



# Agenda

Meeting: **Cabinet**  
Date: **25 January 2023**  
Time: **5.00 pm**  
Place: **Council Chamber - Civic Centre Folkestone**

To: **All members of the Cabinet**

All Councillors for information

The cabinet will consider the matters listed below on the date and at the time and place shown above.

This meeting will be webcast live to the council's website at <https://folkestone-hythe.public-i.tv/core/portal/home>.

Please note there will be 37 seats available for members of the public, which will be reserved for those speaking or participating at the meeting. The remaining available seats will be given on a first come, first served basis.

9. **Draft Housing Revenue Account Revenue and Capital Original Budget 2023/24 (Pages 3 - 10)**

This report sets out the Housing Revenue Account Revenue and Capital Budget for 2023/24 and proposes an increase in weekly rents and an increase in service charges for 2023/24.

**Queries about the agenda? Need a different format?**

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**SUBJECT: Addendum to Cabinet paper 25 January 2023 – Agenda Item 9  
C/22/78 – Draft Housing Revenue Account Revenue and Capital Original  
Budget 2023/24**

## **Addendum**

A correction to paper C/22/78 has been identified relating to the Highview Capital New Build Scheme. The draft budget proposed identified £0.25m for Highview within Appendix 2, as part of the New Build budget line totalling £3.454m (funded from capital financing). This entry has been amended to reflect the anticipated cost of the Highview scheme in its first year; 2023/24 of £3.7m. These costs are proposed to be met from i) capital financing £0.25m; ii) Homes England Grant Funding £1.3425m; iii) Brownfield Land Remediation Grant Funding £0.465m; and iv) £1.6425m from reserves.

Appendices 1 and 2 – HRA Draft Revenue Budget and HRA Draft Capital Budget to the Cabinet report – have been revised and are attached to this addendum.

Appendix 1 reflects the updated proposed use of the HRA reserve under the Revenue Contribution to Capital line which has been increased from £3.633m to £5.275m. In turn, the balance of this reserve is now anticipated to reduce to £2.797m at 31 March 2024.

Further funding will be required in 2024/25 for Highview. A separate report is proposed to be presented for decision to Cabinet regarding the scheme and evaluation of the scheme affordability within the HRA to progress it at a time of volatile economic and financial pressures. However, pending a further appraisal and Cabinet decision on the scheme, the proposed budget has been included within the proposed draft HRA budget.

This amendment also affects the following sections of the paper:

2.2 Table 2 *HRA Reserves Balances*

<i>Table 2</i>	<b>2022/23</b>	<b>2023/24</b>
	£000's	£000's
Balance as at 1 April	9,928	5,867
Balance as at 31 March	5,867	2,797

*Note – HRA minimum reserve level required £2m*

4.1 Table 4 *Original budget 22/23 to original budget 23/24*

<i>Table 4</i>	<b>£000's</b>
<b>Original estimate 2022/23</b>	<b>14,720</b>
<b>Changes in programme</b>	
New Builds (see 4.1.1)	1,207
Thermal Insulations (see 4.1.2)	(1,450)
Ross House (see 4.1.3)	(450)
Door/Block Entry (see 4.1.4)	(409)
Rewiring (see 4.1.5)	(200)
Communal Areas (see 4.1.6)	(104)
SHDF Wave 2 - Capital Works (see 4.1.2)	881
SHDF Wave 2 - A & A (see 4.1.2)	155
Other net variances	(129)
<b>Total decrease in expenditure</b>	<b>(499)</b>
<b>Original estimate 2023/24</b>	<b>14,221</b>

#### 4.2 Required resources to finance the HRA Capital Programme

Table 6	Major Repairs Reserve	Use of RTB Capital Receipts	Use of Other HRA Capital Receipts	Capital Financing	Grant Funding	Revenue Contribution	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Original budget 2022/23	2,399	2,279	3,384	0	0	6,658	14,720
Original budget 2023/24	3,084	600	0	3,454	1,808	5,275	14,221

