



# STROUD DISTRICT COUNCIL

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## HOUSING COMMITTEE MEMBER / OFFICER REPORT

<b>NAME OF ORGANISATION/BODY</b>	Stroud District Council
<b>BRIEF REPORT: HRA FINANCIAL POSITION</b>	
<b>1 INTRODUCTION</b>	
1.1	The Housing Revenue Account (HRA) medium term financial position was presented to Housing Committee on 05 December 2023. The paper presented the revised budgets for 2023/24 and the medium-term financial plan 2023/24 – 2027/28.
1.2	The report sets out that due to continuing pressure on costs and previously capped levels of income, the current financial position of the HRA is not sustainable and that significant savings will need to be found to bridge the gap between expenditure and income.
1.3	Whilst a balanced budget can be maintained for 2024/25, the longer-term financial position needs to be reviewed. A full-service review has been ongoing to explore measures that will help the financial position of the Housing Revenue Account, whilst ensuring we are compliant with regulation and maintaining a high service offer to our tenants.
1.4	This report is to inform members of the measures that are being considered to address budget pressures and improve the HRA position.
<b>2 HRA MITIGATION</b>	
2.1	There is some opportunity to mitigate budget pressure through increasing rents. This is being considered although the extent and timing of how this may impact on the deficit is at the moment unclear. There are a limited number of SDC tenants whose current rent is set at the full social rent value as rental increases are restricted by Government policy. The Government's policy on rent for social housing is due to be reviewed during 2025 and at that point we will understand whether there will be an opportunity to review and increase rents. Until we are aware of the governments rent policy position, which we anticipate being announced during the first half of the year, we will not know the true financial difference beyond 2025.
2.2	Whilst there is an expectation that the government's policy position may change and bring a positive difference in the future, we acknowledge that this alone will not completely bridge the financial gap. There are a number of measures to improve the financial position that are underway and have been discussed at Housing Committee previously, such as the recent review of the tenancy management staffing structure, enhancing the housing computer management system and decommissioning of old systems, the sale of garage sites and depooling of service charges.

- 2.3 More effective charging for services, such as communal area cleaning and grass cutting will contribute to budget mitigation. The current charge for services is included in the rental charge to tenants which means those services are sometimes subsidised as part of the rent. The project to depoolrents from service charges which means the charges will be paid separately to the rent and this will improve the financial position of the HRA by reducing the level of subsidy, but crucially it will also give tenants more choice and control over the services they wish to receive. This was reviewed at Housing Committee on 28 March 2023 and a further report will be presented during 2024/25. The depooling of service charge project is ongoing and a report will be presented to Housing Committee during 2024/25 with the anticipation of charges going live from April 2025 subject to consultation and Committee approval.
- 2.4 In addition, the housing service has been reviewing a number of other options to improve the financial position. This matter is being taken extremely seriously, ensuring the delivery of financial savings whilst maintaining service delivery.
- 2.5 The table below summaries these considerations:

No.	Item under consideration	Proposals under consideration
1.	Rent Review	<p>A limited number of tenants have rent set at the full social rent value.</p> <p><u>Government Rent Policy:</u> The rent policy is due to be reviewed in the first six months of 2024/25 which may change the methodology for setting and increasing rents for existing tenants.</p> <p><u>Setting rents at relet:</u> In December 2023 Housing Committee agreed to increase rents at relet for properties that are A rated for energy efficiency.</p> <p>In accordance with the Rent Policy Statement, rents for properties at relet, regardless of energy efficiency rating, can be set including an upwards tolerance of 5% of formula rent. Therefore, we are considering a proposal to increase rents at relet for either:</p> <ul style="list-style-type: none"> <li>A) Homes assessed as B rated and above for energy efficiency.</li> <li>B) All homes at relet regardless of energy efficiency.</li> </ul>
2.	Capital work programme	<p><u>Cyclical painting:</u> The Council carry out cyclical painting to the exterior to our stock on a 5-year cycle with a 2 year break in the contract. To give consideration as to whether we increase the break period from 2 years to 3+ years.</p> <p><u>Decent Home Standard:</u> The decent homes standard is currently under government review, and we are waiting for further announcements about expectations and requirements. The decent home standard will set out our requirements for major work such as kitchens and bathrooms. This may impact on our current programme of works and is being kept under review.</p>

