

Report subject	<b>Housing Revenue Account (HRA) Budget Setting 2021 to 2022</b>
Meeting date	10 February 2021
Status	Public Report
Executive summary	<p>The Housing Revenue Account (HRA) is a separate account within the Council that ring-fences the income and expenditure associated with BCP Council's housing stock, including housing in both the Bournemouth and Poole neighbourhoods.</p> <p>This report seeks approval for the proposed budget for the HRA for 2021/22 and the key principles on which it is based.</p> <p>It sets out the proposals regarding the rents, service charges and other charges to tenants as well as the expenditure plans for the 2021/22 rent year. These proposals and the actions within the attached delivery plans for each neighbourhood all support the priorities set out in the Council's Corporate Strategy.</p>
Recommendations	<p><b>It is RECOMMENDED that:</b></p> <p><b>(a) That revenue budgets for 2021/22 and provisionally for 2022/23 and 2023/24 are set using the following principles:</b></p> <ul style="list-style-type: none"> <li>(i) That dwelling rents are increased by 1.5% (CPI for September 2020 + 1%) from 5 April 2021 in line with the Ministry of Housing, Communities and Local Government (MHCLG) Policy statement on rents for social housing published in February 2019.</li> <li>(ii) That dwelling rents are moved to formula rent when a property is re-let following a vacancy.</li> <li>(iii) That garage rental charges are increased by 2% from the 5 April 2021 across both neighbourhoods. That rental charges for garage bases and parking plots in the Bournemouth neighbourhood also increase by 2% from 5 April 2021.</li> <li>(iv) That the garages owned by the HRA at Anchor Close, Bearwood are transferred to the General Fund.</li> <li>(v) That leasehold services are charged to leaseholders in line with actual costs incurred.</li> <li>(vi) That the changes to service charges are agreed as set out in appendix 2.</li> <li>(vii) That the budgeted bad debt charge is maintained at £188,000 in the Bournemouth neighbourhood and</li> </ul>

	<p>£197,000 in the Poole neighbourhood.</p> <p>(viii) That the depreciation budget is set at £6.878m for the Bournemouth neighbourhood and £4.665m for the Poole neighbourhood.</p> <p>(ix) That HRA reserves should be maintained at a minimum level of 5% of total expenditure in line with good practice. This equates to £976,250 for the Bournemouth neighbourhood and £769,900 for the Poole neighbourhood for 2021/22, totalling £1.746m</p> <p><b>(b) That capital budgets for 2021/22 and provisionally for 2022/23 and 2023/24 are set using the following principles:</b></p> <p>-</p> <p>(i) That the planned maintenance programme as set out in Appendix 5 is agreed.</p> <p>(ii) That the major project capital programme as set out in Appendix 6 is agreed.</p> <p>(iii) That funding totalling £6.824 million is carried forward from the 2020/21 Bournemouth neighbourhood capital programme and that funding totalling £4.955 million is carried forward from the 2020/21 Poole neighbourhood capital programme to reflect where expenditure on major projects has commenced but these projects have not yet been completed.</p> <p><b>(c) That the Delivery Plans for each neighbourhood to support the key principles for the HRA and the Council's Corporate Strategy are agreed as set out in appendices 7 and 8.</b></p>
Reason for recommendations	HRA rents and other changes along with the HRA Capital Programme are subject to review and require Cabinet and Council approval in order for rents and charges to be levied.
Portfolio Holder(s):	Councillor Robert Lawton - Homes
Corporate Director	Kate Ryan – Corporate Director for Environment and Community
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Wards	Council-wide
Classification	For Recommendation

## Background

1. Each year social landlords must set rent levels and budgets for the forthcoming financial year and provide each individual tenant with statutory notice of any proposed rent change. This report sets out the proposals regarding the rents, service charges and other charges to tenants as well as the expenditure plans for the 2021/22 rent year.
2. The Council housing stock is situated within the Bournemouth and Poole neighbourhoods and comprises 9,616 rented properties (5,071 in Bournemouth and 4,545 in Poole), 1,137 leasehold properties and 35 low cost home ownership properties (as at 1 April 2020) with a rent roll of £43.236 million in 2021/22. There is no Council owned housing stock in the Christchurch neighbourhood as the stock was transferred to a housing association several years ago.
3. The HRA is a ring-fenced account within the Council and records the income and expenditure associated with the landlord function in respect of the Council's housing stock. The account is separate from the wider General Fund budget, which is funded by a variety of income flows, including council tax.
4. The Council's HRA was formed on 1 April 2019 when BCP Council was created and combined the former HRA's of Bournemouth and Poole Councils. BCP Council can only operate one HRA legally but continues to maintain two separate neighbourhood accounts within it, one for Bournemouth and one for Poole. This approach was agreed with the Ministry of Housing, Communities and Local Government (MHCLG).
5. PHP operates as an Arm's Length Management Organisation (ALMO). It manages the homes in the Poole Neighbourhood in line with a management agreement with the Council. Compliance with this agreement is formally managed by the Council through a Commissioning and Performance Management Framework.
6. It has not yet been feasible to merge the two neighbourhood accounts into one. While the differences will continue for the foreseeable future an independent review to consider the future housing management model for BCP Council has been completed. The recommendations of this review will be considered by the Council through a councillor working group which will advise the Portfolio Holder for Homes for further consideration and inform future direction measured against the Council's strategic priorities.
7. The current approach allows the two neighbourhoods to manage the different services that currently exist. The financial management of the accounts is overseen by the BCP Director of Finance with input from the Director of Housing and includes regular meetings with the PHP finance team through the Performance Management Framework and meetings with the BCP Council Finance team. Some policies and practices have already been aligned, such as the level of balances, rent void calculations, bad debt charge calculations and allocations of costs to supervision and management and repairs and maintenance. Where possible service charges can also be aligned. Other practices are in the process of being harmonised, for example depreciation calculations. Although operating as two neighbourhoods, any borrowing decisions are taken based on the financial requirements of the HRA as a whole.
8. The Council is required by law (Local Government & Housing Act 1989, section 76) to avoid budgeting for a deficit on the HRA. This means the budget must not be based on total HRA revenue reserves falling below zero. In practice the Council is expected to maintain a reasonable balance of HRA reserves to cover contingencies. The HRA will maintain reserves above a minimum level of 5% of expenditure. In 2021/22 this gives a minimum level of reserve for the Bournemouth and Poole neighbourhoods of £976,250 and £769,900 respectively.

