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**PROCEDURE TO BE FOLLOWED AT THE  
MEETING OF RENFREWSHIRE COUNCIL  
TO BE HELD ON 29 FEBRUARY 2024  
DURING CONSIDERATION OF ITEM 5 CONCERNING  
THE HOUSING REVENUE ACCOUNT BUDGET, RENT LEVELS  
2024/2025 AND HOUSING CAPITAL INVESTMENT PLAN  
2024/2025-2028/2029**

The purpose of this note is to give Members advance notice of the procedure which Provost Cameron has agreed should be followed at the Meeting of the Council on 29 February 2024 viz:

1. The Convener of the Communities and Housing Policy Board (the Convener) will make her budget statement for financial year 2024/2025 and move as appropriate. She will then speak to the principal points of her proposals. The motion will require to be seconded.
2. For the purposes of the subsequent discussion and voting, the Convener's proposals will be taken as one motion.
3. An opportunity will then be given to the Leaders of the opposition groups and any other Members to move, and to have duly seconded, comprehensive amendments to the motion (i.e. taking together budget proposals, the rent levels and the capital investment plans).
4. The motion and any amendments will require to be produced in writing and a copy given to each of the Members present prior to being spoken to at the meeting. Provost Cameron may then adjourn the meeting for 20 minutes to allow Members to consider the terms of the motion by the administration and any amendments by the opposition groups or other Members. Corporate Meeting Rooms have been arranged for the adjournment as follows: Administration – Corporate Meeting Room 2, Labour - Corporate Meeting Room 1, Conservative – Corporate Meeting Room 3. The other Members will be able to remain in the Chambers.
5. There shall be no formal restriction upon the length of time given to the Convener and the Leaders of the opposition groups and other Members to move their respective budget statements and speak in support of the principal points of their proposals. However, Provost Cameron shall have the power to require any person speaking to limit their speech in order to facilitate the conduct of the meeting.
6. Provost Cameron will then invite other Members to take part in the debate.
7. The debate will conclude with Provost Cameron giving the Convener an opportunity to reply.
8. A vote or votes will then be taken in accordance with the provisions of standing orders.



**To: Council**

**On: 29 February 2024**

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**Report by: Director of Environment, Housing & Infrastructure and Director of Finance & Resources**

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**Heading: Housing Revenue Account Budget & Rent Levels 2024/25 and Housing Capital Investment Plan 2024/25 to 2028/29**

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## **1. Summary**

- 1.1 This report details the proposed Housing Revenue Account (HRA) budget for financial year 2024/25 and sets out the information which allows consideration of rent levels for 2024/25.
- 1.2 The report highlights the impact of economic pressures on the HRA and sets out the range of operational pressures that have emerged, and the adjustments to budgets and resources required to deal with these pressures.
- 1.3 The report also provides members with results from the consultation process with tenants, regarding the annual rent setting process. The consultation process asked five key questions regarding the priorities that tenants have identified previously as to whether they felt these were still very important, important, or not important. The consultation also asked whether these are still the right priorities with only 2.9% of respondents disagreeing.
- 1.4 The majority of tenants (78.2%) support a 6.0% rent increase in 2024/25 , with a £2m shortfall to be met over the next four years, as opposed to an immediate 7.7% increase in 2024/25 with a reduced overall shortfall of £0.500m to be met over the next three years (21.8% support).
- 1.5 The report also details the Housing Capital Investment Plan for 2024/25 to 2028/29, which will deliver a total investment of £281m in the Council's housing stock over the 5-year period. It is anticipated that this level of investment will attract £35m of government grant for new builds and this results in a net capital programme amounting to just over £246m.

