

# Housing and Homelessness Policy and Accountability Committee Agenda

Monday 23 January 2023 at 7.00 pm

Main Hall (1st Floor) - 3 Shortlands, Hammersmith, W6 8DA

Watch the meeting live: [youtube.com/hammersmithandfulham](https://www.youtube.com/hammersmithandfulham)

## MEMBERSHIP

Administration	Opposition
Councillor Jacolyn Daly (Chair) Councillor Paul Alexander Councillor David Morton Councillor Asif Siddique	Councillor Adronie Alford

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This meeting is open to the public and press. The building has disabled access.

Residents with an interest in any of the items on the agenda are encouraged to attend and participate in the discussion. If you would like to attend, please contact: [debbie.yau@lbhf.gov.uk](mailto:debbie.yau@lbhf.gov.uk)

Date Issued: 13 January 2023  
Date Updated: 17 January 2023

# Housing and Homelessness Policy and Accountability Committee Agenda

23 January 2023

<u>Item</u>		<u>Pages</u>
<b>1.</b>	<b>APOLOGIES FOR ABSENCE</b>	
<b>2.</b>	<b>DECLARATIONS OF INTEREST</b> <p>If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.</p> <p>Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.</p> <p>Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Standards Committee.</p>	
<b>3.</b>	<b>MINUTES</b> <p>To approve the minutes of the previous meeting on 14 November 2022.</p>	4 - 9
<b>4.</b>	<b>2023 MEDIUM TERM FINANCIAL STRATEGY</b> <p>This report sets out the budget proposals for the services covered by the Housing and Homelessness Policy and Accountability Committee. An update is also provided on any proposed changes in fees and charges in the budget.</p>	10 - 30
<b>5.</b>	<b>HOUSING REVENUE ACCOUNT BUDGET 2023/24</b> <p>This item presents an overview of the Housing Revenue Account budget for 2023/24.</p>	31 - 41
<b>6.</b>	<b>DATE OF NEXT MEETING</b> <p>To note the date of the next meeting:</p> <ul style="list-style-type: none"><li>• 20 March 2023</li></ul>	



# Agenda Item 3

London Borough of Hammersmith & Fulham



## Housing and Homelessness Policy and Accountability Committee Minutes

Monday 14 November 2022

### **PRESENT**

**Committee members:** Councillors Jacolyn Daly (Chair), Paul Alexander, David Morton, Asif Siddique and Adronie Alford

**Other Councillors:** Councillor Frances Umeh (Cabinet Member for Housing and Homelessness)

### **Officers:**

Mark Lowthian (Interim Director of Housing Transformation)

Gerry Crowley (Head of Allocations & Lettings)

Lucy Baker (Prevention & Rough Sleeping Commissioner)

Richard Buckley (Assistant Director, Residents & Buildings Safety)

Linda Jackson (Director of Social Care Transformation)

Colette Prior (Head of Property Engagement)

Debbie Yau (Committee Coordinator)

### **1. APOLOGIES FOR ABSENCE**

No apologies for absence were received.

### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **3. MINUTES**

The minutes of the meeting held on 18 July 2022 were agreed as an accurate record.

#### **4. INTRODUCTION BY MARK LOWTHIAN, INTERIM DIRECTOR OF HOUSING & TRANSFORMATION**

The Chair explained that the presentation slides for the four discussion items would be circulated for members' reference after the meeting and attached to the minutes of the meeting.

**NOTE: The presentations are attached as Appendices 1, 2, 3, and 4**

Councillor Adronie Alford expressed concern that no papers were provided for the meeting. Without the relevant papers, Committee members could not exercise their role of scrutinising the work and performance of officers and cabinet members. Councillor Alford considered that the act of not providing any papers for the said meeting was in breach of the relevant legislation and hence she had drawn the attention of the Monitoring Officer in writing. The Chair requested the Governance Team to look into the matter and advise the Committee.

**NOTE: The Monitoring Officer's response is attached as Appendix 5**

Mark Lowthian (Interim Director of Housing Transformation) gave an introductory presentation, sharing his experience and early perspectives since taking up the current role in September this year. He noted that partnership working had achieved much for communities and hoped to continue collaboration with the delivery partners to meet the housing needs of the Council. Mark also appreciated residents' involvement and how their influence on the decision-making had never been more important than now in the face of the cost-of-living crisis. While celebrating the great outcomes delivered for residents, he remarked that increasing the digital offer and increasing the visibility of the housing teams were two areas his department was working hard to deliver.

Councillor David Morton welcomed Mark and hoped that his past experience might benefit the Council. He however endorsed Councillor Alford's concern as the Committee might fail to cover some important updates due to the lack of relevant information.

Councillor Alford considered it crucial for the Administration to provide timely information and explanations on upcoming policies and matters on the pipelines.

The Chair requested that the budget including the Housing Revenue Account be presented at the Committee's next meeting to be held in January 2023.

**ACTION: Mark Lowthian**

Councillor Paul Alexander noted that a lot of his casework related to housing issues and that, unfortunately, he did not get many residents celebrating the service, nor praise for involving local residents.

Noting Mark's previous experience in housing services for various local authorities and housing associations, the Chair asked his view of best

practices and lessons learnt. In response, Mark noted that each service improvement plan was drawn up having regard to individual historical and political context of the local authority. It was important to evaluate the current position and concentrate on the positive aspects of work to inspire everyone across the borough as a brilliant service provider.

## **5. HOMELESSNESS PARTNERSHIP UPDATE**

Gerry Crowley (Head of Allocations & Lettings) and Lucy Baker (Prevention & Rough Sleeping Commissioner) presented the item.

Councillor Morton asked about the percentage of void reduction as he observed some properties in his ward had been left unoccupied for 3 years. Gerry Crowley noted that the target was to reduce void by 2% by the end of the financial year. He undertook to follow up the situation of the void unit in the Councillor's ward.

**ACTION: Gerry Crowley**

Councillor Alexander also considered it was necessary to get void units back to use as soon as possible in order to relocate to residents facing homelessness. He was keen to ensure these units meet the minimum standards without the need for the residents to go through the lengthy repair procedures. Gerry Crowley explained that the lettings standard had recently been enhanced and they would ensure the relevant standards were met by the recovered void units.

Richard Buckley (Assistant Director, Residents & Building Safety) undertook to circulate after the meeting information on the building specifications adopted by H&F which was of a high standard. He highlighted a key aspect of the void reduction plan was to upgrade 50% of the properties with new kitchens and bathrooms in the next 5 years.

**ACTION: Richard Buckley**

Councillor Alford asked about the rate of relapse where hostel residents resumed rough sleeping. Lucy Baker advised some hostel residents who had come out of institutions like the hospitals or prisons might settle on the streets again. Staff in her team might arrange them to stay at temporary accommodation and then hostel residence. While the majority would be placed successfully, a few chose to return to the street.

