

COUNCIL, THURSDAY 22 FEBRUARY 2024

AMENDMENT TO THE HOUSING REVENUE ACCOUNT (HRA) BUDGET SUBMITTED BY COUNCILLOR S SHEAHAN

I move the amendments to recommendations to Item 13 Housing Revenue Account (HRA) Budget and Rent Setting 2024/25 with amended areas highlighted in red.

Should these changes be agreed, members will need to be mindful of the consequential changes to Item 11 – Capital Strategy, Treasury Management Strategy and Prudential Indicators.

AGENDA ITEM 13: HOUSING REVENUE ACCOUNT (HRA) BUDGET AND RENT SETTING 2024/25

Recommendations	COUNCIL IS RECOMMENDED:
	<ol style="list-style-type: none"><li data-bbox="603 723 1390 925">1. TO APPROVE THE HOUSING REVENUE ACCOUNT (HRA BUDGET FOR 2024/25 (APPENDIX 1) AS SUMMARISED IN SECTION 2 OF THIS REPORT, INCLUDING THE INCREASING OF RENTS BY 7.7% SUBJECT TO THE CHANGES SHOWN IN THE ALTERNATIVE BUDGET.<li data-bbox="603 958 1390 1025">2. TO NOTE THE FEES AND CHARGES APPROVED BY CABINET ON 31 JANUARY 2024 (APPENDIX 3).<li data-bbox="603 1059 1390 1160">3. TO NOTE THE HRA BUDGET FOR 2025/26 TO 2028/29 (APPENDIX 1) SUBJECT TO THE CHANGES SHOWN IN THE ALTERNATIVE BUDGET.<li data-bbox="603 1193 1390 1361">4. TO APPROVE THE PROPOSED HRA CAPITAL PROGRAMME FOR 2024/25 (APPENDIX 4) AND PLANNED FINANCING, AS SET OUT IN SECTION 3 OF THIS REPORT SUBJECT TO THE CHANGES SHOWN IN THE ALTERNATIVE BUDGET.<li data-bbox="603 1395 1390 1529">5. TO NOTE THE HRA CAPITAL PROGRAMME FOR 2025/26 TO 2028/29 (APPENDIX 4) SUBJECT TO THE CHANGES SHOWN IN THE ALTERNATIVE BUDGET.

1. PROPOSED CHANGES TO THE HOUSING REVENUE ACCOUNT BUDGETS

- 1.1 The Labour Group proposes to make two changes to the capital budget.
 1. Increase the capital budget for the supply of 70 additional homes over a two-year period to rent at affordable rent levels.
 2. Increase the capital budget for Zero Carbon to £4.1m each year for the five years of the capital programme
- 1.2 The capital cost of supplying an additional 70 homes over a two-year period would be £16.1m. This would be funded from additional borrowing (£13.5m) and the use of Right to Buy Receipts (£2.6m). The additional revenue costs would be offset by the additional revenue generated through rental income.

- 1.3 The Zero Carbon capital budget will increase by £8m over the five-year capital programme. This would be funded from additional borrowing (£6.4m) and capital receipts (£1.6m).
- 1.4 The following appendices have been updated to reflect the two proposals and are attached; all changes are highlighted in red:
- Appendix 1 – HRA Revenue Budget 2024/25 to 2028/29
 - Appendix 2 – HRA Proposed Amendments to Budgets 2024/25 to 2028/29
 - Appendix 4 – HRA Capital Programme 2024/25 to 2028/29
- 1.5 In 2024/25, the revenue implications are an additional £127k in debt management costs and this is offset against a reduction in the revenue contribution to capital.
- 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 Act 2003 requires the Chief Finance Officer (CFO) to provide their professional assessment of 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 CFOs 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. The alternative budget suggests two amendments to the Cabinet's proposed budget, these would result in additional capital spending and an associated increase in financing costs and, as part of the process it's essential to consider the long-term implications.
- 2.3 A thorough examination is yet to be undertaken, this would include an assessment of the impact on the Council's future borrowing headroom, the associated risks of the proposal and the impact on the 30-year business plan. A sensitivity analysis in respect of the estimated rental income is also required. This review has not yet been undertaken at the level of depth required, this was due to the short period of time available.
- 2.4 If the Alternative budget proposals were to be adopted by Council, then as with all similar proposals, it would be prudent to seek further advice from the Council's treasury management advisors on the impact of the proposals on the Council's headroom, this to ensure that the Council complies with the relevant statutory and regulatory requirements.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL HRA SUMMARY BUDGET 2024/25 to 2028/29

