

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 12/02/2024

Subject: The Housing Revenue Account (HRA) Budget (2024/25), Rents & Service Charges (2024/25) & HRA 10 Year Business Plan (2024/25 – 2033/34)

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

Responsible Director: Jon Pickstone, Strategic Director for Economy
Sukvinder Kalsi, Strategic Director for Finance

Summary

The current strategic and financial operating environment for the Council's housing service remains extremely challenging. We are aiming to increase the provision of social and affordable housing with a commitment to build new homes within the next few years, investing (£1.39bn) in existing / new homes over 10 years, improving the services available to residents, making the necessary improvements to building standards and safety, and strengthening resident engagement.

The continuing national economic conditions of high inflation and interest rates continue to present many significant challenges (increasing our costs for delivering services, increasing pressure on rent collection as household incomes reduce, making our investment plans more expensive and increasing the demand for housing services).

This report sets out the Housing Revenue Account (HRA) budget proposals for the financial year 2024/25 including changes to rent levels and other charges as well as an updated HRA 10-year Business Plan.

The strategic objectives of all our financial plans are to:

- Preserve the delivery of housing services for our tenants including estate services and resident engagement,
- Build more new homes, invest in improvements to our existing homes, re-balance capital and revenue maintenance spend,
- Deliver a modern and efficient housing service with high performance standards,
- Maintain the long-term financial resilience of the HRA and thus the continued provision of services in the future.

The policy for rents is determined nationally (the current policy of CPI¹ + 1% has been in place since 2020/21 – 2024/25). For 2023/24, the government implemented a rent cap of 7% and the limit for 2024/25 will be 7.7% (being CPI as at September 2023 of 6.7% plus 1%). The Council will implement this national policy to enable the delivery of the Council's strategic housing objectives and will endeavour to provide as much support to our tenants during the continuing economic difficulties. The rent increases for at least 48% of the current tenancies will be covered either wholly or partially by housing benefit or universal credit in line with government policy.

The Council has aspired to keep rents and service charges as low as possible over the past decade and this strategy has ensured that ours remain some of the lowest cost homes in London and provide value for money to residents.

RECOMMENDATIONS

That Cabinet agrees:

1. To approve the Housing Revenue Account 2024/25 budget for council homes as set out in Table 1.
2. To approve the HRA 10-year Business Plan for Council Homes (2024/25 – 2033/34) as set out in paragraphs 3 - 4 of this report and Appendices 1 - 4.
3. To approve a rent increase of 7.7% from 1 April 2024 (in line with September 2023 CPI+1%), which equates to an average weekly increase for tenants of £9.62 in 2024/25.
4. To approve an increase to shared ownership rents of 7.7% from 1 April 2024 (in line with September 2023 CPI+1%).
5. To approve changes to tenant service charges to reflect the costs of providing communal services from 1 April 2024, which equate to an average weekly increase for tenants of £3.01 in 2024/25.
6. To approve a reduction to charges for heating and hot water to reflect the costs of provision of the district heating service from 1 April 2024, which equate to an average weekly reduction for tenants and leaseholders on the scheme of £0.41 (communal heating), £1.87 (tenants' personal heating) and £2.21 (leaseholders' personal heating) in 2024/25.
7. To approve an increase to the management fee for temporary on licence properties of 6.7% (in line with September 2023 CPI) from 1 April 2024.
8. To approve an increase to the rent and service charges for hostels of 7.7% from 1 April 2024 (in line with September 2023 CPI+1%).

¹ The Consumer Price Index is used to measure the rate of inflation.

9. To increase garage charges for council tenants, resident leaseholders, and for other customers from April 2024 by 6.7% (in line with September 2023 CPI).
10. To note that any change to parking charges on housing estates will be considered separately with the Council's parking plans.
11. To increase car space rental charges for all customers by 6.7% from April 2024 (in line with September 2023 CPI).
12. To approve an increase in the Leasehold After Sale – Home Buy Fees by 6.7% from April 2024 from £217 to £232 (in line with September 2023 CPI).

