Meeting EXECUTIVE

Portfolio Area Housing and Housing Development / Resources and Transformation

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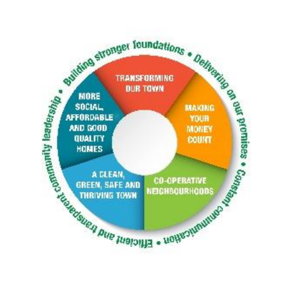

HOUSING REVENUE ACCOUNT BUSINESS PLAN REVIEW 2023

KEY DECISION

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1 PURPOSE

1.1 This report includes a full revision of the Housing Revenue Account (HRA) 30 year Business Plan. It sets out the current operating environment for the HRA, highlighting regulatory changes and investment needs of the housing stock and includes a revised debt position for the ring-fenced account.

1.2 The plan also forms the basis for the 2024/25 budget setting cycle for the HRA and provides the medium-term projections for capital expenditure on existing and new housing stock.

2 RECOMMENDATIONS

2.1 Members are asked to approve the 2023 revision of the HRA 30 year business plan.

2.2 That the revised approach to borrowing principles (paragraph 4.3 refers) are approved.

2.3 That the level of balances for the HRA Business Plan, set as a minimum £10Million (uplifted for inflation for future years), be noted (paragraph 4.4.14 refers).

2.4 Members are asked to approve the assumptions used for the Medium-Term Financial Strategy (paragraph 4.4.1 refers) and the growth and saving proposals (paragraph 4.4.3 refers) are incorporated into the 2024/25 budget.

2.5 That the Capital Programme assumptions contained within the report are approved for the housing stock and new build properties and incorporated into the 2024/25 budget.

2.6 That prudential borrowing to fund capital projects in 2024/25 of £18.8Million be approved and that future years are considered annually in line with future anticipated expenditure.

2.7 That members approve additional HRA revenue budget of £176,000 in 2023/24 to extend fixed term contracts for staff to the end of this financial year (paragraph 4.4.5 refers) and that this is within current Executive delegated limits.

2.8 That the Trade Unions and staff be consulted on the key messages contained within the Medium-Term Financial Strategies and more specifically when drawing up any proposals where there is a risk of redundancy.

3 BACKGROUND

3.1 PURPOSE OF THE HOUSING REVENUE ACCOUNT BUSINESS PLAN

3.1.1 The Council's Housing Revenue Account (HRA) 30-Year Business Plan was originally approved by the Executive in 2014. The HRA Business Plan sets out the Council's ambitions for the development of new homes, maintenance of its social housing stock and provision of its tenancy management services, as funded through the ringfenced HRA income. These ambitions were based upon the assumptions and assessments of key housing challenges at the time.

3.1.2 Since 2014, the HRA Business Plan has been reviewed frequently to ensure that any changes in approach to financial strategy, policy or direction of travel for the Council are reflected. This report sets out a review of key assumptions and material internal or external changes, revenue and capital investments for 2024/25, with the impact of proposed changes clearly identified.

3.1.3 The HRA Business Plan underpins the Council's key housing priorities for Stevenage as set out under 'More Social, Affordable and Good Quality Homes (MSAGQH)', one of the five strategic priorities of the Future Town Future Council Corporate Plan. In delivering the MSAGQH objectives, this report aims to achieve a balance between:

- Setting rents and service charges at affordable levels for tenants and leaseholders (within national policy constraints) particularly in response to significant cost-of-living challenges brought about by high inflation, food, energy and living costs
- Investing in new social and affordable homes so that the demand for housing can be met, particularly in response to the diminishing number of Council's homes lost through the Right to Buy Scheme
- Spending on housing management, maintenance and support services that meet the needs of our tenants and service users, whilst balancing this with the need to do more with less in response to additional housing regulatory and statutory requirements
- Investing in the maintenance of the social housing stock to ensure that tenants have good quality and sustainable homes to live-in, particularly in response to the climate crisis
- Continuing to deliver against all the requirements listed above whilst managing the HRA debt effectively, with sufficient reserves being held to ensure the Council remains financially resilient

3.2 HOUSING REVENUE ACCOUNT BUSINESS PLAN REVIEW 2019/20

3.2.1 The table below provides a summary of the overall commitments set out at the last comprehensive review of the HRA Business Plan in 2019/20.

Area	Commitments in 2019/20 HRA BP review
Housing Development	• £646m housing development funding (30 years) • Includes £64m additional development funding • For 271 additional new homes
Housing Asset Management	• £835m stock investment funding (30 years) • Includes £6.7m additional stock investment funding • For building safety, new decent homes standard, cyclical works, high rises and asset review
Housing Service Delivery	• £979m housing management and repairs funding (30 years) • Savings target reduced to £100k per annum (over 30 years) • Responsive repairs efficiency of 2% per annum (over 30 years)

3.2.2 This report provides an update on the 2019/20 HRA BP review commitments (reported to the Executive in December 2019) and the revised financial assumptions in response to economic, national and local policy changes. It sets out the rationale underpinning the Council's shift in approach from repayment of debt over the lifetime of the plan, to refinancing some existing borrowing to fulfil the significant regulatory, statutory and financial burdens introduced by the current Government. The revised financial assumptions that are built into the Business Plan cover:

- Rent Projections

- New Build Projections
- Treasury Management
- Review of borrowing and debt scheduling
- Funding of the Capital programme
- Projections of Financial Security targets
- Future pressures and risks
- Inflation projections

3.3 THE POLICY CONTEXT

This update takes account of the impact of economic factors and government initiatives where they are known and flags as risks those that cannot be quantified at the current time.

Social Rent Policy

3.3.1 Since 2012, the Government has implemented successive rent reforms intended to make the welfare benefits system more affordable and equalise local rent levels between different social housing providers. From April 2016, the Welfare Reform and Work Act required social landlords to reduce their rents by 1% each year for four years. The measure was forecast to save the Government £1.4 billion by 2020/21, primarily in reduced Housing Benefit expenditure. The impact of this change in policy had a direct impact on HRA Business Plan modelling and in Stevenage it was estimated to have reduced the Council's rent income by £225Million over 30 years, substantially less than was envisaged when the self-financing settlement was made and the HRA 30 Year Business Plan was introduced.

3.3.2 In October 2017, the Government announced that increases to social housing rents would be limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020, and in April 2022 Stevenage's tenants rent was increased to 4.1%. The Resolution Foundation's Housing Outlook observed that nationally this would be "the largest rise in social rents for a decade." The following year, in response to increasing inflation and cost of living pressures the Government introduced a rent ceiling of 7% from 1 April 2023 to 31 March 2024. Whilst anticipated to save the average social rented tenant £200 over the year, this represented a shortfall to the Council of 4.1% when based upon the previous CPI+1% formula (at the time CPI was at 10.1%).

3.3.3 Despite various Government policy interventions in response to the Cost-of-Living crisis, locally there continues to be a challenge in rent and service charge collection. Tenant rent arrears remain historically high (26% increase in Tenant rent arrears between March and June 2023) as people struggle with increased food, energy and fuel bills. This is predicted to increase over the winter months, as despite a fall in energy bills following the reduction in price cap to £1,923 (due to begin in October 2023), this is anticipated to be offset by increased Winter usage and the removal of the £400 per household universal rebate and energy price guarantee.

Welfare Reform

3.3.4 Coupled with the Government's policy position on social rents, there has been successive welfare reforms since 2012. This most notable of which was the introduction of Universal Credit (UC). The Government first launched UC in 2013 as an attempt to streamline its benefits offering, replacing 6 legacy benefits including Housing Benefit, and intended to reduce benefit dependency for households. The outcome of this reform locally has seen an increase in the level of tenants struggling to pay rent, often as an outcome of the 6-week UC waiting period exacerbating or leading to debt problems, with some claimants finding it difficult to adjust to managing their own money. In Stevenage, tenants in receipt of Universal Credit and in rent arrears are 71% of the total overall arrears' cases dealt with by the Council's Income team.