- 1.6 In setting the 2024/25 HRA budget, members may wish to consider the medium and longer-term financial context for the HRA and note the planning assumption of CPI+1% rent increases in future years as well as considering the ongoing risks and challenges outlined in this report.
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## **2. Recommendations**

- 2.1 It is recommended that the Council:
- (i) considers the report and approves an average weekly rent increase of £5.45, which equates to 6.0% for all house rents and lock-ups, and requires £0.500m of recurring budget savings in 2024/25;
  - (ii) notes the findings of the recent Tenant Consultation exercise;
  - (iii) approves the Housing Revenue Account Budget for financial year 2024/25 as detailed in Appendix 2;
  - (iv) approves the Housing Capital Investment Plan 2024/25 to 2028/29 as detailed in Appendix 3 of the report; and
  - (v) notes the continuing requirement to achieve best value in the commissioning of works by having an optimum workflow over the 5 years of the investment plan and authorises the Director of Environment, Housing and Infrastructure to liaise with the Director of Finance and Resources to re-profile the capital programme and available resources, as necessary, in line with the appropriate limits established under the Council's capital prudential framework arrangements.
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## **3. Background and Medium-Term Financial Context**

- 3.1. The HRA operates a rolling 30-year Business Plan model, which is the standard operating practice amongst local authorities and Registered Social Landlords. The 30-year basis of the model reflects the need for a long-term planned approach to the replacement of major items such as rewiring, central heating, etc., aligned to the lifecycles of these elements.
- 3.2. The model ensures that planned rental income from the estimated 11,731 average number of lettable properties in 2024/25 is sufficient over the term of the plan to cover debt and servicing capital expenditure, including significant investment and regeneration initiatives, together with funding the annual costs of maintaining the housing stock and all HRA annual operating costs including staffing.
- 3.3. The Business Plan model is reviewed to take account of the adjusted base budget position from the previous year and to update any key assumptions, economic factors and known or emerging risks. This review process allows consideration to be given to the setting of rent levels for the forthcoming and future financial years through effective scenario planning.

- 3.4. The 30-year Business Plan model currently assumes 6.7% CPI (Consumer Price Index model) for the 2024/25 financial year, as in previous years this reflected the rate in September of the current financial year. The Business Plan assumes that CPI is on a decreasing trend until reaching the Bank of England's 2.0% target by 2026/27.
  - 3.5. Different levels of inflation have been applied to the main cost drivers for 2024/25 to reflect the expected impact more accurately on Renfrewshire's cost base. This is reviewed annually across the cost drivers to reflect the actual levels of inflation impacting on the base costs. Over the longer term, cost increases revert to the assumed CPI forecasts noted in 3.4.
  - 3.6. Tenants and social landlords are facing some of the most challenging economic times in recent memory. The Covid-19 pandemic, Brexit and the war in Ukraine continue to have a significant impact on national and global economies. This created a cost-of-living crisis that again continues to cause significant hardship for many social housing tenants, including some of the most vulnerable people in society.
  - 3.7. In 2023/24 (current year) the HRA continues to experience impacts relating to recovery from the pandemic. The backlog of repairs to void properties continues to have a negative impact on rental income and council tax liability through increased void periods. This reflects the operational capacity of Building Services and other contractors to expand to deliver the increased levels of workload. Fluctuating resource levels in construction trades continue to affect construction output levels in both the public and private sector.
  - 3.8. Members will recall that following a strategic review of the HRA it was determined that there was capacity in the HRA to fund an additional £100m investment and regeneration programme over the next decade. Council approved the proposals to take forward this first phase of investment, focusing on eight areas and around 1,100 council properties. Members will also recall that the plan also includes over £30m of investment required in high-rise accommodation. The cost of repayment on borrowing to deliver this ambition has increased because of the cost-of-living crisis and current economic climate with high interest rates. To ensure sufficient funding in the long term, an assumption of 1% above CPI as an uplift to rents is assumed for every year across the 30-year plan.
  - 3.9. If a tenant is in receipt of benefits covering housing costs, they will likely be mitigated from any increased costs. Renfrewshire has close to 75% of tenants in receipt of some form of support for their housing costs. A rent increase would result in some tenants receiving more Housing Benefit and some existing non-claimants becoming entitled to Housing Benefit. However, unless their circumstances change, most tenants will be liable for the same contribution towards their rent, with Housing Benefit making up the difference. The tenancy support fund established last year to provide additional support to tenants in financial hardship remains within the proposed 2024/25 budget.
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#### **4. HRA Budget Planning Assumptions for 2024/25**

