

**EXTRACT OF THE MINUTES FOR THE:
COMMUNITIES, HOMES & REGENERATION SCRUTINY
COMMITTEE**

MONDAY, 19 DECEMBER 2022

**4. HOUSING REVENUE ACCOUNT BUDGET AND HOUSING RENT SETTING
FOR 2023/24**

The Committee considered a report on the Housing Revenue Account (HRA) Budget and Housing Rent Setting for 2023/24, being presented as part of the budget consultation process, that brought together the latest proposals for the Revenue and Capital budgets for the Housing Revenue Account to be presented to the Cabinet and Council for determination.

The Committee was advised that the report had been prepared reflecting the latest proposals contained within the Housing Revenue Account (HRA) Business Plan, being the primary financial planning tool for delivering and maintaining the Carmarthenshire Homes Standard *Plus* (CHS+) for the future. The proposed investment within the current business plan delivered the CHS by 2015 (to those homes where the tenants agreed to have work undertaken) provided investment to maintain CHS+ and continued investment for the Housing and Regeneration Delivery Plan.

The report also detailed how rents would increase for 2023/24 with the HRA budget being set to reflect:-

- Social Housing Rent Policy (set by Welsh Government)
- Proposals contained in the Carmarthenshire Housing Revenue Account Business Plan
- Housing Regeneration and Development Delivery Plan

The Committee was reminded that with regard to the setting of the Housing Rents, the Authority on the 24th February 2015 had adopted the Welsh Government's Social Housing Rent Policy for the four year period ending in 2018/19 providing consistency over that period. For 2019/20, the Welsh Government had provided an interim policy while it awaited the results of the Affordable Housing Supply Review. Following that review, the Welsh Government had decided to retain the policy for a further 5year period from 2020/21 – 2024/25 with some additional/amended requirements, as detailed within the report.

This policy allowed local authorities to uplift the total rent envelope by CPI + 1% for each of the 5 years running to 2024/25. It also allowed for the level of rent for individual tenants to rise by up to an additional £2 over and above CPI+1% for the rent harmonisation, on condition that the total rental income collected by the social landlord increased by no more than CPI+1%.

However, should CPI fall outside the range of 0% to 3%, the policy provides for the Minister with responsibility for Housing to determine the appropriate change to rent levels to be applied for that year only. As CPI was 10.1% in September 2022, that clause had been activated this year and the Welsh Government Minister for Climate Change had instructed the maximum increase in the rent envelope for any local authority should not exceed 6.5%

Having regard to the above, the report recommended an average housing rent increase of 5.5% (£5.18) per dwelling. If the Committee endorsed that increase, it would result in a £4.6m deficit on the Housing Revenue Account. However, that had been accommodated for within the long-term plan leaving £13.9m in balances at the end of 2023/24. It was also noted that, as Detailed in Appendix A, balances were required to support the current strategy of funding capital expenditure and continuing to make the business plan affordable over a 30year period

The following issues / questions were raised on the report

- Reference was made to the role of individual stakeholders in relation to Target Rent Bands. It was confirmed the Council was undertaking an affordability survey as part of its tenant engagement on the proposals and the responses received to date would be reported back as part of the consultation process
- With regard to the levying of services charges for tenants, it related to communal charges within sheltered accommodation for example energy costs, with the cost being based on the usage within each home. Presently, the charge was £3 per week, however, due to the recent increase in fuel charges, the authority was incurring a £600k loss on that provision.
- Appendix B to the report indicated a doubling of external borrowing to fund capital expenditure and clarification was sought on whether any associated risks had been mitigated. The Director of Corporate Resources confirmed that as the Council's borrowing was over the long term e.g. 40 - 50 years, any rate rises should not prove to be a risk over that period. As the Housing Business Plan was over a 30year period, short term variances could be managed within the plan. However, it was important rents were set at the right level to maintain its integrity.
- In relation to the proposal that garage rents be maintained at the current levels, it was confirmed that was due to a review being undertaken and there were no investments plans for the service.

UNANIMOUSLY RESOLVED THAT IT BE RECOMMENDED TO THE CABINET/COUNCIL:-

- 5.1 to increase the average housing rent by 5.5% (£5.18) per dwelling as per the Welsh Government's Social Housing Rents Policy thereby producing a sustainable Business Plan, maintain CHS+ and resource the Housing Regeneration and Development Delivery Plan, as supported by the Housing and Regeneration Strategic Team;**
- 5.2 To maintain garage rents at £9.00 per week and garage bases at £2.25 per week;**
- 5.3 To apply the service charge policy to ensure tenants who received the benefit from specific services paid for those services;**
- 5.4 To increase charges for using the Council's sewerage treatment works in line with the rent increase;**
- 5.5 To approve the Housing Revenue Account Budget for 2023/26 (2024/25 t& 2025/26 being soft budgets) as detailed in Appendix A;**
- 5.6 To approve the proposed Capital Programme and applicable funding for 2023/24 and the indicative spends for 2024/25 to 2025/26, as set out in Appendix B to the report.**