# Guildford Borough Council

Report to: Joint EAB
Date: 11 January 2024
Ward(s) affected: All
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Report Status: Open

## Housing Revenue Account (HRA) Budget 2024/25

### 1. Executive Summary

The Council owns and manages over 5,200 Council Houses which it rents to tenants who qualify for social housing or for which it holds the freehold. The Housing Revenue Account (HRA) is the ring-fenced account within which the Council records the income and expenditure for its operations as landlord to its residents and for the day-to-day management, repairs and maintenance of the council housing stock. This report outlines the proposed Housing Revenue Account (HRA) budget for 2024/25, which has been built on the estimates and assumptions in the updated 2023 HRA Business Plan. The Business Plan has been reviewed to reflect changes in relevant legislation and guidance, along with consideration of the Council's declaration of a Climate Emergency and the ongoing challenges of the wider operating environment.

The Direction on the Rent Standard 2019 required the Regulator of Social Housing to set a rent standard for social housing which came into effect from 2020, which would have been CPI +1% from the preceding September rate, this equates to 7.7% and is the recommended rent increase for the year. This rate is to also apply to those in Shared ownership.

A 5% increase in garage rents is proposed which is in line with the wider Council policy on fees and charges.

The report includes overall details of the proposed investment programme for the properties that are managed within the HRA, additional details of this work are set out within the Capital and Investment Strategy which is to be considered separately on this agenda.

The HRA annual budget and HRA business plan assumes that any surpluses on the HRA are used to invest in redevelopment and upgrading of the existing stock, invest in new build affordable housing to be retained and rented by the Council within the HRA and then if there is sufficient monies available, the repayment of debt taken on under HRA self-financing.

The 30-year business plan, presented to committee as part of the budget papers in January 2023 shows that there are sufficient resources within the HRA to carry out the Council's investment plans as well as repay the debt over the 30-year business plan period and still leave a healthy reserve balance at the end of the 30 years for further investment not yet identified. There are further expected investment needs that are to be fully developed in order to meet carbon targets and expected regulatory changes, and work on these continues and they are not currently fully reflected within the current plan, but they will be considered in future reviews.

## 2. Recommendation to Executive

The Executive is asked to consider this report and to recommend to Council, meeting on 7 February 2024, that:

2.1. the proposed HRA revenue budget for 2024/25, as set out in **Appendix 1** to this report be approved.

2.2. That a rent increase of 7.7%, be implemented.

2.3. That the fees and charges for HRA services for 2024/25, as set out in **Appendix 2** to this report, be approved.

2.4. That a 5% increase be applied to garage rents which is in line with the wider Council policy on fees and charges.

## 3. Reason(s) for Recommendation:

3.1. To enable the Council to set the rent charges for HRA property and associated fees and charges, along with authorising the necessary expenditure to implement a budget, this is consistent with the objectives outlined in the HRA Business Plan

## 4. Exemption from publication

4.1. None.

## 5. Purpose of Report

5.1. This report provides a position statement on the 2024/25 draft budget and makes recommendations to the Council on the Housing Revenue Account (HRA) revenue budget. Details of the HRA capital programme are set out within the Capital and Investment Strategy, which is to be considered separately on this agenda.

## 6. Strategic Priorities

6.1. The HRA Budget reflects the Council's vision, as set out within the 2021-2025 Corporate Plan, to support residents to have access to the homes and jobs they need by providing and facilitating housing that people can afford, helping to protect our environment and empowering communities and supporting people who need help.

## 7. Background

7.1. The ongoing regime of self-financing arrangements introduced in 2012, empowers the Council to optimise its resources in management of its social housing services. The Housing Revenue Account Business Plan sets the framework upon which the revenue budget and proposed Housing Investment Programme are prepared.

