

LANDLORD SERVICES ADVISORY BOARD (EXECUTIVE WORKING GROUP)

Thursday, 25 January 2024 - 10.00 am

Council Chamber, Council Offices, The Burys, Godalming

A G E N D A

Circulation:

Members:

Cllr Paul Rivers (Chair)

Terry Daubney, Waverley Tenants' Panel
(Vice Chair)

Cllr Jacquie Keen

Cllr Alan Morrison

Cllr John Robini

Chris Austin, Lucas Field Residents Group

Robert Stratford, Waverley Tenants Panel

Sally Purcell, Waverley Tenants Panel

Cllr Janet Crowe

Danielle Sleightholme, Waverley Tenants
Panel (Co-Optee)

1 APOLOGIES FOR ABSENCE

To receive apologies for absence.

2 NOTES OF THE PREVIOUS MEETING (Pages 3 - 10)

To agree the notes of the previous meeting held on 30 November 2023 and published on the Council's website.

3 DECLARATIONS OF INTEREST

To receive any declarations of interests under the Waverley Members' Code of Conduct.

4 Questions from Members of Public

5 Questions from Members

6 HRA BUDGET 2024/25 (Pages 11 - 52)

The Landlord Services Advisory Board are asked to review and comment on the proposed Housing Revenue Account Budget 2024/25 incl. rent and service charge increase, capital works programme and growth bids and to recommend that the Council approves the recommendations set out in part 2 of the report.

7 **PROCUREMENT UPDATE**

Housing Services Improvement Manager to provide verbal update on reports due to be considered at Council on 27 February 2024 RE: Leaseholder Insurance and Social Housing Decarbonisation Fund Wave 2.2.

8 **EXECUTIVE HEAD OF HOUSING UPDATE**

Annie Righton, Strategic Director, to update the Board on staffing arrangements.

9 **WORK PROGRAMME** (Pages 53 - 54)

Board to discuss the Work Programme and discuss suggestions for items going forward.

10 **DATE OF NEXT MEETING**

Next meeting is scheduled for Thursday 22 February 2023.

LANDLORD SERVICES ADVISORY BOARD (EXECUTIVE WORKING GROUP)

30 November 2023

NOTES

Present:

CLlr Paul Rivers (Chair)
Terry Daubney, Waverley Tenants' Panel
(Vice Chair)
CLlr Jacquie Keen
CLlr Alan Morrison
CLlr John Robini
Chris Austin, Lucas Field Residents Group
Robert Stratford, Waverley Tenants Panel
Sally Purcell, Waverley Tenants Panel
Danielle Sleightholme, Waverley Tenants
Panel (Co-Optee)

Apologies:

Councillor Janet Crowe

In attendance:

CLlr Paul Follows
CLlr Steve Williams

43 Apologies for absence

Apologies were received from CLlr Janet Crowe.

44 Notes of the previous meeting

The Chair noted a few amendments had been made to the minutes upon his request.

The Board agreed that the notes of the meeting held on 19th October 2023 and published to the Council's website were an accurate and complete record.

45 Declarations of interest

There were no Declarations received.

46 Questions from Members of Public

There were none received.

47 Questions from Members

There were no questions received.

48 Q2 Corporate Performance Report 2023-24

The Executive Head of Housing (Operations & Services), Andrew Smith, addressed the Board and introduced section 2.1.1 of the Q2 Corporate Performance Report 2023-24, noting that partnership working has been the focus for the management team and that the team is seeing increasing vulnerability in tenants and the number of tenants who require support.

The Executive Head of Housing (Operations & Services) acknowledged that there were a large number of red KPIs on Page 4 of Annex 1, however, he noted that these were generally moving in the right direction. He informed the Board that the Housing team are working on improving voids turnaround times and noted the improvement in responsive repairs and reassured Members that work with Ian Williams to improve the service is continuing.

Members referenced the Responsive repairs figures (H5a-H6b) on Page 4 of Annex 1 and expressed their disappointment with the figures. Cllr Keen questioned whether these responsive repairs were particularly difficult repairs, hence the increased repair times. The Chair further queried whether the Stock Condition Surveys were giving officers a lead in terms of future works that need to be planned and whether they are bringing up more repairs. Cllr Robini referenced part 2.5.3 of Annex 1 and asked for clarity on the increase in complexity of complaints.

The Compliance Manager, Matt Alexander, responded to some of these queries. He explained that he could not provide a full breakdown at this point but noted that there had been an increase in minor works i.e. works with more than one component or operative required. These would take more time, resources and organisation. He noted that another Repairs Inspector and a Damp and Mould Officer had been recruited and will be in post from January 2024 which will drive improvements in repairs. He agreed that the Stock Condition Surveys were producing a lot more repair works which had not formally been reported to the Council and this could be contributing to the figures. In terms of the increase in complexity of complaints in part 2.5.3, Annalisa Howson explained that complexity of investigations such as reviewing the structure of the building in cases of damp and mould are a substantial reason for the increase in response time.

The Board made reference to H6a in Annex 1 and queried whether these figures are such because they were not completed right the first time or whether these are cases that cannot be fixed the first time, so a return visit is needed. The Services Improvements Manager explained that the figures in H6a are based on a tenants survey to give a view on how tenants are experiencing the service, rather than the Contactor's view.

Cllr Robini raised concerns about the lack of affording housing and housing delivery in the Borough shown in the KPIs, specifically in Town Centres/high street areas and whether this had anything to do with Planning Policies or technicalities. The Executive Head of Housing (Operations & Services) responded and explained that Housing Delivery and Function is certainly a valid issue, however the lack of housing delivery schemes is attributed to build cost inflation and affordable homes needing to be viable before works proceed. He noted that there was significant pressure on affordable housing providers and that affordable homes are built to the correct standard. He further noted that Housing Register numbers will stay as they are unless new builds are occurring.

Annalisa Howson, Services Improvement Manager, reminded the Board that Housing Delivery is not within the remit of this Board.

Annalisa Howson encouraged the Board to comment and recommend any suggestions on the format in which these figures are brought to them. She noted that the Housing Team would be happy to restart monthly operational housing indicators with the Board in order for Members of the Board to receive information in a more timely fashion. Further, she noted that we could look at coming out of the Corporate template and developing a snapshot or dashboard on a monthly basis which is more user friendly.

The Leader informed the Board that changing or altering the Performance Indicators of the specified Service Area within the Corporate Performance Reports sits within the remit of the Executive and any recommendations regarding these would be welcomed and considered by the Executive.

Cllr Keen voiced her concern about the 'Right to Buy' scheme resulting in the Council losing their property stock which adds to the burden on social housing as our stock is diminishing. The Board acknowledged that this was a Central Government issue.

Annalisa Howson, Services Improvement Manager, provided the Board with an overview of the remainder of the Q2 Corporate Performance Report 2023-24, Housing Performance extract at Annex 1 and provided some key updates, including;

- 2.3, the Service Plans Progress Update indicates that all service plan actions are on track, however Annalisa advised that the Board may want a breakdown with more information in future.

- 2.4 Internal Audit actions looked at the outcomes of the Use and Occupation Charges audit which highlighted an anomaly with some of the data, therefore concluding that some policies needed to be tightened and training needed to be provided. The Succession Policy was reviewed which looks at inheriting a property when an occupant passes away – Annalisa noted that this can be brought to the Board in future if they would like.

- 2.5, Complaints Data highlighted a concern about the lack of resources to respond to complaints. It was noted that Amy Walton, the new Service Improvement Officer is now in post and will be providing additional support in providing responses to complaints in a timely fashion. A corporate review on how the Team manages complaints will be brought back to Board in the spring following the Housing Ombudsman and Local Govt. Ombudsman 'Joint Code of Practice' consultation.

- 2.6, the Finance position offers a breakdown of the HRA financial position, income and expenditure and forecast outturn.

The Board noted the report and had no further comments to make.

Rod Blackmore, on behalf of the Customer Experience Group (CEG) presented the CEG Recommendations to the Board, following the Aids & Adaptations Survey (October 2023). The Recommendations are set out in the document attached.

As the response rate the Aids & Adaptations Survey was only 12%, the CEG urged that officers consider ways to increase the response rate in future surveys i.e. to offer an opportunity to complete the survey via phone, email or in person. It was noted that the survey found that tenants were generally satisfied with the Aids and Adaptations once complete but raised issues with communications and length of time to complete works.

The Board queried whether the Council was statutorily required to carry out an adaptation that was too expensive or whether the tenant would be required to relocate. Matt Alexander confirmed that within the Policy there is a value/threshold and if the Aids and Adaptations would exceed the value it will be reviewed by a Committee within the WBC realm. The works will be reviewed and other options will be considered before coming to a decision. He also noted that there are other funding streams available such as Surrey County Council which could be available or utilised if the works would exceed the threshold.

The Board recognised the discrepancies in communication found in the survey and queried how the team would deal with this. Annalisa Howson advised that officers would need to look at agreeing an appropriate level of communication through a mutual agreement, i.e. weekly updates or updates only when there is a change to notify the tenant about. Annalisa explained that the core principle is to ensure that tenants remain well informed and are not left in the dark during this process, however the right balance is needed.

The Board noted the recommendations of the Customer Experience Group.

