

## Committee Report

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**PURPOSE:** Final Decision Report

**KEY OR NON-KEY DECISION:** Key decision over £500k spend/save & impacts more than 2 wards

**COMMITTEE:** Strategy and Resources Committee

**DATE:** 03 February 2025

<b>TITLE:</b>	<b>Housing Revenue Account (HRA) Budget 2025/26</b>
<b>Ward(s):</b>	All
<b>Officer presenting the report:</b> John Smith <b>Job title:</b> John Smith: Executive Director for Growth & Regeneration	
<b>Committee Chair:</b> Cllr. Tony Dyer <b>Executive Director lead:</b> John Smith: Executive Director for Growth & Regeneration	
<b>Proposal origin:</b> BCC Staff	
<b>Purpose of Report:</b> <ol style="list-style-type: none"><li>1. To seek Strategy and Resources Committee endorsement of the proposed 2025/26 Housing Revenue Account (HRA) Budget and 5-year medium term financial plan (MTFP)</li><li>2. To seek Strategy and Resources Committee endorsement of the proposed Housing Investment Plan (Appendix A2) and HRA Development Programme for new council homes (Appendix A3)</li><li>3. To seek delegated authority to appoint all necessary contractors and apply for/receive grants to deliver the Housing Investment Plan (HIP) (Appendix A2) and HRA Development Programme for new council homes (Appendix A3)</li><li>4. To note, to ensure long-term viability of HRA finances, the 30-year HRA business plan has been refreshed and updated to reflect the new budget and MTFP requirements.</li></ol>	

## Evidence Base / Options to consider:

### Background

1. The Housing Revenue Account (HRA) is a separate ring-fenced account and covers all activities of Bristol City Council as a landlord. A 1-year revenue budget for 2025/26 and a 5-year capital programme 2025/26 – 2029/30 are being presented for approval. The budget has been set to ensure that the HRA can deliver the necessary services for tenants and other stakeholders, in order to ensure they are safe, secure and healthy in their homes and communities.
2. The Council is legally bound to develop a balanced HRA budget (meaning income and expenditure are equal). The Budget must also meet the Council's own rules to allow sufficient funding to afford interest repayments on existing and new debts (the Interest Cover Ratio), sufficient minimum reserves and to demonstrate the ability to repay new borrowings within 50 years for investment in new homes, and 30 years for investment in existing stock. The 30-year HRA Business Plan model has been used to balance the HRA budget. The Council is drawing down c. £36m in 2024/25 from reserves to fund the impact on the Revenue Account from multiple in-year pressures. This includes the self-referral to the Social Housing Regulator. The use of these reserves results in the HRA Business Plan holding the minimum level of reserves permissible of £27.3m and is clearly not sustainable going forward. The minimum reserves figure is calculated as £26m as at 2023/24 inflated by CPI in subsequent years.
3. The Council carried out a self referral to the Regulator of Social Housing in April 2024. In July 2024, The Regulator issued a Regulatory Judgment and concluded that there are serious failings in the landlord delivering the outcomes of the Safety and Quality Standard and significant improvement is needed. In this context the Council has decided its priority for the short to medium term for the HRA will be to significantly improve the quality of existing housing stock via the Housing and Consumer Standards Programme. This budget has been developed in the context of significant financial pressures, however given the new priority the budget delivers the following improvements in 2025/26:-
  - £21.6m investment in high rise blocks
  - £19.0m in day to day repairs;
  - £4.3m investment in fire remediation works;
  - £2.8m in increased electrical testing;
  - £2.5m investment in fire sprinklers, smoke alarms and cladding replacement;
  - £2.4m to combat damp and mould;
  - £2.3m for gas servicing;
  - £1.5m to ensure our fire doors are working effectively;
  - £0.7m in increased fire alarm testing;
  - £0.7m to better understand the condition of our stock so we can plan the right investments in the future.

Despite the financial pressures and need to re-prioritise capital investment, we are still delivering 728 new homes at a cost of £207.3m over the medium term, with 136 delivered in 2025/26 and 263 in 2026/27.

4. In addition to the delivery of new homes detailed above within the HRA, it is proposed as part of the Council budget that the General Fund will acquire 75 properties at a cost of £33m in 2025/26 to be used as Temporary Accommodation.
5. It is imperative that we focus our efforts on improving the quality and safety of our existing homes, and this budget and proposed Home Improvement Programme seek to achieve this. In doing so, we recognise the need to make difficult decisions. The budget proposed in this report is a clear statement of intent to ensure the HRA is viable for many years into the future and has the financial capacity to deliver against our promise to tenants to provide them with safe, secure, well maintained homes and to do all we can to deliver as many new homes as possible in the future.

### Housing Investment Plan

6. To address these priorities the programme of work includes capital spending to improve properties and revenue spending focussed on repairs and maintenance. The HRA stock is aging, Figure 1 below shows the year of construction of Council properties. The introduction of the Social Housing Regulation Act 2023 and the associated Consumer Standards is expected to increase revenue costs, because of the increase in the Council’s legal responsibilities, by £5m in 2025/26. Furthermore, work is ongoing to ensure compliance with the Building Safety Act 2022 where the capital and revenue costs this year are forecast to be £4.3m and will increase to £15.1m next year. The impact of these issues created an £8.0m deficit against the revenue budget that will need to be met through identified savings and efficiencies.

