



Housing Revenue Account

Budget & Rent Changes 24/25

January 2024

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Strategic Operating Environment

Service Considerations

- Increasing Demand for Social/Affordable Housing
- Condition of Our Stock (Condition Surveys)
- Building Safety Requirements
- New Social Regulation Act (Tenant Empowerment)
- Meeting the Climate Change Agenda (Decarbonisation)

Financial Considerations

- Macro-Economic Pressures (Inflation/Interest Rates)
- Pressure on Household Incomes (Wages/Unemployment)
- National Rent Policy After 2024/25

HRA Budget Strategy 2024/25

- 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.

HRA 10-Year Business Plan

Key Outcomes

- Estimated tenanted stock of 12,582 including 876 new homes
- Estimated investment of £1.73bn for repairs and investment in your homes
- Minimum general balances of £5m (c5% of annual spend)
- Cumulative savings programme of £14.2m

Key Ratios

- Additional capital investment will reduce ratio of repairs spend to rent income from 36% in 24/25 to 33% in 33/34
- Borrowing will not exceed 55% of the value of the housing stock

Proposed HRA Budget 2024/25

- Pay Inflation – 3%
- Price and Contract Indexation – 5%
- Void Rent Loss - 2.1% (risk)
- Provision for Tenant Arrears at 90%
- Interest Rates on New Borrowing at 4% (up from 2.5%)
- Rent Increase of 7.7%
- Average Tenant Service Charge increase of £3.18 per week
- Average Heating & Hot Water charge **reduction** of £1.87 per week (personal) and £0.41 per week (communal)

HRA Budget 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)		-

Explaining the Budget for 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 and Service Charges Changes 2024/25

Type of Charge	Average Charge 23/24	Average Proposed Charge 24/25	Average Change	Average Change
	£ pw	£ pw	£ pw	%
Rent	124.95	134.57	9.62	7.7%
Caretaking	6.21	7.57	1.36	21.9%
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	6.6%
Communal Lighting	2.89	4.45	1.56	54.0%
Tenant Service Charges	16.23	19.41	3.18	19.6%
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%

HRA General Reserves

	£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)

Housing Capital Programme 2024/25 - 2027/28

	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m
Asset Management & Compliance	46.5	37.3	39.8	77.8
Climate Emergency	18.3	16.9	25.1	24.4
Building Homes and Communities Strategy	18.4	62.8	123.5	79.3
Other HRA Capital Schemes	23.9	63.3	54.6	62.0
Total Expenditure	107.1	180.2	242.9	243.6
Leaseholder Contributions	3.1	3.0	3.0	7.7
Grants (Including S106 & GLA)	12.9	28.6	15.9	12.2
Capital Receipts	9.7	21.4	53.1	22.9
Major Repairs Reserve	17.6	17.8	18.2	18.8
Borrowing	63.9	109.5	152.7	182.1
Total Financing	107.1	180.2	242.9	243.6

Key Metrics

- Value of Housing - £1.5bn (£5.9bn market value)
- External Debt Outstanding of £219m
- Arrears of £7.4m at 31 March 2023 (£7.0m prior year)
- Provisions for Arrears of £6.8m at 31 March 2023 (equivalent to 90%)

Next Steps

- Sheltered Housing Forum – 16 January
- Housing Representatives Forum – 23 January
- Housing & Homelessness PAC – 30 January
- Cabinet – 12 February