

HOUSING REVENUE ACCOUNT 2024/25 PROPOSED BUDGET

Housing Committee – 23 January 2024

Report of: James Devonshire – Head of Housing
Rona Leitch – Senior Finance Business Partner

Purpose: For Decision

Publication status: Unrestricted

Wards affected: All

Executive summary:

The purpose of this report is to present the proposed budget for 2024/25 for the Housing Revenue Account (HRA), including the annual review of rents, capital programme and revenue budget.

The Council's expert HRA consultant, Jeremy Cookson (HFS Limited) has worked with the Council on the assumptions in this budget and the HRA 30-year business plan. Key considerations for the business plan are summarised in the report to give context to the recommendations.

This report supports the Council's priority of: Building a better Council / Creating the homes, infrastructure and environment we need / Supporting economic recovery in Tandridge / Becoming a greener, more sustainable District.

Contact officer Rona Leitch– Senior Finance Business Partner
rleitch@tandridge.gov.uk

Recommendation to Committee:

That the following be agreed:

- A) **The proposed revenue budget for 2024/25** with net income from services of £3,729,400 before capital financing and interest charges, as shown at Appendix A, subject to approval by Strategy & Resources Committee and Full Council.

- B) **The proposed Capital Programme for 2024/25** for the sum of £19,135,100, as shown at Appendix B, subject to approval by Strategy & Resources and Full Council.
- C) **Social Rents (excluding service charges) and Affordable Rents (including service charges) for 2024/25** to be increased by 7.7% in accordance with Government social rent policy guidance.
- D) **Rent for garages** to be increased by 7.7% for 2024/25 to produce a standard weekly rent of £15.61 to tenants, or £18.73 (including VAT) for let to private tenants.
- E) **Service charges** to be increased by 7.7% for 2024/25 to produce an average weekly charge of £8.78.
- F) **Sheltered and Older Persons service charges** to be increased by 7.7% for 2024/25 to £16.51 and £3.61 respectively.
- G) That the PWLB HRA Loan of £3.450m due for repayment in 2024/25 be re-financed.

Reason for recommendation:

Section 151 of the Local Government Act 1972 requires all Councils in England and Wales to make arrangements for the proper administration of their financial affairs. It is a legal obligation that the Council sets a balanced budget for 2024/25. This report accords with that legislation by enabling Members to review the HRA budget for the forthcoming year.

1. Introduction and background

- 1.1. The Housing Revenue Account (HRA) is a separate, ring-fenced account, funded entirely from tenants' rents and service charges. The HRA is governed by a different regime to the Council's General Fund budget and is based on the national Housing Revenue Account system of Self-Financing which came into force on 28th March 2012.
- 1.2. This annual budget feeds into the 30-year HRA business plan. The financial aspects of this are updated annually and/or with any major changes in Government policy or economic factors. It is proposed to hold an all-Member session on the business plan in 2024/25.
- 1.3. 2024/25 will be a challenging year with ongoing uncertainty relating to inflation and cost of living, along with emerging pressures linked to Government policy as set out in sections 2 and 8.

- 1.4. For this Committee, the main areas under consideration in the HRA are the revenue budget, the annual review of rents and service charges, and capital spending plans for 2024/25.
- 1.5. For the purposes of budget setting, 'pressures' and 'savings' are generic terms used to identify changes (increases or decreases) to budgeted income and expenditure. For example, pressures could include costs due to contract inflation or increases in demand for services. Savings could include increasing existing sources of income or delivering services in an improved/more efficient way to provide better value for money. A Glossary of Terms is provided in Appendix D.

2. Revenue Budget

- 2.1. The main influences on the HRA revenue budget are the expected level of rental and other income streams, the revenue costs of the capital programme and revenue spending pressures.

Income

- 2.2. The 2024/25 budget has been adjusted for increased income in line with the Government social rent policy, details of which are set out in section 3 and 4. This, together with new properties scheduled for handover, means that overall income will increase by £1.7m, after an allowance for voids loss. This increase is ringfenced to the HRA and will be applied to essential revenue pressures and capital spending need set out elsewhere in this report.