Councillor Alford was concerned about the accommodation of refugees at the low-standard hotels. Gerry Crowley noted that the Home Office was providing support to refugees from Syria and Afghanistan and running the Homes for Ukraine scheme matching UK sponsors with those fleeing the country. H&F had established a dedicated team to help eligible households on the waiting list to set up family homes in the borough. Lucy Baker noted that the Director of Social Care Transformation might provide further information in writing on the accommodation of refugees.

**ACTION: Lucy Baker / Linda Jackson**

Noting that rough sleeping in London had increased by 24% in Q2 this year compared to the same period last year, Councillor Asif Siddique asked about the situation in H&F. Lucy Baker noted that rough sleeping in H&F had increased by 22% in Q2 2022 with some being new rough sleepers. While granular details for individual cases were available, the reasons of rough sleeping in general were due to loss of rental accommodation, relationship breakdown or the rough sleepers were asked to move out by families or friends.

In reply to Councillor Siddique's further enquiry, Lucy Baker noted health and wellbeing usually formed part of the assessment conducted by the outreach team. For example, the Rough Sleepers Assessment Hub conducted a comprehensive assessment aligning the support of the registered GP and mental health service provider like RAMHP which was part of the West London Mental Health Trust.

Responding to Councillor Siddique's concern, Gerry Crowley noted that people unfamiliar with the digital services might make applications via paper forms obtainable from the Housing Officers.

Summing up, the Chair noted that the cost-of-living crisis was unfortunately likely continue, and the Committee would welcome further reports on the topic.

**ACTION: Gerry Crowley & Lucy Baker**

## **6. COMPLIANCE UPDATE - KEEPING RESIDENTS SAFE**

Richard Buckley (Assistant Director, Residents & Building Safety) presented the item.

Noting the time to complete a routine repair was 35 days against the target of 20 days which was an improving position, the Chair sought information on the figures in the past. Richard Buckley noted that 50% of the repairs received were routine repairs completed within 89 days. The other 50% were more complicated involving a lot of works and sub-contractors and hence it was hard to segregate the data. He added that the improvement position was made possible by investment for better equipment, an excellent project manager and better-quality sub-contractors. Responding to Councillor Siddique's concern, Richard Buckley explained that a priority mechanism was in place to bring the time to complete a routine repair towards achieving its performance target of 20 days.

In reply to Councillor Alford's questions, Richard Buckley noted the following:

- in H&F, all residents were offered the option to have a personal emergency evacuation plan (PEEP). There was a dedicated resource who proactively approached residents with disabilities or mobility issues, prioritising high rise buildings (six storeys or more);
- the needs of residents at sheltered housing would be individually assessed/met and reviewed once every six months;

- asbestos was inherent in the ceiling concrete in all buildings across London. The annual asbestos survey aimed at ensuring their presence otherwise remedial actions needed to be taken;
- the operation of boiler and carbon monoxide monitor constituted part of the gas safety compliance;
- the United Living, being part of a big team, had been making good improvement;
- there were 216 passenger lifts which were independently inspected. Special facilities like care-lines could be put in place should anyone was at risk;

Mark Lowthian added that Richard was having conversations with the service providers in resolving a number of long-standing specific cases. He undertook to report the improvements to be made at a future meeting.

**ACTION: Mark Lowthian**

Councillor Alexander noted that the repairs system needed to be looked at as some of the efforts to help had caused further issues with the reporting of problems. He also asked that, rather than inspectors, the service considered an audit-based system. He also highlighted the issue of 'tower block solutions' being rolled out to smaller street properties despite being inappropriate due to a lack of engagement with residents in those smaller properties. He requested the officers to provide a written response to his concern.

**ACTION: Richard Buckley**

## **7. DEVELOPING OUR CAPITAL WORKS PROGRAMME**

Richard Buckley (Assistant Director, Residents & Building Safety) presented the item.

Noting that the Stock Condition Survey was due to complete in Q4 2023, the Chair asked about the basis for capital works to proceed. Richard Buckley noted that the Stock Condition Survey was run in a 3-year cycle and capital works would be carried out for buildings which had already undertaken the survey. In addition, urgent capital works were done in compliance with the post-Grenfell requirements.

In response to Councillor Siddique's concern, Richard Buckley noted that staff in the respective teams would contact the residents via email or other means as soon as possible once capital works were scheduled for properties in their estates, which could be 2 to 5 years ahead if the works formed part of the Asset Management Strategy (AMS). He further explained that under the 3-stage consultation, the residents would be consulted about the details of the works at different stages.

Richard Buckley said that the AMS, on the other hand, was for the entire borough lasting for the next 10 years and accessible to local councillors who would be able to understand the different issues involved therein. Mark Lowthian added that the AMS aimed at informing priority over a long period of



time. It depicted what would happen in the next few years without giving a concrete date of capital works. The AMS was a general approach and the best practice used to deliver the programmes effectively.

In this connection, Colette Prior (Head of Property Engagement) noted that some consultation events for the West Kensington blocks, Linacre Court and Aldine Court were held at the Main Hall on that evening. She undertook to follow up the situation raised by a resident about his property in Sullivan Court.

**ACTION: Colette Prior**

## **8. DATES OF FUTURE MEETINGS**

The Committee noted the dates scheduled for future meetings:

- 23 January 2023
- 20 March 2023

The Chair said that the Committee would consider the Budget and the Housing Revenue Account at the meeting on 23 January 2023.

**ACTION: Mark Lowthian**

Meeting started: 7.00 pm

Meeting ended: 9.10 pm

Chair: .....

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### **Links to Appendices**

[Appendix 1 - Introduction by Mark Lowthian](#)

[Appendix 2 - Homelessness Partnership Update](#)

[Appendix 3 - Compliance Update - Keeping Residents Safe](#)

[Appendix 4 - Developing our Capital Investment Programme](#)

[Appendix 5 - Response from the Monitoring Officer](#)

# Agenda Item 4

## London Borough of Hammersmith & Fulham

**Report to:** Housing & Homelessness Policy & Accountability Committee

**Date:** 23 January 2023

**Subject:** 2023 Medium Term Financial Strategy (MTFS)

**Report authors:** Andre Mark, Head of Finance (Strategic planning and investment)  
Danny Rochford, Head of Finance (The Economy)

**Responsible Directors:** Sukvinder Kalsi, Director of Finance  
Jon Pickstone, Strategic Director of The Economy

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### SUMMARY

Cabinet will present their revenue budget and Council Tax proposals to Budget Council on 23 February 2023. In the face of worsening economic conditions and tightening financial constraints, the budget protects council services, particularly those that support the poorest and most vulnerable in society.

