

REPORT TO:	COUNCIL	AGENDA ITEM: 11
DATE OF MEETING:	28 FEBRUARY 2024	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	CHARLOTTE JACKSON Charlotte.jackson@southderbyshire.gov.uk	DOC: S/Finance/Committee/2023-24/February
SUBJECT:	HOUSING REVENUE ACCOUNT 2024-25 AND RENT SETTING 2024-25	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 That Council approves an increase to Council housing rent of 7.7% for 2024/25 .
- 1.2 Following approval of 1.1, Council approves the HRA budget and Medium-Term Financial Plan for 2024/25, as detailed in Appendix 1.
- 1.3 That Council approves the proposed fees and charges as detailed in Appendix 3

2.0 Purpose of the Report

- 2.1 This report seeks the Committees ratification of the rental income increase of 7.7% as recommended by the Housing and Community Services Committee on the 1 February 2024.
- 2.2 The detailed HRA budget summary and medium-term financial plan 2024/25 to 2028/29 as recommended by the Finance and Management Committee on the 15 February 2024/25. This is based on a rental income increase in 2024.5 of 7.7%.
- 2.3 Detail of the proposed fees and charges for the Housing Revenue Account 2024/25.

3.0 Introduction

- 3.1 The HRA Revenue proposals and medium-term financial plan were considered and approved at the Finance and Management Committee on the 15 February 2024.
- 3.2 This report summarises the final budget and presents the responses to the budget consultation.

4.0 Consultation

Statutory and public consultation

- 4.1 The consultation on the budget for 2024/25 consisted of statutory and public consultation between 15 December 2023 and the 26 January 2024.
- 4.2 The statutory consultation was undertaken directly with Trade Unions and business community representative organisations the Federation of Small Businesses, Staffordshire Chambers of Commerce, Burton and District Chambers of Commerce and East Midlands Chamber.
- 4.3 Direct consultation was also undertaken with all Parish Councils and the Derbyshire Association of Local Councils (DALC).
- 4.4 All direct consultees were provided with copies of the budget reports and given the opportunity to provide feedback.
- 4.5 The public consultation was undertaken via an online consultation and communicated over social media platforms. The survey shared several high-level features of the budget for 2024/25 and asked respondents whether they were in support and any further views. A total of 119 responses were received, 114 of which were from residents, 3 were businesses and 1 employee and 1 resident who was also representing a charitable organisation.
- 4.6 An update was also shared in the Local Authority Update at the January and February 2024 Area Forums.
- 4.7 A summary of all consultation responses is set out in Appendix 2.
- 4.8 There are no proposed amendments to the budget proposals because of the consultation. Members are encouraged to consider the final budget in light of the responses.

Consultation with elected members

- 4.9 Elected Members of the policy committees were consulted on service proposals in the relevant committees throughout January and February. The Overview and Scrutiny Committee were consulted on the draft budget in full at its meeting on 17 January 2024.
- 4.10 On 1 February an additional report was tabled concerning the Council housing rent increase proposed for 2024/25 following publication of guidance from central government which confirmed the maximum rent increase is 7.7% (not 7.3% as had been the assumption included in the 2024/25 draft budget).

5.0 Medium-Term Financial Plan and Strategy Development

- 5.1 The Medium-Term Financial Strategy (MTFS) is in development and is due to be presented for review and recommendation to Council, at the next Finance and

Management Committee meeting on 14 March 2024 and at the next Overview and Scrutiny Committee on the 27th March 2024.

5.2 The overarching strategy will consider the future funding expectations and opportunities for increasing the Council's self-sufficiency, whilst ensuring the Council can continue to fund and deliver excellent services.

5.3 Subsequent to the MTFS a Housing Revenue Account 30-year Business Plan is in development, with the focus being on a medium-term of the first 5 years. This will be presented to the Housing and Community Services Committee later in the year.

6.0 Budget Setting Approach

6.1 The following core budget assumptions have been built into forecasts:

6.1.2 Pay award – additional 6.5% for 2023/24 (3.5% had been included within the 2023/24 budgets), 3.5% in 2024/25 and 2% thereafter.

6.1.3 Contracts – Contract have been assumed to increase in line with individual agreements, which are typically aligned with CPI or RPI inflation (Consumer or Retail Price Index).

6.1.4 Inflation – After reviewing the current prices and future indications based on the Office for Budget Responsibility forecasts, general inflation has not been applied, unless specifically proposed. Inflationary increases have been assumed however in the following areas:

Table 1 – Inflation assumptions

Area	Increase on 2023/24 budget
Gas	7.85%
Electricity	7.85%
Fuel	4%

6.2 Fees and charges – proposed levels have been reviewed on an individual basis, with some charges as appropriate proposed to increase in line with inflation or statutory obligations, benchmarking data and the cost of providing the service.

6.3 One-off expenditure pressures – have been funded via earmarked reserves which serves to not raise the base budget level.