50 Housing Decant Policy

The Services Improvement Manager, Annalisa Howson, addressed the Board and presented the draft updated Decant Policy as set out in Annex 1. The Board has been asked to review and support the adoption and the implementation of the Policy and to consider and advise the Service Improvement Manager on the procedural queries raised in part 6.9 of the report. These include;

1. A goodwill gesture one-off payment to anyone who has had to move homes, on top of the compensation due to the inconvenience.
2. Within hotel accommodation WBC covers reasonable costs for food – the proposal was to set a limit/set amount of money per person per day and pay upfront rather than waiting for receipts.

Rob Stratford, Tenants Panel Member, relayed his experience with the decant process during the initiation of the Ockford Ridge retrofit redevelopment scheme. He noted that an older house was offered first, which was turned down and then he was moved to a show home. He endorsed the decant process including the disturbance payments administered by WBC and noted that the current payment system in place worked well.

Members raised concern about the name 'Decant' when referring to tenants and homes. Terry Daubney, Leader of the Tenant's Panel, recommended that the Policy

be renamed to 'Home-relocation Policy', which was endorsed by Members of the Board and the Executive Head of Housing (Operations & Services).

The Leader informed the Board that the Executive had similar discussions around the use of the word 'decant'. He advised that 'Decant' is a political term that is jargon and used across the sector and would need to be included, however, it would be possible to change the name of the Policy and keep 'decant' in brackets. The Chair agreed with the advice given and advised that the Housing Team takes on the Board's suggestion for re-naming the Policy.

Members queried how WBC deals with cases where tenants are re-located to a property that they feel is unsuitable. Annalisa Howson confirmed that this would be dealt with sensitively and Officers would build a relationship with the tenant and talk through the home options and payment arrangements as well as conducting a needs assessments.

Following discussions around the procedural queries raised in paragraph 6.9 of the report, Members of the Board were in favour of the proposal mentioned in 6.9.1, 'Payments in advance for subsistence'. The Board agreed that payments in advance as a set amount would help tenants who may be financially unable to fork money out for food and rely on re-imbursements in the future and emphasised that no one should be out of pocket. It was noted that this would also mitigate the impracticalities of saving receipts for every meal and submitting them. The Board also acknowledged that a payment in advance would allow tenants to allocate the funds more effectively.

Danielle Sleightholme, Tenants Panel Co-Optee, queried the experiences of the Tenants who influenced the development of the Policy in Annex 1. She further questioned whether the Board could see the procedure. Annalisa Howson informed the Board that the Policy was developed based on reviews and comments taken from tenants who had undergone an emergency decant and were dissatisfied with the service, which also allowed officers to review lessons learned. One of the issues picked up was the need to complete a comprehensive assessment of the Tenants' individual needs, particularly around Occupational Therapy referrals and disability. The Officer involved also consulted with the Tenant's panel when producing the Policy. Annalisa further explained that the procedure is an internal document and Tenant Satisfaction Surveys and feedback from tenants fed into the development of the procedures. Further, the way that procedures are developed is currently under review. She noted that the procedure can be shared with and discussed with the Tenants panel if requested.

The Board resolved to:

1. Support the adoption and implementation of the Decant Policy set out in Annex 1.
2. Recommend that officers duly consider the suggestion of the Board to re-name the Policy to the 'Home Re-location Policy'.
3. Recommend that the Services Improvement Manager duly considers the comments made by the Board pertaining to the procedural queries set out in part 6.9 of the report.

The Services Improvement Manager, Annalisa Howson addressed the Board and presented the progress of the Re-let Review since December 2022. Annalisa noted that progress has been made, however issues and conflicting priorities have caused the delay in the Review.

- Annalisa reminded the Board that re-lets are a comprehensive and complex process which involve different processes such as Health and safety checks and allocation processes. It was noted that there had been many changes since the Project 20 process in 2014 and officers are aware that the 20 day target has not been met since 2019. Annalisa explained that changes to customers' needs and expectations have been reviewed in light of this, such as standard of decorations, carpeting, health and safety issues, energy efficiency, heating and the void standards. She further noted that the relet process involves multiple elements and teams such as the Housing engagement Team, the voids Team, Contractors, the Rents Team, etc. Adequate resources are therefore essential to improve the length of re-let periods.
- Annalisa noted that there is a strong focus on prioritising the landlord-tenant relationship as the beginning of the tenancy is the first interaction with a new tenant and it is essential to ensure a positive start to the relationship.
- Annalisa noted that the proposal was to run the project in 3 phases; the first phase is complete and it identified the blockages to an efficient relet, the second phase (consultation) is part complete and the third stage to brainstorm improvements has been completed alongside phase 1.
- Annalisa presented a graph which demonstrated that, as of October 2023, the average was 44 days to turn around a home for re-let and there was a cumulative average of 30 days over the whole year. However, it was noted that 5 properties have been turned around in 25 days this year, which is a step in the right direction.
- The presentation discussed the cost of voids data analysis and showed an average cost of around £4,000 per property. Annalisa noted that increased funds were spent on new kitchens and bathrooms and a comparative cost analysis was completed. The analysis found that a lot of the costs were spent on removing previous tenants rubbish and gardening. In response, the Team have started providing a skip for tenants to remove their own waste if a tenant has given notice, quality of workmanship has been raised and there is now a dedicated tenant officer who can support them through that process. Officers noted that they would like to do more cost analysis to determine where savings can be made reasonably.

Annalisa noted that the next steps would be to look at cost analyses and more stringent budgets; to ensure economically viable options are in place especially with new kitchens and bathrooms. Officers will also review use of decoration vouchers and re-carpeting. Annalisa reiterated that Tenant Surveys and dialogue with contractors will continue to improve the service.

Cllr Keen expressed the importance of Tenant responsibility for looking after the home and recommended that there should be a formal responsibility on the tenant to leave the house in a reasonable condition. She further suggested that carpets in good condition should be left in place, except if the previous tenant had pets. Annalisa Howson confirmed that the dedicated tenant officer will work on increasing transparency about the rights and responsibility on tenants and the Landlord with regards to re-lets. She clarified that Re-carpeting is dependent on the quality of the carpet and there had been a proposal to budget carpeting to more financially vulnerable tenants and further mentioned that the HRA hardship fund has been utilised to help new tenants with re-carpeting.

In response to queries from the Board, Annalisa clarified that there is a Voids Standard which constitutes that the home must be in working order. She noted that there is a variation in how some tenants leave their properties and that WBC needs

to ensure they are covering the discrepancies or extra works that are needed to ensure the home meets the voids standard.

Danielle Sleightholme, Tenants panel Co-Optee, suggested that providing a skip should be standard practice, tenant involvement before the re-let work position would be useful to determine which work needs doing, making the process more tenant-led and that a basic re-decoration job would be very helpful during the re-let phase if the redecoration vouchers are to be discontinued.

Annalisa noted that WBC operates a choice based letting system; which means that the tenant can bid to express their interest in other properties in other areas. The Home Choice Team have a good relationship with tenants and can suggest other types of properties or areas to fit the tenants' requirements based on their bids.

The Board noted the Re-let Review update and thanked Annalisa Howson for her presentation.

The Chair then invited Cllr Steve Williams to provide an update to the Board.

Cllr Steve Williams addressed the Board and informed them that the Charity 'What Next? Godalming' had introduced an initiative to provide free surveys to residents across Waverley. He noted that a team of surveyors have been trained to undertake energy surveys and will take a thermal image of the house to determine where heat is leaking out and how energy loss can be dealt with i.e. draft excluders or extra insulation. Cllr Steve Williams suggested that the Tenants' newsletter and the Tenant's Panel extends the opportunity to WBC tenants.

Cllr Steve Williams advised that tenants contact 'What Next?' directly and details are to be circulated after the meeting.

52 Executive Head of Housing update

Executive Head of Housing, Andrew Smith, announced that he is leaving the Council in the new year.

The Board thanked Andrew for his efforts put into tenant relations and his hard work on projects such as Ockford Ridge.

53 Work programme

Annalisa Howson reminded the Board that the HRA mid-year review will be discussed at the HRA Finance session on 15 December 2023 and where we have been spending HRA funds. This will also prepare the Board Members for the budget setting meeting in January, including the projected rent increase and HRA planned works.

54 Date of next meeting

It was confirmed that the date of the next meeting will be Thursday 25 January 2024.

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Waverley Borough Council

Report to: EWG: Landlord Services Advisory Board

Date: 25 January 2024

Ward(s) affected: All

Report of Director: Transformation & Governance

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Report Status: Open

Key Decision: Yes

Housing Revenue Account Budget 2024/25

1. Executive Summary

This report sets out the proposed Housing Revenue Account (HRA) Business Plan, Revenue Budget, and Capital Programme for 2024/25.

2. Recommendation to Executive/ Committee/ Council

The LSAB are is asked to comment and recommend that the Council approves:

- i. The weekly rent for Council dwellings to be increased by up to 7.7% from the 2023/24 weekly rent charges, effective from 1 April 2024, within the permitted guidelines contained within the Government's rent setting policy
- ii. That service charges and utility charges at non senior living accommodation be increased by 7.7% per week
- iii. That the heating charges in senior living accommodation be increased by 20% per week from 1 April 2024 to £31.20
- iv. The Service Charge in senior living accommodation be increased by 15% per week from 1 April 2024 to £24.04
- v. The revised HRA Business Plan for 2024/25 to 2053/54 as set out in Annexe 1
- vi. The approved change to the fees and charges as set out in Annexe 4 is noted;
- vii. The HRA capital programmes as show in Annexe 5 and 6;
- viii. The financing of the capital programmes in line with the resources as shown in Annexe 7
- ix. To deliver the works identified in the maintenance budgets it is recommended that authority is delegated to the Executive Head of Housing, in consultation with the s151 Officer, to procure and enter contracts valued over £100,000 show in Annexe 8

3. Reason(s) for Recommendation:

- 3.1 In order to approve the use of reserves and resources to fund Waverley Borough Council's Landlord Services, the 30 year maintenance programme, and to deliver proposals for building new affordable homes and stock remodelling.