3.3.5 The Council is also seeing an increase in requests for Discretionary Housing Payments (DHP), as well as reduced funding from central Government and changes to the thresholds at which people can access support. As a result, more tenants are being refused DHP, and those who are successful are receiving less than previously would have been the case. The Council is continuing with the programme of work to support residents through the cost-of-living crisis, and it will continue to monitor the ongoing impact on the HRA and respond as appropriate.

Building Safety Act

3.3.6 The Building Safety Act was enacted on 28 April 2022. The Act was introduced in response to the Grenfell Tower tragedy and the recommendations by Dame Judith Hackitt following her review of Fire Safety and Building Regulations in 2018.

3.3.7 The Building Safety Act seeks to transform how tall residential buildings are designed, constructed and managed. It was brought in to tackle some of the fundamental safety issues identified during the first phase of the Grenfell Inquiry and introduces a new body, the Building Safety Regulator (BSR), to oversee and licence the occupation of all in scope buildings.

3.3.8 Under the Act there is a legal obligation for all contractors working on or in such buildings to ensure that the building work they carry out is compliant with all relevant requirements (i.e., building regulations). There are requirements covering the management of existing High Risk Residential Blocks (HRRB's) and how social landlords must provide information to their residents about fire and building safety. It has also redefined a series of servicing frequencies for critical fire safety assets, such as Dry Risers and Automatic Opening Vents and the information the Council must share with the Fire & Rescue service, to assist them in managing any emergencies on site.

3.3.9 In addition to new legislative and regulatory requirements, the Act introduced a new responsibility framework to ensure effective management of High Rise (over 18 metres) and High Risk (to be defined by the Council) buildings. The BSR is responsible for overseeing the safety and performance systems of all buildings. It will have powers to enforce the rules and act against those that break them. For high-risk buildings they will be able to implement more stringent rules, including how they are designed, constructed and occupied.

3.3.10 The BSR will initially be based within the Health and Safety Executive (HSE), and will be utilising the local Fire & Rescue Service (FRS) to monitor and report against buildings locally. The FRS also have a duty to report any significant concerns directly to the BSR.

3.3.11 The second new role within the new framework is the Accountable Person. The Accountable Person will have an ongoing duty to assess Building Safety risks and provide a Safety Case Report which demonstrates how building safety risks are identified, mitigated, and managed on an ongoing basis. The Accountable Person for the Council is the corporate body as previously agreed by the Executive.

3.3.12 All the Council's HRRB's must be registered with the BSR and a Building Safety Case must be submitted to support a new Licence to Occupy HRRBs. To achieve this licence, the Council must provide clear information about the building, identifying any non-conformities to Building Regulations and how the Council proposes to remediate them, along with detailed plans of how these risks are mitigated. All the Council's HRRB's have been registered with the regulator.

3.3.13 The consequences of not complying with legislative requirements can include, being instructed by BSR to decant all the residents with re-occupation only possible once a Building Safety Case is submitted, with detailed risk mitigation for all areas. The BSR can also levy unlimited fines. The known financial implications of the Building Safety Act have been incorporated in the revised HRA Business Plan.

Fire Safety Act

3.3.14 The Fire Safety Act 2021 clarifies the scope of the existing Fire Safety Order (2005) to make clear it applies to the structure, external walls (including cladding and balconies) and individual flat entrance doors between domestic premises and the common parts of a multi-occupied residential building.

3.3.15 A requirement of the Act is the completion of new Fire Risk Assessments across all Council domestic premises and multi-occupied residential buildings. The purpose of the assessment requirement is to ensure that all areas of a block are risk assessed, including external walls and cladding, however minimal the cladding maybe. The financial implications of the Fire Safety Act have been incorporated in the revised HRA Business Plan.

Decent Homes Standard

3.3.16 In November 2020 the Social Housing Whitepaper 'The Charter for Social Housing Residents' was published with an aim to rebalance the relationship between social landlords (both local authorities and housing associations) and tenants. A review of the Decent Homes Standard was a key commitment of the Charter. In the Levelling Up Whitepaper (2022) the Government built on this by promising to halve the number of non-decent rented homes (both in the social and private sectors) by 2030 and expand the requirement to the Private Rented Sector (PRS).

3.3.17 Consultation on the proposed changes to the Decent Homes Standard is due to commence in 2023/24 and will form part of the Regulator of Social Housing proposed Safety and Quality Consumer Standard. Early indication suggests that the review will consider a range of changes, including:

- An updated list of items which must be kept in a reasonable state of repair for a home to be considered 'decent'.
- An updated list of services and facilities that every property must have to better reflect modern expectations for a 'decent' home.
- Whether the current Decent Homes Standard sets the right standard on damp and mould to keep residents safe.
- Updates to how the condition of building components, such as roofs and walls, are measured - to make sure that buildings which are not fit for use cannot pass the standard.
- The introduction of a Minimum Energy Efficiency Standard for the social rented sector.

3.3.18 Alongside the review of the Decent Homes Standard there will be a review on the Housing Health & Safety Rating System (HHSRS), which defines how risks with housing are identified. Including:

- Amalgamating some hazards assessed and producing a simpler means of banding the results of HHSRS assessments.
- Publishing baselines to indicate whether a property contains serious hazards, to make assessments easier to understand.
- Publishing new statutory operating and enforcement guidance and a comprehensive set of new case studies

3.3.19 The full financial implications of the proposed changes to the Decent Homes Standard and HHSRS will not be known until the requirements are finalised and adopted. The revised Business Plan does include some assumptions in anticipation of the changes which will need to be reviewed when more detail is known.

Climate Change (Existing & Future Homes)

3.3.20 In 2019, the Government committed to reaching net zero emissions by 2050, and in June 2019 the Council declared a Climate Change emergency and set itself the ambitious target of achieving net zero by 2030. In September 2020, following a significant public engagement programme which included securing responses from more than 1,500 Stevenage residents, the Council adopted its Climate Change Strategy which included several pledges to reduce Stevenage and the Council's emissions through carbon reduction projects.

3.3.21 A key priority within the Council's Climate Change Strategy action plan is the planning policy for zero carbon homes, exploring opportunities for renewable technologies across HRA buildings, and provision of energy efficient housing (including retrofitting of current council housing stock). The Council's commitment to achieving a minimum EPC band C for all Council homes by 2030 is key to this ambition.

3.3.22 An EPC is a certificate that rates the energy efficiency of a property on a scale from A (most efficient) to G (least efficient). EPCs are required when a domestic property is built, sold, or rented, and they impact on property values. Comparable properties with an EPC C are worth around 5% more than those with an EPC D. In Quarter 1 2023/24, 55% of social housing stock had an EPC rating of C or above, and work is underway to improve this position through the introduction of various initiatives to calculate and plan energy improvements as part of the Council's Asset Maintenance Strategy.

3.3.23 In September 2023, the Government revised some of its net zero commitments and confirmed the following:

- New oil boilers will still be able to be sold until 2035 (originally these were banned from 2026)
- Sales of new gas boilers still planned to be banned from 2035, but the poorest households will not have to switch. New technology will only have to be put in when people replace their existing boiler and poorer households "will never have to switch at all"
- The Boiler Upgrade Scheme grant has been increased from £5,000 to £7,500
- A 5-year delay on the sale of new petrol and diesel cars from 2030 to 2035
- Scrapping the need for landlords to make their rental properties have an EPC of C or higher by 2025.

3.3.24 Despite the Government decision to review its climate change commitments, Stevenage's commitment to delivering the EPC rating C programme remains in place. The work will cost on average £5,000 per property to fund and these costs have been included in the HRA review. To achieve wider net zero ambitions, such as a complete retrofit of all council homes it is estimated to cost on average £20,000 per property, or a total of £160Million and this cost is likely to change as new energy efficiency technologies emerge. Added to this, it is unclear what the impact of the Governments decision will be on the availability of central funding and the ability to finance future climate change ambitions.