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The HRA budget supports the Council's ambitions of delivering more genuinely affordable homes in the HRA. This will be through an increased level of borrowing, capital receipts and government grants to invest over the long term in the delivery of new homes either directly or in partnership.
Creating a compassionate council	The HRA budget supports the ongoing investment in services that directly support residents in living healthy and independent lives. This includes making provision for aids and adaptations to tenanted accommodation.
Doing things with local residents, not to them	The HRA budget supports continued investment in resident engagement and involvement. This also reflects and aligns with the new Social Housing Act 2023 and Consumer Standard requirements which set out the need to adapt how we engage and support residents to hold the Council to account.
Being ruthlessly financially efficient	The HRA budget funds investment in the long-term repairs delivery model and the reform of services to better deliver for residents, and the delivery of a significant number of new homes.
Taking pride in H&F	The significantly expanded compliance-based capital programme is factored in to the HRA budget. Some of the works will deliver wider estate improvements, in particular the communal works undertaken by the Direct Labour Organisation – H&F Maintenance. There will also be ongoing investment in caretaking and other estate services which will be focussed on improving the quality of council estates. New

	homes will be built to the latest compliant standards, ensuring cost-efficient, safe and secure homes for our tenants and residents for the long term.
Rising to the challenge of the climate and ecological emergency	Housing accounts for around 83% of the organisation's direct operational CO2 emissions. Given this, a retrofit strategy, in conjunction with other areas of the Council, is being formulated that outlines a path to zero carbon emissions.

Financial Impact

The report is predominantly of a financial nature and therefore the impact is contained within the body of the report.

Implications completed by: Danny Rochford, Head of Finance (The Economy and Housing Revenue Account)

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Verified by: Sukvinder Kalsi, Director of Finance, 8 January 2024

Legal Implications

The HRA was established by statute to ensure that council taxpayers cannot subsidise council rents and nor can council rents subsidise council tax. Failure to adhere to this statutory guidance can render the Council's accounts subject to challenge and/ or qualification by the External Auditor.

The HRA ring-fence was introduced in Part IV of the Local Government and Housing Act 1989 ("the Act") and was designed to ensure that rents paid by local authority tenants accurately reflect the cost of associated services. The Act specifies that expenditure and income relating to property listed in section 74 (that is houses and buildings provided for the provision of accommodation including the land on which they sit, excluding leases taken out for less than 10 years to provide temporary accommodation) must be accounted for in the HRA. Schedule 4 of the Act (as amended by section 127 of the Leasehold Reform, Housing and Urban Development Act 1993) specifies the allowable debits and credits. The Housing (Welfare Services) Order 1994 specifies more detail on the welfare services which must be accounted for outside the HRA. Section 76 of the Act states that it is unlawful to approve a budget which will result in a debit position on HRA reserves. Rents and charges have been set to ensure that the budget forecast does not result in a debit position.

It is not possible for a local housing authority to subsidise rents from its General Fund.

Section 24 of the Act gives the Council power to set rents, but Section 5 requires that the Council must have regard to relevant standards which are set for them under section 193 of the Housing and Regeneration Act 2008 ("HRA 2008"). Section 193 of the HRA 2008 allows the regulator of social housing to fix standards which social

landlords must abide by. On 25 February 2019 the Government issued a Direction on the Rent Standard 2019 which requires the regulator of social housing to set a new rent standard which applies to all local authority social landlords with effect from 1 April 2020. Further, the cap of a 7% increase imposed by the Direction on the Rent Standard 2023 will not apply after 31 March 2024.

The rent increases recommended in this report comply with the Direction on the Rent Standard 2019.

A consultation has been carried out with residents and the outcome of that consultation is shown at Appendix 7. Tenants were consulted on the rent increase at the Sheltered Housing Forum on 16 January 2024 and the Housing Representatives Forum on 23 January 2024 and at the Housing and Homelessness Policy and Accountability Committee on 30 January 2024. Members must carefully consider the consultation responses and the Equalities Impact Assessment when approving the recommendations in this report to ensure they are satisfied that the Council has complied with its public sector equality duty under the Equalities Act 2010.