4. Exemption from publication

- 4.1 Not Applicable

5. Purpose of Report

- 5.1 The HRA Business Plan is a key financial planning document which takes account of all the currently known factors and influences that may impact on the Council's Housing Revenue Account for the forthcoming financial years. The HRA business plan is a 30 year plan.
- 5.2 These factors are both within and beyond the Council's control and include; general macro-economic conditions, Government restriction on rent increases, current expenditure patterns, inflation, changing demand for services and new legislation impacting how the landlord service is delivered.
- 5.3 The HRA business plan looks forward over the next 30 years to anticipate the spending pressures faced by Waverley. In light of the changing economic picture, planning now to meet expected and known financial changes in the future provides greater opportunity to mitigate their impact.

6. Strategic Priorities

- 6.1 Waverley's landlord service deals with the management and maintenance of existing council homes and delivering new council housing. The Corporate Strategy aims to maximise the availability of housing that meets the needs of local people at all income levels and

emphasises the value and worth of all residents. A viable business plan needs to be in place to aid delivery of these priorities.

7. Background

- 7.1 This report outlines the budgets to be included within the annual review and contains the update of the HRA 30 year Business Plan and the Budget for the year ahead, including the Capital Programmes.
- 7.2 The Business Plan underpins the Corporate Plan objectives and provides the resources to fund the 30-year maintenance forecast and deliver proposals for building new affordable homes and stock remodelling.
- 7.3 On 10 November 2020 the Government published guidance on the operation of the Housing Revenue Account ring-fence. Although this new guidance replaces the former guidance, Circular 8/95, there are no new issues of principle. It does recognise that the landscape has changed with regard to the mix of ownership in Council estates. The guidance “highlights the need to be fair to both tenants and council tax payers and that there should be a fair and transparent apportionment of costs between the HRA and General Fund”.

8. Business Plan

- 8.1 The latest projection for the Business Plan for the thirty years commencing 2024/25, is attached at Annexe 1, 2 and 3. There has been rigorous scrutiny of HRA budgets and the business plan assumptions during 2023/24 by officers and the Housing and Finance portfolio holders.
- 8.2 As in previous years, Voids (empty homes rent loss) have been assumed as 1% in the rent setting for 2024/25. There has been an continued increase of void loss in recent years but it is too early to treat this as permanent rather than the one-off effects of Covid and the cost-of-living crisis. This will and this will need to be kept under

continued review. Assumptions of right to buy sales, demolitions and new build properties have been included when calculating the rent budget for 2024/25.

- 8.3 The Government implemented major changes to HRA finances in 2016 with statutory annual rent reductions of 1% for four years. In 2019 the Government announced that providers of social housing would be permitted to increase average weekly rents by the previous September CPI (Consumer Price Index) plus additional 1% for five years from April 2020.

For 2023/24 a CPI+1% rise would have been 11.1% which the government capped at 7%, while the Council contained to only 4% in recognition of the economic situation to help protect tenants.

- 8.4 CPI in September 2023 was 6.7% plus the additional 1% results in a maximum allowable rent increase of 7.7% for 2024/25 which is what is proposed.
- 8.5 The assumption for rent for 2025/26 of rent increases returning to September CPI plus the additional 1% from 2025/26 onwards is in the business plan. However, this remains subject to government policy and the current rent standard is a 5-year settlement for which the final year is 2024/25.

The Rent Standard is a standard that the Regulator of Social Housing expects registered providers to comply with. It sets the requirements around how registered providers set and increase rents for all their social housing stock. The standard currently allows for rent increases of CPI+1% each year. This could change when the rent standard is reviewed for 2025/26 and any reduction in the allowable rent increase would majorly impact the HRA Business Plan.

- 8.6 The 2% CPI base assumption has changed in the new HRA Business Plan for the years 24/25 (now 4.5%) and 25/26 (now 2.5%) in line with the General Fund revised assumptions. The 2024/25 assumption uses the OBR-central economic scenario published by the Office for Budgetary Responsibility in November 2023. From 2026/27 CPI is assumed to be 2% which is the government's target rate for inflation.

The interest rate assumptions used will continue to be monitored and reviewed during 2024/25.

- 8.7 In terms of the staff pay award for 2024/25, which is also applied to Councillors' allowances, the Joint Negotiating Committee (JNC) has not yet agreed the pay claim submitted by the Union. An indicative amount for pay inflation, as well as other inflation commitments, are incorporated within the draft balanced budget. If the matter is resolved before the Executive meeting in February, the budget will be revised and, in recommending the draft Budget to Council, the Executive would be approving the pay award (Constitution Part 3: 3(o)).
- 8.8 Annexe 3 details the variances in budget for 2024/25 compared to 2023/24. This includes a number of growth items, totalling £2.1m for 2024/25. One of the larger requests is for £900k relating to a project for a new IT system to replace Orchard. It is recognised that the Housing Management System is at a very real point of failure and requires replacing as a priority in order to comply with regulation and statutory requirements. This project is a total of £2.4m over 7 years. Including the below. There are also a number of requests for resources growth. This total 15 new posts in a number of areas such as Service Improvement, including a dedicated complaints officer for housing, additional compliance and void officer posts and Housing Development.

9. Rents

- 9.1 It is proposed that from April 2024/25 weekly rents will be increased by up to 7.7% and not exceed the national formula rent
- 9.2 The table below indicates the current average housing weekly rent and the impact of an increase by 1%, 4% and 7.7%.

Bedroom	Total number 23/24	Average weekly rent 23/24	Average Weekly rent + 1%	Average Weekly rent + 4%	Average Weekly rent + 7.7%
1	1852	£109.06	£110.15	£113.42	£117.46
2	1384	£129.98	£131.28	£135.18	£139.99
3	1508	£146.85	£148.32	£152.72	£158.16
4	36	£156.31	£157.87	£162.56	£168.34
5	1	£174.81	£176.56	£181.80	£188.27
6	1	£168.04	£169.72	£174.76	£180.98

9.3 The draft Housing Service Plan includes an objective to work with tenants and the Tenants Panel to support the collection of increased rent in a sensitive and proactive way.

9.4 2024/25 is a 53 week rent year as there are 53 Mondays in the rent calendar year. For tenants who do not receive Universal Credit (UC) there will be no adverse impact as a result of this. However, those receiving Universal Credit will be impacted.

The Universal Credit Regulation covering housing costs specifies that tenants with weekly tenancies will have their Universal Credit entitlement calculated on a maximum of 52 weeks. Options have been considered to mitigate this, such as a rent-free week. However, not only would this impact the Council financially, but the way that Universal Credit is calculated would not benefit those tenants.

The Department of Work and Pensions (DWP) has specified that the calculation for cases with rent-free weeks will be 52 minus the number of rent-free weeks. This will apply even in years where there are 53 rent weeks. So if we were to give tenants a rent free week then UC would still be calculated on the 52 and then that rent free week would be deducted from the award. This calculation has been challenged but in 2020 the High Court ruled that formulae for converting weekly rents to a monthly value for the purposes of

calculating Universal Credit entitlement are neither irrational nor unlawful.

During the 2019/20 financial year tenants with weekly tenancies saw their Universal Credit claim calculated on the basis of 52 rather than 53 rent charges. The Court found that ‘the Universal Credit regulations were not intended or designed to reimburse a tenant for every penny she spends on housing costs, but were only intended to provide a contribution towards them’.

Another option considered was to calculate the annual rent based on the 2023/24 weekly rent, add the 7.7% uplift and divide by 53. However this would mean that future years rent income will be effectively cut. See below table for example calculation –

Option to annualise rent and divide by 53

2023/24 Weekly rent	£120.00
x 52 for annual rent	£6,240.00

Add 7.7% uplift	£6,720.48
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Divide by 53 for 24/25 new weekly amount	£126.80
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Standard week rent uplift option

2023/24 Weekly rent	£120.00
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Add 7.7% uplift for 24/25 new weekly amount	£129.24
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Difference	£2.44
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This £2.44 per week rent will be lost in 2024/5 and from future calculations and across the whole estate. Resulting in a large impact in the Business Plan in future years.

Approximately 30% (1,329) of tenants are in receipt of universal credit to support rent payments. (this may be a full or part award for rent). Failure to adhere to the 53 week year will result in total £182k deficit for those tenants.

9.5 A hardship fund of £30k was introduced in the 2022/23 budget to assist with mitigating the impact of the necessary rent increase. This was continued in 2023/24. The proposal for rent in 2024/25 therefore to uplift the weekly amount by 7.7% and to increase the hardship fund from £30k to £200k in 2024/25 to help support tenants on UC with mitigating the impact of the 53 week rent year.

