



City of Doncaster Council

Report

Date: 26th February 2024

To: The Chair and Members of Council

Report Title: Housing Revenue Account Budget 2024/25 – 2027/28

EXECUTIVE SUMMARY

1. This report sets out the Mayor's proposals for the 2024/25 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 £81.86 per week which is the lowest within South Yorkshire, rents will increase by 7.7% for 2024/25, and are expected to remain the lowest.

It is worth noting that 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.

- It is proposed that the resources generated from 1% of the rent increase will be used to acquire further additional properties, in addition to the current budgets. The additional rent of £0.84m will be combined with £3.4m of prudential borrowing to acquire approximately 26 additional properties in 2024/25. This investment will provide a further increase to the number of affordable homes and continue 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 continued much needed properties to support those people who are presenting as homeless or in temporary accommodation.
- the Housing Revenue Account (HRA) budget proposals for 2024/25;
- the medium-term financial forecast for the HRA which includes estimated budgets for 2025/26, 2026/27 and 2027/28; the HRA budget follows the budget strategy as set out in previous years and maintains a reserve of £3.5m within the HRA, the budget for 2024/25 is a balanced budget (income equals expenditure); and
- the level of fees and charges for 2024/25 as detailed in paragraph 14.

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:-
 - a) Rents are increased from 1st April 2024, by 7.7% as detailed in paragraphs 7 to 10 in line with Government policy. This will result in an average weekly rent increase of £6.30, resulting in an average rent of approximately £88.16 per week. Rents will be charged every week of the year.
 - b) The budget proposals for the HRA for 2024/25, which are contained in Appendix A. These proposals set a balanced budget for the HRA and maintain a reserve of £3.5m.
 - c) Fees and charges set out in paragraph 14.

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 2024/25. 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.

BACKGROUND

5. The Housing Revenue Account budget for 2023/24 was approved on 27th February 2023. Since then, the regular financial management reports to Cabinet have provided the latest projections of the 2023/24 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.

BUDGET PROPOSALS 2024/25

6. The Budget proposals for 2024/25 are shown in detail at Appendix A. The key features are as follows:-

- a) An increase in rents of 7.7% with effect from 1st April 2024 (see paragraphs 7 to 10 for more details);
- b) Dwelling rent income is expected to be £6.8m higher at £90.5m 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 11 and 12 for definitions of rent);
- d) Rent generated from 1% 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 26 properties will be acquired in the next year based on a 7.7% 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 significant increases in the top two priority bandings with the numbers in platinum (highest) band increasing by 139% in three years with approximately two thirds of those having been assessed as statutory homeless and an 81% 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 £3.5m 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. From 2025/26 onwards the SLHD management fee will be reduced to reflect any reductions in stock numbers (the current management fee adjustments are estimated and will be updated as and when the information is available). The details of the SLHD management fee calculations are shown at Appendix B. The management fee paid from the HRA for 2024/25 is £40.2m;
- f) Inflationary costs were higher than budgeted for in 2023/24 and are expected to be lower in 2024/25. The impact of the under budgeted inflation in 2023/24 and the estimated increased costs as a result of inflation in 2024/25 are £3.7m;
- g) The number of right to buy sales continues to be monitored and total sales to the 31st December 2023 were 78 giving an average of 2 sales per week (compared to 2.51 per week as of December 2022). A projected level of 90 sales, 138 new build and/or acquisitions and a void rent loss percentage of 0.95% have been used for calculating the rental income budget for 2024/25;
- 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 £19.0m has been approved (10-year period from 2024/25) with £5.0m already spent or committed in 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 (based on 2020 prices). 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 68.4%. 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 following the tragic death of Awaab Ishak in Rochdale and the publication of the Coroner's report in Autumn 2022. The ongoing costs to respond to damp, mould and condensation have been estimated at £1.0m a year, this is split equally between the housing revenue and capital budgets, and both are funded from rent income. These additional costs equate to the equivalent of a 1.2% rent increase;
- 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 is 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. In July 2023 the RSH published draft consumer standards for social housing, these will be implemented and inspected against with effect from April 2024;

- n) It has been estimated that the additional costs arising from the new regulatory regime will be £1.1m (this includes an estimate of £0.1m for fees from the building safety regulator (yet to be confirmed) and the cost of the Housing Ombudsman. The majority of these costs relate to the requirement to carry out stock condition surveys on all properties on a rolling five-year basis (estimated at £0.8m per annum) and the fees that will be payable to the RSH (estimated at £0.16m per annum). The estimated total increased cost of all of these measures is £1.1m and equates to the equivalent of a 1.3% rent increase;
- o) A prudent level of balances for the HRA is considered to be £3.5m.