3.3.25 The environmental sustainability and clean energy performance of new builds is also central to the Council's building programme. In June 2022, following the introduction of new Building Regulations, new homes in the UK were required to produce 30% less carbon emissions compared to the previous regulations. Moreover, by 2025, the Future Home Standard will require all new homes to produce 75-80% less carbon than homes built under the current Building Regulation, including upgrading heating & hot water systems with low carbon technologies, and reducing heat waste.

3.3.26 To meet the challenge of new Building Regulations requirements, the Council has embarked up on a range of pilot projects that improve energy performance through both passive measures and new cleaner energy generation. The pilot projects have improved SME supply chains and installation practices as well as securing efficient pricing. The majority of all new developments benefit from a fabric first approach of superior insulation and ventilation, which are supported by solar & air source heat pump energy generation and triple glazing.

3.3.27 Work is also underway with residents to introduce them to the new enhanced energy performance measures through soft-landing exercises designed to increase appreciation and support of clean energy benefits. Recognising the important aspect of this work for environmental reasons and also the beneficial impact of reducing fuel poverty, the team has appointed a sustainability champion to lead on our pilot projects and ensure the emerging programme makes full use of best practices in this area.

Social Housing Regulation Act

3.3.28 The Social Housing Regulation Act was enacted in July 2023 and it has a number of financial implications for the HRA. Under the provisions of the Act the Regulator of Social Housing has introduced a more proactive regulatory regime through the revision of its Consumer Standards (currently under consultation till mid-October 2023); the introduction of tenant satisfaction measures; the requirement for all Housing Professionals to hold specific housing qualifications (yet to be decided); and a strengthened inspection role which includes the power to issue unlimited fines to landlords, order emergency repairs and access homes at 48 hours' notice.

3.3.29 As part of the RSH consultation, four draft consumer standards have been developed setting out the specific expectations and outcomes that all registered providers will be expected to achieve. The Council anticipate that the final set of standards will apply from April 2024, these are:

- The Safety and Quality Standard – requires landlords to provide safe and good quality homes and landlord services to tenants.
- The Transparency, Influence and Accountability Standard – requires landlords to be open with tenants and treat them with fairness and respect so that tenants can access services, raise complaints when necessary, influence decision making and hold their landlord to account.
- The Neighbourhood and Community Standard – requires landlords to engage with other relevant parties so that tenants can live in safe and well-maintained neighbourhoods and feel safe in their homes.
- The Tenancy Standard – sets requirements for the fair allocation and letting of homes and for how those tenancies are managed and ended by landlords.

3.3.30 In response to the revised Consumer Standards, there will be a need for the Council to review how decision-making and existing governance frameworks reflect the new requirements. There will be a need to review the Council's approach to housing performance and compliance management in-line with the new requirements. This will be underpinned by a review of the existing structure and staff resource to ensure that new demands are met. Including delivery of an increased level of tenant engagement and the development of systems, which can capture more data and information on tenants and properties.

3.3.31 There are also implications following the revised Housing Ombudsman (HO) Code of Practice, specifically in regard to complaint handling where the HO will be able to instruct landlords to apologise or pay compensation to the complainant, undertake repairs or implement staff training. Whilst the Council welcome the implementation of guidance from the HO, there will be financial implications to ensure that these requirements are met.

New Builds for Social Housing

3.3.32 The Council has continued the delivery of its ambitious new council housing development programme, which remains diverse in the types of quality homes being provided throughout the town. The programme has helped to deliver against a wide range of housing needs including homeless intervention projects; general needs housing for rent; Independent living homes for an ageing local population; as well as building for home ownership to raise revenue for cross subsidy. To date over 486 homes have been delivered. and in the next 30 years a total of 2,253 new council homes will be provided.

3.3.33 In light of the additional pressures on the HRA through increased inflation and regulation, options need to be explored to increase revenue income and minimise the payback period for new builds. These include:

- an increase in affordable rented properties which are linked to the Local Housing Allowance in order to ensure their continued affordability for residents
- Shared Ownership as a tenure type to help meet the demand for local housing
- improving the payback period for the Council and enabling a capital receipt to be generated to part fund these shared ownership/affordable works.

The Council will also continue to leverage its existing Investment Partner Status with Homes England in order to bring in external grant funding to deliver more affordable housing schemes.

Temporary Accommodation

3.3.34 The Council provides its temporary accommodation (TA) from within the HRA and the property management and maintenance costs are included in the ring fenced account. Before the start of the pandemic, there was a noticeable increase in the demand for TA that rose considerably during the COVID crisis, as the Government ordered all homeless households to be accommodated.

3.3.35 In response to the increased demand the Council has provided more properties within the HRA for TA and has also purchased bespoke buildings for this client group. As a result of this work there are currently no households in bed and breakfast accommodation (at October 2023) and cases are at more manageable levels. However, this is a demand led service and the Council is aware of some local authorities facing increased demand for housing in this area.

3.3.36 Looking forward, the current mix of provision is regularly reviewed and the Council is in the process of providing a new purpose built facility for temporary accommodation. This will enable a review of the current stock being used and let the Council match the demand for this service, while avoiding the use of expensive bed and breakfast accommodation that is funded from its General Fund services.

3.4 Additional Resources

3.4.1 The Housing Revenue Account (HRA) income is primarily from rents and service charges associated with the Council's housing stock. Supplementary to this are three other sources of funding which the Council are increasingly reliant upon to bridge capital expenditure gaps and provide investment in new build projects.

Right To Buy Receipts

3.4.2 Income from the sale of social housing to tenants under the Right to Buy (RTB) scheme is used by the Council to fund additional social housing. In March 2023, the authority held £7.5Million of right to buy receipts, which is due to be invested into the provision of new council homes over the next 5 years. This will be increased by subsequent sales throughout the life of the plan.

3.4.3 It is difficult to predict future sales, particularly whilst there is still uncertainty in the economy and any period of recovery. However, for the purposes of the model sales numbers have been projected in line with current disposals at 35 per year, rising to 45 as the net level of stock held increases.

Grant Funding

3.4.4 The Council engages directly with Government and Housing Associations to source investment into new build projects. Recently the Council has sought direct investment into its own schemes by bidding for grant funding. The grants are used to deliver capital new build projects and support revenue expenditure for specific programmes e.g., decarbonisation of existing council homes. As these are normally scheme specific, only those known awards have ben included in the plan, apart from an assumption that decarbonisation funding to meet EPC targets will continue.

New Build Grant Funding	Amount
Land Release Fund (Brent Court)	£11,310,000
Land Release Fund (Kenilworth)	£900,000
Homes England (Elliott & North Road)	£639,000
Oval	£50,0000
Rough Sleeper and Next Steps Accommodation	£2,420,000
Local Authority Housing Fund	£1,760,000
Total	**£17,079,000**

Decarbonisation Grant Funding	Amount
Local Authority Delivery Scheme (LADS)	£1,036,220
Social Housing Decarbonisation Fund (SHDF) Wave 1	£1,836,550
SHDF Wave 2	£2,621,880
Total	**£ 5,494,650**

Leaseholder Funding

3.4.5 Leaseholders are obliged to fund a relevant proportion of qualifying works to the stock where there is mixed tenure in a building. It is difficult to project exact amounts of contribution until schemes are fully defined, but using previous levels as a guide, the 30 year plan includes £43Million towards capital investment programmes in the housing stock.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 HRA BUSINESS PLAN REVISION – PROPOSALS

Additional New Build Delivery

4.1.1 The proposed HRA Business Plan continues to support the work of the Council in the delivery of high-quality new build accommodation to meet various needs across the town. The ongoing provision of new build homes is vital to ensure that future HRA revenue levels are maintained. The previous targets established in the HRA (2019/20) have been met and the service has anchored the delivery of new homes to meet its 5-star development pledges.

