

Report to: Housing Review Board



Date of Meeting 25th January 2024

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Draft Housing Revenue Account and Capital Budgets 2024/25

Report summary:

This report presents the draft revenue and capital budgets for 2024/25 for consideration by the Housing Review Board.

Recommendations from this meeting will be presented back to Cabinet on 31st January 2024 when members will finalise budget proposals to recommend to Council.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That the draft HRA revenue and capital estimates are recommended to Cabinet including the proposed rent increases for 2024/25.

Reason for recommendation:

There is a requirement to set a balanced budget and to agree rent levels 2024/25.

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Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Communications and Democracy
- Economy
- Finance and Assets
- Strategic Planning
- Sustainable Homes and Communities
- Culture, Leisure, Sport and Tourism

Equalities impact Low Impact

An analysis of budget changes has not highlighted areas that give rise to any equality issues that need highlighting. There are no changes proposed from the current service provisions as a result of the draft budget that will effect individuals.

Climate change High Impact

The budget approval gives the Council the resources necessary to undertake its business which will significantly contribute to the carbon footprint of the Council. The Council is committed to reducing its carbon net emissions to zero by 2040 and resources have been factored into the budget to meet this priority.

Risk: Medium Risk; Risks have been considered in preparing the budgets and the financial implications have been assessed at the point of preparation. Various budget assumptions have been made including the treatment of inflation and interest rates; estimates on the level and timing of capital receipts; the treatment of demand led pressures; the treatment of planned efficiency savings/productivity gains; levels of income; financial risks inherent in any new arrangements; capital developments; the availability of funds to deal with major contingencies and the need for any provisions. In each of these areas the Council's financial standing, management and track record have been considered in order to prepare robust budget proposals. Other specific areas of risk have been highlighted where appropriate within the report.

Links to background information 24/25 Budget Book

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
- A greener East Devon
- A resilient economy

1. Process

- 1.1 The Constitution requires Cabinet to approve the draft revenue and capital budget prior to consideration by the Overview and Scrutiny Committees. The Housing Review Board will undertake the same function in relation to the Housing Revenue Account budgets.
- 1.2 Recommendations from these meetings will be presented back to Cabinet at its meeting on 31st January, along with any comments from the business community. At this meeting members will be required to recommend to Council a budget and the Council Tax requirement for 2024/25.
- 1.3 At the same time as preparing the draft budget, draft service plans have been prepared for member consideration. Service plans and budgets are aligned and link back to the Council Plan.

2 Housing Revenue Account Budget

The Overall Financial Picture

- 2.1 The Housing Revenue Account (HRA) is underpinned and influenced by a business plan, this plan needs to be updated with revised financial modelling once the housing condition survey work is complete.

The draft 2024/25 budget approach has been similar to the current year with variations as noted below. The budget is seen as an interim solution whilst restructured teams bed in which may also result in the re-organisation of budgets but within the same financial envelope. All planned expenditure is met from available income.

It may be necessary to undertake a reallocation of budgets or the use of additional reserves to meet priorities in the financial year to reflect the findings of the Housing Stock condition survey but at this stage it is considered there are sufficient resources available. The Housing Review Board will be updated on any reallocations.

- 2.2 The increase in any individual tenants rent is normally limited to inflation + 1% for the forthcoming financial year. Inflation is taken as the Consumer Price Index (CPI) rate at the prevailing rate for September 2023, which was officially registered at 6.7%.

The draft budget assumes an increase in Council House rents to this level with a factor included for a reduction in stock numbers and voids giving £21.48m, an increase of £1.47m. An increase of 3.5% has been assumed on garage rents giving an additional £8k in income but members may consider this not to be appropriate.

Draft Revenue Budget 2024/25

- 2.3 The budget book details the draft estimates for 2024/25.
- 2.4 The budget has been prepared to maintain council homes to a high standard with a comprehensive planned programme of expenditure, adaptations and routine repairs. The 2024/25 draft budget maintains significant sums for:
- Major repairs totalling £2.9m covering new doors, boilers, kitchens and bathrooms, including change of tenancy expenditure, replacement of wooden fascias with uPVC and roof replacements.
 - Day to day repairs, programme maintenance and one off works totalling £5.8m.