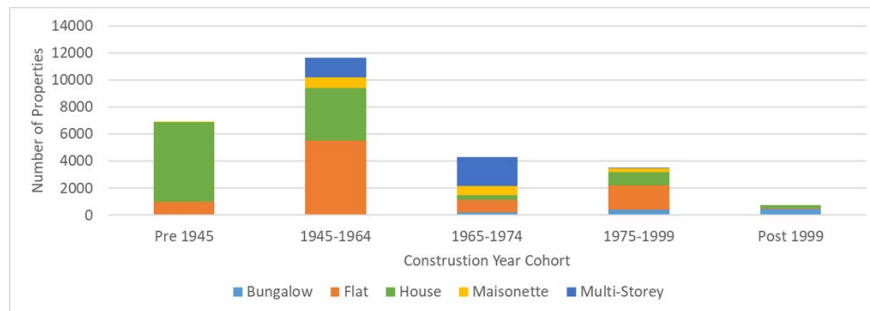


Figure 1. Housing and Housing Type construction year profile.

7. Beginning with the larger capital spend, the programme of work has been reprofiled to meet the priorities of resident safety and legal compliance. Around 50 lines of activity remain, which are targeted at the Council’s statutory responsibilities under various legislation with those programmes with costs of over £4m in 2025/26 including:
  - a. Energy Efficiency works part funded by the Social Housing Decarbonisation Fund (SHDF) which cost £8.6m in 2025/26 to improve 1,000 properties. A further £4.3m of Council funding is being invested in a separate SHDF programme to high rises on Ledbury Road. This maintains the Council’s position as the largest regional funder but is a reduction on previous commitments.
  - b. Tower block renovations to improve thermal comfort on which the Council is spending £21.6m in 2025/26. This will see Expanded Polystyrene (EPS) cladding replaced at multiple tower blocks, along with window and roof replacement works. Work is ongoing to disaggregate the existing major projects programme, to enable the development and implementation of an accelerated

programme for the removal and remediation of EPS cladding on high rise blocks. These associated costs will be fully funded up front by Homes England as part of the Cladding Safety Scheme.

- c. £2.5m investment in sprinklers, smoke alarms and cladding replacement, removing the requirement for expensive Waking Watch by September 2025.
  - d. Fire safety remediation works throughout the estate are being funded through £4.3m of capital investment in 2025/26. This meets the Council's obligations under the Fire Safety Act of 2021 and the Regulatory Reform (Fire Safety) Order of 2005.
8. In terms of revenue, over 40 lines of activities have been categorised as essential health and safety work with a total HIP revenue cost of £43m in 2025/26 (post £5m efficiency savings). Those activities with a cost of over £1.5m per annum include:
- a. Response repairs to occupied housing and relets which the Council is obliged to deliver under the Landlord and Tenant Act of 1985 and costs £33.6m per annum (£21.2m on response repairs to occupied housing and £12.4m on relets).
  - b. Electrical testing and repairs at £2.8m per annum.
  - c. Servicing of gas supplies and appliances costing £2.3m per annum as specified by the Gas Safety Regulations of 1998.
  - d. £2.4m on the highest priority damp and mould repairs as defined by the Housing Health and Safety Rating System (HHSRS). All damp and mould cases will be inspected, prioritised and addressed as part of our roadmap to complying with the forthcoming Awaab's law.
  - e. Fire Door Inspections and remediation as required under the Fire Safety Regulations (2022) and costing £1.5m per annum.
9. Prioritising the investments above has obviously been extremely challenging and required difficult decisions to ensure our priorities are met. Works which the Council would like to do now but have had to be deferred include:-
- a. The planned replacement of kitchens across the HRA estate which was forecast to cost £5.5m. However, £3.9m has been budgeted for a planned reactive replacement programme.
  - b. The installation of sprinklers not relating to Waking Watch which was forecast to cost £3.9m.
  - c. Pause the installation of ground source heat pumps by 2 years. The project is forecast to cost £7.6m excluding the grant funding.
  - d. Refurbishment works on tower blocks costing £17m that has not started is being delayed due to deliverability and affordability challenges. This includes the refurbishment of Vincent Close properties which was forecast to cost £4.1m. This is being replaced by a smaller scheme of £1m to address the roofs only.
  - e. The funding for the acceleration of the cladding replacement will be sought through government grants as the Council works with Government national and regional partners to develop a fully funded and accelerated project that will mitigate this risk.
10. Whilst some works to blocks are being paused, we are taking a pro-active approach by targeting our planned survey programme at these properties first so the full investment needs can be quantified and planned for as soon as possible. Furthermore, a proposal is being considered from the Strategic Partner, Arcadis, to develop a process for assessing the economic viability of these assets and develop options for their long-term future. This report and these options will feed into our vision for future estates regeneration, leading to improvements for our communities and neighbourhoods and our tenants' lives. The proposed development of asset strategies for these blocks and other high & medium rise blocks, once known, will be included in future 30-year plan refreshes.

11. In terms of revenue, a review of requirements and more efficient and effective delivery has led to savings being identified in these programmes which has been redirected to delivery of works against our new priorities:
- The £2m for external maintenance and painting of low rise buildings and a further £0.3m for communal maintenance and painting. Where required these activities will be delivered through the capital external works programme.
  - Fire Risk Assessments categorised at Type 4, forecast to cost £0.3m. It is not a legal requirement to complete these assessments. The budget does allow for Fire Risk Assessments that are a legal requirement.
12. The HIP has been developed with the objective of keeping tenants and other stakeholder safe, secure and healthy, which will then allow progress away from the C3 consumer standards position and significantly improve the quality and condition of our homes. The Consumer Standards programme of works for next year totals £25m and the following investment changes will enable this outcome to be delivered:
- Damp and mould funding increase from a budgeted £250k in 24/25 to £2,400k in 25/26.
  - Response Repairs (non-damp and mould) budget increasing from £18m to £19m in 25/26.
  - Increase in electrical testing from £2m to £2.8m after the efficiency has been applied.
  - Fire alarm testing increased from £150k in 24/25 to £666k in 25/26.
  - Increasing the stock condition surveys expenditure in 24/25 from £450k to £650k.
13. This is a significant sum to invest in our existing properties and is required as a result of historic under investment. These programmes will enable the Council going forward to meet its promises and obligations to existing tenants, which is our highest priority, ensuring that they are provided with warm, safe and secure homes and to begin regaining the trust of our tenants.

