

Title of meeting: Cabinet Member for Housing and Tackling Homelessness

Date of meeting: 26th January 2024

Subject: Council Housing Budget 2024/25 (including rent setting)

Cabinet Member: Councillor Darren Sanders, Cabinet Member for Housing and Tackling Homelessness

Report by: James Hill, Director of Housing, Neighbourhood and Building Services
Chris Ward, Director of Finance and Resources

Wards affected: All Wards

Key decision: Yes

Full Council decision: No

1. Purpose of report

- 1.1 The law requires that all income and expenditure relating to Council Housing is accounted for separately in the Housing Revenue Account (HRA). All other Council income and expenditure is accounted for together in a separate account called the General Fund. This report deals solely with the HRA.
- 1.2 The City Council has delegated the function of setting rents, charges and revenue budgets for Council Housing to the Cabinet Member for Housing and Tackling Homelessness. Following consultation with residents and leaseholders, this report seeks to address all HRA budget issues.
- 1.3 The purpose of this report is to seek the Cabinet Member's decisions on the City Council Housing budgets, rents and other charges and to give authority for managers to incur expenditure in 2024/25.
- 1.4 The report also seeks to:
- Note the Forecast Revenue Outturn for 2023/24 and give authority to the Director of Housing, Neighbourhood and Building Services & the Director of Finance and Resources to amend the budgets to reflect the latest available information prior to finalising budgets for 2024/25.
 - Note the Forecast Revenue Budgets for 2025/26 to 2027/28 arising from the proposals set out in this report.

- Set rents with an average increase of 7.7%, which is in line with the maximum increase allowed by Central Government's Social Rent Setting Policy.

2. Recommendations

It is recommended that the Cabinet Member for Housing and Tackling Homelessness approves the following:

- 2.1 The Forecast Revenue Outturn for 2023/24 arising from monitoring discussions with Managers, as set out at Appendix 3, be noted.
- 2.2 All rents and charges to be effective from Monday 1st April 2024 or such other date as determined by the Director of Housing, Neighbourhood and Building Services, in consultation with the Director of Finance and Resources.
- 2.3 Dwelling Rents for 2024/25 to be set with an average increase of 7.7%, which is in line with the maximum allowable under Central Government's Social Rent Setting Policy, as summarised in Appendix 4,
- 2.4 General Service Charges for 2024/25 to be set at this meeting, as set out in this report, and in accordance with Appendix 5.
- 2.5 Sheltered Housing Service Charges for 2024/25 to be set at this meeting, as set out in this report, and in accordance with Appendix 6.
- 2.6 Laundry Charges for 2024/25 to be set at this meeting, as set out in this report, and in accordance with Appendix 7.
- 2.7 Heating Charges for 2024/25 to be set in accordance with Appendix 8.
- 2.8 Garages and Parking Site Rents for 2024/25, as shown in Appendix 9, be approved and authority to let garages at reduced rents where demand is low be delegated to the Director of Housing, Neighbourhood and Building Services, in consultation with the Director of Finance and Resources.
- 2.9 The Revenue Budget for 2024/25, as set out in Appendix 3, be approved and authority given to the Director of Housing, Neighbourhood and Building Services, in consultation with the Director of Finance and Resources, to amend the budgets to reflect the latest available information prior to finalising budgets for 2024/25.
- 2.10 The relevant Managers be authorised to incur expenditure in 2024/25.

2.11 The Forecast Revenue Budgets for 2025/26 to 2027/28 arising from the proposals contained in this report, as set out in Appendix 3, be noted.