9.6 The tables below demonstrate the cumulative effect on rental streams by applying three scenarios. It assumes for simplicity that the stock level remains the same throughout the 30 year HRA business Plan.

- Scenario One: 1% increase in 2024/25
- Scenario Two: 4% increase in 2024/25
- Scenario Three: 7.7% increase in 2024/25

Business Plan impact - Rent increases

% Increase	1%	4%	7.7%
Additional income 2024/25	-594,199	-1,545,611	-2,719,020
Impact across 30 year business plan	-14,949,958	-59,799,833	-115,114,649

The above figures are calculated from the revised dwelling base for 2024/25 which takes into account assumptions for right to buy sales, new build and demolitions during the year.

9.7 The level of rent increase also has an impact on the level of additional borrowing required. If an increase of 1% was applied, then the

additional borrowing requirement would be around £70m over the next 14 years compared to £23m over the next 7 years when 7.7% is applied.

10. Service Charges

10.1 For 2023/24 the service charges and utility charges for Senior Living were only uplifted by a below inflation 5%. However, during 2022/23 and 2023/24 Waverley saw inflation costs of 10-11% and utility costs nearly doubling. Due to the uncertainty around energy prices and the cost of living crisis Waverley did not implement a large increase in 2023/24 and instead in the 2023/24 budget setting report there was a commitment to review these charges during the 2023/24 financial year as costs stabilised: that review of the service charges for Senior Living was undertaken. As a result of this it was found that Waverley are currently under recovering by approximately £389k on the service and heating charges. The Heating and Service Charges have not been reviewed and increased sufficiently in prior years to cover the cost of inflation and the large increase in utility costs over the past few years. This has led to a large under recovery of costs. As a result of this, a) Service Charges would need to be increased by 15% in 2024/25 to ensure we are recovering costs and b) utilities charges would need to be uplifted by 110% in order for the costs to be recovered.

Current charges

Area	Proposed Budget 24/25	Forecast cost per property	Current Charge	Current Amount receive per year	Under/Over (-) Recovery of costs	% Difference
Electricity & Gas	669,000	54.51	26.00	319,072	-349,928	110%
Service Charge Elements	295,753	24.10	20.90	256,485	-39,269	15%
TOTAL	964,753	78.6	46.9	73,164	-389,196	125%

Proposal - Electricity and Gas charges increased by 20% in 2024/25 and Service Charges increased by 15%

Area	Current Charge	Increase	Proposed Charge	Income Per year	Under/Over (-) Recovery of costs	Annual increase per property
Electricity & Gas	26.00	20.0%	31.20	382,886	-286,114	270.40
Service Charge Elements	20.90	15.0%	24.04	294,958	-795	163.02
TOTAL	46.9		55.2	677,844	-286,909	433.4

We recognise that this level of increase is not affordable for tenants and instead are proposing a stepped approach to the increases. In 2024/25 the proposal is to increase energy rates by 20% (from £26 per week to £31.20 per week) and service charges by 15% (from £20.90 per week to £24.04 per week). This will then be reviewed annually and further stepped increases taken to take the recharges to the level of full recovery. The expectation is that recovery will be achieved over a 5 year period.

11. Fees and Charges

11.1 A proposed schedule of charges for various services to leaseholders and shared owners is given in Annexe 4. The income from fees and charges are already included in the Business Plan, representing less than 0.05% of total income to the HRA p.a.

12. 2024/25 Capital Programme

12.1 The draft Capital Programmes at Annexes 5 & 6 show the proposed investment programme for 2024/25 and the following years.

12.2 The capital reinvestment programme is intended to deliver the Housing Asset Management Strategy (HAMS) approved in 2022.

- 12.3 The objective of the HAMS is to deliver energy efficient, modern and safe homes that meet the needs of our current and future tenants including those who need adapted homes.
- 12.4 The HAMS commits the Council to phasing out gas boilers but recognises that there needs to be a balance between the legal requirement to provide heating and the medium-term challenge of non-gas alternatives. Members again recognised this when they approved the Heating Position Paper for Warmth, Safety and Efficiency in January 2023. The proposed heating upgrade budget is to deliver the efficient gas boilers. A small number of air-source pumps will also be installed in 2024/25.
- 12.5 Fire safety is also a priority in the programme with the replacement of front doors of flats with fire resistant doors and compartmentation works in the senior living schemes and the blocks of flats.
- 12.6 The Council's homes need to continue to meet the government's Decent Homes Standard by having reasonably modern facilities and services. The Council has a backlog of kitchens that are in need of modernisation and the proposed 5-year kitchen replacement programme will ensure all homes have a modern kitchen by 2029/30.
- 12.7 The proposed capital investment programme has been set using the current data held on the condition of the Council's homes. A stock condition survey of homes will be completed by March 2024. The revised data from the surveys will inform the budget setting for 2025/26, which may result in changes to the programme.
- 12.8 It should be noted that that the government is reviewing the Decent Homes Standard which may result in higher standards and a need to increase the capital investment programme budget in future years.
- 12.9 Included in Annexe 8 are a list of contracts due to be procured in 2024/25. The totals included represent the contract total across years and are not limited to 2024/25 values. The budgets for these contracts are contained within both the Capital Programme budget and the revenue budget. To support the procurement, award and undertaking of works it is recommended that delegation is given to the Executive

Head of Housing, in consultation with the s151 Officer, to procure and enter into contracts valued over £100,000.

12.9 The programme for new development of homes is detailed in annexe 6. This shows schemes approved at council to date with the budget profiling over the next few years. As well as feasibility, contingency and staff recharge budget. As in previous years costs will be met from borrowing, capital receipts and the use of the New Development Revenue impact reserve.

13. Financing

13.1 The Business Plan has been modelled to use reserves and surpluses arising, subject to maintaining a minimum £2 million Working Balance.

13.2 The financial model in Waverley's HRA Business Plan incorporates fund transfers to the HRA major repairs reserve to support capital expenditure. Annexe 5 shows the Capital Programme proposals against the resources available in the next 10 years.

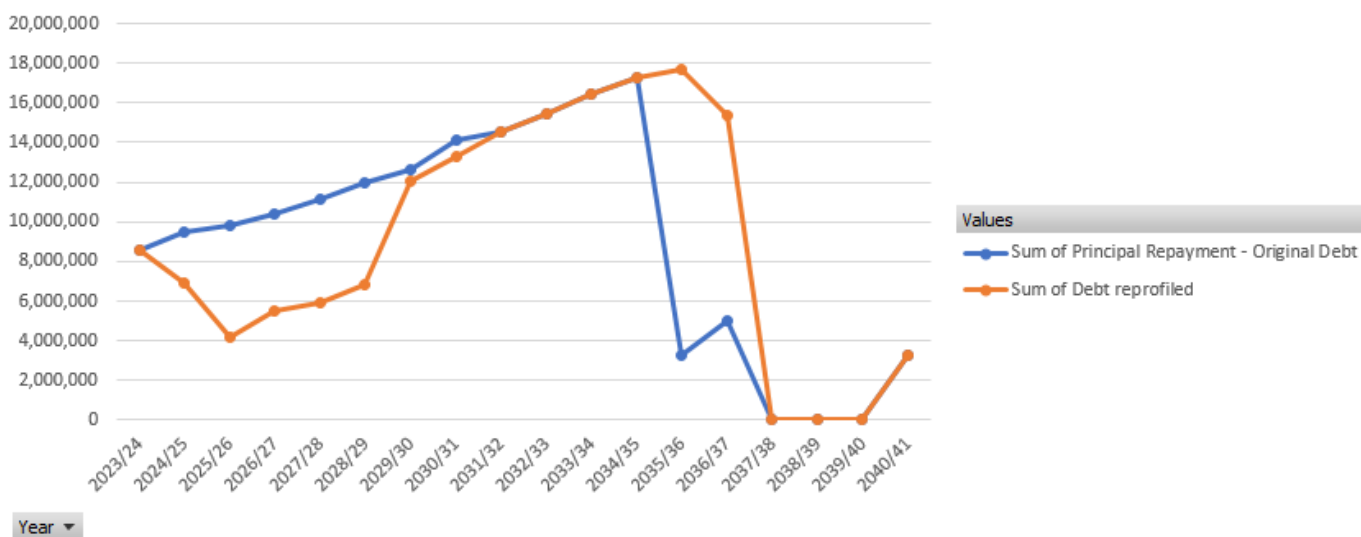
13.3 In 2012 Waverley was required to take out £189m of borrowing to transfer the HRA to the new 'self-financing' basis. The HRA began making repayments of external debt principal in 2017/18. This is now scheduled to continue each year throughout the life of the Business Plan until repaid. In October 2018 the Government removed the borrowing cap for the HRA which had limited the borrowing at £192m.

13.4 The original business plan was set to repay the borrowing over the next 18 years, due to complete in 2040/41. Due to subsequent changes in government rent policy and recent economic shocks, the plan to be debt free is no longer achievable in this timeframe, without the need for additional borrowing, as annual rent income is not sufficient to cover the debt repayment and maintenance of council dwellings.

The council changed its strategy regarding debt in the HRA strategic review as agreed by full Council in December 2022 to free up rent income to fund housing maintenance and the energy efficiency

programme. Within the revised business plan the additional borrowing requirement over the next 7 years will be £23m.

