



City of Doncaster Council

Report

Date: 27th February 2023

To: The Chair and Members of Council

Report Title: Housing Revenue Account Budget 2023/24 – 2026/27

Relevant Cabinet Member(s)	Wards Affected	Key Decision?
Councillor Glyn Jones	ALL	Yes

EXECUTIVE SUMMARY

1. This report sets out the Mayor's proposals for the 2023/24 Housing Revenue Account (HRA) Budget. The report focuses on the following key areas:-
 - the level of the Council's housing rents; the current average rent is £76.18 per week which is the lowest within South Yorkshire, rents will increase by 7% for 2023/24.
 - It is proposed that the resources generated from 2% of the rent increase will be used to acquire additional properties, the additional rent of £6.5m (over a 4 year period) will be combined with £26.0m of prudential borrowing to acquire approximately 232 additional properties over the next four years. This investment will provide an immediate boost to the number of affordable homes to help alleviate some of the demand for social housing, these properties will be available to those who are currently struggling during the cost of living crisis. This investment will also provide much needed properties to support those people who are presenting as homeless or in temporary accommodation.
 - the Housing Revenue Account (HRA) budget proposals for 2023/24;
 - the medium term financial forecast for the HRA which includes estimated budgets for 2024/25, 2025/26 and 2026/27; the HRA budget follows the budget strategy as set out in previous years and maintains a reserve of £3.8m within the HRA, the budget for 2023/24 is a balanced budget (income equals expenditure); and
 - the level of fees and charges for 2023/24 as detailed in paragraph 16.

EXEMPT REPORT

2. Not applicable.

RECOMMENDATIONS

3. Council is asked to approve the Housing Revenue Account budget proposals as set out in this report which are:-
 - i. Rents are increased from 3rd April 2023, by 7% as detailed in paragraphs 8 to 12 in line with Government policy. This will result in an average weekly rent increase of £5.33, resulting in an average rent of approximately £81.51 per week. Rents will be charged every week of the year.
 - ii. The budget proposals for the HRA for 2023/24, which are contained in Appendix A. These proposals set a balanced budget for the HRA and maintain a reserve of £3.8m.
 - iii. Fees and charges set out in paragraph 16.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. The Council provides housing to almost 20,000 residents through the housing stock within the HRA. The majority of these properties are let at social rents, which are currently the lowest within South Yorkshire, and they will continue to be after this increase. The proposals within this report mean that the existing tenants of these properties will pay higher rents in 2023/24. Increasing the rents in line with the Government's policy "Policy statement on rents for social housing" ensures that there is sufficient funding to continue to provide quality social housing maintained to the Doncaster decency standard and compliant with Building Safety standards. It also provides sufficient funding to support an ambitious investment programme, which will deliver significant numbers of additional properties over the next 4 years.

73% of HRA tenants are currently in receipt of Housing Benefit (HB) or Universal Credit (UC), this may cover all or part of their rent. If they have no other changes in their financial circumstances then the impact of this rent increase will be absorbed by the increase in their HB or UC. (This is not the same for private sector rented properties due to the cap on Local Housing Allowance (LHA)).

BACKGROUND

5. The Housing Revenue Account budget for 2022/23 was approved on 28th February 2022. Since then the regular financial management reports to Cabinet have provided the latest projections of the 2022/23 financial position.

The underlying principles for HRA budgets had been agreed in previous years,

- that rents would remain at affordable levels;
- where properties are relet it is at target rent; and
- that properties are maintained to the Doncaster decency standard.

In February 2019 the Government published “Policy statement on rents for social housing” and this document set out the principles of rent setting for the next 5 years from 1 April 2020. The Regulator of Social Housing (RSH) monitors compliance with the policy.

6. In August 2022 the Government published a consultation paper “Social Housing Rents” which asked for views on implementing a rent cap for the financial year 2023/24, this paper asked for views on potential rent increases capped at 3%, 5% and 7%. On 17th November 2022 the Government issued the outcome from this consultation which was that the maximum rent increase for 2023/24 would be capped at 7%.

BUDGET PROPOSALS 2023/24

7. The Budget proposals for 2023/24 are shown in detail at Appendix A. The key features are as follows:-
 - a) An increase in rents of 7% with effect from 3rd April 2023 (see paragraphs 8 to 12 for more details);
 - b) Dwelling rent income is expected to be £5.7m higher at £83.7m due to the effect of the rent increase and the projected number of right to buy sales, new build properties, acquisitions and void (empty) properties;
 - c) As and when properties become empty, they will be advertised and relet at target rent (see paragraphs 13 and 14 for definitions of rent).
 - d) Rent generated from 2% of the rent increase will be used to acquire additional properties within the Housing Revenue Account to help alleviate some of the demand for social housing. The rent income will be match funded with 80% prudential borrowing and it is estimated that 232 properties will be acquired over a four year period based on a 7% rent increase. Increasing the number of Council houses is a key priority, the number of applicants on the housing register has been around 8,000 for a number of years but we have seen massive increases in the top two priority bandings with the numbers in platinum (highest) band increasing by 200% in three years with two thirds of those having been assessed as statutory homeless and a 91% increase in the number of applicants in gold band.
 - e) The majority of HRA services are provided by St. Leger Homes of Doncaster (SLHD). The management fee paid to SLHD is increased by a net £2.5m to reflect increases in salaries (pay award), inflationary increases and other changes. Efficiency savings have been made from within SLHD of £0.33m and the management fee has been reduced to reflect this. The details of the SLHD management fee calculations are shown at Appendix B. The management fee paid from the HRA for 2023/24 is £36.7m;
 - f) Inflationary costs were much higher than budgeted for in 2022/23 and are expected to continue at high levels in 2023/24. The impact of the under

budgeted inflation in 2022/23 and the estimated increased costs as a result of inflation in 2023/24 are £5.7m.