Revenue costs of Capital

- 2.3. One of the key influences on the revenue budget is the capital programme, which impacts on revenue through interest costs, depreciation and the extent to which revenue surpluses are required to supplement capital programme funding.
- 2.4. The 2024/25 budget and HRA business plan has been updated to take account of the revenue costs of borrowing to meet the 2024/25 HRA budget and capital programme.
- 2.5. It is proposed that a scheduled £3.45m loan repayment for 2024/25 be refinanced to allow sufficient resources to fund the HRA's Council house building programme. This amount is included in the current business plan and the revenue impact on interest built into the revenue budget.

2.6. Similarly, the HRA currently holds internal borrowing of £5.5m from the General Fund (GF). It is expected that this borrowing will need to be converted to a Public Works Loan Board (PWLB) loan in 2024/25 due to the ability of long-term Council cashflows to support internal borrowing. It has been assumed that this and the loan noted in 2.5 will be met from PWLB as a maturity loan, at an interest rate of 4.9% less discount of 0.2% (normal PWLB borrowing discount) and an additional discount of 0.4% (One-off additional discount for HRA borrowing which has been running from June 2023 and has recently been extended to June 2025).

Other matters

- 2.7. The Council is continuing to monitor the allocations for recharges between the General Fund and the HRA to ensure an equitable distribution is maintained.
- 2.8. A working balance is maintained to cover HRA day to day cash needs and to allow for unexpected expenditure. A prudent minimum balance for this is c£0.8m which remains unchanged from previous years and is considered sufficient to allow for any unforeseen costs throughout 2024/25.
- 2.9. Any surplus generated by the HRA in the year will be apportioned between the New Build and Repairs Reserve on the previously agreed two/one third basis. These reserves are used to fund the HRA capital schemes with borrowing making up any shortfall.

Summary

2.10. The draft budget for the HRA shows a net income from services of £3.7m before capital financing costs and interest charges, as shown at **Appendix A** and summarised in the table below.

| Service Area | Published Budget 2023/24 £000 | Draft Budget 2024/25 £000 | Budget Movement £000 |
|--|--------------------------------------|----------------------------------|-----------------------------|
| Providing People with Homes (Housing Allocations Management & Voids) | 276 | 311 | 35 |
| Improving the Quality of Housing | 4,786 | 5,195 | 409 |
| Managing the Service Effectively including £5.2m Depreciation Charges* | 8,136 | 8,404 | 268 |
| Community Services | 449 | 434 | (15) |
| Rent Income | (16,358) | (18,074) | (1,716) |
| Capital Financing (Interest and Capital Funding) | 2,711 | 3,730 | 1,019 |
| Total | 0 | 0 | 0 |

*Depreciation is a proper charge to the HRA budget, a key difference by comparison to the General Fund.

2.11. Several financial pressures and savings have been included within the Draft Budget. The main items are as follows:

This statement summarises the variation between the original estimate for 2023/24 and the draft 2024/25 budget

| <u>Pressures</u> | £ |
|--|--------------------|
| Salaries inflation, increments and NI net savings & growth | 175,800 |
| Contract Inflation | 65,900 |
| Response Repairs - increase in cost of Building Materials | 203,900 |
| Voids - Increase in cost of Building Materials and subcontractors | 96,700 |
| New Budget Line for Compliance for recent new and amended legislation eg Building Safety Act | 51,600 |
| New Budget Line Disrepair Claims -increased numbers of claims through "No Win, No Fee" legal firms | 35,000 |
| Increased Skips Hire Cost and usage | 30,000 |
| Fly Tipping - to provide for increased activity | 7,500 |
| Support Services Recharges growth | 87,500 |
| Increase in Interest Payable due to refinancing loans at higher rates | 133,600 |
| New shared service with RBBC Fraud service | 28,000 |
| Voids loss of Garage & Service Charges Income - reduced optimism on renting out | 30,000 |
| Increase Insurance premium costs | 49,300 |
| Bad Debt Provisions increased to match to previous financial year | 100,000 |
| Increase transfer to HRA reserves | 952,200 |
| Total Pressures | 2,047,000 |
| <u>Savings</u> | £ |
| Additional Rent from Dwellings by 7.7% increase | (1,754,800) |
| Additional Garage by 7.7% increase | (41,300) |
| Additional Service Charges by 7.7% increase | (49,900) |
| Reduce Tree Budget whilst capacity to deliver is established and work programme developed | (80,000) |
| Reduced Fuel Cost with new vehicles delivery economies of fuel usage | (11,900) |
| RTB and Leases - Recovery of Legal Costs/Expenses | (27,600) |
| Increase Notional Interest Receivable as Interest rates Increased | (68,000) |
| Reduce Tenant Redecoration Allowance Budget as unable to spend | (9,200) |
| Removing various small historical budgets | (4,300) |
| Total Savings | (2,047,000) |

