

MINUTE EXTRACT – HOUSING SCRUTINY COMMISSION, 9 JANUARY 2023

9. HOUSING REVENUE ACCOUNT BUDGET (INCLUDING CAPITAL PROGRAMME) 2024/25

The Director of Housing presented the report in which it was noted that:

- The Housing Revenue Account Budget is associated to the income generated through rent and service charges for around nineteen thousand council homes in the city. It is a legal requirement that the income generated be ringfenced to be spent on services for council property tenants and that the account must balance.
- Around £100m is generated through rent and service charges each year but a £10m budget pressure exists relating to pay inflation, running costs, loss of income through the Right to Buy scheme and other pressures as outlined in the report.
- To ensure the HRA budget can balance in 2024/25 it is proposed that core rent be increased to its maximum CPI+1% and the capital programme be suppressed.
- The proposed rent increase equates to 7.7% which on average will be a £6.58 per week higher and an overall average rent of £85.48 which remains the lowest rent in the city and surrounding area. A lower percentage increase in core rent would create a shortfall and consequently prevent programmes of work and investment to be reduced to balance the budget. Other proposed increases to rent include garage rent by 7.7%, hostel and service charges by 5%, and Gipsy and Traveller plot rent by 5%.
- A reduction to charges for tenants and leaseholders is proposed for waylighting by 10% due to a fall in electricity costs. District heating charges are also proposed to be reduced given forecasted lower gas costs – for properties with metres, fixed costs will reduce by 24% and variable costs by 29%. The annual charge to properties supplied by the district heating system without a metre will also see an average reduction of 9.4%.
- The proposed capital programme for 2024/25 is £25.86m, including £15m for investing in new council homes and £10.86 to improve housing stock. Budgets will be increased for capital programmes such as kitchen and bathrooms, boiler replacements, re-wiring properties, re-roofing, soffit and facias as well as disabled adaptations.
- A £0.9m unallocated reserve is forecasted but due to ongoing pressures it is proposed not to utilise it for the 2024/25 budget.
- The tenants and leaseholders forum have been consulted on the proposals who acknowledged them to be fair given the financial pressures and to ensure the capital investment and delivery of services can be maintained.
- Further discussions will be held with members at the Executive and Overview Select committee before Full Council.

The Commission expressed their concerns with the proposed increased rent charges to tenants but acknowledged the difficult financial situation to ensure

the budget can balance whilst providing services and investing in housing stock.

In response to questions and comments from Members, it was noted that:

- Around 60% of council tenants receive housing benefits that will increase in line with the proposed rent charges. The income management team proactively work with tenants to maximise income and identify sustainable and affordable repayment plans if they find themselves in financial difficulty. Receipt of rental income remains on track to be almost 100% with few evictions that are usually associated to abandonment and refusal to engage with the income management team.
- The increase to rent is proposed to come into effect in the new financial year, 1 April 2024.
- Part of the capital programme is utilised to acquire and build new council homes. The service will also continue to bid for eligible government grant schemes to maximise funding to increase housing stock to alleviate pressure on the housing register and generate rental income for the HRA.

The Deputy City Mayor for Housing and Neighbourhoods noted that other housing services are also delivered through the general fund and agreed to liaise with the Chair to ensure the Commission are able to scrutinise the HRA and wider budget moving forward.

The Chair invited the representative from the tenants and leaseholders forum for comments in which it was noted that the forum had been consulted on the proposals and overall in support. The Commission and Deputy City Mayor for Housing and Neighbourhoods expressed thanks to the Forum for their vital contribution and engagement.

AGREED:

- The Commission noted the report.
- The Chair to liaise with the Deputy City Mayor for Housing and Neighbourhoods and Director of Housing to determine how the Commission can scrutinise all budgets for housing services moving forward.