

Implications of amendments agreed at January 18th Housing Committee – Agenda Item, 60 Housing Revenue Account Budget & Capital Investment Programme 2023/24 and Medium-Term Financial Strategy

Member decisions made at the January 18th Housing Committee to the Housing Revenue Account Budget & Capital Investment Programme 2023/24 and Medium-Term Financial Strategy report were based on agreement to the attached joint Labour / Green Amendment to item 60.

The committee agreed amendments impact on the following paragraphs.

The paragraph below explains the implication of amendment 2, this was not in the original Housing Committee report and should be read after paragraph 4.7 of the 18th January Housing Committee report.

As outlined in table 3 below social rents are to be uplifted by the permitted 7%, as amended by Housing Committee a more tailored approach is being taken for the Living Wage rents. The uplifts for these rent levels are to be capped at the average cash increase for social rents. This equates to a 4.5% and 3.4% increase for 27.5% Living Wage rents and 37.5% Living Wage rents respectively. LHA Rates are frozen at the current rates.

Paragraph 4.11 of the 18th January Housing Committee report should now read a 15.5% increase and 16.7% increase for gas and electricity respectively instead of 50%.

Amendment 3 impact (Paragraph 6.13)– ‘Increase the home purchases in the Capital programme by adding 15 purchases for TA use’.

The introduction paragraph in appendix 4 to the 18th January Housing Committee report should now read.

The focus for the Medium Term Financial Strategy (MTFS), outlined in Appendix 4, will remain on delivering the key priorities. However, to ensure Value for Money is maintained, an assumption has been made that the MTFS will identify efficiencies of c.0.5% per annum of expenditure budgets (excluding financing costs). This will also include a review of all income streams during 2023/24 to ensure the HRA maximises all of its income streams. As amended by Housing Committee, this includes ‘exploring increasing commercial rents in HRA properties by 3% (with discretion to waive increases where social value may be at risk), raising up to £17k to add to the working balance’.

The committee agreed amendments impact on the following tables.

Revenue Implications:

Replacement for table 1 on page **568**:

Table 1 – 2023/24 Revenue Budget changes	2022/23 Adjusted budget	2023/24 Inflation	2023/24 Investments	2023/24 Other Changes	2023/24 Original Budget	2023/24 FTE
Expenditure	£'000	£'000	£'000	£'000	£'000	
Housing Investment & Asset Management	4,997	312	0	24	5,333	64.6
Housing Management & Support	5,846	607	0	(76)	6,377	15.1
Housing Strategy & Supply	1,515	51	0	(110)	1,456	37.6
Repairs & Maintenance	14,112	990	1,146	(54)	16,194	201.4
Tenancy Services	12,233	1,153	438	219	14,043	214.7
Revenue Contribution to Capital	19,096	0	0	185	19,281	
Capital Financing Costs	5,865	0	0	489	6,354	
Total Expenditure	63,664	3,113	1,584	677	69,038	533.5
Income	£'000	£'000	£'000	£'000	£'000	
Rents Dwellings	(55,954)	(3,946)	0	(808)	(60,708)	
Rents Car Parking / Garages	(1,000)	(119)	0	(17)	(1,136)	
Commercial Rents	(600)	0	0	0	(600)	
Service Charges	(5,924)	(396)	0	15	(6,305)	
Other Income	(186)	(3)	0	(100)	(289)	
Total Income	(63,664)	(4,464)	0	(910)	(69,038)	
DEFICIT / (SURPLUS)	0	(1,351)	1,584	(233)	0	

Replacement for table 3 on page 570:

Table 3 - Average weekly rent increases				
Rent Type	No. of tenancies	22/23 Average weekly rent £	23/24 Estimated average weekly rent £	% increase
Social	11,209	89.7	95.98	7.0%
Affordable at 27.5% Living Wage	46	137.55	143.75	4.5%
Affordable at 37.5% Living Wage	139	185.06	191.36	3.4%
Affordable at LHA	206	184.65	184.65	0.0%
Affordable at LHA TA	167	158.13	158.13	0.0%

Replacement for table for budget reconciliation table in appendix 1 on pages **579 - 580:**