Implications completed by: Afshan Ali-Syed, Senior Solicitor (Property and Planning)
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Date completed: 13 December 2023

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Background

1. The Housing Revenue Account (HRA) only contains the costs arising from the management and maintenance of the Council's housing stock, funded by income from tenant rents and service charges, leaseholder service charges, commercial property rents and other housing-related activities. It is a ring-fenced account and the Council is required under statute to account separately for local authority housing provision. The provision of social and affordable housing is one of the key services the Council provides to residents and the Building Homes and Communities Programme is intended to increase the supply of new homes to meet the expected demand for homes.

Strategic Objectives of the Council's Financial Plans

2. The HRA's strategic objectives are to:
 - Preserve the delivery of housing services for our tenants including estate services and resident engagement,

- Build more new homes, invest in improvements to our existing homes, re-balance capital and revenue maintenance spend,
- Deliver a modern and efficient housing service with high performance standards,
- Maintain the long-term financial resilience of the HRA and thus the continued provision of services in the future.

Strategic Financial Overview

3. The HRA 10-year Business Plan is set out in Appendices 1 – 4 and a summary of the notable service and financial outcomes are set out below:

- Estimated stock of 12,582 including 240 Right to Buy sales and 876 new homes;
- Estimated investment of £1.73bn to complete day-to-day repairs and investment in our existing / new stock and decarbonisation programmes;
- Minimum general balances of £5m will be maintained throughout the duration of the plan (this is equivalent to c5% of annual spend);
- Cumulative savings programme of £14.2m.

4. The HRA 10-year Business Plan will continue to be managed rigorously to ensure the long-term sustainability of services and financial resilience. There will be additional borrowing and some key ratios are set out below and will be preserved:

- The ratio of day-to-day repairs spend to rent income will improve as more investment is undertaken in our stock such that the expenditure on our repairs will reduce from 36% in 24/25 to 33% in 2033/34.
- The external borrowing on properties will be no more than 55% of the value of the housing stock (the latter based on an adjusted social housing value at 25% of open market value).

HRA Budget 2024/25

5. The financial position of the HRA has improved considerably from 2022/23 (the base deficit of £4.1m in that year has been fully eliminated for 2024/25). This will allow a strategy to ensure that minimum balances of £5m will continue to be maintained and these will be supplemented in future years as the financial operating environment allows.

6. The HRA 2024/25 budget (see Table 1 below) has been updated for national rent policy changes, other fiscal pressures and discontinuation of the temporary provision made from reserves during 2023/24. These are set out below:

- a. The Government recently confirmed that the maximum permissible rent increase for local authorities' social housing for 2024/25 will be 7.7%. This is in line with current national social housing rent policy which permits rent

increases of up to CPI + 1% each year based on the previous September's CPI. Next year (2024/25) is intended to be the final year of the current five-year policy and Government has so far made no announcement on rent policy from April 2025 onwards.

- b. The budget proposals assume contractual inflation of £1.1m based on CPI of 5%, a provision for pay awards from April 2024 (estimated at 3%, or £0.7m in total) and an allowance for additional inflationary cost pressures of £2.6m.
- c. The recent increases in interest rates, together with an increase in borrowing to support the compliance-based capital programme, are expected to result in a significant increase in debt servicing costs for 2024/25 of £2.2m.

Table 1: HRA Budget 2023/24 and 2024/25

Division	Revised Budget 23/24	Movement between years	Proposed Budget 24/25
	£m	£m	£m
Rents (Gross)	(77.0)	(6.2)	(83.2)
Service Charges (Gross)	(18.1)	(1.9)	(19.9)
Other Income	(3.8)	0.0	(3.8)
Void Rent Loss	1.8	0.2	2.0
Repairs and Voids	25.1	(0.7)	24.4
Housing Management	29.5	2.9	32.3
Regeneration & Development	1.2	(0.2)	1.0
Capital Charges	29.1	2.2	31.3
Corporate Services	13.6	1.8	15.4
Provision for Investment	-	0.5	0.5
Annual Deficit / (Surplus)	1.4	(1.4)	-
Temporary Use of Reserves	2.2		-
Forecast Additional Call on Reserves	1.4		-
Use of reserves	(5.0)		-

- 7. Table 2 below summarises the key changes in the budget between 2023/24 and 2024/25:

Table 2: HRA Budget – Major Movements between 2023/24 - 2024/25

Item	Budget Movements
	£m
Budget Deficit 2023/24	1.4
Additional Rent Income	(5.9)
Pay Inflation (3%)	0.7
Contracted Services Indexation (5%)	1.1
Interest Payable	2.2
Provision for Investment	0.5
Budget Deficit 2024/25	0.0

Rent Trends

8. The Council has maintained a policy of minimising rent increases whilst protecting resources to deliver essential housing services including health and safety. The annual rent increase for 2023/24 was 4.4%.
9. The rent increase will be set at 7.7% from April 2024 (in line with national rent policy). The income that will be generated will not fully offset the inflationary cost pressures accumulated in recent years.
10. The average rent for our Council homes remains lower than the average rent of other neighbouring London boroughs. In setting its rent, the Council has given due consideration to the balance between affordability for tenants and its income to invest in current stock, new housing and service provision.
11. Council homes' rents are on average less than a third of private housing market rents² in the borough. For illustration, the weekly rent for a one-bedroom Council home is proposed to be £125.22 from April 2024 whereas the same in the private housing market would be likely to be at least £424.33. For a two-bedroom Council home, the proposed weekly rent is £130.06 from April 2024, only 23% of the expected rent in the private housing market of £557.94.
12. The rent proposals for 2024/25 are necessary to protect the long-term financial resilience of the HRA. Some option modelling has been completed and for exemplification, the income from every 1% is estimated at £0.8m (this is the amount that would be foregone for every 1% below the proposed 7.7%). This would require major service changes to protect the HRA balances (see below).

Tenant Service Charges

13. On 10 October 2022, Cabinet approved a change in policy from fixed to variable service charges. This means that the actual costs incurred by the Council in

² Office of National Statistics - Private Rental Market Statistics: Summary of median monthly rents recorded between Oct 22 and Sep 23. Rents have been conservatively uprated for 23/24 comparison using the national social housing rent cap of 7% and for 24/25 using the maximum national social rent increase of 7.7% (September 2023 CPI+1%).

providing communal services can be fully recovered and that tenants and leaseholders pay a fair proportion of those costs. The table below sets out the different charges and the average increases or reductions from 1 April 2024:

Table 3: HRA Tenant Service Charges 2024/25

Tenant Service Charge	Average Charge 23/24	Average Charge 24/25	Average Change	Average Change
	£ pw	£ pw	£ pw	%
Caretaking	6.21	7.35	0.95	15.3%
Grounds Maintenance	1.66	1.77	0.11	6.6%
Concierge	12.95	13.82	0.87	6.7%
Door Entry	0.56	0.60	0.04	7.1%
Lift Maintenance	7.87	8.40	0.53	6.7%
TV Aerials	0.19	0.20	0.01	5.3%
Communal Lighting	2.89	4.45	1.56	54.0%
All (excluding HHW)	16.23	19.24	3.01	
Heating and Hot Water (HHW)				
Communal HHW	5.21	4.80	-0.41	-7.9%
Personal HHW	23.28	21.41	-1.87	-8.0%

14. The major changes in charges relate to communal lighting (primarily due to the significant increases in the cost of electricity) and the caretaking service (primarily due to ensuring that staff are paid in line with the London Living Wage). The details of the changes to charges for communal heating schemes, garage and parking space rents, water and sewerage charges, home buy and income from advertising hoardings and commercial properties are set out in Appendix 3.

Repairs

15. The Council is taking action to improve outcomes for residents who need repairs to their homes. Next year, we will be spending over £24m on repairs and maintenance of our council homes.
16. We are also investing £711m over 10 years for major improvement work to existing homes as well as supporting the energy efficiency programme. This programme is important for de-carbonising the housing stock and reducing energy costs in the future, helping to tackle fuel poverty.

Affordable housing

17. There is significant need for affordable and social housing in the borough. The existing stock is ageing and will require increasing investment to maintain modern building standards.
18. The acquisition and building of new homes will help to sustain the current housing provision and will assist in averting future risks (such as disrepair

litigation) and reduce existing repairs maintenance and investment costs. It will also assist in the establishment of strong communities and neighbourhoods and reduce pressure on other public services such as homelessness.