- 4.1. The rental income generated by the HRA must support service delivery, the costs of appropriately maintaining the housing stock, and the loan debt related costs to service the capital investment required in HRA assets.
- 4.2. The proposed budget adjustments for 2024/25 are shown across the high level HRA categories in summary form on Appendix 1 and analysed into the Policy Board revenue monitoring format in Appendix 2. To supplement the information contained in these appendices, additional contextual commentary is provided below, and this can be read in conjunction with Appendices 1 and 2.

#### **4.3 Revenue Expenditure**

- 4.3.1 Supervision and Management includes the operational inflation and additional costs covering areas such as pay increases for housing staff, energy costs and insurance costs which, in 2024/25 are all higher than the expectations forecast for the 2023/24 rent increase level. The removal of a recurring pension saving of £0.168m and the temporary removal of pension budget of £1.029m, which will require to be reinstated in 2026/27, partially offset the pressures on these costs in-year. Additional budget is also required for council tax, reflecting the continuing void pressures. The overall combined impact of these pressures and additional investment is an increased net budget requirement of £0.897m for 2024/25.
- 4.3.2 Housing Repairs and Maintenance is an area of budget that has been under considerable pressure due to both cost increases and post pandemic recovery demands. This includes pressures such as rising material, fuel, and labour prices to repair, maintain, and improve tenants' homes. These pressures are partially offset in-year due to the temporary removal of pension budget £0.641m in Building Services, £0.551m of which will require to be reinstated in 2026/27. The budget has increased overall by £3.090m to take account of the very real and significant challenges around increasing costs.
- 4.3.3 The new grounds and estates maintenance standards, introduced in recent years are now fully implemented. An additional £0.030m has been added to the budget to cover the increased costs of waste disposal.
- 4.3.4 The void rent loss movement of £0.106m reflects an increase to the expected void rent loss projections based on the current operational pressures within the sector and the revised income collection levels. In terms of void rent loss, this reflects the same targeted performance as the 2023/24 budget.
- 4.3.5 The bad debt provision has been increased by £0.104m, continuing to reflect the uncertain economic position and cost-of-living crisis faced by tenants and the associated risk in relation to increasing levels of bad debt. This budget continues to include funding to provide support to tenants in financial hardship, as approved last year. In terms of bad debt levels, this reflects the same target as the 2023/24 budget.

4.3.6 The net financing costs Loan charges budget has reduced by £1.525m, and the Contribution to Capital Programme line has increased by £0.345m. The net £1.180m reduction is used as a mitigation for the overall rent increase required in 2024/25. This is through a reduction in loan charges, increased anticipated interest income, and contributions to the Capital Programme. While this will mitigate the rent increase in 2024/25, it increases borrowing requirements, which consequentially increase interest payments in the long term. This is therefore a short-term solution to mitigate the rent increase for 2024/25 and, as set out in paragraph 3.8 of this report, these short-term measures will require above-CPI rent increases in future years to uplift the budget to fund the current investment programme.

#### **4.4 Revenue Income**

4.4.1 The gross increase in Rental income (£3.075m), reflects the 6.0% increase on both house and lock-up rents. The stock movement assumptions are based on regeneration, demolition, and investment plans, reflected in the income assumptions.

4.4.2 In relation to lock-up rents, the average charge per lock-up is currently £21.84 per month and the 6.0% increase represents an average of £1.31 increase per month.

4.4.3 Other income increases by (£0.056m), reflecting minor adjustments, mainly for recovery of staffing related costs managed within the revenue expenditure budget but recovered by income. No other income price increases are assumed at present for increased recoveries from tenants or owners via increased service charges, however recharge models will be reviewed to ensure the fair recovery of increasing costs in the long term.

