALANCE	Year 1 2022/23	Year 2 2023/24	Year 3 2024/25	Year 4 2025/26	Year 5 2026/27	Year 6 2027/28	Year 7 2028/29	Year 8 2029/30	Year 9 2030/31	Year 10 2031/32	Year 15 2036/37	Year 20 2041/42	Year 25 2046/47	Year 30 2051/52	Total Years 1 to 30
Balance brought forward	(18,606,718)	(20,862,318)	(18,643,768)	(18,199,226)	(17,404,532)	(3,794,104)	(5,320,827)	(6,827,971)	(8,308,852)	(9,755,215)	(267,157)	(14,028,689)	(23,701,196)	(27,524,696)	(18,606,718)
Balance carried forward	(20,862,318)	(18,643,768)	(18,199,226)	(17,404,532)	(3,794,104)	(5,320,827)	(6,827,971)	(8,308,852)	(9,755,215)	3,841,769	(3,273,395)	(16,341,961)	(24,993,191)	(27,418,979)	(27,418,979)

APPENDIX C

The table below shows the forecast annual net budget and resulting HRA working balance after implementing different rent increases in 2023/24. All other variables are kept constant – including rental increases from 2024/25 onwards – the only difference is the rent increase for 2023/24.

It includes the position had an 11.1% increase been applied, which would have been the maximum possible had the government not revised the rent policy for 2023/24.

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
		2022/23	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**	**2033/34**
11.1% rent increase in 23/24	Net Expenditure / (Income) in year	(2,255,600)	1,262,356	(541,243)	(250,187)	12,518,638	(2,667,110)	(2,697,877)	(2,723,763)	(2,743,260)	12,244,146	(4,380,575)	(4,389,457)
	Total Working Balances Carried Fwd	**(20,862,318)**	**(19,599,962)**	**(20,141,205)**	**(20,391,392)**	**(7,872,754)**	**(10,539,864)**	**(13,237,740)**	**(15,961,503)**	**(18,704,763)**	**(6,460,617)**	**(10,841,192)**	**(15,230,649)**
7% rent increase in 23/24	Net Expenditure / (Income) in year	(2,255,600)	2,218,550	444,541	794,694	13,610,428	(1,526,722)	(1,507,144)	(1,480,881)	(1,446,363)	13,596,984	(3,079,499)	(2,999,793)
	Total Working Balances Carried Fwd	**(20,862,318)**	**(18,643,768)**	**(18,199,226)**	**(17,404,532)**	**(3,794,104)**	**(5,320,827)**	**(6,827,971)**	**(8,308,852)**	**(9,755,215)**	**3,841,769**	**762,270**	**(2,237,523)**
5% rent increase in 23/24	Net Expenditure / (Income) in year	(2,255,600)	2,683,450	923,837	1,302,626	14,141,117	(972,456)	(928,453)	(876,891)	(816,171)	14,254,311	(2,468,542)	(2,370,108)
	Total Working Balances Carried Fwd	**(20,862,318)**	**(18,178,868)**	**(17,255,030)**	**(15,952,405)**	**(1,811,288)**	**(2,783,744)**	**(3,712,197)**	**(4,589,089)**	**(5,405,260)**	**8,849,051**	**6,380,509**	**4,010,401**
3% rent increase in 23/24	Net Expenditure / (Income) in year	(2,255,600)	3,148,350	1,403,134	1,810,554	14,671,801	(418,196)	(349,772)	(272,913)	(185,993)	14,911,623	(1,857,582)	(1,740,418)
	Total Working Balances Carried Fwd	**(20,862,318)**	**(17,713,968)**	**(16,310,834)**	**(14,500,280)**	**171,521**	**(246,676)**	**(596,448)**	**(869,361)**	**(1,055,354)**	**13,856,268**	**11,998,686**	**10,258,268**