19. The current HRA 10-year Business Plan includes building 876 new homes, the details of which will continue to be reported separately as part of the individual scheme approval reports.

Greening housing stock

20. Housing accounts for around 83% of the Council's direct operational CO2 emissions and the cost of living means energy efficiency is more important than ever. The Council plans to spend £23.7m over the next four years. These funds will deliver retrofit projects, providing residents with affordably heated and well-adapted homes that are cost and energy efficient and have net zero carbon impact.

Reserves

21. Two types of reserves are held within the HRA: general reserves and earmarked reserves.
22. **HRA general reserves** should provide sufficient cover against unanticipated events. The risks facing the HRA must be viewed in the context of the level of HRA general reserves. A prudent level of reserves is important to support long term investment planning for 17,000 properties with an existing use value of £1.5 billion.
23. The HRA general reserve as at 31 March 2023 was £10.0m. A further planned drawdown (£1.4m) in 2023/24³ is expected to reduce the balance to c.£5.0m; equivalent to less than three and a half weeks' of HRA gross rental income.
24. In 2024/25, the General Reserve is expected to be maintained at the £5.0m level (see table below).

Table 4: HRA General Reserves 2023/24 & 2024/25

³ Based on the projection plus mitigations included in the Corporate Revenue Monitor for month 6

	£m
General Reserve b/f (1 April 23)	(10.0)
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
In-year Pressures 23/24 - offset by compensating savings	1.4
General Reserve c/f (31 March 24)	(5.0)
Use of Reserve 24/25	0.0
General Reserve c/f (31 March 25)	(5.0)

25. **HRA earmarked reserves** are funds set aside to cover specific future plans that are not covered by annual budgets and to protect the HRA from specific risks. HRA cashable earmarked reserves were £8.1m as at 31 March 2023. These include funds set aside for the risk relating to potential revenue, abortive and other write-off costs associated with the Council’s affordable housing and regeneration plans (£3.6m) if plans do not progress.

Risks

26. The HRA faces multiple financial risks including those arising from the Government’s programme of Welfare Reform which continues to represent a risk to the Council’s ability to collect rental income and may result in increased bad debt charges to the HRA. All new benefit claims are subject to Universal Credit and all existing claims are currently subject to a migration process to Universal Credit that was delayed due Covid-19 and is now anticipated to be completed by December 2024. There is a risk that the migration of tenants to Universal Credit moves at a faster pace than expected. The increase in bad debt provision for rents has been budgeted for 2024/25 at £0.8m.
27. Whilst the full cost implications of implementing the Council’s HRA 10-year Business Plan are still being determined (stock condition surveys are being completed), there is a risk that costs are in excess of the proposed budget for 2024/25 and in the longer term.
28. In addition to these risks above, there are several other financial risks. These are set out in detail in Appendix 2.

Reasons for Decision

29. Section 76 (1)-(4) of the Local Government & Housing Act 1989 (“the Act”) requires local authorities to set a budget for their HRA on an annual basis using the best assumptions available. The Act also specifies that it is unlawful to approve a budget which will result in a debit position on the HRA general reserves.

Equality Implications

30. The provision of social housing is important for residents, who include the most disadvantaged and economically vulnerable members of society, including many groups with shared protected characteristics. Tenants will be supported by the Council to maximise entitlement to financial welfare benefits, and it is estimated that around 50% will be able to cover these additional costs through Housing Benefit and Universal Credit.
31. Rent increases will impact the household finances of tenants and leaseholders on low pay. However, the significant levels of inflation, when combined with the other challenges to balancing the HRA, has necessitated the changes proposed in this report. The need to ensure the HRA budget is secure and available to deliver the essential services and improvements that are needed is a key means of supporting tenants.
32. People with shared protected characteristics, including age, disability, gender, race and pregnancy are likely to be disproportionately affected by any measure that impacts on low-income families just above the level of eligibility for mainstream benefits. We will work to identify and support individuals struggling to make ends meet, and this help will benefit those with shared protected characteristics who are overrepresented within low-income families just above the level of eligibility to benefits. The available help includes the provision of support with money management, debt and arrears, flexible payment plans for service charges and referral to the wider and developing range of services that are available to help with wider related issues such as fuel and food poverty and the cost-of-living crisis.