Debt Reprofilng – graph showing the difference in original repayment plan and the reprofiled debt required in the latest update of the Business Plan



14. Local Government Act 2003 – Financial

14.1 The Local Government Act 2003 formally introduced a number of specific matters that the S151 Officer must comment on in the budget setting report. These are:

- Budget calculations
- Report on robustness of estimates
- Adequacy of reserves
- Budget monitoring

The sections were introduced to ensure sound financial management across all local authorities. Waverley’s budget has always complied with good financial management practice. Prudent allowance is made for risk and uncertainties in budgets. Budgets are monitored by officers and reported to Members quarterly supplemented by monthly exception reports. Waverley’s financial management continues to receive favourable comments from its external auditors.

15 The Robustness of the Estimates

- 15.1 Full account has been taken of potential costs and adequate provision has been made. A prudent assessment of income has been undertaken and only income that has a high level of certainty of being received is included within the Council's budgets.
- 15.2 The Council's Medium Term Financial Plan, together with information presented in the Budget reports and subsequent reports demonstrate the financial challenges to Waverley Borough Council and Landlord Service in the future.
- 15.3 In view of the level of awareness amongst Members and the action taken to produce the Council's budget in 2024/25, the s151 Officer is satisfied with the robustness of the estimates presented.

16. Adequacy of Reserves

- 16.1 Adequate reserves are necessary to meet significant cost that could not reasonably have been foreseen in the preparation of the budget. The levels of the HRA working and repairs fund balances have been reviewed and the working balance is at least £2m. Annexe 7 shows the schedule of HRA balances and reserves.

17. Budget monitoring

- 17.1 It is the view of Waverley's Section 151 Officer that the arrangements for budget monitoring, referred to above, satisfy the requirements of the Local Government Act 2003. Budget Monitoring in 2023/24 shows that the HRA is staying within budget on capital and revenue overall (as at quarter 2 monitoring).
- 17.2 Overall, the arrangements in place are sound but, with the uncertainty about the ongoing impact of the national economic position alongside savings being put forward by Executive Heads of Service in the current 2023/24 budget and the draft budget for 2024/25 and the reliance on achieving income targets, close monitoring will be essential to head off any potential adverse budget variations. The mitigating provisions

put in place in the draft 2024/25 are sound measures to address the current level of uncertainty.

18. Consultations

18.1 The Resources Overview and Scrutiny Committee will scrutinise the HRA budget proposals at its meeting on 15 January 2024. The Landlord Service Board will review and comment on the proposed budget at its meeting in January.

19. Key Risks

19.1 In addition to the issues identified above, there are a range of risks associated with the delivery of the 2023/24 budget and the HRA Business Plan. A summary of the key risks is included below:

19.2 Non-earmarked reserves not sufficient:

- Limited ability to fund change in the HRA Business Plan
- One-off adverse impacts such as emergency repairs and legal cost are not provided for

19.3 Changes to rent standard:

- The rent standard currently allows a maximum increase of CPI + 1%. The rent standard is due for an update in 2025/26 and any change to this will impact the current forecasts within the Business Plan. If, for example, the increase was restricted to CPI only this would reduce the forecast income over the life of the business plan by £15m.

19.4 Inflation:

- In 2024/25 assumption an inflation rate of 4.5% has been included changes to this will impact the affordability of the plan. Within the Housing Delivery budget build cost inflation will be a risk to those schemes not currently in contract.

19.5 Changes to regulation:

- The Social Housing (Regulation) Act, which received Royal Assent in July 2023, introduced new consumer standard requirements to ensure tenants have good quality homes and services, prioritise tenants; safety, treat tenants with respect and be open and honest. To meet these requirements there will be an additional resourcing need, improvement in IT systems and other costs. This has resulted in a number of growth bids with the 2024/25 budget and any further changes will impact this.

19.6 Interest rate risk:

- There is now a requirement for additional borrowing in 2024/25. The rates of borrowing on the external market are still high and we will need to look carefully, whilst adhering to our Treasury Management Strategy, at how this borrowing is done. There is an ongoing requirement for borrowing over the next 8 years and any changes from the assumptions on interest rates within the business plan will impact.

20. Financial Implications

20.1 All decisions made with regard to the budget will impact on the Council's resources.

21. Legal Implications

21.1 Section 24 of the Housing Act 1985 provides that a local authority may make such reasonable charges as they determine for the tenancy or occupation of their houses. The Council must review rents from time to time and make such charges as circumstances require.

21.2 Under Section 74 of the Local Government and Housing Act 1989, the Council is obliged to maintain a separate Housing Revenue Account and by Section 76 must prevent a debit balance on that account. Rents must therefore be set to avoid such a debit and the Council must set a balanced HRA budget.

22. Human Resource Implications

- 22.1 There are several additional proposals for new posts within the proposed budget.
- 22.2 The budget includes a provision for a staff salary pay rise. The pay rise has not yet been agreed but it is anticipated the provision should be appropriate for the cost.

23 Equality and Diversity Implications

23.1 There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments of the detailed budget proposals will be carried out to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

24. Climate Change/Sustainability Implications

- 24.1 The New Build Programme contributes to the Council's environmental and sustainability objectives through working with consultants to develop climate positive design and developing carbon off-set opportunities in materials used in construction
- 24.2 The consultant and contractor shortlisting / tender process supports the Council's ambition of being carbon neutral by 2030. Tender criteria are used to enable the Council to take account of the qualitative, technical and sustainability aspects of the tender as well as price when evaluating and reaching a contract award decision.
- 24.3 Demolition contractors are required to operate in an environmentally responsible manner with a firm commitment to recycle and reclaim

the maximum materials recovered during the demolition and dismantling process.

- 24.4 Our build contractor appointment includes an assessment of responses in relation to minimise the carbon impact on delivery of schemes with specific references to addressing their environmental impact, pre-construction activity, build and post construction phases and management of their supply chain.
- 24.5 Contractors are required to demonstrate areas of innovation that they have developed, or suggest products and advise how they might be used in projects delivered with the council; having regard to the council's current Design Standards and Employers Requirements to deliver energy efficient and sustainable homes for existing and future tenants
- 24.6 The Waverley Borough Council Housing Design Standards were reviewed by the Housing Overview and Scrutiny Working Group and the resulting recommendations were formally adopted by the Executive in September 2021.
- 24.7 The development teamwork with other teams to identify ways the delivery of the Council's new build and regeneration programme can support delivery of other elements of the Council's Climate Change and Sustainability Strategy and Strategic Carbon Neutrality Action Plan.
- 24.8 Sustainability and reducing carbon are central to the review of the Housing Asset Management Strategy, Responsive Repairs contract and capital works programmes.
- 24.9 Meeting the climate change emergency in respect of the council's housing stock is both financially and resource intensive. Detailed work will be done alongside the stock condition survey to understand the works required and how best to deliver them within the HRA Business Plan.

25. Summary of Options

25.1 Alternative rent scenarios are included in the body of the report.

26. Background Papers

26.1 There are no background papers, as defined by Section 100D(5) of the Local Government Act 1972).

27. Appendices

27.1 This report contains the following Annexes:

Annexe 1 – HRA 30 Year Business Plan 2024/25 to 54/55

Annexe 2 - HRA Business Plan Movements

Annexe 3 – HRA Key Budget Variances

Annexe 4 – HRA Fees & Charges

Annexe 5 – HRA Capital Programme

Annexe 6 – Housing Delivery Programme

Annexe 7 - HRA Reserves Statement

Annexe 8 - HRA Contracts over £100k

Please ensure the following service areas have signed off your report.
Please complete this box, and do not delete.

Service	Sign off date
Finance / S.151 Officer	04/01/2024
Legal / Governance	Mark

HR	n/a
Equalities	n/a
Lead Councillor	04/01/2024
CMB	19/12/2023
Executive Briefing/Liaison	04/01/2024
Committee Services	

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HRA Business Plan 2024/25 to 2053/4

