

**HEALTH AND HOUSING SCRUTINY COMMITTEE
23 JANUARY 2024**

HOUSING REVENUE ACCOUNT – MTFP 2024-25 TO 2027-28

**Responsible Cabinet Member - Councillor Matthew Roche,
Health and Housing Portfolio**

Responsible Director – Elizabeth Davison, Group Director of Operations

SUMMARY REPORT

Purpose of the Report

1. To consider the Housing Revenues Account (HRA) – Medium Term Financial Plan (MTFP) for 2024-25 to 2027-28 before recommendation by Cabinet on 6 February 2024 and approval by Council on 15 February 2024.

Summary

2. Attached at **Appendix 1** is the HRA - MTFP 2024-25 to 2027-28 report, which has been approved by Cabinet as a basis for consultation.

Recommendations

3. Members are requested to consider the HRA - MTFP 2024-25 to 2027-28 and make any recommendations to Cabinet, specifically in relation to the following recommendations:
 - (a) To implement an average weekly rent increase of 6.7% for 2024-25, giving an average social rent of £83.98 and affordable rent of £94.17.
 - (b) To increase garage rents and service charges as shown in Appendix 1.
 - (c) To approve the revenue budget at Appendix 1.
 - (d) To agree the Housing Business Plan at Appendix 1.
 - (e) To approve the capital programme at Appendix 1.

Reason

4. To enable the Council to deliver an appropriate level of services to tenants to meet housing need and to support the economic growth of the Borough through housing development.

**Anthony Sandys
Assistant Director – Housing and Revenues**

Background Papers

Regulator of Social Housing - Rent Standard

Anthony Sandys: Ext 6926

S17 Crime and Disorder	There are no issues
Health and Well Being	By ensuring our housing stock is in good condition we are making a positive contribution to the health and well-being of our tenants
Carbon Impact	There are a range of energy efficiency measures included in the business plan which will have a positive carbon impact
Diversity	There are no diversity issues
Wards Affected	This will have an effect on all Wards in the Borough with Council Housing
Groups Affected	All Council tenants and Lifeline service users
Budget and Policy Framework	The issues contained within this report require Council approval and the report will be presented to Council in February 2024
Key Decision	This is not a key decision
Urgent Decision	This is not an executive decision
Council Plan	This report contributes to the Council Plan by involving Members in the plans to build new Council houses and ensuring the existing Council housing stock is maintained to a high standard and is environmentally friendly by maximising rental and service charge income
Efficiency	As the HRA is a ring-fenced budget, every effort is made to maximise income and identify savings in order to maintain a high quality service
Impact on Looked After Children and Care Leavers	No impact

MAIN REPORT

Information and Analysis

5. Cabinet, at its meeting held on 5 December 2023, considered and approved the HRA - MTFP 2024-25 to 2027-28 at Appendix 1 as a basis for consultation.
6. Members are asked to consider the recommendations agreed by Cabinet in relation to the revenue budget, capital programme, rent levels and service charges for the Council's HRA for the financial year 2024-25 in the context of the HRA MTFP to 2027-28 and the 30-year business plan.
7. Members should be aware of an error on the report that went to Cabinet on 5 December 2023. At paragraph 31 of the report, the capital works budget over the next four years is around £68m (and not £59m as reported) and over the next 30 years, £480m (and not £472m as reported) and reflect the figures in Appendix 2 and Appendix 3 of that report, which are correct.

Consultation

8. The Tenants Panel has been consulted about the proposals and a wider consultation with all Council tenants took place during December 2023.

Outcome of Consultation

9. A consultation exercise was carried out with the Tenants Panel in December 2023, with mixed views about the proposed rent increase. The Panel's comments were as follows:
 - (a) "I've read the relevant pages of the HRA; yes, I agree with the proposed rise in rents, it sounds like a lot until you read the paperwork. There isn't anything that I can think of that I don't agree with. There was a question about the new builds in Skinnergate and one other on page 40; what is nutrient neutrality?"
 - (b) "No, I think it is too much, it doesn't matter one bit what we think, it is sure to go ahead. More people than ever are using food banks, people have to now make a decision on keeping warm or eating. Council rent is catching up to the so called affordable rent, it isn't really affordable at all. This continual rush to build houses quickly. Why? We apparently have no homeless people in Darlington, I assume people on the housing list are in accommodation. I could elaborate more but I think that is plenty."
 - (c) "There has been a lot of increases and I personally think that those who pay everything with no subsidy will not like it. I know minimum wages are going up and a lot of the increases are due to inflation, but it doesn't make good reading. I read through the HRA and obviously from maintenance to allowing for new builds the costings have increased. I still think with all the increases that are going to happen it does seem high."
 - (d) "At a time of an acute cost of living crisis, I think the rate of increase is too much and will not help those tenants who have to make up the difference of their rent from their benefits. I would also query whether the rate of increase is actually required and what level of reserves this would actually provide. Reserve suggests that this

money is not required for general spending but in case of emergency, so how does that stack against reserves from previous years?

More transparency and detail on the service charge would be useful, rather than a simple catch-all statement to announce an unspecified increase. Whilst home improvement schemes are welcome, it would help to put things into perspective. So rather than a list of schemes and the total cost of heating system replacements, it would help the message to specify how many council properties are affected by each proposal. No one really understands a total figure of £1.286m as that figure is meaningless to almost everyone who will read the leaflet. Linking to a single document containing more detail on this rather than a number of budget reports would be better.

New housing stock is welcome, as there is constant pressure on housing as can be seen by private rent and house value increases. Again, a number of houses, type and where you propose to put them would help to put this into perspective for people, if you require their support for this plan, as well as an assurance they will be spacious rather than the current trend of filling building land with shoeboxes, rather than homes with gardens. The latter is vital now after the experiences of the pandemic to enable people access to their own green space.”

- (e) “I think all aspects of the rent increase are covered very well. Regarding the rent, the document covers well annual expenditure and planning, as well as highlighting efforts to reduce service charging costs. I think it acts as an appropriate document to inform tenants of the overall general picture of corporate landlord efforts and expenditure. It could be followed up with a more detailed document to inform tenants of the specific plans for 2024, to keep them in the picture of what is going to happen at individual schemes, which could hopefully counteract rent increases. This could include turning off communal heating totally between April and September.”
- (f) “With any rent increases, it goes without saying that people will not be happy, but if you show why you are doing it, that will make people feel a lot better and I think that has been done. It has been explained very well and I can see why the rent needs to go up, but it still seems like a big jump.”
- (g) “It is quite clear in what you are informing people, and roughly works out at £25 per month. It doesn’t really affect my personal circumstances, but it will be a huge amount to some. When I worked with a single income coming in, I found it hard to make ends meet, and I am better off now I have retired. In fact, sometimes I feel guilty at the allowances that the government/council allow me.”

10. A verbal report on the outcome of the wider consultation with Council tenants during December 2023 will be given at the meeting.