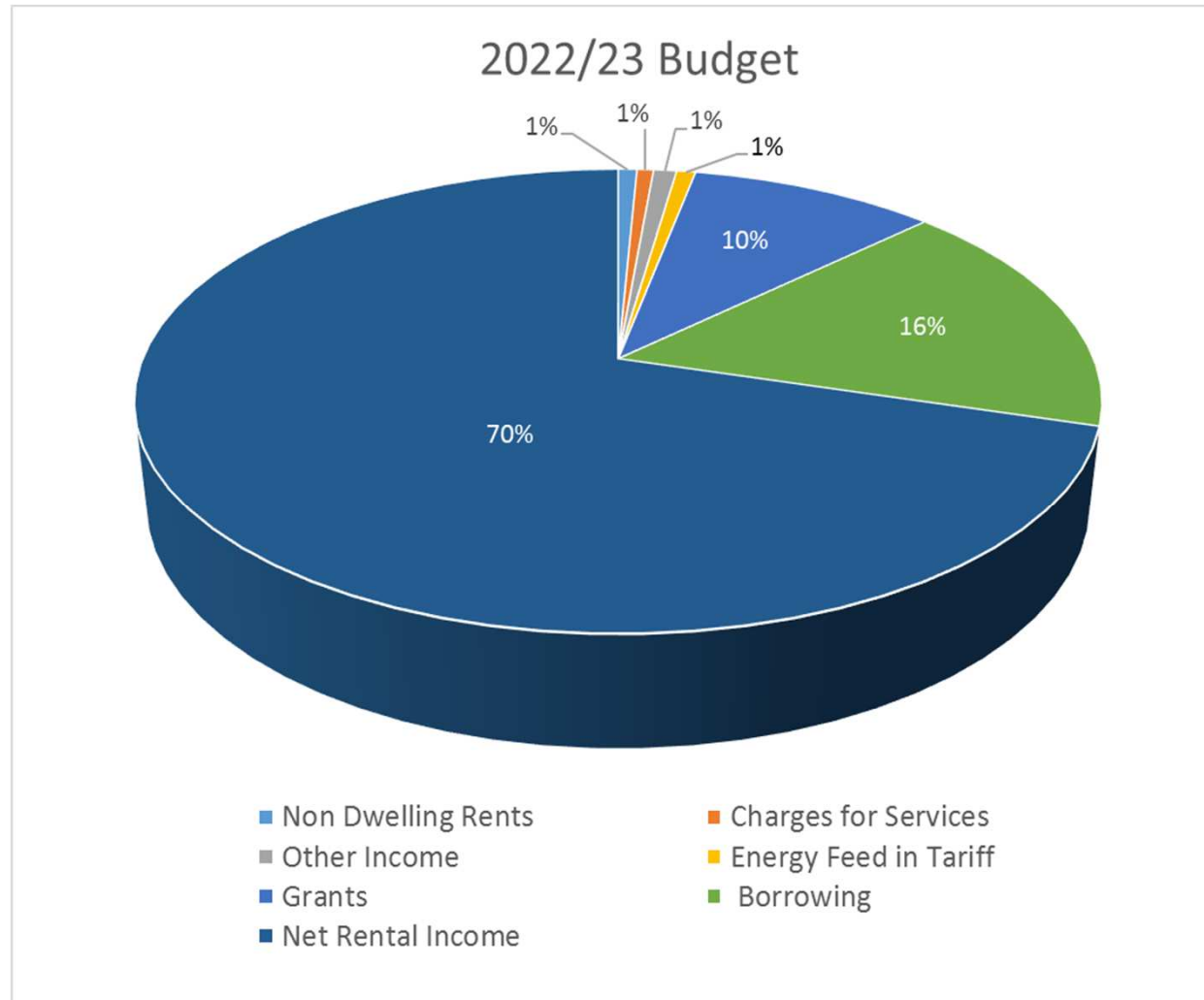


HRA Business Plan 2023/24

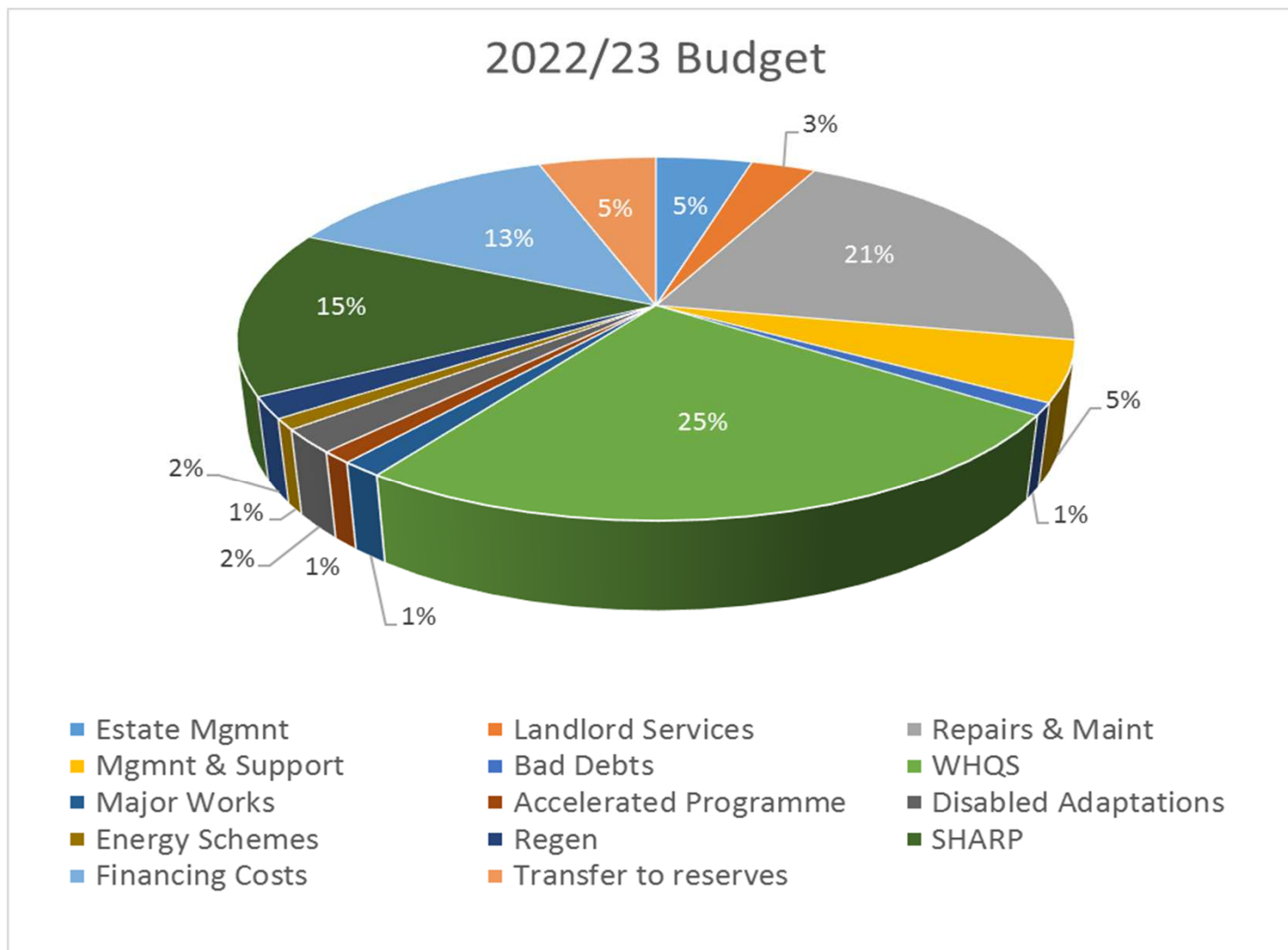
Flintshire County Council

24th January 2023

Where does the HRA funding come from?



Where the money goes – HRA running costs



How our costs compare to other stock holding Authorities – Value For Money

- We have carried out a benchmarking exercise against the 11 stock holding authorities in Wales to assess value for money of the HRA:
 - FCC are one of the lowest for Management costs - ranked 10th (£0.9m spend)
 - WHQS costs are reflecting good value for money compared to other authorities – we are ranked 8th (£1.8m spend)
 - For Repairs and Maintenance costs - FCC rank 6th (£1.5m spend)
 - Overall, the total costs for Flintshire are approximately £4.2m and we rank 9th lowest out of the 11 Authorities, which indicates that the service is lean and the scope for making savings is limited

Rent Setting

- A 5 year rent policy was announced by Welsh Government in December 2019 and allows an annual rent uplift of CPI + 1% based on the previous September each year
- Individual rents can be adjusted by up to £2 over and above CPI+1%, however total rental income collected by the social landlord must be no more than CPI+1%
- September 2022 CPI was 10.1%
- Rent inflation can be called in by WG when CPI is over 3%
- The Minister has considered the impact on tenants and landlords when making a decision around the maximum rent uplift for 2023/24
- WG have also sought commitments from landlords around the quality of the housing provision and tenant support services
- The maximum limit at which social rents can increase has been set at 6.5% from April 2023
- Each 1% increase in rents brings in circa £0.400m of additional income each year