- g) The number of right to buy sales continues to be monitored and total sales to the 31st December 2022 were 98 giving an average of 2.51 sales per week (compared to 1.51 per week as of December 2021). A projected level of 120 sales, 24 new build and/or acquisitions and a void rent loss percentage of 1.0% have been used for calculating the rental income budget for 2023/24;
- h) Housing Subsidy (the historic Government grant system for the HRA) was abolished with effect from 1 April 2012 and the HRA became self-financing. A self-financing HRA needs to fund both its revenue services and deliver the investment/capital programme from rent income;
- i) Following the introduction of self-financing for the HRA a longer term view (30 years) is taken on HRA budgets to ensure that there is sufficient funding available in future years to maintain the properties at the Doncaster decency standard, deliver other investment needs and day to day services;
- j) Following the tragic fire at Grenfell Tower in June 2017, there has been a considerable focus on building safety and compliance, especially in high-rise blocks of accommodation. SLHD has undertaken a range of measures to improve and enhance safety in the high-rise properties and other homes at greater risk from any incident of fire. The Building Safety Act was given Royal Assent in April 2022 and the Fire Safety Act was given Royal Assent in April 2021 although some sections did not come into force in England until May 2022. Building Safety and Fire Safety are now embedded into core services and a capital budget of £21.4m has been approved (10 year period from 2023/24) based on existing and future fire risk assessments.
- k) Legislation has been issued which requires all Council houses to achieve net zero carbon by 2050. This will require significant investment in the fabric of all properties, an initial high level report was completed during 2021 and it is estimated that the funding gap to achieve net zero carbon by 2050 is £314m. Capital investment in Council housing is funded through rent income and at this time it is unknown how this long term investment will be funded, all local authorities are in the same position and are working with Government and private investors to consider all options to bridge this funding gap. The Government is working towards the publication of a revised Decent Homes Standard (the original standard was issued in 2000) and it is anticipated that the new standard will include revised standards for building safety and energy efficiency and will outline proposals of how the new standard will be funded. Part of the journey towards achieving Net Zero Carbon is the interim target of achieving Energy Performance Certificate (EPC) level C for all properties by 2030. This is measured by a SLHD Key Performance Indicator (KPI) and reported to Cabinet, current performance is 70.32%. There will be a small number of properties where it is not possible to achieve this target and work is ongoing to identify these.

- l) There has recently been an increased focus on damp, mould and condensation in the social housing sector. We are seeing an increased volume of customer contact as a result of the press coverage. We are dealing with the current increased contact and are reviewing what the impact will be and the resources required to manage this on an ongoing basis. A budget of £0.5m has been identified to fund the issues arising from damp, mould and condensation and this will be carefully monitored and regularly reviewed.
- m) In November 2020, the Government published the 'charter for social housing residents: social housing white paper'. This sets out the actions the Government will take to ensure that social housing customers are safe, are listened to, live in good quality homes and put things right when things go wrong. The RSH published in December 2021 a consultation paper on tenant satisfaction measures, the outcomes of this were published in September 2022 and it will be a requirement for all landlords to start collecting this data for the 2023/24 financial year which needs to be submitted to the RSH in summer 2024 and the information for all landlords will be published in autumn 2024. The Key Performance Indicators (KPIs) which are reported quarterly to Cabinet have been updated to reflect these new measures.
- n) A prudent level of balances for the HRA is considered to be £3.5m. It is projected that balances will reduce from the £4.0m held previously to £3.5m across a three year period. The one off benefit of this £0.5m reduction in reserves is being invested to investigate and improve any damp, mould and condensation issues within the housing stock.

A balanced budget will be set for 2023/24. This will maintain an estimated reserve within the HRA of £3.8m by 31st March 2024.

RENT LEVELS

- 8. In February 2019 the Government published "Policy statement on rents for social housing", which sets out the principles which must be followed for rent setting by all local authorities over the 5 years (2020/21 to 2024/25), the basic principle is that rents cannot increase by more than consumer price index (CPI) inflation from the previous September plus 1%. The rate of CPI in September 2022 was 10.1%. The Government had anticipated this high level of inflation and has introduced a cap on rent increases of 7% for 2023/24. This change follows four years of 1% rent reductions as dictated by the Welfare Reform and Work Act 2016. Without these reductions average rent would be approximately £12 per week higher which would have generated in the region of £12.7m of rent income in 2023/24. The cumulative impact over eight years is £70.65m less rent income to the HRA.