	YR1 2024/25	YR2 2025/26	YR3 2026/27	YR4 2027/28	YR5 2028/29	YR6 2029/30	YR7 2030/31	YR8 2031/32	YR20 2043/44	YR25 2048/49	YR30 2053/54
HRA WORKING BALANCE											
INCOME											
Net Dwelling Rent	-34,013,080	-34,536,534	-35,572,630	-36,639,809	-37,739,003	-38,871,174	-40,037,309	-41,238,428	-58,796,138	-68,160,838	-79,017,092
Service Charges	-497,475	-514,887	-530,333	-546,243	-562,631	-579,509	-596,895	-614,802	-876,560	-1,016,173	-1,178,023
Cost Recovered	-418,461	-433,107	-446,100	-459,483	-473,268	-487,466	-502,090	-517,153	-737,336	-854,774	-990,918
Other Income	-420,595	-435,316	-448,375	-461,827	-475,681	-489,952	-504,650	-519,790	-741,096	-859,133	-995,971
Interest Receipts ¹	-1,331,704	-886,102	-752,600	-585,410	-202,160	-202,160	-202,160	-202,160	-202,160	-202,160	-202,160
Total Income	-36,681,315	-36,805,946	-37,750,039	-38,692,772	-39,452,743	-40,630,261	-41,843,104	-43,092,332	-61,353,290	-71,093,079	-82,384,165
EXPENDITURE											
Cost of Operation	3,560,012	2,897,072	2,596,732	2,764,599	2,793,174	2,776,033	2,805,763	2,673,198	3,088,048	3,292,193	3,517,585
Operational Staffing	4,575,042	4,666,543	4,759,874	4,855,071	4,952,173	5,051,216	5,152,240	5,255,285	6,664,972	7,358,668	8,124,564
Support Service Charges	691,209	705,033	719,134	733,517	748,187	763,151	778,414	793,982	1,006,961	1,111,766	1,227,480
Back Funding Pension Cost	618,867	600,285	600,285	600,285	600,285	600,285	600,285	600,285	600,285	600,285	600,285
Responsive Maintenance	7,070,896	7,212,314	7,356,560	7,503,691	7,653,765	7,806,840	7,962,977	8,122,237	10,300,960	11,373,092	12,556,813
Corporate and Democratic Costs	893,008	910,868	929,086	947,667	966,621	985,953	1,005,672	1,025,785	1,300,944	1,436,347	1,585,844
Other Interest (internal borrowing)	352,709	648,757	1,127,293	823,294							
Mortgage Interest ²	4,963,931	4,777,845	4,554,207	4,330,421	4,072,284	3,691,959	3,274,568	2,807,665	0		
Revenue contribution to Mortgage Principal Repayment ²	7,200,000	4,380,000	5,700,000	6,120,000	7,020,000	12,290,000	13,550,000	14,561,000	0		
Potential Growth bids											
Hardship Fund	200,000	30,000	30,000								
Total Expenditure	30,125,674	26,828,718	28,373,171	28,678,544	28,806,488	33,965,437	35,129,919	35,839,436	22,962,171	25,172,352	27,612,570
Net INCOME -/ Net EXPENDITURE +	-6,555,640	-9,977,228	-9,376,869	-10,014,228	-10,646,255	-6,664,823	-6,713,185	-7,252,896	-38,391,119	-45,920,727	-54,771,594
CONTRIBUTIONS TO (+)/FROM (-) RESERVES											
Capital Programme Contribution	9,586,012	10,281,551	9,952,962	10,452,910	10,650,931	6,664,196	6,713,485	6,846,074	9,821,197	10,843,396	11,971,985
Release New Development impact reserve to cover internal borrowing	-70,486	-300,835	-576,854	-440,000							0
MOVEMENT IN YEAR ADDED (-)/REDUCED (+)	2,959,886	3,488	-761	-1,318	4,676	-627	300	-406,821	-28,569,922	-35,077,332	-42,799,610
Opening Balance	-4,972,198	-2,012,312	-2,008,824	-2,009,585	-2,010,904	-2,006,227	-2,006,855	-2,006,555	-161,196,363	-316,613,213	-506,955,179
CLOSING BALANCE (MIN £2m)	-2,012,312	-2,008,824	-2,009,585	-2,010,904	-2,006,227	-2,006,855	-2,006,555	-2,413,376	-189,766,284	-351,690,545	-549,754,789
MAJOR REPAIRS RESERVE											
Opening Balance	0	0	0	0	0	0	0	0	0	0	0
CAPITAL PROGRAMME CONTRIBUTION ADDED (-)	-9,586,012	-10,281,551	-9,952,962	-10,452,910	-10,650,931	-6,664,196	-6,713,485	-6,846,074	-9,821,197	-10,843,396	-11,971,985
Capital programme	9,586,012	10,281,551	9,952,962	10,452,910	10,650,931	6,664,196	6,713,485	6,846,074	9,821,197	10,843,396	11,971,985
CLOSING BALANCE	0	0	0	0	0	0	0	0	0	0	0
Principal Repayment Financing											
Mortgage Principal Repayment due	9,485,000	9,780,000	10,399,000	11,166,000	11,942,000	12,627,000	14,124,000	14,561,000	0	0	0
Revenue Contribution	7,200,000	4,380,000	5,700,000	6,120,000	7,020,000	12,290,000	13,550,000	14,561,000	0	0	0
Internal/external refinancing ³	2,285,000	5,400,000	4,699,000	5,046,000	4,922,000	337,000	574,000	0	0	0	0

¹ Interest receipts drop down to £752k over two years based on forecast interest rates settle down to target by 25/26

² Loan repayments complete year 17 (2040/41)

³ Additional borrowing required up to year 7 (2031/32) after which working balances become sufficient to cover the existing debt repayments

Note negative (-) represent income/surplus

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HRA BUSINESS PLAN MOVEMENTS 2024/25											
HRA BUDGET SETTING 2024/25				A	B	C	D	E	F	G	H
	2023/24 Opening Budget	2024/25 Draft Budget	Variance	Business As Usual (BAU)	BT	Savings	Inflation impact from 23/24	Inflation 24/25	Recharges	Growth	Unavoidable growth
INCOME											
Net Dwelling Rent	-31,294,059	-34,013,080	-2,719,021			-2,719,021					
Service Charges	-396,448	-497,475	-101,027	-56,256		-44,771					
Cost Recovered	-353,115	-418,461	-65,346			-65,346					
Other Income	-294,097	-420,595	-126,498	-110,930		-15,567					
Interest Receipts	-538,180	-1,331,704	-793,524	-282,223		-511,301					
Total Income	-32,875,899	-36,681,315	-3,805,416	-449,409	0	-3,356,006	0	0	0	0	0
EXPENDITURE											
Cost of Operation	2,192,488	3,560,013	1,367,525	257,442		-7,492	-404	44,879		1,033,100	40,000
Operational Staffing	3,766,496	4,575,042	808,546		-27,233	-4,627	474	195,249		631,450	13,239
Support Service Charges	790,570	691,209	-99,361						-266,361	167,000	
Back Funding Pension Cost	638,035	618,867	-19,168			-19,168					
Responsive Maintenance	6,853,347	7,070,896	217,549	-90,148		-43,550	251	400,997	-50,000		
Corporate and Democratic Costs	834,691	893,008	58,317						58,317		
Internal Borrowing Interest	0	352,709	352,709	352,709							
Mortgage Interest	5,116,002	4,963,931	-152,071			-152,071					
Revenue contribution to Mortgage Principal Repayment	8,561,000	7,200,000	-1,361,000			-1,361,000					
Hardship Fund	30,000	200,000	170,000							170,000	
Total Expenditure	28,782,629	30,125,675	1,343,046	520,003	-27,233	-1,587,908	321	641,125	-258,044	2,001,550	53,239
CONTRIBUTIONS TO (+)/FROM (-) RESERVES											
Capital programme Contribution	9,018,224	9,586,012	567,788					401,932		165,856	
Use of Reserves (New Build Impact)		-70,486	-70,486	-70,486							
Total Contributions to/from reserves	9,018,224	9,515,526	497,302	-70,486		0	0	401,932	0	165,856	0
TOTAL	4,924,954	2,959,886	-1,965,068	108	-27,233	-4,943,914	321	1,043,057	-258,044	2,167,406	53,239

Reserves (Working Balance) 2024/25

Opening Balance Forecast	-4,972,198
Closing Balance Forecast	-2,012,312

Additional Borrowing requirement	2,285,000
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HRA BUDGET VARIANCES 2024/25

B - BUSINESS TRANSFORMATION 2024/25

Budget Area	Description	Amount	Comment
Operational Staffing	Travel savings from Business Transformation project	-27,233	HRA savings as a result of the Business Transformation travel project

C - SAVINGS 2024/25

Budget Area	Description	Amount	Comment
Back Funding Pension Cost	Reduction in Back Funding Pension cost for 2024/25	-19,168	Based on latest triennial review
Net Dwelling Rent	Increase of 7.7% on weekly rent for 2024/25	-2,069,021	Increase of 7.7% on weekly rent for 2024/25
Net Dwelling Rent	Additional rental income from 53 week rent year	-650,000	Additional rental income from 53 week rent year
Service Charges	Increase in Service Charges for 2024/25	-44,771	Additional income from 15% increase on Senior Living Service Charges
Cost Recovered	Increase in Heating charges for 2024/25	-65,346	Additional income from 20% increase on Senior Living Electricity and Gas Charges
Other Income	Increase in expected reimbursement of void works	-15,567	Additional income forecast based on current year recovery of void costs
Interest Receipts	Increase in interest receipts for 2024/25	-511,301	Additional income based on forecast for 2024/25 TM income
Cost of Operation	Supplies and Service budget no longer required	-7,492	Budget has not been used for several years
Operational Staffing	Savings on establishment budget	-4,627	Saving related to market supplement no longer being applied to a post
Responsive Maintenance	Reduction in responsive maintenance budget	-43,550	Budget for asbestos surveys reduced for 2024/25, based on 2023/24 forecast
Mortgage Interest	Reduction in amount payable in interest on PWLB Loan	-152,071	Amount lower in 2024/25 but it should be noted that this will mitigate the cost of additional borrowing which is £2.3m for 2024/25
Revenue contribution to Mortgage Principal Repayment	Reduction in revenue contribution to PWLB loan	-1,361,000	Amount lower in 2024/25 but it should be noted that this is offset with the cost of additional borrowing which is £2.3m for 2024/25
TOTAL		-4,943,914	

D - INFLATION IMPACTS RELATING TO 23/24

Budget Area	Description	Amount	Comment
Cost of Operation	Minor variance on inflation applied in 23/24	-404	
Operational Staffing	Minor variance on inflation applied in 23/24	474	
Responsive Maintenance	Minor variance on inflation applied in 23/24	251	
TOTAL		321	