4.1.2 Funding of the new build programme will utilise a mixture of RTB Receipts, external grant funding through schemes such as the Homes England Affordable Homes Programme, as well as the generation of capital receipts to cross subsidise the wider programme. The increase in costs associated with the New Build development programme is reflective of the current challenges within the building industry, with additional regulation and skills and materials shortages all combining to increase the cost of delivery.

Additional Asset Management Proposals

4.1.3 The HRA Asset Management Strategy sets out the following objectives and priorities for maintaining the Council's housing stock.

- Ensure safety is our number one priority, providing safe environments and homes for our residents.
- Deliver an excellent customer experience, empowering our customers through effective engagement and providing an easy to access, straightforward service.
- Tackle the climate change emergency by investing in the right solutions to reduce energy costs and our overall carbon footprint.
- Provide and maintain high quality homes improving standards in our estates and communities.
- Improve our performance and secure long term financial sustainability through effective management of our assets, smarter ways of working and innovation.

4.1.4 The revised Asset Management proposals included in the business plan are predominantly to support the changes in policy which have emerged since 2019 along with significant increases for labour and materials which has seen the cost of works increase and is reflected in the revised proposals. The key areas within the asset management proposals which will require additional resources are:

- Compliance with the current and future Decent Homes standards
- Compliance with Building Safety and Fire Safety Acts
- Decarbonisation and specifically all homes having a minimum Energy Performance Certificate (EPC) rating of C.

Repairs and Voids

4.1.5 Following the service reviews carried out by specialist advisers in 2023/24 improvement plans are being developed for both voids and responsive repairs. These plans will incorporate the recommendations from the scrutiny work completed by the Community Select Committee in 2022/23 (voids) and which have been progressed in the current financial year (repairs). Resourcing needs for delivering the service improvements have been identified and financial provision made within the HRA Business Plan.

4.1.6 In 2024/25 there will be a further resourcing pressure for the voids service as the Council looks to transition from the current arrangement whereby void works are completed by an external contractor (necessitated by the voids backlog carried forward from 2023/24) to the preferred in-house future operating model by April 2025. The base budget for 2023/24 is not sufficient to fund a contractor led model for the transitional year of 2024/25 to complete a backlog of voids and an additional £500k is estimated to be required to enable void works to be completed. An update which will outline the baseline assumptions for the future operating model from 2025/26 and the basis of our costs calculations for the transitional year will be provided within the draft HRA budget proposals for 2024/25 in December 2023.

Fencing

4.1.7 In 2022 a review identified that there were over 1,500 properties with outstanding repairs to boundary fencing and gates stretching back to 2019. This backlog of fencing repairs was due to several factors including an increased volume through storm damage, material and labour shortages and the impact of the Covid-19 pandemic from March 2020. In addition, a significant number of cases the fencing has been assessed as in need of either partial or full replacement rather than minor repair. Subsequently demand on the service has increased as a result of further storm damage in 2021 and 2022.

4.1.8 The Council commenced a planned programme to address the increased demand and agreed a budget of £1M for 2023/24. This investment is significant but will not deliver the backlog of work in full and the HRA Business Plan includes a further budget of £850k to deliver the remainder of the planned programme in 2024/25. The long-term policy for fencing repairs and replacements will be reviewed during 2024/25 and any future budget requirements will be incorporated into later revisions of the business plan.

Housing Service Delivery Proposals

4.1.9 Following the review of Consumer Standards by the RSH, there will be a need for greater capacity around resident feedback, quality assurance, and housing performance reporting. This will be a core function straddling both housing management, building safety and housing property services.

4.1.10 Effective fulfilment of the new requirements will require the retention of strategic complaints roles with a view to developing these into wider performance and customer insight roles. It is recognised that there is a need for 3 x Business Improvement Managers and the creation of a dedicated Resident Involvement Co-ordinator to ensure that there is compliance with the 'Transparency, Influence and Accountability' elements of the revised Consumer regulations. Underpinning this, it is essential that there is a stronger link with corporate communications as there will be an increased need to communicate to residents beyond existing mechanisms.

4.1.11 There will also be a requirement to build upon existing knowledge and data management to ensure housing data is managed and analysed effectively in response to Housing Ombudsman scrutiny. Staff will also be expected to demonstrate specific values and behaviours and have undertaken particular training and managers will need to have a certain level of housing qualification (still to be determined). There will need to be a training programme to ensure this standard is met.

4.1.12 In order to deliver a tenancy management approach in-line with new regulatory requirements it will be necessary to:

- ensure there is sufficient capacity to carry out regular tenancy audits (to reduce unnecessary costs due to hoarding or mistreatment of property)
- review the approach to handling neighbourhood disputes so that they are resolved quickly and satisfactorily

- implement a tenant engagement framework so that tenants and leaseholders are encouraged to take-part in decision-making
- support vulnerable residents and proactive management of complex cases such as safeguarding and mental health by building on existing partnership arrangements.

4.1.13 To manage the housing stock more effectively, the Council has made significant in-roads through the review of the Under Occupation Policy, Local Letting Policy and Allocation Policy. To build upon this momentum and support implementation of the Council's policy position, resources are needed to support the downsizing work and manage delivery of Older People's Housing outside of Choice Based Lettings.

4.1.14 The Income Team have worked extensively to maintain levels of income and it is vital that the Income Team remains at full capacity. Further opportunities to explore efficiency through digital investment to increase income collection are also key to increasing income and tackling former tenant debt. There is a recognition that there is a need to drive savings and efficiencies from year 2 onwards linked to the transformation programme. Some of this will be around developing IT solutions and process improvement.

4.1.15 Through collaborative partnership working, the Income Team have worked hard to mitigate the impact of the Cost-of-living challenge and welfare reform for both the tenants and the Council. A review of the Rent Arrears Action Plan is underway to effectively tackle former tenant debt, recovering sums where possible and writing debt off where recovery has been exhausted.

4.2 Financial Model – Key Points

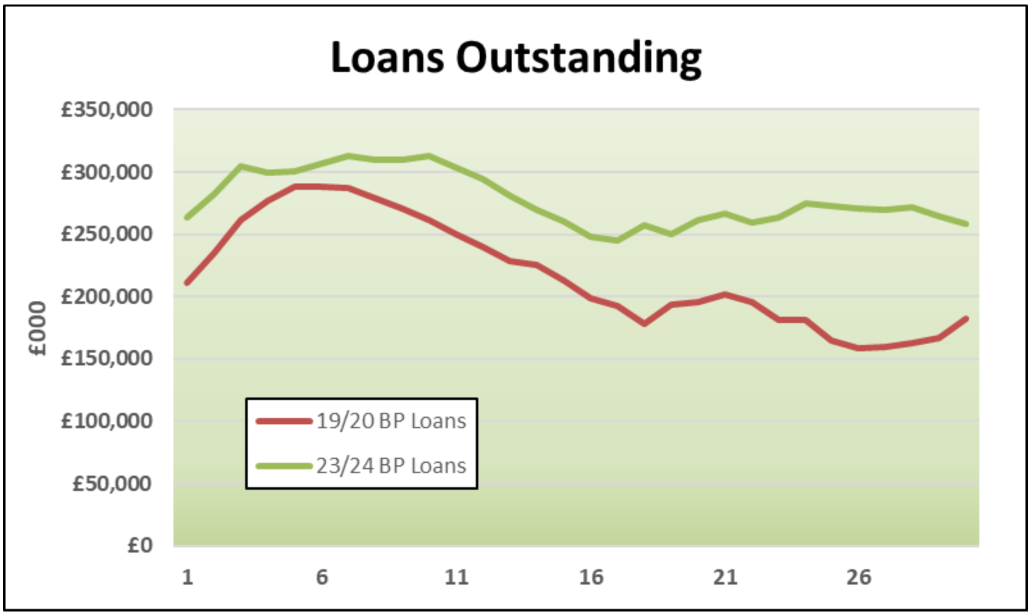
4.2.1 The HRA business plan review seeks to ensure that the Council can maintain its assets, fulfil new regulatory and statutory requirements and provide 'More Social, Affordable and Good Quality Homes'. The table below summarises the key points from this latest revision of the 30 year model.