4.4.4 To mitigate the impact on rent increases in 2024/25 it is proposed to use (£0.692m) of current reserves as a one-off measure. This will reduce the level of contingency held to £4.529m within the HRA to meet future and unforeseen cost pressures, including the ICT system replacement, and it is deemed that this revised level of reserves remains prudent. In the short term, however, a further £0.500m has been allocated from reserves in 2024/25, which requires to be reinstated once the recurring savings included within the overall rent proposals are achieved.

4.4.5 As noted above and in order to facilitate the proposed rent increase for 2024/25, a recurring saving of £0.500m requires to be identified during 2024/25 to allow the long-term viability of the business plan to be maintained. In the longer term and based on existing planning assumptions, this could equate to a £2.000m cumulative budget deficit over the next four years. The recurring £0.500m deficit in 2024/25 will require to be met from a combination of service re-designs including the repairs and maintenance service and void property management as well as a review of service charge levels. In the longer term as well as these areas higher levels of rental increases could be required to meet the long term needs of the business plan.

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## 5. Tenant Consultation for 2024/25 Rent Increase

5.1 Renfrewshire Council has a statutory duty to consult tenants before increasing rents. To help inform the decision on rents for 2024/25, consultation was undertaken during December 2023 and January 2024 involving discussion with tenant representatives as the annual Council Wide Forum, an online survey of Council tenants, and a telephone survey of Council tenants.

5.2 Around 1,440 tenants took part in the consultation. Of this, 600 tenants were asked their views by a telephone survey, with a further 840 participating online. The results of the consultations were broadly similar regardless of the method of consultation, with 78.2% favouring a rent increase of 6.0%.

What level of rent increase would you support?	Proposed Rent Increase		Survey Responses	
		7.7%		21.8%
		6.0%		78.2%

5.3 The online consultation process asked five key questions regarding the priorities that tenants identified previously, as to whether they felt they were still Very Important, Important, or Not Important. Around 840 tenants were consulted, and the response is summarised in the table below.

Priority	Very Important	Important	Not Important
Improve the energy efficiency of existing Council homes.	63.3%	28.8%	7.9%
More money for improvements to existing housing towards things like new roofs, kitchens, bathrooms etc.	60.3%	33.1%	6.6%
Deliver more newbuild Council homes.	47.7%	32.3%	20.0%
Improving the letting standard for empty homes.	43.7%	40.2%	16.1%
Improvements to bin stores, paths, communal areas, and open spaces.	35.5%	46.8%	17.7%

5.4 The telephone consultation asked if the tenants agreed that the priorities remained the correct ones to follow, and the response is summarised in the table below.

Are these priorities still the right ones?	Yes	Unsure	No
	91.2%	5.9%	2.9%

5.5 Improving the energy efficiency of Council housing was most likely to be “Very Important” to tenants (63.3%). This was followed by more money for improvements to the existing housing, with 60.3% of tenants stating this is Very Important. Lower priority for tenants was improvements to bin stores, communal areas, and open spaces, with only 35.5% of tenants stating this was Very Important.



5.6 The proposed rent increase of 6.0% in 2024/25 will require recurring savings in future years, or above-inflation annual rent increases to allow the high level of planned investment to continue across the 30-year plan, and to continue to focus on this over the next 5 years to deliver improvements to energy efficiency and the delivery of the housing regeneration programme.

## 6. Housing Capital Investment Plan – 2024/25 to 2028/29

### 6.1 Overview

6.1.1 The proposed Housing Capital Investment Plan for the 5-year period from 2024/25 to 2028/29 is attached at Appendix 3. The gross value over the 5-year period in the councils housing stock is £281.286m. It is anticipated that this level of investment will attract £35.255m of government grant for new builds, etc., and this results in a net capital programme to be funded of £246.031m. The programme includes allowances for new build homes, related Scottish Government grants, regeneration and renewal, and the planned investment programmes required to ensure council house stock is maintained at the appropriate standards.