This table shows the changes in rent and what they would have been if they hadn't been reduced by 1% a year for four years from 2016/17 to 2019/20 and the impact on the HRA;

Year	Actual Average Rent	What the rent would have been	Weekly difference for tenants	Annual difference to the HRA
	£	£	£	£m
2015/16	71.32	71.32		
2016/17	71.06	72.41	1.35	1.40
2017/18	70.61	74.12	3.51	3.65
2018/19	70.17	77.35	7.18	7.47
2019/20	69.80	80.31	10.51	10.93
2020/21	71.88	82.68	10.80	11.23
2021/22	73.09	84.05	10.96	11.40
2022/23	76.19	87.60	11.41	11.87
2023/24	81.52	93.73	12.21	12.70
Cumulative Total				70.65

9. The rent policy allows flexibility for providers to set rents at up to 5% above formula rent (10% for supported housing). At this stage, this flexibility is not applied in Doncaster. Compliance with the rent policy is monitored, checked and reported on by the RSH.
10. In Summer 2022 as a result of projected high levels of CPI inflation, a Government consultation paper was issued which asked for views on a rent cap of 3%, 5% or 7% for the financial year 2023/24. The outcome of this consultation was that the rent cap for 2023/24 will be 7% and a commitment to review the long term rent policy for social housing during 2023.
11. Rents in Doncaster are the lowest of all South Yorkshire Councils and 10th lowest in the Country (England) based on the 2021/22 financial year (according to the latest published figures from RSH).
12. There are five different ways in which rents will change during 2023/24, (different types of rents are defined in paragraphs 13 and 14);

Existing tenants (social rent) – rent will be increased by 7%;

New tenants into existing (social rent) housing stock – if the tenancy changes during 2023/24 the property will be relet at target rent;

New Council housing, either new build or acquisitions (funded wholly from Council resources, social rent) – when new properties are completed these properties will be let at target rent;

New Council housing, either new build or acquisitions (funded with an element of Government funding, affordable rent) – when new properties are handed over both the target rent and affordable rent will be calculated for these properties, the rent charged will be the higher of the two figures (this is a condition of the grant funding) and

Existing affordable rent properties – the rent will be increased by 7% for existing tenants. If there is a change of tenancy, the property will be relet at a reviewed affordable rent. Affordable rents are reviewed on an annual basis and these calculations are used for any tenancy changes in the following financial year.

RENT DEFINITIONS AND RENT POLICY

13. Target rent (sometimes referred to as formula rent) for each property is calculated using the following formula;

- 70% of the national average rent (April 2000) multiplied by relative county earnings (1999 levels) multiplied by a bedroom weighting (higher weighting for larger properties) plus 30% of the national average rent (April 2000) multiplied by relative property value (January 1999).

This calculation gives a target rent figure for the financial year 2000/01. This figure is then inflated each year in accordance with Government policy. The 2023/24 figure is £87.32 per week. Target rent is £5.81 per week higher than actual rent.

14. Affordable rents – Affordable rent is defined as up to 80% of open market rent (affordable rents in Doncaster are charged at 80% of market rent). A qualified surveyor calculates these figures on an individual basis for each property. A number of properties, which are now in the HRA, have either been built or acquired with the assistance of some grant funding from Homes England (previously the Homes and Communities Agency (HCA)). One of the grant conditions for these properties is that they are let at affordable rents (or target rent if that is higher). The current average rent for these tenancies is £103.37 per week and this will increase to £110.61 per week in 2023/24.

15. The additional rent generated as a result of charging affordable rent on properties which have been built or acquired using an element of Government grant is £0.4m in 2023/24 and estimated at £1.6m over the four year period. The Government's rent policy states "Affordable rents are typically higher than social rents. The intention behind this flexibility is to enable properties let on this basis to generate additional capacity for investment in new affordable housing". These budgets enable approximately £65.4m of investment in new build housing over the next 4 years and this will be funded by 80% prudential borrowing and 20% from revenue funding.

FEES AND CHARGES

16. The following recommendations are proposed in respect of fees and charges for 2023/24:-

- a) That the charges for garages are increased by 10%, in line with inflation.
- b) That the charges for garage sites remain unchanged as a three year price freeze was agreed in 2020.

- c) There are two district heating schemes, Balby Bridge and Ennerdale which provide heating and hot water to 1,033 properties. Following significant increases in gas prices over and above those budgeted, the charges to tenants were increased significantly with effect from 12 December 2022. These increases were 330% for residents on Balby Bridge estate, 95% for residents at Ennerdale and on average 67% for Milton Court. Gas prices are estimated to increase again by 41% with effect from April 2023. The charges in Doncaster for district heating are based on only recovering the full cost of the fuel used and to ensure that these schemes are not subsidised by other tenants. At the time of this report very little data is available to understand the impact of the significant increase in the unit charges. These charges will be reviewed and changed if required in October 2023 and other methods of charging will also be explored.
- d) The current enclosed garden charge is between £2.76 and £4.26 (inclusive of VAT) per week dependent on the size of the garden. This service is optional, it is not eligible for housing benefit or universal credit and it is available to all tenants. It is available as a whole year service (charged every week) or as a part year service (charged for 34 weeks). These charges will increase by 10%.
- e) The furniture charge will increase by 10%.
- f) That the service charges to leaseholders are calculated based on the actual costs of providing the services and repairs and maintenance to the property.
- The table below summarises the fees and charges that are included within the HRA budget assumptions.