A balanced budget will be set for 2024/25. This will maintain an estimated reserve within the HRA of £3.5m by 31st March 2025.

RENT LEVELS

7. 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 2023 was 6.7% and therefore the maximum allowable rent increase from April 2024 is 7.7%. Rent increases were capped at 7% for the 2023/24 financial year. This policy 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 £13.14 per week higher which would have generated in the region of £13.4m of rent income in 2024/25. The cumulative impact over nine years (since 2016/17) is £84.07m 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 overall 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

Year	Actual Average Rent	What the rent would have been	Weekly difference for tenants	Annual difference to the HRA
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	76.29	87.70	11.41	11.87
2023/24	81.86	94.06	12.20	12.70
2024/25	88.16	101.30	13.14	13.42
Cumulative Total				84.07

8. 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.
9. Rents in Doncaster are the lowest of all South Yorkshire Councils and 9th lowest in the Country (England) based on the 2022/23 financial year (according to the latest published figures from RSH).
10. There are five different ways in which rents will change during 2024/25, (different types of rents are defined in paragraphs 11 and 12);

Existing tenants (social rent) – rent will be increased by 7.7%;

New tenants into existing (social rent) housing stock – if the tenancy changes during 2024/25 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 7.7% 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

11. 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 2024/25 figure is £94.07 per week. Target rent is £5.91 per week higher than actual rent.

12. 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 £114.66 per week and this will increase to £123.49 per week in 2024/25.
13. 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 £0.5m in 2024/25 and estimated at £2.0m 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 £60.8m 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

14. The following recommendations are proposed in respect of fees and charges for 2024/25:-
 - a) That the charges for garages are increased by 6.7%, in line with inflation.
 - b) That the charges for garage sites are increased by 6.7% in line with inflation (these charges have been frozen since 2020).
 - c) There are two district heating schemes, Balby Bridge and Ennerdale which provide heating and hot water to 1,033 properties.

The charges in Doncaster for district heating are based on only recovering the cost of the fuel used and to ensure that these schemes are not subsidised by other tenants. These charges will increase by 11.1% at Balby Bridge estate and 8.1% at Ennerdale based on the fuel charges that are estimated for

2024/25. An annual statement is provided to all users of these schemes which shows the annual cost of fuel and the income received, if the schemes were to make a surplus in any particular year, then this would be refunded. At the current time any deficits are not recovered in the following financial year. Over the last two years there has been Government intervention on the prices paid by landlords who have district heating schemes.

- d) The current enclosed garden service charge is between £3.04 and £4.69 (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 6.7%.
 - e) The furniture charge which is only available for care leavers accommodated via the “keys to your future project” will increase by 6.7%.
 - f) A new furnished tenancy scheme was approved by Cabinet in January 2024, these charges are set by the furniture provider, Your Homes Newcastle and will increase by 7.7%. The administration element of the charge will increase by 5%.
 - g) 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 2023/24	Proposed Charge 2024/25	Budget Implication
Garages	£6.38 per week (charged every week)	£6.81 per week (charged every week)	£8,549
Garage charges to non tenants	£7.66 per week (charged every week)	£8.17 per week (charged every week)	£8,392
Garage Sites	£1.00 per week	£1.07 per week	£69
Garage site charges to non tenants	£1.20 per week	£1.28 per week	£748
District Heating – Balby Bridge	24.0p per unit (excluding VAT)	26.67p per unit (excluding VAT)	Income dependant on usage
District Heating – Milton Court Bedsits One bedroom Three bedrooms	£10.08 per week £10.51 per week £10.80 per week	All properties are in the process of having individual meters fitted and they will then pay the same charges as the rest of Balby Bridge.	Income dependant on usage

Fee	Current Charge	Proposed Charge	Budget Implication
	2023/24	2024/25	
District Heating – Ennerdale	13.0p per unit (excluding VAT)	14.05p per unit (excluding VAT)	Income dependant on usage
Enclosed Garden Service (inclusive of VAT)	£3.04 £3.83 £4.69 (charged every week or 34 weeks)	£3.24 £4.08 £5.00 (charged every week or 34 weeks)	Income dependant on usage
Furniture charge (only available as part of Keys to your future project).	£7.88 per week	£8.41 per week	£442
Furnished Tenancies			
Pack A	£15.50	£16.64	Income dependent on usage
Pack B	£21.80	£23.42	
Pack C	£24.11	£25.91	
Pack D	£26.42	£28.40	
Pack E	£28.73	£30.89	
Pack F	£36.50	£39.25	
Pack G	£47.00	£50.56	

15. 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). 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 £36.8m of rent to be collected from tenants which has previously been paid directly to the HRA via housing benefit. The value of the rent which will need to be collected from these tenants during the 2024/25 financial year (which was previously paid direct via housing benefit) will be approximately £27.2m.