### **Income**

14. Rental income has been increased based on CPI + 1% for the next 10 years. The Government consultation on a long-term rent agreement will likely involve a 5 or 10-year agreement and our independent advisor (Savills) has advised assuming a 10-year period, but there remains risk and uncertainty until the outcome of the consultation is known. A scenario whereby rents are increased for 5 years only will be included as a stress test on the plan. The other significant income changes incorporated in the HRA financial model include:
- Income Recovery.** In 2024/25 Bad Debts are forecast to increase to levels significantly over the current budget (circa £0.8m). This assumption has been carried forward into the 25/26 Business Plan but a prudent assumption of a 5% reduction per year for the first five years of the plan has been made. The HRA is actively involved in the Council-Wide debt recovery improvement programme.
  - Service Charge Recovery.** The forecast for 24/25 is £1.5m lower than budgeted income as it was not possible to implement an in-year increase, this can only be legally achieved during the annual rent increase. A dedicated resource is now in place to deliver this, and the recharge of c. £1.2m for Grounds Maintenance will commence in 2025/26, with an additional £1m relating to a new Service Charges Management Fee.
  - The expansion of the Joinery Shop was agreed on 1 November 2024 at the Homes and Housing Delivery Policy Committee. The expansion is expected to result in additional income to the HRA as it enables the opportunity to provide fire doors to both the Bristol City Council Corporate Landlord, and external bodies. A prudent estimate of 25% of additional income has been

assumed within the business plan as relating to non-HRA supply, offset by the full cost of the relocation and expansion of the service.

- d. Void Losses are currently forecast at circa £1.9m for 2024/25. The planned reduction against void losses for 2024/25 will not be met as the resource allocated to this workstream was redirected to clearing the backlog of repairs as a result of the Regulatory Judgement. As with Bad Debts above, this position has been carried forward into the 2025/26 Business Plan, with a planned reduction assumed over the first five years of the plan from circa 120 days at present, to 70 days in 2025/26, reducing by a further 5 days per annum over the period of the Medium-Term Financial Plan.

### **Efficiencies**

15. There is a long-term efficiency and transformation requirement to improve services, further reduce the revenue expenditure and subsequently enable greater capital expenditure. It is expected this need will be delivered through the recommendations of the Strategic Housing Review. The increased staffing costs of these recommendations equates to £0.4m in 2025/26 and £0.8m thereafter but it is assumed that the efficiencies generated will be greater than the costs with increasing savings being a key responsibility of the new posts. These savings are currently estimated to be delivered from 2027/28 onwards.
16. In the short term, the balanced HRA budget position is predicated on delivering £8.0m of revenue efficiencies. Additional savings are being developed to include the revenue impact of capital spend on roofs, windows and bathrooms. Relet spend on repairs and maintenance is also being reviewed to identify further savings from reducing non-essential relet repairs. This will involve more detailed guidance being produced to detail what repairs are considered essential and a more robust sign off process.
17. The projected efficiencies will be tracked and reviewed monthly. Each project will have a cost benefit assessment to quantify the efficiency opportunity. These steps along with other improvements to governance are designed to improve the delivery of savings, which has previously proved an area of weakness, in 2025/26.

### **Housing Development & Acquisitions**

18. Appendix A3 outlines how the HRA direct delivery programme is impacted by the need to invest in our existing housing stock and address the challenges from the Social Housing Regulator. The currently contracted direct delivery programme is protected as are key new HRA development sites in Southmead and Filwood. However, Appendix A3 does show a significant reduction in the anticipated acquisitions programme for the HRA and an intent to withdraw from the acquisition of units from Goram Homes at Dovercourt and New Fosseway as detailed in Appendix A3, para. 18.
19. Despite the financial challenges facing the HRA, 728 new homes are planned for delivery by 2030
20. With a focus on the delivery of Social Rented Council Housing, the Council cannot on its own solve the multi-faceted housing crisis facing the city of Bristol. In order to combat the crisis, the Council must work with other delivery partners such as Registered Providers to enable the delivery a range of tenure types for new housing, including Shared Ownership, Rent to Buy, Market Sale and Market Rent.