Fee	Current Charge 2022/23	Proposed Charge 2023/24	Budget Implication
Garages	£5.80 per week (charged every week)	£6.38 per week (charged every week)	£11,764
Garage charges to non tenants	£6.96 per week (charged every week)	£7.66 per week (charged every week)	£11,674
Garage Sites	£1.00 per week	£1.00 per week	Nil
Garage site charges to non tenants	£1.20 per week	£1.20 per week	Nil
District Heating – Balby Bridge	33.0p per unit (excluding VAT)	Mid-year review	Income dependant on usage
District Heating – Milton Court Bedsits One bedroom Three bedroom	£14.00 per week £14.60 per week £15.00 per week	Mid-Year review	Nil
District Heating – Ennerdale	15.0p per unit (excluding VAT)	Mid-year review	Income dependant on usage

Enclosed Garden Service (inclusive of VAT)	£2.76 £3.48 £4.26 (charged every week or 34 weeks)	£3.04 £3.83 £4.69 (charged every week or 34 weeks)	Income dependant on usage
Furniture charge (only available as part of Keys to your future project).	£7.16 per week	£7.88 per week	£601

17. Other changes which impact on the HRA are;

Welfare Benefit Changes and Potential financial impact

Changes to Welfare benefits have a direct impact on individual tenants which usually results in them having less income. This can impact on their ability to pay their rent, this can also lead to an increase in rent arrears and then eventually increased property turnover and associated costs.

Further rollout of universal credit (UC) – Tenants claiming universal credit receive their housing costs (the equivalent of Housing benefit) paid direct to themselves rather than paid to the landlord, with the tenant then responsible for paying their own rent.

Universal credit was rolled out in Doncaster in September 2015 and applied to single people with no dependents, in October 2017 full service for UC started (all new and changes to tenancies will claim UC) there are currently 7,628 UC claimants in the Council's housing stock. During 2024, when UC is fully rolled out, it is expected that all working age tenants will be paid their benefits via UC. It is estimated that this will apply to 10,300 Council tenancies and will require £35.5m of rent to be collected from tenants which has previously been paid directly to the HRA via housing benefit. By March 2023 it is anticipated that 7,900 tenants in Doncaster will have moved over to UC. The value of the rent which will need to be collected from these tenants during the 2023/24 financial year (which was previously paid direct via housing benefit) will be approximately £25.9m.

The changes to welfare benefits will have a significant impact on housing services within Doncaster. Tenants are informed of the changes on a regular basis via Houseproud (the tenants' newsletter) and both the Council and SLHD's website. Members are kept up to date of these changes through Members Briefings.

OPTIONS CONSIDERED

18. Two options were considered for the rent increase in 2023/24;
Option 1 (recommended option) – A 7% rent increase which is in accordance with Government policy. This keeps rents in Doncaster the lowest in South Yorkshire and ensures that there are sufficient resources available to deliver day to day services and the investment/capital programme which includes significant expenditure on energy efficiency works, building safety improvements, acquisitions and new build Council houses. Each 1% rent increase generates approximately £0.8m per year. Over a four year period rent increases based on

7% (the rent cap) for 2023/24, CPI plus 1% for 2024/25 and CPI for 2025/26 and 2026/27 generate additional rent income of £12.3m.



Option 2 – A rent increase which is lower than 7%. The impact of inflation on costs for the 2023/24 financial year and the fact that inflation has been much higher than budgeted in 2022/23 is £5.5m and inflation is projected to remain high in the medium term. In addition, there are also higher expectations in terms of the standard of properties, in relation to building safety and compliance and as a result of the cost of living crisis. A rent increase of less than 7% could result in reductions in services to tenants at a time when the demand for services and investment is higher than ever before.

REASONS FOR RECOMMENDED OPTION


19. The Authority is required to approve the Housing Revenue Account budget for each financial year and monitor spending throughout the year. HRA budget information is reported quarterly to Cabinet. The HRA must make a provision for depreciation on Council dwellings as specified by the Government (as a minimum). It must also pay the necessary charges due on all its loans (loan charges - interest), any expenditure over and above this is discretionary but all expenditure must be funded from rent income. The recommended rent increase of 7% allows the Council to fulfill its financial obligations in relation to the HRA in both the short and long term.

IMPACT ON THE COUNCIL'S KEY OUTCOMES


20.

Great 8 Priority	Positive Overall	Mix of Positive & Negative	Trade-offs to consider – Negative overall	Neutral or No implications
 Tackling Climate Change	✓			
Comments: A significant proportion of the Housing investment programme (which is funded from tenants' rent) is being spent on energy efficiency improvements. One of the KPIs for SLHD is to achieve EPC C for all properties by 2030 and currently performance is ahead of target.				
 Developing the skills to thrive in life and in work	✓			
Comments: SLHD has an established apprenticeship programme and all entry level roles are reviewed to see if they can be converted to a role suitable for an apprentice. There				


is a growth bid within this budget report to increase the number of apprentices, this would bring the total number of apprentices within SLHD to 50 (6.25% of the total workforce). SLHD also achieve the public sector apprenticeship target each year.