6.1.2 The planned net capital investment for each year is as follows:

Financial Year	Gross £m	Income £m	Net £m
2024/25	41.236	(5.898)	35.338
2025/26	77.701	(13.752)	63.949
2026/27	62.009	(4.522)	57.487
2027/28	62.165	(7.007)	55.158
2028/29	38.175	(4.076)	34.099
<b>5-Year Total</b>	<b>281.286</b>	<b>(35.255)</b>	<b>246.031</b>

The plan will be reviewed on an annual basis, incorporating an ongoing assessment of risk.

6.1.3 Authority is granted to the Director of Environment, Housing and Infrastructure in consultation with the Director of Finance and Resources, to flexibly manage the capital investment programme as necessary to ensure optimum use of resources within the approved limits of prudential borrowing. It is proposed that this delegation remains in place over the life of the new 5-year plan detailed in Appendix 3.

6.1.4 The table below sets out the proposed composition of the plan for 2024/25 and how it will be funded.

<b>Financial Year 2024/25</b>	<b>Expenditure £m</b>	<b>Income £m</b>	<b>Net £m</b>
Planned Investment Programmes	20.835	0.000	20.835
Regeneration and New Build, etc.	20.401	0.000	20.401
Government New Build Grant	0.000	(5.898)	(5.898)
Other Income	0.000	(0.450)	(0.450)
CFCR	0.000	(4.269)	(4.269)
Prudential Borrowing	0.000	(30.619)	(30.619)
<b>Total</b>	<b>41.236</b>	<b>(41.236)</b>	<b>0.000</b>

## 6.2 Planned Investment Programmes

6.2.1 Since achieving compliance with the Scottish Housing Quality Standard (SHQS) in April 2015, there has been an ongoing requirement to ensure that housing stock continues to be maintained at least at this standard. With Electrical Installation Condition Reports (EICR) and updated smoke and heat detector standards now included within the assessment of SHQS, this led to a reduction in the Council's SHQS compliance. Continuing difficulties with gaining access to approximately 8% of housing stock is still impacting the compliance rate but processes are in place to address this. Additional contracts have also been put in place to ensure that full compliance is achieved in 2024/25.

6.2.2 The capital programme for 2024/25 to 2028/29 as per the attached Appendix 3 will deliver a total of £140.065m in planned investment programmes in existing housing stock, £33.661m in New Supply of housing stock outwith the regeneration areas and a further £107.560m included as part of the Regeneration and Renewal Plan including New Supply within regeneration areas. The capital programme for the same period will attract £35.255m of income from government grants.

6.2.3 The Council is required to ensure that the HRA has capacity to deliver on regulatory requirements and standards, including ensuring that properties meet requirements such as SHQS and EESSH. At March 2023, 85.07% of Council housing stock was compliant with the EESSH1 target (after applying allowable exemptions).

6.2.4 The Scottish Government had introduced a higher EESSH2 standard to be met by 2032, however, this has been suspended and the review of 2023 introduced the Social Housing Net Zero Standard (SHNZS). The SHNZS proposes the replacement of EPC targets with a minimum heat demand target for homes to achieve and the replacement of heating systems with clean heating alternatives. The standard aligns with net zero requirements and fuel poverty targets. The SHNZS is currently out for consultation, and final agreed targets for heat demand level and backstop dates for clean heating will come into force in 2025.

This standard will impact on the asset management strategy post 2025, however current retrofit projects will be in line with expected standards.

6.2.5 The capital investment programme has an allowance of £28.473m for the investment requirements in all high-rise properties over the next five years, including cladding, roofing, window and door replacements, foyer improvements and lift refurbishments.

6.2.6 There will continue to be a programme of heating renewals in 2024/25 and also a programme of kitchen, bathroom, and rewiring combinations, with works recommencing in tenanted properties that will supplement those works currently being carried out in properties which are void.