9. On 29 October 2018 the Government revoked the indebtedness limits that were introduced for HRA's in December 2010 by the Localism Bill under self-financing determinations, by lifting the HRA borrowing cap. This means the BCP HRA will not be subject to a limit on borrowing. However, borrowing must conform to the Prudential Code which requires that borrowing be affordable and prudent. Total borrowing within the BCP HRA is forecast to be £16.5 million in 2021/22, £23.1 million in 2022/23 and £23.8 million in 2023/24.
10. Business cases for any new housing development or other major work that have not been approved as part of the anticipated programmes set out in appendices 5 and 6 will be submitted for approval separately to Cabinet if over the £500,000 threshold. These will set out how and when the HRA will borrow.
11. The delivery of new affordable homes and ensuring existing homes meet local requirements is a key priority for councils. Within both neighbourhoods' we will continue to look at how we can make best use of our homes to meet the needs of those on the housing register. Previously, this has included the re-designation and redevelopment of sheltered stock with some changing to general needs.

### **National Policy Context**

12. In November 2020 the Housing White Paper was released by government. This set out the direction of travel for social housing providers and the introduction of a changed and enhanced regulatory approach across the consumer standards inherent for all providers to deliver. The White Paper draws on work around building safety that has been developed since the Grenfell tragedy as well as requirements to demonstrate resident engagement in service delivery and development. This will be overseen by a programme of oversight by the Regulator of Social Housing (the Regulator) which will assess each local authority every 4 years to test delivery against the required standards.
13. Within the consumer standards there are requirements for the delivery of safe and effective homes, and these can best be described as the health and safety compliance standards covering fire safety, gas safety, water hygiene, lift safety and asbestos safety. An annual report has already been presented to Cabinet setting out the Council's legal obligations as a landlord to ensure the health, safety and welfare of its tenants and details of performance against these. These are high risk areas and are given a high priority to ensure compliance, with a requirement in the white paper to identify a named individual over seeing health and safety across service areas.
14. Separate to the consumer standards are expectations around demonstrating how residents are involved in governance and supporting service delivery and change. Both neighbourhoods will need to review the processes in place to ensure that this is happening and also to be able to demonstrate this. Key to this will be the collection of satisfaction measures of residents in the services provided by their landlord, which will be subject to a consultation in 2021.
15. The White Paper reinforces the development of the role of the Housing Ombudsman (Ombudsman) that has been happening over the past 2 to 3 years and ensures that there is no duplication of roles between the Regulator and the Ombudsman. This allows residents to access the Ombudsman if local services are not delivering as expected and reinforces the requirement to deliver a complaints service in line with the Ombudsman standards.
16. The White Paper builds on the independent review of building regulations and fire safety commissioned following the Grenfell fire in 2017. A draft Building Safety Bill was published by the government in July 2020 and is awaiting further comments before being introduced to Parliament although as yet there are no timescales

regarding implementation. The draft Bill reinforced more stringent requirements in relation to the management of higher risk buildings such as tower blocks and will seek to increase landlord powers and responsibilities in relation to safety.

17. These changes were set out in the annual Housing and Property Compliance Update to Cabinet last year. They will have an impact on the HRA as there will be a requirement to have additional roles in place to manage buildings safely. There will be added complexity in ensuring that we have systems in place to manage the additional requirements and that resources are in place to deliver actions required.
18. The Home Standard forms part of the Regulator's consumer standards that apply to the Council as a stock owning authority even if part of the stock is managed by someone else. The Regulator's role is to set these standards and to intervene where failure to meet the standards has caused or could have caused serious harm to its tenants. Where a local authority feels that it has systematic failings in meeting the standards then they are expected to self-refer to the Regulator.
19. The changes required to deliver the White Paper and the new building safety legislation will take place against the backdrop of the pandemic throughout 2020. Housing services across both neighbourhoods were revised throughout the year to deliver Covid-19 safe services and ensuring that residents were supported in many various ways. While some services were scaled back as they required long and sustained access to homes, others were increased such as more regular contact with residents and measures taken to manage fly tipping, Covid-19 related ASB and loneliness.
20. The impact of Covid-19 on income to the HRA has not been as significant as in other areas of the Council. Both neighbourhoods are within target on rent collected and the level of allowance for voids and bad debts remains the same as in recent years. The wider impact on the economy and job losses may yet have an effect in the future as furlough and other support schemes come to an end. This may have a particular impact on rental income but both neighbourhoods have been focusing on offering advice and support during the pandemic and this will continue. The importance of continued ongoing and proactive engagement with tenants to ensure they pay their rent remains a priority.

### **Longer term financial planning**

21. The longer-term impact of income collection will be reflected in the 30-year financial business plan that underpins the 3-year plan that is presented in this report. The work on the 30-year plan seeks to provide assurance that the plans set out to Council are affordable in the longer term. While this is the case, requirements over 30 years with regards delivery of new affordable housing and achieving the government's requirement to deliver carbon reductions across the current stock will be challenging. The 30-year plan is being progressed and will evolve over time as policy options for longer term spend are tested through the plan's model and will help inform our future spending decisions.

### **BCP Council's Corporate Strategy**

22. The Council's Corporate Strategy sets out its priorities, the objectives to achieve these, key actions and measures of success. The services delivered within the HRA support the strategy and the key priorities that make up the Corporate Strategy in many different ways as set out below.
23. **Sustainable Environment** - Energy efficiency and sustainability will continue to be considered when building new homes and carrying out capital improvement works to existing properties. This could include:

- Measures such as heat pumps, use of renewable energy sources and high levels of insulation.
  - LED replacement lighting will be used in communal areas and homes
  - Replacement double glazing for existing homes and
  - non-combustible cladding to improve insulation and comfort levels on tower blocks
- Each project will be considered individually with consideration of the overall carbon savings which can be secured.
24. PV panels fitted to the council housing stock remain in place. These panels generate electricity for residents to use and to feedback into the national grid creating an additional income for the Council, therefore reducing overall usage of fossil fuels as well as being of economic benefit to the Council and residents.
25. These measures will help lead towards a sustainable environment and tackle the climate and ecological emergency. There will be challenges regarding costs and the feasibility of undertaking further work particularly to existing properties but there will be very clear benefits for tenants through lower energy bills and clear benefits for the wider environment. This area of work will also be influenced by developments in national policy and planning for the retrofit of existing homes will form an important part of the 30-year HRA Business Plan.
26. **Dynamic Places** – One key priority within the HRA is to develop new homes for those in housing need. Well established development expertise is in place in-house to bring forward new homes on numerous surplus Council owned sites. These additional homes will add to the overall homes that the BCP Council area needs. There is a healthy development programme over coming years and over the last year the following new homes have been completed:
- Townsend – 3 new general needs homes
  - Canford Heath Road – 56 new general needs homes and 6 specialist flats for residents with complex needs.
27. **Connected Communities** – Both neighbourhoods support activities to build communities in which people feel safe and where their views are considered. There is formal engagement through residents' groups to scrutinise the services that are provided and ongoing work with residents to develop these services and policies. These service areas will be critical in the delivery of the white paper requirements and being able to demonstrate to the Regulator how residents influence and shape service delivery.
28. The Poole neighbourhood works with a number of local charities and resident groups to deliver services across the estates that tackle loneliness and poverty. These can range from befriending services to supporting wider community engagement to support for lone parents or food delivery services. Within Bournemouth this is delivered from within the community development team and forms part of the wider service offer to all residents.
29. Enforcement and preventative measures are undertaken to reduce anti-social behaviour and there is close partnership working with the Police and other agencies to deal with this and to reduce the fear of crime. A large proportion of sheltered properties within the housing stock provides support to older tenants to help them live independently and reduce social isolation. During the Covid-19 pandemic thousands of additional welfare calls have been made to vulnerable residents and staff have continued to offer support by responding to emergency alarms calls, welfare and safeguarding issues.

30. **Brighter Futures** – Housing can play an important part in the care of children and young people. The provision of the right accommodation can have a significant impact and staff are trained to recognise support needs as well as safeguarding issues. There is close partnership working to help provide suitable accommodation for young care leavers through the housing register as well as providing temporary accommodation to help facilitate move on into more permanent homes.
31. **Fulfilled Lives** – The provision of support within sheltered housing enables people to lead healthy and independent lives. Partnership work is undertaken with other services within the Council and other agencies to provide accommodation where high levels of support can be provided, for example adults with a learning disability. Both neighbourhoods make a good contribution to the Housing First programme which supports rough sleepers into permanent accommodation. Both will also be involved in helping to ensure that those rehoused in temporary accommodation as part of the response to Covid-19 do not return to street homelessness. Minimising evictions of existing tenants is also a priority with ongoing work to look at how support can be provided to help tenants sustain their tenancies and prevent homelessness.
32. **Modern, Accessible, Accountable Council** – Both neighbourhoods are committed to working with residents to scrutinise services and seek feedback through formal resident engagement, satisfaction surveys and learning from complaints. The social housing white paper has set out the steps that the government will take to ensure that residents are listened to, are safe in their homes and have access to redress when things go wrong. This report and delivery plans also set out how we will provide an improved, modern and efficient service as well as meeting our obligations to ensure the health and safety of residents.

### **Strategic Objectives**

33. The strategic objectives previously agreed for the BCP HRA remain as they were previously and are as follows:
  - a) Deliver strong financial management of the HRA which maximises the ability to collect income, gain efficiencies and service outstanding debt
  - b) Ensure HRA stock is adequately and efficiently maintained particularly in relation to the Council's legal obligation to ensure the health, safety and welfare of its tenants
  - c) Focus on the delivery of effective housing management services to support successful tenancies and strong and sustainable communities
  - d) Continue to secure funding opportunities to deliver additional social rented and affordable housing through new build and acquisitions
34. These objectives apply equally to both the Bournemouth and Poole Neighbourhoods and are broadly stated in order of priority. As a landlord, it is important that debt is serviced in the first instance, followed by ensuring the effective maintenance and management of the properties and support for tenants. Surpluses and borrowing will then be maximised to bring forward additional affordable housing.
35. The approach to HRA budget setting has focused on three key areas for 2021/22 and the following sections of the report take each of these areas in turn;
  - a) Revenue income expected to be achieved and proposals around rent and service charge levels for tenants and leaseholders

- b) Revenue expenditure plans that reflect local priorities and service delivery patterns, including revenue contributions to capital
- c) Capital expenditure plans that will deliver essential maintenance to the stock as well as ensuring the Decent Homes Standard is maintained and which support the affordable homes new build programme

36. Financial summaries for the BCP HRA are provided in Appendix 1 -6.

37. The delivery plans are provided in Appendices 7 and 8.

### **Revenue Income**

#### **38. Tenant dwelling rents**

- 39. The rent to be charged to tenants is governed by the national rent policy and must be followed by all social landlords in order to be free from challenge from residents. This national policy sets the level by which tenant rents should be uplifted each year and in 2014/15 a national consultation set the following formula; an increase by the Consumer Price Index (CPI) as at September plus 1%.
- 40. The rent formula was superseded by an announcement in the July 2015 budget statement that all social rents would decrease by 1% each year from 2016/17 to 2019/20. Rent increases from April 2020 of CPI + 1% have resumed for a period of five years as set out in the MHCLG policy statement on rents published in February 2019.
- 41. Although the return to the policy is welcomed and will help the Council meet its responsibilities, the four years of rent reduction have reduced rental income by £3.2 million for the Bournemouth neighbourhood and £2.9 million for the Poole neighbourhood – a total of over £6 million - and will continue to have a significant cumulative impact on the level of income that will be available to the HRA over the course of the 30-year business plan.
- 42. Any income that is available after the cost of servicing debt and managing and maintaining the stock is made available to the capital programme and supports the delivery of new homes.
- 43. Other adjustments that will impact on the level of achievable dwelling rent income relate to the number of Right to Buy (RTB) sales expected to occur and the number of days properties are empty during a change of tenancy. With regards to the RTB, it is assumed there will be 20 sales during the year in both neighbourhoods.
- 44. Both neighbourhoods manage a small number of shared ownership properties. Shared owners can purchase part of the property and pay a monthly rent on the share that remains in the ownership of the Council. Owners can normally purchase the remaining share of the property in a process known as “staircasing”. Rent increases are based on the terms of the lease provided to residents. The lease used is based on the model form of lease provided by the Government which is widely recognised by lenders and solicitors.
- 45. For 2021/22 it is assumed that 1% of the Bournemouth and Poole neighbourhood housing stock will be void at any one time and therefore rent cannot be charged. This reduces the total income expected to be achieved by £230,000 for the Bournemouth neighbourhood and £206,000 for the Poole Neighbourhood.
- 46. Acquisition and new build programmes increase the stock of affordable housing for the HRA. The Bournemouth neighbourhood account will reflect the additional income from the delivery of 39 homes across several sites including some acquisitions. The



Poole neighbourhood account will reflect the additional income expected from the delivery of 62 new homes from 2020/21. However, there are inherent uncertainties around timescales for new build schemes, but an estimate has been accounted for.