21. **Disposals** The HRA currently has a number non-residential properties (offices, shops, garages, and open parcels land). The Council is currently in the process of reviewing these assets. If sold, the capital receipts could be reinvested into new residential properties to meet the growing waiting list and generate additional income for the Council, which could then be re-invested into in existing stock. Furthermore, the HRA includes a number of residential properties which are expensive to run, maintain and improve, but would generate capital receipts if sold. Again, it is proposed, over the medium term financial plan to consider disposal of a limited number of properties subject to policy approval referred to below with the receipts being used to increase the overall stock of housing with assets in a better condition or to invest in existing stock. The current assumption is to consider disposal of 14 units in 25/26 and 28 annually thereafter, giving a total of 159 (inclusive of the 33 long term voids detailed in **para. 24** below) over the next 5 years. The forecast number of properties and capital income included in the financial model is shown in Figure 2.
22. The Disposals Policy and associated Procedure are currently being drafted and will follow the decision pathway. No disposals will be actioned until the policy and procedure have been agreed and implemented. The Policy and Procedure will set out a clear, transparent and consistent rationale for any disposals, with any decision to dispose being taken after all other avenues regarding investment in, or alternative uses for, these properties have been exhausted. This will be a targeted process and is aimed at providing the Council with the best Value for Money outcome, whilst retaining the greatest number of the highest quality stock we can.
23. Whilst disposing of much needed council housing stock in the midst of a housing crisis appears counter productive, those units identified contribute towards a drain on the financial resources of the HRA, both in terms of revenue and capital requirements. Disposing of these assets frees up not only the capital receipt, but also the ongoing capital investment requirements for re-investment elsewhere. These decisions are being taken now to provide a sound and robust basis for managing improvement in the Council's housing stock.
24. The reduction in rent and operational maintenance costs from the proposed Disposals has been considered within the financial model, along with the constraint that the income from disposing of these assets can only be used for capital purposes. In addition to the above, 33 long-term void properties are being assessed for disposal, subject to the above detailed Policy and Procedures and the potential capital income could be up to £10m. Also, several proposed Housing Development sites, including Combe and Sea Mills, could be sold to generate approximately £1.8m of capital income. This income has not been included in the proposed HRA budget due to the uncertainties associated with the disposal of these sites. Work will continue to review these assets to provide the opportunity to generate additional capital income, which can be used for investment with the aim of reducing revenue spend on repairs.

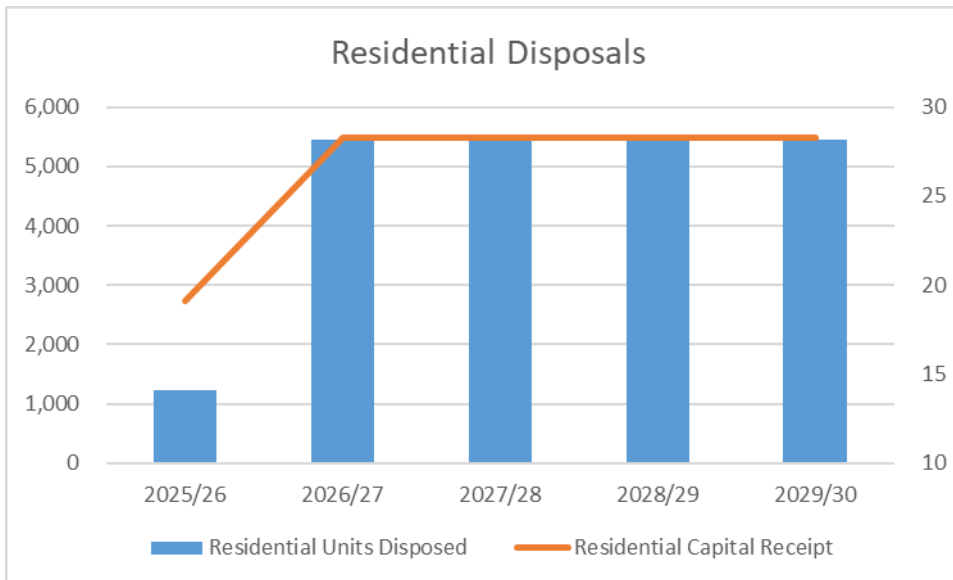
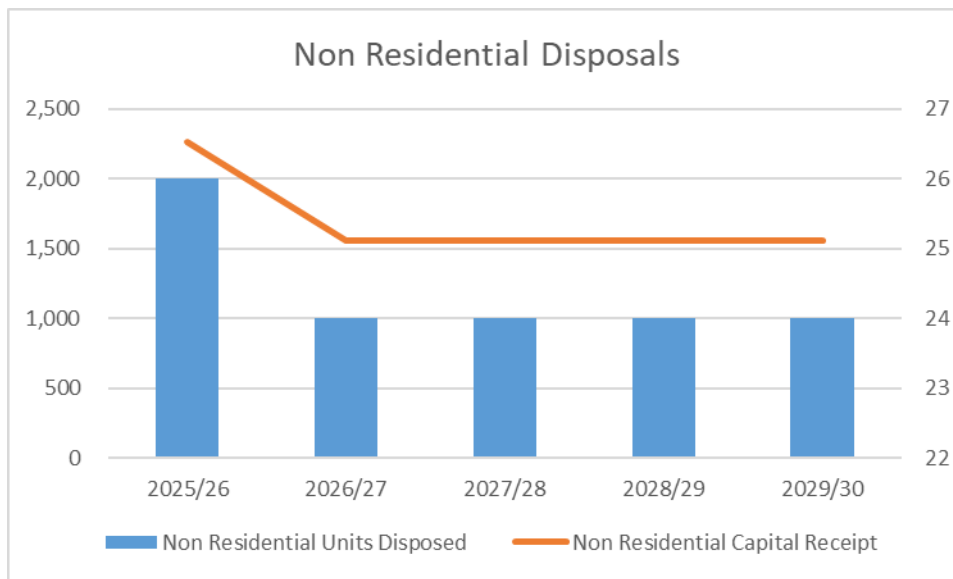


Figure 2. Proposed capital income from selling non-residential and residential assets

**Balanced HRA Budget**

25. Following all the above adjustments, the proposed budget is set out in Table 1 below with the 2024/25 budget and forecast shown as a comparator. The total of the changes above, when compared to in-year spend, is that the revenue budget for next year will be £6.9m lower post efficiency and the capital budget £37.4m higher.