6.2.7 The main categories of planned investment programmes are:

- External improvements, which include renewal of roofs, rainwater goods and external fabric;
- Internal improvements, which include replacing or upgrading kitchens, bathrooms, electrical wiring, and heating systems;
- Multi storey flat and sheltered housing improvements;
- Other investment including disabled adaptations, asbestos removal, rotworks and the delivery of the final stages of the investment relating to smoke, heat, and carbon monoxide detectors.

6.2.8 The main elements of the planned investment programme for next year will include the following:

<b>2024/25 Planned Improvements</b>	<b>Number of Properties</b>
External fabric upgrading	700
Kitchen, bathroom, and rewiring replacement	220
Heating renewals	300

### **6.3 New Build and Regeneration**

6.3.1 The Housing Led Regeneration and Renewal Plan covering eight communities across Renfrewshire was approved by the Communities, Housing and Planning Policy Board on 18 January 2022. The Capital Investment Plan outlines the anticipated timetable for this significant regeneration programme for the next five years.

6.3.2 In addition to the Regeneration and Renewal Plan, the Capital Investment Plan continues to include provision for investment in building new Council Housing. Four newbuild projects have been successfully delivered – at Johnstone Castle and Auchengreoch Road, Johnstone, Bishopton and Ferguslie Park, delivering over 300 new build Council homes for social rent.

- 6.3.3 As part of the Housing-Led Regeneration and Renewal Programme, tenders were issued for the main contractors for new build housing proposed for the Howwood Road Area (70 units) and at Ferguslie/Broomlands (18 units). Preferred bidders have been identified for each project and subject to a suitable offer of Scottish Government Affordable Housing Grant funding, it is anticipated that the formal contract award will be issued by March.
- 6.3.4 Over and above the Housing-Led Regeneration and Renewal Programme, a tender was issued for the main contractor for the development of 60 new build Council homes in Gallowhill. A preferred bidder has been identified for each project and subject to a suitable offer of Scottish Government Affordable Housing Grant funding, it is anticipated that the formal contract award will be issued by March.
- 6.3.5 A design feasibility study has been completed for Foxbar Rivers with a tender to be issued for main contractor to be issued following completion of site investigations. It is anticipated that a further 48 newbuild homes could be delivered on this site.
- 6.3.6 The Strategic Housing Investment Plan 2024-29 approved by the Communities and Housing Policy Board on 31 October 2023, includes provision for Scottish Government grant funding for Council new build projects.
- 6.3.7 The new build grant benchmark rate for local authorities is a 3-person equivalent benchmark of £71,500 per unit. The new build specification has been updated to include the quality measures required to maximise grant claims where possible (silver level as a minimum, balconies to flatted developments, space for home working / study, digital enablement, fire suppression and zero emission heating). These additional measures will incur higher capital costs but will also attract additional grant funding over and above the 3-person equivalent benchmark rate to assist the ongoing delivery of energy efficient affordable new build Council homes for tenants.
- 6.3.8 It should be noted that higher capital costs result in an increase to the funding gap between new build housing project costs and the level of grant subsidy available to the Council, resulting in increased cost pressures on the HRA in order to continue to support new build housing projects. It is hoped that inflation stabilising, together with industry-wide adoption of the new measures, will lead to a reduction in capital costs over time.
- 6.3.9 The draft budget published by the Scottish Government in December 2023 for financial year 2024/25 outlines a decrease of £196.1m (26%) in comparison to the 2023/24 [Affordable Housing Supply Programme budget](#) of £751.945m across Scotland. This reduction may have an adverse impact on the timescales of delivery by the Council and other Registered Social Landlords who have new build projects identified within the Strategic Housing Investment Plan 2024-29.
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## Implications of the Report