**Budget and Business Plan Priorities**

7.2. The budget and Business Plan have been prepared having consideration to 4 main themes:

- A safe place to live – Investment in our housing stock to meet and exceed fire and building safety standards including new fire detection and protection works, upgrading and replacing electrical installations, new fire doors, replacing lifts,

- Environmental and Energy Efficiency – Improving energy efficiency with new doors, windows, insultation, heating and hot water systems. Rolling out a programme of environmental improvements to our estates and communities including landscaping, parking with increased inspection and investment,

- Availability and suitability – Proving a range of housing that helps meet the needs of the community, including supported and sheltered housing, additional homes through regeneration, purchase and development,

- Customer Service and Accessibility – Improving choices, information and communication with residents, with enhanced contact handling, monitoring and feedback. Targeted support for vulnerable tenants, specifically those struggling with maintaining their tenancies, hoarding, debt and benefits. Expanding opportunities for residents to influence and be involved in services through widening opportunities for feedback and engagement for more tenants.

7.3. These priorities have been developed having consideration to the Governments White paper, changes in the regulatory and legal framework within which the service operates, and the Council’s overall objectives.

**The HRA Business Plan**

7.4. The objective of the Business Plan is to optimise HRA resources to ensure quality, suitable accommodation for residents, stock growth and to transfer surpluses to the various reserves for future investment in pursuance of its business. It is not limited to management of the housing stock, but also wider issues such as community development and improving the environment.

7.5. The Business Plan not only concentrates on the financial related strategy and objectives, but also the service priorities of the Council’s

Landlord function to its tenants and leaseholders. The longer-term perspective is crucial to ensure that the service and its primary assets, the housing stock, are fit for purpose for the whole period of the plan and beyond.

7.6. The Plan is based on stock condition data and the regulatory framework in which the council operates as a social landlord. It also considers the Governments white paper “The Charter for Social Housing Residents” which sets out key areas of service and involvement that every social housing tenant should expect.

7.7. The proposed changes will strengthen existing services and will support the Council in improving the safety and quality of our homes, improve local communities and to create increased opportunities for residents to become involved. It also looks to enhance the communal areas, open and green spaces within the estate.

7.8. The Council has declared a Climate Emergency and it is essential that we continue to develop and improve our housing and services to meet the targets that the Council has set, and this budget builds on existing work by increasing investment to increase energy efficiency whilst also looking to reduce carbon emissions.

**Potential pressures**

7.9. Nationally since the self-financing arrangements were established the economic and fiscal environment has been generally favourable to the HRA. This has however changed dramatically with the combined impact of the Pandemic, the war in Ukraine, increases in energy costs, increasing safety requirements, the current cost of living crisis, the increased levels of inflation, coupled with increased inflation rates. Together these and other factors have created unprecedented pressures, risks and uncertainty that impact upon the Councils ability to undertake medium term financial planning, particularly when the planning horizon for the HRA Business Plan is 30 years.

7.10. These factors combined with the Councils continued aspirations for its housing stock and its management have been taken into consideration when setting the HRA Budget 2024/25 and the HRA Business Plan.

7.11. The council does not operate as a commercial landlord with clear obligations and duties as a social landlord, this means that many of our residents are supported by other agencies and organisations. As a result of this wider pressures on social and healthcare services mean that residents are experiencing challenges in accessing services, and some provision has become difficult to access. As a result, the complexity and cost of managing tenancies and providing services is seeing continued pressure as we are forced to deal with situations we are less well equipped to manage.

7.12. The economic situation continues to have an impact and despite government support, there is an increased demand for social housing, which puts pressure on our limited resources and time in responding to this new demand.

7.13. Following the tragic events at Grenfell, the Government has rightly continued to focus on the health and safety of residents and has introduced new legislation and guidance in a range of areas. To ensure compliance with new legislation and guidance the Council is undertaking its widest ranging programme of works to improve the health and safety of residents that will exceed current statutory requirements. To achieve this will require a continued investment in the capital programme for major works to the existing stock, with work covering fire safety and precautions delivered in partnership with Surrey Fire and Rescue.

7.14. The funding framework available to meet the cost of supported housing remains fragile. In 2023/24 we received just £207,761 in Supporting People Grant funding.