Risk Management Implications

33. The principal risks are detailed in paragraphs 26-28 and in Appendix 2. These are included in the departmental risk register. With the further reduction in reserves proposed in this report to meet ongoing investment in the Council's housing stock, it is vital that robust controls are maintained in respect of expenditure (including works carried out by contractors), income collection, budget management, monitoring and reporting. It is also important that regular review and monitoring of known and emerging risks is undertaken, and mitigations amended where risks change, or new mitigations put in place promptly as new risks emerge.

Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 13 December 2023

Consultation

34. Tenants and residents were consulted on the plans at the Sheltered Housing Forum on 16 January 2024, the Housing Representatives Forum on 23 January 2024 and the Housing and Homelessness Policy and Accountability Committee on the 30 January 2024 to allow the consideration of comments on the implications in advance of any formal decision being taken by Cabinet on 12 February 2024.

List of Appendices:

Appendix 1: 10 Year Financial Plan Key Business Plan Principles and Assumptions

Appendix 2: 10 Year Financial Plan Income and Expenditure Account

Appendix 3: 10 Year Financial Plan Housing Capital Programme

Appendix 4: 10 Year Financial Plan Balance Sheet

Appendix 5: Key Risks

Appendix 6: Fees, Charges and Other Income

Appendix 7: Consultation Responses

Appendix 1

Housing Revenue Account: 10 Year Financial Plan Key Business Plan Principles & Assumptions

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Average Homes	11,945	11,935	12,007	12,184	12,369	12,554	12,652	12,643	12,612	12,582
New Homes	23	37	133	334	543	752	874	889	882	876
RTB Sales	24	24	24	24	24	24	24	24	24	24
National Rent Policy (%)	CPI+1%	CPI only	CPI only	CPI only	CPI only	CPI only	CPI only	CPI only	CPI only	CPI only
Voids	2.1%	1.6%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Debts and Arrears	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Cost Inflation (Pay)	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Cost Inflation (Non-Pay)*	5.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Interest Rates (New Debt)	4.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.0%	3.0%	3.0%	3.0%

Appendix 2

Housing Revenue Account: 10 Year Financial Plan Income & Expenditure Account

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Rent Income	(83.2)	(85.5)	(88.5)	(93.1)	(97.8)	(102.5)	(106.7)	(108.9)	(111.2)	(113.6)
Other Income ¹	(27.4)	(27.8)	(28.5)	(29.1)	(29.8)	(30.5)	(31.3)	(31.7)	(32.3)	(33.0)
Void Rent	2.0	2.0	2.1	2.2	2.3	2.4	2.6	2.6	2.7	2.7
Repairs and Voids	30.1	31.1	32.0	32.9	34.0	35.0	35.8	36.5	37.2	37.9
Estate Services	14.1	14.5	14.9	15.3	15.6	16.0	16.3	16.7	17.0	17.4
Housing Services	32.5	33.3	34.1	35.0	36.0	37.2	38.0	38.9	39.7	40.6
Interest	14.0	20.7	25.5	31.7	36.9	39.7	37.9	38.6	39.1	39.6
Depreciation	17.4	17.8	18.2	18.8	19.5	20.2	21.0	21.5	22.0	22.5
(Savings) / Investment	0.5	(6.1)	(9.8)	(13.7)	(16.8)	(17.7)	(13.7)	(14.2)	(14.2)	(14.2)
Net Budget	(0.0)	0.0	(0.0)	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0
Balances	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0