E - INFLATION 2024/25

Budget Area	Description	Amount	Comment
Cost of Operation	Utility inflation 2024/25	39,069	Inflation allowed at 4.5% for 2024/25
Cost of Operation	IT and other contract inflation 2024/25	5,810	Inflation allowed at 4.5% for 2024/25
Responsive Repairs	Grounds Maintenance inflation 2024/25	16,808	Inflation allowed at 4.5% for 2024/25
Responsive Repairs	Inflation across range of responsive repair contracts 2024/25	384,189	Inflation allowed at 4.5% for 2024/25
Core Capital Contribution	Inflation across core capital programme	401,932	Inflation allowed at 4.5% for 2024/25

Staff costs	Staff inflation	195,249	Allowance made for 2024/25 pay award, currently still under negotiation. Will be reviewed once final decision has been made
TOTAL		1,043,057	

F - Change in recharges

Budget Area	Description	Amount	Comment
Support Service Charges	Reduction in support service recharges from GF	-266,361	Offset against increase of £167k in growth for legal and IT posts
Responsive Maintenance	Recharge for garages	-50,000	Recharge to GF for HRA staff time spent on Garages
Corporate and Democratic Costs	Increase in recharges from GF	58,317	
TOTAL		-258,044	

G - GROWTH - 2024/25

Budget Area	Description	Variance	Comment
Cost of Operation	Project for new IT system to replace Orchard	879,000	Due to significant changes and intensifying of the Social Housing bill, the greater power to enforce now with the Regulator, and the renewed understanding that Data should be viewed as one of the Councils greatest assets, it is widely recognised that the Housing Management System is at a very real point of failure and requires replacing as a priority in order to comply with regulation and statutory requirements. This project is a total of £2.4m over 7 years. Including the below. The team will be investigating ways in which they can collaborate with GBC on this. Subject to full business case approval
Operational Staffing	Resource for approve project	68,000	As above
Cost of Operation	Bid for increased House and Garden Clearance budgets as well as a new planting budget for the housing estates	52,000	Proposal of £25k and £17k increase to both the Garden and House clearance budget, for team to take a more proactive approach to hoarding and other tenant issues. New Planting budget for housing estates of £25k, £15k of which is funded from other savings
Cost of Operation	Insurance budget 2024/25	100,000	Reinstatement valuation - £100K (based on a quote from Cluttons (via Sutton)
Cost of Operation	Annual cost for Support Service related to Switchee capital bid	2,100	Annual fee related to capital bid for Switchee (smart thermostats)
Operational Staffing	Service Improvement Officers	84,745	Increase hours of 2 x Service Improvement Officers to make full time and additional SIO to support on complaints
Operational Staffing	Additional establishment posts - Housing Management	168,893	Increase of 4 additional posts in the Housing Management team to due to increase workload in team
Operational Staffing	Additional compliance and void posts	189,164	4 new posts. 2 Compliance Officers, Repairs Support Officer and Mechanical & Electrical Technical Support Administrator. The Responsive Repairs and Compliance Areas are critical areas for the council and within Housing Operations. Despite a re-organisation earlier this financial year, the team are still under resourced to allow us to offer the service level required.
Operational Staffing	New Development team increase resource	120,648	3 additional post in New Development team to support with increased workload due to increase in number of housing and mixed use schemes
Support Service Charges	Allocation of charges from GF for growth bids related to Legal, IT and JMT.	167,000	Allocation of charges from GF for growth bids related to Legal, IT and JMT.

Hardship Fund	Increase in Hardship fund	170,000	Increase in Hardship fund to £200k to mitigate the impact of the 53 week rent year
Capital programme Contribution	Increase in capital programme	165,856	Increase in capital programme for 24/25
TOTAL		2,167,406	

H - UNAVOIDABLE GROWTH - 2024/25

Budget Area	Description	Amount	Comment
Cost of Operation	Increase in fees to Regulator of Social Housing	40,000	This follows a government announcement that, from July 2024, social landlords need to pay for the full costs of regulation, in line with other regulated sectors
Operational Staffing	Increment increases for 2024/25	13,239	Increment increases for 2024/25
TOTAL		53,239	

TOTAL HRA VARIANCES -1,965,168

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Housing Revenue Account
Schedule of Fees and Charges for 2024/2025

Housing Revenue Account	Units of charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase	24/25 Budget	Proposal Additional Yield
Supervision and Management Special							
Guest Rooms - E P Units - Single	Per Night	OS	19.95	20.80	4.3%	4,780	206
Guest Rooms - E P Units - Double	Per Night	OS	25.70	26.80	4.3%		
Community Rooms - Residents	Session	OE	23.50	24.50	4.3%		
Community Rooms - Non Resident	Session	OE	41.00	42.80	4.4%		
Leaseholder Charges							
The following charges replace the flat rate charge currently in place						105,090	4,309

Annual practical notes and information to leaseholder.
 Check of leaseholder account to ensure there are no problems and ground rent invoicing with supporting documentation.

Annual	OO	32.05	33.50	4.5%
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Annual practical notes and information to shared owners.
 Check of account to ensure there are no problems, check to see if ground rent payable

Annual	OO	28.45	29.70	4.4%
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Annual practical notes and information to shared owners.
 Check of account to ensure there are no problems, check to see if ground rent payable

Annual	OO	31.85	33.20	4.2%
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Service charge invoicing and supporting documentation non-shared ownership.

Quarterly	OO	4.35	4.50	3.4%
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Housing Revenue Account Schedule of Fees and Charges for 2024/2025

Service charge invoicing and supporting documentation non-shared ownership.	Annual	OO	14.40	15.00	4.2%
Service charge invoicing and supporting documentation shared ownership.		OO	32.05	33.50	4.5%
Consent to alter		OS	66.15	69.00	4.3%
Retrospective/ Complex consent to alter		OS	91.20	95.30	4.5%
Consent to underlet		OS	37.70	39.40	4.5%
Consent to keep pets		OS	37.70	39.40	4.5%
Letter to lenders and other third parties		OS	32.05	33.50	4.5%
Reminder in relation to arrears with full printout of account		OE	32.05	33.50	4.5%
Section 20 management		OE	43.40	45.30	4.4%
Obtaining Land Registry document as requested by leaseholder		OS	14.05	14.60	3.9% Plus Land Registry cost

Housing Revenue Account
Schedule of Fees and Charges for 2024/2025

Provision of duplicate invoices	OS	3.80	3.90	2.6%
Contacting or responding to you in relation to a problem with your flat. Non-complex replies by email will be free	OS	7.50	7.80	4.0%
Written contact and liaison with you in relation to statutory requirements, such as fire and asbestos risk assessments	OE	3.80	3.90	2.6%
Leasehold enquiry responses	OS	279.25	291.70	4.5%
Leasehold (with sinking fund) enquiry responses	OS	290.70	303.50	4.4%
Preliminary telephone advice for non-complex issues relating to your leasehold property			FREE	FREE
Changing leaseholder records, leaseholder responsible for advising changes in writing			FREE	FREE