7.15. The Councils duties to provide support and assistance with housing to residents is resulting in an ongoing rise in the number of households at risk. Many of those at greatest risk, not only have housing issues but also have a range of complex needs. Together they are placing greater demands on the Housing Service that in turn flows through to the teams managing our properties and their residents.

7.16. The wider social housing sector continues to become increasingly commercial. Some housing associations are focusing on minimising risk by being selective as to who they house, and they are also moving to rents that are higher than those charged by the Council despite their large portfolio of properties. The Council is fortunate to have retained its stock, which gives us greater flexibility in helping those in housing need. It does, however, create a cost pressure.

7.17. Shared ownership properties enable residents to join the home ownership ladder, but for some the reality is that they are unable to staircase (acquire further equity shares) or move to a larger property as their household grows. Expanding this stock is not currently a priority for the Business Plan; however, this will be revisited when the opportunity arises to develop larger sites. In such cases, shared ownership in most cases will contribute to the overall viability of large developments and does assist many households in meeting their housing need.

7.18. The estimates, consistent with the Business Plan, continue to attach a lower priority to the repayment of debt principal inherited as part of the self-financing HRA settlement, reflecting the Council's determination to provide new additional affordable homes and increase the investment in housing stock.

7.19. The last few years have presented unique challenges for managing our housing stock and as a result we have been unable to undertake all of the work that we would have expected to the homes we manage. This budget continues with the work started last year to help redress that issue.

## 8. 2024/25 revenue and capital programme budget

8.1. The 2024/25 budgets have been prepared having regard to the recent policy announcements and the impact they might have. At the same time, we are conscious of various cost pressures along with the implications of our debt financing profile.

8.2. The Capital and Investment Strategy (separate item on the agenda) sets out the approved and provisional HRA capital programme along with a financing strategy (HRA Resources). The programme reflects the latest information we have on the condition of the stock and the developing asset management framework for our housing stock.

8.3. In preparing the HRA revenue budget, officers continue strategies undertaken in previous years to ensure we provide value for money for our residents. In particular:

- We will continue to evaluate all staff posts that fall vacant to determine whether it is appropriate to recruit to the role or whether an alternative approach could be considered,

- Increasing use of IT, remote working, and virtual meetings continues where appropriate, and are delivering benefits for the service,

- The Allpay system and mobile payment App has being useful, particularly with remote working, in our drive for rent collection,

- Rent collection analytics technology has helped colleagues focus and manage rent collection,

- Introduction of new technologies such as Salesforce and the Choice Based lettings system as part of our Future Guildford Programme continues to deliver service efficiencies and benefits to tenants,

- As part of the ICT and Digital change programme for the Council, officers will look to upgrade or replace systems that deal with housing and asset management over the medium-term period.

**Budget assumptions**

8.4. The total HRA debt stands at £167 million. It is projected that the interest charge for 2024/25 will be £5.35 million. No provision is included in the budget for the repayment of debt during 2024/25 in line with the overall HRA business plan strategy that building homes rather than debt repayment is the priority.

8.5. The revenue budget for 2024/25 is predicated around a number of key assumptions. The most important of which are set out in the table below.

| Item | Assumption |
|---|---|
| Opening stock - Units of Accommodation | 5,243 |
| HRA external borrowing | £157 million |
| September CPI % | 6.7% |
| Recommended Rent increase CPI + 1% | 7.7% |
| Actual Rent Increase + 1% | 7.7% |
| Garage income increase | 5.0% |
| Bad debt provision 2024-25 2% | £693,077 |
| Void / empty homes rate | 4.7% |
| Service charge increases | Linked to contractual arrangement with suppliers |
| Housing units lost through Right to Buy (RTB) | 25 per annum |
| Retained receipts | Held in reserves |
| HRA ring fence | Policy of strong ring fence continues |
| Debt repayment | No provision made for the repayment of debt |
| Operating balance | £2.5 million |