1. **Financial** – The report and appendices detail the proposed HRA budget and average weekly rent increase for 2024/25 and the Housing Capital Investment Plan for 2024/25 to 2028/29.
2. **HR & Organisational Development** – None arising directly from this report.
3. **Community/Council Planning**
  - *Our Renfrewshire is well* – enabling communities to have their voices heard and influence the places and services that affect them by consulting tenants on the proposed changes to rents for 2024/25.
  - *Building strong, safe and resilient communities* - continuing housing regeneration programmes across Renfrewshire to create sustainable communities.
  - *Tackling inequality, ensuring opportunities for all* - improving and maintaining housing conditions for the benefit of tenants and providing assistance to tenants to mitigate the impacts of any Welfare Reform changes.
  - *Creating a sustainable Renfrewshire for all to enjoy* – accessing supplementary external funding where available to support the achievement of the minimum energy rating under the Energy Efficiency Standard for Social Housing.
  - *Working together to improve outcomes* – consulting tenants on the proposed changes to rents for 2024/25 and involving tenant representatives in the specification and monitoring of the investment programme.
4. **Legal** – The council is required to set an HRA budget for 2024/25 and agree any rent changes for notification to tenants. The Council must give tenants at least 28 days' notification in advance of any changes.
5. **Property/Assets** – The report proposes the Housing Capital Investment Plan for 2024/25 to 2028/29.
6. **Information Technology** – None arising directly from this report.
7. **Equality & Human Rights** - Where the Council is making decisions in relation to its spending priorities, it is obliged to comply with the public sector equality duty set out in the Equalities Act 2010.

8. **Health & Safety** – The Capital Plan outlines investment in Council assets and facilities to ensure they remain safe and accessible in line with statutory obligations.
9. **Procurement** – The proposed Capital Investment Plan for 2024/25 to 2028/29 will include procurement of contracts.
10. **Risk** – The HRA Business Plan remains subject to a number of risks and economic factors such as interest rates and inflation. While these risks are reviewed as part of the HRA business planning process, a high level of uncertainty remains relating to external economic factors.
11. **Privacy Impact** – None arising directly from this report.
12. **Cosla Policy Position** – Not applicable.
13. **Climate Risk** - Investment in Council assets improves energy efficiency, reducing the Council’s carbon footprint and helping it achieve its Net Zero by 2030 target.

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### **List of Background Papers**

Housing Revenue Account Budget & Rent Levels 2023/24 and Housing Capital Investment Plan 2023/24 to 2027/28, 2 March 2023.

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**Author:** *Gordon McNeil, Director of Environment, Housing and Infrastructure*

**Housing Revenue Budget – 2023/24 to 2024/25**

Appendix 1

	<b>Revised Annual Budget 2023/2024 £m</b>	<b>Proposed Annual Budget 2024/25 £m</b>	<b>Movement £m</b>
<b><u>Expenditure</u></b>			
Supervision and Management	17.575	18.472	0.897
Housing Repairs and Maintenance	15.892	18.982	3.090
Grounds and Estates Maintenance	2.535	2.565	0.030
Void Rents	2.220	2.326	0.106
Bad Debt Provision	2.042	2.146	0.104
Financing Costs (Loan Charges)	15.165	13.640	(1.525)
Contribution to Capital Programme	3.924	4.269	0.345
<b>Total Expenditure</b>	<b>59.353</b>	<b>62.400</b>	<b>3.047</b>
<b><u>Income</u></b>			
Rental Income	(54.655)	(57.730)	(3.075)
Other Income	(3.422)	(3.478)	(0.056)
Use of B/F Reserves	(1.276)	(1.192)	0.084
<b>Total Income</b>	<b>(59.353)</b>	<b>(62.400)</b>	<b>(3.047)</b>
<b>Net</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>