Table 1. Summary of the HRA 2025/26 budget



Proposed 2025.26 HRA MTFP Income and Expenditure	2024.25 Budget £m's	2024.25 P8 Forecast £m's	2025.26 Budget £m's	2026.27 Budget £m's	2027.28 Budget £m's	2028.29 Budget £m's	2029.30 Budget £m's
Dwelling rents	-136.322	-136.648	-140.462	-147.211	-153.466	-158.861	-164.219
Voids	0.725	1.896	1.239	1.228	1.194	1.142	1.094
Non-Dwelling rents	-1.027	-0.999	-1.142	-1.168	-1.192	-1.217	-1.242
Charges for Services and Facilities	-13.210	-11.590	-14.346	-16.257	-16.794	-17.303	-19.452
Contributions Towards Expenditure	-0.086	-0.231	0.310	0.098	0.068	0.022	-0.025
<b>TOTAL INCOME</b>	<b>-149.920</b>	<b>-147.572</b>	<b>-154.401</b>	<b>-163.310</b>	<b>-170.190</b>	<b>-176.217</b>	<b>-183.844</b>
Repairs & Maintenance	44.543	45.793	43.143	43.646	44.024	44.136	46.969
Supervision & Management	38.041	41.751	41.868	44.381	46.493	47.739	48.126
Waking Watch	2.100	6.300	2.000				
Special Services	14.238	12.414	13.489	14.490	15.189	15.870	16.557
Rents, rates, taxes and other charges	0.581	0.912	0.912	0.954	0.977	1.000	1.023
assets	31.535	34.735	33.594	34.366	35.088	35.825	36.541
Debt Management	0.041	0.045	0.045	0.046	0.047	0.048	0.049
Movement In Doubtful Debt Provision	1.469	2.255	2.223	2.236	2.221	2.190	2.176
<b>TOTAL EXPENDITURE - CORE SERVICES</b>	<b>132.548</b>	<b>144.205</b>	<b>137.274</b>	<b>140.119</b>	<b>144.039</b>	<b>146.808</b>	<b>151.441</b>
<b>NET COST OF CORE HRA SERVICES</b>	<b>-17.373</b>	<b>-3.368</b>	<b>-17.127</b>	<b>-23.191</b>	<b>-26.151</b>	<b>-29.409</b>	<b>-32.403</b>
Interest & Investment Income	-2.822	-3.600	-1.623	-1.445	-1.516	-1.604	-1.683
Net interest payable, pension costs and other non operational charges	13.229	13.229	12.562	16.705	18.692	19.684	20.014
<b>(Surplus)/Deficit for the year on HRA Services</b>	<b>-6.966</b>	<b>6.261</b>	<b>-6.188</b>	<b>-7.931</b>	<b>-8.975</b>	<b>-11.329</b>	<b>-14.072</b>
<b>HRA Balances Brought Forward</b>	<b>-71.298</b>	<b>-71.298</b>	<b>-34.910</b>	<b>-27.296</b>	<b>-27.924</b>	<b>-28.510</b>	<b>-29.109</b>
Surplus For The Year	-6.966	6.261	-6.188	-7.931	-8.975	-11.329	-14.072
Capital Expenditure funded from Revenue	25.915	30.126	13.802	6.337	6.891	8.997	11.529
Set Aside For Debt Repayment	0.000	0.000	0.000	0.965	1.499	1.734	1.960
<b>HRA Balances Carried Forward</b>	<b>-52.348</b>	<b>-34.910</b>	<b>-27.296</b>	<b>-27.925</b>	<b>-28.509</b>	<b>-29.108</b>	<b>-29.692</b>

Capital Programme							
Home Improvement Programme	95.979	69.712	88.546	69.549	59.415	43.253	35.831
Development Programme	255.757	74.185	89.227	44.71	28.327	22.535	22.535
Other Capital	6.302	2.302	5.778	0	0	0	0
<b>Total Capital Programme</b>	<b>358.038</b>	<b>146.199</b>	<b>183.551</b>	<b>114.259</b>	<b>87.742</b>	<b>65.788</b>	<b>58.366</b>

26. The proposed budget ensures the reserves position will remain compliant at the minimum level of £27.3m and ensures that there is at least sufficient revenue available to meet the borrowing costs. On current plans, there will be sufficient revenue to increase borrowing in 2028/29. Our Business Plan consultants (Savills) have reviewed the plan and validated this position.
27. Whilst there is a small degree of comfort against the Interest Cover ratio, it is the advice of officers that this capacity is not utilised at this point to fund capital works over and above those currently included in the Business Plan. As has been experienced over the last couple of financial years, unknown shocks have the capacity to create significant revenue pressures, which themselves can lead to severe restrictions on the HRA's ability to fund capital spend. This has been most starkly demonstrated during 2024/25 when the pressures as a result of the Regulatory Judgement resulted in a £53m in year capital funding pressure which required significant in year adjustment of the Business Plan and reduction/re-prioritisation of capital spend.
28. The proposed HRA budget is designed to be an interim budget that stabilises the HRA financial position, allows us to meet our priorities of keeping tenants safe, secure and healthy, allows progress away from a C3 consumer standards position and provides the time and opportunity to better understand the condition of the housing stock, supporting production of the necessary investment priorities and plans within an efficient, resilient, deliverable and sustainable longer-term business plan envelope.

