



Covering report for Revenue Budget Proposals 2024/25 - Housing Revenue Account (HRA)

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Lead Member/Relevant Portfolio Holder	Councillor Pip Allnatt - Leader of the Council & Portfolio Holder for Housing and Landlord Services Councillor Sarah Cox – Portfolio Holder for Corporate Finance, Property and Resources

Corporate Priority:	Providing high quality council homes and landlord services. Ensuring the right conditions to support delivery (inward).
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No

1 Summary

- 1.1 The purpose of this report is to update on the financial position of the Housing Revenue Account (HRA) and, in line with the parameters set by government, to set the rents of the Council dwellings with an increase of 7.70%, approve the HRA budget estimates for 2024-25 and continue to set the working balance for 2024-25 at £1m.

2 Recommendations

That Scrutiny Committee:

2.1 Notes the report and provides feedback to Cabinet.

3 Reason for Recommendations

3.1 To seek the views of the Scrutiny Committee prior to Cabinet deciding on what recommendation to make to Council.

4 Background

4.1 The operation of the HRA is governed by the Local Government and Housing Act 1989. Some of the key requirements are detailed below:

- a) The HRA is a ring-fenced landlord account recording certain defined transactions arising from the powers conferred on local housing authorities by part II of the Housing Act 1985 and certain provisions of earlier legislation;
- b) The Council has a duty to keep an HRA in accordance with proper accounting practices;
- c) The Council has a duty to produce and publish an annual budget for the HRA which avoids a deficit;
- d) The Council has a duty to review and if necessary, revise that budget from time to time if it appears that the HRA is heading for a deficit, all reasonable and practicable steps must be taken to avoid a deficit at the end of the year.

4.2 Rent income is one of the main components of the HRA and it is the Government's policy to increase rents by up to CPI + 1% for at least 5 years from 1 April 2020. For 2024-25 this equates to an increase of 7.70%. In addition, as approved within the HRA business plan, the rent for re-let void properties will be set to the 5% upward tolerance allowed on formula rent.

4.3 The HRA 30 year Business Plan was approved by Council in July 2022 and its recommendations are included in this budget report. The annually updated Asset Management Plan was presented to Cabinet in January 2024 and a rolling 5 year capital programme is being set here in line with that plan. Both of these evidence-based plans provide for robust budget setting and clear plans to invest in council homes.

5 Main Considerations

5.1 As outlined in the Revenue Budget Proposals 2024/25 – Housing Revenue Account (HRA) report at Appendix 1.

6 Options Considered

6.1 As outlined in the Revenue Budget Proposals 2024/25 – Housing Revenue Account (HRA) report at Appendix 1.

7 Consultation

7.1 As outlined in the Revenue Budget Proposals 2024/25 – Housing Revenue Account (HRA) report at Appendix 1.

8 Next Steps – Implementation and Communication

8.1 As outlined in the Revenue Budget Proposals 2024/25 – Housing Revenue Account (HRA) report at Appendix 1.

9 Financial Implications

9.1 As outlined in the Revenue Budget Proposals 2024/25 – Housing Revenue Account (HRA) report at Appendix 1.

Financial Implications reviewed by: See Appendix 1

10 Legal and Governance Implications

10.1 As outlined in the Revenue Budget Proposals 2024/25 – Housing Revenue Account (HRA) report at Appendix 1.

Legal Implications reviewed by: See Appendix 1

11 Equality and Safeguarding Implications

11.1 As outlined in the Revenue Budget Proposals 2024/25 – Housing Revenue Account (HRA) report at Appendix 1.

12 Data Protection Implications (Mandatory)

12.1 As outlined in the Revenue Budget Proposals 2024/25 – Housing Revenue Account (HRA) report at Appendix 1.

13 Community Safety Implications

13.1 As outlined in the Revenue Budget Proposals 2024/25 – Housing Revenue Account (HRA) report at Appendix 1.

14 Environmental and Climate Change Implications

14.1 As outlined in the Revenue Budget Proposals 2024/25 – Housing Revenue Account (HRA) report at Appendix 1.

15 Other Implications (where significant)

15.1 As outlined in the Revenue Budget Proposals 2024/25 – Housing Revenue Account (HRA) report at Appendix 1.

16 Risk & Mitigation

16.1 As outlined in the Revenue Budget Proposals 2024/25 – Housing Revenue Account (HRA) report at Appendix 1.

17 Background Papers.

17.1 As outlined in the Revenue Budget Proposals 2024/25 – Housing Revenue Account (HRA) report at Appendix 1.

18 Appendices

18.1 Appendix 1 – Revenue Budget Proposals 2024/25 – Housing Revenue Account (HRA) report.

18.2 Appendix A – HRA Estimates

18.3 Appendix B – HRA Capital Programme 2023-24

18.4 Appendix C – HRA Capital Programme 2024-28