***Recommendation a(i) –***

***That dwelling rents are increased by 1.5% (CPI for September 2020 + 1%) from 5 April 2021 in line with the Ministry of Housing, Communities and Local Government (MHCLG) Policy statement on rents for social housing published in February 2019.***

47. Since 2001, rents for properties let at 'social rent' (which constitute a majority of rented social housing properties) have been based on a formula set by government. This creates a 'formula rent' for each property, which is calculated based on the relative value of the property, relative local income levels, and the size of the property. One aim of this formula-based approach was to ensure that similar rents were charged for similar social rent properties in geographical areas across both councils and housing associations.
48. The national policy on rent setting is set out in the Ministry of Housing, Communities and Local Government (MHCLG) Policy statement on rents for social housing. This statement is included in the background papers to this report. A summary of the national rent setting policy is also included as appendix 9 to this report.
49. The average weekly rent charged by the Council in general needs housing is £84.85 which is below the average formula rent of £87.65 for these properties. Both can only be increased by CPI+1% each year which means that some existing tenants will not see their rent reach the formula rent level. However, where a property becomes vacant it can be re-let at the formula rent.
50. Rents for sheltered housing properties are slightly above the formula rent and will be moved down to formula rent when re-let after a vacancy.
51. Moving to a formula rent when properties are re-let will ensure that rents are charged in accordance with the national rent setting policy sooner and bring consistency with the national policy position.

***Recommendation a(ii) –***

***That dwelling rents are moved to formula rent when a property is re-let following a vacancy***

**52. Garage Rents and Service Charges**

53. The Council can set its own charges for items that attract service charges but must review annually the costs that drive these charges as well as how that money can be utilised.
54. Garage rents cover income received from garages in Bournemouth and Poole. The majority of garages in both Bournemouth and Poole were transferred from the HRA to the General Fund in 2018/19 and those that remained were located on sites identified as potential for re-development. Several sites have been or are being developed on. In Bournemouth, 26 garages with potential redevelopment will remain in the HRA alongside a further 211 garage plots and bases. In Poole, 43 garages remain within the HRA but no plots or bases.
55. There will need to be further consideration given to garage charges that reflect the level of demand in different areas. This may mean that charges for garages in more popular areas where demand is higher may be set at a higher level than in less popular areas. However, how this might affect any alignment of charges would also need to be considered.

56. The current level of garage charges has been benchmarked against those charged by other landlords locally and these have been confirmed as less than these. It is therefore proposed to increase charges by 2% across Bournemouth and Poole neighbourhoods to reflect the ongoing rise in cost of managing the garages whilst being mindful of ensuring they remain affordable and lettable. This increase seems reasonable in terms of maintenance costs and demand. Benchmarking has also been carried out against charges in the private sector.

***Recommendation a(iii) –***

***That garage rental charges are increased by 2% from 5 April 2021 across both neighbourhoods. That rental charges for garage bases and parking plots in the Bournemouth neighbourhood also increase by 2% from 5 April 2021.***

57. In April 2018, most garages were transferred from the HRA to the General Fund. Those sites that were considered potential redevelopment sites were not transferred. A further site of 21 garages at Anchor Close have been deemed unsuitable for redevelopment and therefore will now also be transferred to the General Fund. The transfer will be funded by a switch in the Capital Financing Reserve of £0.02m. This transfer will marginally reduce the HRA's current borrowing requirement, the increased borrowing requirement within the General Fund will be covered by the rental income from the transferred assets.

***Recommendation a(iv) –***

***That the garages owned by the HRA at Anchor Close, Bearwood are transferred to the General Fund.***

58. Other rents, within the Poole neighbourhood, reflect those charged to tenants occupying commercial space at Trinidad Village. These have been budgeted in line with the lease agreements in place and will increase by RPI on their agreed rent review dates. The Bournemouth neighbourhood does not receive any commercial rental income.

59. Leasehold service charges cover costs that are recharged to leaseholders in year to reflect either the cost of maintaining the fabric of the building or the cost of maintaining the communal areas. These charges must reflect the full cost that is incurred by the HRA, but no profit must be achieved through the levelling of these charges. Given this, the income budgets proposed reflect only an indicative level and actual charges will be adjusted to actual costs incurred once these are known.

***Recommendation a(v) -***

***That leasehold services are charged to leaseholders in line with actual costs incurred.***

60. Tenant service charges must mirror the charges incurred by the HRA in the same way as leasehold charges. Both neighbourhoods are expected to set reasonable and transparent service charges which reflect the service being provided to tenants. Tenants should be supplied with clear information on how service charges are set. In the case of social rent properties, providers are expected to identify service charges separately from the rent charge. Most service charges are expected to be included in affordable rents.

61. Service charges are not governed by the same factors as rent. However, registered providers should endeavour to keep increases for service charges within the limit on rent changes, of CPI + 1 percentage point, to help keep charges affordable. This is difficult to do for some charges such as electricity where costs are set by utility companies and are determined based on actual usage.

62. Tenants should be consulted where new or extended services are introduced where this will result in additional charges to tenants.
63. Service charges are in place for the provision of a sheltered housing extra care service and associated support in the Poole neighbourhood. The charges relate to the additional work to manage these schemes for example, looking after communal areas and health and safety inspections, as well as support for tenants to help them manage their tenancies. These will increase by 2%. The charges are not applicable in the Bournemouth neighbourhood and will be considered during the review of sheltered housing that will include both neighbourhoods.
64. Charges for guest rooms on sheltered schemes have been increased by 1.1% with an adjustment to round the new amounts in the Poole neighbourhood. Charges for the Bournemouth neighbourhood have been aligned to those in Poole.
65. The HRA incurs electricity and gas utility costs and recovers these from tenants in relation to:
  - The heating of individual tenant's homes that are served by a communal heating system the costs of which are recovered through the heating charge.
  - The lighting and heating of communal areas, the costs of which are recovered through the communal supply charge.
66. Expenditure on utility costs for the Poole neighbourhood covering gas and electricity were subject to a 4-year fixed price agreement which ended on 30 September 2020. For the Bournemouth neighbourhood a new utility contract commenced in October 2018. Both neighbourhoods have experienced significant increases in utility costs that reflect the price of supplies. These will need to be recovered through increased service charges incurred by tenants as these underlying price increases work through into usage charges.
67. Heating charges in the Poole neighbourhood are set at a standard charge for each property type and based on usage. For most homes that are served by a communal heating system the heating charge will need to increase by 10% in order to recover the increased utility costs. Last year residents in Poole benefitted from a 3% reduction in heating charges as a result of falling usage.
68. Heating charges in the Bournemouth neighbourhood are set according to the usage on each scheme. There has been an increase in costs from suppliers but also an under-recovery of costs on some schemes. The increase for 2021/22 reflects both, but any increase, primarily due to the under recovery, has been capped at £1.00 per week.
69. Charges for communal power are set according to the energy used in both neighbourhoods and are increased according to usage. Within Poole the charges also relate to a new contract for utilities that includes gas. Residents previously benefitted from a 3% reduction in charges last year and the contracts in place reflect the current cost of energy supplies.
70. Scooter charges in the Poole neighbourhood will increase by the retail price index for September 2020, 1.1%. In Bournemouth the charge will not increase which will allow for alignment across both neighbourhoods over time.
71. The window cleaning charge in Bournemouth will remain unchanged.
72. Within Bournemouth, the previously agreed service charge policy will continue to be rolled out with additional charges for communal bulk refuse removal being applied from 1 April 2021. This will be the last of the new charges that were introduced to be applied. A cap on the new service charges introduced will continue to be applied until

