

Report of the Leader and Executive – Housing Revenue Account Budget Setting

Executive Member: Councillor Bill Revans – Leader of the Council and Lead Member for Governance and Communications

Division and Local Member: All

Lead Officers: Duncan Sharkey – Chief Executive and Alyn Jones – Executive Director for Strategy, Workforce and Localities

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1. Summary

- 1.1** This report sets out the Leader’s and Executive’s recommendations to Council arising from their consideration of reports at the Executive meeting on 7 February 2024 (the Executive also met on 15 January 2024, but no decisions requiring Full Council approval were considered at this meeting).

The references in this report to Paper A relate to the relevant report considered by the Executive containing specific recommendations for Full Council to consider and are appended to this report for reference.

Note – the Executive also considered the following reports at its Executive Meeting on 7 February 2024 – these are being considered by Full Council as separate agenda items:

- **2024-25 Treasury Management Strategy**
- **2024-25 Capital Strategy**
- **General Fund Capital Budget**
- **2024-25 General Fund Budget and Medium Term Financial Plan**

1.2 Paper A (2024/25 HRA Budget Setting Report) was considered at the Executive meeting on 7 February 2024. The Executive endorsed Paper A and agreed for this to be reported to Full Council to consider and approve.

This report presents to Members the proposed Housing Revenue Account (HRA) Annual Revenue Budget and Capital Programme for 2024/25, including the proposed Rent Setting and Fees and Charges for 2024/25.

The report also provides an update on the 5-Year Medium Term Financial Plan (MTFP) and the 30-Year Business Plan Review.

The report recommendations specifically include the approval of the HRA Annual Revenue Budget for 2024/25, rent setting for 2024/25, fees and charges for 2024/25, the Capital Programme for 2024/25, updated assumptions regarding the Medium Term Financial Plan 2024/25 – 2029/30 and the 30 Year Business plan including updated assumptions.

The proposals included in this report will enable the Council to set a balanced budget for the HRA for 2024/25.

2. Recommendations

2.1 Paper A (2024/25 HRA Budget Setting Report) – see Paper A and its appendices that the Executive considered and endorsed at its meeting on 7 February 2024..

That Full Council approve the following:

1. Revenue Budget for 2024/25 (see section 8)

- The HRA Annual Revenue Budget for 2024/25 as shown in Appendix A.

2. Rent Setting for 2024/25 (see section 10)

- An increase of 7.7% to Dwelling Rents in line with the Governments 2019 (and updated 2023) Rent Standard.
- An increase of 7.7% for Sheltered and Extra Care housing rents in line with the dwelling rents increase.
- An increase of 7.7% for Shared Ownership properties.

- An increase of 7.7% on affordable rental tenures, with the rent being reviewed at relet based on 80% of open market rent capped at the LHA rate.
- The continuation of rent flex at relet for new tenants within the West of the Council for tenants part of the in-house service (dwelling stock inherited from the legacy Somerset West and Taunton Council) as included in the Rent Charging Policy. This will be levied at basic rent plus 5% for general needs tenants and 10% for sheltered and extra care tenants.
- The introduction of rent flex at relet for new tenants within the North of the Council for tenants part of Homes In Sedgemoor (dwelling stock inherited from the legacy Sedgemoor District Council) as included in the Rent Charging Policy. This will be levied at basic rent plus 5% for general needs tenants and 10% for sheltered and extra care tenants.

Fees & Charges for 2024/25 (see section 11)

- An increase in Service Charges for tenants in the North, managed by Homes In Sedgemoor, based on predicted costs in line with the service charging policy. The introduction of a transparent 10% service charge management fee. The service charges are contained in **Appendix B**.
- An increase in Service Charges for tenants in the West, managed by the In-House Service, of (a) 7.7% for Grounds Maintenance and the Support / Sheltered Housing and Extra Care accommodation services, (b) 6.8% for the Piper Lifeline service, (c) other charges based on actual costs incurred for laundry, heating, communal areas, communal door entry systems, (d) no change to the communal utilities charge, (e) a new charge for exceptional street cleaning, (f) sewerage will increase in line with the Wessex Water increases for 2024/25 once known. The service charges are contained in **Appendix C**.
- An increase of 7.7% for garage rents.
- An increase of 6.7% on temporary accommodation daily rates.
- An increase of 6.7% for Meeting Hall hourly rental rates.
- An increase of 6.7% for Guest Room charges.