8.6. The proposed budget set out in Appendix 1 is based on a 52-week rent year.

8.7. Rents will increase by 7.7%, which is in line with the government guidance in 2024/25.

**Summary of Revenue Account Budget 2024/25**

8.8. The table below summarises the proposed 2024/25 revenue budget, which reflects our current Treasury Management Strategy – in effect an interest only mortgage rather than a repayment mortgage. The timing of debt repayment will largely be a treasury management decision aligned to the overarching objectives of the HRA Business Plan.

| **Gross Expenditure alternatively analysed as:** | **£’000** | |
|---|---|---|
| Direct cost of managing and maintaining the stock | 15,729 | 51% |
| Depreciation | 6,500 | 21% |
| Other | 3,375 | 11% |
| Interest payable | 5,359 | 17% |
| Transfer to reserves (surplus) | 7,816 | |
| **Total expenditure** | **38,779** | |
| **Received from:** | **£’000** | |
| Council house rents | 34,840 | 90% |
| Interest receivable | 606 | 2% |
| Other rent income | 1,352 | 3% |
| Fees, charges and miscellaneous income | 1,981 | 5% |
| **Total income** | **38,779** | |

8.9. Based on the assumptions as contained in paragraph 8.5 and as summarised in the table above it is estimated that the HRA will have an operating surplus of £7.816 million for 2024/25 which is reflected in the tables above by the proposed transfer to reserves. The reserves will be used to fund the capital programme for major repairs and investment in existing stock as well as the development of new build housing.

8.10. Spend on managing and maintaining the stock equates to 51% of the expenditure incurred in the HRA, 21% depreciation which is put aside for future works to properties and 17% for interest costs.

**Expenditure**

8.11. Expenditure details are set out within Appendix 1, but additional information and background is set out below.

**General Management**

8.12. Budgeted expenditure on delivering continuing HRA services has increased on the previous year's budget, reflecting growth in services in response to the Government's Housing White paper and changes in the regulatory and legal framework. A number of key areas and initiatives have been identified such as:

- Increased support for vulnerable tenants to help maintain their tenancies and to co-ordinate the service's safeguarding role for those households at risk,

- Increased support to work with tenants and partners in dealing with and preventing increasingly complex anti-social and criminal behaviour,

- Increased support for the number of households who continue to move to Universal Credit and to support tenants to avoid rent arrears whilst increasing rent collection, including Discretionary Housing Benefit top up,

- Broaden opportunities for resident engagement and involvement,

- Increase in capacity to ensure compliance with evolving regulatory and compliance framework,
- Improving choices, information, and communication with residents, with enhanced contact handling, monitoring and feedback,
- Expanded building safety and compliance roles to meet current and planned legislative and regulatory changes,
- Improve estate management with improvements to landscaping, paved and communal areas,
- Increase in capacity to deliver both additional housing and also the redevelopment of existing properties.

8.13. **Repairs and maintenance:** This budget covers a wide range of work including minor adaptations, day to day repairs across all housing types along with cyclical works.

8.14. **Interest payable:** The whole portfolio is at a fixed rate from PWLB, with varying maturity dates. The table below sets out our current loan portfolio with a bullet payment option or renegotiate at the end of their various terms. The total differs by the assumption as there is £10 million maturing in March where it hasn't been decided if it will be rolled over or not as yet.

| Maturity timeframe | Principal amount | Proportion |
|---|---|---|
| Less than 10 years | £110,000,000 | 66% |
| 10-15 years | £25,000,000 | 15% |
| 15-20 years | £32,435,000 | 19% |
| Total | £167,435,000 | 100% |

**Depreciation:**

8.15. To safeguard future rental streams, we need to ensure our properties and assets are adequately maintained. This will involve the replacement of ageing components at the appropriate time. In order to do so, it is important that we set aside adequate funds each year to meet future liabilities.

8.16. The depreciation charge is one of the key mechanisms we use to do this. The proposed 2024/25 charge represents, in officers' view, a realistic amount having regard to the outcome of the stock condition survey. A charge of £6.5 million is considered both appropriate and affordable.