## Risks

29. Although the proposed HRA budget contains the least level of risk compared to the other scenarios, the remaining risks are significant. These risks and the proposed mitigations measures can be summarised as:

- a. Increasing tenant dissatisfaction: deterioration in the asset condition due to under investment will likely increase tenant complaints. Proactive communications, increased complaint management capability and repairs prioritisation will contribute to the risk mitigation.
- b. Failure to deliver Decent Homes metrics: The purpose of the Decent Homes metrics is to provide safe, healthy, and comfortable living conditions for tenants. It is the intention of the 25/26 HRA budget to provide safe, secure and healthy conditions. The financial constraints, plus the priority on safety means it will not be possible to provide comfortable living conditions for all tenants. Continuing the stock condition survey and using the survey results to prioritise investment will reduce this risk.
- c. Low level of financial resilience: The proposed HRA is balanced, but it contains no resilience to absorb the cost from any unforeseen events. The occurrence of another Barton House evacuation type event would require the HRA budget to be revised and safety driven investment reduced. The probability of this type of event occurring is increased with the financial and deliverability constraints preventing investment in some previously planned schemes. The impact from this risk will be reduced through the disposal programme, asset surveys to better understand the investment needs and other activities to improve the asset management maturity.
- d. Failure to deliver the efficiency programme: the required £8.0m revenue efficiency will be challenging to deliver. Failure to deliver the programme will lead to safety driven (e.g. must do) investment being reduced due to the lack of financial resilience. Asset Management's ongoing development and delivery of the Asset Efficiency register will reduce the risk.
- e. New legislation / government requirements: The introduction of Awaab's law, requirement to accelerate the cladding replacement programme or other government requirement are unlikely to be supported by additional income. This will require the additional requirements to be delivered using existing income. The mitigation of these risks starts with financial and non-financial impact assessments.
- f. Under/Over Resourcing: The proposed HRA Budget does not require a reduction in resource level; this is to help mitigate the impact of the funding constraints. However, the change in the investment structure will require a change in the resource allocations. Budget owners will be asked in early February 2025 to prepare resource plan base on the proposed budget to mitigate this risk.

In order to deliver the HIP and Development Programme as expeditiously as possible, the report seeks broad delegations in favour of the Executive Director. Decisions taken under this delegation will be published as Officer Decision Notices, as appropriate. In addition, the appointment to the new post of Executive Director of Housing, will necessitate the relocation of certain functions and related delegations in accordance with the scheme of delegations for each directorate.

## Appendices

30. Attached are appendices that provide information regarding the budget, Housing Investment Plan and delivery programme:

- Appendix A: Further essential background / detail on the proposal
  - A1: 2025/26 HRA budget and MTFP
  - A2: 2025/26 Housing Investment Plan
  - A3: 2025/26 Housing Development Programme
- Appendix B: Equalities Impact Assessment
- Appendix C: Environmental Impact Assessment
- Appendix D: Decision Risk Assessment
- Appendix H: Business case / financial analysis (HRA Efficiency Register)
- Appendix I: Housing Investment Plan – Procurement Schedule.

## Officer Recommendations:

The Strategy and Resources Committee is asked to recommend the following proposal to Full Council:

1. Agrees and recommends a rent and service charge increase of 2.7% effective from April 2024 to Full Council, applicable to HRA dwellings (general needs accommodation, supported housing and temporary accommodation).
2. Agrees and recommends the introduction of a new service charge for Grounds Maintenance, and to approve the implementation of a service charges Management Fee of 15% levied against applicable service charges.
3. Agrees and recommends the one-year revenue budget of £154m for 2025/26 set out in Appendix A1 to Full Council.
4. Authorises the Executive Director of Growth and Regeneration (to be replaced by the Executive Director of Housing in due course), in consultation with the Chair of the Homes and Housing Delivery Committee, to increase service charges by 2.7% with the exception of Heating and Water service charges which are to be increased by 10%, and garage rents by 10% and to approve the recalculated service charges and service charge statement based on actual costs for issue in September 2025.
5. Notes the key assumptions in the 30-year business plan and that the finance model is established within the agreed affordability principles summarised in Appendix A1, Paragraph 54.
6. Agrees and recommends the five-year capital programme 2025/26–2029/30 as detailed in Appendix A1 to Full Council.
7. Agrees and recommends the termination of the current contracts for the HRA to acquire homes from Goram at Dover Court and New Fosseway.
8. Approves the HIP and Development Programme set out in A2 and A3, subject to the following recommendations Nos 9 to 13

9. Authorises the Executive Director of Growth and Regeneration (to be replaced by the Executive Director of Housing in due course) in consultation with Chair of the Homes and Housing Delivery Committee and s151 Officer to submit appropriate funding applications (including Homes England grants for development and any over the key decision threshold) to support the HRA budget and in particular the delivery of the HIP and Development Programme and if successful to:
  - a. accept funding and agree associated grant terms/conditions; and
  - b. utilise the funding for delivery of the projects set out in appendices HIP and Development Programme and
  - c. where appropriate use HRA investment plan funds and or reserves to match fund projects to maximise funding opportunities.
  
10. Authorises the Executive Director of Growth and Regeneration (to be replaced by the Executive Director of Housing in due course) in consultation with Chair of the Homes and Housing Delivery Committee:
  - a. To approve the priority of the procurement projects set out in the HIP and take all steps required to select the appropriate procurement route and to procure and award the contracts in line with the Council's procurement rules and regulations. Such authority to include decisions on matters which exceed the key decision threshold..
  - a. To adjust, remove and/or defer from within the current year's programme, (including those set out in Appendix A2 and Appendix I), any project(s) in order to fund the increased cost of any other project and/or to accommodate other changes in the programme subject to keeping within the approved overall budget.
  