Proposed Rent Inflation

- Flintshire have considered the balance of affordability for tenants whilst also maintaining service delivery and the standard of our properties
- The Business Plan proposes rent inflation at 5% for all tenants
- In order to make the uplift equal for all it is proposed that the transitional uplift of £2 per week is not implemented in 2023/24
- It is also assumed in the Business Plan that we will investigate the option of setting aside a “discretionary fund” within the HRA to further support any tenants who face financial hardship linked to the payment of rent
- The proposed garage rent and garage plot increase is 5% for 2023/24

Rent Impact on Tenants at 5% rent uplift

- **71% of all tenants are eligible for HB/UC support toward their rent and service charges**
- The table below shows the impact on those in receipt of HB (assuming service charge freeze)

HB eligibility	Average % of rent paid by HB	Average impact on tenants p.w.
Full	100%	£0.00
Partial	74%	£1.30
None	0%	£5.00

Garages

- The proposed garage rent increase equates to £0.51 per week and takes the rent per week to £10.74 (based on 52 weeks)
- The proposed garage plot increase is £0.08 per week taking the garage plot rent to £1.74 per week

Rents – impact of setting rents lower than permitted under the rent policy

At budget setting in 2022/23, the Council agreed to uplift rents at the lower rate of 2% to support tenants as they recover from the pandemic

The impact of this was:

- £0.377m in lost rent in year 1 (compared to WG rent announcement of 3.1%)
- £15.369m over the duration of the 30 year Business Plan

The impact of not increasing rents to the maximum permitted under the rent policy in 2023/24 (6.5%) is an additional:

- £0.571m in year 1
- £23.242m over the life of the 30 year Business Plan

Service Charges

- It is proposed to continue to freeze service charges into 2023/24 to ensure services reflect good value for money.

Service Charge	Current charge p.w.	Ave cost p.w. with partial HB (Ave 74%)
Aerials	£1.55	£0.40
Laundry	£0.79	£0.21
Cleaning	£4.60	£1.20
Window cleaning	£0.75	£0.20
TOTAL	£7.69	£2.01

- All service charges are HB/UC eligible
- Service charges at full cost recovery would bring in additional income of £0.059m
- Not all properties are subject to all service charges
 - 2.8% of all tenants are charged for 4 service charges
 - 5.6% are charged for 3 service charges

Additional HRA Budget Requirements for 2023/24

- An additional budget requirement of £5.470m has been identified for 2023/24
- £2.944m of these are uncontrollable pressures including standard and pay inflation and the withdrawal of Welsh Water Commission
 - £0.353m of this pressure is one-off/time limited
- £2.526m of these are controllable pressures such as the freezing of service charges and additional WHQS funding
 - £0.700m of this pressure is one-off/time limited
- Efficiencies of £0.298m have also been identified
- A full breakdown of pressures and efficiencies for 2023/24 are in Appendix D of the report

HRA Capital Programme

- WHQS (including fees) £16.093m
 - The WHQS programme focuses on Envelope works and energy efficiency works
 - We have been successful obtaining match funded grant through the Optimised Retrofit Programme
- Non-WHQS £3.497
 - Includes Disabled Facilities Grants and Fire Risk Assessment Work
- Regeneration of stock £2.200m
 - Remodelling of HRA stock where the current stock is no longer fit for purpose
- SHARP Programme (including fees) £7.668m

Decarbonisation

- A high level assessment of decarbonisation shows that it would cost between £20k to £25k per property to bring our homes up to standard
- At £25k per home this would be £182.9m required by 2030
- WG are currently assessing funding options for decarbonisation and it is likely to be a combination of grant and low cost loan options

HRA Capital Funding

- The 23/24 capital programme assumes £19.59m required for WHQS, energy works and DFG's and the subsequent fees
- This is funded by:
 - £12.71m revenue contribution (CERA)
 - £4.98m major repairs allowance (WG Grant)
 - £1.60m ORP Funding (WG Grant)
 - £0.30m FIT energy contributions
- The remainder of the capital programme is funded through Prudential Borrowing

Prudential Borrowing

- Borrowing is assumed to be paid back over 50 years
- The HRA is charged a 'pooled interest' rate for the Council of 3.80%
- Average interest cost p.a £6.433m over the life of the plan
- The Capital financing requirement for 2023/24 is £9.868m
- This brings the total borrowing in 2023/24 to £142.823m

Reserves

- There is a requirement to hold a minimum level of reserves of 3% of expenditure (circa £160 per unit)
- In the current climate it would be prudent to keep reserves at 7% of expenditure (£2.710m/c. £370 per property) as we have ongoing risks to the Business Plan (e.g. pay award, inflation, increasing arrears)
- We are looking to utilise £0.589m of existing reserves towards one off pressures identified in the 2023/24 plan
- Reserves should not be used to fund recurring pressures to the Business Plan
- Consideration could be given, in year, to utilise a proportion of any available reserves in order to bring into use additional void properties across Flintshire