2.12. Alongside increases to existing costs, two new budget expenditure lines have been added this year. The details are below:

- Compliance - An additional expenditure budget of £52k has been included to ensure that the housing stock is compliant with recent new and amended legislation. The Building Safety Act came into law in January 2023 and sets out safety requirements for landlords of higher-risk buildings. Higher-risk buildings are defined as being more than 18 metres tall, or seven storeys high, with two or more residential units. While the Council does not have building of this nature within its housing stock, best practice suggests that all blocks, regardless of size should meet the same safety standards as those defined as higher-risk buildings. In addition to this, all rented properties are required to meet Energy Performance Certificate (EPC) grade C by 2030. Additional budget is required to ensure that this statutory requirement is met along with other compliance requirements for fire safety, gas safety, electrical safety, lift Safety, asbestos management and legionella. The budget covers the revenue element of managing this pressure, with any consequential work funded from the capital programme.
- Disrepair Claims - Since the tragic death of Awaab Ishak in 2020 heightened scrutiny has been placed on the social housing sector. As a result, registered providers have seen increased numbers of disrepair claims being made through "No Win, No Fee" legal firms. Since 2018, 14 disrepair claims have been received by the Council, four of which have been received since 1 December 2023. A total of seven claims have been settled since 2018. While numbers of claims being made against the Council remain low when compared to the sector, an additional budget of £35k has been included to ensure the Council has adequate provision to deal with such claims.

3. Review of Fees and Charges

- 3.1. The HRA's prime source of income is generated through rent and service charges relating to the Council's housing stock.
- 3.2. The introduction of Self-Financing on 28th March 2012 led to the HRA taking on £70.2m of debt. It is forecasted that the HRA debt by the end of the 2023/24 will be £74m. To be able to service this debt, maintain the quality of the housing stock, meet legislative requirements and fund new provision, it is important that rents and charges are reviewed each year and set at an appropriate level.

- 3.3. The Government's previous Social Rent Policy of 1% rent reductions between 2016/17 and 2019/20 came to end in 2019/20. The Government's Rent Policy Statement and Rent Standard, limits rent increase to CPI plus 1% for the 5 years (2020/21 to 2024/25). The increase in 2023/24 was capped at 7% by the Government. Applying the normal rules, the rent increase would have been 10.1%, putting pressure on the HRA to absorb the additional inflationary increase. The Council's proposed rent increase for 2024/25 has reverted to the normal HRA rental rules where the September CPI rate of 6.7 % plus 1% is the maximum rent increase the Council can apply. It should be noted that there is no cap on the level of increase which can be applied to service charges however it is proposed that the 7.7% increase is applied across all revenue streams.
- 3.4. The increase is necessary to meet immediate and long-term costs relating to new consumer standards and statutory net zero carbon targets, as well as meeting the costs of providing new homes. This is set out more fully in section 8, below. Not increasing by the maximum will impact the HRA by £6.8m for every 1% reduction over the course of the 30-year business plan. This would impede the business plan's ability to provide new homes and decarbonise existing stock, as well as maintaining standards in the current stock. All increases are ringfenced to the HRA and ultimately used for the benefit of tenants.
- 3.5. Officers are recommending that garage rents be increased by 7.7% from April 2024, making a charge of £15.61 per week for Tenants and £18.73 per week for Private occupants. A review of Garages is being currently undertaken. Potential outcomes may include consideration of the possibility of introducing variable rents that reflect location, condition and demand.
- 3.6. In summary, the main proposals regarding charges for this Committee's are:
- Social Rents (excluding service charges) and Affordable Rents (including service charges) for 2024/25 be increased by 7.7%;
 - Garage rents to increase by 7.7%; and
 - Service charges to increase by 7.7% to an average weekly charge of £8.21.
- 3.7. It should be noted that circa 65% of our tenants receive some form of housing related support through either Universal Credit or Housing Benefit. The Government has announced that Universal Credit be increased by 6.7% for 2024/25, with Housing Benefit expected to increase at a similar level.
- 3.8. Although higher than previous years, the proposed rate is comparable to increases being imposed by other Surrey stock holding authorities and local Housing Associations.

