

# Housing HRA Budget 2024-25 Briefing

**SCRUTINY HOMES SUB-COMMITTEE**

29 January 2024

# Housing Revenue Account Budget 2024-25

- The balanced HRA 2024-25 Budget will be presented to cabinet on 14 February 2024 & is draft until that time

Table 1: 2024-25 HRA Budget to Forecast

Description	2023-24 Budget	2023-24 Forecast P07	2024-25 Budget	Budget to Budget Variance
Rental Income	-82.07	-82.07	- 88.39	-6.32
Service Charge Income	-4.63	-4.63	- 4.98	-0.36
Concorde, Sycamore & Windsor (rental income for Temporary Accommodation provision)	-3.36	-3.36	- 3.61	-0.26
Other Income	-6.02	-6.02	- 6.17	-0.15
<b>Subtotal Income</b>	<b>-96.07</b>	<b>-96.07</b>	<b>- 103.15</b>	<b>-7.08</b>
Housing Capital Charges	40.90	40.90	39.19	-1.71
Responsive Repairs & Safety	20.40	32.32	26.86	6.46
Centralised Directorate expenditure	11.30	11.31	13.31	2.01
Tenancy & Resident Engagement	10.27	10.29	10.33	0.06
Tenant Support Services	6.70	6.75	6.76	0.06
Concorde, Sycamore & Windsor- Expenditure	3.40	3.36	3.59	0.19
Asset Planning	1.60	1.64	1.64	0.04
Capital Delivery (Homes & Schools)	1.50	1.47	1.47	-0.03
<b>Subtotal Expenditure</b>	<b>96.07</b>	<b>108.03</b>	<b>103.15</b>	<b>7.08</b>
<b>Total HRA Net Expenditure</b>	<b>0.00</b>	<b>11.96</b>	<b>0.00</b>	<b>0.00</b>

# HRA Budget 2024-25 – Income

- Cabinet will be requested to approve a 7.7% increase to social tenant rent and tenant service charges
- The increase is in line with the Social Rent Policy of September CPI (6.7%) +1%
  - Note: The request to increase rents will be presented to Cabinet on 14 February in a separate paper to the HRA Budget and Business Plan paper
- Total income of £103m is an increase of £7.1m on current budget of which £6.7m is as a result of the rent and tenant service charges increase.
- Capping of rent at 7% increase in 2023-24 resulted in £3.3m of lost revenue over 30 year Business Plan equates to £57.1m loss

# HRA Budget 2024-25 – Expenditure

Expenditure growth is required to address the top priorities identified by tenants in their responses to the November 2023 survey:

1. **Repairs** – there has been a significant increase in repair requests circa 1,500 increase per month since the mobilisation of the new responsive repair contracts in August 2023.
2. **Planned Maintenance** – bringing our stock to a “decent” standard for our tenants
3. **Estates Caretaking & Ground Maintenance** – increase resources to manage the SLA’s and review the current service provided to our tenants.
4. **Anti-Social Behaviour & Parking**

# HRA Budget 2024-25 – Expenditure

In addition there is a requirement to address

1. Damp Mould and Condensation - To respond to the increased number of reports of damp, mould and condensation following increased media publicity in this area.
2. To meet the needs of The Social Housing (Regulation) Act 2023 and the requirements set out by the Regulator for Social Housing (RSH) of four new proposed standards
3. To meet the requirements as a result of changes arising from “Awaab’s Law” and response times for reports of mould.
4. To clear historic long-term voids (c120) and to ensure we complete void works in line with our new lettable standard and achieve our void turnaround target.
5. To tackle repairs linked to historic legal disrepair cases (c500) and ensure new cases received are reviewed and closed within 4 months. The increased budget is made with a commitment to clear the repairs linked to historic cases by 31 August 2025.

# HRA Business Plan 2024-25 update

- A 30 year business plan should set out the long term financial position of this ring-fenced general fund account. It is financially viable based on the available data at this point in time
- The current iteration of the business plan is based on :
  - an update reflecting the revised 2024-25 financial budget changes
  - 5% stock condition survey completed at the end of 2022 by Savills
  - Stock condition surveys have been commissioned expected that 40% will have been completed by March 2024 & will inform Croydon's Asset Management Strategy which is due to Cabinet in summer 2024
- Reserves balances are circa £57m currently but the 2023-24 pressures will be funded from these funds at year end
- A pre-set minimum reserves balance of £9.5m is recommended (based on the size of our housing stock). The reserves do not fall below that pre-set minimum balance over the 30 year period

# HRA Business Plan 2024-25 update

## Borrowing & the HRA CFR (Capital Finance Requirement)

- The HRA CFR is made up of the external borrowing as well as the funding of the capital programme through the use of HRA reserves
- The opening CFR of £365m of which there is PWLB borrowing of 40 loans totalling £334m
- The 2025-26 capital programme of £57.2m will consist of a strengthened responsive repairs programme and will not require any borrowing. The significant increases from 2025-26 over 3 years will be require borrowing
- Borrowing capacity has been requested for the future capital led works and will be drawn down from 2026-27 onwards as required