April 2023/24. The cap for 2021/22 will ensure that the maximum amount paid for new services charges that include communal supply, cleaning, gardening and bulk refuse will not exceed £4.00 per week.

73. Service charges in the Bournemouth neighbourhood for communal gardening and cleaning are usually based on costs previously incurred. During the Covid-19 pandemic these 2 services were suspended for approximately 3 months although tenants continued to pay for the service. Charges for 2021/22 have been adjusted to account for this in year so that tenants realise the revised costs now rather than in 12 months' time.
74. There has been an overall increase in communal gardening charges in the Bournemouth neighbourhood even when adjustments for the disruption to services due to Covid-19 have been made. These charges are relatively low, and any increases can appear to have a disproportionate impact on the overall percentage increase.

***Recommendation a(vi) –***

***That the changes to service charges are agreed as set out in appendix 2.***

**Revenue Expenditure**

75. The HRA manages expenditure that covers delivery of the general housing management function as well as overhead and capital financing charges.
76. Management and Maintenance
77. PHP delivers the management and maintenance service to the Council in relation to Poole neighbourhood stock and this is funded through the annual management fee paid to PHP. For the Bournemouth neighbourhood the revenue expenditure is contained within the overall revenue budgets for the HRA without the separation of a similar management fee.
78. It is recognised that the financial climate has been and remains challenging and the four years of reduction in rental charges to tenants have reduced the level of funds available to deliver all the priorities for housing support and new homes. Both neighbourhoods therefore regularly review the level of costs incurred and ensure that funding is linked to service priorities.
79. The strategies across both Bournemouth and Poole are to ensure that costs are driven down, that these are benchmarked to test that value is being achieved and the organisation learns from the best to inform the decisions being made.
80. Key current and future changes to service delivery and financial pressures can be summarised as follows
- a. Increases in Development Team staffing resources to help bring forward the new build programme (although much of the costs are capitalised to the individual schemes).
  - b. Additional resources to help ensure the effective management of tenancies involving tenants with complex needs such as substance misuse.
  - c. Additional resources to support the delivery of the building safety requirements and compliance approach
  - d. Increases in the cleansing services to ensure that lessons learnt from Covid-19 on service delivery are embedded

- e. Resource identification to support delivery of the white paper requirements to ensure that BCP can deliver effective assurance to the Regulator
81. The use of the revenue resources for day to day delivery of services are summarised in the delivery plans for each neighbourhood which are summarised in appendices 7 and 8.
  82. The HRA contributed £2 million to the Councils Transformation Programme in 2020/21. This was on the condition that savings as a result of this would also be delivered to the HRA. This project has now been brought forward to help deliver savings to the general fund because of the Covid-19 pandemic. As part of this, the "Smarter Structures" project has commenced to implement a staff structure to support organisational design. It is not clear yet what impact this will have on the HRA but it will need to be phased as the 2 neighbourhood services are aligned alongside the housing management model review process. However, new telephony and IT delivered through the Transformation Programme has enabled remote working while maintaining services in a safe way during the pandemic.
  83. Overheads and other expenditure
  84. The HRA holds general budgets that meet the cost of other service areas that support the overall delivery of the housing management function. These budgets have also been considered as part of the budget setting process.
  85. The HRA picks up charges via "SeRCOP" recharges that identify costs held elsewhere in the Council but that relate to delivery of housing services. These include areas such as grounds maintenance provision, oversight of CCTV within buildings and corporate support costs. These need to be reflected in the HRA in order to ensure the full cost of delivering services to tenants is recognised. Such charges have to be fundamentally reviewed on a regular basis to ensure they remain up to date and appropriate.
  86. Management of bad debts
  87. One of the main areas of risk for the HRA going forward is arrears and the management of debt within the rent account. There is a specific risk around the ability to collect this debt as national welfare reform changes are rolled out. The spare room subsidy changes have now been in place for almost seven years and work to manage under occupation is now business as usual.
  88. One key current risk is Universal Credit (U.C.) which went live for Bournemouth in November 2017 and for Poole in October 2017 with approximately 18% of tenants now receiving this benefit. Evidence from other areas, along with our experience so far, shows the level of arrears increases in the short to medium term following implementation. The system is also more complicated than the old housing benefit system and requires additional interventions and support from landlords.
  89. Both neighbourhoods continue to work closely with tenants to assist with financial and budgeting skills and continue to undertake proactive work to help with any issues around their U.C. claims and any associated issues.
  90. The impact of Covid-19 has not yet had a noticeable impact on the level of rent arrears. However, this will have to be carefully monitored as furlough and other support schemes come to an end early next year. This will have been assisted by the proactive work the teams have been doing with tenants to encourage continued payment of rent during the year.
  91. As the level of arrears across all other tenants continues to remain broadly consistent with previous years and because there was an overestimate of the bad debt

provision set aside for welfare reform in previous years, the current level of bad debt charge of £188,000 for the Bournemouth neighbourhood and £197,000 for the Poole neighbourhood is considered to be adequate and has been maintained at the same level for 2020/21.