The London Borough of Hammersmith & Fulham (LBHF) is unique in providing free breakfasts to school children, abolishing home care charges, establishing a local Law Enforcement Team to keep our streets safe and clean, maintaining weekly bin collections across the borough, and stopping the use of bailiffs to collect Council Tax debt. Despite unprecedented levels of inflation eroding council spending power, the budget protects these key services.

The cost-of-living crisis is affecting residents across the borough. With rising inflation, energy bills, and food costs many residents will be struggling to get by, and in need of additional support. This is why the budget includes new provisions of nearly a million pounds to help tackle the increasing cost of living.

The Local Government Finance Act 1992 obliges the council to set a balanced budget, and this is what is proposed. Government resource assumptions that are used to calculate Government grant for LBHF, model the council increasing Council Tax by 2.99% in 2023/24. Over the last eight years, the council has cut or frozen Council Tax five times, with the Band D charge has reducing by 10% in real terms. As a result, Council Tax in LBHF is 35% lower than the London average. The council proposes to apply the 2.99% increase for 2023/24.

The government has modelled an adult social care precept since 2016/17. Government funding modelling assumes that this has been applied every year since its inception despite LBHF choosing to apply it for only two of the past eight years. Due to the continued high levels of demand and inflationary pressures in the social care market and the government's continued failure to propose a long-term funding solution to social care funding, the council proposes to apply the 2% adult social care levy for 2023/24.

This report sets out the budget proposals for the services covered by this Policy and Accountability Committee (PAC). An update is also provided on any proposed changes in fees and charges in the budget.

## RECOMMENDATIONS

1. That the Policy and Accountability Committee (PAC) considers the budget proposals and makes recommendations to Cabinet as appropriate.
2. That the PAC considers the proposed changes to fees and charges and makes recommendations as appropriate.

**Wards Affected:** All

<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Building shared prosperity	We need to always confirm that spend fits our council's priorities; challenge how much needs to be spent; and achieve results within agreed budgets. Finance is everyone's business and every penny counts.
Creating a compassionate council	As the council's resources have been reduced we have protected the services on which the most vulnerable residents rely. This budget continues all our previous policies to support residents and also proposes new spending on care packages for disabled children and additional resources to help residents through the cost of living crisis.
Doing things with local residents, not to them	A significant proportion of services are delivered in partnership with local and national companies, and this will continue to promote all business sectors to the benefit of residents. In addition, there will be increased investment in the Industrial Strategy delivery and the development and promotion of the STEAM sector strategy.
Being ruthlessly financially efficient	The use of co-production across the council is embedded and all service matters are developed with the engagement of residents. The council is

	continuing the REAP Programme to improve residents' access to the services.
Taking pride in H&F	The budget proposals include significant investment in public realm services especially waste collection, street cleaning and open/park spaces. Our new waste contract includes provisions to tackle fly-tipping and collection of food waste.
Rising to the challenge of the climate and ecological emergency	The council has established a Climate Change team and the team has developed a Climate and Ecology strategy (and is making a significant contribution to the international and national policy debates). It is also securing grants from national programmes to help with improvements of the thermal efficiency of council properties and homes).

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### **Background Papers Used in Preparing This Report**

None

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## DETAILED ANALYSIS

### The Budget Requirement and Gap

1. The gross General Fund budget<sup>1</sup> rolled forward from 2022/23 to 2023/24 is £539.6m of which a **net budget requirement of £166.6m** is funded from council resources (such as Council Tax and business rates) and general government grant.

**Table 1 – Budget rolled forward from 2022/23**

<b>2022/23 Budgeted Expenditure</b>	<b>£m</b>
Housing benefit payments	91.2
Social care and public health	118.1
Children's services	123.6
Economy	49.4
Environment (includes parking)	108.1
Corporate (Finance, Resources and council wide)	49.2
<b>Gross budgeted expenditure</b>	<b>539.6</b>
Less:	
Specific government grants (including housing benefits and dedicated schools grant)	(239.8)
Fees and charges	(68.0)
Contributions (e.g. health)	(47.0)
Other income (e.g. investment interest, rentals, and recharges)	(18.2)
<b>Budget requirement rolled forward from 2022/23</b>	<b>166.6</b>

2. The budget proposals for 2023/24, and forecast to 2026/27, are summarised in Table 2. A balanced budget is projected for 2023/24 based on several key assumptions regarding resources and expenditure.

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<sup>1</sup> Figures exclude capital charges and internal service level agreements. These have a net nil impact on the budget.

**Table 2 – Budget summary**

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Base budget</b>	<b>166.6</b>	<b>164.9</b>	<b>163.2</b>	<b>161.5</b>
Pay and price inflation	13.6	21.6	27.6	33.6
Additional pay inflation (on-going effect of award in 2022/23)	3.8	3.8	3.8	3.8
Additional investment in key services and priorities	10.7	16.7	22.7	28.7
Contribution to cost-of-living support (one-off) / Council Tax support scheme	0.9	0	0	0
Increase in the net cost of borrowing	0.6	1.0	1.0	1.0
Concessionary fares demand	(2.2)	1.1	3.1	3.1
Recognition of current income projection	(2.0)	(2.0)	(2.0)	(2.0)
Income from investment of cash balances (one off in 23/24)	(5.0)	0	0	0
Employee budget management	(2.5)	(2.5)	(2.5)	(2.5)
Reversal of employers National Insurance Contributions (1.25%)	(1.3)	(1.3)	(1.3)	(1.3)
Efficiencies and Savings Proposals	(2.9)	(4.0)	(4.8)	(5.5)
Contribution to contingencies	5.3	5.3	5.3	5.3
<b>Gross budget requirement</b>	<b>185.6</b>	<b>204.7</b>	<b>216.2</b>	<b>225.8</b>
General grants	(53.0)	(54.1)	(54.7)	(55.2)
Locally retained business rates	(59.3)	(59.5)	(60.7)	(61.9)
Council Tax (4.99% increase in year 1 assumed then freeze)	(73.3)	(73.9)	(74.6)	(75.2)
<b>Gross budget gap – cumulative</b>	<b>0.0</b>	<b>17.1</b>	<b>26.1</b>	<b>33.2</b>

## **Budget assumptions**

### **Inflation**

3. The Consumer Price Index (CPI) for October 2022 is 11.1%, its highest level for 40 years, in part due to the recovery from the pandemic, the impact of Brexit and

recent global events such as the invasion of Ukraine. The Office of Budget Responsibility is forecasting inflation of 7.4% during 2023 which will impact both Hammersmith and Fulham staff costs and suppliers. The 2023/24 budget includes **a £13.6m provision for inflation**. This allows for:

- Contract and external services inflation of £7.6m.
  - £6.0m provision for a 2023/24 pay award (this equates to a 5.0% pay award)
  - Beyond 2023/24, headroom of £8m per annum is modelled for future inflation in 2024/25 and a further £6m in 2025/26 and 2026/27.
4. The on-going impact of the pay award from April 2022 will cost £3.8m (this was funded from the one-off use of policy contingencies in 2022/23).
  5. In September 2022, a previously agreed 1.25% increase in employers' National Insurance Contributions was withdrawn by the Chancellor of the Exchequer, with effect from the 6th of November. The impact of this for the council is a reversal of the £1.3m set aside in the MTFs from 2023/24.
  6. A reduction of £2.5m is proposed on our employee spend (this is 2% of total estimated spend and represents about 40 posts). It is expected that this will be managed through natural turnover, management of recruitment and review of the use of agency staff. It is not expected that this will require any voluntary or compulsory redundancies.

### **Fees and Charges**

7. For **fees and charges** levied by the council, the inflation assumption is:
  - They are frozen for Adult Social Care, Children's Services and Housing in line with administration policy.
  - Commercial services that are charged on a for-profit basis, will be reviewed on an ongoing basis in response to market conditions and changed as appropriate, with due authorisations according to the Council constitution.
  - Parking charges and fines are to be set in line with transport policy objectives and not considered as part of the budget process.
  - A standard uplift of 10% is applied for other non-commercial and non-parking fees. The RPI indication for October 2022 was 14.2%.

### **Other Measures**

8. In addition, further short-term contributions of £2.2m are expected to arise from lower than budgeted contributions to the concessionary fares (freedom pass) scheme. This is due to the impact of passenger usage on public transport in response to the pandemic and changes to ways of working. This is not expected to continue beyond 2023/24 as demand is forecast to return to pre pandemic levels and fares increase.

9. A further one-off saving £5.0m relating to income from investing cash balances as favourable interest rates is assumed (cash balances are expected to be a minimum of £250m during 2023/24 and lower than current levels of more than £300m). This income will be used to balance the budget in 2023/24 and is not expected to continue beyond 2023/24.

## **Government Grant Funding**

10. **General government grant funding** of £53.0m is forecast for 2023/24. This is an increase of £7.8m from 2022/23, however historically, government funding has reduced by £48m from 2010/11 to 2023/24, which represents in real terms a cut of 56%. £5.1m of the increase is not new money but compensation for the government decision not to increase business rates. The level of compensation is linked to the standard CPI rate of inflation. The Revenue Support Grant has increased by £2.2m.
11. No grant allocations are confirmed beyond 2023/24 following the government decision to announce a single year local government finance settlement (LGFS). The lack of future certainty continues to undermine effective medium-term financial planning and the risk of future funding reform and levelling up remains.
12. Ringfenced grants, which can only be used for a specific purpose, are currently forecast to have increased by £3.245m from 2022/23 to 2023/24. This forecast will be updated as further announcements are confirmed. It is assumed that such grants will have a neutral impact on the budget requirement as they will be matched against spend commitments, particularly given the current inflation risks.
13. The 'services grant' which was first allocated in 2022/23 has reduced by over 44% in 2023/24. For modelling purposes the future grant forecast assumes that the services grant will be reduced for future years also. The future of the new homes bonus grant scheme is also uncertain, and the council's allocation has reduced by 43% in 2023/24 compared to 2022/23 and by 77% compared to 2021/22.
14. As part of the LGFS, the government calculated that Hammersmith & Fulham spending power will increase by 9.5% in 2023/24. The government spending power calculation also assumes that authorities will increase Council Tax (including the adult social care precept) by 4.99% and that business rates collection is not adversely impacted by rating appeals or lower collection rates experienced during the Covid-19 pandemic. Taking these into account the Hammersmith & Fulham calculation is that spending power has increased by 2.5%

## **Council Tax**

15. The Council is proud to have the third lowest Council Tax in the country, and to have cut or frozen Council Tax in five of the last eight years. LBHF also has one of the most progressive Council Tax support schemes in the country, with almost half of residents not paying the full amount, and those least able to pay facing no charge at all.



16. The current major national fiscal conditions of high inflation and interest rates have made a Council Tax increase in 2023/24 unavoidable and a 2.99% increase in the LBHF element of Council Tax is proposed. This level of Council Tax increase reflects the assumption that has been made by the government in the Autumn Statement on the 17 November by the Chancellor and assumed in the funding settlement for local authorities. The additional income will fund increasing costs and support investment in, and protect, key services for residents and strengthen future financial resilience. The increase is equivalent to £25 for 2023/24 (at Band D). The Council Tax charge for LBHF is the third lowest in the country and 35% below the London average charge.
17. The council is also proposing to levy a 2% adult social care precept (again in line with government funding assumptions). The increase is equivalent to £16 per annum for 2023/24 (at Band D) and will be used to support Adult Social Care services. The continued delay in the national review of the funding of adult social care is a major concern and the government is continuing with its strategy of using an adult social care precept (since 2016/17). In the first years of the levy, the council were determined not to apply the levy despite the fact the council's funding from the government was modelled on the assumption that it would. Due to the continued high levels of inflation and instability in the social care market, the impact of the Covid-19 pandemic and the government's continued failure to propose a long-term funding solution to social care funding, the council accepted the need for a 3% adult social care levy for 2021/22 but it was not applied in 2022/23.
18. As set out in table 4 below, it is estimated that 47% of residents will not be required to pay the full increase (as they will be supported through the single person household discounts, Council Tax support and exemptions).
19. Due to the anticipated impact of Covid-19 the budgeted Council Tax collection rate reduced from 97.5% in 2020/21 to 97% in 2021/22 and 2022/23. A 97% collection rate is modelled for 2023/24. For years beyond 2023/24 a tax freeze is modelled with the tax base increasing in line with trend data for increases in dwelling numbers.

**Table 4: Liability for Council Tax at October 2022**

Total dwellings in the borough	93,165
Reductions:	
Exemptions (mainly students, includes care leavers and vacant properties)	(3,871)
Council Tax support claimants (elderly & working age on low income)	(10,143)
Single person discount (25% discount)	(29,505)
<b>Dwellings liable for 100% of Council Tax</b>	<b>49,646</b>
	<b>53%</b>

### **Business Rates**

20. The current estimate for business rates assumes that the business rates income will be the minimum guaranteed within the business rates retention system (the

safety net threshold). The government have confirmed that they will compensate local authorities for all changes they make to the business rates system.

