

Meeting Council
Portfolio Area Housing, Resources and Transformation
Date 31st July 2024



HOUSING REVENUE ACCOUNT GROWTH REQUIREMENTS 2024/25

KEY DECISION YES

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1 PURPOSE

- 1.1 The report requests an additional £2.434Million for the Housing Revenue Account (HRA) during 2024/25, in response to current and ongoing operational pressures.
- 1.2 A detailed explanation for the growth has been included in the Cabinet Report and within Appendix B. These requests are being recommended to Council for approval as they exceed the amount delegated to the Cabinet.

2 RECOMMENDATIONS

- 2.1 That the request for in-year growth due to HRA 2024/25 budget pressures of £2,434,050 as detailed in paragraph 4.11.2 of the Cabinet Report (Appendix A) be approved, subject to Cabinet consideration and recommendations made on 24th July 2024.
- 2.2 That Council authorises the Cabinet to approve an additional £400K of HRA expenditure for the remainder of 2024/25.

3 BACKGROUND

- 3.1 The background to this report is set out in the Cabinet report at Appendix A, paragraphs 4.11.2 to 4.11.8.

4 REASONS FOR RECOMMENDED ACTIONS AND OTHER OPTIONS

4.1 The table below lists the requested growth in the 2024/25 HRA budget in response to current identified service pressures:

	2024/25 £	Ongoing £
New Posts re Regulatory Demands	144,050	246,940
Repairs and Voids Costs		
Responsive Repairs	500,000	500,000
Voids	1,285,000	750,000
Staffing Restructure	375,000	95,000
Disrepair Claims	130,000	130,000
	2,290,000	1,475,000
Total Growth Request	2,434,050	1,721,940

4.2 A full breakdown of these pressures can be found in section 4.11 of the Cabinet report and within Appendix B.

4.3 The budget pressures seen in the HRA for 2023/24 and the request for additional budget provision in 2024/25 clearly illustrate the current financial risks in the ringfenced account.

4.4 Many of these pressures are also being experienced at a national level in the social housing sector and the Local Government Association is currently commissioning work to assess the impact, to be better placed to inform the newly elected government of the extent of the problems and offer potential solutions.

4.5 Increased regulation and operating requirements, combined with high inflation and recent rent capping, have significantly increased financial risk. The last HRA Business Plan recognised that there were many uncertainties in the medium term and in response increased the required minimum balances from £3Million to £10Million.

4.6 This was to help cover budget pressures in the short to medium term, while longer term solutions could be put in place, and recognised the higher level of debt carried over the life of the plan.

4.7 With the ongoing budget growth of £1.72Million requested, the HRA is likely to fall below the minimum balances set out in the last business plan, and this will need to be reviewed over the summer in preparation for the 2025/26 budget setting process. However, the HRA still has fairly high levels of funds within specific reserves, detailed at paragraph 4.13 within the Cabinet report, that are held for debt repayments and the impact of higher interest rates. This gives the Council some flexibility in balancing the account in the next 30-year plan and approving the in-year spend. However further measures are likely to be required

to ensure the financial security of the HRA in the Medium and long term in addition to the balancing the budget savings target of £500K per year.

- 4.8 On-going pressures on the HRA budget and the adjustments required will be considered as part of the normal budget setting cycle and will be reassessed in the next MTFS review for 2025/26, which will be reported to the Cabinet in October 2024.

5 IMPLICATIONS

5.1 FINANCIAL IMPLICATIONS

- 5.1.1 The report is financial in nature and consequently financial implications are included in Appendix A and B.

5.2 LEGAL IMPLICATIONS

- 5.2.1 There are no direct legal implications from the recommendations contained in this report.

5.3 EQUALITIES AND DIVERSITY IMPLICATIONS

- 5.3.1 There are no direct equality, diversity and inclusion implications arising from this report. Where required, Equality Impact Assessments will be completed for programmes, projects, service changes and improvement activity identified.

5.4 RISK IMPLICATIONS

- 5.4.1 Officers responsible for implementing any improvement activity set out within this report will need to consider any risk implications that arise.

5.5 CLIMATE CHANGE IMPLICATIONS

- 5.5.1 The Council declared a climate change emergency in June 2019 with a resolution to work towards a target of achieving net zero emissions by 2030. There are no direct climate change implications arising from this report.

5.6 OTHER CORPORATE IMPLICATIONS

- 5.6.1 The budget framework represents a development of a policy led budgeting approach across Council services and the overall Medium Term Financial Strategy.

6 BACKGROUND DOCUMENTS

- FTFC Corporate Plan 2016 to 2024
- Quarter 4 Corporate Performance Report 23/24

7 APPENDICES

- Appendix A: 4th QUARTER MONITORING REPORT GENERAL FUND, HOUSING REVENUE ACCOUNT, CAPITAL, AND GROUP COMPANIES.

- Appendix B: HRA budget growth items