

THE VALE OF GLAMORGAN COUNCIL

COUNCIL: 6TH MARCH, 2023

REFERENCE FROM CABINET: 5TH JANUARY, 2023

“C176 FINAL HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS 2023/24 AND RENT SETTING 2023/2024 - (EL/PR) (SCRUTINY – CORPORATE PERFORMANCE AND RESOURCES) –

The Leader presented the report, the purpose of which was to set the HRA budget for the financial year 2023/24 and to set the rents and service charges for the forthcoming rent year beginning on 1st April, 2023.

The Housing Revenue Account was a ring-fenced account that was self-funded mainly by Council Dwelling rents and expenditure consists of staffing to manage the provision, repairs and maintenance costs of the housing stock, capital financing costs to service the debt and revenue contributions towards the Capital Programme including decarbonisation and new developments.

The report also set out the proposed rents and service charges for the coming financial year 2023/24. As part of the Rented Homes Wales Act, the Council were required to give 2 months’ notice of any increase in Council Rents to Council Tenants.

In setting the rent level for 2023/24 the Council had ensured that it had complied with the Policy for Social Housing Rents which was issued by Welsh Government (WG) on 17th November, 2022. The maximum allowable uplift had been set by WG at 6.5% for 2023/24.

The Council proposed to increase its rent by an average of 5.5%, 1% below the maximum allowable uplift set by WG. Due to Covid-19, WG suspended Target Rent Bands in 2020 and replaced them with a self-certification monitoring form.

WG required all Local Authorities with retained housing stock to submit a fit for purpose annual 30 year Housing Business Plan which would be brought to Cabinet for approval on 19th January, 2023. The Plan incorporated a detailed financial forecast in the form of a 30 year financial model. The submission deadline for the Housing Business Plan was 31st March, 2023.

The Housing Improvement Programme reflected ambitious proposals to invest in new build accommodation to address the acute shortage of social housing in the area. The Improvement Programme also sought to decarbonise the existing housing stock through investment alternative energy sources, insulation and other energy efficiency initiatives.

The Leader said that the Housing Business Plan would support the application of the Major Repairs Allowance grant in 2023/24 which was expected to be around £2.773m.

Significant cost increases in 2023/24 were capital financing due to additional borrowing, increase in interest rates, increase in staffing (money advisors and income officers to support tenants with financial help and advice) and higher repair costs due to an increase in supply costs and schedule of rates.

The Leader drew some amendments to the report to the attention of Cabinet Members as an update since the report had been produced.

- Paragraph 2.26 of the report referred to Cabinet's final budget proposals being considered by Council at a meeting to be held on 11th January, 2023. The Leader clarified that it referred to the Final Housing Revenue Account (HRA) Budget Proposals.
- Paragraph 2.27 of the report referred to the stages after consideration of the Cabinet report due at the 19th January, 2023 Cabinet meeting. The 27th February date was yet to be set and the Full Council meeting was due on the 6th March, 2023 rather than the 7th March as stated in the report.
- Paragraph 2.7 of the report referred to the HRA reserve of £1.025m as at 31st March 2024, which should have read as 2025.
- Paragraph 5.2 CERA in 2023/24 was £17.187m not £16.762m.
- Paragraph 5.3 Projected reserve was £1.025m not £1.051m.
- Paragraph 2.25 did not refer to the Vale Community Alarm Service (VCAS) as figures had not been available previously but would be included in the Council reference. This was a charge which formed part of the inclusive rent but was separately identifiable. The charges for Alarm Monitoring and Alarm Maintenance were now shown separately. It was proposed that the Monitoring charge was £1.38 (which was funded by the Housing Support Grant for eligible service users) and the Maintenance charge was £3.50 per week (payable by the tenant). The Monitoring charge equated to £1.33 per week on a 52-week basis.

50 Week Basis	22/23 Actual Charges	23/24 Proposed Charges	
VCAS:			
Alarm Maintenance	£2.20	£3.50	per week
Alarm Monitoring (52 weeks £1.24 p/w)	£1.29	£1.38	per week

This was a matter for Executive decision.

Cabinet, having considered the report and all the issues and implications contained therein

RESOLVED –

(1) T H A T the final Housing Revenue Account budget proposals for 2023/24 set out below be approved:

	2023/24 Final Proposed Budget
	£000
Expenditure	
Supervision & Management – General	4,366
Supervision & Management – Special	1,604
Repairs & Maintenance	4,681
Capital Financing Costs	5,327
Rent, Rates, Taxes & Other Charges	221
Increase in Provision for Bad Debts	948
Capital Expenditure from Revenue Account (CERA)	17,187
	34,334
Income	
Dwelling Rents	(22,453)
Non Dwelling Rents	(173)
Interest	(156)
Charges For Services and Facilities	(501)
Contribution towards expenditure	(74)
Grant Income	(205)
	(23,662)
(Surplus)/ deficit for the year	10,672
Working Balance Brought Forward as at 1st April, 2023	(11,621)
Working Balance Carried Forward as at 31st March, 2024	(949)

(2) T H A T Cabinet recommends that Council approves an average rent increase of 5.5% be, as set out in paragraph 2.17 of the report.

(3) T H A T Cabinet recommends that Council approves the increase suggested for other services as set out in the table below and in paragraphs 2.18 to 2.25 of the report.

50 Week Basis	2022/23 Actual Charges	2023/24 Proposed Charges	
	£	£	
Grounds Maintenance	1.35	1.47	per week
Cleaning of communal areas	2.57	2.75	per week
Lighting of communal areas	1.68	1.85	per week
Laundry Facilities	0.38	0.41	per week
Window Cleaning	0.18	0.16	per week
Lift Maintenance	0.53	0.99	per week

Door Entry	0.25	0.50	per week
Intercom	0.84	0.94	per week
CCTV	0.94	0.95	per week
Sewerage Treatment Plants	399.86	426.66	per annum
Cesspools	386.00	411.50	per annum
VCAS:			
Alarm Maintenance	£2.20	£3.50	per week
Alarm Monitoring (52 weeks £1.24 p/w)	£1.29	£1.38	per week

(4) T H A T Cabinet recommends that Council approves all changes to rents and service charges be implemented from 1st April, 2023, with the first week of April being a non-chargeable rent week and that increase notices are sent to tenants two months in advance of the new charges coming into effect as required by the Rented Homes Wales Act.

(5) T H A T use of the urgent decision procedure as set out in Section 15.14 of the Council's Constitution in order for Final Housing Revenue Account (HRA) Budget Proposals 2023/24 to be referred to Full Council on 11th January, 2023 be approved.

Reasons for decisions

(1) To facilitate budget monitoring and to demonstrate a balanced budget with a drawdown from HRA reserves to bring the reserve back into balance with the Housing business Plan 2023/24.

(2) In order that new rent levels are set within the specified Welsh Government guidelines and to meet the tenant notification deadline as required by statute.

(3) That charges are approved and to meet the tenant notification deadline as required by statute.

(4) In order that charges are approved, new rent levels are set within the specified Welsh Government guidelines and to meet the tenant notification deadline as required by statute.

(5) To allow the report to be referred to Full Council on 11th January, 2023 in order to comply with the Rented Homes Wales Act.”