Key Points
Significant growth included, both capital and revenue
Increased borrowing to support capital spend
Refinancing some existing debt (not paying off as in previous plan)
Large savings needed to balance plan, especially in years 1-11
Net 1,133 new stock over the 30 year plan
Higher costs in first 10 years due to increased borrowing and savings targets

4.3 Borrowing Principles and Assumptions

4.3.1 The last full revision of the HRA Business Plan in 2019 followed the removal of a debt cap applied to HRA borrowing by the Government. Removing this cap enabled the Council to increase investment in both existing and new stock. However, it was still possible to repay these loans over the life of the plan and new borrowing was only taken out to support new capital expenditure.

4.3.2 Since this time there have been considerable pressures on the ring fenced account including high inflation, a rent cap in last year, increased regulatory requirements and some lasting impacts from the Covid pandemic. This has required a change in the way that debt is managed. In order to provide the resources needed to manage the housing stock and balance the account, it will be necessary to refinance some of the existing loans as they become payable. This has changed the loan profile for the HRA, as shown in the graph below.



4.3.3 While this graph does illustrate that the HRA is projected to have a higher level of debt than the last plan, indicators are in place to ensure that this is affordable from income in the account. Currently total debt in the HRA is 5 times the level of annual income. However, due to the expected effect of inflation on rents, debt levels reduce to 1.6 times income at the end of the plan.

4.3.4 The affordability of the planned debt profile can also be assessed via the proportion of debt servicing costs (both interest and loan repayments) to annual income in the plan. Under the old housing subsidy system (ended in 2012) the Council paid approximately 38% of its annual income to the Government. As this system was replaced by debt it provides a useful comparison to the projected debt servicing costs. The model projects debt servicing cost to peak at 31% of income, with an average of 24% over the 30 years of the model.

4.3.5 These indicators show that the level of debt can be seen as reasonable over the life of the business plan, but due to the immediate pressures faced by the HRA there is a need for higher levels of borrowing in years 1 to 11 than later in the profile. This is illustrated in the table below and shown in the graph at 4.3.2. This does lead to a higher level of risk that has been included in the risk implications at 5.3 in the report.

Debt Funding		
	Years 1-11 £Million	Total 1-30 £Million
New Borrowing	£104	£351
Refinancing	£73	£104
	177	**455**
% of total borrowing 1-11	39%	

4.4 Other Financial Assumptions

4.4.1 The table below is a summary of the main assumptions used to complete the model.

	2024/25	2025/26	2026/27	2027/28
Inflation-Applied to:				
Salaries - % increase	3.50%	2.00%	2.00%	2.00%
CPI indices increases	6.70%	3.50%	2.20%	2.20%
RPI indices increases	7.70%	4.50%	3.20%	3.20%
BCIS	7.70%	5.90%	4.60%	4.60%
Utilities	8.00%	8.00%	8.00%	8.00%
Other Assumptions:				
RTB Sales	35	36	36	36
Void Rates (General Needs Stock)	1.25%	1.25%	1.25%	1.25%
Bad Debts (General Needs Stock)	0.82%	0.82%	0.70%	0.65%
Interest Earned on Balances	5.18%	4.43%	2.50%	2.00%
Service Charge Increase (excl Utils)	6.70%	3.50%	2.20%	2.20%
New Borrowing	£18.8m	£22.7m	£3.0m	£12.1m
Preliminaries on major works	7.50%	7.50%	7.50%	7.50%
HRA Minimum Balance	£10.0m	£10.2m	£10.3m	£10.5m

4.4.2 These assumptions will be used to form the Medium-Term Financial Strategy position for the HRA and will be reflected in the draft HRA budget for 2024/25 that will be going to December 2023 Executive.

Revenue Growth and Savings

4.4.3 In addition to the assumptions highlighted above the plan also incudes the following growth items and continues additional maintenance costs included in the last business plan.

	£
One Off Growth	
Void Works	£500,000
Fencing	£850,000
	£1,350,000

Ongoing Growth	
Additional Staff Costs	£248,910
Pay award above budget	£276,000
Service Improvements	£200,000
ICT and System Pressures	£379,070
Switch to Eco Fuel (Oct 24)	£37,010
Regulatory Fees	£89,000
	£1,229,990

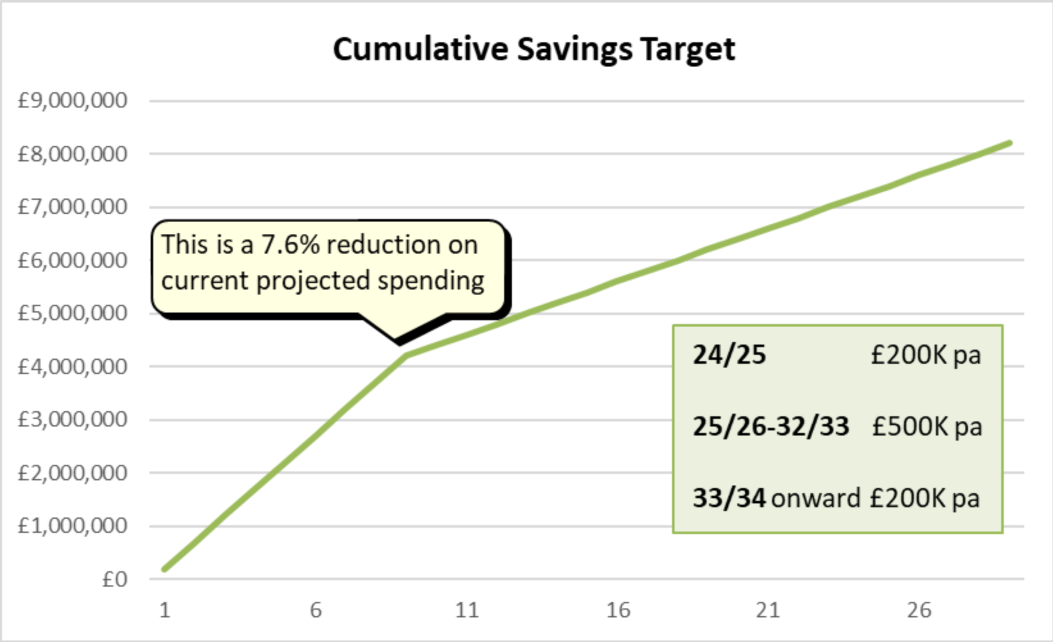
Continuing Maintenance	
Building Safety	£500,000
Cyclical Maintenance	£250,000
Decent Homes	£250,000
Electrical Testing	£200,000
	£1,200,000

4.4.4 Provision has been made for increased costs relating to the fencing programme (£850K) and works to void properties (£500K) in 2024/25. However, these areas are both subject to operational reviews that could impact future costs, so have been treated as one off items in the plan until further detailed proposals are known.

4.4.5 The plan includes ongoing growth of £1.2Million, of this £379K relates to IT service provision and improvements. A budget of £200K has also be included to enable transformation service improvements and efficiency projects to deliver savings for the HRA. There are additional costs of £276K in relation to the 2023/24 pay award that is higher than the original budgeted cost of 3%, which was agreed October 2023. There are also posts within the salary structure that have been extended in response to operational challenges, including high levels of arrears and changes to regulations for the housing service. These have added £249K ongoing, but will require additional growth to the budget in 2023/24 of £176Kto extend current contract for the last three months of the year. Vehicle fuel costs have been increased by £37K to enable a switch to more environmentally friendly fuel types (HVO) and a post to inspect trees on housing land. Lastly, annual fees to the Housing Ombudsman and the Regulator of Social Housing have increased by £89K and have been included in the model.