**Income**

8.17. The Secretary of State made a Direction on 25 February 2019 under powers set out within section 197 of the Housing and Regeneration Act 2008 which required the regulator of Social Housing to set a new Rent Standard for social housing including that owned and managed by local authorities with effect from 1 April 2020.

8.18. This framework meant that as a landlord the Council would be able to increase rents by CPI +1 and the Business Plan was developed having reference to this. The increase for 2024/25 is therefore 7.7%.

8.19. For those in shared the is the Council is proposing to increase by 7.7% in line with the general needs rent.

8.20. Currently just over 60% of Council tenants are in receipt of either Housing Benefit or Universal Credit the majority will have their rent covered in full by these benefits, whilst just under 40% may have had their income assessed and will not be eligible for any assistance as their income will have been considered sufficient to be able to meet their housing costs. For those eligible the proposed increase will have the additional cost covered by their benefits.

8.21. c92% of tenants are on social rents and the average expected change to their weekly rent on average will be £9.57. Based on the proposed

7.7% rent increase this will give an estimated income of £34.4 million for the coming year.

8.22. Arrears levels for Council housing are generally low with about 1% in arrears which is well below levels in most social housing. This would indicate that for most households their rents remain affordable. The majority of arrears cases are associated with households who have moved to Universal Credit, and they make up more than 65% of arrears although again in most instances these arrears are at relatively low levels of arrears with just 15 accounts with arrears in excess of £2,000.

8.23. A provision for bad debt charge of £693,077 is included in the estimates. This charge will remain under review, but it is considered appropriate - it represents 2% of the annual tenanted income.

**Right to Buy**

8.24. RTB activity remained steady during 2023/24, and the Council has in place a formal agreement with the Government regarding the use of the capital receipts arising from the sale of Right to Buy properties.

8.25. The table below outlines activity as at December 2023:

| Activity | Number |
|---|---|
| Properties sold since 1 April 2023 | 16 |
| Applications being processed | 30 |

8.26. Under the agreement receipts will be accounted for annually rather than quarterly and the Council is able to fund up to 40% of additional social housing from the receipts. The time limit for using the funds is now 5 years. However, going forward a limit has been introduced for buying existing properties on the open market and this is being phased in over a 3-year period. Whilst up to 40% of the cost of a development can be financed from this source - we must finance the balance from capital receipts or other sources including reserves accruing from the appropriation of revenue account surpluses. Our current development plan fully commits the one-for-one retained receipts we have accumulated to date. The ambition remains to utilise the receipts we are anticipating in future years.

8.27. On current levels of activity, we project a loss of units to be in the region of 15-25 units per year. Our new build and property acquisition programme is helping mitigate the impact of the ongoing right-to-buy programme, but it is unfortunate there are, to date no proposals to amend the scheme in order to prevent the ongoing loss of much needed social housing in the area.

8.28. Sales has three negative impacts. It:

- reduces the number of affordable homes,
- removes the long-term positive contribution each property makes to our operating costs,
- increases the unit costs of managing and maintaining properties. Invariably tenants buy the better properties.

**HRA capital programme and reserves**

8.29. Full details of the Capital Programme are set out within the Council's Capital and Investment Strategy which is to be considered separately on this agenda. This strategy and the Business Plan are based around four strands which are:

- replacing ageing components such as roofs and kitchens,
- improving and enhancing existing properties – for example, installing double glazing,
- stock rationalisation – Replace or redeveloping properties,
- expansion – the provision of new additional affordable homes.

8.30. Key issues that have been considered as part of the overall development of the budget have included changing wider economic position, continuing to work through the impact of Covid and the suspension of capital programmes etc. In order to continue to meet targets for these planned programmes we continue with the catch-up work which was started in the last financial year in order to ensure we remain on track with maintaining existing homes.

8.31. In addition to these areas and with additional background and detail being provided within the Capital and Investment Strategy we continue to invest in properties to ensuring the safety of residents and this approach is now being influenced by the new and developing fire and building safety legislation, guidance, and good practice.