3. Housing Policy 2024/25

HRA Dwelling Rents

- 3.1 From 2020/21 the decision to increase rents was passed back to Local Authorities that operate a Housing Revenue Account. Through the rent standard the City Council was given the option to increase rents by the increase in the Consumer Price Index (CPI) plus 1% until the financial year 2025/26. The CPI figure to be used is published in September of the preceding year. This option was recommended and approved for both 2020/21 and 2021/22. In 2022/23, the Cabinet Member approved that dwelling rents would be set with an average increase of 3.5%. This was lower than the maximum allowable under the Social Rent Setting Policy of 4.1%.
- 3.2 In the November 2022 Autumn Statement, the Government announced the intention to introduce a 7% cap on rent increases for 2023/24 that would otherwise have been permitted up to 11.1% (CPI 10.1% + 1%) under the existing rent standard. Modelling at that time estimated that a balanced 'break even' budget would need a rent increase of 11.35%. 'Break even' is the point where "In Year" Spending is equal to "In Year" Income and "Structural Balance" is achieved. The option of a 7% increase was recommended and approved by the Cabinet Member.
- 3.3 For 2024/25 the option of a CPI plus 1% rent increase is once again an option. As the CPI for September 2023 was 6.7%, a rent increase of up to 7.7% is allowed under the Rent Standard. However, the latest modelling indicates that an 8.25% rent increase would be needed to 'break even'. This report recommends that the maximum allowable rent increase is approved. For every 1% reduction in the rent increase, the HRA would lose approximately £800,000 in income in 2024/25 and over £40m in the 30-year business plan.
- 3.3.1 The Housing Revenue Account (HRA) is reliant on the Rental Income from its tenants and leaseholders to provide the Housing Management Services required. These services are wholly funded by the HRA.
- 3.3.2 Therefore, the HRA has to be financially viable on a long-term basis and decisions relating to increases to rent & service charges have a direct impact on the Housing Management Services that can be provided.
- 3.3.3 Given the ongoing financial uncertainty for next year, including interest rates, the staff pay award and levels of building inflation, it will be important that we can continue to provide services needed by our most vulnerable

tenants, and therefore will need to ensure that the HRA is funded accordingly.

- 3.3.4 Changes to rents charged to social housing tenants is governed by the Rent Standard and Rent Standard Guidance, outlined by the Regulator, that relates specifically to rent and service charge setting. In addition, the Social Housing Rents (Exemptions and Miscellaneous Provisions) Regulations 2016 must also be applied.
- 3.3.5 Rents will be set on an annual basis and the City Council will limit the rent to the published applicable Local Housing Allowance (LHA) Rate to ensure that they remain affordable to its tenants. The Government have announced an intention to increase the LHA Rate for 2024/25 but the calculation is made locally by the Department for Work and Pensions, using information provided by the Valuation Office Agency. It will not be announced until 1 April 2024 and was not available for consideration in this report.
- 3.3.6 **For all Tenants**, Service Charges will be managed as Fixed Service Charges with no under or over collections at the end of each financial year, so may not achieve full cost recovery.
- 3.3.7 **For Leaseholders**, Service Charges will be managed as Variable Service Charges with under and over collections at the end of each financial year resulting in full cost recovery.
- 3.3.8 The next rent year for tenants will be a standard 52-week year, as the effective start date will be 1st April 2024 and ending on 30th March 2025.

HRA Borrowing Cap

- 3.4 In the 2018 Autumn Budget the Government announced that the limit of indebtedness would be lifted with immediate effect from all Local Authorities who operate a Housing Revenue Account. Previously the City Council was limited on the amount of borrowing that it could incur in the Housing Revenue Account. This presented a problem for the City Council as it was unable to invest in larger scale developments and instead had to rely on bidding for additional borrowing and/or grant funding.
- 3.5 Whilst the City Council welcomed this additional flexibility, it has to ensure that any borrowing it undertakes is not taken at the detriment of the Housing Revenue Account. The City Council will seek to identify developments where rental income can meet the cost of any additional borrowing and maintenance of the asset, acting prudently and ensuring the sustainability of the HRA over the medium to longer term.

3.6 Since the cap was removed the City Council committed to a programme of buying back City Council Housing Stock previously purchased under right to buy (RTB) and expanding acquisitions to all residential units. This programme, which started in 2020/21, is for £100m and is part funded from retained RTB capital receipts. The total forecast expenditure to the end of 2023/24 (year 4) is £82.5m. However, in order to prioritise capital receipts for new construction, it is now recommended to rephase the remaining £17.5m approved budget over the next 5 years (£3.5m per annum).