Budget Reconciliation		
Inflation	£'000	£'000
Inflation related to the cost of utilities	885	
Inflation related to the cost of Repairs & Maintenance for works and materials	938	
Inflation related to salary costs	750	
Corporate Inflation rates applied to other expenditure (including SSC's)	540	
Total Expenditure Inflation		3,113
Income		
Rent inflation	(3,946)	
Service Charge inflation as per appendix 3	(396)	
Corporate Inflation rates applied to other income	(122)	
Total Income Inflation		(4,464)
Total Inflation related changes		(1,351)
Investments	£'000	£'000
Expenditure		
Investment in the HRA apprenticeship programme.	426	
Investment required for the Transition Team, including a key procurement role to assist with the continued implementation and optimisation of the in-house Repairs and Maintenance Service.	245	
Net revenue investment in resources to comply with Health & Safety requirements e.g. permanent Electrical Testing Resource.	335	
Professional fees associated with the resourcing of specialist support for materials supply chain re-procurement-required by the in-house Repairs and Maintenance service.	140	
Investment in Tenancy Services that will ensure further support is provided for the increasing number of complex tenant's' cases, Anti-Social Behaviour issues and wider stock growth in the HRA.	181	
Short term increase in the bad debt provision to reflect the current collection rate.	92	
Increased investment in the tenancy fraud service.	60	
Management of ASH Die back works on HRA estates.	55	
Medium term plan to replace furniture at the council's Seniors Housing schemes.	50	
Total Investments & Reinvestments changes		1,584
Other Changes	£'000	£'000
Expenditure		
Increase in Financing Costs	489	
Salary changes to ensure funding matches changes affecting all staff, including the low pay implementation and the assumed NJC pay award for 2023/24.	(160)	
Direct Revenue Funding (DRF) Adjustment	185	
Net increase of other changes to bring budgets in line with expenditure	163	
Total Expenditure Other Changes		677
Income		
Increase in new Supply rents	(808)	
Other changes to bring budgets in line with income	(102)	
Total Income Other Changes		(910)
Total Other Changes		(233)
Deficit / (Surplus)		-

Replacement for table in appendix 2 on pages **585 - 587**:

	Tenants Charged (No.)	Approx. not eligible for Housing Benefit (No.)	2022/23 Average Weekly Charge £	2023/24 Average Weekly Charge £	Average Increase/Decrease £	Average Increase/Decrease %	Comments
Service Charges Eligible for Housing Benefit							
Seniors Housing - Common Ways	876	209	£11.46	£11.01	£-0.45	-4%	Charge increased in previous years to reflect increase in cleaning charge.
Communal Cleaning	5,465	2,996	£3.22	£3.62	£0.40	12%	The increase reflects pay and price inflation.
Seniors Housing - Laundry	850	191	£2.80	£3.20	£0.40	14%	The change is as a result of higher electricity prices and reflects 15.5% of the utility inflation increase being introduced in 2023/24.
Seniors Housing - Intensive Management	873	195	£23.42	£24.67	£1.25	5%	Increase relates to costs incurred in providing the IH service.
Grounds Maintenance	5,777	2,777	£0.86	£0.93	£0.07	8%	The increase reflects the increased costs of the service due to recent revisions to the City Parks costings and charges to reflect actual costs.
TV Aerials	5,837	2,854	£0.84	£0.91	£0.07	8%	The increase reflects annual servicing contract inflation and reactive repairs.

	Tenants Charged (No.)	Approx. not eligible for Housing Benefit (No.)	2022/23 Average Weekly Charge £	2023/24 Average Weekly Charge £	Average Increase/Decrease £	Average Increase/Decrease %	Comments
Door Entry Servicing and Maintenance	4,020	2,358	£0.57	£0.62	£0.04	7%	The increase reflects contract inflation.
Electricity - Communal Ways	5,482	2,879	£1.01	£1.17	£0.16	16%	The change is as a result of higher electricity prices and reflects 15.5% of the utility inflation increase being introduced in 2023/24.
Lift Servicing and Maintenance	2,606	1063	£1.07	£1.20	£0.13	12%	The increase reflects annual contract inflation and reflects reactive repair costs.