 <p>Making Doncaster the best place to do business and create good jobs</p>	✓			
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Comments:
SLHD is exceeding its KPI of spending more than 70% of expenditure within the Doncaster area. All staff employed by SLHD are paid at or above the Living Wage. SLHD also have KPIs for supporting local residents into employment and training.

 <p>Building opportunities for healthier, happier and longer lives for all</p>	✓			
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Comments:
All expenditure has an influence on opportunities for healthier, happier and longer lives, by maintaining tenancies, providing secure, warm, safe homes and safe neighbourhoods. A suitable, safe and good quality home is essential for good mental and physical health, as are communities that support people and enable them to thrive. The current and growing cost of living crisis is increasing demand and complexity on all parts of the system, including housing.

 <p>Creating safer, stronger, greener and cleaner communities where everyone belongs</p>	✓			
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Comments:
SLHD plays a significant contributory role in addressing Doncaster's environmental commitments. SLHD's services have been accredited at gold standard by SHIFT (Sustainable Homes Index for Tomorrow). Additionally SLHD is responsible for the environmental conditions on large areas of land and recently initiated an Environmental Pride programme which has been joined by the Council and other partners designed to encourage local community activism in environmental protection.

 <p>Nurturing a child and family-friendly borough</p>	✓			
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Comments:
A safe and warm living environment is an excellent foundation from which children, young people and adults can prosper. SLHD plays a key role in safeguarding and wellbeing services. We work closely with the Council in ensuring decent homes, family and wellbeing support services and move on options for care leavers.

 Building Transport and digital connections fit for the future				✓
Comments:				
 Promoting the borough and its cultural, sporting, and heritage opportunities				✓
Comments: The Council working in partnership with SLHD aims to be a high performing, well regarded social landlord, that helps promote the reputation of Doncaster.				
Fair & Inclusive	✓			
Comments: A Public Sector Equality Duty assessment is attached to this report at Appendix C. There will be implications for all individuals as a result of increasing rents but fundamentally rents are set based on the type and size of the property not with regard to the tenant. SLHD has an Equality and Diversity strategy and publishes an annual fairness statement and a quarterly performance dashboard for Equality, Diversity and Inclusion (EDI).				

Legal Implications [Officer Initials: SRF Date: 30.01.23]

21. The Council is required by s74 of the Local Government and Housing Act 1989 to keep a Housing Revenue Account (HRA), which records all revenue expenditure and income relating to the provision of Council dwellings and related services. This includes formulating proposals relating to income from rent and charges, expenditure on repairs, maintenance, supervision and management, capital expenditure and any other prescribed matters in respect of the HRA. In formulating these proposals using best estimates and assumptions, the Authority must set a balanced account.
22. In its role as landlord, the Council has statutory and contractual obligations to maintain the structure of, and installations in, its housing stock. The HRA Budget will assist the Council in fulfilling those obligations.
23. The proposed rent increase outlined within the body of the report is in line with that allowed by Government policy.
24. The Prudential Borrowing referred to within this report is subject to separate approval at today's meeting as part of the Council's Capital Budget.
25. The decision maker must be aware of their obligations under section 149 Equality Act 2010, the Public Sector Equality Duty (PSED). It obliges public authorities, when exercising their functions, to have 'due regard' to the need to:

- a. Eliminate discrimination, harassment and victimisation and other conduct which the Act prohibits;
- b. Advance equality of opportunity; and
- c. Foster good relations between people who share relevant protected characteristics and those who do not.

The relevant protected characteristics under the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships, but only in respect of eliminating unlawful discrimination. The decision maker must ensure that they have considered the due regard statement.

Financial Implications [Officer Initials: AW | Date: 30.01.23]

26. These are contained within the body of the report.

Human Resources Implications [Officer Initials: AA | Date: 01.02.23]

27. There are no direct HR implications in relation to this report.

Technology Implications [Officer Initials: PW | Date: 30.01.23]

28. There are no direct technology implications. As outlined in Appendix B, the efficiencies delivered include savings from IT contracts following the TOP project. Additional planned IT savings in future years are understood to include the move from Abrisas to Open Housing, the move from Qlik to Power BI and the move to Hybrid Mail. SLHD are represented on the Technology Governance Board (TGB) and submit any technology requirements to be considered to ensure wise investment, maximisation of existing systems across partners and rationalisation where possible and appropriate.

RISKS AND ASSUMPTIONS

29. The table below identifies the main quantifiable risks, which might result in the actual income and expenditure in 2023/24 being significantly different from the estimates and proposed actions to manage/mitigate them;

Risk/Assumption	Probability	Impact	Proposed Action
Increase in rent arrears	Medium	Increase in provision for bad debt and less money available to spend on services for tenants.	Increased focus on rent collection, financial advice and tenancy sustainment. Bad debt provision of £0.5m.