4. Detailed Rent Setting

- 4.1. From April 2024, it is proposed that the rent for both social and affordable rented dwellings will increase 7.7%.
- 4.2. The impact of these increases on different sizes of properties is set out in the table below:

Social Rents:

| Property Size | No. of Properties | Average Weekly Rent 2023/24 £ | Average Weekly Rent 2024/25 £ | Average % Increase / (Decrease) % |
|----------------------|-------------------|----------------------------------|----------------------------------|--------------------------------------|
| Bedsit | 101 | £83.63 | £90.06 | 7.7% |
| 1 Bedroom | 910 | £94.78 | £102.08 | 7.7% |
| 2 Bedroom | 661 | £110.60 | £119.12 | 7.7% |
| 3 Bedroom | 747 | £133.91 | £144.21 | 7.7% |
| 4 Bedroom | 41 | £141.53 | £152.43 | 7.7% |
| 5 Bedroom | 3 | £152.80 | £164.56 | 7.7% |
| All Dwellings | 2,463 | £111.28 | £119.85 | 7.7% |

Affordable Rents:

| Property Size | No. of Properties | Average Weekly Rent (including Service Charge) 2023/24 £ | Average Weekly Rent (including Service Charge) 2024/25 £ | Average % Increase / (Decrease) % |
|----------------------|-------------------|---|---|--------------------------------------|
| 1 Bedroom | 29 | £177.46 | £191.12 | 7.7% |
| 2 Bedroom | 53 | £211.86 | £228.18 | 7.7% |
| 3 Bedroom | 22 | £244.12 | £262.92 | 7.7% |
| All Dwellings | 104 | £209.09 | £225.19 | 7.7% |

- 4.3. In addition to the above rents the Council operates one 17 temporary housing dwellings and 15 bed hostel which are used for housing homeless people. As with the social and affordable rented dwellings the rents for these properties are scheduled to increase by 7.7%.

Temporary Accommodation and Hostels Rents:

| Category | No. of Properties | Average Weekly Rent 2023/24 £ | Average Weekly Rent 2024/25 £ | Average % Increase / (Decrease) % |
|-------------------------|-------------------|----------------------------------|----------------------------------|--------------------------------------|
| Temporary Accommodation | 17 | £113.66 | £122.41 | 7.7% |
| Hostel | 15 | £98.08 | £105.63 | 7.7% |
| Total | 32 | £106.36 | £114.54 | 7.7% |

5. Service Charges

- 5.1. As a result of previous Government policy on Rent Restructuring, service charges were introduced with effect from 4th October 2004 for those tenants who are recipients of the following Unpooled Services Charges:
- Administration & Overheads;
 - Grounds Maintenance;
 - Estate Cleaning;
 - Communal estate lighting and electricity; and
 - Communal television aerials.
- 5.2. Previously these charges had been met from the rental income from all tenants. Under the legislation on setting service charges, service charges are not governed by the same factors as rent, except affordable rents where service charges are included in the rent cap. However, authorities should endeavour to keep increases in service charges within limit on rent change of 7.7%, to keep charges affordable.
- 5.3. The legislation on setting service charges seeks that the amount charged should be no more than the costs incurred so there should be no seeking to make a return on service charges.
- 5.4. Officers are recommending an increase of 7.7% this year to cover increases in costs, in line with rentals.
- 5.5. The average service charge being paid by the recipients of the above services in 2023/24 is £7.62 per week and will be £8.21 for 2024/25. The service charges will be reviewed as part of the officers' planned review of the HRA Income streams.

6. Housing Related Support

- 6.1. Tenants in sheltered and older persons designated housing are charged an additional charge in respect of the housing related support services provided in this type of accommodation, such as the warden call alarm and the scheme coordinator service.