	Tenants Charged (No.)	Approx. not eligible for Housing Benefit (No.)	2022/23 Average Weekly Charge £	2023/24 Average Weekly Charge £	Average Increase/Decrease £	Average Increase/Decrease %	Comments
Service Charges NOT Eligible for Housing Benefit							
Water Charges	242	N/A	£4.98	£5.61	£0.63	13%	The increase is due to forecast inflation increase for water charges.
Communal Heating – Electricity	127	N/A	£11.77	£13.59	£1.82	15%	The change is as a result of higher electricity prices and reflects 15.5% of the utility inflation increase being introduced in 2023/24.
Communal Heating – Gas	1,234	N/A	£8.13	£9.39	£1.26	15%	The change is as a result of higher electricity prices and reflects 16.7% of the utility inflation increase being introduced in 2023/24.
Garages and Car Parking	2,629	N/A	£9.88	£10.88	£1.00	10.1%	CPI September inflationary increase.
Mobility Scooter and Cycle Storage	35	N/A	£2.60	£2.86	£0.26	10.1%	CPI September inflationary increase.

Capital Implications:

Replacement for table in appendix 3 on pages **589 - 597:**

	For Approval	<i>For info</i>						
	Proposed Budget 2023/24 £'000	Profiled Budget 2023/24 £'000	Total Budget 2023/24 £'000	Provisional Budget 2024/25 £'000	Provisional Budget 2025/26 £'000	Provisional Budget 2026/27 £'000	Provisional Budget 2027/28 £'000	Description
Programme Expenditure								
Delivery of New Council Homes								
Home Purchase Policy	18,750	1,000	19,750	6,250	4,500	2,650		Continued delivery of the Home Purchase Policy. As amended 2023/24 budget would allow up to 75 properties. 25 properties in 2024/25 and 20 properties 2025/26 and 10 properties in 2026/27.
Other Acquisitions		5,205	5,205					Budget for the purchase of properties outside of the Home Purchase Policy, where opportunities and business cases present themselves.

	For Approval	For info						
	Proposed Budget 2023/24 £'000	Profiled Budget 2023/24 £'000	Total Budget 2023/24 £'000	Provisional Budget 2024/25 £'000	Provisional Budget 2025/26 £'000	Provisional Budget 2026/27 £'000	Provisional Budget 2027/28 £'000	Description
Feasibility	350		350	300	200			Feasibility budget required to bring forward the new supply pipeline.
Converting spaces in existing buildings	1,730	516	2,246	2,200	2,200			Continued delivery of the Hidden Homes scheme where underutilised spaces are converted into new council homes.
Design Competition	682	1,625	2,307					Previous budget approved for Frederick Street and Rotherfield Crescent profiled in the financial years to match the latest deliver programme.
Moulsecoomb Hub land		9,014	9,014					The appropriation is expected to take place during 2023/24. The November committee report requested further budget to bring the project up to the planning with final scheme and budget approval to be taken back to committee during 2022. The budget line reflects the approvals given to bring the scheme up to RIBA

	For Approval	For info						
	Proposed Budget 2023/24 £'000	Profiled Budget 2023/24 £'000	Total Budget 2023/24 £'000	Provisional Budget 2024/25 £'000	Provisional Budget 2025/26 £'000	Provisional Budget 2026/27 £'000	Provisional Budget 2027/28 £'000	Description
								stage 3. Further detail can be found in the Housing Committee report from 22 nd June 2022.
Windlesham Close	1,350	685	2,035	4,341				Approval given for this scheme at the 1st July 2022, the budget has been profiled to match the latest estimates of the cashflow.
Palace Place		1,608	1,608					Approval given for this scheme at the 1st July 2022, the budget has been profiled to match the latest estimates of the cashflow.
Belgrave Day Centre, Portslade	934		934	332				Purchase of 49 homes from HBH LLP at the Portslade site.
Coldean Lane, North of Varley Halls	6,160	(813)	5,347	857				Purchase of 127 homes from HBH LLP at the Coldean site. Final budget lines following the construction of homes during the previous financial years.