¹ Service Charges and Staff Capitalisation

Appendix 3

Housing Revenue Account: 10 Year Financial Plan Housing Capital Programme

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Asset Management & Compliance	46.5	37.3	39.8	77.8	64.0	62.0	65.7	54.1	55.1	50.7
Climate Emergency	18.3	16.9	25.1	24.4	25.0	13.2	13.5	6.9	7.1	7.2
Building Homes and Communities Strategy	18.4	62.8	123.5	79.3	132.1	56.8	0.2	0.1	0.1	0.0
Other HRA Capital Schemes	23.9	63.3	54.6	62.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Expenditure	107.1	180.2	242.9	243.6	221.1	132.1	79.4	61.0	62.2	58.0
Leaseholder Contributions	3.1	3.0	3.0	7.7	7.9	8.0	8.2	8.5	8.6	8.9
Grants (Including S106 & GLA)	12.9	28.6	15.9	12.2	67.5	47.6	6.3	6.2	6.4	5.9
Capital Receipts	9.7	21.4	53.1	22.9	14.2	13.6	12.7	13.0	9.6	6.6
Major Repairs Reserve	17.6	17.8	18.2	18.8	19.5	20.2	21.0	21.5	22.0	22.5
Borrowing	63.9	109.5	152.7	182.1	112.1	42.7	31.3	11.9	15.6	14.1
Total Financing	107.1	180.2	242.9	243.6	221.1	132.1	79.4	61.0	62.2	58.0

Appendix 4

Housing Revenue Account: 10 Year Financial Plan Balance Sheet

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Council Homes (EUV-SH)	1,606	1,647	1,685	1,751	1,822	1,896	1,972	2,023	2,069	2,116
Other Property Assets	67	162	162	162	162	162	162	162	162	162
Net Current Assets	37	32	28	11	11	11	11	11	11	11
Total Assets	1,711	1,841	1,875	1,924	1,995	2,069	2,145	2,196	2,242	2,289
General Balance	5	5	5	5	5	5	5	5	5	5
Other Reserves (eg RTB)	32	27	23	6	6	6	6	6	6	6
Debt Outstanding	360	520	629	782	957	1,064	1,104	1,131	1,141	1,154
Revaluation Reserve	1,313	1,289	1,218	1,131	1,027	994	1,031	1,055	1,090	1,123
Total Reserves	1,711	1,841	1,875	1,924	1,995	2,069	2,145	2,196	2,242	2,289

Appendix 5

Housing Revenue Account: General Risks

Social Regulation Act - this will place significant additional requirements on the Council including tenant engagement and required expertise of housing staff.
Right to Buy (RTB) disposals - although 24 per annum disposals are assumed within the business plan, an increase above this number could reduce the net income due to the HRA.
Housing repairs – unpredicted events may result in additional expenditure (for example, following new health and safety directives, legislation, insurance claims).
The Building Safety Act and Fire Safety Act requires H&F, as landlord, to resource significant additional investment, both revenue and capital, to achieve compliance.
Risk to recruitment – the shortage of technical staff available on the market could delay and increase the cost of the delivery of the Council’s compliance-based Asset Management Capital Strategy.
Uncertainty in Government rent policy beyond 24/25
Market risk on re-procurement and recruitment – there is a risk that it will become harder to re-procure contracts or recruit staff at the predicted rates given the current inflationary environment.
Other changes in central Government policy towards social housing
Additional fire safety costs – fire safety improvements to the housing stock above and beyond the current plans may be required as stock condition surveys reveal the full cost of implementing the Hackitt recommendations.
The state of the UK economy – this includes the impact on the housing sector on costs of a weakening currency, loss of grants funding opportunities, inflationary pressures on contracts and an increase in tenant rent arrears.
Depreciation – this could divert funds away from revenue as a result of changes in housing stock valuations or from changes in the regulations governing HRA assets.
Asbestos management – as fire safety works are undertaken, the volume of asbestos removal may be greater and more costly than anticipated.
Additional compliance costs and other repairs risks such as uninsured events
Aging housing and asset stock condition maintenance – this has been addressed via the Asset Management Capital Strategy but there is a risk that the investment required will exceed the approved resources.
Staff capitalisation – any slippage on the housing capital programme could result in an unbudgeted revenue pressure.
Savings requirement – there is a risk to future savings delivery in accordance with the HRA Business Plan

Appendix 6

Fees, Charges and Other Income

Heating charges

Tenants and leaseholders who receive communal heating (around 1,743 properties) pay a weekly charge towards the energy costs of the scheme. The Council meets the costs of heating in the year, and recharges tenants and leaseholders based on an estimated cost and usage.