21. The forecast assumes that LBHF will receive the minimum amount guaranteed, the safety net threshold, by government. This is £59.4m for 2023/24. For years beyond 2023/24 a 2% inflationary increase to the safety net is modelled.
22. As part of the Autumn Statement the Chancellor of the Exchequer announced that a new temporary 50% business rates relief will apply for eligible retail, hospitality and leisure properties. In addition, a new 100% improvement relief will be available where eligible improvements increase rateable value. There will also be a business rates freeze in 2023/24 (no increase in line with the multiplier). Local authorities will be compensated by the government for the resultant loss of income from these measures.

### Investment, savings and risks

23. Investment in services (increasing the available budget) and savings proposals (reducing the available budget) for the services covered by this PAC are set out in Appendix 1 with budget risks set out in Appendix 2.

### Investment

24. Additional investment of £10.7m is being provided following budget setting and review process. The investment proposals for this PAC are set out in Appendix 1 to this report and summarised in Tables 5 and 6.

**Table 5: 2023/24 Investment Proposals**

<b>Proposal</b>	<b>£'m</b>
Social Care (including hospital discharge and demographic growth)	4.1
Waste collection (fly tipping and food waste)	1.7
Free breakfasts (and extension for secondary schools)/Out of term support	1.7
Homelessness services (temporary accommodation)	0.9
Disabled children care packages/Care leavers and family hubs	0.5
Other policy priorities	1.3
Other unavoidable pressures (loss of advertising income, audit fees)	0.5
	<b>10.7</b>

**Table 6: Categorisation of investment proposals**

<b>Analysis of Investment</b>	<b>£m</b>
Increase in demand / demographic growth	6.9
Resident priority	2.4
Budget pressure	1.0
Government related/Other Public Bodies	0.4
<b>Total</b>	<b>10.7</b>

25. A provision of £0.9m has been set aside to support residents on the cost-of-living pressures and to consider further developing the Council Tax support scheme for those least able to afford Council Tax.

### **Savings and Income Generation**

26. After ten years of austerity, it is increasingly difficult to identify and deliver substantive savings. However, further savings are necessary if the financial challenge of real terms government funding cuts, unfunded burdens, inflation, and demand and growth pressures is to be met and the council has been able to find these. In the future, the council must consider all available options to operate within the funding available to it.
27. The proposed savings (including additional income) for 2023/24 are set out in Table 7. The savings proposals for this PAC are set out in Appendix 1 to this report.

**Table 7: 2023/24 firm savings and additional income**

<b>Proposal</b>	<b>£m</b>
Improving commissioning of children's services	(0.7)
Greater use of digital technologies to improve support and services in social care (e.g. timely return of equipment)	(0.5)
Working with NHS to improve hospital discharge and independent living)	(0.4)
Resident Engagement and Access Programme	(0.2)
Lower waste tonnages (impact of awareness programmes)	(0.2)
Joint commissioning of extra care services	(0.2)
Other (mainly social care procurement, Direct Payments)	(0.7)
<b>Total savings</b>	<b>(2.9)</b>

28. The saving proposals are categorised by type in Table 8.

**Table 8: Categorisation of 2023/24 savings**

<b>Savings categories</b>	<b>£m</b>
Commercialisation / income	(0.1)
Procurement / commissioning	(0.9)
Service reconfiguration	(1.5)
Service rationalisation/budget reduced in line with spend	(0.2)
Prevention	(0.2)
<b>Total savings</b>	<b>(2.9)</b>

**Risk and financial resilience**

29. An updated reserves strategy and action plan will be included within the suite of finance reports presented to Budget Council.
30. The current reserves forecast is set out in Table 9 and models a fall in overall general fund reserves and balances to £76.1m by 2027/28. This assumes a balanced budget is set each year with no further call on reserves.

**Table 9 – Reserves and general balances - cash flow forecast to 2027/28**

	<b>April 2023 £m</b>	<b>April 2024 £m</b>	<b>April 2025 £m</b>	<b>April 2026 £m</b>	<b>April 2027 £m</b>
<b>Opening Balances</b>					
General balance (recommended range £19m - £25m)	23.3	23.3	23.3	23.3	23.3
Earmarked reserves – unrestricted	41.7	40.7	43.2	43.2	43.2
Earmarked reserves – restricted	7.5	7.5	7.5	7.5	7.5
<b>Sub-total</b>	<b>72.5</b>	<b>71.5</b>	<b>74.0</b>	<b>74.0</b>	<b>74.0</b>
Covid related	2.3	2.1	2.1	2.1	2.1
<b>Total</b>	<b>74.8</b>	<b>73.6</b>	<b>76.1</b>	<b>76.1</b>	<b>76.1</b>
<i>Developer contributions</i>	46.0				

31. The Covid-19 pandemic has emphasised that councils need an adequate safety net to manage increased levels of financial risk. The experience of several councils over recent years, including Thurrock, Croydon and Bexley in London, has shown the difficulties that can arise when reserves are not maintained at a sufficient level. The Council's reserve forecast includes a general balance of £23.3m at the start of 2023/24 which represents 4.3% (equivalent to 16 days spend) of the Council's gross spend of £539.6m. The Director of Finance has recommended that the optimal range for the general balance is between £19m and £25m.

## Key Risks

32. The key financial risks that face the Council have been identified and are set out below:
- The Covid-19 recovery and addressing pent-up demand
  - An upturn in inflation post Brexit and Covid-19
  - Higher pay inflation particularly given current labour shortages
  - The stabilisation and restoration of Hammersmith Bridge, with the Council incurring revenue and capital costs at risk until government funding is confirmed
  - The future impact on London of the government's 'levelling-up' agenda and wider local government finance reform (such as business rates)
  - The impact of the wider economy on major council development projects and future contributions from developers
  - The impact of, and costs of, tackling climate change
  - The challenge of identifying further significant future savings that balance the budget over the longer-term.

Departmental risks for the services covered by this PAC are set out in Appendix 2.

33. Reserves are also a key enabler for future service transformation. The financial challenge facing the council will require investment to deliver future efficiencies to enable the council to balance the budget in future years.