3.7 As well as acquiring property, the City Council have in recent years completed construction of some 40 units at Doyle Avenue and Patey Court. Additionally, the Council now have approval to deliver 6 units on a site in Twyford Avenue (subject to planning approval). Developments at Strouden Court, Cabbagefield Row, Somers Orchard and Wecock Farm remain in the pipeline.

4. Proposed Rents and Charges for 2024/25

Dwelling Rent

4.1 The September 2023 CPI was 6.7% and, therefore, the maximum average rent increase in 2024/25, under the existing rent standard, is 7.7%. This applies to all low-cost rental accommodation that is not supported housing. There are a number of factors relating to the financial environment for the HRA that have been taken into consideration when considering an increase in dwelling rents, prior to making the recommendation in this report.

4.1.1 The depreciation charge for the Housing Revenue Account is calculated based on the assets expected life and the market value. As the HRA's stock ages there is an increasing depreciation charge. This is the portion of the revenue budget that must be set aside in a specific ring-fenced reserve that is reinvested in capital works to City Council housing.

4.1.2 The HRA has been losing on average 70 units per year through the Right to Buy initiative, along with the associated rental income which means the amount of rent which can be collected reduces. The number of sales was reduced to only 28 in 2020/21, due to the first Covid-19 wave, and was only 48 in the 2022/23, due to the impact of inflationary pressures on the housing market. This downward trend is continuing with 22 sales in the first 9 months of 2023/24.

4.1.3 There have been increased costs during 2023/24 that have created in year revenue pressures. Costs of materials to undertake repairs, budgeted with 6% inflation, have seen rises by over 10%. In addition, the current year staff pay award of £1,925 per person or 3.88%, whichever is the higher, exceeds a budgeted 3.5% inflationary allowance. There remains a level of uncertainty about future staff costs and an average pay award of 4.5% has been included in the budget for 2024/25. However, Utility costs (gas and

electricity), where we had budgeted for inflation of 62%, have stabilised with an increase of 49%.

4.1.4 Following the setting of deficit budgets in two of the last three years, a significant amount of deficit reduction work has been carried out. This includes efficiencies (e.g. Anti-Social Behaviour work and Business Support structure) and income generation initiatives (e.g. Energy team fees and Service Level Agreements). The various services which support the HRA, regardless of the financial position, will continue to look for opportunities to reduce cost through efficiencies and maximise the opportunity to generate income to protect landlord service functions.

4.1.5 The building and acquisition of new property has a positive impact on the HRA Accounts. In 2023/24 65 properties have been repurchased with 15 properties in the pipeline. However, in order to prioritise the reducing level of capital receipts for new construction, it is recommended to reduce the ongoing annual target to 20 repurchases. The City Council have in recent years completed construction of some 40 units at Doyle Avenue and Patey Court. Additionally, there are circa 1,000 units in the HRA development pipeline, including proposals at Somers Orchard, Cabbagefield Row, Strouden Court and Wecock Farm. A proposal to Cabinet was agreed by Full Council on the 12 December to acquire 818 residential units (existing social housing stock) from Clarion which will be held and managed in the HRA.

4.2 In the light of the amount of uncertainty in the current financial environment, it is proposed to increase Dwelling Rents from an average of £100.34 per week to £107.48 per week, as summarised in Appendix 4. This is an increase of 7.7%, which is the maximum increase allowed under the existing Rent Standard. It is anticipated that other Registered Providers of social housing in the city will follow this maximum increase. If other Registered Providers in Portsmouth increase their rents by 7.7% and the City Council does not, there is a risk that we may see a reduction in applicants on the Housing Register accepting offers for properties in non-city Council Registered Provider properties, increased applications for exchanges into our stock and higher demand for our stock overall. This would be a direct conflict to the rent convergence policy introduced by Central Government in 2011.

