

Committee Name and Date of Committee Meeting

Council – 28 February 2024

Report Title

Recommendation from Cabinet - HRA Business Plan, Rent Setting and Service Charges 2024-25

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

Ian Spicer, Strategic Director for Adult Care, Housing and Public Health

Report Author(s)

Paul Elliott, Head of Housing Income and Support Services
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Kath Andrews, Finance Manager

Ward(s) Affected

Borough-Wide – all Wards

Report Summary

The Housing Revenue Account (HRA) records all expenditure and income relating to the provision of Council housing and related services, and the Council is required to produce an HRA Business Plan setting out its investment priorities over a 30-year period. Following the introduction of HRA self-financing in 2012, the Council was awarded control over its HRA in return for taking on a proportion of national housing debt.

The proposed 2024/25 HRA Business Plan makes funding provision of £126m for hundreds more Council homes by 2026 and commits £856m to investment in the housing stock, alongside day-to-day housing management and repairs and maintenance costs. Over the short to medium term forecast, the Business Plan is operating at or around the minimum balance, with a small surplus of £9.432m by Year 30 of the Business Plan period. However, it is likely that investment in decency and energy efficiency will need to increase over the coming years: the Business Plan makes provision for enhanced stock condition surveys which will support future investment decisions.

Alongside providing the draft HRA budget for 2024/25, the report recommends proposed increases in housing rents, non-dwelling rents, District Heating charges and other service charges. It is recommended that Council dwelling rents are increased by 7.7%.

Recommendations

That Council: -

1. Approves the proposed 2024-25 Base Case Option C for the HRA Business Plan.
2. Notes that the Business Plan will be reviewed annually to provide an updated financial position.
3. Agrees that Council dwelling rents are increased by 7.7% in 2024/25 (Option 3).
4. Agrees that the Council should retain the policy of realigning rents on properties at below formula rent to the formula rent level when the property is re-let to a new tenant.
5. Agrees that shared ownership rents are increased by 9.4% in 2024/25.
6. Agrees that charges for garages and parking spaces, communal facilities, cooking gas and use of laundry facilities are increased by 6% in 2024/25.
7. Agrees that the District Heating unit charge per Kwh is set at 15.27 pence per kwh, a decrease of 4.2% (0.67 pence per kwh).
8. Agrees that the decision to reduce the price of District Heating Charges further during 2024-25 be delegated to the Assistant Director of Housing in conjunction with the Assistant Director of Financial Services following consultation with the Cabinet Member for Housing. The delegation would only be used to respond to a change in Government policy or a significant change in the Ofgem price cap that has the effect of necessitating a lower unit price.
9. Approves the draft Housing Revenue Account budget for 2024/25 as shown in Appendix 6.

List of Appendices Included

- Appendix 1 HRA Operating Statement
- Appendix 2 Rent payable by number of bedrooms
- Appendix 3 HRA Business Planning assumptions
- Appendix 4 Summary of Modelled Business Plan Scenarios
- Appendix 5 Non-dwelling rent, service charges and Furnished Homes charges 2024/25
- Appendix 6 Housing Revenue Account Budget 2024/25
- Appendix 7 Affordability Analysis
- Appendix 8 Equalities Assessment
- Appendix 9 Carbon Impact Assessment

Background Papers

- HRA Business Plan 2024/25
- Rent Setting and Service Charges 2024/25
- DCLG Guidance on Rents for Social Housing
- Annual Housing Development Report to Cabinet

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Overview and Scrutiny Management Board (OSMB) – 16 January 2024

Cabinet – 22 January 2024

Council Approval Required

Yes

Exempt from the Press and Public

No