

Report to Stronger Communities Select Committee

Date of meeting: 21 March 2023

Portfolio: Housing & Community Cllr Holly Whitbread

Subject: Housing Revenue Account Business Plan Update



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Recommendations/Decisions Required:

That a full update of the HRA Business Plan will be produced in October 2023 after the Asset Management Strategy has been produced and will then be produced annually in that month.

Report:

1 Executive Summary

A report was produced for the Stronger Communities Scrutiny Committee on the 11 January 2022 which laid out in draft form the Housing Revenue Account¹ (HRA) Business Plan. The This report then proceeded to Cabinet on the 7 February 2022. The report was a very detailed description of the resources available within the HRA for the next 30 years. The requirement for a yearly performance update on the Business Plan was in the recommendations which went to Cabinet. This report provides an interim update with a recommendation to have a full annual update in October 2023.

2 2023/4 Budget

The HRA budget has been set for 2023/4 and was agreed by full Council on 28th February 2023. The budget set a rent increase of 7%, in line with the Government rent cap. The minimum balance of £2 million has been maintained.

The HRA Capital Programme comprises total expenditure of £165.925 million over the five-year period 2023/24 to 2027/28, including £35.019 million in 2023/24

The table below shows the 2023/4 budget.

Description	Draft Budget (February 2023)
	£'s
EXPENDITURE	
Employees	5,013,440
Premises	6,218,330
Transport	78,060
Supplies & Services	1,402,060
Contracted Services	7,197,660

¹ The Housing Revenue Account is where the funding for council housing is held and is derived from council housing rents.

Support Services (GF Recharges)	4,984,450
Debt Management Expenses	65,000
Provision for Bad Debts	99,000
Depreciation	9,137,000
Total Expenditure	34,195,000
INCOME	
Rental Income – Dwellings	(37,419,000)
Rental Income – Non-Dwellings	(936,000)
Fees & Charges (Service Charges)	(2,793,000)
Other Contributions (Shared Amenities)	(383,000)
Total Income	(41,531,000)
Net Cost of Service	(7,336,000)
Interest Received	(8,000)
Financing Costs	5,616,000
Net Operating Income	(1,728,000)
<i>Appropriations:</i>	
Contributions to Capital	1,364,000
Contributions to/(from) Reserves	0
Total Appropriations	1,364,000
In Year (Surplus)/Deficit	(364,000)

3 Stock Condition Survey

In both reports to this Committee and Cabinet in 2022 it was acknowledged that a stock condition survey needed to be carried out to better assess what money should be spent on within the HRA Business Plan. The survey was commissioned and is now underway. The survey is being carried out by Ridge and Partners following a competitive tendering exercise. The survey is of half of the council's housing stock including all blocks (456), 1449 houses and 1761 flats and will be completed by the end of April 2023.

4 Asset Management Strategy

The Council will be commissioning an Asset Management Strategy as a companion document to the financial detail contained within the HRA Business Plan (the commission was agreed at Cabinet 13.3.23). The purpose of the strategy will be to decide, at a strategic level, what the Council's priorities are for its HRA resources. Currently the plan includes maintenance, improvement, and the building of council housing as well as the provision of services connected with housing (housing management, rent collection etc). The Asset Management Strategy will decide how much of all the above the Council is able to do. It will be subject to consultation with tenants, leaseholders and Members and will create a rolling 5-year investment plan which meets the aims of the Strategy. The results of the stock condition survey will be critical in, informing the Strategy. The consultation with tenants and leaseholders on the Strategy will be important in meeting the Council's Value for Money,

compliance and engagement duties described within the Social Housing (Regulation) Bill 2023.

5 Stress Testing

The report which comes back to Scrutiny in the Autumn will need to be stress tested i.e. tested to see whether the borrowing plans are sustainable. Given the rising cost of borrowing, the rising costs of construction materials and labour and that the rent cap has been set lower this will be a critical part of the annual update.

Reason for decision:

The full update for the HRA Business Plan will be submitted in October 2023, following

- a) the completion of the stock condition survey and
- b) the completion of the Asset Management Strategy.

Options considered and rejected:

Completing a full review at this time was considered and rejected as the review requires, as a minimum that the stock condition survey has been completed.

Consultation undertaken:

None at this stage.

Resource implications:

There will be a cost for the Asset Management Strategy which will subject to competitive tendering process.

Legal and Governance Implications:

Dates for the Scrutiny of the Asset Management Strategy and the HRA Business Plan for the Autumn of 2023 need to be agreed when the new municipal calendar is produced.

Safer, Cleaner, Greener Implications:

The Asset Management Strategy will review the ability of the Council to improve the energy efficiency of council housing. It is recognized that there are several council homes which have low energy ratings.

Consultation Undertaken:

None at this stage

Background Papers:

The Cabinet Report 7.2.22 and the Scrutiny Report 11.1.22.

Impact Assessments:

Not applicable at this stage

Risk Management

A full risk management assessment will take place via the stress testing of the HRA business plan in October 2023

Equality:

A full equalities impact assessment will be carried out as part of the Asset Management Strategy.