11. Authorises the Executive Director of Growth and Regeneration (to be replaced by the Executive Director of Housing in due course) in consultation with Chair of the Homes and Housing Delivery Committee to:
  - a. approve the priority of the Development Programme projects set out in Appendix A3 and take all steps required to procure and award contracts (including goods, works and professional services).
  - b. during 2025/26 to deliver the Development Programme capital investment plans detailed in Appendix A3 (notwithstanding any individual project or contract may exceed the key decision threshold)
  - c. agree the allocation of financial expenditure on schemes within the Development Programme and to authorise changes to adjust, remove and/or defer schemes as required to deliver the general development proposals. (Such authority to include decisions on matters which exceed the key decision threshold).
  - d. to determine the appropriate nature/mix of tenure appropriate for each scheme
  - e. to identify and allocate suitable sites and properties for the Development Programme, including both Council property and acquiring additional land or properties.
  
12. Authorises the reallocation and rearrangement of the above delegations from the Executive Director for Growth and Regeneration to the Executive Director of Housing on appointment, as required.
  
13. Authorises the Executive Director of Growth and Regeneration (to be replaced by the Executive Director of Housing in due course) in consultation with Chair of the Homes and Housing Delivery (subject to approval by Full Council) to take all steps required to terminate the current contract for the HRA to acquire homes from Goram at Dover Court and New Fosseway.

**Corporate Strategy alignment:**

<b>Homes and Communities Corporate Strategy Priorities for 2022–2027</b>	<b>HRA Budget Alignment</b>
<p><b>Housing Supply:</b> Ensure the affordability, availability, diversity and sustainability of housing for all. This includes accelerating home-building in the city to at least 2,000 homes each year, with at least 1,000 affordable, by 2024. Build and retain new social housing; review the system for allocating social housing; provide more supported and extra care housing for those who need it; pursue a ‘living rent’ in the city; and ensure there are strong long-term plans for the council’s own housing stock and the use of land in the city.</p>	<p>The HRA budget includes the anticipated completion of 404 new homes in 2025/26 and a further 186 units in 2026/27.</p> <p>The HIP element of the HRA budget will ensure the existing housing assets remain available by ensuring they are safe and healthy for tenants.</p>
<p><b>Low and zero carbon homes:</b> Work to decarbonise housing while improving warmth and benefitting people’s health. This includes building innovative, low or zero carbon homes, retrofitting existing housing stock, promoting schemes for private homeowners, and exploring innovative financing and modern methods of construction.</p>	<p>The HRA budget allows for the completion of the Social Housing Decarbonisation Fund (SHDF) Wave 2 projects at Ledbury Road and Easiform properties. 2025/26 will see the start of wave 3 SHDF projects with 1000 properties targeted with retrofit solutions over the next 3 years.</p>
<p><b>Homelessness:</b> Reduce and prevent homelessness and rough sleeping, tackling the underlying causes. Reduce the number of households in temporary accommodation. Where people have high or complex needs, take a ‘Housing First’ approach to provide stable accommodation at the start of providing wider support. Help prevent homelessness by building and retaining social housing, supporting good mental and physical health, developing employment and skills opportunities, taking ethical approaches to debt collection, and responding to the diverse needs of different people.</p>	<p>The anticipated completion of 404 new homes and a HIP focused on tenant safety so dwellings remain available will contribute to minimising homelessness.</p>
<p><b>Disability:</b> Create improved approaches, founded upon Disability Equality, to enable and support Disabled people throughout their lives. These will be co-produced with Disabled people, including children and young people with special educational needs, and city partners.</p>	<p>The HIP includes Adaptation expenditure of £4.8m, which will cover the installation of new facilities and the maintenance of existing equipment.</p>
<p><b>Community Participation:</b> Make sure that more people can actively participate in their community and in the life of the city. Work to make neighbourhoods safer and more accessible, with</p>	<p>The focus of the HRA budget on ensuring tenants are safe, secure and healthy has led to investments like Assisted Gardening (£120k) and Waste &amp; Recycling (£204k) being paused for a few years. The</p>

<p>good local amenities and strong cultural and social networks. Build the power of individuals, communities and partners to play a greater role in managing social, cultural and community assets. Enable and encourage civic, political and democratic participation.</p>	<p>focus now on producing a long term and sustainable investment plan will provide greater opportunities for community participation.</p>
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**City Benefits:**

The proposed HRA budget will benefit Bristol in the following ways:

1. **Improve Safety and Health;** Improving Living Conditions by properly maintained housing stock reduces health risks associated with poor living conditions, such as damp and mould. Providing decent homes minimise the probability of housing insecurity that can causes stress and anxiety.
2. **Economic Benefits:** Maintenance, repairs, and housing development projects create jobs and support local businesses in Bristol. This investment increases housing security and enables individuals to focus on employment, education, and personal development, reducing reliance on welfare systems.
3. **Environmental Impact:** Investments in retrofitting and sustainable building practices help reduce carbon emissions and lower energy costs for residents.
4. **Addressing Housing Needs:** Social housing ensures access to safe, secure, and affordable accommodation for low-income families, vulnerable individuals, and those unable to access private housing. The provision of Housing Options helps tackle homelessness and alleviate the pressure on emergency services.
5. **Enhancing Social Equity:** Social housing prioritises those with critical needs, such as families, elderly residents, and people with disabilities, promoting inclusivity and equality. Furthermore, the provision of affordable rent structures help narrows the gap between income groups and provide opportunities for disadvantaged residents to improve their quality of life.