	For Approval	<i>For info</i>						
	Proposed Budget 2023/24 £'000	Profiled Budget 2023/24 £'000	Total Budget 2023/24 £'000	Provisional Budget 2024/25 £'000	Provisional Budget 2025/26 £'000	Provisional Budget 2026/27 £'000	Provisional Budget 2027/28 £'000	Description
Total Delivery of New Council Homes	29,956	18,840	48,797	14,280	6,900	2,650		
Improving Housing Quality								
Main Door Entry Systems & CCTV	817		817	700	700	700	700	Repair and replacement of Main Entrance Doors. Long term programme of door entry system replacements, as systems fail or reach the end of their serviceable life, with spare parts unable to be sourced. These two programmes are reviewed alongside each other and works coordinated where feasible to ensure value for money. Installation and upgrade of CCTV systems to increase security of blocks.
Water Tanks, Ventilation, Lighting & Lightning Protection & Fire Alarms	1,930		1,930	1,600	1,490	1,500	1,580	Projects help meet statutory requirements and ensure safety and welfare for residents through

	For Approval	<i>For info</i>						
	Proposed Budget 2023/24 £'000	Profiled Budget 2023/24 £'000	Total Budget 2023/24 £'000	Provisional Budget 2024/25 £'000	Provisional Budget 2025/26 £'000	Provisional Budget 2026/27 £'000	Provisional Budget 2027/28 £'000	Description
								replacement and improvements.
Lifts	880		880	1,980	1,130	1,000	1,000	The lift replacement and upgrade programme is a long-term commitment to council residents. The majority of lifts have now been replaced since its inception, and the programme is under ongoing review to ensure it continues to provide good value for money.
Fire Safety & Asbestos Management	3,320		3,320	2,590	2,590	2,390	2,390	Effectively managing the risks of both fire and asbestos materials is an ongoing need. Includes both statutory requirements and provision for enhanced fire safety measures. In particular, including provision for a programme of EWS1 surveys in 23/24.

	For Approval	For info						
	Proposed Budget 2023/24 £'000	Profiled Budget 2023/24 £'000	Total Budget 2023/24 £'000	Provisional Budget 2024/25 £'000	Provisional Budget 2025/26 £'000	Provisional Budget 2026/27 £'000	Provisional Budget 2027/28 £'000	Description
Minor Capital Works	520		520	795	810	851	894	Investment in smaller capital repairs across the HRA stock as well as investing in car parks and garages.
Condensation & Damp Works	500		500	280	280	294	309	Health and welfare of council residents is assisted by tackling issues arising from condensation and damp in properties. The budget for 2023/24 has been increased following the tragic Rochdale Borough Homes case and will keep this budget under review.
Major Structural works	2,338	5,760	8,098	8,383	6,500	6,300	6,200	Meeting our landlord obligations through maintaining the structural and general external integrity of properties.
Major Empty Property works	220		220	220	220	220	220	Extensive refurbishment of empty homes prior to re-letting.
Cyclical Repairs & Decorations	1,384		1,384	1,605	1,188	1,247	1,309	External and common way repairs and decorations

	For Approval	For info						
	Proposed Budget 2023/24 £'000	Profiled Budget 2023/24 £'000	Total Budget 2023/24 £'000	Provisional Budget 2024/25 £'000	Provisional Budget 2025/26 £'000	Provisional Budget 2026/27 £'000	Provisional Budget 2027/28 £'000	Description
								across the city help reduce ongoing costs and keep properties well maintained. Housing Investment and Asset Management team work closely with residents to ensure internal decorations in blocks are consistently delivered across the city.
Seniors Housing Improvements	330		330	330	330	200	200	Meets the identified need from November 2019 to invest in the council's Seniors Housing schemes to improve security, accessibility and address any structural issues identified.
Future capital projects	250		250	250	250	250	250	Specialist and other surveys to support future programmes.
Dwelling Doors	990		990	990	990	1,040	1,092	Replacing doors to properties with secure and efficient design helps residents feel safer. This programme includes the provision of fire-

