

## Indicative Draft Budget 2024/25

### HOUSING REVENUE ACCOUNT

*December 2023*

#### 1. Background and Introduction

- 1.1 The updated Medium-Term Financial Plan (MTFP) 2024/25 to 2028/29 – which set the framework for developing draft 2024/25 budget proposals for the Housing Revenue Account (HRA) – was adopted by Cabinet on 9th October 2023.
- 1.2 The October 2023 MTFP identified a projected small surplus of £15,000 on the HRA for 2024/25.
- 1.3 The key assumptions in the 2024/25 element of the MTFP included:
  - Inflation – consistency with the General Fund was applied to inflationary assumptions. This included an assumed Pay Award of 3.0% and a 3.5% increase on Premises, Transport and Supplies and Services. On Housing Rents, a 7.0% rent increase was assumed: and
  - Increased Budget Demand – a range of other miscellaneous – unavoidable – budget pressures were embedded, including an additional £172,640 for Housing Repairs, £52,530 for Voids, and £53,000 for Asbestos Surveys (now required annually).
- 1.4 Since reporting to Members in October 2023, officers have now undertaken further – more detailed – work on the underlying assumptions and estimates included in the MTFP for 2024/25 based on the very latest intelligence. In particular, the HRA Business Plan (“Fortress”) has been ‘revisited’ and updated to include the results of the recently completed Stock Condition Survey and the inclusion of £15.0 million (£1.5 million annually over 10 years) for Net Carbon Zero works. Further refinement of the Housing Development Programme, along with an assumed additional 0.7% Housing Rent increase (up from 7.0% to 7.7%, reflecting September 2023 CPI) has maintained the long-term viability of the Plan. Future compliance with pre-set parameters is anticipated, including retaining the minimum HRA balance of £2.0 million and a target interest cover level of 1.25.

## 2. Indicative Draft Budget 2024/25: summary position, including movements since October 2023

2.1 The table below presents an initial draft HRA (revenue) budget for 2024/25 – as at December 2023 – which anticipates a deficit of £465,000. This compares to a projected surplus of £15,000 in the MTFP presented in October 2023.

Housing Revenue Account MTFP (@ December 2023)			
Description	2024/25 (@ October 23 MTFP)	Movement	Draft Budget 2024/25 (@ December 23)
	£'s	£'s	£'s
Employees	5,208,210	74,100	5,282,310
Premises	6,690,830	-	6,690,830
Transport	80,790	-	80,790
Supplies & Services	1,183,140	98,150	1,281,290
Contracted Services	7,856,410	439,745	8,296,155
Support Services (GF Recharges)	4,850,620	- 317,995	4,532,625
Debt Management Expenses	68,000	-	68,000
Bad Debt Provision	108,000	1,000	109,000
Depreciation	10,700,000	-	10,700,000
<b>Total Expenditure</b>	<b>36,746,000</b>	<b>295,000</b>	<b>37,041,000</b>
Rental Income - Dwellings	- 40,849,000	- 294,000	- 41,143,000
Rental Income - Non-Dwellings	- 992,000	- 7,000	- 999,000
Fees and Charges (Charges for Services)	- 3,032,000	- 19,000	- 3,051,000
Other Contributions (Shared Amenities)	- 394,000	-	- 394,000
<b>Total Income</b>	<b>- 45,267,000</b>	<b>- 320,000</b>	<b>- 45,587,000</b>
<b>Net Cost of Service</b>	<b>- 8,521,000</b>	<b>- 25,000</b>	<b>- 8,546,000</b>
Interest Received	- 226,000	76,000	- 150,000
Financing Costs	6,476,000	86,000	6,562,000
<b>Net Operating Income</b>	<b>- 2,271,000</b>	<b>137,000</b>	<b>- 2,134,000</b>
<b>Appropriations:</b>			
HRA Contribution to Capital	2,256,000	343,000	2,599,000
Contribution to/(from) Reserves			-
<b>Total Appropriations</b>	<b>2,256,000</b>	<b>343,000</b>	<b>2,599,000</b>
<b>In-Year (Surplus)/Deficit</b>	<b>- 15,000</b>	<b>480,000</b>	<b>465,000</b>

2.2 The table above shows an overall net movement of £480,000. However, the net movement is the product of a range of other movements; both positive and negative. The most significant items (in descending order of magnitude) include:

- Contracted Services (£439,745 Negative) – the recently concluded review of the Housing Repairs contract with Qualis has resulted in an average (below inflation) cost increase to the Council of 3.6%, with effect from 1st October 2023. The 2024/25 draft budget expectation has been updated accordingly.
- HRA Contribution to Capital (£343,000 Negative) – the re-scheduling of major works at Debden Broadway Flats – which have been moved back from 2023/24 to 2024/25 – has lowered anticipated Capital Financing Costs in the short-term. This results in a temporary increase in reserve balances; these have been used to fund a larger contribution to the 2024/25 Capital Programme
- Support Services/GF Recharges (£317,995 Positive) – the reduction is dominated by the HRA share of the savings identified as part of addressing the General Fund deficit (covered in Paragraph 2.3 in **Appendix A**), which amounted to £306,225; and
- Rental Income (Dwellings) (294,000 Positive) – the MTFP presented in October 2023 was based on an assumed 6.0% inflation assumption on Housing Rents. However, September 2023 CPI was recorded at 6.7%. Therefore, in accordance with the extant legal Rent Standard (April 2020), a rent increase of 7.7% (CPI + 1.0%) is assumed, which is the maximum allowable increase. Members have the option of choosing a lower rent increase (covered in **Appendix D**).