3.	Review of existing contracts	A number of contracted services are due for review in the next 24 months which will give the Council the opportunity to consider alternative methods of delivery and/or to reprocure and ensure value for money.
4.	Review policies and internal procedures	<p>Update and refresh internal procedures as part of the Councils fit for the future programme and to ensure consistency. This is a process that maps how services are delivered and identifies areas that can be streamlined to be more efficient and effective.</p> <p>A full review of the policies is ongoing and new policies will be presented to Housing Committee over 2024/25 such as the Compensation Policy to ensure that payments are made in a fair, transparent and consistent manner, the Repairs &amp; Maintenance policy to clearly set out the responsibilities of the Council and of tenants.</p>
5.	Invest to save	<p>We are exploring and investing in technology to streamline service deliver.</p> <p>Budget approval was given during 2023/24 to purchase drones which will reduce the use of scaffolding. This will decrease cost expenditure of scaffolding, and it will also save time as there is no lead in time for delivery and erecting of scaffold. It reduces health and safety issues, means surveys can be carried out quicker and reduces disruption to tenants.</p> <p>Options to invest in other technology in pressured areas, such as damp and mould will be reviewed and cost analysis carried out.</p>
6.	Garages	<p>The Council own 359 garages. A number of garages are in disrepair and cost the HRA money to make safe. The current strategy is to dispose of inappropriate garage sites and is ongoing.</p> <p>By selling inappropriate garage sites which are those where there is limited development potential or viability to the Council, will reduce the costs associated with repairs to make the units safe.</p> <p>In addition, we are exploring a proposal to use existing garage and small sites for installing modular homes. This will increase rental income.</p>
7.	Temporary accommodation Strategy	<p>A Temporary Accommodation Strategy is being drafted and will be presented to Housing Committee during 2024/25. This is a review of our current approach to delivering emergency accommodation, cost analysis and a proposed change of approach.</p> <p>If approved, this strategy will support savings to the general fund and will increase rentals coming into the HRA, whilst also improving service provision.</p>

8.	Chargeable Services	<p>There are a number of supplementary services that the Council may be able to provide to our tenants for a paid fee.</p> <p>Supplementary services under consideration are connecting a gas cooker for a tenant, cleaning services, window cleaning, gardening.</p>
9.	Borrowing	To review our current rates of repayment against borrowing and length of repayment terms to consider whether changes may reduce costs and the long term impact of any decisions.
10.	Fraud reduction	<p>Review our processes and verification procedures to prevent fraudulent claims and unauthorised occupancy.</p> <p>Carrying out regular checks and data analysis that can help identify practices. Working with partners to identify and reduce fraud.</p>
11.	Grant funding	To continue to apply for all appropriate external grant funding as it becomes available.
12.	Review office space	Consider the use of existing office spaces at Ebley Mill and Littlecombe and to weigh up the cost and other benefits from each location and any options to change.
13.	Flexible tenancies	To review the existing tenancy agreement and consider whether to introduce flexible tenancies for new tenancies. This would require updating the Tenancy Policy and would mean tenants are offered a fixed term tenancy for a period such as 5 years, rather than a permanent tenancy.
14.	Review of internal officer budgets and budget allowances	<p>To review the limits of officer budgets so that higher levels of spend require additional sign off controls to ensure we are achieving value for money.</p> <p>To review internal budgets and ensure that these are set appropriately for need and reduce these were appropriate</p>
16.	Shared services	To explore opportunities for shared services with partners across the entire service.
17.	Incentive Scheme	Consider implementing an incentive scheme that incentivises tenants to leave their property in a good condition when they move. This should result in reduce time and expenditure remedying homes that require clearance and significant repair at void stage
18.	Contractor Support	To review options for support from local contractors. Consider implementing a local contractor framework so that local contractors can deliver minor repair works at a competitive cost
19.	Minor works	To review service delivery and consider whether minor works such as bathrooms and minor voids could be delivered in house rather than by a contractor. This will involve reviewing staffing arrangements and consideration as to whether there is benefit by creating a minor works team to deliver these work streams.

2.6 The list of measures is not exhaustive, and the service review is ongoing. A detailed report will be presented to Housing Committee in Autumn 2024 that includes the updated government rent position and the deficit that needs to be bridged, along with progress on steps that officers are taking to meet the difference.

### **3 CONCLUSION**

3.1 The priority for the Council remains to ensure we strengthen our service offer to tenants, that staff have the tools and resources to do their jobs, that we are compliant with the health and safety requirements and new regulation facing the housing sector, whilst also taking proactive measures that are designed to protect the HRA financial position.

3.2 This report is to inform members that the HRA financial position is an ongoing concern and that all mitigation measures are being assessed, costed and analysed and a second report with this analysis and recommendations will be presented to Housing Committee during 2024/25.

<b>REPORT SUBMITTED BY</b>	Andy Kefford, Strategic Head of Housing
<b>DATE</b>	27 February 2024