	For Approval	For info						
	Proposed Budget 2023/24 £'000	Profiled Budget 2023/24 £'000	Total Budget 2023/24 £'000	Provisional Budget 2024/25 £'000	Provisional Budget 2025/26 £'000	Provisional Budget 2026/27 £'000	Provisional Budget 2027/28 £'000	Description
								rated doors to dwellings where required.
Kitchens & Bathrooms	2,480		2,480	2,590	2,590	2,720	2,856	This budget helps to ensure homes comply with the Brighton & Hove Standard.
Rewiring - Domestic/ Communal	1,735		1,735	1,820	1,840	1,932	2,029	Safe and reliable and compliant electrical installations and efficient lighting are supported from this budget.
Windows	1,443	200	1,643	2,154	2,135	2,242	2,354	Window replacement programmes meet the council's landlord obligations, improve energy efficiency, warmth and reduce ongoing repair costs.
Roofing	1,223		1,223	1,205	1,100	1,155	1,213	Helps to extend the life of assets, improves insulation and reduces responsive repairs.
Sustainability & Carbon Reduction								
Domestic/Communal Heating Improvements	2,230		2,230	2,530	2,640	2,772	2,911	Efficient and modern replacement heating systems

552

	For Approval	<i>For info</i>						
	Proposed Budget 2023/24 £'000	Profiled Budget 2023/24 £'000	Total Budget 2023/24 £'000	Provisional Budget 2024/25 £'000	Provisional Budget 2025/26 £'000	Provisional Budget 2026/27 £'000	Provisional Budget 2027/28 £'000	Description
								improve thermal comfort, reduce carbon emissions and resident fuel costs.
Energy Efficiency & Low Carbon Heating	1,670		1,670	1,740	3,300	2,000	2,000	This programme will help take up a range of opportunities to further improve the energy rating of our homes and to identify projects that will help move towards zero carbon from our service delivery activities by 2030.
New Solar Panels Programme	440	800	1,240	1,540	1,540	1,000	1,000	Project Management support is now in place to deliver the solar PV programme, procurement of a new contract has begun and should be in place Spring 2023. We are planning a 3 year programme delivering up to 1000 new systems, budgets have been re-profiled on this basis.

	For Approval	<i>For info</i>						
	Proposed Budget 2023/24 £'000	Profiled Budget 2023/24 £'000	Total Budget 2023/24 £'000	Provisional Budget 2024/25 £'000	Provisional Budget 2025/26 £'000	Provisional Budget 2026/27 £'000	Provisional Budget 2027/28 £'000	Description
Tackling Inequality								
Environmental Improvements	625	100	725	360	360	360	360	This budget funds environmental and communal area improvement work based on resident priorities. It also includes provision for the refurbishment of housing owned playgrounds (as reported to ETS Committee in January 2021).
Disabled Aids & Adaptations	1,600		1,600	1,600	1,600	1,600	1,600	Enabling vulnerable residents to continue to live independently in their homes through investment in housing adaptations.
Conversions & Extensions	660		660	700	730	750	750	Tackling overcrowding across the city is of key importance to ensure good quality housing.

	For Approval	<i>For info</i>						
	Proposed Budget 2023/24 £'000	Profiled Budget 2023/24 £'000	Total Budget 2023/24 £'000	Provisional Budget 2024/25 £'000	Provisional Budget 2025/26 £'000	Provisional Budget 2026/27 £'000	Provisional Budget 2027/28 £'000	Description
Total Investment in existing Housing Stock	27,585	6,860	34,445	35,962	34,313	32,523	33,217	
Total Other Projects	250		250	250	100	100	100	
Total Programme	57,791	25,700	83,491	50,492	41,313	35,273	33,317	
Programme Funding								
Revenue Contribution to investment in existing housing stock	19,281		19,281	18,757	19,830	18,313	18,589	24/25 to 27/28 figures are illustrative and will be adjusted accordingly as the 30 year business plan is updated.
Borrowing	31,187	20,872	52,059	24,103	19,953	16,165	14,728	Borrowing required to fund capital investment.
HRA reserves	1,090		1,090	4,800				Useable revenue and capital reserves.
Capital Receipts	525		525					Capital receipts for use against new housing delivery.
RTB Receipts	2,028	1,074	3,102	2,652	1,350	795		Retained RTB receipts for New Build.