The Council is part of the LASER energy procurement group, which purchases energy on behalf of 48 local authorities. A system of flexible procurement is used which should ensure that LASER tenders for new energy contracts on a rolling basis, so that it can purchase when rates are low.

An estimate has been prepared in consultation with the Council's utilities management function of the new contract rate the Council can expect to achieve. Based on this estimate, combined with the need to balance the heating account for the year, and in the light of recent changes in the cost of energy, a reduction in charges is proposed for 2024/25.

The average weekly reduction for tenants and leaseholders on the scheme is £0.41 (communal heating), £1.87 (tenants' personal heating) and £2.21 (leaseholders' personal heating). However, there is a wide range of reductions both below and significantly above the average. Additional detail has been provided to tenants as part of the consultation process referred to at Appendix 7.

Garage rents

There are 1,106 garages in H&F of which 887 occupied units are rented by licence holders.

H&F standard sized garages are currently charged at the weekly prices of £26.56 (VAT exempt) for Council tenants and leaseholders, £50.22 (including VAT) for private residents of the borough and £71.77 (including VAT) for non-borough residents. The smaller motorcycle garages are charged at a fixed rate of £19.93 per week.

Currently blue badge holders and pensioners are offered discounts at 25% and 10% respectively.

The current garage pricing is competitive with other local authorities and a garage refurbishment programme is enabling voids to become viable again for lettings. H&F's garage lettings strategy varies from many other local authorities in that residents both within and out of the borough can rent garages and licensees can use garages for either vehicles or general storage.

It is proposed to increase garage charges for council tenants, resident leaseholders and for other customers from April 2024 by 6.7%, in line with CPI (as at September 2023).

Parking permits

Permit parking in H&F is in place on estates that have traffic orders. There are 2,800 parking bays across 36 traffic order sites and 1,700 permit holders. Blue badge holders and motorcycle users have access to the bays but are not required to buy a permit.

All estate parking zones use the same rulings and enforcement as on-street parking. On that basis the prices for estate permits are the same as the on-street equivalent and estate residents have option to purchase both permits for the same vehicle.

Currently H&F parking permits are charged at £71 for 6 months or £119 for 12 months for the first vehicle (VAT exempt). Second vehicles are charged at £260 for 6 months and £497 for a year (VAT exempt). There are concessionary rates of £60 for 12 months for first vehicles that have <100g per km of CO² emissions and free permits for fully electric vehicles.

Car space rentals

Residents can rent an allocated parking space on the non-traffic order sites which gives them exclusive access to that bay during their licence. This is open both to Council tenants/leaseholders and private residents/companies in the borough. There are 318 car spaces for rent on estates in H&F of which 165 are occupied.

The current charges range for Council tenants and leaseholders per week from £3.09 for uncovered bays (VAT exempt) to £3.50 for covered bays (VAT exempt). Private residents can rent a space on one of the commercial sites for £31.57 per week (inclusive of VAT). There is a concessionary rate of 25% discount for blue badge holders available.

It is proposed to implement a general 6.7% increase in car space charges from April 2024. This is in line with CPI as at September 2023.

Leasehold after sale – Home Buy fees

To move towards recovering the costs of service provision, it is planned to increase the fee by 6.7% from £217 to £232.

Advertising income

The annual budget for income generated from advertising hoardings located on housing land has been increased by £11,000 to £432,000. This follows a commercial review of all sites based on current market conditions.

Legal and accounting advice previously has confirmed that the income and expenditure associated with advertising hoardings on HRA land should be accounted for within the HRA.

Rents on shops

The budget for commercial property rents for 2024/25 has increased by £52,000 to £1,608,000. This approach reflects market conditions based on informed assumptions from the Council's Valuation and Property Services team. Additionally, the budgeted charge for the bad debt provision has been set at £100,000 for 2024/25.

Appendix 7

Consultation Responses

Tenants from the Sheltered Housing Forum (16 January 2024) and from the Housing Representatives Forum (23 January 2024) were consulted on the HRA Budget 2024/25.

The Housing and Homelessness Policy and Accountability Committee on 30 January 2024 also considered the HRA Budget 2024/25.