

HMB Meeting Review of the Housing Revenue Account

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Business Development

Housing & Landlord Services

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What the HRA Update Will Cover

1. Setting the scene
2. Background on 2023/24 position
3. Key challenges & demands
4. How do we prioritise investment?
5. Timeline

Setting the Scene

- We have approximately 28,500 rented and leasehold homes
- The Housing Revenue Account (HRA) is a separate ring-fenced account for managing council housing, income from tenants & leaseholder rents and service charges
- We need to maintain a 30-year plan, projecting income and expenditure, with no deficit
- Over the next 5 years we have approval to spend:
 - c.£865m on capital works that includes providing major and planned works to existing homes (£405m) and building new homes (£460m)
 - c.£685m on revenue works that includes providing day to day repairs, turnaround of voids and general safety inspections
- There are significant changes taking place to health & safety and consumer regulation which impacts on services we provide. For more information see the Social Housing Regulation Bill

Key Challenges & Demands

- Higher interest rates than anticipated in the business plan
- Inflation on construction costs higher than rent increase of 7% in 23/24 (materials c.16% & labour c.9%)
- Inflationary pressure having an impact on the potential affordability of rent increase for tenants
- Large development programme and increased costs to meet sustainability and ecological matters

Key Challenges & Demands cont.

- Responding to Building Safety Act and Fire Safety Act
- Responding to requirements in the Social Housing Regulation Bill and upcoming Regulator of Social Housing Consumer Standards and impact of the government's decent homes standard review
- Additional investment in improvement programmes required to ensure we meet existing and upcoming statutory requirements (including fire safety, building safety, damp & mould)
- Achieving EPC C as a minimum across our housing stock by 2030 and Net Zero Carbon energy efficiency / decarbonisation by 2050. There will be specific challenges to achieve this especially on our oldest homes
- Likely increase in investment following the planned stock condition survey of our homes (over 20,000 homes to be surveyed by end of 2025)
- Initiatives to reduce the demand and cost of temporary accommodation
- Consider potential regeneration opportunities for poorly performing homes

How to Prioritise Investment

- There are lots of things we would like to invest in. Unfortunately, we won't be able to afford to do everything.
- In 'The Big Housing Conversation' undertaken in 2021 you said you wanted us to prioritise:
 - Building new Council Homes
 - Ensuring homes are energy efficient and installing additional insulation where required
 - More investment in our blocks, communal areas and estates
 - Replacing components such as kitchens, bathrooms, heating system, windows etc
- We are also investing more in:
 - Ensuring tenants homes are safe (more investment in fire, electrical, asbestos, legionella safety etc)
 - Ensuring homes are free of damp & mould
 - CCTV replacement and inspecting our homes
 - Moving away from fossil fuel heating (like gas) and installing more environmentally friendly heating (like heat pumps)
- Do you agree that these are the right areas for us to invest?
- Is there anything else we have missed?

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Timeline

- Sept:
 - Develop draft budgets & assumptions
 - Start to assess and prioritise demands
- Oct & Nov:
 - Testing viability
 - Consultation with engaged tenants, senior management teams and Cllr Renhard
- Dec:
 - Present to the Mayor's office
- Jan 24:
 - Request Cabinet Approval
- Feb 24:
 - Request Full Council Approval