Costs increase by more than income. If costs increase by 1% more than income, this creates a £0.7m budget gap.	Medium	Less money available to spend on services for tenants.	Maximum rent increase approved and costs are monitored and controlled.
Interest rates increase by 0.5%.	Medium	Increased costs of £1.3m	A prudent estimate has been assumed for interest rates, a large proportion of loans are at fixed rates of interest.
Dwelling rent voids exceed the assumed level of 1.0% of the rent debit (£0.8m income reduction for the year) by 0.25% of rent debit.	Medium	Income reduction £0.2m	Regular monitoring of voids, reduce re-let periods, review strategy for long term voids. Demand for most properties remains high.
Changes to regulations.	Medium	If the changes to regulations do not come with additional funding then the funding needs to be found from existing resources.	Monitor all legislative changes and continue to lobby for any proposed changes to come with the appropriate funding.
Events occur elsewhere in the sector which have an impact on all social landlords.	Medium	For example, following the recent publicity around damp, mould and condensation. This has created a massive increase in the demand for services.	Identify appropriate resources as quickly as possible to address the increase in demand to ensure that they do not escalate. Budget of £0.5m identified for damp, mould and condensation.

CONSULTATION

30. Executive Leadership Team and Cabinet have considered the budget proposals at several meetings between August and December 2022. Key dates in the budget timetable leading up to Council approving the budget on 27th February, 2023 are detailed below: -

- Government's Autumn Statement 2022 – 17th November, 2022
- Labour Group – Budget Consultation 25th January, 2023
- Overview & Scrutiny Management Committee (OSMC) – Budget-briefing session 26th January, 2023 and OSMC meeting 9th February, 2023
- Budget sessions with Group Leaders February, 2023 and
- Cabinet – 15th February 2023.

31. The proposed HRA budget and changes to rent and service charges have been the subject of formal consultation with members of the Tenants and Residents Involvement Panel (TRIP), SLHD Tenant Board Members and representatives from Tenants and Residents Associations (TARAs) on 3rd February 2023. Views were also sought from a further 156 tenants via a survey.
32. Tenants think that Council rents in Doncaster are value for money (and this is reflected in Tenant surveys 82.9% are satisfied that their rent provides value for money). They are relieved that the proposed rent increase is not any higher, they think that the service and investment priorities are correct. The main area that they would like to see improved is the time taken for repairs to be completed.

BACKGROUND PAPERS

33. Council Report, HRA Budget 2022/23 – 28th February 2022
[HRA Council Feb 2022.pdf \(moderngov.co.uk\)](#)
34. Cabinet Report, 2022/23 Quarter 2 Finance and Performance Improvement Report – 30th November 2022
[i7 Q2 Finance Performance Report - Cabinet Pack.pdf \(moderngov.co.uk\)](#)

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

CPI – Consumer Price Index
EDI – Equality, Diversity and Inclusion
HRA – Housing Revenue Account
HB – Housing Benefit
RSH – Regulator of Social Housing
SHIFT – Sustainable Homes Index for Tomorrow
SLHD – St. Leger Homes of Doncaster
TARA – Tenants and Residents Association
TRIP – Tenants and Residents Involvement Panel
UC – Universal Credit
VAT – Value Added Tax

REPORT AUTHOR & CONTRIBUTORS

Julie Crook, Director of Corporate Services, St. Leger Homes (SLHD)
Tel: 01302 862710, E-mail: Julie.Crook@stlegerhomes.co.uk

Faye Tyas

Assistant Director of Finance (Section 151 Officer)

Housing Revenue Account Budget 2023/24 to 2026/27

Description	Annual Budget OE	Annual Budget OE	Annual Budget OE	Annual Budget OE
	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s
Expenditure				
Management and Maintenance				
Insurances	793	800	805	825
General Management	4,149	4,000	3,981	3,954
Special Services	2,339	2,345	2,349	2,355
Management Fee to St Leger Homes	36,687	37,473	38,210	38,957
Discretionary Housing Payments	300	300	300	300
Rent, Rates, Taxes & Other Charges	196	210	225	240
Capital Charges				
Depreciation on Council Dwellings	19,838	19,838	19,838	19,838
Depreciation on non dwellings	1,108	1,108	1,108	1,108
Provision For Bad or Doubtful Debts	523	541	560	560
Total Expenditure	65,933	66,615	67,376	68,137
Income				
Rent Income				
Dwelling Rents	-83,710	-87,289	-89,001	-90,258
Other Income	-2,555	-2,543	-2,532	-2,521
Total Income	-86,265	-89,832	-91,533	-92,779
Net Income from Services	-20,332	-23,217	-24,157	-24,642
Capital Charges				
Loan Charges - Interest	13,321	13,470	13,546	13,622
Interest Receivable	-39	-40	-40	-40
Net Operating Income	-7,050	-9,787	-10,651	-11,060
Appropriations				
Revenue Contribution To Capital Outlay	5,423	8,361	9,143	9,426
RCCO Funding for acquisitions	1,627	1,626	1,613	1,634
Transfer to / (from) Reserves	0	-200	-105	0
Surplus (-) / Deficit for Year	0	0	0	0
HRA A/C BALANCE BF	3,805	3,805	3,605	3,500
Transfer to/from balances	0	-200	-105	0
HRA A/C BALANCE CF	3,805	3,605	3,500	3,500