8.32. The Council has developed its approach to ensure ongoing compliance with the changing requirements and relevant standards and all Fire Risk Assessments have been reviewed and the new work plan that has resulted from this will continue to be delivered through this programme. The risk assessments reflect both changing legislation and good practice that has developed and continues to develop over the last few years.

8.33. This investment represents the Councils continued commitment to ensure that the homes that the Council manages meet not only the legislative requirements but also reflect good practice in ensuring the health and safety of residents.

8.34. The Council continues with its programme of delivering additional affordable homes with full details of the proposed programme again set out within the Capital and Investment Strategy.

8.35. Our investment in improving the energy efficiency of properties continues with new heating systems, low energy lighting, insulation and new door and windows. Whilst provision has been included to improve the energy efficiency new technology continues to be developed, in many instances the cost of this technology remains high although it is reducing.

8.36. In order to reduce carbon emissions and improve energy efficiency work is underway to develop a programme of work that will allow the Council to move towards to meeting its targets in coming years but also having consideration to expected predicted cost and the availability of suitable technology. Once completed this work will then be integrated into the future HRA Business Plan. This is however a complex and challenging area, and there is no one size fits all, national research by the Building Research Establishment estimates that it will cost between £3,000 and £70,000 to make a property zero carbon, with an average of more than £20,000 needed for each property. Whilst some provision has been made within the plan the way in which targets will be meet and the cost of this work has yet to be established. In addition to which there is a need to consider the impact of such a wide-ranging plan on residents.

8.37. The funding sources that will enable us to deliver the expanded capital programme are as follows:

- HRA rental stream,
- Capital receipts generated from the disposal of HRA assets including land and right to buy sales,
- HRA reserves,
- HRA borrowing.

8.38. The HRA has built up significant revenue reserves and, at 31 March 2024, are estimated to be in the region of £71 million. These can be used for specific HRA related purposes. It is proposed that these reserves are set aside to support the major repairs and improvements and new build programme as set out within the Capital and Investment Strategy and also in anticipation of future requirements. The HRA also has usable capital receipts, generated from the sale of HRA land and housing assets.

8.39. The table below shows the available reserves that can support the HRA Business Plan. The contribution into the reserve for future capital programmes is maintained.

| Year ended | Future capital | Major repairs | New build | Total reserves | Capital receipts | 141 | Debt | Total capital receipts | Total resources |
|---|---|---|---|---|---|---|---|---|---|
| 2022/23 | 32,609 | 6,426 | 66,068 | 105,103 | 0 | 6,182 | 5,859 | 12,041 | 117,144 |
| 2023/24 | 18,775 | 0 | 69,632 | 88,407 | 300 | 7,638 | 6,004 | 13,942 | 102,349 |
| 2024/25 | 20,325 | 0 | 66,690 | 87,015 | 156 | 2,870 | 6,856 | 9,882 | 96,897 |

8.40. The business plan is most sensitive to the following assumptions:

- income trends
- legislative changes
- inflation rates
- cost of debt
- capital investment
- right-to-buy sales
- Covid-19

8.41. The current development programme can be financed, and debt repaid over the course of the 30-year Business Plan. At the end of the 30-year period the plan shows there will still be substantial reserves available for further investment and also to support the Councils net zero target and new build on plans which have yet to be developed. The ability to identify further plans will be reliant on the availability of land to be released for such purposes under the provisions of the Local Plan.

8.42. Right to buy receipts are being applied to current and proposed new build schemes to minimise the risk of repayment of such receipts. This will enable the retention of future one-for-one receipts, with a reduced risk of repayment, pending the identification of new sites[1].

[1] The Council has entered into an agreement with the Secretary of State whereby it is allowed to retain an element of the
capital receipts that it receives from Right to Buy sales. Under the terms of the agreement these receipts must be used to finance up to 40% of the cost of replacement

8.43. A combination of usable one-for-one receipts, and the new build reserve will be used to fund a number of schemes on the approved capital programme. Where appropriate, investment will be supplemented by appropriate borrowing.

