

CABINET

8 February 2024

Minute Extract

1. **HOUSING REVENUE ACCOUNT (HRA) BUDGET 2024/25**
(CAB3445)

Councillor Becker left the room during consideration of this item and took no part in the discussion or decision.

Councillor Westwood introduced the report and highlighted that its contents had been previously considered at Cabinet Committee: Housing on 5 February and Scrutiny Committee on 6 February 2024. He drew attention to the points raised by the former and it was noted that the draft minutes from the latter had been circulated to those present at the meeting.

Councillor Westwood addressed all of the comments raised by Scrutiny Committee, including clarifying the following:

- a. Confirmation of the ongoing commitment to the provision of new homes in rural areas, as previously agreed as part of the Housing Strategy, and this would be demand led.
- b. With regard to Barnes House, the report sought agreement to dispose in principle but this would be considered further as part of the forthcoming review of temporary accommodation.
- c. With regard to the 80% rent strategy for new homes, this would be implemented only if the homes met the agreed energy efficiency requirements and would also include service charges.

At the invitation of the Leader, David Chafe (TACT) confirmed that TACT supported the proposed rent increase of 7.7% and thanked officers and councillors for their time in offering a clear and understandable explanation of the proposals.

At the invitation of the Leader, Councillors Wallace and Horrill addressed Cabinet as summarised briefly below.

Councillor Wallace

In relation to both this report and the General Fund budget (CAB3444), he drew attention to the council's declaration of a nature emergency and whether Cabinet would commit to the council adopting corporate natural capital accounting. He also queried whether the council could influence new housing providers to consider whole life carbon and nature based construction techniques in build and product selections.

Councillor Horrill

She asked whether Cabinet would agree to accept the comments raised by Scrutiny Committee in full and recommend to Council accordingly? She queried

the timescale for the review of service charges and the consultation proposed. She requested confirmation that no housing assets would be disposed of until the temporary accommodation review had concluded. She requested that a specific commitment to both providing rural housing and to clarify the 80% rent level be added to the recommendations.

Councillor Westwood responded to comments made, including confirming that all the comments made by Scrutiny Committee could be supported. He drew attention to the presentation received at the Cabinet Committee: Housing on 5 February regarding the selection of materials for the retrofit programme. He confirmed that the review of the service charges would be undertaken by September 2024. He reiterated comments made earlier regarding the disposal of Barnes House only being agreed in principle at this stage, but highlighted if it was not sold, the council would need to consider other properties to dispose of to balance the budget. He emphasised that the commitment to provide affordable housing in rural areas was part of the agreed Housing Strategy, but that a specific reference could be made in the report's recommendations if required. Cabinet agreed to this suggestion with additional wording added to the end of recommendation 8 as set out below.

The Chief Finance Officer and Section 151 Officer advised that all councils followed a prescribed accounting framework but the suggestion regarding corporate natural capital accounting could be investigated further. Cabinet Members also highlighted the existing commitments in place, such as in relation to Biodiversity Net Gain.

Cabinet agreed to the following for the reasons set out above and outlined in the report.

RECOMMENDED (TO COUNCIL):

- 1. That the HRA Financial Plan operating account extract, including annual working balances be noted, as detailed in Appendix 6 of report CAB3445.**
- 2. That the 2024-25 Housing Revenue Account budget be approved as detailed in Appendices 1 and 2 to the report.**
- 3. That the 10-year indicative HRA capital programme be approved as set out in appendices 3 and 4 of the report.**
- 4. That capital expenditure in 2024-25 of £18.649m for the Maintenance, Improvement and Renewal programme be approved as detailed in Appendix 3 of the report in accordance with Financial Procedure Rule 7.4.**
- 5. That the proposed budget in 2024-25 for new homes of £15.524m be approved as detailed in Appendix 4 of the report subject to individual scheme approvals.**

6. That the proposed indicative funding for the HRA Capital Programme be approved as detailed in Appendix 5 of the report.

7. That the proposed additional investment in the council housing stock of £30m over the next eight years to 2030-31 to retrofit properties on a fabric first basis to help improve their energy efficiency and reduce energy costs for tenants be noted. This additional annual investment brings the total annual investment here to £5.6m a year and £45m in total (see paragraph 12.5 of the report).

8. That the proposed strategic change in direction moving from a plan based upon direct delivery of new homes to one based upon a mixture of actively acquiring s106 affordable housing directly from developers alongside future development with grant funding and using Right to Buy resources be approved (see paragraph 13.7 of the report), including the continuing commitment to rural housing, including through rural exception sites.

9. That the current financial viability assessment for new build be noted and that at present all potential development sites based on current assumptions evaluated this year have not been assessed as being financially viable within the existing viability model (see paragraphs 13.1-13.10 of the report).

10. That the proposed move to 80% market rent to help improve the viability of new homes development and to mitigate the increasing cost of delivery be approved (see paragraph 13.5 of the report).

11. That a revenue savings target of £400k over two years to assist with bridging the forecast gap in financing future capital expenditure be approved (see paragraph 14.2 of the report).

12. That the disposal in principle of Barnes house in 2024-25 be approved, and in addition the disposal of £0.500m of surplus HRA property per year over the next eight years to generate additional capital receipts to help fund the increased investment requirement over these years be approved (see paragraph 14.3 of the report).

13. That the average formula rent increase for 2024-25 for all affordable and social housing of 7.7% based on the September 2023 CPI figure of 6.7% +1% be approved (see paragraphs 15.1-15.4 of the report).

14. That the proposed move from RPI+0.5% to CPI+1% for existing council shared owners in the HRA from 2024-25 onwards, as well as in all future HRA shared ownership leases be approved.

Note that the impact of this in 2024-25 will be a reduction in rent rises this year from 9.4% to 7.7% (see paragraph 15.4 of the report).

15. That a 7.7% increase in tenant service charges in 2024-25 be approved (see paragraph 15.5 of the report).

16. That consultation on the move to full cost recovery from 2025-26 for both private and tenant connections of the council's sewage treatment works be approved and it be noted that this will include transitional protection and be achieved within a nine-year timeframe, but subject to a further report in Autumn 2024 (see paragraphs 15.7-15.12 of the report).

17. That it be noted that officers are currently beginning a review of the current Housing IT management system with a view to evaluating whether it is still fit for purpose or needs to be replaced, as well as beginning work on the re-procurement of the repairs and maintenance contract. The Business plan provides for this to happen over the following two years at a provisional one-off cost of up to £2m (see paragraph 12.10 of the report).

18. That it be noted that the draft HRA Business 30-year Plan is viable and sustainable and has the capacity to support the council's ambitious delivery of 1,000 new affordable homes over the next 10 years. The proposed plan provides sufficient funds over the life of the plan to still deliver over 1,500 new affordable homes in total.