SLHD Management Fee

	Note	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s
Management fee		34,206	36,687	37,473	38,210
2022/23 Adjustments	1				
Pay award		1,017			
NI		-78			
Other inflation		862			
SLA inflation		155			
Growth items 2023/24					
Inflationary increases 2023/24					
Pay award (4%) then 2%	2	1,155	610	620	630
NI		-110			
Increments	3	50	50	50	50
Inflation	4	0	400	400	400
Utilities - gas at 41% electricity at 45%		251			
Fuel - 12.6%		73			
SLAs - 4%		161			
Materials - 10.1%		791			
External contractors - 10.1%		189			
Other inflation		205			
Additional capital income SOR adjustment	5	-1,817			
District Heating Virement	6	-229			
Growth items, Savings & Efficiencies					
Arboriculture	7	-60			
6 New craft apprentices		84	60		
Attenuation tanks		40			
Disrepair claims		75			
Efficiencies delivered		-333	-334	-333	-333
Total Management Fee		36,687	37,473	38,210	38,957

Details of the changes are:

1. 2022/23 Adjustments - the assumptions for inflation in 2022/23 were far below the actual increases in costs as a result of inflation and these increases have been adjusted for.

2. Pay award - 4% pay award with effect from 1 April 2023 and then 2% in each of the following years.

3. Increments - the overall net increase paid to staff.

4. Inflation - the increased costs for contracted goods and services. Inflation is calculated for each individual budget line and the majority of budgets have not been inflated.

5. Additional capital income - SLHD completes just over £9m of capital work for the HRA and charges for this work are based on the National Housing Federation schedule of rates (SORs). These rates are set to be the same as those tendered by external contractors to demonstrate value for money (they were set at minus 10% in April 2021 and this has increased to plus 10% from April 2023). As SLHD receives additional capital income there is an equal reduction in the management fee requirement.

6. District Heating virement - due to the volatility of utility prices the budgets for district heating have been moved from SLHD to the HRA.

7. Growth Items, Savings & Efficiencies;

Arboriculture - this is the reversal of increased funding in previous years to catch up on the backlog of work.

New Craft Apprentices - These additional 6 craft apprentices will increase the September 2023 intake to 12. The increase in numbers will assist with the difficulties in recruitment and the ageing workforce.

Attenuation tanks - the latest new build council houses have been fitted with attenuation tanks which need monthly and annual maintenance checks and servicing. This figure is an estimate of the price we will need to pay and will be adjusted once a contractor has been appointed.

Disrepair Claims - we have seen a significant increase in disrepair claims and generally they are defended successfully but there is an increased cost.

Efficiencies delivered - these efficiencies will be delivered in 2023/24 as a result of savings from moving to the Civic building and savings from IT contracts following the TOP project.

Savings for future years have yet to be identified but may come from the repairs excellence project, a further reduction in the number of offices occupied and additional IT savings.

HRA Budget Report

1	<p>Name of the ‘policy’ and briefly describe the activity being considered including aims and expected outcomes. This will help to determine how relevant the ‘policy’ is to equality.</p>	<p>HOUSING REVENUE ACCOUNT BUDGET 2023/24 The Impact of Increasing Dwelling Rents for the Council’s Housing Stock.</p> <p>Doncaster Council is landlord to 20,183 properties of which 19,893 are socially rented and 290 are leasehold. The Housing Management responsibility for the stock has been delegated to St. Leger Homes of Doncaster (SLHD) under a management agreement. In February, 2019 the Government published “Policy Statement on Rents for Social Housing” which regulates rent increases from 1st April 2020 for the next five years.</p> <p>For 2023/24 the rent increase will be 7.0% for all tenants meaning that the average rent will be £81.51 per week.</p> <p>This due regard statement seeks to identify those groups noted in the protected characteristics (section 3) that may be affected positively or negatively by the increasing of rents and sets out the measures to mitigate the impact on those groups. The rent increase of 7.0% will be applied to all tenancies irrespective of the tenant.</p>
2	<p>Service area responsible for completing this statement.</p>	<p>St Leger Homes of Doncaster.</p>
3	<p>Summary of the information considered across the protected groups.</p> <p>Service users/residents</p> <p>Doncaster Workforce</p>	<p>Age The rent increase of 7.0% will apply to all tenancies, regardless of the resident’s age. However, other specific welfare reform measures may have an impact as a result of the age of the tenant , these are as follows;</p> <p>Social Sector Size Criteria (bedroom tax); Introduced 1st April, 2013, this welfare reform only applies to working age households and currently affects 1,085 tenants who are claiming Housing Benefit*. 838 tenants have to make up a 14% shortfall for their rent and 247 have a shortfall of 25% to make up. We are not aware of the number of households who under occupy but do not claim housing benefit.</p> <p>*Bedroom tax still applies to tenants that claim Universal Credit however, we are unable to</p>

obtain accurate information as to how many are affected so the figures quoted above do not provide the full picture of the impact and also explains why the number of HB claimants affected by bedroom tax is reducing as people move on to UC.

Benefits Cap: A cap on the total amount of benefits a household can receive was introduced in July 2013, which affected 20 DMBC tenants. A further, lower cap was fully implemented on 9th January 2017 (£20k for families and £13,400 for single claimants). The current benefit cap affects 38 families in Council accommodation. For DMBC tenants, the reduced cap will largely apply to single parent households with 4 or more children or couples with 3 or more children.