Capital Programme from 2024/25 (see section 12)

- The HRA Major Works and Improvement Capital Programme for 2024/25 of £8,834,500 for HiS and £19,189,200 for the In-House Service.
- To approve a **capital budget of £940,000** for the delivery of the **Bespoke Homes Phase 2** scheme (North of Somerset). This scheme will deliver 2 large and fully adapted new homes that will be built to low carbon standards in excess of building regulations and extend two existing council dwellings to create larger adapted homes. The proposal is to finance this using an appropriate combination of up to 29.78% subsidy from Homes England and the remainder funded by borrowing. These homes will be let at social rents.
- To approve a **capital budget of £968,000** for the delivery of the **Rochester Road Step Down / Move on Accommodation** (West of Somerset). This scheme will deliver 8 new homes and let to vulnerable adults or children such as low complex homeless or children leaving care. The homes will use Modern Methods of construction and be of built to low carbon standards in excess of building regulations. The proposal is to finance this scheme using a combination of Better Care Funding and the remainder funded by borrowing. These new homes will be let at affordable rents and discounted if appropriate.
- To approve a **capital budget of £2,000,000** for the delivery of the **Step Down / Move On Accommodation** scheme (West of Somerset). This scheme will deliver 16 new homes for vulnerable adults or children such as low complex homeless or children leaving care. The homes will be built to low carbon standards in excess of building regulations and use Modern Methods of construction. The proposal is to finance this scheme using a combination of Better Care Capital Funding and the remainder funded by borrowing. These new homes will be let at affordable rents and discounted if appropriate.
- To approve a **capital budget of £2,615,430** for the delivery of the **Taunton Road** scheme (North of Somerset). This scheme will deliver 11 new homes that will be built to low carbon standards in excess of building regulations. The proposal is to finance this using

an appropriate combination of up to 40% subsidy from RTB receipts and the remainder funded by borrowing. These new homes will be let at affordable rents.

- To approve a **supplementary budget of £656,760** for the current **Cricketers** scheme (North of Somerset) to fund the projected overspend to complete the scheme. This scheme is delivering 16 new homes and will be built to low carbon standards in excess of building regulations. The proposal is to finance this using Homes England capital grant, Hinkley Point C funding and the remainder funded by borrowing. These new homes will be let at affordable rents.
- To approve a **supplementary budget of £375,000** for the current **Oxford Inn** scheme (West of Somerset) to fund the projected overspend to complete the scheme. This scheme is delivering 8 new homes will be built to low carbon standards in excess of building regulations. The proposal is to finance this using an appropriate combination of up to 40% subsidy from RTB receipts and the remainder funded by borrowing. These new homes will be let at affordable rents.
- To approve a **budget return of £20,274,207** for the **North Taunton Woolaway Project Phase D** (West of Somerset).
- To approve a **budget return of £10,499,189** for the **Zero Carbon Affordable Homes** scheme (West of Somerset).
- To approve a **budget return of £950,000** for the **Tuckerton Lane** scheme (North of Somerset).
- To approve a **budget return of £500,000** for the **Purchase of Properties for RTB** scheme (North of Somerset).

Medium Term Financial Plan 2024/25 – 2029/30 (see section 9)

- To note the reviewed and updated assumptions in the 2024/25 5-Year Medium Term Financial Plan (MTFP).
- To approve the transfer of four dwellings from the General Fund to the Housing Revenue Account and delegate authority to the Lead Member for Communities, Housing and Culture and the Section 151 Officer to approve the final land transfer value.

- To approve an increase in the HRA's strategic approach to generate capital receipts of approximately £1.225m through the sale of uneconomical assets on the open market.

30-Year Business Plan (see section 8)

- The updated assumptions and figures in the 2024 HRA 30-Year Business Plan as summarised in section 7.
- That members note the challenges and next steps for the HRA and landlord services.

3. Options considered and consultation undertaken

- 3.1** Options considered and details of consultation undertaken in respect of the recommendations set out above are set out in the report and appendices within Paper A.

4. Implications

- 4.1** Financial, legal, Human Resources, equalities, human rights and risk implications in respect of the recommendations set out in this report are detailed within Paper A.

It is essential that consideration is given to the legal obligations and in particular to the need to exercise the equality duty under the Equality Act 2010 to have due regard to the impacts based on sufficient evidence appropriately analysed.

The duties placed on public bodies do not prevent difficult decisions being made such as, reorganisations and service reductions, nor does it stop decisions which may affect one group more than another. What the duties do is require consideration of all of the information, including the potential impacts and mitigations, to ensure a fully informed decision is made.

5. Background Papers

- 5.1** These are set out within Papers A and its appendices.