- 6.2. Prior to April 2018 these costs were charged as a support charge linked to the rent account. This was funded for tenants in receipt of housing benefit via Surrey County Council’s Housing Related Support Grant. Tenants who were not entitled to housing benefit, but who had been a tenant since before April 2003 had this charge funded via a discretionary allowance funded by the HRA. The Council continues to fund sheltered and other persons service charge for 9 tenants whose tenancies commenced before April 2003. People whose tenancy commenced after April 2003 who are not entitled to housing benefit were responsible for payment of this charge along with the rent and service charges for their property.
- 6.3. The current sheltered and older persons housing service charge is £15.33 per week for the full sheltered housing service and £3.35 per week for the designated elderly accommodation service. It is proposed to increase the sheltered and older persons service charge for 2024/25 by 7.7%.

| Support Charge | 2023/24 Weekly Charge | 2024/25 Weekly Charge |
|-------------------------------|--------------------------------------|--------------------------------------|
| | £ | £ |
| Sheltered Service | £15.33 | £16.51 |
| Older Persons Housing (PTSC)* | £3.35 | £3.61 |

* *Peripatetic Service Charges*

7. HRA Debt

- 7.1. On 28th March 2012 the HRA took on £70.2m in debt as a result of HRA Self-Financing. The structure of the loans that were taken out result in different repayments from year to year to align with the anticipated resources available within the HRA (when the loans were taken out in 2012) in accordance with the 30-year business plan. On the 1st April 2023 the HRA will has £61.5m (forecast 31st March 2024 £66.2m) of debt outstanding being loans with PWLB of £56.0m and internal borrowing from the General Fund of £5.5m (forecast 31st March 2024 £10.2m).
- 7.2. A £3.45m loan is scheduled to be repaid (on 28th March 2025). This loan has a fixed interest rate of 2.7%. The new PWLB rate for this rolled over loan is budgeted to be (after discounts) 4.3%.
- 7.3. In order to maintain HRA balances whilst supporting a programme of new build, approval is being sought in this paper to refinance this loan. When refinancing the £3.45m loan we will consider both internal and PWLB borrowing, choosing to borrow at the lowest interest rate at that time.

8. HRA 30-Year Business Plan and Capital Programme

8.1. The Capital Programme is part of the HRA 30-year Business Plan. Since any income generated by the HRA can only be spent on HRA matters, all income generated from the rental increases will either meet revenue pressures or fund capital investment. The HRA assumes a minimum working balance of £0.8m over the 30-year business plan, with all surpluses being used to fund essential revenue pressures and capital investment. The Business Plan is a complex and interlinked financial model that serves to demonstrate that the HRA is solvent, sustainable and allows the Council to fund a suitable degree of capital investment. Appendix C summarises this by showing that the minimum balance is retained and setting out the projected level of debt-funded investment over the 30-year period.

8.2. As well as the Council House Building Programme which makes up the majority of the current capital programme, three major pressures that need to be funded over the short, medium and long-term are as follows:

New Consumer Standards

8.3. Throughout 2023 the Regulator of Social Housing introduced new consumer standards which all registered providers must adopt. In the main, these include increased resident scrutiny on services provided such as repairs, maintenance and community engagement. The new standards also set requirements to collect residents satisfaction levels for the quality of repairs to their home and the safety of their home and local communities. This data is collected by way of survey and responses submitted to the government annually. Additional resource and expenditure has been required to fulfil these obligations for 2023/24. Additional expenditure has been built into future years revenue budgets due to the requirement to complete and then act on (where appropriate) an annual residents survey and publish the outcomes by way of annual report.

Building Safety Act

8.4. In addition to this, new regulation has been introduced to ensure all affordable housing schemes over 18 meters high are compliant with the Building Safety Act 2022, which sets out safety requirements in relation to fire safety and access for emergency services. Whilst the Council does not own any properties that are over 18 meters high, additional expenditure has and continues to occur to ensure all blocks are fire risk assessed on a regular basis. To achieve this, additional resource within the Property Services Team has been built into the budget.

Decarbonisation:

- 8.5. In accordance with legislation, all social housing must reach an Energy Performance Certificate (EPC) rating of C or above by 2030, and net zero carbon by 2050. Work to meet the EPC requirements has been a focus for the past two years with a capital programme in place for boiler replacement, insulation replacement and/ or top up and a windows and doors replacement. This will continue to round for the foreseeable future and all will assist with the need for the Council's housing stock to meet net zero by 2050.
- 8.6. To support the need to meet net zero by 2050, a Decarbonisation Strategy will be required. This strategy will set out the current condition of the Council's housing stock and will set out, by way of an action plan, how the Council will meet the target. In addition to this, grant funding is available to bid for via the Governments Social Housing Decarbonisation Fund. External consultants have been commissioned to assist with the submission of an application. Members should be aware that two previous applications have been submitted and have both been unsuccessful. The deadline for this submission is 31 January 2023 and is available to improve homes that are currently below Energy Performance Certificate (EPC) C.