***Recommendation a(vii) –***

***That the budgeted bad debt charge is maintained at £188,000 for the Bournemouth neighbourhood and £197,000 for the Poole neighbourhood.***

92. Under the self-financing regime the HRA holds a depreciation charge that recognises the cost of managing and maintaining the Council stock at the current level. This funding represents a revenue cost to the HRA that is then used to support the capital programme to deliver the required enhancements to the stock to keep it fit for purpose. Under these arrangements the Council is required to demonstrate the stock has been accounted for in line with IAS 16 and follows componentisation accounting principles.
93. Depreciation charges in both neighbourhoods are calculated using components. However, the depreciation policy for each neighbourhood is significantly different - the Bournemouth neighbourhood uses six components and Poole uses 86. Life cycles also vary across the two neighbourhoods. These differences in approach have started to be reviewed but have not been aligned in this budget as doing so now could impact the level of resource available to support the maintenance programme.

***Recommendation a(viii) –***

***That the depreciation budget is set at £6.878m for the Bournemouth neighbourhood and £4.665m for the Poole neighbourhood.***

94. Reserves

95. The Council is required by law (Local Government and Housing Act 1989, section 76) to avoid budgeting for a deficit on the HRA. This means the budget must not be based on total HRA revenue reserves falling below zero. In practice the Council is expected to maintain a reasonable balance of HRA reserves to cover contingencies. An appropriate level has been determined as 5% of expenditure. This level has been reached after carrying out a risk assessment of key items affecting income/expenditure and allowing for a contingency for unidentified items. In 2021/22 this gives a minimum reserve requirement of £976,250 million for the Bournemouth Neighbourhood and £769,900 for the Poole Neighbourhood.

***Recommendation a(ix) –***

***That HRA reserves should be maintained at a minimum level of 5% of total expenditure. This equates to £976,250 for the Bournemouth neighbourhood £769,900 for the Poole neighbourhood for 2021/22, totalling £1.746m.***

96. Capital Financing

97. The budget to support interest paid on HRA debt will rise in future years as external borrowing is required. For 2021/22 the BCP HRA will require £16.5 million of external borrowing to fund its capital programme.
98. The continued strong management of expenditure costs and the good level of income collection mean that for 2021/22 the revenue contribution to capital from the Bournemouth neighbourhood is £1.822 million and £3.642 in the Poole neighbourhood. The remainder of the capital programme will be funded from a combination of capital receipts, drawdown of the Major Repair Reserve (MRR) and section 106 receipts.

## Capital Expenditure

99. Financial regulations require capital schemes to be categorised into appropriate approvals categories. All Planned Maintenance Programme items within Appendix 5 are Unconditional. Major Projects (shown in detail in Appendix 6) are categorised as No Further Approval, Conditional Approval or requires Further approval, as appropriate.
100. Planned Maintenance Programme
101. The HRA capital programme aims to ensure first and foremost, that the current housing stock is fit for purpose and specific projects that will enhance the delivery of affordable housing across both neighbourhoods are achieved. The Decent Homes target was achieved in December 2010 when the significant backlog works were completed, and all stock met the target. However, each year elements of this stock will need to be replaced or updated in order to keep all stock at the Decent Homes (and the Bournemouth and Poole) standard. The delivery of these enhancements is the first call on capital resources.
102. There are various areas of work that need to be delivered as part of the planned maintenance programme. Fire safety is a key area and additional work will be required to remove cladding at the Sterte Court tower blocks. Budgets have been set aside for the replacement of all fire doors to flats.
103. To support the Council's Corporate Strategy there are objectives to ensure that sustainability underpins our policies, tackle the climate change emergency and promote sustainable resource management. This can be achieved through sustainable methods of construction in relation to new homes with high levels of thermal insulation and more energy efficient hot water and heating systems. Energy efficient measures are also provided in the refurbishment of existing homes including more efficient gas boilers, consideration of alternative heat sources, increased levels of thermal insulation, communal heating systems and low energy lighting to communal areas. Such measures often increase development and refurbishment costs, but more energy efficient homes can benefit tenants through lower energy bills. There is a clear focus on the overall carbon savings that can be achieved with any additional investment.
104. Technology is changing constantly in this fast-moving sector but it is clear that the HRA housing stock will embrace this issue within its programme going forwards. The development of the 30-year business plan will help determine how we meet the challenges.
105. There are differences for proposed expenditure between the two neighbourhoods within the planned maintenance programme. Each has its own asset management strategy which reflects the nature of the stock and drives this programme. Different services and policies have also developed between the two neighbourhoods over many years which have been influenced through engagement with tenants. These are slowly being brought together with best practice being shared while ensuring locally appropriate services are in place.
106. The planned maintenance programme is proposed at £7.446 for Bournemouth and £7.151 million for Poole and. A full breakdown of these programmes is included within appendix 5 and these will deliver a programme of work that is safe and meets legislative and other priorities.

### ***Recommendation b(i) –***

***That the planned maintenance programme as set out in Appendix 5 is agreed.***

107. Major works capital programme

108. The HRA is committed to delivering additional affordable housing across both Bournemouth and Poole and ensuring the current HRA land is used as effectively as possible. Whilst the majority of activity is new build, the Bournemouth and Poole neighbourhoods have also successfully acquired existing properties. These are usually via buy back of properties that had been previously sold under the right to buy but may be where other housing providers are looking to dispose of suitable stock. Each new build scheme and purchase is subject to both financial and managerial due diligence to ensure they deliver value for money. New build schemes and other major capital programmes not defined explicitly within this report will be brought for individual Cabinet approval as per the Financial Regulations.
109. The exact tenure mix of this new build programme will be considered in the context of overall financial viability. Each scheme is required to be viable over the duration of any borrowing period in line with the Prudential Code.
110. There are ongoing ambitious new build plans, a requirement to make significant changes to the stock to more adequately meet needs and the HRA must continue to assist in the management of homelessness. Funding of this programme can be achieved in part via additional borrowing. In the October 2018 budget, the Chancellor abolished the limit on HRA borrowing cap. This allows for more to be delivered from HRA budgets where additional funding can now be raised in accordance with the Prudential Code. This provides an opportunity to expand our new build ambitions across both Bournemouth and Poole to help further meet the needs of those on the housing registers.
111. Borrowing by the BCP Council HRA is forecast to be £16.5 million for the year to 31 March 2022 to help finance new build and major projects.
112. Many schemes will also require additional subsidy alongside rental income to meet the borrowing requirements. RTB receipts, HRA reserves and Section 106 affordable housing developer contributions are also used across both neighbourhoods to help financially support the delivery of new homes, although these funding sources are finite.
113. The new build and major projects programme for Bournemouth totals £18 million for 2021/22. The new build and major projects programme for Poole totals £24.279 million.
114. New build and major projects – Bournemouth
115. Northbourne Day Centre, Wimborne Road, Kinson – on site. Will provide 9 homes for rent including 1 and 2-bedroom flats and 2-bedroom houses.
116. Barrow Drive garage site, Townsend – on site. 3, 2-bedroom houses. Completion and handover to be in 2020/21 financial year with some remaining capital spend budgeted for 2021/22.
117. Templeman House, Leedam Road, Kinson – 27 flats.
118. Princess Road, Westbourne – 120 new homes including 1,2 and 3-bedroom flats for rent and shared ownership. At planning stage.
119. Ibbertson Way garage site, Townsend – on site. 2, 2-bedroom houses and 1, 3-bedroom house for rent.
120. Luckham Road/Charminster Road, Charminster – on site. 6, 1 and 2-bedroom flats and 3, 3-bedroom houses.
121. Cabbage Patch car park, St Stephens Road, Bournemouth Town Centre – 11, 1 and 2-bedroom flats.