4.3 This 7.7% increase is more than the 7% that was anticipated in the forecast budget. However, the budget assumptions for expenditure were undermined by inflationary increases that occurred in year, as highlighted above in para 4.1.3. The implications for the budgets for 2024/25 and subsequent years are described in more detail in sections 5 and 6 respectively.

4.4 For additional context, the National Living Wage will rise by 9.8% from 1 April 2024 (Low Pay Commission summary of evidence, 21 November 2023). Also, pensions will rise by 8.5% and all other inflation linked benefits and tax credits

will rise by 6.7% from that date as well (Commons Library Research Briefing, 30 November 2023).

General Service Charges

- 4.5 General Service Charges are made to all tenants and relate to the provision of a number of different services, including the Estate Services Officers, Anti-Social Behaviour Team, the Green and Clean Service and Resident Engagement Team. In general, a lower rate is charged to tenants living in houses and bungalows and a higher rate to those who receive additional services in flats and maisonettes.
- 4.6 The charges made to tenants for these services will be based on the actual cost of provision of the service, but on the basis of Fixed Service Charges, so there is never any under or over recovery reconciliation. Instead, charges are based on previous year costs and an inflationary uplift. This does mean that the cost of services delivered may be higher than the income collected.
- 4.7 The proposed charges for 2024/25 are shown in Appendix 5 and summarised as follows:

Category	2023/24 General Service Charge (Per week)	2024/25 General Service Charge (Per week)
Low Rate	£7.14	£7.28
High Rate	£18.20	£19.60

Sheltered Housing Charges

- 4.8 Sheltered Housing is intended to meet the needs of residents who require support to live independently. There are three levels of service, each with increasing levels of need and support: Category 1, Category 2 and Category 2.5. Sheltered Housing was set up originally on the basis that the extra costs of providing the service, over and above those arising from normal City Council Housing provision, would be recovered from the tenants in Sheltered Housing via a “Combined Sheltered Housing Service Charge”. The Combined Sheltered Housing Service Charge is made up of a landlord related charge, which is eligible for Housing Benefits, and a care related charge, which is not eligible for Housing Benefits but is part funded through Supporting People Grant. As with the General Service Charge, these are Fixed Service Charges, with no under or over recovery reconciliation, and therefore carry the same risk that the cost of services may be greater than the income collected.

4.9 The proposals for 2024/25 are shown below, with a more detailed breakdown of these charges in Appendix 6.

Category	2023/24 Combined Sheltered Housing Charges (Per week)	2024/25 Combined Sheltered Housing Charges (Per week)
Cat 1	£18.34	£19.35
Cat 2	£60.76	£63.40
Cat 2.5	£107.80	£112.93

Laundry Charges

4.10 City Council Housing provides a number of laundry facilities that operate from within blocks and sheltered housing schemes. Although the charges for both washing and drying facilities are reviewed each year, they remain much lower than the commercial market price. For 2023/24, following the unprecedented increases in energy costs, the City Council increased the charges, for the first time in five years, to ensure the cost of running the service was recovered and no cross subsidy existed. However, there is no need to increase charges further for 2024/25.

4.11 The proposals for 2024/25 are shown below and in Appendix 7.

Token Type	2023/24 Laundry Token Charge	2024/25 Laundry Token Charge
Wash	£3.00	£3.00
Dry	£2.00	£2.00

Heating Charges

4.12 The HRA has 15 blocks where heating is provided and, in some cases, hot water. Charges vary according to the type of heating provided, as follows:

Dickens blocks (8 of them) – Combined Heat & Power (CHP),
Sheltered blocks (5 of them) - Gas,
Edgbaston and Tipton - Electricity.

