

REPORT TITLE: HOUSING REVENUE ACCOUNT RENT SETTING AND
BUSINESS PLAN

28TH NOVEMBER 2023

REPORT OF PORTFOLIO HOLDER: Councillor Chris Westwood, Cabinet Member
for Housing.

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WARD(S): ALL

PURPOSE

This report provides Members with a summary of the policy options to be considered to set the rents for the Council's housing stock in 2024/25 as well as the setting of the 30-year Housing revenue account (HRA) business plan. Business and Housing Policy committee consideration of the policy options will complement the consultation that will be taking place with tenants and residents leading to HRA rent setting and business plan in February 2024.

RECOMMENDATIONS:

That the Policy Committee are asked to note and comment on the policy options for the 2024/25 Housing revenue account (HRA) rent setting and the HRA business plan.

1 RESOURCE IMPLICATIONS

- 1.1 This report is a summary of the [CAB3432 HRA budget options and business plan report](#) that was considered by Cabinet at their meeting on the 21st November. There are no additional resource requirements stemming from this report.

2. SUPPORTING INFORMATION:

HRA 2024/25

- 2.1. The [CAB3432 report](#) is provided at appendix 1. The 2024/25 HRA has been constructed based on assumptions for inflationary increases for items of expenditure as set out in the cabinet report. At the time of writing the Government rent setting maximum had not been published for consultation so the rent increase is assumed to be 7.7% based on 1% above the September 2023 CPI rate of 6.7%. The following table shows the draft 2024/25 HRA budget and how it will be funded based on these assumptions and assumed rent increase. The HRA is balanced next year by inclusion of savings (£ 0.4m over two years) and use of HRA balances.

<u>Income /expenditure</u>	<u>£ m</u>
Rental income	35.263
Garage and other income	1.213
Management costs	(12.885)
Depreciation charges	(9.975)
Repairs and maintenance and cyclical maintenance	(6.505)
Capital charges	(8.188)
Miscellaneous	(0.373)
Savings	0.318
Interest on balances	0.492
Funding from balances	0.640

- 2.2. A provisional revenue budget of up to £2m has been set aside over the next two years to fund a potential review of the Housing management IT system to improve digital services for customers as well as begin the procurement of the new repairs and maintenance contract that will be required over the next two years. Consultation and recent tenant satisfaction survey results indicate a need to improve customer digital access and service. The current repairs and maintenance contract was last procured in 2010-11.

Housing revenue account business plan

- 2.3. The proposed HRA business plan includes several changes in assumptions compared to previous plans.
- 2.4. Firstly, there is a move to ensure full cost recovery of services. This includes service charges as well as the costs of providing services to customers of the HRA sewage treatment works some of whom have purchased their homes via the right to buy. Given the significant potential increase in charges to some of those customers this increase will be smoothed over a five-year period.
- 2.5. It is assumed that a number of HRA assets that are considered surplus to requirements will be disposed of over the next eight years to generate capital receipts for reinvestment. These include an empty property Barnes House as well as up to two strips of development land and one HRA property that is not economic to refurbish per year for eight years. This will generate capital receipts to help fund capital expenditure.
- 2.6. The plan includes a £30m increase in investment to all HRA homes over the next 8 years to go greener faster and improve the energy efficiency to achieve at least EPC C. This will mean in total £45m will be spent on insulation works and will include bringing forward window replacements so that homes will be more efficient and cheaper for customers to run and in so doing reduce the carbon they generate.
- 2.7. The plan includes the development of 1000 new council homes by 2032/3. So as to fund those new homes it is assumed that more homes will be delivered via securing affordable housing obligations provided by planning agreements with developers, grants from Homes England and full use of right to buy capital receipts. In addition, rents are assumed to be set at 80% of market rent as the new homes will be energy efficient and as such overall rent and running costs will be more affordable.

BACKGROUND DOCUMENTS: -

Previous Committee Reports: -

None

Other Background Documents: -

None

APPENDICES:

[CAB3432 HRA budget options and business plan](#)