**Housing Revenue Account - 2024/25 Budget**

Subjective Summary	Revised Annual Budget 2023/24	Proposed Annual Budget 2024/25	Budget Adjustments 2024/25	Explanation of Movement
Employees	11,097,983	11,121,812	23,830	Includes pay award for 2023/24 to reflect the agreed settlement and estimated 2024/25 pay award amounting to £1.221m; the removal of a recurring pension saving of £0.168m; and the temporary removal of employer pension contributions of £1.029m, which will require to be reinstated in 2026/27.
Premises Related	20,288,290	23,477,665	3,189,375	This includes an additional £3.159m for Repairs & Maintenance; an additional £0.030m for Estate Management; £0.225m for fuel inflation; £0.435m on insurance; and net reduction of movements in other minor budgets of £0.019m. The temporary removal of employer pension contributions reduces the recharge from Building Services by £0.641m, which will require to be reinstated in 2026/27.
Transport Related	102,500	53,431	(49,069)	Reduction in budget to reflect current demand for fleet and mileage.
Supplies and Services	732,817	909,217	176,400	This reflects inflationary pressures and additional costs mainly on ICT, Communication and external services including legal costs £0.176m.
Third Party Payments	49,000	585,934	536,934	This reflects the cost of apprenticeship funding for Building Services.
Transfer Payments	5,675,242	6,029,019	353,777	The bad debt budget has been increased by £0.098m (net) from last year in line with the anticipated increase in rental income. An allocation from this budget remains to be utilised for the tenant support fund. An increase in the void rent loss budget of £0.106m reflects increased rent levels and continuing service pressures. An additional £0.022m is also allocated for Council Tax payments linked to the anticipated level of voids. A further £0.070m has been allocated to continue youth employment and training initiatives. The remaining £0.058m reflects the inflationary impact of contracts with third sector providers.
Support Services	2,492,400	2,456,181	(36,219)	This reflects minor inflationary pressures, offset by a reduced support services recharge.
Depreciation and Impairment Losses	19,089,000	17,909,000	(1,180,000)	The net reduction in the capital financing budget reflects the realignment of this budget to mitigate rent increases in 2024/25, and to reflect the revised borrowing requirements associated with planned investment.
<b>GROSS EXPENDITURE</b>	<b>59,527,232</b>	<b>62,542,260</b>	<b>3,015,028</b>	
Income	(59,527,232)	(62,542,259)	(3,015,028)	The gross increase in income due to the rent increase budgeted is £3.075m. The drawdown from reserves reflects a reduced level of drawdown of £0.584m from the previous year. This movement is however partially offset by the targeted £0.500m saving that requires to be delivered in 2024/25 allocated from reserves at present. The balance in the movement of £0.024m reflects the net minor movements in other income recoveries.
<b>NET EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**Housing Capital Investment Plan - 2024-25 - 2028-29**

**Appendix 3**

<b>Expenditure Category</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>	<b>2027-28 £m</b>	<b>2028-29 £m</b>	<b>5 Year Totals £m</b>
Internal Investment	4,920	7,120	3,610	3,610	4,502	23,762
External Improvements	10,200	14,200	13,200	13,325	10,900	61,825
Multi Storey Flats Improvements	500	6,500	9,500	11,500	473	28,473
Sheltered Housing Improvements	600	725	500	500	473	2,798
Professional Fees	1,900	1,925	1,950	1,975	2,363	10,113
Others e.g. Adapts, Rotworks & Asbestos	2,715	2,715	2,615	2,315	2,734	13,094
Regeneration and Renewal Investment Programme	18,161	31,658	15,071	25,940	16,730	107,560
New Supply Programme Excluding Regeneration Projects	2,240	12,858	15,563	3,000	0	33,661
<b>Capital Expenditure Total</b>	<b>41,236</b>	<b>77,701</b>	<b>62,009</b>	<b>62,165</b>	<b>38,175</b>	<b>281,286</b>
Government Funding	-5,898	-13,752	-4,522	-7,007	-4,076	-35,255
<b>Net Housing Investment Expenditure</b>	<b>35,338</b>	<b>63,949</b>	<b>57,487</b>	<b>55,158</b>	<b>34,099</b>	<b>246,031</b>