- 4.13 Heating charge calculations are based on average annual consumption data from previous years. This data is used to calculate the estimated future cost of heating the relevant dwellings. The Council were able to freeze all heating charges in both 2020/21 and 2021/22. However, in an attempt to fully recover anticipated costs, there was an increase of 15% in charges for gas heating in 2022/23. Following the unprecedented cost pressures in that year, this level of increase proved to be insufficient and gas heating charges were subsidised from rent.
- 4.14 In addition to the two-year freeze in all heating charges, the City Council's energy team negotiated a fixed price for electricity, which meant that the City Council were able to freeze electric heating charges in 2022/23 for a third year. This protected tenants from the worst of the energy inflation but the fixed tariff charges for electricity supply ended in September 2023.
- 4.15 As the City Council policy is to set the heating charge so that the full cost of heating and hot water is paid by the tenants in those blocks, substantial increases in charges of between 67% and 100% were proposed for 2023/24. However, following representations at the decision meeting, the Cabinet Member agreed to cap charges at a 50% rise, with any remaining heating charges to be recouped in subsequent years.
- 4.16 The City Council's Building Services team continue to undertake work to both reduce energy consumption and negotiate the best tariffs with our energy providers. A new fixed tariff for electricity has now been secured, although unit rates from the new annual contract are still significantly higher than the previous deal. A purchase of gas has also been made for the second half of 2023/24 and for part of the 2024/25 requirement with prices having stabilised. As a result of this work, the originally proposed increases for 2023/24 would have resulted in an over recovery. Based on predicted usage for the remainder of the year, the 50% increase should be sufficient to cover our costs this year and no retrospective adjustment is required in next year's charges.
- 4.17 The new contracts for electricity and gas will also drive the anticipated costs in 2024/25. The following price changes are recommended in order to fully recover these costs:
- | | |
|--|-----------------|
| Edgbaston and Tipton (Electric) | 2.5% increase |
| Dickens blocks (Combined Heat and Power) | 28.6% reduction |
| Sheltered blocks (Gas) | 37.2% reduction |
- This means that, if you currently pay £15.00 per week, your weekly charge will increase to £15.38 in Edgbaston & Tipton, reduce to £10.71 in the Dickens blocks and £9.42 in the Sheltered blocks. Appendix 8 breaks down the proposed charges for each block type in more detail.

Garages and Parking Sites

- 4.18 The way that the HRA garages and parking sites are marketed and managed continues to evolve in response to changes in demand whilst maintaining the underlying Budget Principle to “get the best return possible from non-core activities”. The HRA parking charges remain competitive when compared to other parking providers on and off Island.
- 4.19 It is proposed that the 2024/25 budget continues to assist the marketing of the Park and Ride scheme, by offering 'local/non-local' parking rates. Whilst maintaining the ethos of charging more for high-demand areas, all parking spaces irrespective of location will be charged at two rates, a lower rate for those people who live near to where they park and a higher rate for those who do not. This aims to encourage those who drive into the city to consider using the Council's Park and Ride facility.
- 4.20 The proposal is to increase the cost of all parking and garage permits by CPI of 6.7% in 2024/25. A summary of the proposed charges for next year can be found in Appendix 9. It is recommended that authority to let garages at reduced rents where demand is low be delegated to the Director of Housing, Neighbourhood and Building Services in consultation with the Director of Finance and Resources.

5. Budget for next year 2024/25

- 5.1 The budget details attached at Appendix 3 show the forecast outturn position for 2023/24, as well as the proposed budget for 2024/25. Also shown are the forecast budgets through to 2027/28.
- 5.2 The 2024/25 Housing Revenue Account budget assumes an in-year deficit of £0.45m. This is a worse position than the original forecast deficit of £0.10m following last year's budget decision. This is despite the proposed rent increase of 7.7% being higher than the original forecast of 7% and the deficit reduction work described earlier in the report.
- 5.3 Allowance has had to be made for a higher than anticipated pay offer of £1,925 or 3.88%, whichever is the higher, per person in 2023/24, which impacts the staffing budget of approximately £30m, representing over 30% of all costs. The original budget included funding for a 3.5% pay rise in 2023/24. A significant increase in repair and maintenance budgets has also been included for the projected increases in material costs. In addition, the aging stock profile means that an increasingly significant depreciation charge provision needs to be made each year. A budget has not been included for any National Non-Domestic Rate (NNDR) costs for HRA Car Parks as some proposed charges are subject to an appeal process. This remains a risk for the HRA budget, which would need to be met from the revenue reserve in the current year.