### **HRA BUDGET ANALYSIS**

2.3 A more detailed analysis of the draft HRA Budget 2024/25 has been prepared (“Cost Centre Summary”) and is attached at **Annex 1**.

## First Draft HRA Budget 2024/25: Cost Centre Summary

Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2023/24 (Final)	2024/25 (First Draft)
		£'s	£'s
36250	Housing Resources	162,530	167,120
36260	Housing ICT	133,060	167,110
36500	Housing Options Group	805,310	881,580
36550	Housing Strategy Team	109,640	126,330
36600	Housing Older Peoples Group	568,400	538,530
36650	Housing Maintenance Group	623,830	382,480
36660	Housing Asset Strategy Team	279,870	554,100
36670	Housing Development	66,500	75,360
36900	Housing Management Group	184,830	301,420
36905	Housing Income Management Team	473,270	487,590
36910	Housing Land & Estates Management Team	514,310	469,840
36915	Housing Tenancy Team	421,330	494,300
RM100	Responsive Repairs	117,130	170,700
RM101	Responsive Repairs - Qualis	4,071,000	4,584,050
RM200	Voids Refurbishment	92,420	56,000
RM201	Voids Refurbishment - Qualis	2,500,390	2,894,840
RM300	Planned Maintenance	1,131,920	1,165,340
RM301	Planned Maintenance - Qualis	2,168,980	2,393,440
RM400	Engineering Maintenance	254,660	284,190
RM401	Engineering Maintenance - Qualis	160,500	184,410
RM500	Miscellaneous Projects	24,000	79,280
RM700	Income	-	192,670
YA100	Policy & Management	367,020	516,570
YA110	Sale Of Council Houses	-	11,750
YA140	Comp.Costs New Hsg.System	304,070	156,730
YA150	Tenant Participation	30,740	30,740
YA155	Land and Estates Management	-	6,380
YA160	Contribution To General Fund	697,920	697,920
YA180	New House Builds	121,590	156,700
YA190	HRA Support Services	2,293,900	2,153,130
YA200	Managing Tenancies	317,440	398,390
YA210	Waiting Lists & Allocations	115,890	108,890
YA300	Rent Accounting & Collection	133,400	56,020
YB110	Staircase Lighting	290,970	310,970
YB115	New Build - Street Lighting	-	18,680
YB120	Caretaking & Cleaning	411,120	401,130
YB140	Minor Sewerage Works	69,670	78,740
YB150	Water Course Maintenance	55,310	55,310
YB200	Other Communal Services	61,040	48,280
YB300	Community Centres	9,310	9,310
YB350	Hemnall House	30,000	30,800
YB400	Grounds Maintenance Services	1,566,960	1,563,810
YB401	Grounds Maintenance Services - Qualis	-	50,000
YB500	Oap Units Management	933,900	912,660
YB520	Community Alarms Mgt.	63,870	56,720
YB540	Area Warden Service - Mgt	26,670	20,070
YB620	Norway House - Management	366,980	380,160
YB800	Other Special Items	86,620	86,620
YC100	Capital Exp Charged To Revenue	1,364,000	2,599,000
YD100	Rents/ Rates/Taxes/Insurance	506,710	522,750
YF100	HRA - ICT Systems	47,000	1,900
YH100	Increase Bad & Doubtful Debts	99,000	109,000
YJ110	Depreciation	9,137,000	10,700,000
YJ120	Debt Management	65,000	68,000
YN100	Dwellings Rents	-	37,298,450
YN110	Rents - Norway House	-	120,550
YP110	Rents - Other	-	1,760
YP130	Rents - Hardstanding	-	5,920
YP190	Rent - Land	-	13,300
YP200	Garages	-	897,770
YP210	Ground Rents	-	11,100
YR100	Heating Income Special Items	-	34,180
YR110	Mortgage References	-	6,240
YR120	Capital Recs Under £10000	-	36,010
YR140	Sewage Related Income	-	32,460
YR170	Repairs Management Income	-	34,530
YR180	Managing Tenancies Income	-	15,400
YR350	Hemnall House	-	4,830
YR400	Grounds Maintenance Services	-	3,200
YR500	Oaps Units Income	-	956,360
YR510	Sheltered Units Support	-	168,850
YR550	Area Warden Support	-	86,980
YR620	Norway House Income	-	93,670
YW110	Interest On Revenue Balances	-	8,000
YW130	Self Financing Interest	-	5,616,000
YY100	Estate Ground Maintenance	-	383,000
	<b>(Surplus)/Deficit</b>	<b>- 364,000</b>	<b>465,000</b>