4.4.6 In the last business plan additional maintenance budgets were included to reflect emerging regulatory issues and to improve the maintenance and condition of the housing stock. These sums have been continued in the current plan at £1.2Million per annum. However, it is acknowledged that some areas will need to be revisited when policy information is available regarding the impact of new regulation and a revised Decent Homes standard.

4.4.7 To offset these growth items savings targets have been included in the plan and the impact over the life of the model is shown in the graph below.



4.4.8 By year 10 of the model over £4Million per annum will need to have been saved from the budget. In order to achieve these savings a continuing programme of efficiency reviews will be set up in advance of each budget setting process. These will be used to challenge existing costs and find efficiencies and improvements for the housing service.

Capital Investment – Medium Term Years 1 to 11

4.4.9 The table below shows the projected areas of capital investment included in the business plan.

Capital Investment to 2033/34 (base year +10)

	£000	%
Major Repairs*	£248,664	58.77%
IT Investment	£1,010	0.24%
Equipment	£299	0.07%
Vehicles	£1,653	0.39%
New Build Dev	£171,511	40.53%
	£423,137	100.00%

*Net Zero funding not included

4.4.10 The plan allows for total investment of £423Million over the first 11 years, with the majority of this invested in existing and new housing stock. Nearly 59% of the funds will be invested in major repairs to the current stock and just over 40% into the development of new properties to rent. It is important that the Council continues to balance ongoing investment with the need to replace RTB sales, in order meet housing demand and ensure the financial stability of the HRA in the longer term.

Financial Model Risks

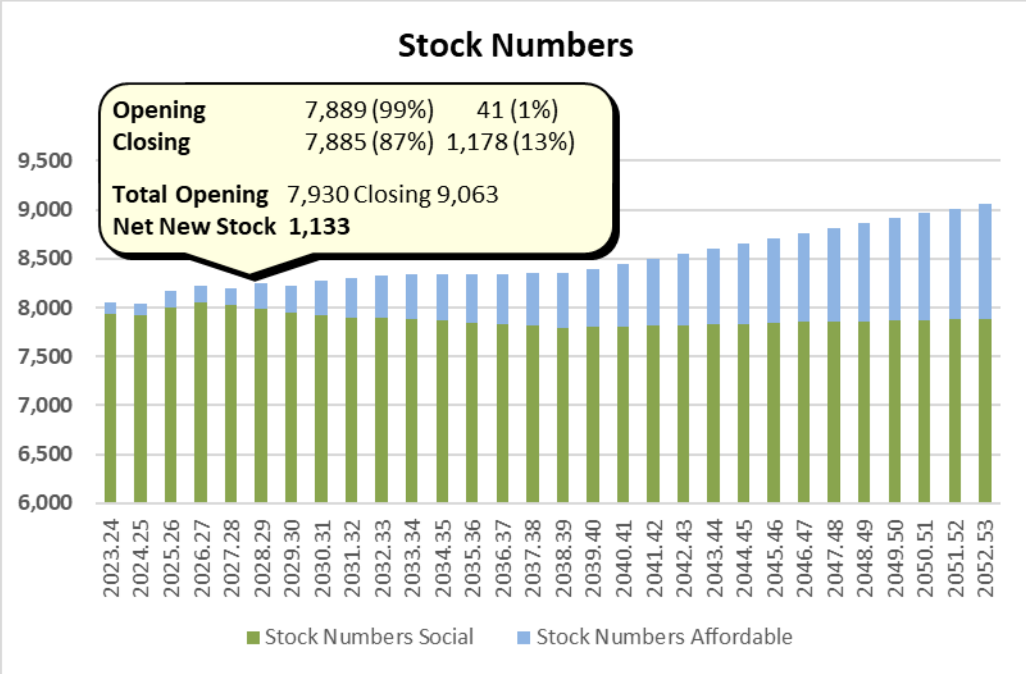
4.4.11 Section 5 of the report highlights significant risks and mitigations considered in producing the new business plan, but there are specific financial risks that have been identified relating to the financial model. These are:

- **Inflation –** recently this has been difficult to predict and impacts both income and expenditure within the model. It is the main driver for rent levels and is key to the overall stability of the HRA.
- **Interest Rates –** as the business plan now relies more heavily on borrowing, especially in the early years, it is more exposed to changes in borrowing rates.
- **Rent Policy –** the current Government policy that controls rents set by the Council is due to end in 2024/25. The plan assumes a continuation of the current approach, but this could be subject to change and may adversely impact the plan.
- **Regulation Changes –** the social housing sector is now subject to new regulations and standards. These are currently being implemented and some are awaiting finalisation. This could increase operating costs above those currently estimated in the model.
- **Climate Goals –** the Council is committed to achieving net zero as an organisation, but there are currently technical and funding issues regarding the decarbonisation of the housing stock. It is unlikely that the Council could meet the costs entirely from tenants rents and currently a definitive solution has not been identified. This area will need to be addressed in future plans.
- **Increased Right to Buy –** the Council currently has more demand for housing than can be met by the existing housing stock. The model allows for a net gain in properties over 30 years, but any significant increase in RTB sales would reduce income and place additional pressure on the development of new provision.

Financial Model Mitigations

4.4.12 To offset these risks there are potential mitigations that are either included in the proposed plan, or could be enacted if necessary.

4.4.13 The Council currently aims to have 50% of its new development as affordable rent properties, at 80% of market rents. As shown in the graph below, with the current proposals in the model these would only make up 13% of the total stock after 30 years and there would still be a large majority of social rented properties. This does allow the Council scope to increase the number of affordable rent properties, where this is needed to make future development schemes financially viable.



4.4.14 The last business plan had a calculated risk assessed minimum balance for the HRA. This rose throughout the life of the plan, but was initially set at approximately £3Million. Due to the level of uncertainty regarding the impact of new regulations and standards, and the need to borrow more in the early part of the plan, the minimum balances have been increased to £10Million. This will allow the HRA to absorb potential financial shocks in the short term, while more long term solutions are found.

4.4.15 While the business plan does include high borrowing in the first 10 years debt does reduce in later years. This shows that there is still capacity in the proposals to meet future challenges and that current borrowing levels do not adversely impact later years.

Future Decisions

4.4.16 This report has detailed the current level of uncertainty in key aspects of policy, regulation and investment for the HRA. This means that there are several areas that will need to be revisited in the next few years including:

- **Climate Change and Net Zero –** the plan currently does not include provision for reaching net zero in the housing stock, but some existing maintenance costs would probably be used to help achieve this target. Future plans will need to address this issue in line with both local and national policy.

- **Increased Decent Homes Standard –** the details for a new decent homes standard are currently not finalised. Some financial provision has been allowed in the model to offset any increased cost, but this will need to be revised when the full details are known.

- **Identification of Savings –** the model includes challenging levels of savings in order to balance the HRA. These will need to be identified and achieved in future budget rounds.

- **New Development tenure mix –** depending on the financial viability of future development schemes and the revenue position of the HRA, it may be necessary to revise the current 50/50 split of tenure between affordable and social rent. A higher level of affordable rent properties may be necessary to meet these goals.
- **General Election response-** a General Election is now imminent and this could have a significant impact on the HRA business plan. It is likely that after the election new policies could be introduced, or existing ones are further developed and changed. These changes will need to be accommodated in future versions of the plan.

4.4.17 Due to the level of uncertainty in key areas of the HRA business plan it will be necessary to carry out more regular revisions over the coming years and it is likely that there will be significant changes needed. However, the current proposal is based on best estimates at this time and allowances have been made for potential future changes, where this is feasible.

4.5 CONSULTATION

Community Select Committee Feedback (19 October 2023)

4.5.1 A Community Select Committee meeting was held on 19 October 2023, at which proposed revisions to the HRA Business Plan were presented to Members.