2023/24 Revised Budget	HOUSING REVENUE ACCOUNT SUMMARY	2024/25 Requested Budget	2025/26 Indicative	2026/27 Indicative	2027/28 Indicative	2028/29 Indicative
£		£	£	£	£	£
	Expenditure					
7,693,445	Repairs & Maintenance	9,749,113	8,779,584	8,963,955	9,107,379	9,289,526
3,995,193	Supervision & Management	4,314,095	4,403,756	4,495,153	4,565,988	4,656,206
100,000	Provision for Doubtful Debts	100,000	100,000	100,000	100,000	100,000
3,466,317	Depreciation	4,161,536	4,327,682	4,494,833	4,609,442	4,701,236
1,822,113	Capital Financing & Debt Management	2,028,347	2,674,409	3,294,862	3,616,657	4,010,649
17,077,068	Total Expenditure	20,353,091	20,285,431	21,348,803	21,999,466	22,757,617
	Income					
-19,791,781	Rent & Service Charges	-21,004,680	-22,059,330	-22,949,877	-23,456,971	-23,929,331
-41,000	Non-Dwelling Rents	-38,900	-38,900	-38,900	-38,900	-38,900
-20,147	Other Income	-283,252	-253,252	-180,252	-84,252	-29,252
-286,000	Investment Income	-286,000	-160,000	-212,000	-316,000	-431,000
-20,138,928	Total Income	-21,612,832	-22,511,482	-23,381,029	-23,896,123	-24,428,483
-3,061,860	Net Operating Expenditure/-Surplus	-1,259,741	-2,226,051	-2,032,226	-1,896,657	-1,670,866
	Appropriations					
3,726,138	Transfer to/from reserves	2,492,444	2,085,547	1,692,856	1,513,493	1,272,848
3,814,898	Revenue Contribution to Capital	1,385,506	140,504	339,370	383,164	398,018
7,541,036	Total Appropriations	3,877,950	2,226,051	2,032,226	1,896,657	1,670,866
4,479,176	NET (SURPLUS)/DEFICIT	2,618,209	0	-0	-0	0
-6,576,920	Balance brought Forward	-3,618,209	-1,000,000	-1,000,000	-1,000,000	-1,000,000
4,479,176	-Surplus/Deficit In Year	2,618,209	0	-0	-0	0
-2,097,744	Balance Carried Forward	-1,000,000	-1,000,000	-1,000,000	-1,000,000	-1,000,000

North West Leicestershire District Council

Housing Revenue Account- Proposed Amendments to Budgets 2024/25 to 2028/29

Proposal Title	Proposal Description & Service Impact	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Restructure	Change in staffing cost due to restructure (including pay award)	302,506	0	0	0	0
Pay awards	Change in staffing costs due to pay awards	0	307,895	110,842	113,059	115,319
Total Pay Related Costs		302,506	307,895	110,842	113,059	115,319
Heating contract	9.7% inflation on heating maintenance contract	46,090	0	0	0	0
Recharges from the General Fund	Inflation on services provided by the General Fund to the HRA	330,962	0	0	0	0
General inflation			115,761	167,631	103,552	159,751
Total Inflation Increases		377,052	115,761	167,631	103,552	159,751
"Right sizing" of budgets	Every budget line set for level of expected activity.	(400,848)	0	0	0	0
	1 proposal below 15k	13,860	(1,020)	(1,060)	(1,070)	(1,080)
Other Budget Adjustments		(386,988)	(1,020)	(1,060)	(1,070)	(1,080)
Repairs Backlog	Additional expenditure to tackle repairs backlog	2,000,000	(1,250,000)	0	0	0
Subscription to Regulator	Regulator of Social Housing subscription to cover costs of greater regulation	32,000	0	0	0	0
Change Consultant	Change Consultant to advise and assist with service transformation in 24/25	50,000	(50,000)	0	0	0
Cost Pressures		2,082,000	(1,300,000)	0	0	0
Investment Income	Investment income on HRA balances	0	126,000	(52,000)	(104,000)	(115,000)
Loan interest	Changes in loan interest due to capital financing requirements	206,235	645,975	620,395	321,750	393,935