**Consultation Details:**

The consultation on the HRA budget included:

1. Workshop for Homes and Housing Delivery Committee: 11<sup>th</sup> November 24 & 9<sup>th</sup> December 24
2. Strategy & Resources PCCB: 16<sup>th</sup> December 24
3. Housing PCCB: 2<sup>nd</sup> December 24, 9<sup>th</sup> December 24, 16<sup>th</sup> December 24, 6<sup>th</sup> January 25 & 13<sup>th</sup> January 25
4. Finance Sub-committee: 6<sup>th</sup> January 25
5. CLB: 26<sup>th</sup> November 24 & 7<sup>th</sup> January 24
6. EDM: 4<sup>th</sup> December 24
7. Savings Review Group: 20<sup>th</sup> December 24
8. Housing HSLT: 27<sup>th</sup> September 24, 23<sup>rd</sup> November 24, 13<sup>th</sup> November 24 & 18<sup>th</sup> December 24,

No external consultation has been completed due to there being limited options for alternative investment scenarios other than focusing on tenant safety and HRA savings. This budget will be supported by a communication plan so stakeholders understand the need to focus on safety and savings, and tenant

consultation will be used to inform future budgets where there is capacity to deliver more than a 'Must Do' scenario.

**Background Documents:**

The documents supporting the need for the 25/26 HRA budget include:

- [Health & Safety at Work Act \(1974\)](#): the primary piece of legislation governing workplace health and safety in the UK
- [Housing Act 1985](#): Forms the foundation of public sector housing law in England and Wales and sets out the duties of local authorities to provide housing for those in need
- [Housing Act 1996](#): Introduced changes to the allocation of social housing and established the regulatory framework for housing associations and Registered Social Landlords (RSLs)
- [Regulatory Framework for Social Housing in England \(2012\)](#): Issued by the Regulator of Social Housing, it sets the standards for governance, financial viability, and housing management that registered providers must meet
- [Decent Homes Standard \(2000\)](#): While not legislation, it is a government-mandated standard requiring social housing to be free from serious hazards, in a reasonable state of repair, provided with reasonably modern facilities and services and warm and weatherproof
- [Housing Health and Safety Rating System \(HHSRS\)](#): Requires local authorities to ensure that housing meets minimum health and safety standards. Identifies and addresses hazards (e.g., damp, mould, excess cold, fire risks) that could pose risks to tenants
- [Fire Safety Act 2021](#): Extends fire safety responsibilities to include external walls, cladding, and balconies
- [Building Safety Act 2022](#): Imposes stricter requirements on local authorities for ensuring safety in high-rise and multi-occupancy buildings. Requires compliance with fire and structural safety regulations
- [Fire Safety \(England\) Regulations 2022](#): Implements recommendations from the Grenfell Tower Inquiry
- [Social Housing Regulation Act 2023](#): Strengthens the regulation of social housing consumer standards

<b>Revenue Cost</b>	<b>£154m</b>	<b>Source of Revenue Funding</b>	Housing Revenue Account; Rent and Service Charges.
<b>Capital Cost</b>	<b>£183m</b>	<b>Source of Capital Funding</b>	Grants, Prudential Borrowing, Capital Receipts, Revenue Contributions.
<b>One off cost</b> <input type="checkbox"/> <b>Ongoing cost</b> <input checked="" type="checkbox"/>		<b>Saving Proposal</b> <input type="checkbox"/> <b>If yes - existing or new saving?</b> Choose an item. <b>OR Income generation proposal</b> <input type="checkbox"/>	

**1. Finance Advice:** This report has been written with the ongoing support and input of the relevant finance officers within the council, including S151 and DS151. The detailed financial commentary is included in Appendix A1 to this report.

**Finance Business Partner:** Martin Johnson (Interim Finance Manager), 31 December 2024

**2. Legal Advice:** The Council is required to maintain and review annually, a Housing Revenue Account in accordance with the provisions of the Local Government and Housing Act 1989 and directions issued thereunder. The report seeks endorsement of the proposed budget for approval by Full Council, including its proposed revenue and capital spending plans, and the associated HIP and Development Programme. The report also seeks broad delegated authority for the Executive Director to take all necessary steps to implement both the HIP and the Development Programme, across a range of activities, notwithstanding that any decision would otherwise require specific committee approval by virtue of it exceeding the key decision threshold. This authority is to include all procurement activities, (for all goods, works and services) necessary to deliver the Housing Investment Plan and Development Programme, and authority to acquire property to meet the Development Programme. To ensure the implementation of the plan and programme is lawful, all procurement and contracting activities must comply with the appropriate Procurement Law and Regulations and the council's own procurement rules. Officers must also ensure the programme remains compliant with the Council's budget and policy framework.

**Legal Team Leader:** Eric Andrews, Team Manager, Commercial and Governance, 9 January 2025

### **3. Implications on IT:**

I can see no implications on IT regarding this activity.

**IT Team Leader:** Gavin Arbuckle, Head of IT Operations, 8 January 2025

**4. HR Advice:** There are no direct HR implications evident

**HR Partner:** Celia Williams, HR Business Partner, 8 January 2025



## APPENDICES

<b>Appendix A – Further essential background / detail on the proposal</b>	<b>YES</b>
A1: 2025/26 HRA budget and MTFP	
A2: Housing Investment Plan	
A3: Housing Development Programme	
<b>Appendix B – Equality Impact Assessment (EqIA)</b>	<b>YES</b>
<b>Appendix C – Environmental Impact Assessment</b>	<b>YES</b>
<b>Appendix D – Decision Risk Assessment</b>	<b>YES</b>
<b>Appendix E – Exempt Information</b>	<b>NO</b>
<b>Appendix F – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix G – Options appraisal matrix</b>	<b>NO</b>
<b>Appendix H – Business case / financial analysis - Saving</b>	<b>YES</b>
<b>Appendix I – Housing Investment Plan – Procurement Schedule</b>	<b>YES</b>