4.5.2 In relation to the Council's asset management programme, Members were pleased to note the investment in the fencing repairs backlog for 2024/25 but acknowledged that future investment will be required to tackle ongoing fencing repairs. Clarification from the Regulator of Social Housing (RSH) on the inclusion of fencing within the wider revision of the Consumer Standards would be welcomed, however this clarity is not expected until 2024/25. To address this uncertainty the Council will be reviewing the HRA Business Plan within the year to reflect any changes in national and local policy.

4.5.3 Members noted the uncertainty around the availability of Government decarbonisation funding following the recent roll-back on national climate pledges. The Council will continue to seek to bid for available grant funding, as it has done previously i.e., the Social Housing Decarbonisation Fund (SHDF), but there may be difficult investment decisions in relation to fulfilment of the Council's Climate Change Strategy (2019) ambitions if central funding is not made available.

4.5.4 In response to a question regarding procurement of local service and suppliers in relation to new builds, Members were informed that the Council is able to set evaluation criteria for contractors through the Council's Social Value & Ethical Procurement Portal. The portal ensures the Council are sourcing local contractors who are committed to creating job and training opportunities within Stevenage. The Council is proud of its record in this area, and through Stevenage Works has created 30 secure jobs and provided over 170 training opportunities. Through the Major Refurbishment Contract, the Council has also worked closely with North Herts College to provide skills and training opportunities for young people, and this is a key area of work which the Council intends to grow with its partners in 2024/25.

4.5.5 Members noted that Government changes in social rent and welfare policy have impacted the most vulnerable in the community hardest and this has been a key driver in the increases in rent arrears. Concerns were raised about the impact of future benefit changes and how the risk would be negated. In response, the Council has uplifted the bad debt provision in the HRA plan, and also scaled up the Welfare, Benefit and Debt Advice Team to ensure that residents are given the support needed to navigate the benefits system and access support provision, either through Alternative Payment Arrangements or information, advice and guidance. The Council will also be reviewing its Rent Arrears Action Plan, alongside future work to introduced digitised income solutions to streamline the rent collection process.

4.5.6 Members acknowledge that the recent regulatory and statutory changes, coupled with increasing financial challenges to bridge the inflation gap, has required a change in approach to how the HRA is managed and the risks mitigated. To help navigate the complexities of the subject areas covered, Members requested that an Easy Read Reference Guide is produced for tenants so that they understand how the council invests HRA monies.

Tenants Survey (2021) & Residents Survey (2021)

4.5.7 The Council is committed to its Cooperative Council principles and seeks to engage with residents, tenants and leaseholders, local businesses and community groups to ensure that they have a say in how services are delivered. The growth identified in the HRA Business Plan review supports a continued focus on repairs, stock investment and timely maintenance of council homes and this renewed focus is supported through the findings previously provided as part of the Tenants Survey (2021). The survey indicated that a priority for tenants is the effectiveness of the repairs service, which saw a 10% drop in satisfaction from 2018 to 2021.

4.5.8 In response to tenant feedback, work has been ongoing to improve how the Council responds to repairs with the introduction of an online repairs reporting function. This has been supported by the Ridge review of internal systems and processes to ensure that efficiencies within repairs processes are identified and implemented. The Ridge recommendations will be set out in Improvement Plans and these will be delivered in 2024/25.

4.5.9 The decision to improve repairs responsiveness is also underpinned by the findings of the Residents Survey (2021), which indicated that reducing costs through the provision of more online services would be the overall preference of residents. Moving services online was ranked the highest (out of five options in 2021 and 2017) with 41% of those responding to the survey indicating that this was their preferred option. This ranking has increased from 2017 and supports proposals being developed via the Transformation programme as a method to reduce costs and improve customer satisfaction / response times.

Please tell us your order of preference for each of the following options by ordering them 1 to 5	2021 rank	2017 rank	1st
Reduce time and money spent on paperwork by interacting with more residents and customers online	1	1	41%
Increase income from fees and chargeable services, to keep the council's element of Council Tax as low as possible	2	3	24%
Spend less by reducing or cutting the services that you tell us are not a priority	3	2	16%
Make money by selling more of our services to residents and customers	4	5	9%
Increase our element of Council Tax (for example from 51p per day to 55p per day)	5	4	10%

Other Housing Consultations

4.5.10 The first findings from targeted consultation with tenants through the Tenancy Satisfaction Measure Survey (a regulatory requirement introduced by the Regulator of Social Housing in April 2023) are due to be reported in Quarter 2 2023/24. The survey analysis will be presented as part of the Corporate Performance Report to the Executive, and these findings will be used to shape future areas of focus as part of HRA funded programme of work.

4.6 SUMMARY OF REVISED HRA BP

4.6.1 The table below provides a summary of the overall commitments included in the revised HRA Business Plan, based on the proposals and assumptions above.

Borrowing and RCCO	Housing Development	Housing Asset Management	Housing Service Delivery
New Borrowing for Capital Investment £351m (30Yrs) **Refinanced debt to enable revenue operations £104m (30Yrs)** **Revenue contribution to capital £18m in (years 1-5)**	**Invest £734m in new stock (30Yrs)** **Deliver 2,253 units (30Yrs) 447 in next 5yrs** **Commence 3 new schemes to maintain dev. pipeline. Deliver new homes to 5 star promise** **Larger schemes phased for staggered delivery matched to funding. Switch to**	**£893m stock investment funding (30Yrs)** **£482m repairs, void and cyclical maintenance (30Yrs). Efficiency target removed, due to regulatory pressures** **All properties to EPC-C by 2030**	**£818m in non-maintenance revenue funding (30yrs)** **Savings target £200k 24/25 then £500k pa for 8yrs. Total £20m in yrs 2-11.** **Growth of £200k pa to enable service improvement / efficiency**

Borrowing and RCCO	Housing Development	Housing Asset Management	Housing Service Delivery
	market purchase if supply needed urgently. **Continue pilot projects for new tenures and sustainable design.**		

5. IMPLICATIONS

5.1 Financial Implications

5.1.1 The report is financial in nature and any implications are included in the body of the report.

5.2 Legal Implications

5.2.1 The objective of this report is to outline a 30 year financial position for the ring fenced fund and to set out the parameters for the medium term financial forecast for the next five years. There are no legal implications at this stage of the planning cycle, but Members are reminded of their duty to set a balanced budget.

5.3 Risk Implications

5.3.1 A review of a range of risks facing HRA budgets are listed below. A number of the risks below are monitored through the Council's Strategic Risk Register.

Risk Area	Risk Mitigation	Likelihood	Impact
Not able to service increased level of debt (£282Million in 2024/25 peaking at £313Million in 2029/30)	Annual review of HRA Business Plan to ensure that assumptions are correct. A higher level of HRA balances maintained to absorb cost increases. Regular review of capital programmes. Loans assumed at long term average interest rates.	Low	High
Rent and service charge income (Negative Risk) - A future Government could change its commitment to current national rent policy of CPI + 1% rent increases, which is currently in line with the Council's BP rent assumptions. Service charges may not be fully recovered.	Rent and service charge policy is in place and allows for rents to be set at formula levels on re-let. Lower than anticipated rent increases would require compensating reductions in planned spending within programmes/services. The Council could consider using rent flexibility of 5% allowed in current rent standard.	Low	High
Unexpected build price inflation for new construction schemes	Forward ordering, supporting local supply chains and batching projects for optimum competitive procurement.	Medium	High