	For Approval	<i>For info</i>						
	Proposed Budget 2023/24 £'000	Profiled Budget 2023/24 £'000	Total Budget 2023/24 £'000	Provisional Budget 2024/25 £'000	Provisional Budget 2025/26 £'000	Provisional Budget 2026/27 £'000	Provisional Budget 2027/28 £'000	Description
Energy Grants/FITs	180		180	180	180			Funding received to support sustainability and carbon projects.
Grant Funding		2,649	2,649					Land Release Funding grant received and Homes England grant for the purchase of HBH LLP Properties.
Commuted Sums	2,700	300	3,000					Funding to support the purchase of properties through the Home Purchase Policy.
Leaseholder Income	800		800					
Earmarked rent reserve		805	805					
Total Funding	57,791	25,700	83,491	50,492	41,313	35,273	33,317	

Medium Term Financial Strategy Implications:

Replacement for tables in appendix 4 on pages **599** and **601**:

	2023/24	2024/25	2025/26	2026/27	2027/28
Expenditure					
Management & Service Costs	23,854	25,764	26,150	26,504	26,866
Repairs and Maintenance	18,226	20,339	21,332	21,709	22,076
Other Costs	1,323	1,388	1,416	1,444	1,473
Borrowing costs	6,354	8,023	8,565	9,462	9,826
Total Expenditure	49,757	55,514	57,463	59,119	60,241
Income					
Rental Income	(60,708)	(65,518)	(68,227)	(68,307)	(69,512)
Service Charges (Tenants)	(4,611)	(4,833)	(5,015)	(5,009)	(5,100)
Other Income	(3,719)	(3,920)	(4,051)	(4,116)	(4,218)
Total Income	(69,038)	(74,271)	(77,293)	(77,432)	(78,830)
Net Revenue Income	(19,281)	(18,757)	(19,830)	(18,313)	(18,589)

	Years 1-5	Years 6-10	Years 11-20	Years 21-30	Total
	£'000	£'000	£'000	£'000	£'000
Expenditure					
Management & Service Costs	129,138	139,413	311,958	363,163	943,672
Repairs and Maintenance	103,682	116,119	264,403	315,961	800,165
Other Costs	7,044	7,821	18,169	22,149	55,183
Borrowing costs	42,230	64,808	137,347	148,439	392,824
Total Expenditure	282,094	328,161	731,877	849,712	2,191,844
Income					
Rental Income	(332,272)	(368,131)	(838,781)	(1,002,294)	(2,541,478)
Service Charges (Tenants)	(24,568)	(27,042)	(62,127)	(74,885)	(188,622)
Other Income	(20,024)	(22,714)	(54,183)	(67,697)	(164,618)
Total Income	(376,864)	(417,887)	(955,091)	(1,144,876)	(2,894,718)
Net Revenue Income	(94,770)	(89,726)	(223,214)	(295,164)	(702,874)
Capital Expenditure					
Capital Investment programme	171,260	154,814	313,819	307,637	947,530
Development	72,627	-	-	-	72,627
Total Expenditure	243,887	154,814	313,819	307,637	1,020,157
Funded By:					
Other Capital Income	(22,109)	-	-	-	(22,109)
Borrowing	(127,008)	(65,088)	(95,267)	(21,969)	(309,332)
HRA Reserves	(0)	(1,752)	(2,444)	(24,632)	(28,828)
Direct Revenue Funding	(94,770)	(87,974)	(216,108)	(261,036)	(659,888)
Total Funding	(243,887)	(154,814)	(313,819)	(307,637)	(1,020,157)
Opening HRA reserves	(3,000)	(3,000)	(3,000)	(7,662)	(3,000)
(To) / From Reserves	0	0	(4,662)	(9,496)	(14,158)
Cash surplus at year 30	(3,000)	(3,000)	(7,662)	(17,158)	(17,158)