**Development Projects**

8.44. An update of our current development projects shall be provided during the year.

**Existing housing stock**

8.45. Based on an analysis of our stock condition data, as outlined above and within the Capital and Investment Strategy the budget reflects the proposed investment programme.

**Robustness of the Budget and Adequacy of Reserves**

8.46. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the budget and adequacy of the proposed financial reserves.

8.47. Paragraph 7.2 above details the assumptions used in the preparation of the 2024/25 budget.

8.48. Staffing costs have been included based on the Full Time Equivalents (FTEs) included in the approved establishment of 77.5.

8.49. Throughout the budget process, the Corporate Management Board, the Leader and relevant lead councillors have been involved in what is considered to be a deliverable budget.

8.50. A prudent assessment of income has been made and only income that has a high level of certainty of being received is included within the budget. The 2024/25 budget includes a bad debt provision of £693,077. This provision reflects the economic climate and continuing

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social housing within five years, otherwise the retained receipts must be repaid to the Department for Levelling Up, Housing and Communities with interest.

welfare reform changes. The level of operating balance remains unchanged at £2.5 million.

8.51. Service level risk assessments have been undertaken for both existing major areas of the budget and mitigating actions have been taken and monitored in the course of the year.

8.52. The overarching HRA business plan reflects the changing financial environment in which it needs to operate and to ensure the business plan remains fit for purpose. The HRA will continue to need to balance tenants' needs and expectations in the context of its financial situation.

8.53. The housing related reserves are adequately funded and are projected to be around £76 million as at April 2024. The HRA reserves shall be engaged on value adding expenditure to maintain earnings growth and business stability.

## 9. Consultations

9.1. The Council remains committed to working cooperatively with Council tenants and leaseholders to shape, strengthen and improve council housing services and sets out a range of options to enable housing customers to be involved.

9.2. All tenants will be notified of changes to their rent and service charges in February/March 2024.

## 10. Key Risks

10.1. These have been detailed above throughout the report.

## 11. Financial Implications

11.1. These have been detailed above throughout the report.

## 12. Legal Implications

12.1. The HRA is a separate account that all local authorities with housing stock are required to maintain. This account contains all transactions relating to local authority owned housing. The Local Government and

Housing Act 1989 prohibits the Council operating its HRA at a deficit. The proposed balanced budget meets this obligation.

12.2. Notices of any increase in rent have to be sent to tenants 28 days in advance of the new charges coming into effect.

## 13. Human Resource Implications

13.1. The decision to review and where necessary to freeze or delete vacant posts is outlined within the report and where appropriate additional roles are set out within the report and all relevant decisions and actions will be undertaken in line with the appropriate Council HR policies and procedures.

## 14. Equality and Diversity Implications

14.1. None

## 15. Climate Change/Sustainability Implications

15.1. Whilst there are no direct implications as a result of this report, the expenditure on both the revenue and capital programmes could have implications.

## 16. Executive Advisory Board comments

16.1. There were no further comments to this report arising from the Joint EAB meeting held on 11 January 2024.

## 17. Summary of Options

17.1. Government guidance is to increase rents by CPI+1% which equates to 7.7% for 2024/25. Officers are proposing to increase rents by this maximum allowed amount. Any reaction would impact the amount that can be invested in the stock in future.

17.2. Garage rents are assumed to increase in line with the rest of the Council's fees and charges at 5%.

## 18. Conclusion

18.1. The HRA is expected to make a smaller surplus than in previous years, but still healthy, at £7.8 million to continue to invest in the existing and new stock in future years, taking into account a rent increase of 7.7% (CPI+1%) and 5% on garages.

## 19. Background Papers

19.1. 2023/24 HRA budget report

## 20. Appendices

20.1. Appendix 1: HRA budget summary

20.2. Appendix 2: Fees and Charges for 2024/25