Risk Area	Risk Mitigation	Likelihood	Impact
Shortage of skills and supply chain disruptions due to market slow down/national policy shifts and	Supporting local SME with ongoing market engagement and support to enable competitive bidding and promoting certainty of work.	Low	Low
Unexpected build price inflation for new construction schemes	Forward ordering, supporting local supply chains and batching projects for optimum competitive procurement.	Medium	High
Stock Investment (Negative Risk) Investment needs exceed planned expenditure due to increased costs and/or unforeseen investment requirement (including planned changes to the Decent Homes and Consumer standards)	Revised Housing Asset Strategy is being presented for approval alongside the HRA Business Plan. Stock data is further being enhanced through a rolling programme of surveys. All properties will be surveyed rather than cloning data for similar property types. Assumptions for the revised Decent Homes and Consumer Standards have been built into the plan but these will need to be reviewed when the standards are finalised.	Medium	High
Decarbonisation and Net Zero (Negative Risk) The current plan does not include provision for achieving Net Zero by 2050.	The Asset Management Strategy sets out the likely costs to achieve Net Zero for the councils housing stock. We have secured funding through the Social Housing Decarbonisation fund (SHDF) to support homes meeting EPC C by 2030. We will continue to seek additional funding to support the decarbonisation of the housing stock.	Medium	High
Building Safety Act (Negative Risk) The requirements of the act currently only apply to those building greater than 18m. There is a potential for height requirement to change which would bring more SBC buildings into scope and increase the financial requirements for the council.	The implications for a change of scope are being captured to allow us to understand the implications to any change in criteria for those building in scope. The cost implications for any new stock which meet the current criteria are also being captured in the business plan.	Medium	High
Increased Rent Arrears leading to higher bad debt provision and increased write offs	In order to mitigate the impact on the HRA business plan, a two-year action plan was put in place to ensure continued focus on this area of work. A revised Arrears Action Plan is currently being developed which will take into account the increased cost of living and the impact this will have on vulnerable residents.	Medium	High
Social Housing Regulation Act In the event of failure to meet the new requirements of the Social Housing Regulation Act there is a risk of	Gap analysis against existing position and new Consumer Standard requirements. New Resident Engagement Framework implemented.	Medium	High

Risk Area	Risk Mitigation	Likelihood	Impact
enforcement action against Stevenage Borough Council or fines for non-compliance			

5.4 Policy Implications

5.4.1 The approval of the revised budget framework includes a link for the Council's service planning requirements to ensure service priorities are identified. In addition, the budget framework represents a development of a policy led budgeting approach across Council services and the overall Financial Strategy.

5.5 Climate Change Implications

5.5.1 The anticipated revised decent homes standard and the targets set within the Asset Management Strategy will continue to improve the environmental performance of our existing stock. The Housing and Investment Service is committed to review its approach to reducing the impact of the housing stock on the environment through actions set out in the HRA Asset Management Strategy and this will in turn contribute to the actions within the Council's Climate Change Strategy and Action Plan.

5.5.2 Future housing developments will consider the environmental performance of the designs and features, and look to introduce technologies and materials that help to improve the environmental performance of the buildings.

5.6 Equalities and Diversity Implications

5.6.1 All projects and activities leading to a policy or service change in fulfilment of the priorities of the HRA Business Plan will be assessed through the Council's Equality Impact Assessment (EqIA) process.

6. BACKGROUND DOCUMENTS

Housing Revenue Account Medium Term Financial Strategy (2019/20 - 2023/24) and HRA Business Plan Review 2019 – Executive 16 December 2019

Housing Asset Management Strategy 2023-2028 – Executive 15 November 2023

7. APPENDICES

Appendix A - HRA Business Plan - 30 Year Capital Investment Summary

Appendix B - HRA Business Plan - 30 Year Revenue Account Summary

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Appendix A

HRA Business Plan - 30 Year Capital Investment Summary

	Medium Term Position (Base Year + 5)						Full Plan Summary			
	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000	2028.29 £000	Yrs 1-10 £000	Yrs 11-20 £000	Yrs 21-30 £000	Total £000
CAPITAL EXPENDITURE										
Major Works & Improvements	23,252	22,642	23,338	21,172	22,475	24,076	215,121	243,606	393,034	851,762
Development Schemes	19,505	28,999	31,367	13,000	12,784	8,400	160,738	189,003	384,288	734,029
Other	1,661	1,719	1,754	1,766	1,778	1,791	17,760	19,140	20,523	57,423
Total Expenditure	**44,418**	**53,361**	**56,458**	**35,939**	**37,037**	**34,267**	**393,619**	**451,750**	**797,845**	**1,643,213**
FINANCING										
External Borrowing	11,336	7,506	22,667	2,926	9,713	12,130	102,613	68,265	179,965	350,843
RTB Receipts	2,861	4,177	9,258	5,820	5,763	4,041	53,717	86,468	132,286	272,472
Grant	2,653	11,358	0	0	0	0	14,011	0	0	14,011
Other Capital Receipts	6,555	4,709	5,204	7,644	469	815	27,707	7,475	4,674	39,855
Major Repairs Reserve	21,013	18,896	15,494	16,233	16,877	17,281	177,490	244,443	345,863	767,796
Revenue Contributions	0	6,715	3,835	3,316	4,215	0	18,081	45,099	135,057	198,236
Total Financing	**44,418**	**53,361**	**56,457**	**35,939**	**37,037**	**34,267**	**393,619**	**451,750**	**797,845**	**1,643,213**

HRA Business Plan - 30 Year Revenue Account Summary

	Medium Term Position (Base Year + 5)						Full Plan Summary			
	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000	2028.29 £000	Yrs 1-10 £000	Yrs 11-20 £000	Yrs 21-30 £000	Total £000
INCOME AND EXPENDITURE										
Income										
Dwelling Rents	45,209	49,164	51,880	54,226	56,089	58,157	570,191	820,309	1,207,323	2,597,823
Service Charges	2,358	2,540	2,656	2,742	2,830	2,922	28,715	39,769	54,765	123,248
Other Income	3,181	3,110	3,551	3,624	3,813	4,008	39,410	63,120	99,795	202,325
Total Income	**50,748**	**54,814**	**58,086**	**60,592**	**62,732**	**65,087**	**638,316**	**923,198**	**1,361,883**	**2,923,397**
Expenditure										
Repairs and maintenance	10,287	11,268	10,250	10,343	10,672	11,002	112,673	153,470	216,003	482,146
Supervision and management	18,524	20,035	20,189	20,285	20,442	20,577	204,429	256,672	372,326	833,427
Depreciation (Contrib to MRR)	13,568	14,844	15,494	16,233	16,877	17,357	170,150	240,285	345,862	756,297
Total Expenditure	**42,379**	**46,147**	**45,933**	**46,861**	**47,990**	**48,936**	**487,252**	**650,426**	**934,191**	**2,071,869**
Net cost of services	**8,370**	**8,667**	**12,153**	**13,731**	**14,742**	**16,151**	**151,064**	**272,772**	**427,692**	**851,528**
Interest payable incl amortisation	(8,849)	(9,449)	(10,063)	(10,949)	(10,826)	(10,948)	(108,083)	(109,084)	(110,598)	(327,765)
HRA investment income	2,133	1,487	704	470	304	217	6,264	2,551	2,845	11,660
Surplus / (deficit)	**1,654**	**706**	**2,795**	**3,252**	**4,219**	**5,420**	**49,245**	**166,239**	**319,939**	**535,423**
MOVEMENT ON HRA BALANCES										
Surplus / (deficit) for the year	1,654	706	2,795	3,252	4,219	5,420	49,245	166,239	319,939	535,423
Capital funded by Revenue	0	(6,715)	(3,835)	(3,316)	(4,215)	0	(18,081)	(45,099)	(135,057)	(198,236)
Transfer (to)/from Reserves	0	5,921	500	8,000	8,700	0	23,121	0	0	23,121
Loan Repayment	0	0	(500)	(8,000)	(8,700)	(5,600)	(53,250)	(119,198)	(183,077)	(355,526)
HRA balance Incr/(Decr)	**1,654**	**(88)**	**(1,040)**	**(64)**	**4**	**(180)**	**1,035**	**1,942**	**1,805**	**4,782**
HRA Balance Brought Forward	**10,519**	**12,173**	**12,084**	**11,044**	**10,980**	**10,984**	**10,519**	**11,554**	**13,496**	**10,519**
HRA Balance Carried Forward	**12,173**	**12,084**	**11,044**	**10,980**	**10,984**	**10,804**	**11,554**	**13,496**	**15,301**	**15,301**