Capital Programme

- 8.7. Funding net zero pressures, alongside meeting the growing need for housing, will require any surplus funding in the HRA to be reinvested into the capital programme. Taking anything less than the maximum 7.7% funding available would reduce the HRA's capital programme by approximately £6.8m for every 1% reduction.
- 8.8. The proposed capital programme for the HRA is shown at **Appendix B**. The programme covers a three-year period but will be reviewed and updated annually. The Appendix shows the current agreed programme, revisions to existing schemes and any new schemes added and the proposed programme after all revisions.
- 8.9. Included within the Appendix is a narrative description of each scheme.
- 8.10. The total Capital Programme incorporates future provision for £61.3m capital expenditure. (£19.1m 2024/25, £26.1m 2025/26 and £16m 2026/27). Of the £61.3m, Council House Building provisions accounts for £49.4m and the balance of £11.9m capital provision is for enhancements including heating systems, roofing, windows, new kitchen, bathrooms and adaptations for disabled.

- 8.11. The Council House Building programme reflects the Council's ambitions to complete 40 homes per year and allows the programme to catch up with years where this has not been achieved due to Covid followed by high inflation and pressure on the construction industry. This also contributes to addressing the shortage of new housing and significantly outstrips the projected loss of social housing through Right To Buy, estimated at 8 dwellings per year.
- 8.12. In respect of capital resources available to support the 3 year capital programme £61.3m, it is budgeted there will be available HRA reserves of £20.0m, capital receipts of £1.3m and retained Right to Buy (RTB) 1-4-1 receipts of £2.4m, Homes England grants of £8.3m and performance Bonds of £1.2m. The balance of £28.1m over the 3 year period will be met by loans from PWLB at an interest rate assumed at 4.3%.
- 8.13. Whilst this programme relies on additional borrowing of £28.1m, the business plan shows that the resulting financing costs (interest on the new loans) can be funded within the HRA revenue budget.
- 8.14. The Council House Building programme represents the largest share of the capital spend. RTB receipts are a finite resource and, whilst provision is included for future receipts based on projected RTB sales, these will be small in comparison to the size of the programme. To supplement these, the Council can use its Investment Partner status with Homes England which provides the Council with access to social housing capital grant. The Council has been successful in achieving £1.5m of funding to date in a short space of time since joining the scheme.

8.15. The below table shows analysis of Housing Development New Units.

| Scheme | Total New Units | Units Demolished |
|----------------------|-----------------|------------------|
| * Bronzeoak | 26 | |
| * Uplands | 13 | |
| * Windmill/Auckland | 6 | |
| Featherstone | 16 | 16 |
| Buybacks | 8 | |
| Hollow Lane | 5 | |
| WolfsWood | 12 | 12 |
| Warren lane | 22 | |
| Pelham | 10 | 12 |
| Sea cadets | 16 | |
| Stanstead | 4 | 8 |
| Kentwyns | 23 | 31 |
| Model scheme 1 | 20 | |
| Model scheme 2 | 13 | |
| Model scheme 3 | 10 | |
| Model scheme 4 | 10 | 8 |
| Model scheme 5 | 10 | 8 |
| Model scheme 6 | 5 | |
| Model scheme 7 | 5 | |
| Model scheme 8 | 5 | |
| Model scheme 9 | 4 | |
| TOTAL | 243 | 95 |
| Less * schemes above | 45 | |
| | 198 | |

* Note - Total 200 unit programme in BP completions is 198 (2 buybacks modelled in 2023/24)

8.16. The current demand for affordable housing for rent remains high. Options have been modelled in the HRA business plan for a programme of new housing beyond that included in the existing programme.