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

16. Two options were considered for the rent increase in 2024/25;
 Option 1 (recommended option) – A 7.7% 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 7.7% for 2024/25, CPI for 2025/26 (3.0%) and CPI (2.0%) for 2026/27 and 2027/28 generate additional rent income of £14.0m.


Option 2 – A rent increase which is lower than 7.7%. The impact of inflation on costs for the 2024/25 financial year and the fact that inflation has been much higher than budgeted in 2023/24 is £3.7m. 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 7.7% 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

17. 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 7.7% 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

18.


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 48 (6.0% of the total workforce). SLHD also achieve the public sector apprenticeship target each year.

 **Making Doncaster the best place to do business and create good jobs**



Comments:
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.

 **Building opportunities for healthier, happier and longer lives for all**



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.

 **Creating safer, stronger, greener and cleaner communities where everyone belongs**



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.


 **Nurturing a child and family-friendly borough**



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				✓
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Comments:

 Promoting the borough and its cultural, sporting, and heritage opportunities				✓
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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	✓			
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Comments:
In line with the Council’s approach to the Public Sector Equality Duty an initial due regard assessment has been undertaken – Ref No PL-I-00003. All the decisions within this report are made with regard to the characteristics of the property and not the individuals that live in the properties so no full due regard statement is required. There may be implications for some 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. Tenants may be entitled to financial assistance and these are always determined on individual circumstances.

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: NC Date: 22.01.24]

- 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.

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.

The proposed rent increase outlined within the body of the report is in line with that allowed by Government policy.

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.

The decision maker must be aware of their obligations under section 149 Equality Act 2010 and 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.

Financial Implications [Officer Initials: AW | Date: 24.01.24]

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

Human Resources Implications [Officer Initials: AA | Date: 24.01.24]

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

Technology Implications [Officer Initials: PW | Date:23.01.24]

22. There are no direct technology implications. As outlined in Appendix B, the efficiencies include reduced costs for IT contracts, which relate to the Abrisas and RentSense systems. 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

23. The table below identifies the main quantifiable risks, which might result in the actual income and expenditure in 2024/25 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 0.95% 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 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 £1.0m identified for costs in relation to damp, mould and condensation.

CONSULTATION

24. Executive Leadership Team and Cabinet have considered the HRA budget proposals at several meetings between August and December 2023. Key dates in the budget timetable leading up to Council approving the budget on 26th February 2024 are detailed below: -

- Union Engagement – engagement via Doncaster Consultative Group regular meetings including 6th February 2024.
- Overview & Scrutiny Management Committee (OSMC) – Budget-briefing session 23rd January 2024 and OSMC meeting 5th February 2024
- Labour Group – Budget Consultation 17th January 2024
- Budget sessions with Group Leaders February 2024
- Cabinet – Council reports – 7th February 2024.

25. The proposed HRA budget and changes to rent and service charges have been the subject of formal consultation with members of the One Voice Forum (OVF) on 25th January 2024.

26. Tenants think that Council rents in Doncaster are value for money and the services that they receive are good. They understand the reasons for the rent increase, the increased pressure on housing services and the need to balance resources between existing tenants (and their homes) and the need to increase the number of council owned social rent properties.

BACKGROUND PAPERS

27. Council Report, HRA Budget 2023/24 – 27th February 2023

28. Cabinet Report, 2023/24 Quarter 2 Finance and Performance Improvement Report – 6th December 2023

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

CPI – Consumer Price Index
 EDI – Equality, Diversity and Inclusion
 HRA – Housing Revenue Account
 HB – Housing Benefit
 OVF – One Voice Forum
 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 & Technology (Section 151 Officer)