Full Service roll out of Universal Credit from October 2017

Universal Credit '*Full Service*' was implemented in Doncaster on 11th October 2017 and replaced the Universal Credit *Live Service* which had been operational since September 2015. From this point all new claims from working age tenants for any of the 6 former benefits (Job Seeker's Allowance, Employment and Support Allowance, Income Support, Child Tax Credit, Working Tax Credit and Housing Benefit) will automatically go onto Universal Credit and these former benefits will be closed to new claims. In January 2023 the total number of cases claiming UC was 7,247.

As at January 2023, there are approximately 33% pension age tenants and 67% working age

We hold data for 22,782 tenants over 19,983 properties (some tenancies are joint tenancies).

Disability

The number of tenants who said they have a disability was 6,222, which equates to 27%. It is not anticipated that the increase in rents will adversely affect individuals based on their disability. The Housing Revenue Account also has a specific budget of £2.2m for adaptations to the homes of tenants that need adaptations.

	<p>Ethnicity 17,920 of our tenants identify as White British – which equates to 79%. 981 (4%) identify as BAME customers, 846 identified as other and 3,035 did not answer the question. Translation services are offered where requested and every effort is made to ensure that tenants understand their tenancy agreements and any other legal documents. Sign-posting to support services and assistance in obtaining help is also available.</p> <p>Sex It is not anticipated that the increase in rents or under occupation charge will adversely affect individuals based on their sex. Male and Female residents will be equally affected. 14,130 of our tenants have identified as Female (62%), 8,633 (38%) as Male and 19 as other.</p> <p>Sexual Orientation It is not anticipated that the increase in rents will adversely affect individuals based on their sexual orientation.</p> <p>Religion and Belief It is not anticipated that the increase in rents will adversely affect individuals as a result of any specific religion or belief they may have.</p> <p>Maternity and Pregnancy It is not envisaged that those residents who happen to be pregnant or on maternity leave will be adversely affected by the rent increase as a result of their pregnancy or maternity leave.</p> <p>Gender Reassignment It is not anticipated that the increase in rents will adversely affect individuals who have undergone gender reassignment.</p> <p>Marriage and Civil Partnership</p>
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		<p>It is not anticipated that the increase in rents will adversely affect individuals if they are married or in civil partnerships, more so than non-married residents or those not in civil partnerships.</p>
4	<p>Summary of the consultation/engagement activities</p>	<p>Executive Leadership Team and Cabinet have considered the budget proposals at several meetings between August 2022 and December 2022. Key dates in the budget timetable leading up to Council approving the budget on the 27th February 2023 are detailed below:-</p> <ul style="list-style-type: none"> • Government’s Autumn Statement 2022 – 17th November 2022 • Labour Group – Budget Consultation 25th January 2023 • Overview & Scrutiny Management Committee (OSMC) – Budget briefing session 26th January 2023 and OSMC meeting 9th February 2023 • Budget sessions with Group Leaders - February 2023 and • Cabinet – 15th February 2023. <p>Tenants think that Council rents in Doncaster are value for money (and this is reflected in Tenant surveys 82.9% are satisfied that their rent provides value for money). They are relieved that the proposed rent increase is not any higher, they think that the service and investment priorities are correct. The main area that they would like to see improved is the time taken for repairs to be completed.</p> <p>SLHD consult with their staff and unions on the proposals within the HRA budget that directly affect them.</p> <p>Once a decision has been made by Council on 27th February 2023, a letter will be sent to all Council tenants, which will give details of the rent change with effect from 3rd April 2023.</p>
5	<p>Real Consideration:</p> <p>Summary of what the evidence shows and how has it been used</p>	<p>All Council tenants will be impacted from the rent increase. However, some tenants will continue to be impacted by the under occupation charge and/or benefit cap, however it is likely that some groups will be affected to a greater extent because of their lower income. The changes to welfare reform currently only affect tenants that are deemed to be of “working age”.</p> <p>SLHD have a tenancy sustainment team to help assist tenants in financial difficulties and</p>

		<p>to help to sustain tenancies. This team was reconfigured and significantly strengthened to 24 staff members during 2019/20 (and has remained the same since then) to help the increasing numbers of tenants in rent arrears as a result of welfare reform changes. SLHD staff and staff from the Council's benefit team work together with tenants to assist them to claim discretionary housing benefit (DHP) where this is appropriate.</p> <p>The rent increase is the same percentage increase for all tenancies, the rent is calculated based on the characteristics of the property and not with regard to the tenant.</p>
6	Decision Making	<p>This due regard statement has been made available to Members in advance of making any decisions on rent increases. The HRA Budget 2023/24 report to Council on 27th February 2023 asks the Council to agree the rent increase for the 2023/24 financial year with effect from 3rd April 2023.</p>
7	Monitoring and Review	<p>The HRA budget is monitored on a quarterly basis by Cabinet, performance information for SLHD is also monitored quarterly by Cabinet and includes information on rent arrears. SLHD management team and Board monitor performance on a regular basis and there is a focus on rent arrears. Financial assistance is offered to all tenants who are in rent arrears, the number of evictions due to rent arrears is also monitored in detail to identify if any trends are emerging.</p>
8	Sign off and approval for publication	<p>Julie Crook, Director of Corporate Services, St Leger Homes of Doncaster.</p>