Sum of Budget			Data			
Rep Cat 1	Rep Cat 2	Rep Cat 3	2023 YTD	2024	Variance	Notes
1 INCOME	1 Gross Property Rent inc Garages	1 Gross Property Rents	-19,911,900	-21,088,320	-1,176,420	1
		2 Garage Rents	-231,110	-220,150	10,960	2
	2 Other Income	1 Other Income	-658,510	-738,070	-79,560	
1 INCOME Total			-20,801,520	-22,046,540	-1,245,020	
2 EXPENDITURE	1 Repairs And Maintenance - General	1 Responsive Maintenance	2,411,398	2,945,390	533,992	3
		2 Annual Programmed Maintenance	1,539,760	1,520,920	-18,840	
	2 Repairs And Maintenance - Special	1 Compliance	808,600	650,050	-158,550	4
		2 Other	1,003,560	710,160	-293,400	5
	3 Supervision And Management	1 Supervision And Mgt General	5,057,711	5,886,631	828,920	6
		2 Supervision And Mgt Special	3,030,540	3,416,870	386,330	
	4 Other Expenditure	1 Other Exp non Sewerage	571,500	686,070	114,570	7
		2 Sewerage	45,740	45,740	0	
	5 Capital Charges & Bad Debt	2 Reval Deprn and Impair	950,420	950,420	0	
		3 Major Repairs Expenditure	3,356,710	2,800,900	-555,810	8
2 EXPENDITURE Total			18,775,939	19,613,151	837,212	
3 FINANCING	1 Interest on Balances		-49,000	-458,600	-409,600	9
	2 Loan Principal & Interest repayments		2,608,580	2,663,160	54,580	
	3 Other	1 Gain on Disposal	-3,161,910	-3,161,910	0	
		2 Loss on Disposal	2,001,980	2,001,980	0	
		4 Other	-10	-10	0	
	4 MIRS	1 Rev Gain on Disposal	3,161,910	3,161,910	0	
		2 Rev Loss on Disposal	-2,001,980	-2,001,980	0	
		3 Rev Rev, Dep & Impair	-950,420	-950,420	0	
4 TFR to EARRES		-40,000	0	40,000		
5 Cont to Capital		880,000	1,179,259	299,259	10	
3 FINANCING Total			2,449,150	2,433,389	-15,761	
⊞ (blank)			0	0	0	
Grand Total			423,569	0	-423,569	

Variations referenced to the above table

1. Cpi +1% (7.7%) increase in rental income per central government guidance.
 2. 3.5% increases across all other income including garage rents and associated void levels.
 3. 4.6% (Oct CPI proxy) uplift on monthly PPP Payments plus a rebasing of budget requirements for exceptions and non-PPP Properties.
 4. Reduction in Asbestos works based upon current spend patterns.
 5. Fuel efficiency measures budget reduced by the spend to date on the Cyclo boiler project.
 6. Interim housing structure changes plus assumed 2% inflationary uplift as a pay award.
 7. Inflationary uplifts and warm hub contribution of £50k.
 8. Reduced level to include only Void works and Kitchen and Bathroom programs, budget moved to capital contribution.
 9. Continued good rate of return on investments due to interest rate levels.
 10. All surplus to be allocated as a contribution to capital to partially fund planned major works with any additional requirements funded through borrowing.
- 2.5 The proposed Housing Revenue Account draft budget presented is a balanced budget, with any surplus to be included within an increased contribution to capital of £1.2m to invest in our stock and fund capital projects. The HRA Balance is currently predicted to meet the £3.1m level at the end of 2023/24 once contributions to and from reserves are taken into

account. There is an additional £1.6m being held in the HRA debt Volatility Fund which remains unchanged.

3 Capital Programme

3.1 The attached booklet details the draft capital programme for 2023/24 to 2027/28.

3.2 A summary of the capital funding position is given below for the Council, the HRA proposed expenditure in 2024/25 is £4.906m and as seen below is funded from the HRA. This amount represents the same level of investment as currently provided and seen by the service as suitable to meet requirements at this time until a full condition survey is completed and maintenance/improvements plans are fully developed.

Capital Programme Financing	2023/24	2024/25	2025/26	2026/27	2027/28
	Budget	Budget	Budget	Budget	Budget
	£	£	£	£	£
Net Expenditure to be Financed (GF & HRA)	14,292,256	15,556,302	13,509,935	12,282,758	8,469,090
Adjust for unused income from grants/contributions:					
	14,292,256	15,556,302	13,509,935	12,282,758	8,469,090
Financing:					
In year capital receipts General Fund	(400,000)	(200,000)	(200,000)	(200,000)	(200,000)
3rd Party Loan repayments	(676,231)	(1,336,497)	(102,888)	(906,117)	(109,449)
GF Capital Receipts Reserve	0	0	0	0	0
General Fund Capital Receipts	(1,076,231)	(1,536,497)	(302,888)	(1,106,117)	(309,449)
PWLB loan - EZ - Park and Change	(209,274)				
GF Loans	(209,274)	0	0	0	0
HRA Released RTB and Misc Capital Receipts	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
HRA contribution - From Major Repairs Reserve	(3,881,710)	(4,406,000)	(4,406,000)	(4,406,000)	(4,406,000)
HRA Cont "Depn"	0	0	0	0	0
HRA funding	(4,381,710)	(4,906,000)	(4,906,000)	(4,906,000)	(4,906,000)
New Homes Bonus Funding	0	0	0	0	0
Net (internal borrowing) / Transfer to Capital Reserves balance	(8,625,041)	(9,113,805)	(8,301,047)	(6,270,641)	(3,253,641)
GF Loans/Internal Borrowing	(8,625,041)	(9,113,805)	(8,301,047)	(6,270,641)	(3,253,641)
Total Funding	(14,292,256)	(15,556,302)	(13,509,935)	(12,282,758)	(8,469,090)
Shortfall / (Surplus)	(0)	0	(0)	0	0

Financial implications:

Financial details are contained in the report.

Legal implications:

No legal observations are required.