- 5.4 The report recommends that the City Council increases dwelling rents by 7.7%, the maximum permissible, in order to minimise the HRA deficit. A 7.7% increase will generate £5.9m to help keep local services running. However, there will still need to be a draw on reserves of £0.45m to balance the budget, if no further efficiencies are found.

6. Future year budgets and the level of balances

- 6.1 The law requires that a budget be set to avoid a deficit on the HRA, although balances may be used to offset short term pressures. It is forecast that the level of balances will be approximately £23.6m on 31 March 2025, excluding earmarked capital reserves. The future year forecasts include the impact of a purchase of properties from Clarion Housing Association that was approved by Full Council on 12 December 2023. They assume that a CPI plus 1% rent increase will be allowed and approved up to 2026/27, with CPI plus 0.5% thereafter. The forecast level of balances in subsequent years is shown in the following table:

	2023/24 Forecast outturn	2024/25 Proposed Budget	2025/26 Forecast Budget	2026/27 Forecast Budget	2027/28 Forecast Budget
	£000	£000	£000	£000	£000
Reserve brought forward	23,688	23,556	23,110	22,516	21,502
In year (deficit)/surplus	(132)	(446)	(594)	(1,014)	(1,299)
Reserve carried forward	23,556	23,110	22,516	21,502	20,203

- 6.2 When setting a new budget, the City Council must consider the effect on the Housing Revenue Account's 30-year business plan. The current reserve is sufficient to meet the ongoing commitments in the short to medium term. However, the Director of Housing, Neighbourhood and Building Services has been working through ways to reduce the forecast deficits in 2023/24 and 2024/25. Further remedial measures will be sought to offset any ongoing impacts of increased utility, staff and materials costs. In the longer term, there are significant forecast deficits from 2025/26 onwards that will need further consideration and it is imperative that decisions taken in respect of Housing Rents and Charges in 2024/25 are taken in this context. The current forecast illustrates a draw on Reserves over the period of circa £3.5m which is unsustainable in the longer term and is inconsistent with prudent management of the HRA.
- 6.3 Local authority housing services are facing a significant level of change arising from a combination of factors, including.

- 6.3.1 The Social Housing Regulation Act & Building Safety Act require changes that include, better communication with tenants & leaseholders with clearer distinction and identity as a landlord, improvements in sharing performance information, regular tenant satisfaction surveys and an improved complaints management system. The capital programme will be led by, and priority given to the changes arising from the Building Safety Act and in 2024 we will bring forward an asset management strategy for the HRA housing and assets.
- 6.3.2 Customers are interacting with our services differently and changes felt during the pandemic in how customers access our services are holding with, for example, less footfall and fewer cash payments.
- 6.3.3 These changes give the opportunity to continue to review how our services as a landlord are delivered to ensure we maintain the high quality of services we deliver but realising the opportunity to adapt our operating model to meet the changing demands of customers and remain efficient. A programme of change is underway to ensure we comply with the Social Housing Regulation Act and further work will emerge in 2024 to meet the factors driving change and support a longer-term plan to resolve the HRA deficit.

7. Authority to incur revenue expenditure.

- 7.1 It is recommended, in recommendation 2.10, that Directors and their service managers be authorised to incur expenditure in accordance with the City Council Constitution. The only exceptions would be those items Members consider should be the subject of a separate report before expenditure is incurred.