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HRA Capital Budget 24/25 - 2034/35											
	Indicative budgets - subject to outcome of Stock Surveys										
	2024/25 Proposed Budget	2025/26	2026/27	2027/28	2028/29	2029/30	2031/32	2032/33	2033/34	2034/35	Comments
	£	£	£	£	£	£	£	£	£	£	
Communal & Estate works											
Parking, Paths & Curtilage	50,000	52,000	53,040	54,101	55,183	56,286	57,412	58,560	59,732	60,926	
Common Areas / Services	60,000	0									
Communal & Estate Works Total	110,000	52,000	53,040	54,101	55,183	56,286	57,412	58,560	59,732	60,926	
Health & Safety Works											
Fire safety	715,000	0	0	0	0	0	0	0	0	0	
Fire Doors	525,520	446,000	0	0	0	0	0	0	0	0	
Fire Panel Replacement	309,081										
Health & Safety Works Total	1,549,601	446,000	0	0	0	0	0	0	0	0	
Decent Homes Occupied Properties											
Electrical Works arising from Testing	400,000	320,320	326,726	333,261	339,926	346,725	353,659	360,732	367,947	375,306	
Commercial Heating	395,000	51,350	52,377	53,425	54,493	55,583	56,695	57,828	58,985	60,165	
Decent Homes Occupied Properties Total	795,000	371,670	379,103	386,685	394,419	402,308	410,354	418,561	426,932	435,471	
Decent Homes Void Properties											
Bathroom Work	204,000	212,160	216,403	220,731	225,146	229,649	234,242	238,927	243,705	248,579	
Kitchen Work	420,000	436,800	445,536	454,447	463,536	472,806	482,262	491,908	501,746	511,781	
Decent Homes Void Properties Total	624,000	648,960	661,939	675,178	688,682	702,455	716,504	730,834	745,451	760,360	
Disabled Adaptations Occupied Properties											
Disabled adaptations	300,000	315,000	321,300	327,726	334,281	340,966	347,785	354,741	361,836	369,073	
Extension - Barnet Lane	73,000	0									
Disabled Adaptations Occupied Properties Total	373,000	315,000	321,300	327,726	334,281	340,966	347,785	354,741	361,836	369,073	
Programmed work											
Asbestos Removals	272,500	283,400	289,068	294,849	300,746	306,761	312,896	319,154	325,538	332,048	
Bathroom Work	51,000	586,976	598,716	610,690	622,904	635,362	648,069	661,030	674,251	687,736	
Air Source Heat Pumps	60,000	0	0	0	0	0	0	0	0	0	
Heating Upgrade	2,334,500	2,434,640	2,483,333	2,532,999	2,572,623	287,061	292,802	298,658	304,631	310,724	M&E manager is expecting the tenders to come in at double the cost previously estimated
Kitchen Work	875,000	2,344,160	2,383,618	2,438,864	2,487,641	674,875	688,373	702,140	716,183	730,506	Backlog on kitchen replacements. Programme to be increased from 25/26 - 28/29 to catch up
Lift Maintenance	376,000	78,208	79,772	81,368	82,995	84,655	86,348	88,075	89,836	91,633	
Switchchee (smart thermostat) implementation at Ockford Ridge (Site C and Retrofits)	50,000										
Housing Property Fees	50,000	52,000	53,040	54,101	55,183	56,286	57,412	58,560	59,732	60,926	
Grounds Maintenance HRA Land & Properties	38,150	39,676	40,470	41,279	42,104	42,947	43,806	44,682	45,575	46,487	
Staff Recharges	831,779	865,050	882,351	899,998	917,998	936,358	955,085	974,187	993,671	1,013,544	
Programmed work Total	4,938,929	6,684,110	6,810,367	6,954,148	7,082,195	3,024,305	3,084,791	3,146,487	3,209,417	3,273,605	
Roofing & Associated works											
Energy efficiency	0	396,760	404,495	700,000	714,000	728,280	742,846	757,703	772,857	788,314	For 2024/25 the proposal is to carry forward savings from 23/24 forecast. This will be put to a reserve whilst we await new resource to start to pull together a programme of works
Roofline & Fascias	89,500	93,080	94,942	96,840	98,777	100,753	102,768	104,823	106,920	109,058	
Re-roofing	380,000	395,200	403,104	411,166	419,389	427,777	436,333	445,059	453,961	463,040	
Roofing & Associated works Total	469,500	885,040	902,541	1,208,007	1,232,167	1,256,810	1,281,946	1,307,585	1,333,737	1,360,412	
Structural & Damp works											
Structural Works	100,000	104,000	106,080	108,202	110,366	112,573	114,824	117,121	119,463	121,853	
Structural & Damp works Total	100,000	104,000	106,080	108,202	110,366	112,573	114,824	117,121	119,463	121,853	
Windows & Doors											
Glazing	0	490,500	500,310	510,316	520,523	530,933	541,552	552,383	563,430	574,699	to be retendered in 2024/25. No spend in 2024/25, will continue programme in 2025/26
Windows & Doors Total	0	490,500	500,310	510,316	520,523	530,933	541,552	552,383	563,430	574,699	
Latent defects	21,800	22,672	23,125	23,588	24,060	24,541	25,032	25,532	26,043	26,564	
Springwood Fire works - costs not covered via insurance	200,000										
Inflation Provision	404,182	200,399	195,156	204,959	209,058	213,019	133,284	134,270	136,921	139,659	
Grand Total	9,586,012	10,220,351	9,952,962	10,452,910	10,650,931	6,664,196	6,713,485	6,846,074	6,982,962	7,122,621	

Note:
The core capital programme will be funded via the Major Repairs Reserve

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Housing Delivery Budget 2024/25 - 2025/26

Approved Schemes

Scheme	Approved Scheme Budget	Spend up to end 22/23	2023/24 estimate	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
Chiddingfold Site							
Hartsgrove	1,959,901	161,724	350,000	1,448,177			
Pathfield	3,710,335	256,586	550,000	2,903,749			
Queens Mead	2,551,355	179,624	500,000	1,871,731			
Turners Mead	1,083,454	67,978	350,000	665,476			
Other Sites							
Aarons Hill	1,134,959	288,616	250,000	596,343			
Catteshall Lane	3,121,842	0	700,000	2,361,842	60,000		
Riverside Court	363,146	23,666	339,480	0			
Zero Carbon Retrofit	1,739,739	25,251	1,494,488	220,000			
Springfield	10,074,928	0	50,000	2,000,000	2,384,928	4,900,000	740,000
Wheeler Street	818,253	0	273,000	520,253	25,000		
Ockford Ridge							
Ockford Ridge Site C	8,115,900	3,702,769	3,513,131	900,000			
Ockford Ridge Site F	7,270,379	0	50,000	1,381,372	3,533,404	2,305,603	
Ockford Ridge Site E	150,000	0	0	150,000			
TOTAL	42,094,191	4,706,213	8,420,099	15,018,943	6,003,332	7,205,603	740,000

To be funded by:

Capital receipts unapplied reserve (1-4-1 receipts)	-9,250,507	-983,721	-2,043,398	-3,823,061	-847,059	-1,371,168	-182,100
Capital receipts unapplied reserve (Shared Ownership Sales)	-1,063,750	0	0	-1,063,750			
Grant Funding	-120,000	0	0	-120,000			
New Delivery Impact reserve	-1,182,000	-400,000	-287,692	-494,308			
Major Repairs Reserve	-1,739,739	-25,251	-1,494,488	-220,000			
Borrowing	-28,738,195	-3,297,242	-4,594,521	-9,297,824	-5,156,273	-5,834,435	-557,847

Bids 2024/25

Bid Title	Budget required	
	2024/25	25/26 estimate
Pre Development	250,000	250,000
Ockford Ridge Utility/Contingency	200,000	200,000
Communications, engagement, and marketing	15,000	10,000
Staff Recharges	248,387	438,833
TOTAL	0	898,833

To be funded by:

New Development impact reserve			-713,387	-898,833
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Reserve	Estimated Opening Balance 2024/25	Forecast use 2024/25	Forecast Closing Balance 24/25	Restrictions/Purpose
Major Repairs Reserve (MRR)	0	0	0	The regulations require the MRR to be credited with an amount equivalent to the total depreciation charges for all HRA assets. This is then used to fund capital spend. It can also be used to fund repayments of principal of any amounts borrowed. The HRA will be contributing to this reserve in 24/25 but this will all be used to fund the capital programme.
Uninsured Loss Reserve	-100,000	0	-100,000	To cover excess on insurance claims. This needs to be reviewed by Insurance Officer (if approved)
Capital Grants Unapplied Account				Thames Water bond for Ockford Ridge.
New Development Impact Reserve	-19,428,683	2,000,000	-17,428,683	Reserve to temporarily bridge the revenue impact on business plan for New Development Schemes
Revenue Account Balances	-4,972,198	2,959,886	-2,012,312	Working balances - Min balance - £2m
Restricted 1-4-1 receipts (5 Year limit)	-3,565,226	2,000,000	-1,565,226	The use of these receipts is restricted to the building and acquisition of new properties. The percentage cost of a new home that Waverley can fund using Right to Buy receipts increases is 40%. 1-4-1 receipts must be spent within 5 years or returned to central government.
	-28,066,107	6,959,886	-21,106,221	

Note: **negative (-)** figures represent income/surplus

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Housing Operations Property Services Procurement Programme 2024/25

Contract Name	Estimated Total Value
Commercial Heating	£395k
Bathroom Replacements	£875k
Kitchen Replacements	£875k
Roof Covering Replacements	£380k
Lift Replacement	£376k
Fire Alarm Upgrades	£310k
Structural Works	>£100k
Electrical Testing and Works	£4m

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Meeting date	Title	Reason	Responsible officer
Jan			
25/01/24	HRA Budget 2024/25	to review and comment on proposed HRA budget inc rent and service charge increase, capital works programme and growth bids.	Candice Keet
	EHofH update	update on staffing arrangements	Annie Righton
	Procurement update	to share forward plan for Council decisions on leaseholder insurance and Social Housing Decarbonisation Fund	Louisa Cotton
Feb			
29/02/24	Housing Management presentation	Present performance information and share current priorities	Neal Deans
29/02/24	Senior Living Consultation Feedback	share and reflect on tenant feedback	David Brown
29/02/24	Aids and Adaptions Review Update	review update from Oct report - a&a policy in light of HOS findings	Adrian Bryant
	NB LSAB to be invited to TSM tenant insight results presentation Feb 2024		
decision meeting	Shared ownership sales -"disposal" of assets	LB to check tinings Exec of CoPH meeting	Louisa Blundell
March			
28/03/24	Q3 Performance Report inc Internal Audits	Present information on current housing internal audits	Annalisa Howson
28/03/24	RSH Update	to share new standards, powers and self assessment plans	Annalisa Howson
28/03/24	Rent Team presentation	Provide performance information and current priorities	Debbie Harding
28/03/24	Pilot Operational TSM report (Q3)	Review performance indicators required for TSMs	Amy Walton
April onwards dates tbc			

	Tenant Insight TSM report	share and reflect on tenant feedback and proposed actions	Joe Warriner
NB	Policy and procurement reports to be added as progressed		
	Succession Policy		Amy Walton
	Compensation Policy		Amy Hardie

standing items 2024/25

Q performance report	corporate report
monthly performance dashboard	new LSAB report
self assessment against RSH consumer standards	
6 month service plan review	
Responsive Repair contractor presentations	
Gas safety compliance	
Outcome of SCS and HAMS progress	
Complaints analysis	
Tenant engagement progress report	
service area reports as requested	