

## COUNCIL, THURSDAY 23 FEBRUARY 2023

### AMENDMENT TO THE HRA BUDGET SUBMITTED BY COUNCILLOR S SHEAHAN

I move the amendments to recommendations to item 13 HOUSING REVENUE ACCOUNT BUDGET AND RENTS 2023/24 with amended areas highlighted in red.

Should these changes be agreed, members will need to be mindful of the consequential changes to agenda item 11 CAPITAL STRATEGY, TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS.

### AGENDA ITEM 13 HOUSING REVENUE ACCOUNT BUDGET AND RENTS 2023/24

Recommendations	COUNCIL IS RECOMMENDED:
	<ol style="list-style-type: none"><li data-bbox="606 707 1398 996">1. TO APPROVE THE HOUSING REVENUE ACCOUNT (HRA) BUDGET FOR 2023/24 (APPENDIX 1) AS SUMMARISED IN SECTION 2 OF THIS REPORT. THIS INCLUDES:<ol style="list-style-type: none"><li data-bbox="734 851 1398 884">a. INCREASING RENTS BY UP TO 7%</li><li data-bbox="734 918 1398 996">b. CHANGES TO FEES AND CHARGES AND SERVICES CHARGES, AS DETAILED IN APPENDIX 3</li></ol></li><li data-bbox="606 1030 1398 1131">2. TO NOTE THE HRA BUDGET FOR 2024/25 TO 2027/28 (APPENDIX 1). <b>SUBJECT TO CHANGES SHOWN IN THIS ALTERNATIVE BUDGET IN TABLE 1.</b></li><li data-bbox="606 1164 1398 1355">3. TO APPROVE THE PROPOSED HRA CAPITAL PROGRAMME FOR 2023/24 (APPENDIX 4) AND PLANNED FINANCING, AS SET OUT IN SECTION 3 OF THIS REPORT. <b>SUBJECT TO CHANGES SHOWN IN THIS ALTERNATIVE BUDGET IN TABLE 2.</b></li><li data-bbox="606 1388 1398 1556">4. TO APPROVE THE FLEET REPLACEMENT PROGRAMME FOR 2024/25 (APPENDIX 4), TO ALLOW VEHICLES TO BE ORDERED IN ADVANCE ONCE APPROVAL HAS BEEN GIVEN TO MOVE THE SCHEME FROM THE DEVELOPMENT POOL TO THE ACTIVE POOL.</li><li data-bbox="606 1590 1398 1736">5. TO NOTE THE REMAINING ELEMENTS OF THE HRA CAPITAL PROGRAMMES 2024/25 – 2027/28 AS DETAILED IN APPENDIX 4 <b>SUBJECT TO CHANGES SHOWN IN THIS ALTERNATIVE BUDGET</b></li></ol>

#### 1.0 PROPOSED CHANGES TO THE HOUSING REVENUE ACCOUNT BUDGETS

- 1.1 Labour Group proposes to increase the capital budget for supply of 70 additional homes over a two year period to rent at affordable rent levels. The capital cost of £12.5m would be funded from additional borrowing (£8m) and the use of Right To Buy Receipts (£4.5m). The additional revenue costs would be offset by the additional revenue generated through rental income.

1.2 The revenue impact of this change is summarised in table 1 below.

**Table 1: Summary of changes to the Housing Revenue Account Budget.**

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total £'000
<b>HRA Starting position</b>						
HRA (Surplus)/Deficit	4,479	1,098	-	-	-	5,577
HRA External Borrowing	0	5,513	7,331	7,678	6,581	27,103
<b>Labour Alternative Budget Changes</b>						
1.1) Additional net surplus from additional new supply programme.	(84)	(105)	(14)	(20)	(29)	(252)
<b>HRA Labour position</b>						
HRA Alternative Budget Surplus/(Deficit)	4395	991	(14)	(20)	(29)	5,323
Alternative HRA Borrowings	1,258	12,122	7,408	7,812	6,706	35,306

1.3 The impact of depreciation is not shown in the above table as this is an accounting adjustment which in the HRA can be used to fund capital expenditure via the Major Repairs Reserve.

1.4 Table 2 below shows the summary of the HRA Capital programme including the change to new supply.

	2023/24 Budget £'000	2024/25 Indicative £'000	2025/26 Indicative £'000	2026/27 Indicative £'000	2027/28 Indicative £'000	Total £'000
Stock Investment	8,539	8,039	7,400	7,250	7,250	38,478
Estate Improvements	1250	620	720	620	620	3,830
Fleet Replacement	55	211	699	0	0	965
Other Capital	2,382	925	800	650	650	5,407
Total Approved Programme	12,226	9,795	9,619	8,520	8,520	48,680
Development Pool	2,948	3,805	2,378	3,750	1,000	13,881
<b>Labour Proposal</b>	<b>4,025</b>	<b>8,372</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,397</b>
Total Development Pool	6,973	12,177	2,378	3,750	1,000	26,278
<b>Housing Revenue Account Total</b>	<b>19,199</b>	<b>21,972</b>	<b>11,997</b>	<b>12,270</b>	<b>9,520</b>	<b>74,958</b>

- 1.5 The consequential impact of this proposed change on the Capital Strategy, Treasury Management Strategy and Prudential Indicators report at agenda item 11 will be actioned under the delegation provided to the Section 151 Officer.

## **2.0 Chief Finance Officer Assessment of Robustness of Budget Estimates and Adequacy of Reserves**

- 2.1 Section 25(1) of the Local Government Finance Act 2003 requires the Chief Finance Officer (CFO) to provide their professional assessment on the robustness of budget estimates and the adequacy of reserves prior to the Budget and Council Tax being considered by Council. Agenda item 10 provides Council with the CFO's assessment on the Administration's proposed budget.
- 2.2 The CFO has undertaken an initial review of the alternative budget proposals contained in this report and can indicatively provide a positive opinion. However, it should be noted this review has not been undertaken in the level of depth as the proposed Administration's budget due to the short period of time available to assess the proposals. If Alternative Budget proposals were adopted by Council a more in depth review would be required as part of their implementation.