#### Attachments:

1. Addendum – Revised Appendix 1 Draft Revenue Budget
2. Addendum – Revised Appendix 2 Draft Capital Budget

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## HOUSING SERVICES

## ANNUAL ESTIMATES 2023/24

Actual 2021/22 £	<b><u>HOUSING REVENUE ACCOUNT</u></b>	Original 2022/23 £	Estimate 2023/24 £
	<b><u>INCOME</u></b>		
15,230,322	Dwelling rents	15,817,040	<b>16,984,378</b>
280,228	Non-dwelling rents	342,380	<b>285,000</b>
1,016,680	Other charges for services and facilities	1,047,020	<b>1,099,371</b>
1,989,000	Capital Grants and Contributions	0	<b>0</b>
52,200	Contributions from general fund	52,200	<b>52,200</b>
<b>18,568,430</b>	<b>TOTAL INCOME</b>	<b>17,258,640</b>	<b>18,420,949</b>
	<b><u>EXPENDITURE</u></b>		
3,958,821	Repairs and maintenance	4,091,260	<b>4,354,690</b>
5,422,810	General management *	4,907,080	<b>5,079,562</b>
1,634,529	Special management *	1,692,330	<b>1,901,625</b>
20,085	Rents, rates & taxes	21,750	<b>21,750</b>
-36,549	Increase provision for bad or doubtful debts	100,000	<b>250,000</b>
	<b><u>Capital Financing Costs</u></b>		
10,667,835	Depreciation charges	2,398,700	<b>3,084,000</b>
-1,468,846	Exceptional Item Impairment	0	<b>0</b>
24,110	Debt management expenses	22,950	<b>22,950</b>
<b>20,222,795</b>	<b>TOTAL EXPENDITURE</b>	<b>13,234,070</b>	<b>14,714,577</b>
<b>1,654,365</b>	<b>NET COST OF SERVICES</b>	<b>-4,024,570</b>	<b>-3,706,372</b>
-761,712	(Gain)/Loss on Sale of HRA Fixed Assets	0	<b>0</b>
1,519,711	Loan charges - Interest	1,633,000	<b>1,907,000</b>
	<b><u>Investment Income</u></b>		
-13,394	Interest on notional cash balances	-11,310	<b>-311,000</b>
255,000	Pensions Interest Cost and Expected Return on Assets	0	<b>100,000</b>
<b>2,653,970</b>	<b>NET OPERATING INCOME</b>	<b>-2,402,880</b>	<b>-2,010,372</b>
-4,794,182	Any other item of income & expenditure	0	<b>0</b>
761,712	Gain/(Loss) on Sale of HRA Fixed Assets		
4,286,732	Revenue Contribution to Capital Expenditure	6,658,597	<b>5,275,150</b>
-800,000	Pensions Interest costs	-195,000	<b>-195,000</b>
<b>2,108,232</b>	<b>TOTAL DEFICIT/SURPLUS(-) FOR YEAR</b>	<b>4,060,717</b>	<b>3,069,778</b>
12,036,896	Balance as at 1st April	9,927,944	<b>5,867,227</b>
9,927,944	Balance as at 31st March	5,867,227	<b>2,797,449</b>

\* General Management - relates to costs for the whole of the housing stock or all tenants such as EKH Management Fee and support costs.

\* Special Management - relates to only some of the tenants such as cleaning communal areas of flats and maintenance of open spaces.

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## HOUSING SERVICES

## ANNUAL ESTIMATES 2023/24

Actual 2021/22 £	<u>HRA CAPITAL PROGRAMME</u>	22/23 budget	Draft 2023/24 £
	<b><u>EXPENDITURE</u></b>		
	<b><u>Decent Homes Standard</u></b>		
495,893	Doors	732,350	732,350
998,850	Re-roofing	799,640	799,640
621,860	Heating Improvements	649,330	649,330
341,214	Kitchen Replacement	579,600	500,000
250,000	Bathroom Improvements	444,250	444,250
161,578	Voids Capital Works	300,000	300,000
323,961	External Enveloping	392,440	350,000
1,256,962	Fire Protection Works	800,000	800,000
110,737	Thermal Insulations	1,449,900	0
2,473,929	Enhanced Capital Programme	0	0
0	Smoke/CO Detectors	38,080	50,000
0	Door Block Entry System	409,000	0
0	Communal Areas	104,060	0
0	Ross House	900,000	450,000
0	SHDF Wave 2 - A & A	0	155,457
0	SHDF Wave 2 - Capital Works	0	880,923
7,034,984	<b>Sub-Total</b>	<b>7,598,650</b>	<b>6,111,950</b>
	<b><u>Non Decent Homes Standard</u></b>		
10,000	Treatment Works	110,000	110,000
529,816	Disabled Adaptations	450,000	450,000
389,907	Rewiring	437,200	237,200
80,000	Sheltered Scheme upgrades	80,000	80,000
65,145	Garages Improvements	150,000	150,000
10,849	Lift Replacements	60,000	60,000
1,085,717	<b>Sub-Total</b>	<b>1,287,200</b>	<b>1,087,200</b>
	<b><u>New Build Programme</u></b>		
2,923,521	New Builds	5,696,890	6,904,000
2,923,521	<b>Sub-Total</b>	<b>5,696,890</b>	<b>6,904,000</b>
	<b><u>Environment/Estate Improvement</u></b>		
15,334	Environmental Works	29,500	29,500
50,450	New Paths	50,000	50,000
9,993	Play Areas	10,000	10,000
75,777	<b>Sub-Total</b>	<b>89,500</b>	<b>89,500</b>
<b>11,119,999</b>	<b>TOTAL IMPROVEMENTS TO HRA STOCK</b>	<b>14,672,240</b>	<b>14,192,650</b>
	<b><u>OTHER SCHEMES</u></b>		
15,938	EKH Single System	47,813	28,000
<b>11,135,936</b>	<b>TOTAL EXPENDITURE</b>	<b>14,720,053</b>	<b>14,220,650</b>
	<b><u>FINANCING</u></b>		
5,678,986	Major Repairs Reserve	2,398,700	3,084,000
1,169,408	1-4-1 Capital Receipts	2,278,756	600,000
0	HRA Other Capital Receipts	3,384,000	0
0	Capital Financing	0	3,454,000
0	Grant funding	0	1,807,500
4,287,543	Revenue Contribution	6,658,597	5,275,150
<b>11,135,936</b>	<b>TOTAL FINANCING</b>	<b>14,720,053</b>	<b>14,220,650</b>
<b>0</b>	<b>SHORTFALL IN FINANCING</b>	<b>0</b>	<b>0</b>

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