8. Duty to involve - Resident involvement in the budget process.

- 8.1 This year's rent consultation started on the 29 September 2023 where residents were invited to attend an event whereby the City Council's finance team went through the Housing Revenue Account budget line by line. Some of this information was also included in the Winter edition of Housetalk magazine.
- 8.2 In previous years an article in the winter edition of the Housetalk magazine has published the rent and service charge proposals and requested feedback. This year the Director agreed to send a separate letter to all HRA tenants and leaseholders. This eased the pressure to meet the Housetalk publication deadlines and avoid undue delay in sending the Housetalk to residents. A separate letter provides focus and attention to the rent and service charges, and it is anticipated will create greater awareness of the proposals. The letter is shown in appendix 10 and contained the initial proposals for the rent and service charges relevant at the time the letter was written. Many of those initial proposals have been revised and this report contains the final set of proposed rent and service charges.

- 8.3 The City Council's Finance Team attended the Residents Consortium meeting on the 8 December 2023 to present the proposals mirroring the letter and asking for feedback from residents around the proposed new charges. They also attended the Residents Consortium Meeting on the 4 January 2024 to respond to the feedback already received and ask for any further feedback.
- 8.4 As well as receiving feedback at these events, the City Council received direct responses by email and phone on the consultation. The responses are summarised in Appendix 11.
- 8.5 The Cabinet Member reviewed the residents' responses, along with the feedback from the consultation letter, in time to take them into account when proposing the recommendations at this meeting.
- 8.6 Both the Director of Housing, Neighbourhood and Building Services and the Director of Finance and Resources would like to place on record their thanks for the continued support and contribution given by our resident representatives, tenants and leaseholders.

9. Reasons for recommendations

- 9.1 To set budgets, rents and charges for council housing for 2024/25 at levels that are sufficient to provide decent accommodation and good quality services whilst maintaining financial sustainability and resilience.

10. Integrated impact assessment (IIA)

- 10.1 An integrated impact assessment has been completed and is attached at Appendix 12.
- 10.2 The assessment identifies no negative impacts associated with any of the options outlined.

11. Legal Implications

- 11.1 The body of the report contains a discussion of the key legal issues, and the Council is empowered to approve the recommendations.

12. Director of Finance comments

- 12.1 The Director of Finance and Resources has been consulted and is in agreement with the recommendations to this report.



Signed by:

.....
James Hill – Director of Housing, Neighbourhood and Building Services

.....
Chris Ward – Director of Finance and Resources

Appendices:

- 1 Council Housing Accounts – The Law
- 2 Budget Principles 2023/24 to 2027/28
- 3 Revenue Budgets 2023/24 to 2027/28
- 4 Average Rents 2024/25
- 5 General Service Charges 2024/25
- 6 Sheltered Housing Charges 2024/25
- 7 Laundry Charges 2024/25
- 8 Heating Charges 2024/25
- 9 Garages and Parking Sites Rents 2024/25
- 10 Letter to Residents
- 11 Resident Feedback
- 12 Integrated Impact Assessment (IIA)

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
1 Budget files	Housing, Neighbourhood and Building Services Finance
2 Rent standards for registered providers of social housing	Rent Standard and guidance - GOV.UK (www.gov.uk)
3 Social Housing Rents Regulations 2016	The Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016 (legislation.gov.uk)
4 CPI Figure for September 2023	Consumer price inflation, UK - Office for National Statistics
5 Interim Report on Progress of Council Housing Maintenance and Improvements Programme 2023/24	20230922 - Interim report on Progress of Council Housing Maintenance and Improvements Programme.pdf (portsmouth.gov.uk)
6 Social Housing (Regulation) Act 2023	Social Housing (Regulation) Act 2023 (legislation.gov.uk)
7 Building Safety Act 2022	Building Safety Act 2022 (legislation.gov.uk)
8 Cabinet meeting 28 th November 2023 & Full Council meeting 12 th December 2023.	Link to report only Item 11 - Cab Rec - Housing Revenue Account Residential Stock Portfolio Acquisition.pdf (portsmouth.gov.uk) Link to agenda (item 11) all appendices can be accessed via this link Agenda for Full Council on Tuesday, 12th December, 2023, 2.10 pm Portsmouth City Council

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

.....
Signed by:

APPENDIX 1

COUNCIL HOUSING ACCOUNTS - THE LAW

The Council Housing accounts are termed the "Housing Revenue Account" in the following notes. The rest of the City Council's accounts are termed the "General Fund".