## Comments of the Strategic Director for The Economy on the budget proposals

34. The Economy Department provides a diverse range of services including housing solutions and management, planning, economic and physical regeneration, land and asset management. The majority of what is provided are statutory services although all services are vital to delivering the Council's priorities for residents particularly building shared prosperity, creating a compassionate council, and taking pride in Hammersmith & Fulham. The Department has a leading role in the partnering work required to deliver the Council's ambitions for climate and biodiversity change. Co-production arrangements with residents and businesses are strong, supported by well-established systems across the management of estates, major developments and our Industrial Strategy.
35. Services are funded by both the Housing Revenue Account (HRA) and the General Fund. Demands on the General Fund are minimised by the high levels of income secured across service areas, strategic management of the Council's land and asset portfolio and associated capital investment. There is a strong track record of financial efficiency to deliver savings and a balanced budget.
36. This report considers those services provided from General Fund budgets. The gross general fund expenditure budget is £51.1m. After allowance for income of £43.7m, the net expenditure budget is £7.3m. There is currently limited opportunity for significant savings and the Economy Department plans to deliver General Fund revenue savings of £0.014m. The report also describes where areas of permanent and growth are necessary to balance the budget for 2023/24

and the key financial risks for each service area in delivering continuing services and new priorities for residents.

37. The main area of General Fund spend is associated with Housing Solutions and reflects the important services delivered to residents. The service has this year completed a 3-year programme which has reduced annual costs by £1.5m. It is important to note that savings have been delivered through careful service review and re-design, income maximisation and policy development. In line with administration policy, there have been no reductions in services.
38. Careful financial management linked to wider strategic planning and efforts to support local recovery from the pandemic and cost of living crisis will help the Economy Department to continue to deliver all its services and its performance and improvement priorities in 2023/24. These include:

### **Housing Solutions**

- Working to contain rising costs and numbers of households in temporary accommodation through negotiation with suppliers to ensure supply of affordable and suitable properties
- Continuing to work toward eliminating rough sleeping by providing supported accommodation and associated services
- Continuing to prevent homelessness by implementing innovative resident-focused support and systemic action planning at the right time.

### **Economy Inflation**

39. The Housing Solutions service has seen market changes during 2022/23 resulting in significant increases in the costs of procuring temporary accommodation. The drivers include increases in inflation and interest rates which are having a dynamic impact on private sector rents and is expected to continue into 2023/24. Rents for these properties are rising as the cost of living crisis impacts landlords – evidence within the London rental market points to increases of between 12 – 16%. The service is managing inflationary pressures on temporary accommodation through effective suppliers to procure more affordable properties and pursuing effective inter-borough accommodation agreements. However, an inflationary uplift in the temporary accommodation budget of £0.931m is required for 2023/24. This is equivalent to a 5% increase and assumes that mitigating actions will enable the management of inflationary pressures on temporary accommodation.

### **Economy Growth Requests**

40. Opportunities to mitigate budget growth have been identified, however, the following matters will require additional budget provision in 2023/24:
  - **Increase in Temporary Accommodation client numbers (£0.939m) (Housing Solutions)** – an increase in homeless presentations combined with a reduction in supply of rehousing solutions is resulting in additional client numbers in temporary accommodation.

## **Key Service Area - Housing Solutions**

41. The proposed budget for the Economy department in 2023/24 reflects the significant and continued challenge of delivering and enhancing front-line services in the face of demand and cost pressures and constraints on income generation. The Housing Solutions Service continues to actively address homelessness by providing a range of housing options to enable an informed decision. The service has a significant track record of delivery savings and preventing homelessness, maximising income and providing suitable temporary accommodation to enable sustainable opportunities. Working collaboratively with both internal and external partners has enabled a strategic focus and tangible outcomes for residents.
42. Responding to major changes and constraints on income collection continues to be impacted by the Government's programme of Welfare Reform and the Homelessness Reduction Act. While facing this challenge, the service has continued to maximise Temporary Accommodation (TA) income collection to relieve pressure on the bad debt provision. The ongoing uncertainties – continued welfare reform, legislative changes as well as the financial impact of the cost-of-living crisis – presents a risk in this area to the long-term model for delivering temporary accommodation that prevents and relieves homelessness whilst protecting the Council's financial position.
43. A separate report that sets out the 2023/24 HRA budget is also included within February's Cabinet agenda. The HRA budget enables the Council to deliver services to resident tenants and leaseholders, maintain safe and secure homes, invest in its stock, and develop new affordable homes.

## **Housing Solutions: Risks and Mitigation – Welfare Reform and Cost of Living**

44. The main risks affecting the Economy Department relate to managing the impact of the Government's programme of Welfare Reform and the cost of living crisis:
  - the loss of tenancies in the private sector, leading to a risk of increased homelessness and the greater use of expensive temporary accommodation;
  - an increase in the differential between local housing allowances and the cost of private sector rent levels, leading to a reduction in affordable supply;
  - reduced viability for temporary accommodation supplied and managed by Housing Associations (HAs), and potential knock-on effects for the authority in providing replacement temporary accommodation;
  - reduction in supply of affordable private sector rental properties leading to increases in homelessness applications;
  - inflationary pressures on costs due to increased demand for temporary accommodation across London;
  - increase in staffing and procurement costs due to the implementation of the Homeless Reduction Act and Domestic Abuse Act which places additional duties on the Council to prevent homelessness.
  - Loss of or reduction in homelessness prevention grant

45. Risks are being mitigated through close and continued monitoring, scenario planning, continuing efforts to better prevent homelessness and management of the local housing market. The potential financial impact can be summarised in the following main areas for Housing Solutions.

**Overall benefit cap, Universal Credit and bad debts**

46. It is anticipated that the risk relating to the Overall Benefit Cap will be up to £0.1m from 2023/24 onwards because of the Government’s reduction of the Overall Benefit Cap from a maximum of £23,000 per annum for single parents with children and couples to £15,410 per annum for single adults.
47. Since April 2018, new TA benefit claims are no longer subject to Universal Credit and instead, claimants are subject to Housing Benefit subsidy which is paid directly to the Council. This reduces the Council’s risk of not being able to collect rental income.
48. However, reductions in personal income due to the cost of living crisis place a further risk on income collection and based on reductions in income of 2%, this could result in an income loss of £0.28m next year.
49. There is also a risk that following on from the end of the Government eviction ban provisions, homelessness applications increase, putting further pressure on budgets of £0.21m.

**Increase in client volumes and homelessness acceptances**

50. Recent years have seen increases in client numbers in TA and this trend is expected to continue. After taking account of the mitigating impact of homelessness prevention activities, numbers in Private Sector Leased (PSL) accommodation are expected to increase in future years. Although this risk will be mitigated through budget growth in 23/24 (see para. 33), the forecast number of clients in TA set out below means there is a risk of further net costs of £0.58m in 2024/25 and £1.17m in 2025/26.

Risk	2023/24	2024/25	2025/26
Forecast number of clients in TA	-	1,406	1,466

51. Hammersmith & Fulham’s implementation of the Homeless Reduction Bill in April 2018 saw a 137% increase in households approaching the service for housing assistance. Increased staffing resources on prevention meant that the increased volume did not result in increased TA placements. While the TA reduction programme has contributed towards reducing TA households, this is becoming more challenging with numbers stabilising instead of reducing. The full impact of the Homelessness Reduction Act and the subsequent `Duty to Refer` that was implemented in October 2018 has significantly impacted service delivery, however, current data shows that



approaches have plateaued since the highest volume in December 2018. Since August 2019, the restructure has enabled the service to manage the consistent high volume of approaches using robust supportive, preventative measures to prevent and facilitate homelessness.