Housing Revenue Account Budget 2024/25 to 2027/28

Description	Annual Budget OE	Annual Budget OE	Annual Budget OE	Annual Budget OE
	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
Expenditure				
Management and Maintenance				
Insurances	803	827	844	861
General Management	5,627	5,281	5,386	5,494
Special Services	1,110	1,143	1,166	1,189
Management Fee to St Leger Homes	40,229	41,256	42,293	43,339
Discretionary Housing Payments	321	327	334	341
Rent, Rates, Taxes & Other Charges	204	210	225	240
Capital Charges				
Depreciation on Council Dwellings	21,150	21,150	21,150	21,150
Depreciation on non dwellings	1,167	1,167	1,167	1,167
Provision For Bad or Doubtful Debts	500	541	560	560
Total Expenditure	71,111	71,902	73,125	74,341
Income				
Rent Income				
Dwelling Rents	-90,517	-93,249	-95,593	-97,709
Other Income	-2,040	-2,102	-2,143	-2,187
Total Income	-92,557	-95,351	-97,736	-99,896
Net Income from Services	-21,446	-23,449	-24,611	-25,555
Capital Charges				
Loan Charges - Interest	14,360	14,960	15,672	16,092
Interest Receivable	-400	-300	-200	-100
Net Operating Income	-7,486	-8,789	-9,139	-9,563
Appropriations				
Revenue Contribution To Capital Outlay	10,384	8,789	9,139	9,563
RCCO for new acquisitions	840			
Transfer to / (from) Reserves	-3,738	0	0	0
Surplus (-) / Deficit for Year	0	0	0	0
HRA A/C BALANCE BF	7,238	3,500	3,500	3,500
Transfer to/from balances	-3,738	0	0	0
HRA A/C BALANCE CF	3,500	3,500	3,500	3,500

SLHD Management Fee	Note	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
Management fee		36,687	40,229	41,256	42,293
2023/24 Adjustments	1				
Pay award		663			
Pension reduction		-590			
Other inflation		141			
SLA inflation		309			
Area Housing Manager		57			
District Heating Income virement		101			
Inflationary increases					
Pay award (5%) then 2%	2	1,429	610	620	630
Pension Changes	3	0	0	0	0
Increments	4	90	50	50	50
Deflation	5				
Gas - 50%		-88			
Electricity - 24%		-122			
Inflation	6	1,185	400	400	400
Damp, Mould & Condensation	7	482			
Growth items 2024/25					
4 additional craft apprentices	8	150			
2 Graduate Surveyor Apprentices		53			
FRAs Care Leavers Accommodation	9	15			
Efficiencies delivered	10	-333	-33	-33	-34
Total Management Fee		40,229	41,256	42,293	43,339

Details of the changes are:

1. 2023/24 Adjustments - the assumptions for inflation were below the actual increases in costs as a result of inflation and these increases have been adjusted for. Also includes the budget for an approved additional Area Housing Manager and a virement between HRA and SLHD budgets for District Heating.

2. Pay award - 5% pay award with effect from 1 April 2024 and then 2% in each of the following years.

3. Pension - there are no known pension changes in the next four years.

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

5. Deflation - the unit costs for utilities have decreased from those in the 2023/24 base budget.

6. Inflation - the increased costs for contracted goods and services. Inflation is calculated for each individual budget line, this figure includes £501k (6.7%) for materials, £272k (5%) for SLAs, £108k (6.7%) for external contractors, £55k (6.7%) for IT contracts and £36k (6.7%) for fuel.

Growth Items, Savings & Efficiencies

7. Damp, Mould and Condensation (DMC) - Increased costs to deal with the revenue implications arising from the significant increases in this area of work, this figure includes 8 additional staff and the cost of materials for day to day repairs.

8. Additional Apprentices - Funding for 4 additional craft apprentices (and part year funding of the additional 6 apprentices approved last year) and 2 graduate level surveyor apprentices. These additional craft apprentices will increase the September intake to 14. The increase in numbers will assist with the difficulties in recruitment and an ageing workforce. There is an increased requirement for surveying within housing and a shortage of skilled staff in this area, these posts will increase our inhouse resources.

9. FRAs Care Leaver Accommodation - a number of HRA properties have been identified for use as shared accommodation for care leavers, as these properties are shared they require specialist fire risk assessments (FRAs).

10. Efficiencies delivered - the efficiency target for 2024/25, £333k is the final year of £1.0m saving which needed to be delivered over 3 years. This saving has been achieved by efficiencies in the repairs service, reduced costs for IT contracts, reduced mileage payments and the deletion of 4.4 posts (which were vacant). From 2025/26 the SLHD management fee will be reduced to reflect any reduction in property numbers (these figures will be updated once more up to date information is available).