122. Moorside Road, West Howe – 14, 3-bedroom houses.
123. Duck Lane, Bearcross – 12, 2-bedroom flats. At planning stage.
124. Craven Court, Knyveton Road, Boscombe – 24 ,1 and 2-bedroom flats. At planning stage.
125. Wilkinson Drive, Townsend – 9,2-bedroom flats and 4, 3-bedroom houses. At planning stage.
126. Purchase and repair – 5 homes currently being purchased.
127. New build and acquisition – budget amount that has not yet been committed.
128. New build and major projects – Poole
129. Project Admiral is ongoing and will deliver a major maintenance programme of the 4 tower blocks situated in Poole Old Town. This work includes the provision of a non-combustible cladding system that will ensure that these blocks remain fit for purpose and extend their life by a further 30 years. This project is being delivered over 3 years and should complete in 2022/23.
130. Cladding, Sterte Court, Poole – work will soon commence to remove combustible cladding to the 2 tower blocks and to replace with a non-combustible cladding system. It is anticipated that the work to remove and replace will take approximately 9 months to complete.
131. Infill –delivery of up to 15 new homes on infill sites throughout 2021.
132. Acquisitions – there is £1.5 million budget to deliver homes via the acquisitions programme that will support increases in the overall stock.
133. Cynthia House – 22 new homes by 2022, flats and houses and a mix of shared ownership and affordable rent.
134. Herbert Avenue - this scheme will deliver 24 flats for use as temporary accommodation.
135. Sprinkler Installation – work has started to install sprinklers across all 6 tower blocks and will be completed by June 2021 at Sterte Court and March 2022 in the Old Town.
136. Hillbourne –delivery of approximately 100 new homes on the old school site. Wider approvals will be sought towards the end of 2021.

***Recommendation b(ii)***

***That the major project capital programme as set out in Appendix 6 is agreed.***

137. The 2020/21 capital programme was agreed at £19.618 million for Bournemouth (revised to £11.147 million) and £21.633 million (revised to £14.349 million) for Poole. Timing of cash flows for large capital projects spanning several financial years can be difficult to predict and are re-forecast as the projects progress. These projects often require consultation, planning and building control approval and are subject to competitive tendering processes. Capital budgets are carried forward when timing of cash flows becomes more accurate to predict.

***Recommendation b(iii) –***

***That funding totalling £6.824 million is carried forward from the 2020/21 Bournemouth neighbourhood capital programme and that funding totalling £4.955 million is carried forward from the 2020/21 Poole neighbourhood capital programme to reflect where expenditure on major projects has commenced but these have not yet been completed.***

#### 138. Delivery Plan

139. The Management Agreement between BCP Council and PHP sets out the requirement for an annual delivery plan to be agreed. The PHP Delivery Plan sets out the Key Deliverables for PHP which support the refreshed Housing Strategy 2017 to 2020. The annual Delivery Plan for the Bournemouth Neighbourhood is also presented. Work is currently ongoing between the teams to align ways of working as appropriate across both neighbourhoods. It is notable that many actions cited in each Delivery plan are being progressed jointly across the two neighbourhoods.

#### ***Recommendation c –***

***That the Delivery Plans for each neighbourhood to support the key principles for the HRA and the Council's Corporate Strategy are agreed as set out in appendices 7 and 8.***

#### 140. Financial modelling

141. The existing new build programme reflects the ambitious plan to provide much needed additional homes for rent and shared ownership. Financial modelling is taking place to look at options to help shape the identified new build and retrofitting programme over the next few years. To support this work there is an ongoing update of the 30-year business plan for the HRA combined across the two neighbourhoods.

#### 142. Consultation

143. There is no legal obligation to consult on the annual rent changes. The rent changes noted in this report for 2021/22 are set by government policy.

144. The Poole neighbourhood consults on the rent approach with local residents via the Tenant Involvement and Empowerment (TIE) panel and feedback from this meeting will be available to Cabinet if requested.

145. The Portfolio Holder for Homes has been consulted and their feedback had been addressed in this report.

### **Options Appraisal**

146. This report sets out the proposals for increases in rent and other charges to support the provision of services to residents, day to day maintenance of the housing stock, disabled adaptations, the planned maintenance programme, new developments and other major works. The income received is also used to ensure that the Council can meet its legal responsibilities as a landlord as well as regulatory standards. The proposals support the Council's wider strategic objectives and demonstrates the importance of housing revenue account activities in helping to meet these. Any decision not to increase charges would have an impact on the ability of the HRA to meet the objectives in the delivery plan, and services to residents as well as wider strategic objectives. It would also increase the risk of failing to meet the challenges from the 30-year business plan as set out below.

### **Summary of financial implications**

147. The Housing Revenue Account is a separate account within the Council that ring-fences the income and expenditure associated with BCP Council's housing stock. The estimated income from rent and other charges will be £43.236 million. The income from the HRA is used to support the Council's activities as a landlord and the proposed expenditure of £56.876 million on planned maintenance and new homes as the cost of managing and maintaining the housing stock. Proposed rent increases are in line with government requirements and the additional income that is generated is also used to develop the 30-year business plan. This plan will ensure that the

Council continues to meet its responsibilities as a landlord and in meeting the Council's wider objectives, including new homes, as well as the national agenda to reduce carbon emissions. There are other challenges associated with improvements to building safety and it is important that the HRA can meet these.