### **Loss of Temporary Accommodation (TA) management fee on housing benefit subsidy**

52. The Flexible Homelessness Support Grant provided by central Government is currently cushioning the impact of the removal of the management fee for Temporary Accommodation. Government have confirmed the allocations for 23/24 and 24/25, so the risk to this and other related government grants applies from 2025/26 onwards.

Risk	2023/24 £m	2024/25 £m	2025/26 £m
Loss of grant (100%)	-	-	4.909

### **Increases in temporary accommodation procurement costs**

53. Although the inflationary budget request (see para. 30) will mitigate this risk, there remains a risk of additional inflationary pressures on costs because of increased demand for temporary accommodation across London. The risk is based on an additional 1.5% increase in costs over and above the inflation already budgeted for in 2023/24 and the impact of this additional cost each year is set out below.

Risk	2023/24 £m	2024/25 £m	2025/26 £m
Increase in TA costs	0.3	0.6	0.9

### **Keeping families out of Bed & Breakfast accommodation**

54. Since 2015, the Council has successfully managed to protect families from being housed in B&B accommodation. The increasing demand pressures arising from the Government's programme of Welfare Reform and cost of living crisis mean that there is a risk that the cost of maintaining this position will increase.

Risk	2023/24 £m	2024/25 £m	2025/26 £m
Increase in housing families' costs	0.14	0.15	0.16

## Domestic Abuse Act – potential increase in costs

55. This is anticipated to result in the need to place additional households in temporary accommodation. The risk table below shows the extra costs if we have an extra 70 homelessness acceptances each year.

Risk	2022/23 £m	2023/24 £m	2024/25 £m
Cost of additional homelessness acceptances	0.41	0.82	1.23

## Homelessness prevention and risk mitigation

56. The following activities, that will help mitigate these significant risks, are taking place:

- Prevention activity including financial and practical support to sustain tenancies; mediation with landlords, direct access to DHP and maximising the use of housing options such as subregional Somewhere Safe to Stay offer and supported housing.
- Continue to mitigate financial risks of £6.4m (23/24) through maximising income collection, effective use of cost avoidance payments, careful use of finite reserves, lobbying of Government
- In light of the current budget pressures in 2022/23, opportunities to invest in a private rented sector portfolio and looking at changing the mix of the current temporary accommodation portfolio away from short term monthly to look for longer term ways to mitigate the cost pressures are being progressed.
- The Property Procurement Service has delivered increased numbers of private rented accommodation as well as more cost-effective TA. The service also offers a tenancy relations service to private landlords as well as other landlord services.
- Managing demand and supply pressures through the Council's void reduction plan which will increase the move on from temporary accommodation.
- Increasing the supply of social and affordable housing is crucial to the success of any strategic approach to managing the TA process. Low turnover in social housing (in common with all of London) has slowed the TA move on process and resulted in more households in TA for longer period – compounding the need for additional TA units. The Council plans

to increase affordable housing, reducing pressure on TA budgets by providing permanent lower cost homes through direct delivery, partnership with housing associations, and working with developers through the planning process.

### **Equality Implications**

A draft Equality Impact Analysis (EIA), which assesses the impacts on equality of the main items in the budget proposals relevant to this PAC, is attached as Appendix 3. A final EIA will be reported to Budget Council in February 2023.

### **LIST OF APPENDICES:**

Appendix 1 – Savings and investment proposals

Appendix 2 – Risks

Appendix 3 – Draft Equality Impact Assessment

## The Economy Department

Investment and Covid Recovery				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)
1	Housing Solutions	Increase in Temporary Accommodation client numbers	An increase in homeless presentations combined with a reduction in supply of rehousing solutions is resulting in additional client numbers in temporary accommodation.	939	939	939	939
<b>Total Investment and Covid Recovery</b>				<b>939</b>	<b>939</b>	<b>939</b>	<b>939</b>

**The Economy Department Risks**

Division	Short Description of Risk	Mitigation
Housing Solutions	Temporary accommodation - cost avoidance payments to landlords - loss of earmarked reserve	
Housing Solutions	Housing solutions - grant income uncertainty	Homelessness Prevention and Rough Sleeping Initiative grant allocations are confirmed for 2023/24 and 2024/25 only
Housing Solutions	Overall Benefit Cap (OBC) & Discretionary Housing Payments (DHP)	Support and enable residents to gain exemption from the Benefit Cap or meet the shortfall through: <ul style="list-style-type: none"> <li>- Training and qualifying employment</li> <li>- Disability/Carers benefit where possible</li> <li>- Resettlement into affordable housing</li> <li>- Personal budgeting</li> </ul>
Housing Solutions	Cost of Living Crisis and End of Eviction Ban	Help new Temporary accommodation tenants (Private rented sector evictees) manage rent shortfalls from tapered income (non-Benefits Cap) through: <ul style="list-style-type: none"> <li>- Personal budgeting</li> <li>- Welfare benefit advice</li> </ul>
Housing Solutions	Increase in bad debt provision on temporary accommodation (Bed and Breakfast and Private Sector Leasing) rent arrears because of reductions in personal income due to Cost of Living Crisis	Robust but sensitive temporary accommodation Income collection processes post pandemic.
Housing Solutions	There is a risk of a further increase in the number of households in temporary accommodation - based on an additional 100 households this year above the current forecast	Increase access to private rented accommodation as outlined and agreed in Council's Housing Allocation scheme. Working closely with Capital Letters to increase supply.
Housing Solutions	Inflationary pressures on temporary accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast	Reducing expensive temporary accommodation is likely to mean procuring additional units outside of this borough. The council is collaborating with Capital Letters to increase supply.
Housing Solutions	There is a risk of large families being accommodated in Bed and Breakfast	Procure temporary accommodation for larger families. Potential to split households on a voluntary basis.
Housing Solutions	Domestic Abuse Act - increase in households in temporary accommodation - extra 70 households this year above the current forecast	Increase access to private rented accommodation as outlined and agreed in Council's Housing Allocation scheme. Working closely with Capital Letters to increase supply.

## Draft Equalities Impact Assessment

### Housing and Homelessness

#### Proposed investment

##### **Temporary Accommodation - £0.939m**

This investment relates to establishing funding for additional client numbers in temporary accommodation. An increase in homeless presentations combined with a reduction in supply of rehousing solutions is resulting in a greater volume of clients for the council. It is believed that this proposal has a positive impact because people with protected characteristics are more likely to experience homelessness than the general population. Therefore, the additional funding provided will enable the provision of an interim housing solution on their pathway to a secure, permanent home.