8.17. Not all the Council House Building capital schemes have been approved yet. The below table shows the monetary number of approved schemes and unapproved schemes which are in the pipeline (pipeline being known schemes which may have already been started or are highly likely to go to build and complete). These schemes will come to Committee for full approval at a later date.

| Council House Building | | | |
|------------------------|------------------|------------------------------|------------|
| Year | Approved Schemes | Pipeline- Unapproved Schemes | Total |
| 2024.25 | 12,346,718 | 2,758,585 | 15,105,300 |
| 2025.26 | 15,323,274 | 6,945,730 | 22,269,000 |
| 2026.27 | 1,496,868 | 10,504,155 | 12,001,000 |
| Total | 29,166,860 | 20,208,470 | 49,375,300 |
| | | | |

9. Other options considered

9.1. The HRA is a ringfenced account and must set a balanced budget for 2024/25. In the long-term, lower rental increases in 2024/25 would not support the level of capital investment required.

10. Consultation

10.1 In the January 2024 Council newsletters, residents and business have been asked for their comments on the Draft Budget approved by Strategy & Resources Committee on the 30th November 2023, including key elements of the HRA Capital Programme. Any comments received will be incorporated into the final budget presented to Full Council on the 8th February 2024.

Key implications

11. Comments of the Chief Finance Officer

11.1. The HRA, as a separately ringfenced Account, is required to set a balanced budget for 2024/25 and the proposals in this report achieve that objective. If any proposals are amended, offsetting changes will need to be identified to compensate for these and keep the budget in balance.

12. Comments of the Head of Legal Services

- 12.1 Under Part VI of the Local Government and Housing Act 1989, any local authority that owns more than 200 units of housing stock is obliged to maintain a Housing Revenue Account. The HRA is a record of revenue expenditure and income in relation to an authority's own housing stock. The items to be credited and debited to the HRA are prescribed by statute. It is a ring-fenced account within the authority's General Fund, which means that local authorities have no general discretion to transfer sums into or out of the HRA.
- 12.2 By section 76 of the Local Government and Housing Act 1989, the Council is required in January and February each year to prepare, and make available for public inspection, proposals relating to the income of the authority from rents and other charges, expenditure in respect of repair, maintenance, supervision and management of HRA property and other prescribed matters. The proposals should be made on the best assumptions and estimates available and should be designed to secure that the housing revenue account for the coming year does not show a debit balance. The report sets out information relevant to these considerations
- 12.3 With regards to increases to rent and service charges, s103 Housing Act 1985 states that:-
- “(1)The terms of a secure tenancy which is a periodic tenancy may be varied by the landlord by a notice of variation served on the tenant ...
...(2)Before serving a notice of variation on the tenant the landlord shall serve on him a preliminary notice — (a)informing the tenant of the landlord's intention to serve a notice of variation, (b)specifying the proposed variation and its effect, and (c)inviting the tenant to comment on the proposed variation within such time, specified in the notice, as the landlord considers reasonable; and the landlord shall consider any comments made by the tenant within the specified time.
- (3)Subsection (2) does not apply to a variation of the rent, or of payments in respect of services or facilities provided by the landlord or of payments in respect of rates.”
- 12.4 The Council's duties in relation to the consultation of tenants on matters of housing management, as set-out in Section 105 of the Housing Act 1985, do not apply to rent levels, nor to charges for services or facilities provided by the authority. There is therefore no requirement to formally consult with secure tenants regarding the proposed increase in charges, however it is good practice to do so. The Council is required nevertheless to act reasonably and Members should be satisfied that the increase as proposed in this report is reasonable and justified.

13. Equality

13.1. The Council has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equalities legislation are considered prior to any decision being made.

13.2. Section 149 of the Equality Act 2010, provides that a public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
- advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

13.3. The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty

13.4. Members should have due regard to the public-sector equality duty when making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome.

13.5. The Officers have reviewed their budget changes against the initial equalities screening tool. This has highlighted and concluded that all of savings within the 2024/25 budget will not have any direct effect on residents or service delivery (such as removal of vacant posts, renegotiation of contracts and reserve adjustments).

13.6. The outcome of this is that the budgetary changes have no negative or positive impact on protected characteristics and residents. However, the Council will continually monitor the effect of the Budget-setting process and decision-making by using equality impact assessments.

14. Climate change

14.1. There are no significant environmental / sustainability implications associated with this report.

Appendices

Appendix A – HRA Draft Revenue Budget for 2024/25

Appendix B – HRA Proposed Capital Programme 2023/24 – 2026/27

Appendix C – HRA Business Plan – 30 Years Overview 2024/25 – 2054/55

Appendix D – Glossary

Background papers

None