### **Summary of legal implications**

148. Council housing landlords are required to give 28 days' notice to all tenants of changes to the rental and charges for the new financial year. This will be achieved should all the recommendations be accepted by Cabinet in February 2020.
149. The Council is required by law (Local Government & Housing Act 1989, section 76) to avoid budgeting for a deficit on the HRA. This means the budget must not be based on total HRA revenue reserves falling below zero. In practice the Council is expected to maintain a reasonable balance of HRA reserves to cover contingencies. The HRA will maintain reserves above a minimum level of 5% of expenditure. In 2021/22 this gives a minimum level of reserve for the Bournemouth and Poole neighbourhoods of £976,250 and £769,900 respectively.
150. Approval from Cabinet and Council is required before changes to rents and other charges can be made as well as commitment to the level of expenditure on planned maintenance and major works.

### **Summary of human resources implications**

151. There are no HR implications for this report.

### **Summary of sustainability impact**

152. As a landlord the Council is responsible for the management and maintenance of Council homes and provision of new homes. Measures can be taken to ensure that more energy efficient measures are used in the maintenance of homes, for example more energy efficient gas boilers. There are more opportunities for energy efficient measures in new homes and this is considered for each new development including consideration of options for carbon savings.

### **Summary of public health implications**

153. HRA properties continue to benefit from photovoltaic and solar panels reducing carbon emissions across Bournemouth and Poole. The ongoing maintenance of existing stock, such as heating replacement, insulation and low energy LED lighting in communal areas also help to increase the energy efficiency of our existing stock. Consideration is currently being given to new methods of building construction for new homes which would benefit tenants and the local area.

### **Summary of equality implications**

154. Proposed revenue budgets for 2021/22 onwards should not impact on front line service provision, and the level of capital disabled adaptations in the estimated Capital Programme should enable us to meet the needs of disabled and older residents to have aids and adaptations fitted to support their independence.
155. Older and disabled residents will be positively affected by the investment in dwelling insulation, energy efficiency and competitive heating and communal utility charges. Many have benefited from low personal heating charges and a lower split of communal utility costs between all residents benefiting from these services.
156. There is a clear correlation between effective housing and better health outcomes. By ensuring that housing meets minimum maintenance standards respiratory health issues can be reduced as well as minimising trips and falls.

157. Community development work undertaken seeks to minimise isolation, particularly with older people, contributing to improved physical and mental health outcomes and more active communities. We will continue to work with community and voluntary groups, promoting their services and offering practical help where feasible, for example land for community gardens.
158. The income received also enables the Council to provide services to vulnerable tenants to help them maintain their tenancies.
159. There are many reasons why tenants may struggle to maintain their tenancies including drug and alcohol problems, mental health and hoarding. We will seek to continue to support tenants in their homes to ensure that they are able to maintain successful tenancies and to reduce the number of evictions. Both neighbourhoods have staff who can provide support for tenants including financial advice and work is ongoing to ensure that sufficient resources are available.
160. A number of the mitigations are in place to minimise the impact of any increase in charges on those on low incomes. These include:
- The move to formula rents will not apply to existing tenants.
  - Rent increases for the last two years come after a period of 4 years of 1% rent reductions. This increase and last year's increases are in line with national rent setting policy and rents are not at the level they would have been if there had been uplifts in previous years instead of reductions.
  - Any tenants who are on low incomes are eligible for help with their rent through housing benefit or universal credit.
  - Most service charges are also covered by housing benefit or universal credit enabling those on low incomes to get help with these.
  - Those tenants on housing benefit or universal credit are exempt from the supporting people charge within sheltered housing in Poole.
  - Heating charges in Poole were reduced by 3% last year. There was no increase in Bournemouth.
  - Supplies for utility contracts for communal utilities are negotiated within both neighbourhoods to secure lower costs.
  - Increases in heating charges in Bournemouth have been capped at £1.00 per week.
  - Increases in water and sewage charges in Bournemouth have also been capped at £1.00 per week.
  - There is a cap of £4.00 per week on new service charges that were introduced in Bournemouth several years ago. These include communal gardening and cleaning.
  - There has been no significant impact on the level of unpaid rent because of the pandemic. Staff have been offering support to residents who have had problems paying their rent and will continue to do so.

### **Summary of risk assessment**

161. From April 2012 the risk in financing the management and maintenance of the housing stock moved from Central Government to Local Government as part of the Self-Financing Settlement Agreement.
162. The risk associated with future rent increases and decreases is no longer a local decision.
163. The following considerations must be made:
- a) As the self-financing valuation and settlement is premised on the Council continuing to implement the Government's Rent Restructuring formula, the deviation from this with

regards the national government mandated CPI + 1% increase could potentially undermine the financial viability of the BCP Council HRA.

b) The HRA will be committed in the first instance to the servicing of new and existing debt.

c) Only once debt is serviced (funded) can consideration be given to the maintenance standard of the properties and then in turn to the quality of the housing management service.

d) The Welfare Reform Act changes have affected the payments being made to the HRA and further changes associated with the roll out of U.C. could affect levels of tenant income and further increase rent arrears within the HRA.

e) The end of automatic payment of Housing Benefit direct to Landlords, could significantly reduce rent income levels and increase the level of bad debts within the HRA as U.C. continues to roll out.

f) Compliance with regulatory standards and changes to health and safety legislation particularly regarding fire safety will provide additional challenges over the next few years and are likely to lead to increased costs.

g) The requirement to have an effective HRA 30-year business plan to help prepare and manage future costs and requirements to manage the housing stock.

h) The ongoing and longer-term impact of Covid is expected to negatively impact on HRA finances if tenants struggle with rent payments and assets cannot be maintained on site in a timely way due to social distancing.

164. The recommendations presented here assures compliance with the national rent setting policy and the key principles have been approved by MHCLG. The proposal ensures the appropriate maintenance and development of HRA stock across the Bournemouth and Poole neighbourhoods. Not approving this report would significantly risk the ability for BCP to comply with central Government and national legislation that govern the HRA budget process.

### **Background papers**

Policy Statement on Rents for Social Housing, February 2019

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/781746/Policy\\_Statement.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781746/Policy_Statement.pdf)

### **Appendices**

1: The Rent Increase Effect on Residents

2: Service Charges for 2021-22

3: Income and Expenditure Statement for 2021-22

4: HRA Balances for 2021-22

- 5: Capital Programme for 2021-22 to 2023-24
- 6: Major Project Capital Programme for 2021-22
- 7: Delivery Plan – Poole Housing Partnership (Poole Neighbourhood)
- 8: Delivery Plan – (Bournemouth Neighbourhood)
9. Summary of national rent setting policy