LOCAL GOVERNMENT AND HOUSING ACT 1989

This Act has provided the main framework for Housing Finance since 1 April 1990. In summary the Housing Revenue Account provisions are as follows:

- 1 Local Housing Authorities must keep a separate Housing Revenue Account (HRA).
- 2 Amounts to be credited or debited to the Housing Revenue Account can only be in respect of items detailed in the Act or covered by regulations issued by the Secretary of State.
- 3 Budgets must be prepared each year for the Housing Revenue Account which will avoid a debit balance on the account. Action must be taken if in any year it appears a debit balance may arise.
- 4 An authority should maintain a separate Housing Repairs Account.
- 5 A transfer must be made between the General Fund and the Housing Revenue Account in respect of amenities provided by the Housing Revenue Account but shared by the whole community.
- 6 With the exception of 5 above no contribution can be made by the General Fund to the Housing Revenue Account except for certain items detailed in regulations issued by the Secretary of State.

In addition, the Act provides the main framework for the Capital Finance of Local Authorities

LEASEHOLD REFORM, HOUSING & URBAN DEVELOPMENT ACT 1993

The above Act came into force in 1993 and gave Housing Authorities the power to provide Welfare Services and to account for them within either the Housing Revenue Account or the General Fund at the Authorities discretion.

The Act also gave the Secretary of State wide powers to amend this provision and regulations have been made which prevent "personal services" such as regular feeding or bathing or cooking of meals from being accounted for within the Housing Revenue Account. Accordingly, the net costs relating to the element of personal services provided by staff in sheltered accommodation are funded by the General Fund.

BUDGET PRINCIPLES 2023/24 to 2027/28

Budgets to be driven by PCC Strategies to meet Corporate Priorities with particular emphasis on all forms of regeneration & creation of sustainable communities to achieve safe, secure, independent & healthy living for our residents, tenants & leaseholders with increased economic well-being, including the following:

- Offering access to respite care and other support for carers and service users
- Assessing individuals needs and developing care/support to those needs.
- Contributing to effective rehabilitation for people leaving hospital
- Enabling and contributing to the provision of good quality low-cost homes with well-planned infrastructure
- Delivering and promoting high quality house design combined with exceptional environmental performance.
- Tackling fuel poverty and supporting residents through the cost of living crisis
- Working to reduce carbon emissions and to eliminate negative environmental impacts from all areas of work.

Budgets to be prepared in consultation with residents, tenants & leaseholders & reflect their views.

Balanced budgets to be prepared for a minimum 3 years for revenue budgets & 5 years for capital budgets.

Work with suppliers & partners, particularly the Health Service, to try & co-ordinate services in the best interests of residents, tenants & leaseholders.

Support effective preventive measures wherever possible.

Drive efficiency and value for money in all contracted and commissioned services

Meet the requirements of the Social Housing Regulation Act

Maintain & improve homes by:

- Tackling disrepair in private housing to ensure vulnerable people are housed in decent homes.
- Reducing the number of unfit and inaccessible private sector homes
- Maintaining the cycle of planned external inspection & repair of council dwellings ensuring the requirements of the building safety act are met as a priority.



- Improving the quality of council dwellings and maintaining decent homes including tackling damp and mould
- Working towards a “Decent Environment” for all council dwellings.
- Improving energy efficiency and opportunities for microgeneration.
- Encouraging the reduction, reuse and recycling of materials.

Maintain high management standards for council dwellings.

To set rents, charges and Council Tax charges that avoid any unreasonable burden and remain in accordance with Government Policy.

Get the best return possible from non-core activities i.e. provision of garages and parking.

Achieve continuous improvement through systems thinking methods, designing services against customer demand.

Comply with the law.