The expected increase in the number of clients in temporary accommodation will result in the need to provide an average of an additional 10 units of Bed & Breakfast and 166 units of Private Sector Leased accommodation during 23/24, when compared to the 22/23 budget. Based on an assumed net cost to the Council of £3,870 and £5,420 per unit of accommodation per annum respectively, it is expected that additional funding of £39,000 for Bed & Breakfast and £900,000 for Private Sector Leased accommodation will be required in 23/24.

**Report to:** Housing and Homelessness Policy and Accountability Committee

**Date:** 23/01/2023

**Subject:** Housing Revenue Account Budget 2023/24

**Report of:** Cabinet Member for Finance and Reform – Councillor Rowan Ree  
Cabinet Member for Housing & Homelessness – Councillor Frances Umeh

**Responsible Directors:** Director of Finance, Sukvinder Kalsi  
Strategic Director of Economy, Jon Pickstone

### SUMMARY

This item presents an overview of the Housing Revenue Account (HRA) budget for 2023/24. Appendix 1 covers:

- Strategic Operating Environment
- Overview of Proposed HRA Budget 2023/24
- Proposed Capital Programme to 2026/27
- Key Metrics

### RECOMMENDATIONS

1. That the Committee note and comment on the Housing Revenue Account Budget 2023/24 presentation.

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	We always confirm that spend fits our council’s priorities; challenge how much needs to be spent; and achieve results within agreed budgets. Finance is everyone’s business and every penny counts.
Creating a compassionate council	As the Council’s resources have been reduced, we have protected the services on which the most vulnerable residents rely.
Doing things with residents, not to them	The use of co-production is embedded across the Council and all service matters are developed with the engagement of residents.

### APPENDICES

Appendix 1 – Housing Revenue Account Budget 2023/24



Housing Revenue Account

Housing & Homelessness PAC

23 January 2023



# Contents

- Our Strategic Operating Environment
- Overview of Proposed HRA Budget 2023/24
- Proposed Capital Programme to 2026/27
- Some Key Metrics

# Strategic Operating Environment

- Service Matters
  - Increasing Demand for Social/Affordable Housing
  - Stock Condition/Disrepair Claims/Damp & Mould
  - Building Safety Requirements
  - Regulator Focus on Inspections and Tenant Empowerment
  - Meeting the Green Agenda (Thermal Efficiency/Gas Boilers Phasing Out)
  - Underperforming Repairs Service with Resident and Member Concerns
- Financial Matters
  - Increasing Inflationary Pressures
  - Interest Rate Pressures on Development Schemes
  - National Rent Cap for 2023/24

# Proposed HRA Budget Strategy 2023/24

- Preserve the Delivery of Housing Services Valued by Tenants
- Ensure the Continued Delivery of Key Housing Priorities (e.g. Investment in New/Existing Homes)
- Providing Resources to Deal with Immediate Concerns (e.g. Damp & Mould, Disrepair)
- Maintain the Financial Resilience of the HRA

# Proposed HRA Budget 2023/24

## Key Assumptions

- Pay Inflation – 5%
- Price and Contract Indexation – 7%
- Void Rent Loss - 2.0% (risk)
- Provision for Current/Former Tenants Arrears at 86%
- Interest Rates on New Borrowing at 4-4.5% (up from 2.5%)
- Rent Increase of 4.4%

# Proposed HRA Budget 2023/24

	2022/23	2023/24	Change
	£m	£m	£m
Rents (Gross)	(72.2)	(77.7)	(5.5)
Service Charges (Gross)	(11.3)	(14.8)	(3.5)
Other Income	(2.3)	(2.7)	(0.4)
Void Rent Loss	1.4	1.8	0.4
Repairs and Voids	22.2	23.7	1.4
Housing Management	21.7	23.4	1.7
Regeneration & Development	0.9	0.8	(0.1)
Capital Charges	26.2	29.2	3.0
Corporate Services	17.5	19.0	1.5
Pipeline Savings	-	(1.1)	(1.1)
Deficit	4.1	1.4	(2.6)
Use of Reserves (see below)	(4.1)	(1.4)	2.6

# Explaining the Proposed Budget for 2023/24

	£m
Additional Rent Income	(5.5)
Additional Service Charge Income	(3.5)
Pay Inflation (5%)	1.0
Contracted Services Indexation (7%)	1.1
Growth (repairs, annual visits, income loss on voids)	1.2
Depreciation and Interest	3.0
Allowance for Additional Inflationary Pressures	1.2
Pipeline Savings	(1.1)
<b>Net Change</b>	<b>(2.6)</b>

# HRA General Reserves

	£m
<b>General Reserve b/f (1 April 22)</b>	<b>(15.6)</b>
Withdrawal from HRA General Reserve	4.1
Forecast overspend at CRM 6 (potential further pressure of circa £2m)	1.2
<b>General Reserve c/f (31 March 23)</b>	<b>(10.3)</b>
Use of Reserve 23/24 – structural deficit	1.4
Use of Reserve 23/24 – temporary actions (damp & mould, disrepairs compensation, decants, customer service)	2.2
<b>General Reserve c/f (31 March 24)</b>	<b>(6.7)</b>

# Proposed Housing Capital Programme 2022/23 - 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Asset Management and Compliance	52	39	43	42	36	<b>212</b>
Climate Emergency	3	15	19	17	23	<b>77</b>
Building Homes and Community Strategy (includes Ed City )	13	24	32	4	1	<b>74</b>
Hartopp & Lannoy	2	31	26	1	-	<b>60</b>
Other (includes Stanhope JV £30m)	1	8	13	7	-	<b>29</b>
<b>Total Forecast Spend</b>	<b>71</b>	<b>117</b>	<b>133</b>	<b>71</b>	<b>60</b>	<b>452</b>
Specific Resources (incl capital receipts)	(26)	(41)	(46)	(61)	(26)	<b>(183)</b>
New Borrowing	(45)	(76)	(87)	(10)	(34)	<b>(252)</b>
<b>Total Forecast Resources</b>	<b>(71)</b>	<b>(117)</b>	<b>(133)</b>	<b>(71)</b>	<b>(60)</b>	<b>(452)</b>



## Key Metrics

- Value of Housing - £1.5bn (£5.9bn market value)
- External Debt Outstanding of £219m
- Arrears of £7m at 31 March 2022 (£6.7m prior year)
- Provisions for Arrears of £6m at 31 March 2022 (equivalent to 86%)