North West Leicestershire District Council

Housing Revenue Account- Proposed Amendments to Budgets 2024/25 to 2028/29

Proposal Title	Proposal Description & Service Impact	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Depreciation	Depreciation changes due to inflation and changing number of properties.	695,219	166,145	167,152	114,609	91,794
Total Other Corporate Amendments		901,454	938,120	735,547	332,359	370,729
Dwellings Rents	Dwellings Rent Increase	(1,137,219)	(1,031,000)	(875,000)	(495,000)	(457,000)
Service Charges	Service Charge Increase	(26,320)	(23,650)	(15,547)	(12,094)	(15,359)
Central heating charges	Central heating charges	(49,360)	0	0	0	0
Grant Income	Domestic Renewable Heat Incentive	(254,000)	30,000	73,000	96,000	55,000
Income	Two proposals below £15k	(7,005)	0	0	0	0
Total Changes In Income		(1,473,904)	(1,024,651)	(817,547)	(411,094)	(417,359)
Total Budget Amendments		1,802,119	(963,894)	195,413	136,806	227,360

NORTHWEST LEICESTERSHIRE DISTRICT COUNCIL HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2024/25-2028/29

Appendix 4

PROJECT	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	For Approval	Indicative	Indicative	Indicative	Indicative	
	£	£	£	£	£	

Major Repairs Reserve	Capital Receipts	RCCO	Prudential Borrowing	Total
£	£	£	£	£

Stock Investment

Home Improvement Programme	6,500,000	4,500,000	4,500,000	4,500,000	4,500,000	24,500,000
Asbestos	400,000	400,000	400,000	400,000	400,000	2,000,000
Roofs	550,000	250,000	250,000	250,000	250,000	1,550,000
Commercial Boilers	150,000	150,000	150,000	150,000	150,000	750,000
Stock Condition Surveys	325,000	-	-	-	-	325,000
Zero Carbon	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	20,500,000
Total Stock Investments	12,025,000	9,400,000	9,400,000	9,400,000	9,400,000	49,625,000

13,064,792	-	2,646,561	8,788,646	24,500,000
-	-	-	2,000,000	2,000,000
-	-	-	1,550,000	1,550,000
-	-	-	750,000	750,000
-	-	-	325,000	325,000
-	10,353,000	-	10,147,000	20,500,000
13,064,792	10,353,000	2,646,561	23,560,646	49,625,000

Estate Improvements

Off-Street Parking	300,000	300,000	300,000	300,000	300,000	1,500,000
Estate Projects	200,000	100,000	100,000	100,000	100,000	600,000
Garage Demolition	70,000	50,000	50,000	50,000	50,000	270,000
Footpaths and Unadopted Roads	100,000	50,000	50,000	50,000	50,000	300,000
Total Estate Improvement	670,000	500,000	500,000	500,000	500,000	2,670,000

-	300,000	-	1,200,000	1,500,000
-	200,000	-	400,000	600,000
-	70,000	-	200,000	270,000
-	100,000	-	200,000	300,000
-	670,000	-	2,000,000	2,670,000

Fleet Replacement

Vehicles	-	100,000	300,000	-	-	400,000
Total Fleet Replacement	-	100,000	300,000	-	-	400,000

-	-	-	400,000	400,000
-	-	-	400,000	400,000

Other Capital

Sheltered Scheme Improvements	350,000	100,000	100,000	100,000	100,000	750,000
Passive Fire Safety	300,000	300,000	300,000	300,000	300,000	1,500,000
Scheme Lighting	250,000	200,000	200,000	200,000	200,000	1,050,000
Tunstall System	30,000	-	-	-	-	30,000
Major Aids and Adaptations	400,000	-	-	-	-	400,000
Housing Management IT System	100,000	-	-	-	-	100,000
Total Other Capital	1,430,000	600,000	600,000	600,000	600,000	3,830,000

-	350,000	-	400,000	750,000
-	300,000	-	1,200,000	1,500,000
-	250,000	-	800,000	1,050,000
-	30,000	-	-	30,000
-	400,000	-	-	400,000
-	-	-	100,000	100,000
-	1,330,000	-	2,500,000	3,830,000

Total Active Projects	14,125,000	10,600,000	10,800,000	10,500,000	10,500,000	56,525,000
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13,064,792	12,353,000	2,646,561	28,460,646	56,525,000
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DEVELOPMENT POOL

New Supply	9,840,000	15,470,000	2,640,000	1,190,000	4,660,000	33,800,000
Total Development Pool	9,840,000	15,470,000	2,640,000	1,190,000	4,660,000	33,800,000

-	8,896,039	-	24,903,961	33,800,000
-	8,896,039	-	24,903,961	33,800,000

TOTAL HRA CAPITAL PROGRAMME	23,965,000	26,070,000	13,440,000	11,690,000	15,160,000	90,325,000
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13,064,792	21,249,039	2,646,561	53,364,608	90,325,000
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