6.4 Funding – funding is determined in line with the social rent increase of the maximum level for council house rents.

6.5

7.0 Housing Revenue Account

- 7.1 The final budgeted position for the 2024/25 year is anticipated to be a deficit position of £1.158 million as set out in Appendix 1.
- 7.2 This is made up of net revenue expenditure (spend) of £15.022 million and rental income of £14.317 million.
- 7.3 This is a decrease on the 2023/24 budgeted position of £971,000. The position is favourable when compared to estimated for the 2024/25 year that are detailed within the former version of the medium-term financial plan, which at June 2023 was estimated at £2.130 million deficit.

Impact on Reserves

- 7.4 The below shows the impact of the proposed draft budget on the level of Housing Revenue Account unallocated reserves. The position forecast at March 2024 is based in the current reserves.

Table 2 – HRA Reserves

Type of Reserve	Opening Balance - April 2023	Estimated use of Reserves 2023/24	Estimated Balance March 2024	Estimated Use of Reserves 2024/25	Estimated balances March 2025
HRA General Reserves	£4,609,000	£2,234,000	£2,375,000	£1,158,523	£1,216,477
Earmarked Reserves	£556,663	£356,663	£200,000	£0	£200,000
Total Useable Revenue Reserves	£5,165,663	£2,590,663	£2,575,000	£1,158,523	£1,416,477
Capital Reserves	£3,534,460	£650,000	£2,884,460	£127,000	£2,757,460
Debt Repayment Reserves	£5,693,000	£5,339,000	£354,000	£1,891,000	£2,245,000
Major Repairs Reserve (Ring Fenced)	£4,986,832	£0	£4,986,832	£500,000	£5,486,832
Total Useable Capital Reserves	£14,214,292	£5,989,000	£8,225,292	£2,518,000	£10,489,292
Total HRA Reserves	£19,379,955	£8,579,663	£10,800,292	£3,676,523	£11,905,769

- 7.5 The HRA General reserves remain above the Council's minimum reserve balance of £1 million this is due to the reprofiling options around debt reprofiling, capital investment and major repairs reserves.

8.0 Corporate Implications

Employment Implications

8.1 There are no direct employment implications arising from this report. However, a number of proposals have employment implications through the creation of new posts to be added to the council's staffing establishment. These requests have been considered by the relevant committees in January/February 2024 and associated employment implications clearly set out. Engagement with employees and Trade Unions is underway as necessary and appropriate.

Legal Implications

8.2 There are no direct legal implications arising from this report. The final budget has been developed on a series of requirements of the Council in line with legal and regulatory requirements around service provision. Specific legal implications of proposals have been considered by the relevant Committees in January/February 2024.

Corporate Plan Implications

8.3 This draft budget has been prepared to support the delivery of the Council's new Council Plan.

Risk Impact

8.4 The draft budget has been prepared to support the effective management of service risk. The council's risk register will be updated accordingly and presented to the relevant committees as part of the council's established performance monitoring approach.

8.5 A risk assessment of the adequacy of the council's reserves is set out in the report. A separate risk assessment on the budget has been undertaken and is set out in the Annual Report of the Section 151 Officer on the same agenda as this meeting.

8.6 The budgets will be monitored throughout the year to ensure the Council remains within its funding envelope and planned budget savings are delivered.

9.0 Community Impact

Consultation

9.1 As detailed in the report, relevant stakeholders in the business community were directly consulted on the budget proposals, in line with the council's statutory duty to consult ratepayers.

9.2 In addition, between 15 December 2023 and 26 January 2024 wider public consultation was undertaken via the Council's website and at Area Forums.

9.3 All consultation feedback received will be collated and reported as part of the final budget report in February 2024.

Equality and Diversity Impact

9.4 A preliminary Equalities Impact Assessment (EIA) has been undertaken on the budget.

9.5 This has identified that the budget could have significant positive impacts, particularly where it focuses on expansion of some services or investment in assets. The extent to which residents will benefit is dependent on individual circumstances and the consumption of services.

9.6 Increasing rent by the social rent policy formula has also been assessed to have a neutral effect on protected groups. Tenants on low income will have their rents met by Housing Benefit (HB full or partial) or Universal Credit (UC), so it will impact the Government as opposed to the tenant. Officers continue to work to assist households in financial difficulty where possible, including the administering of Government funds to support those households in need.

9.7 As other proposals are introduced the specific equality impacts will be considered by Heads of Service with their relevant Strategic Director before implementation taken forward.

Social Value Impact

9.8 There are no social value impacts. Individual decision-based impacts on material budgetary proposals have been considered by the relevant committees in January/February 2024.

Environmental Sustainability

9.9 There are no social value impacts. Individual decision-based impacts on material budgetary proposals have been considered by the relevant committees in January/February 2024.

10.0 Background Papers

10.1 Report to Finance and Management Committee, 5 October 2023, "Budget Setting Approach 2024/25".